

# Mining business

We recognize that the mining business has a particularly large impact on the surrounding environment and the local communities.

Based on this recognition, we identify environmental and social issues related to our mining business and implement focused measures.

## The Sustainability Action Plan for Mining Business and the mining business management

In FY2020, we formulated the Sustainability Action Plan for Mining Business. Based on our materiality, we identified risks related to mining pointed out in the basic principles of ICMM and by SASB for each mining site and consolidated those risks into priority initiatives. In the mining business management, we conduct progress control annually in order to achieve the KPIs stipulated in the action plan.

In addition to this progress control, we conduct annual surveys on human rights and environment using a self-assessment check sheet for sites engaged in mining activities at the operating mines for which we hold an investment ratio of more than 50% to manage related risks.

## Grievance mechanism

In Peru, in response to stakeholder requests, we hold meetings with the local government and the community organizations on an as-needed basis to resolve issues. In the event of a conflict between the company and community that could affect the operation of the mines, a discussion with local residents is held with the attendance of a third party, such as the Ministry of Energy and Mines or the Social Disputes Officer in the President's Office. No such conflicts occurred in FY2020.

Item	Targets(KPIs)	Plans for FY2021
Human rights (Peru)	Establishment of a security guard system in accordance with the Human Rights Policy	Examine details of a contract with a security company
Community engagement (Peru)	Identification of impact on local communities	Identify activity results; Start examining what activities should be focused on
Water management (Peru)	(1) Implementation of measures to prevent surface water from permeating (2) Development of a plan to improve water recycling rate	(1) Prepare for comprehensive ground surface investigation (2) Develop a plan to identify amounts of water consumed and discharged
Tailings dam management (Japan and Peru)	(1) Preparation and implementation of a plan to reduce waste based on an analysis of types of waste generated (2) Reinforcement and operation of a stability monitoring system (3) Completion of accident simulations	(1) Sort out waste by type; identify exact volume of waste (2) Evaluate the current monitoring system (3) Develop a plan to respond to accidents
GHG emissions /Energy management (Japan)	(1) Afforestation of the total area of 2,000 m <sup>2</sup> of the Akeshi Mine by 2025 (2) Improvement of soil at the former open-pit mining site of the Kamioka Mine for afforestation (3) Completion of investigations for construction of a hydroelectric power plant	(1) Develop an afforestation plan (2) Add soil and plant trees on a continuous basis (3) Start a feasibility study on underground hydroelectric power generation

Excerpt from the Sustainability Action Plan for Mining Business

## Relationships with the local communities around the mines

Compania Minera Santa Luisa that operates the Huanzala Mine and the Pallca Mine places importance on the engagement with the local communities around the mines, and is continuing to address the needs of the communities, such as by developing infrastructure, providing educational aid, and offering support for agriculture and livestock. In FY2020, the company donated food, masks and disinfectants, disinfectant sprayers, and other items to support local communities affected by COVID-19.



Provision of relief supplies to Huallanca village

## Management of water

The Huanzala Mine and Pallca Mine manage the drainage of water in accordance with the EIA (Estudio Impacto Ambiental = Environmental impact study) and in compliance with the relevant legislation. For the Huanzala Mine, where acidic water is generated in the mine due to an abundance of sulfide of iron in ore, we focus particularly on thorough neutralization treatment of the water. The flotation plant at the Huanzala Mine is also advancing efforts to recycle water and striving to reduce the amount of water being used. The Huanzala Mine has obtained ISO 14001 certification.

## Management of the tailings dam

If an accident were to occur at a tailings dam, where tailings are managed and stored, it could have an enormous impact on the surrounding environment and communities. We regards the leakage incidents of tailings dams as one of the major risks in the mining business and manages tailings dams in accordance with applicable technical guidelines and manuals. In FY2020, earthquake-resistant construction was carried out at one domestic tailings dam.

The amount of tailings reclaimed at overseas mines in FY2020 is 274,656 tons \*1 at the Huanzala Mine.

\*1 Ores mined at the Pallca Mine are being processed at the flotation plant at the Huanzala Mine, and therefore, the amount of tailings at the Huanzala Mine includes the amount originating from the Pallca Mine.

## Closure plan

We have drawn up closure plans of mines subject to applicable laws, and guarantee or accumulate expenses for closure to minimize the environmental impact and risk after closure. In FY2020, we removed sediments from the former waste rock storages and planted grass on the sites as preparatory work for the closure of the Huanzala Mine.

Mine	Closure plan	Amount of guaranteed/accumulated expenses (FY2020)
Huanzala Mine (Peru)	Planned	9.4million US dollars
Pallca Mine (Peru)	Planned	2.4million US dollars
Akeshi Mine (Kagoshima, Japan)	Not planned	252.1million yen *2

\*2 The amount of accumulated funds for the Akeshi Mine indicated in the table is that for a tailings dam located at a refinery related to the mine.

## Management of suspended and closed mines

Even for mines that have been suspended or closed, wastewater processing and disposal management continue to be performed in compliance with the Mine Safety Act and related environmental laws. We are managing the maintenance of the tailings dams and the former mine entrance, conducting neutralization treatment of acid mine drainage that includes heavy metals, and performing the monitoring of water quality. We also visit and check the area, as well as perform environmental audits, on a regular basis in order to make sure that the mines are being properly managed. In FY2020, we reinforced the facilities to prevent torrential rains and sealed off the former mine entrances.

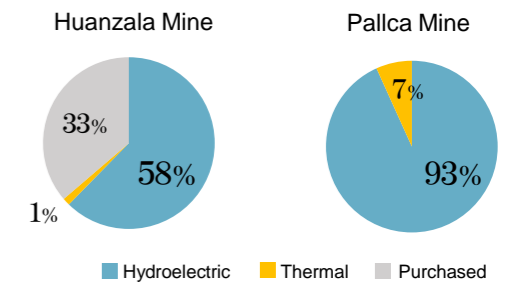
## Initiatives to conserve biodiversity

The areas surrounding the Huanzala Mine and Pallca Mine, which are situated at an elevation of over 3,000 meters, are home to flora and fauna that are unique to that particular environment. In order to minimize the impact of mine development and operations on these flora and fauna, we conduct appropriate treatment of acidic water, environmental baseline surveys, and bi-annual habitat surveys. In addition, training on biodiversity conservation is provided to employees upon joining the company and once a year.

## Use of renewable energy

The Huanzala Mine and Pallca Mine each own one hydroelectric power plant, and use the electricity generated in their operations.

## Breakdown of annual electricity use by type (FY2020)



Water intake of the hydroelectric power plant (near the Pallca Mine)

## Mines that are in operation and suspended in Japan

● Mines in operation (including those partially operating)  
● Suspended mines

