



SUSTAINABILITY REPORT 2021

A member of:

ICMM
International Council
on Mining & Metals

**MINING WITH
PRINCIPLES**



WE MINE FOR PROGRESS

Cover Image: Participant of Kinsevere agricultural project, receiving seeds for farming season.
Internal Cover: Las Bambas mine



At MMG, our vision is to be the world's most respected mining company. To achieve this, we are committed to positively contributing to our host regions while also effectively managing the risks to people, heritage and the environment.

We recognise that the sustainable development of our host countries and communities is the result of many shared steps. Over time these steps lead to real and lasting improvements in the quality of the lives of those touched by our operations. Transforming natural resources into sustainable development is how we mine for progress.

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ABOUT OUR REPORT

REPORT BOUNDARY AND SCOPE

In this report, 'MMG' refers to MMG Limited and its subsidiaries, unless explicitly stated otherwise.

The report covers the activities of MMG's Head Offices in Melbourne, Australia and Beijing, People's Republic of China, and all MMG's mining, exploration and associated activities. Except where specifically stated, our Hong Kong and Vientiane (Lao People's Democratic Republic) offices are not included in this report due to the immaterial nature of their sustainability impacts.

All data listed in this report refers to the period from 1 January 2021 to 31 December 2021. Data relating to the previous reporting period has been included where it is comparable and adds useful context. All people numbers are accurate as of 31 December 2021.

All data is reported on a 100% equity basis.

REPORTING APPROACH

This report has been prepared in accordance with the Global Reporting Initiative's (GRI) 2016 Sustainability Reporting Guidelines (GRI Standards): Core option, GRI 303 (2018) and GRI 403 (2018), as well as specific GRI indicators as they relate to each of our material issues. The GRI Content Index can be found in the Appendix to the Sustainability Report at www.mmg.com.

Our water reporting is aligned with the International Council on Mining and Metals' (ICMM) - A Practical Guide to Consistent Water Reporting; and we report in line with the Minerals Council of Australia (MCA) Water Accounting Framework.

Currency is reported in US dollars, unless stated otherwise.

This report has been reviewed and approved by our Disclosure Committee.

MATERIALITY ASSESSMENT PROCESS

We periodically conduct a materiality assessment process to ensure we are reporting on the issues that matter most to our stakeholders. We review feedback from stakeholders through interviews, Executive Committee and Board papers, investor feedback and media reports.

To build on this insight, in 2020 Deloitte was engaged to conduct an external materiality assessment and stakeholder engagement process.

This process identified a slight shift in MMG's material issues and the need to incorporate additional topics in order to fully represent the risks and opportunities facing the Company. For more information about MMG's approach to materiality assessment and stakeholder engagement, refer to page 8.

Information and data about emissions to air, water usage, energy usage and waste produced can be found in the 2021 Annual Report at www.mmg.com.

EXTERNAL ASSURANCE

CECEP (HK) Advisory Company Limited carried out an independent limited assurance procedure over elements of this report, guided by the ICMM Assurance Procedure as per the Independent Assurance Statement on pages 75-79. This included assurance of our alignment with the requirements of the GRI Standards: Core option.

MMG rotates its third-party validation through all its operations so as to have a more comprehensive understanding of their alignment to our sustainability practices. For the 2021 year, Kinsevere was chosen to complete assurance of the four sites.

The limited assurance focused on three of the 12 material sustainability issues identified through our materiality assessment process. The three issues selected were chosen through an independent process without MMG participation and include:

1. Grievance Mechanisms
2. Artisanal and Small-scale Mining (ASM)
3. Closure Plans

For more case studies about our sustainability initiatives throughout 2021, visit our website

wemineforprogress.com 

CHIEF EXECUTIVE OFFICER'S MESSAGE

Dear MMG Shareholders,

I am pleased to present our 2021 Sustainability Report and my first as interim CEO.

COVID-19 PANDEMIC RESPONSE

In 2021, managing the impacts of the COVID-19 pandemic continued to be a primary focus for our sites and offices as we worked to mitigate risks whilst delivering production, driving development and providing employment.

Our focus has been on promoting COVID-19 vaccinations and following all relevant regional Government strategies to help protect our people and provide support to the communities in which we live and work.

I am proud of our team for their commitment and resilience in very challenging circumstances, particularly our safety and health teams who have worked tirelessly to implement and update protocols to protect the health and safety of our people and communities.

SAFETY

At MMG, the health and safety of our people is our first value. We work hard to embed a company-wide safety mindset reinforced by our leaders, behaviours and culture across all our sites and offices. Nothing is more important than ensuring our people can arrive home safely at the end of each day.

I am pleased to report that our full year Total Recordable Injury Frequency (TRIF) has reduced by 21% to 1.09 for the full year 2021. In 2021 we also saw a drop in the number of Significant Events with Energy Exchange (SEEE), which shows that we are improving our understanding of risks and ensuring that the right controls are in place.

