

# ESG APPROACH AND PERFORMANCE

MMG operates and develops copper, zinc and other base metals projects across Australia, the DRC and Peru. In 2020, MMG had four mining operations: Kinsevere, Las Bambas, Rosebery and Dugald River.

The Company is committed to responsible environmental and social performance and effective governance of its operations. This supports our growth strategy by helping to:

- manage reputational and regulatory risks;
- control costs and drive efficiencies;
- build strong stakeholder relationships; and
- attract and retain talented employees.

## ESG REPORTING AND MATERIALITY

The Company conducts a GRI-aligned materiality assessment to ensure that ESG issues which matter most to our stakeholders are reported.

The MMG Sustainability Report provides an annual summary on our approach and performance across our material sustainability issues. Elements of our sustainability reports are externally assured in line with our commitments as a member of the ICMM.

Further, information on MMG's approach to health and safety, social development, environmental performance, key stakeholder relationships and compliance with laws and regulations will be reported in the 2020 MMG Sustainability Report available on the Company's website at [www.mmgroup.com](http://www.mmgroup.com) in the Second Quarter of 2021.

## CORPORATE GOVERNANCE

The Company complies with the principles of good corporate governance as set out in the Corporate Governance Code (CG Code) of the Hong Kong Listing Rules and maintains policies to meet both Board requirements and all external reporting obligations.

The Company is committed to upholding a high standard of corporate governance practices through a quality Board, sound internal controls, and transparency and accountability to all shareholders. We understand that good governance is not just a matter for the Board and it is equally the responsibility of executive management to embed governance practices throughout the organisation.

As a result, we have the Audit and Risk Management Committee and the Governance, Remuneration and

Nomination Committee, both of which operate under clear Terms of References. We also have a number of Executive management committees, including the Executive Committee, the Disclosure Committee, Investment Review, Mineral Resources and Ore Reserves Committee and Code of Conduct and People Committee. A function of the Executive Committee is to review safety, health and environmental and social performance in order to improve efficiency and effectiveness. Specific Safety, Health, Environment and Community (SHEC) matters to be discussed by the Board include identification, review and governance of SHEC-related material issues, significant incidents, remediation/mitigation strategies and any specific areas of focus as identified by the Board.

In accordance with the Company's Sustainable Development Framework, owned and endorsed by the Board and implemented across the business, the Board carries out identification, review and governance of SHEC-related material issues consistent with this framework. The framework aligns with the ICMM's ten sustainable development principles. The Company's approach is informed by our Corporate Governance Policy, People Policy, Shareholder Communication Policy, SHEC Policy, and Quality and Materials Stewardship Policy.

The Company applies business-wide standards to define the minimum requirements to manage material risks, meet legal requirements and external reporting obligations, and to create and preserve competitive advantage and organisational effectiveness. Our assurance program focuses on verifying that the critical controls required to manage material risk events are implemented and effective. These standards provide the basis for sustainable operations and are aligned to the ICMM's Ten Principles of Sustainable Development and the eight ICMM Position Statements.

## COMPLIANCE

The Governance, Remuneration and Nomination Committee is responsible for developing and reviewing the Company's policies and practices on corporate governance, the Code of Conduct and monitoring MMG's compliance with the Listing Rules and other applicable laws.

Our Executive Committee monitors our performance in line with the Group's policies, standards and regulatory requirements relating to safety, health, environment and community.

## ESG APPROACH AND PERFORMANCE CONTINUED

### BUSINESS ETHICS

The Company's values and Code of Conduct set out our commitment to operating in a responsible manner. We expect all our employees, contractors and suppliers to integrate these standards of behaviour into their working practices. The Company's Code of Conduct covers areas such as conflict of interest, fraud, anti-corruption and legal compliance and its application is overseen by our Code of Conduct and People Committee, chaired by the Executive General Manager, Corporate Relations. MMG engages an independent confidential whistleblower service which is available to all employees globally in their local language. MMG's Whistleblower Framework explains the process for reporting any improper conduct, the protections afforded to people who report improper conduct, how such reports will be dealt with and the type of action which may be taken as a result. The Whistleblower Framework is an integral part of MMG's of the Corporate Legal Compliance Standard. MMG also has an Anti-Corruption Standard.

In 2020, there were no confirmed significant non-compliances with the Company's Code of Conduct identified.

### DEVELOPING AND SUPPORTING OUR WORKFORCE AND PROTECTING LABOUR RIGHTS

The Company has one Standard governing people and benefits matters globally; the People Standard. This Standard is supported with detailed Work Quality Requirements, systems and processes to ensure global standards and local requirements are met, which include policies related to compensation and dismissal, working hours, recruitment and promotion.

