March 21, 2025

Mr. Nobuhiro Matsumoto
President and Representative Director
Sumitomo Metal Mining Co., Ltd.

Call for Suspension of Nickel Mining and Processing Operations in Parawan, the Philippines

We, the undersigned Civil Society Organizations, call on Sumitomo Metal Mining Co., Ltg. (SMM) to immediately suspend its nickel processing operation in Palawan until effective and publicly verifiable countermeasures are developed and implemented to avoid destructive impacts on local communities. It is deeply regrettable that your company along with allied businesses have failed to take effective measures to address the ongoing pollution of toxic heavy metals in the waters that flow out of the nickel mining site related to your operation for over a decade.

Communities including those of Indigenous Peoples in Palawan Province, Philippines residing in the vicinity of the HPAL processing plant operated by a wholly owned subsidiary of yours, Coral Bay Nickel Corporation (CBNC)[1], and of the mining site of Rio Tuba Nickel Mining Corporation (RTNMC) to which you have business relations both in terms of investments and supply chains, have been exposed to health damage risk due to the pollution. Furthermore, RTNMC has begun expanding its operations to Mt. Bulanjao in addition to its existing mining concession without offering any verifiable countermeasures to prevent water pollution from the new mining operations. It is clear as day, that Indigenous Peoples and farmers, who depend on the rivers and streams that flow from Mt. Bulanjao for domestic and agricultural water, will continue to suffer from such pollution over decades to come.

With expectations of growing global demand for nickel in the context of efforts toward a decarbonized society[2], including the promotion of electric vehicles (EVs) and renewable energy, it is a situation that is far from a "just" energy transition if more local communities are harmed by the new mining expansion. Thus, in order to ensure the protection of the life and human rights of the local communities, we demand SMM to do the followings;

1) Disclose a set of tested and verifiable measures to stop the ongoing water contamination surrounding the existing mining operation area, along with a timeline to implement those countermeasures;
2) Disclose a set of tested and verifiable measures to prevent future water contamination surrounding the new mining operation at Mt. Bulanjao, along with a timeline to implement those countermeasures;
3) Obtain Free, Prior, and Informed Consent (FPIC) from local affected communities

[1] https://www.smm.co.jp/en/news/release/2025/01/001934.html

[2] IEA "Global Critical Minerals Outlook 2024" p.136-153（https://iea.blob.core.windows.net/assets/ee01701d-1d5c-4ba8-9df6-abeeac9de99a/GlobalCriticalMineralsOutlook2024.pdf）

regarding the above measures along with procedures to withdraw the consent in the case there are controversial inconsistencies to be found in the mining operations;

4) Suspend all mining and processing operations by CBNC and RTNMC until all the above is met.

In continuous water quality surveys conducted by FoE Japan from 2009 to date (temporarily suspended from 2020 to 2022 due to the COVID-19 pandemic) in the vicinity of the Rio Tuba Nickel Mine in Municipality of Batarasa, Palawan, with the collaboration of an expert[3], hexavalent chromium exceeding environmental standards has been detected constantly during the rainy season at a fixed point in the Togpon River flowing from the existing mining concession of RTNMC. Hexavalent chromium is a highly toxic substance that is carcinogenic and also causes skin irritation, etc.