Concerningly we saw an increase in the number of high potential recordable injuries, this is a reminder to all of us to keep a safety-first mindset, look out for each other and stop and think before completing any task.

Tragically, I regret to report that on 27 August 2021, a vehicle transporting 18 contractors from Cusco to the Las Bambas mine left the road in the Huallpachaca area located in the Cotabambas province causing the death of 16 passengers and leaving two people injured. This is a tragic loss that has impacted many of us at MMG and Las Bambas and we extend our deep sympathies to the families and friends of those lost.

We are committed to eliminating injuries in our business and we remained focussed on understanding the root causes of all incidents, sharing our learnings and updating our procedures to prevent them from happening again.

WE MINE FOR PROGRESS

At MMG, we consider stakeholder feedback to be a valuable indicator that helps our operations to anticipate community concerns and proactively manage social risks. Feedback, whether it is a suggestion, compliment or complaint matters to MMG and we are always proactively seeking opportunities to improve and ensure we are living our value of "We Want to be Better."

In 2020, we undertook a review of our corporate Stakeholder Grievance Management processes to ensure alignment with the ICMM's updated guidance document "Handling and Resolving Local-level Concerns and Grievances: Human rights in the mining and metals sector (2019)," as well as the International Labour Organisation Declaration of Fundamental Principles and Rights at Work, the Extractive Industries Transparency Initiative and the UN Global Compact. Throughout 2021 we have worked with all site teams to better understand local grievance processes and launched a common self-serve platform to automatically record confidential grievances.

MMG understands the lasting impact we can have on the lives of the communities where we work and live, which is why at Kinsevere we have committed to supporting new bridge construction, road rehabilitation, health facilities, water pumps, schools, markets, depots and administration offices over the next five years.

And while we do not always agree on development priorities, we are committed to peaceful and proactive dialogue to build sustainable solutions.

During 2021, Las Bambas operations continued to be disrupted by a series of ongoing community blockades on public roads between the Las Bambas operation and the port. These disagreements centre on benefit sharing, local business and employment opportunities and compensation issues.

The use of road disruption as a means of facilitating solutions presents significant challenges to the operation of Las Bambas, with the site losing over 400 days of transport as a result of the ongoing blockades. MMG is committed to finding enduring and peaceful solutions but acknowledges that we can't do this without the ongoing and proactive support of regional and national governments.

SETTING ENVIRONMENTAL, SOCIAL AND GOVERNANCE TARGETS ACROSS MMG

As a company we are proud of our reputation as a business that is serious about sustainable development and managing impacts to people, heritage and environment. Our standards of performance and disclosure on environmental, social and governance (ESG) issues must continue to expand to meet rising expectations from our stakeholders and investors.

To ensure we can meet this challenge and the growing reporting and compliance requirements, we have created ESG focus indicators designed to target our efforts towards the most material issues for our business and our stakeholders. It is intended that these performance metrics will be integrated into each site's annual targets in 2022 and then will be integrated into our performance incentive programs from 2023.

These metrics include a sustained focus on reducing our carbon footprint and maximising our contribution to an emerging low carbon economy. Copper and zinc produced by our operations are essential inputs to low carbon technologies including solar panels, wind turbines, electric vehicles and large-scale batteries to name just a few.

MMG has set itself a number of near, and medium term targets as part of our Climate resilience Strategy. They include a commitment - along with International Council on Mining & Metals' (ICMM) members - to support measures that will limit global warming, targeting net zero emissions by 2050.

MMG has also set a near-term science-based target of a net reduction in greenhouse gas emissions of 40%, by 2030 based on our 2020 levels. This is an ambitious target and sets MMG on a pathway to sourcing energy in new ways. As a first step on that journey in 2021, MMG's Dugald River mine has entered into a 15-year renewable energy agreement which will supply solar power to Dugald River from early 2023, reducing its carbon footprint and providing immediate energy cost savings.

BUILDING A SUSTAINABLE FUTURE

As we look ahead to 2022, we are working to build momentum on the solid foundation for sustainable development and business growth we have built throughout the year.

MMG Rosebery will be continuing planning for rehabilitation post-closure as well as extending the life of the operation that supports 500 local jobs. Extending the life of Rosebery will require a new tailings storage facility with works ongoing in determining the

best location. We recognise that there are elements of valuable biodiversity of the local area where the mine has operated for over 85 years and are committed to working to preserve it in partnership with our local community.

I am also excited to further develop and deliver on our strategic growth opportunities in Peru via the Chalcobamba development and the Kinsevere Expansion Project in the DRC, strengthening our commitment to these critical regions.

