

WHO WE ARE



With headquarters in Melbourne, Australia, MMG is a mid-tier, global producer of base metals, including copper and zinc and is listed on the Hong Kong Stock Exchange (HKEx:1208).

We operate and develop copper, zinc and other base metal projects across Australia, the Democratic Republic of Congo (DRC) and Peru.

WHO WE ARE

VALUE CHAIN

Our value chain extends from the initial work to identify prospective deposits through to managing the responsible closure of operations.

- > **Geoscience and discovery:** project generation, near-mine exploration and extending mine life.
- > **Project development:** evaluating geoscience and discovery results, mine design, planning and development, environmental and social impact assessments to determine the feasibility of developing a mineral deposit into an operating mine.
- > **Operations:**
 - > Extraction of mineral deposits utilising different metallurgy techniques suitable for our mineral deposits.
 - > Processing of extracted mineral deposits separating commercially valuable minerals from their ores to produce a saleable product.
- > **Road transport:** delivering raw materials from our mines in-country to export ports.
- > **Sea transport:** dispatching raw materials via charter vessels in order to deliver our product to overseas customers.
- > **Marketing:** working closely with our customers to deliver value.
- > **Economic transition and closure:** We prepare for closure throughout the life cycle of a project. Closure involves maximising the potential value of infrastructure and land-based assets by considering alternative economic uses, coupled with the monitoring of environmental and social impacts and land restoration for future use.

GROWTH STRATEGY

At MMG our ambition is to double the size and value of MMG, and to double it again by 2030.

Our strategy is enabled by:

- > building on the strength of China, the world's largest customer and producer, and amongst the largest economies

- > providing a safe, healthy and secure workplace, and a culture of collaboration, accountability and respect
- > operating and developing our assets to their full potential with a business owner mindset
- > being valued for our commitment to progress, long-term partnerships and experienced management
- > embracing the advantages of a distributed operating structure, supported by a core group of disciplines and common values.

We have built a strong foundation in attractive commodities in some of the most prospective regions. Our business is based on a commitment to international standards, coupled with an operating philosophy of simplicity and efficiency.

The support of our major shareholder, China Minmetals Corporation (CMC), is fundamental to our success. Together, we are building capability and a reputation as China's premier international mining growth platform.

Fundamental to our success is maintaining strong relationships with our people, local communities, regulators and host nations, as well as sharing the benefits that flow from our investments and operations.



IMAGE: Concentrate containers at Pillones train station, Peru.



WHO WE ARE CONTINUED

MMG AND CHINA MINMETALS

Our commitment to sustainable development is supported by our major shareholder CMC.

CMC is China's largest metals and mining corporation with strong international relationships and construction projects in more than 60 countries. In 2020, it ranked 92nd in the Fortune Global 500 list of companies – the 14th consecutive year of being listed.

CMC operates across the whole industry value chain, from resource acquisition and exploration to project design, construction, operation, marketing, distribution and further processing in the global metals and minerals sector.

With a commitment to using natural resources sparingly, CMC has achieved a series of technological innovations related to resource efficiency.

The corporation's sustainability philosophy is based on a firm commitment to create the greatest possible integrated value for the economy, society and the environment. This is achieved by operating with integrity, and aligning competencies to the goals of stakeholders and local economic and social needs.

CMC employees uphold the philosophy of sustainable development through the careful use of limited resources. CMC is striving to play the role of a leading state-owned capital investment company in the metals and minerals industry. The Company's goal is to build a world-class metals and minerals business.

SUPPLY CHAIN

MMG sources goods through a global supply chain to satisfy the requirements of our operating sites. Our suppliers are essential to our business and we value our relationships. In 2020, we engaged

approximately 4,300 suppliers, of which over 90% were in Peru, Australia, the DRC, South Africa and China. Our total spend in 2020 was over US\$1,846 million.

We purchase goods and services related predominantly to site and mining services, energy, logistics and activities associated with fixed plant and mobile assets. We assess suppliers throughout the contract award process to ensure they are aligned with our Code of Conduct and other relevant policies and procedures.

SUPPLY CHAIN MANAGEMENT

As part of our supplier engagement and contract award process, we undertake a comprehensive assessment, including a risk-based due diligence assessment across a range of criteria including commercial, quality and technical capabilities. When selecting suppliers, we also assess a range of non-financial criteria including health and safety management and performance, environmental management, local capability training, social contribution 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 policies as well as other relevant Company standards, policies and procedures, including those related to human rights, health and safety and the environment. From 2021, this will include compliance with our Supplier Code of Conduct.

Approximately 635 supply contracts were entered into or renegotiated in 2020, with a total value of US\$1.35 billion.

In 2020, we regularly reviewed and reported on agreed contract performance measures, as well as identifying and actioning improvement opportunities. We also worked to expand our due diligence questionnaire to include a particular emphasis on risks of human rights abuses and modern slavery practices, policies and compliance. The implementation of this due diligence process is continuing into 2021.

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IMAGE: Concentrate containers at Dugald River, Australia.