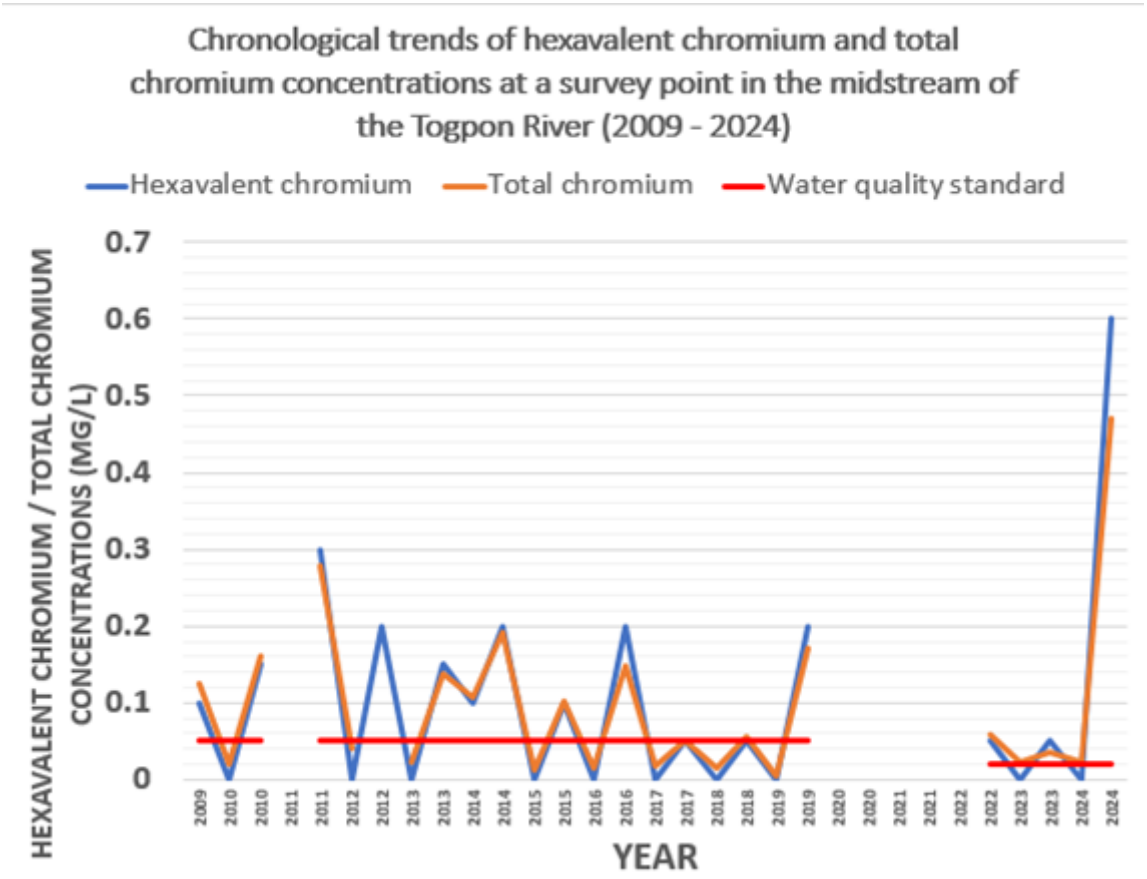

Figure: Chronological trends of hexavalent chromium and total chromium concentrations at a survey point in the midstream of the Togpon River (excerpt from the attached report)

According to the report (December 4, 2024) (attached to this request), which compiled the results of the 15-year investigation by the same expert, the levels of hexavalent chromium and total chromium in the Togpon River are lower during the dry season, while during the rainy season they significantly exceed the Japanese Environmental standard and the Japanese Water Supply Act standard (both 0.05 mg/L, and 0.02 mg/L after the revision) (see the figure above). In addition, during the most recent rainy season in September 2024, when heavy rainfall continued day after day, highest concentrations of hexavalent chromium (0.6 mg/L) and total chromium (0.471 mg/L) were observed in 15 years, equivalent with 24 to 30 times higher than the standards (see the photo below). The latest environmental standards in the Philippines stipulate the standard for hexavalent chromium as 0.01 mg/L for freshwater (the effluent standard is 0.02 mg/L) and as 0.05 mg/L for marine water (the

[3] Mr. Junichi Onuma (Nagoya University Disaster Research Group, former chief researcher at the Aichi Prefecture Environmental Research Center)

effluent standard is 0.1 mg/L)[4], while the drinking water standard stipulates 0.05 mg/L for total chromium[5]. And therefore, it also comes as no doubt that the above-mentioned values exceed the standards in the Philippines.

Photo: Togpon River in Bataraza, Palawan, where heavy rains continued day after day (September 2024; FoE Japan)

The report also points out that the ongoing operations at the existing mine site have caused not only severe hexavalent chromium contamination but also nickel contamination in the Togpon River, and that toxic sludge sediments brought into the Rio Tuba estuary may be causing further destruction of the ecosystem.

