

HKEX: 1208

# MMG LIMITED OUR TAX AND COMMUNITY CONTRIBUTION 2022



A MEMBER OF:  
**ICMM**  
International Council  
on Mining & Metals

**MINING WITH  
PRINCIPLES**

# Our tax and community contribution

**MMG makes significant contributions to the economies of countries within which we operate as a major investor, taxpayer, employer and purchaser of local goods and services.** For the financial year ended 31 December 2022, total taxes paid was US\$447.2 million, and total royalties paid was US\$120.1 million. Taxes paid in relation to previous years are available on the MMG website for tax and community contribution together with a broad overview of corporate income taxes specific to the mining sector.

MMG's 2022 Sustainability Report is prepared with reference to the Global Reporting Initiatives' (GRI) Sustainability Reporting Standards. The disclosures in this report are guided by the GRI 207 Tax Standard, and include corporate income taxes, value-added taxes, royalties on mineral extraction, withholding taxes and taxes paid on significant uncertain tax positions.

## **Our approach to tax governance, control and risk management**

As a multinational company with mining operations in Peru, the DRC and Australia, as well as companies present in Hong Kong, China, Canada, Singapore, Brazil, Zambia and South Africa, MMG is committed to maintaining a high standard of corporate governance practices. This is demonstrated through an experienced Board and sound risk management and internal controls, with transparency and accountability to all shareholders.

Tax risk management is embedded within this mandate of corporate governance. Internal tax standards and tax exposure management procedures are in place and regular reviews of MMG's tax function are conducted to ensure compliance with these standards. External assurance is further provided as part of the audit process for the purpose of publishing MMG's Annual Report on the Hong Kong Stock Exchange.

## **Our approach to stakeholder engagement and management of concerns related to tax**

MMG operates under a policy of full transparency and cooperation with all tax authorities and the payment of all taxes properly due under the law wherever we operate.

MMG is a member of numerous industry associations such as the DRC Chamber of Mines, International Council on Mining and Metals, International Zinc Association, the Extractive Industries Transparency Initiative, Transparency International (Australia), Queensland Resources Council and Tasmanian Minerals Council. As a result, MMG is often party to regular dialogues involving matters of tax transparency and reporting. MMG also often conducts robust and active discussions with local tax authorities in matters of tax policy implementation and interpretation.

## **Our approach to tax transparency and reporting**

Transparency on mineral revenues paid to governments is important for regulatory stability and stakeholder understanding of the responsible use of taxes, and the role they play in supporting the provision of citizenship entitlements.

There are broadly two approaches to tax disclosures. The first discloses taxes effectively paid, that is a company's economic contributions to governments for public expenditure. The second discloses a company's assistance in collecting taxes from third parties in addition to its own contributions. MMG's current approach reflects the former. The following initiatives further show MMG's commitment to transparency:

- disclosures in line with OECD's BEPS (Base Erosion and Profit Shifting) Action Plan regarding country-by-country reporting and transfer pricing documentation;
- an anti-bribery and anti-corruption policy through the Company's Code of Conduct;
- public disclosures in line with the Foreign Investment Review Board, Australian Taxation Office and Hong Kong Stock Exchange disclosure requirements, complemented by voluntary disclosure of key payments in annual sustainable development reports for MMG and Las Bambas;
- engagement with the Extractive Industries Transparency Initiative (EITI) requirements as a reporting entity in Peru and the DRC, and a participant in the Australian EITI pilot project;
- participation in the ICMM annual tax contribution survey, providing information on MMG's corporate income tax and royalty payments (aggregated in the ICMM members' tax contribution publication); and
- annual disclosure of tax information in the Australian Corporate Tax Transparency Report.

In accordance with the 2015 OECD Report on Transfer Pricing Documentation and Country-by-Country Reporting, China Minmetals Corporation meets the requirements for filing the country-by-country report to the tax authority in Beijing, China, by May each year. This report contains information regarding multinational enterprises (MNE) on a tax jurisdiction by tax jurisdiction basis, which includes tax jurisdiction per entity, revenues from related and unrelated parties, number of employees and main business activities.

## MMG



US\$'000	2022	2021
Total taxes paid (excluding royalties)	447,160	248,552
Total royalties paid	120,109	167,829
National supply procurement	2,148,211	1,770,365
Goods and services (excluding taxes and royalties)	2,452,661	1,909,094
New property, plant and equipment	519,915	553,000
Employee benefits	321,892	306,333
Social development programs	31,244	32,912

## Peru



US\$'000	2022	2021
Royalties <sup>1</sup>	64,179	105,394
Income Tax <sup>2</sup>	165,526	50,510
Withholding tax <sup>2</sup>	13,988	13,916
Other Taxes <sup>3</sup>	30,030	35,017
Employment related taxes	50,663	42,918
<b>Total tax contribution<sup>4</sup></b>	<b>324,386</b>	<b>247,755</b>

## DRC



US\$'000	2022	2021
Royalties <sup>1</sup>	22,438	26,367
Income Tax <sup>2</sup>	53,364	32,626
Withholding tax <sup>2</sup>	3,893	3,740
Other Taxes <sup>3</sup>	19,966	10,231
Employment related taxes	17,270	16,446
<b>Total tax contribution<sup>4</sup></b>	<b>116,931</b>	<b>89,410</b>

## Australia



US\$'000	2022	2021
Royalties <sup>1</sup>	33,492	36,068
Income Tax <sup>2</sup>	46,131	0
Withholding tax <sup>2</sup>	1,155	820
Other Taxes <sup>3</sup>	0	0
Employment related taxes	45,174	42,328
<b>Total tax contribution<sup>4</sup></b>	<b>125,952</b>	<b>79,216</b>

### Notes:

1. Paid/accrued in respect of FY2022.
2. Income tax liability does not always align with tax payments. This disclosure has been made on a cash tax paid basis. Relevant to Peru, the FY22 disclosure relates to the Annual FY21 corporate income tax liability of \$165m.
3. This category includes amounts such as taxes paid in dispute, unrecovered VAT and net GST paid.
4. Components of total tax contribution are all assured on an aggregate level during the 2022 annual reporting audit (assured by Deloitte Touche Tohmatsu).