To read more about MMG's supply chain management and the controls put into place during 2020, visit mmg.com to view our 2020 Modern Slavery Statement, which will be released in June 2021.

continue to meet the needs of a growing population, and to deliver these in a way that minimises our impact on future generations.

MMG supplies products that consistently meet our customers' quality expectations, and are safe for people and the environment. We operate in accordance with processes and procedures that guide us in identifying and managing significant risks to human health, and the environment during the transportation, storage, handling and processing of our products.

We are a member of the International Zinc Association (IZA) and a regional member of the International Copper Association (ICA), through which we contribute to the development of new applications for our products that are safe, efficient and beneficial to the world at large.

As of 1 January 2020, the International Maritime Organisation (IMO) mandated that all ocean-going vessels were to burn fuel with a maximum of 0.5% sulphur, rather than 3.5% sulphur fuel, which was the industry standard before this date. With nearly all MMG's sales requiring ocean-going transport to reach customers, this was a significant change. Through early planning, we were able to work with compliant shipowners in order to make this transition seamless, and not cause disruption to our supply chains, as well as ensuring we meet all the required standards.

OUR CUSTOMERS

We sell our products to a global customer base, and we work closely with our customers to deliver value. The copper concentrate produced at Las Bambas is predominantly sold to customers in Asia, with China being the largest market. Las Bambas molybdenum concentrate is sold to customers in Chile and Asia. Copper cathode produced at Kinsevere is delivered to copper consumers in Europe, the Middle East and Asia. Zinc and lead concentrates produced at our Australian mines (Rosebery and Dugald River) are delivered to smelters in Australia and Asia.

PRODUCT STEWARDSHIP AND RESPONSIBILITY

The commodities we mine at MMG are critical to realising the global Sustainable Development Goals (SDGs) set out by the United Nations (UN). Many of the minerals and metals we produce are essential building blocks for the technologies, infrastructure and agriculture required to ensure the world can



WHO WE ARE CONTINUED

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

We seek to minimise the negative impacts of our operations and maximise the benefits we can provide to our host communities, regions and, through the products we produce, consumers and the general public. This approach has been endorsed by our Board of Directors and senior management team, and is executed across our Company through our organisational policies and standards.

MMG's commitment to operating in line with the ICMM's 10 Sustainable Development Principles is set out in our Safety, Security, Health, Environment and Community Policy (refer to our Appendix for the ICMM Sustainable Development Principles on www.mmg.com). Our approach to sustainable development is also guided by our:

- > Corporate Governance Policy;
- > People Policy;
- > Quality and Materials Stewardship Policy; and
- > Shareholder Communication Policy.



IMAGE: MMG employees at Dugald River, Australia.

We are active members of leading industry organisations, including:

- > ICMM;
- > IZA;
- > ICA;
- > Sociedad Nacional de Minería, Petróleo y Energía, Peru (National Society of Mining Petroleum and Energy);
- > Chamber of Mines of the DRC/Mining Progress Initiative of the DRC;
- > Queensland Resources Council; and
- > Tasmanian Resources Council.

We support the Extractive Industries Transparency Initiative (EITI) across all participating jurisdictions.

OUR OPERATING MODEL

MMG's vision is to build the world's most respected mining company. We mine to create wealth for our people, host communities and shareholders with an ambition to double the size and value of MMG, and then double again by 2030.

We have established strong foundations that support future growth and development. MMG has four strategic drivers that are embedded into our corporate planning and decision-making processes:

- 1. China Champion:** Building on the strength of the world's largest consumer of metals and mineral resources to create a sustainable competitive advantage.
- 2. Business Miner:** Adopting a mindset that leverages excellence in owning and operating mines to generate superior returns on investment, enhancing our ability to fund and deliver future growth.
- 3. Federation of MMG:** Embracing the advantages of an empowered and diverse operating structure with core group disciplines and guiding values that drive a unique way of working across our international footprint.

- 4. Delivering Progress:** Taking pride in mining's role in driving social progress through local, regional and national contributions and delivering materials for a changing world.

Aligned with achievement of its ambitions, MMG is structured along the following lines:

- > **Operations:** largely self-sufficient sites, with regional offices driving local efficiencies.
- > **Group operations support:** a limited number of experts in areas critical to the operation of the global asset base.
- > **Global services:** lowest cost delivery of truly global and shared activities.
- > **Corporate:** lean corporate offices, based in Melbourne and Beijing, focused on only what is needed to operate and govern a listed business and deliver inorganic growth.

A key requirement of our operating model is the implementation of common procedures and standardised processes across operations to manage common material risks, support compliance with our external commitments, and deliver and maintain competitive advantage. In this way our operating model enables our sites to focus on continuously improving operational performance, and our service and support hubs to focus on the ongoing improvement of the services and support provided to sites.

OUR STANDARDS, RISK MANAGEMENT AND ASSURANCE

Our business-wide standards outline MMG's requirements in managing material risks, meeting legal and external obligations, and creating and preserving competitive advantage and organisational effectiveness. These standards provide the basis for sustainable operations and are aligned to the ICMM's Mining Principles and the eight ICMM Position Statements. MMG's Risk Management Procedure is based on ISO 31000:2018, which is the international risk management standard.