You have explained that CBNC, in cooperation with RTNMC, has been taking measures to reduce the discharge of hexavalent chromium since about 2012, such as covering low-grade ore piled in the open fields, expanding and widening the settling ponds, and installing activated carbon near the outlet of a settling pond that leads to the Togpon River. However, for the past 15 years, the water contamination situation in the Togpon River has shown no signs of improvement. This means that CBNC and RTNMC have failed to take effective pollution control measures and have not been able to properly manage pollution discharges from the mining site.

With extreme weather phenomena occurring more frequently in recent years, and flooding and landslides due to rainstorms increasing, the observation of the largest level of hexavalent chromium in 15 years during the 2024 rainy season, when heavy rains continued, implies that more destructive environmental pollution could be caused in the future. Moreover, as long as the project operators have failed to take effective pollution mitigation measures, it is not hard to assume that new mining activities by the RTNMC at Mt. Bulanjao will cause similar environmental pollution in other rivers, as mentioned at the beginning of this letter. In other words, residents who depend on rivers sourced from Mt. Bulanjao for water used for their daily lives, agriculture, etc., may suffer health damage, adverse effects on their livelihoods, etc., for decades to come.

[4] the Philippine Department of Environment and Natural Resources (DENR) Administrative Order No. 2016-08, "Water Quality Guidelines and Effluent Standards," (2016. 5-year grace period)

[5] the Philippine Department of Health (DOH) "National Drinking Water Standards" (2017)

You import all the nickel-cobalt mixed sulfide produced by CBNC to your plants in Japan to produce battery materials[6], etc. And CBNC is a wholly owned subsidiary of your company. You also have a 26% stake in Nickel Asia Corporation (NAC)[7], the largest shareholder (60%) in RTNMC, and are therefore responsible as an equity holder.

Your company's "Responsible Mineral Sourcing Policy"[8] stipulates that you do not buy minerals that may be associated with human rights violations, environmental destruction. Further, with regard to the human rights violations to be caused/being caused by the mining operations of RTNMC, the raw material supplier for the smelting operations by CBNC, that is, the human rights violations in the supply chain, appropriate due diligence should be conducted in accordance with your company's "Policy on Human Rights"[9] based on international norms such as the "UN Guiding Principles on Business and Human Rights".

The long-term threat to the well-being of local communities living around Mt. Bulanjao by the expansion of nickel development, which is considered essential to decarbonization efforts, is not a " just" energy transition and should not be tolerated. We call on your company to immediately suspend CBNC's smelting operations until you can properly conduct human rights due diligence on local communities adversely affected by nickel development and ensure that effective environmental pollution countermeasures are developed and implemented at nickel development sites in Palawan. In suspending the project, adequate consideration must also be given to the workers, including taking measures to maintain the daily lives of the related workers.

Attachment:
"Environmental Pollution by Hexavalent Chromium, etc. Caused by Nickel Mining and Smelting Operations in Rio Tuba, Palawan Island" by Junichi Onuma (Nagoya University Disaster Research Group) (December 4, 2024)

Signatory organizations:
Environmental Legal Assistance Center (ELAC)
Legal Rights and Natural Resources Center (LRC) / FoE Philippines
Pacific Asia Resource Center (PARC)
Friends of the Earth Japan

Cc:
Mr. Nobumitsu Hayashi, Governor of the Japan Bank for International Cooperation (JBIC)
Mr. Atsuo Kuroda, Chairman and CEO of Nippon Export and Investment Insurance (NEXI)
Initiative for Responsible Mining Assurance (IRMA)

Contact:
Friends of the Earth Japan
1-21-9 Komone, Itabashi-ku, Tokyo 173-0037, Japan
TEL: 03-6909-5983 FAX: 03-6909-5986
E-mail: hatae@foejapan.org

[6] The company's battery materials have been officially adopted by Tesla, the largest electric vehicle company in the U.S., as well as by Toyota Motor Corporation for their in-car batteries.
[7] https://www.smm.co.jp/en/corp_info/location/overseas/
[8] https://www.smm.co.jp/en/sustainability/management/procurement/
[9] https://www.smm.co.jp/en/sustainability/management/humanrights_procurement/