I extend my thanks to our employees, shareholders and host communities for your continued support. I want to particularly recognise our people for the dedication and contribution to our sustainability performance in such a challenging year. I look forward to the coming year as we continue to mine for progress.



LI LIANGANG

CHIEF EXECUTIVE OFFICER (INTERIM)

OUR MATERIAL ISSUES

Our material issues include a broad range of sustainability issues, including economic risks and opportunities that have the potential to affect our performance or reputation, as well as our ability to create value and deliver progress over the short, medium and longer term.

MMG recognises that sustainability issues can become material to the business either gradually or rapidly and in 2020, the business engaged Deloitte to conduct an external materiality assessment and stakeholder engagement process in order to validate and/or update the existing material issues.

Deloitte’s preliminary view on MMG’s material issues was informed through a market scan of ESG trends in MMG’s operating context including global megatrends such as the transition to a low carbon future, industry issues, stakeholder views and peer disclosures. A total of 16 individual material issues were identified, categorised into seven themes and presented to MMG management for consideration, review and validation.

Throughout 2021 a comprehensive review and update of the suggested material issues was performed by Head Office Functional Discipline Leads (FDLs). The below material issues were endorsed by the Executive Committee and approved by the Board to be monitored as of 1 January and disclosed in MMG’s next Sustainability Report.



CATEGORY



MATERIAL ISSUES to be reported as of 2022

| | |
|---|--|
| ETHICAL BUSINESS CONDUCT | Business ethics and transparency Trust and sovereign risk Privacy and cyber security |
| HEALTH, SAFETY AND WELLBEING | Zero harm and safety culture Mental health and wellbeing |
| CLIMATE CHANGE ACTION | Impacts of climate change Transition to a lower carbon economy |
| MANAGING ENVIRONMENTAL IMPACTS | Natural resource stewardship Impacts of mine closure Tailings and waste management |
| SOCIAL ENGAGEMENT AND INVESTMENT | Community engagement Local and regional development |
| TALENT ATTRACTION AND RETENTION | Diversity and inclusion Employee value proposition |
| SUSTAINABLE VALUE CHAINS | Value chain sustainability Supply chain resilience |

A set of 52 performance indicators allocated across the 16 material issues were developed to be implemented into business planning for progress to be reported in MMG’s 2022 Sustainability Report.

MMG's 2021 Material Sustainability Issues remain consistent with previous years as provided below. Where possible, we have included information regarding MMG's approach to the updated material issues in preparation for associated data and analytics to be disclosed as of 2022.

| 2021 MATERIAL ISSUE | DESCRIPTION | STAKEHOLDERS AFFECTED | MORE |
|---|---|---|----------|
| Strategy and growth | The role of brownfield development and near-site exploration in driving our growth objectives, and the role of asset divestment and acquisition as a platform to underpin future growth. | Employees, communities, suppliers, government, investors, media and industry | p.19 |
| Corporate governance and business ethics | Maintaining strong corporate governance and business ethics in the context of operations in complex jurisdictions. | Employees, suppliers, government, investors, non-government organisations, media and industry | p. 29 |
| Compliance and conformance | Regulatory compliance and acting responsibly across our operations, in line with our values and external commitments. | Suppliers, government, investors, non-government organisations, media and industry | p. 31-32 |
| Safety and health | Maintaining workforce safety and health. | Employees, suppliers, non-government organisations and industry | p. 32-40 |
| Sovereign risk and government relationships | Managing sovereign risk that impacts our business and maintaining positive government relationships in the context of significant change in the political and fiscal environments for our operations. | Government, investors, non-government organisations, media and industry | p. 40 |
| Community engagement | Community engagement and participation in planning and decision-making across life of asset. | Communities, government, non-government organisations, media and industry | p.40-45 |
| Human rights | Managing the impacts of our operations on human rights. This includes labour, Indigenous rights and the rights of women and children. | Communities, government, non-government organisations, media and industry | p.45-49 |
| Social development and investment | Working with communities, governments and other partners to measurably support development and economic livelihoods. | Communities, government, non-government organisations, media and industry | p.53-58 |
| Water access and use | Recognising that water is an asset with social, economic and environmental value. Managing water access, freshwater withdrawal, water inventory and discharge quality. | Communities, government, non-government organisations and industry | p.62-66 |
| Tailings and waste rock management | Managing acid mine drainage and tailings infrastructure. | Communities, government, non-government organisations, media and industry | p.66-69 |
| Social and economic impacts of mine closure | Managing the impacts of mine closure on community employment and economic development. Exploring opportunities for economic transition and the ongoing use of mining-related infrastructure. | Communities, government, non-government organisations and industry | p.72-73 |
| Land management and rehabilitation | Managing land holdings effectively over the life of the operation, including their progressive rehabilitation and relinquishment, and provisioning for closure. | Communities, government, non-government organisations and industry | p.72-74 |