The Company is also aligned with all national legislation and legal requirements in the countries where our operations are located. The Company, through robust selection processes, chooses the best people for each position and rewards them competitively with salary and benefits that are in line with market conditions and their contribution to our overall business success. The Company is committed to sharing its successes with our communities through local employment opportunities and by investing in training and education to help local residents transition to careers in mining or related fields.

The Company provides its people with the opportunity to develop their skills, expertise and experience to optimise their contribution to our business and to develop their careers. The Company has two broad streams of vocational

training: operational training and competency verification; to drive safety, efficiencies and manage material business risks.

In addition, the Company enables employees' professional development to enhance leadership capabilities and support career pathways. The Company undertakes extensive workforce and community engagement on, and offers support to, individuals affected by any business decisions to downsize or close operations.

The Company aims to provide safe workplaces that are free of discrimination and harassment, and which foster diversity and inclusion. The Company also has a global Diversity and Inclusion Model led by the Executive Committee. The Company, through the Code of Conduct and People Committee, provides guidance on diversity and inclusion policy and practice, working alongside the regions as they determine diversity and inclusion initiatives and actions specific to their region. MMG's approach to inclusion and diversity supports our comparative advantage in attracting and retaining talent, in addition to delivering business benefits associated with greater levels of collaboration.

The Company promotes good mental health practices in the workplace and supports our workers to be physically fit and well rested so that they are able to carry out their duties safely.

We are committed to upholding the International Labour Organization's (ILO) Declaration of Fundamental Principles and Rights at Work and their Core Labour Standards and comply with local labour laws. We uphold the rights of our employees to freedom of association and collective representation and endeavour to have positive and constructive negotiations with elected representatives of these groups. We also uphold the ILO Principles regarding the elimination of all forms of forced and child labour.

In 2020, there were no confirmed non-compliance incidents or grievances in relation to labour practices that have had a significant impact on the Group.

### COMMUNITY ENGAGEMENT

We recognise that strong stakeholder engagement from exploration through to the cessation of our mining activities is critical in ensuring that our business decisions are responsive to the needs and expectations of our host communities and governments. We aim to partner with our communities and strive to maintain socially and culturally inclusive and proactive communication with

stakeholders regarding future plans and performance. MMG's commitment to the International Council on Mining and Metals (ICMM) Mining Principles, including the commitment to community dialogue and position on free, prior and informed consent regarding Indigenous people, guides our approach to stakeholder engagement. The Company's responsibilities regarding interactions and contribution to host communities are further defined in the Social Performance Standard.

In 2020, there were no confirmed non-compliance incidents or grievances in relation to human rights that have had a significant impact on the Group.

## **SUPPLY CHAIN**

The Company's supplier engagement and contract award process includes a comprehensive assessment across a range of criteria including commercial, social, safety, environment, quality and technical capabilities. As part of the supplier selection process we also assess a range of non-financial criteria around supporting sustainable development in the regions where we work, including local community training and commitment to local employment.

As part of our supplier engagement process, we seek formal agreement from suppliers to comply with our Code of Conduct and Anti-Corruption Standard as well as all relevant Company Standards, policies and procedures, including the Supply, Fatal Risk Management, Social Performance and Safety, Security, Health and Environment (SSHE) Performance Standards. In 2020 we regularly reviewed and reported on agreed contract performance measures, as well as identifying and actioning improvement opportunities.

In 2020, there were no confirmed non-compliance incidents or grievances in relation to supply chain management that have had a significant impact on the Group.

## **PRODUCT STEWARDSHIP**

The Company aims to supply metal and metal concentrate products that consistently meet customer quality expectations and that are safe for people and the environment in their intended use. We have processes for managing customer complaints to facilitate timely and satisfactory resolution.

The Product Stewardship Procedure guides our activities to understand the characteristics of our products and manage their potential impacts on human health and the

environment during transportation, storage and handling. Shipments of our copper, zinc and lead concentrates comply with international maritime legislation and our products are classified in line with the International Maritime Organisation's (IMO) MARPOL Convention Annex V and the International Maritime Solid Bulk Cargoes Code.

The Company's global customers also have a shared responsibility for managing impacts throughout the life cycle of the goods they make from downstream processing of our products.

In 2020, the Group was not aware of any significant incidents of non-compliance with regulations and voluntary codes concerning the provision and use of the Group's products and services that have had a significant impact on the Group.

