



Policy for the future:

Sumitomo Corporation Group's business activities largely depend on the wealth of Earth's diverse living organisms as well as from the biodiversity that is generated by their many networks. Therefore, our Environmental Policy recognizes placing great importance on preserving the environment, including the natural ecosystem and biodiversity as an important issue for us. We make efforts to understand how our business activities that may have a significant impact on biodiversity depend on such biodiversity, as well as what kind of impact such activities have on biodiversity, in order to minimize their impact on ecosystems and contribute to ecosystem restoration.

In the process of reviewing new projects and monitoring existing projects, we also assess social and environmental risks including impact on ecosystems, and check the status of management and improvement.

<Business description> Ambatovy Project Targeting "No Net Loss, Net Gain"

The Ambatovy Project in the Republic of Madagascar, which is one of the largest mine development projects in the world, began development in 2007 to expand the supply of nickel, cobalt and other metals. Establishing the environmental target of "no net loss, net gain," it is conducting a unique biodiversity program.

In the Ambatovy Project, many new facilities, such as mining sites, refinery plants and pipelines, need to be constructed and operated, which poses substantial impacts on the surrounding environment. Particularly in Madagascar, there remains a globally precious natural environment where as many as 1,000 species of endangered animals are living. Giving careful consideration to these natural habitats in developing and operating the project, the biodiversity program accounts for the impact on every site. In developing and implementing plans for the project, special emphasis is placed on environmental management in compliance with not only Madagascar national laws but also various guidelines, such as the World Bank safeguard policy, the International Financial Corporation's (IFC) Performance Standards, the World Health Organization (WHO) standards, and the Equator Principles. In line with the ISO 14001 standard, we are also managing according to the Ambatovy Environmental Management System (EMS).

Under the Ambatovy EMS, we identified a number of priority areas, including flora and fauna habitats and marine ecosystems, and when developing, operating, and closing mines, we formulate management plans for business-related sites, such as plants and port facilities, and work according to those plans. For example, in developing the mining area, we created a buffer zone around the mining site of about 1,600 ha to ensure protection of wild animals. When trees are cut down to develop the mine site, felled trees are left on site for a while so that animals inhabiting these trees can move into the buffer zone. We also conduct ecosystem surveys jointly with international environmental NGOs. If endangered or other species that need to be protected are identified in such a survey, we adopt various programs designed to reduce impacts on

ecosystems, for example, relocation of such species to a sanctuary and use of a fish farming system.

Furthermore, as part of this biodiversity program, we are collaborating with governments, local communities, and conservation and development NGOs to apply the IFC and BBOP standards while also promoting a large-scale biodiversity offset program. This is an approach to mitigate impacts of the development on ecosystems by restoring or creating another ecosystem. Specific measures include the conservation of a forest area of 6,800 ha in the Ankerana area, which has an ecosystem similar to that of the development site of the project. In an attempt to offset the net loss of biodiversity, we have implemented measures to protect four conservation areas of more than 14,000 ha in total, equivalent to about nine times the affected areas, such as protection of areas near the mine site, tree replanting after the installation of pipelines, and tree replanting on the mine site after the closure of the mine. For this biodiversity program and its offsets, we are taking a comprehensive approach that controls not only the impact of businesses, but impacts received prior to them as well.



Reforestation after logging



Diademed sifaka
(*Propithecus diadema*),
critically endangered species



Survey and conservation
of endangered plants