MMG's Risk Management Procedure outlines the process to identify, analyse, control and evaluate risks within the Company. Risks are assessed against consequence criteria to determine the maximum foreseeable losses that would arise in the absence of existing controls. This process helps determine the material risks for the organisation. Material risk information is presented to the Audit and Risk Management Committee and the MMG Board to ensure active oversight and involvement in risk management is maintained at a high level within the Company.

MMG's assurance program focuses on verifying that the critical controls required to manage material risk events are implemented and effective. We apply a 'Three Lines of Defence' assurance approach to our standards.

The First Line of Defence involves standard implementation by the business, and routine testing and reporting of the effectiveness of critical controls for material risks.

The Second Line of Defence is undertaken by Group Functions. It involves periodic review of the design of the control framework described by the standards, and validation of business conformance with the standards.

The Third Line of Defence is MMG's internal audit program, which tests the design and effectiveness of our standards, critical controls regarding material risks, and the effectiveness of the first and second lines of defence. Internal audit also reviews key process areas highlighting good practices and areas that management may consider for further improvement. The internal audit program is managed by MMG's Audit, Risk and Assurance team in accordance with the Internal Audit Procedure.

In 2020, the annual internal audit plan was approved by the Audit and Risk Management Committee. The focus of the internal audit program is on material risks to the business, encompassing both financial and non-financial risks.



WHO WE ARE CONTINUED

OUR PEOPLE

We are committed to building lasting partnerships with our people and ensuring they have the right capabilities and development opportunities to deliver on our strategy.

MMG has one standard governing people and employee benefits globally – the People Standard. This standard is supported by Work Quality Requirements, systems and processes to ensure global standards and local requirements are met, including those related to remuneration, working hours, recruitment, promotion and termination of employment.

We are also aligned with all national and provincial statutory requirements in the countries where our operations are located. MMG, through selection processes, selects 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. We are committed to sharing our successes with our communities through local employment opportunities, and by investing in training and education that helps local residents to transition to careers in our business operations.

MMG provides its people with opportunities to develop their skills, expertise and experience. We provide vocational training and competency verification to drive safety, efficiencies and to assist with the management of material business risks.

In addition, we enable employees’ professional development to enhance leadership capabilities and support career pathways. MMG undertakes workforce and community engagement with, and offers support to, individuals affected by any changes to business decisions.

We also work to bring people into the industry through a number of programs, trainee roles (including traineeships and apprenticeships) and support for tertiary graduates in mining-related disciplines. These programs include our work with the Kalkadoon people, including the apprenticeship program at our Dugald River operation, graduate programs, traineeships and apprenticeships provided for community members near our Rosebery operation, graduate programs for young professionals and training programs for local community members with the Peruvian national training provider SENATI, and support for mining engineering studies at Monash University, Melbourne, Australia.

MMG seeks to recruit talented people from diverse backgrounds, particularly from the

communities and regions in which we work. We are committed to supporting and encouraging our employees to develop both professionally and personally.

In 2020, MMG employed 10,034 employees and contractors, which was largely consistent with 2019 numbers. During 2020, impacts include decreased employee movement due to COVID-19 restrictions, the implementation of the new Beijing Head Office and the redistribution of roles from within our corporate offices to best suit business requirements. Our overall contractor rate has reduced by 12.5% since 2019; however, contractors remain an important part of our business model for the execution of short- and medium-term projects and to ensure flexibility in ever-changing economic environments.

Our 2020 annual turnover (voluntary and involuntary) decreased in comparison to 2019, which was primarily related to higher turnover rates in 2019.

We acknowledge the impact organisational changes and restructures can have on mental health and wellbeing, and we work to support our people through a range of programs including out-placement support for those made redundant as well as counselling and wellbeing support services.



IMAGE: Employee at Las Bambas, Peru.



CASE STUDY LAS BAMBAS EMPLOYEE ATTENTION CENTRE

At MMG we work hard to support all our employees both during their working hours and while on their days off.

In 2020, Las Bambas employed more than 2,200 direct employees, and the Human Resources team on site identified an opportunity to update their employee support system. The Employee Attention Centre (CAE) combines wellbeing, healthcare and human resources support, both for the employees and their immediate families, as well as personnel logistics, to ensure all aspects are being considered. Between September and December 2020, more than 1,200 employees received support from the CAE, with more than 2,600 calls for information received. The CAE has enabled Las Bambas to identify potential gaps and improvements in employee support, offer constant attention to employees, create links between departments where certain initiatives are interconnected, and develop a stronger relationship with employees’ families.

For more information visit

MMG PEOPLE IN 2020

SITE	PERMANENT	TEMPORARY	TOTAL
Dugald River	221	347	568
Kinsevere	1,019	1,396	2,415
Las Bambas	2,205	4,164	6,369
Rosebery	327	157	484
Corporate	153	7	160
Australian Operations	34	4	38
MMG	3,959	6,075	10,034