## **HEALTH AND SAFETY**

MMG's first value is safety and we continually strive to eliminate fatalities, incidents and injuries at our workplaces. The Company's standards and procedures collectively define the way work should be planned, assigned and executed to achieve safe outcomes. These standards include Fatal Risk, SSHE Performance, contract management (Supply Standard), project management (Project Standard), plant and equipment maintenance (Production and Maintenance Standard) and learning from events (SSHEC Reporting Standard). Our Total Recordable Injury Frequency (TRIF) was 1.38 per million hours worked in 2020.

In 2020, MMG received no significant safety related fines or non-monetary sanctions.

## **ENVIRONMENT**

The Company is committed to minimising its environmental footprint and its use of natural resources. The Company's SSHE Performance Standard defines minimum requirements for the management of water, mineral and non-mineral wastes, land, biodiversity and cultural heritage, air, noise and vibration, and all sites are required to comply with these requirements.

The Company's approach to environmental management is based on the principle of continuous improvement and is aligned to the ISO14001. The approach involves identification, assessment and control of material environmental risks across all phases of our business, from exploration through to development, operation and closure. Further, the SSHE Performance Standard sets the

## ESG APPROACH AND PERFORMANCE CONTINUED

benchmark for the efficient use of resources and minimisation of environmental impacts from our operations that include mining, processing and transportation.

Site compliance with the requirements of the SSHE Performance Standard is internally audited as part of an integrated assurance process.

We acknowledge human induced climate change and its impacts on the environment, the economy and communities. We are committed to being part of the global solution including through taking actions to reduce emissions and the provision of minerals and metals required in a low carbon future.

Our focus on energy efficiency, while driven predominantly by the economic benefits of reduced power requirements in mining and comminution, delivers a secondary benefit of greenhouse gas emission reduction. In addition to this, MMG has commitments at its Kinsevere and Las Bambas operations to support extensive reforestation of our neighbouring lands, which in turn delivers a carbon abatement outcome.

In 2020, there were no significant fines or penalties related to environmental management that have had a significant impact on the Group.

Information and data relating to the type and total air and greenhouse gas emissions, hazardous and non-hazardous waste produced, direct and indirect energy consumption and water consumption are listed in the 2020 Environmental Data section below and are managed in accordance with the Environmental Standard and core principles of ISO14001.

### 2020 ENVIRONMENTAL DATA

Consistent with our internal reporting, energy consumption is listed in gigajoules (GJ), emissions to air and waste is reported in tonnes, and water is reported in megalitres (ML). For consistency, ratios are calculated on a per tonne of ore milled or per thousand tonnes of ore milled basis.

**TABLE 1: TOTAL ENERGY CONSUMPTION (GJ)**

SITE	2019	2020
Dugald River	920,220	1,019,357
Rosebery	752,690	724,587
Las Bambas	11,231,173	11,364,541
Kinsevere	1,857,917	2,103,354
<b>MMG Total</b>	<b>14,762,000</b>	<b>15,211,839</b>

Note: Energy consumption made up of a mix of sources, including diesel, LPG, on grid electricity, explosives and others.

**TABLE 2: ENERGY CONSUMPTION (GJ/TONNES MILLED)**

SITE	2019	2020
Dugald River	0.47	0.52
Kinsevere	0.79	0.86
Rosebery	0.73	0.74
Las Bambas	0.22	0.25
<b>MMG Total</b>	<b>0.26</b>	<b>0.30</b>

TABLE 3: DIRECT AND INDIRECT ENERGY CONSUMPTION (GJ)

SITE AND YEAR	DIRECT ENERGY CONSUMPTION	INDIRECT ENERGY CONSUMPTION
<b>Dugald River</b>		
2019	171,106	624,105
2020	212,252	691,396
<b>Kinsevere</b>		
2019	1,155,708	630,544
2020	1,357,122	698,776
<b>Las Bambas</b>		
2019	6,306,985	4,193,816
2020	6,647,479	3,979,022
<b>Rosebery</b>		
2019	235,144	476,587
2020	203,020	487,781
<b>MMG Total</b>		
<b>2019</b>	<b>7,868,943</b>	<b>5,925,052</b>
<b>2020</b>	<b>8,419,873</b>	<b>5,856,975</b>

TABLE 4: TOTAL GREENHOUSE GAS EMISSIONS (TONNES CO<sub>2</sub>-E)

SITE AND YEAR	DIRECT GHG EMISSIONS	INDIRECT GHG EMISSIONS	TOTAL
<b>Dugald River</b>			
2019	11,709	113,309	125,018
2020	14,503	101,206	115,709
<b>Kinsevere</b>			
2019	71,522	143	71,665
2020	47,303	153	47,456
<b>Las Bambas</b>			
2019	436,665	293,707	730,372
2020	461,546	276,494	738,040
<b>Rosebery</b>			
2019	15,807	25,153	40,960
2020	13,471	20,315	33,786
<b>MMG Total</b>			
<b>2019</b>	<b>535,703</b>	<b>432,312</b>	<b>968,015</b>
<b>2020</b>	<b>536,823</b>	<b>398,168</b>	<b>934,991</b>

TABLE 5: GREENHOUSE GAS (GHG) EMISSIONS (TONNES CO<sub>2</sub>-E/'000 TONNES MILLED)

SITE	2019	2020
Dugald River	63	59.1
Kinsevere	30.4	19.4
Rosebery	39.8	34.5
Las Bambas	14.2	16.3
<b>MMG Total</b>	<b>17.1</b>	<b>18.5</b>

## ESG APPROACH AND PERFORMANCE CONTINUED

TABLE 6: AIR EMISSIONS (TONNES)

	2019	2020
<b>Oxides of Nitrogen (NO<sub>x</sub>)</b>		
Dugald River	101	119
Kinsevere	3,416	1,923
Las Bambas	11,471	20,764
Rosebery	95	106
<b>MMG Total</b>	<b>15,083</b>	<b>22,912</b>
<b>Oxides of Sulphur (SO<sub>x</sub>)</b>		
Dugald River	0	0
Kinsevere	3	2
Las Bambas	7	6
Rosebery	0	0
<b>MMG Total</b>	<b>10</b>	<b>8</b>
<b>Particulate Matter (PM<sub>10</sub>)</b>		
Dugald River	312	371
Kinsevere	637	178
Las Bambas	3,630	3,935
Rosebery	302	421
<b>MMG Total</b>	<b>4,881</b>	<b>4,905</b>
<b>Volatile Organic Compounds (VOCs)</b>		
Dugald River	11	13
Kinsevere	239	144
Las Bambas	511	675
Rosebery	7	9
<b>MMG Total</b>	<b>768</b>	<b>841</b>

TABLE 7: TOTAL HAZARDOUS WASTE (TONNES)

SITE	2019	2020
Dugald River	156	241
Kinsevere	174	49
Rosebery	505	531
Las Bambas	2,201	1,692
<b>MMG Total</b>	<b>3,038</b>	<b>2,513</b>

TABLE 8: HAZARDOUS WASTE PRODUCED (TONNES/'000 TONNES MILLED)

SITE	2019	2020
Dugald River	0.08	0.12
Kinsevere	0.07	0.02
Rosebery	0.50	0.56
Las Bambas	0.04	0.04
<b>MMG Total</b>	<b>0.05</b>	<b>0.05</b>

**TABLE 9: TOTAL NON-HAZARDOUS WASTE (TONNES)**

<b>SITE</b>	<b>2019</b>	<b>2020</b>
Dugald River	2,427	2,906
Kinsevere	221	106
Rosebery	2,243	2,340
Las Bambas	21,386	15,951
<b>MMG Total</b>	<b>26,277</b>	<b>21,303</b>

**TABLE 10: NON-HAZARDOUS WASTE PRODUCED (TONNES/'000 TONNES MILLED)**

<b>SITE</b>	<b>2019</b>	<b>2020</b>
Dugald River	1.23	1.48
Kinsevere	0.09	0.04
Rosebery	2.18	2.39
Las Bambas	0.42	0.35
<b>MMG Total</b>	<b>0.46</b>	<b>0.42</b>

**TABLE 11: TOTAL WATER CONSUMPTION (ML)**

<b>SITE</b>	<b>2019</b>	<b>2020</b>
Dugald River	2,607	2,024
Kinsevere	1,815	1,913
Rosebery	522	185
Las Bambas	16,105	15,484
<b>MMG Total</b>	<b>21,049</b>	<b>19,606</b>

**TABLE 12: TOTAL WATER CONSUMPTION (ML/'000 TONNES MILLED)**

<b>SITE</b>	<b>2019</b>	<b>2020</b>
Dugald River	1.32	1.02
Kinsevere	0.76	0.78
Rosebery	0.51	0.19
Las Bambas	0.31	0.34
<b>MMG Total</b>	<b>0.37</b>	<b>0.38</b>