



WE MINE FOR
PROGRESS

SUSTAINABILITY REPORT 2018

HKEX: 1208 | ASX: MMG

A member of:

ICMM
International Council
on Mining & Metals

**MINING WITH
PRINCIPLES**

ABOUT OUR REPORT

REPORT BOUNDARY AND SCOPE

In this report, 'MMG' refers to MMG Limited and its subsidiaries, unless explicitly stated otherwise. MMG Limited is individually referred to as the 'Company'.

The report covers the activities of MMG's Corporate office, in Melbourne, Australia, and all MMG's mining, exploration and associated activities. Our Hong Kong office is not included in this report due to the immaterial nature of its sustainability impacts. Ownership of our Sepon mine was transferred outside of MMG on 30 November 2018.

All data listed in this report is from the period 1 January to 31 December 2018. Data relating to the previous reporting period has been included where it is comparable and adds useful context. All people numbers are accurate as at 31 December 2018.

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, 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

 mmg.com

Our water reporting is aligned with the International Council on Mining and Metals (ICMM) 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 to ensure we are reporting on the issues which matter most to our stakeholders. As we prepare the annual Sustainability Report we review feedback from stakeholders through internal interviews, Executive Committee and Board papers, investor feedback and media reports.

To build on this insight, in 2018 an external third party conducted a Stakeholder Engagement and Issue Analysis. They interviewed stakeholders representing both internal and external stakeholder groups, with the purpose of capturing current perceptions to inform MMG's materiality assessment and broader sustainability strategy development. All stakeholders welcomed the opportunity to share their views of MMG and recognised the process as a positive sign of MMG's commitment to continuous improvement.

This process confirmed that the 12 material issues identified in 2017 continue to represent the material risks and opportunities facing the business.

We consider all material issues raised by stakeholders of equal importance to us, and as such do not prioritise or rank them to prepare this report. Refer to pages 6–7 for the detailed list of material issues.

Information and data about our greenhouse gas emissions, emissions to air, water usage and waste produced can also be found at

 mmg.com

EXTERNAL ASSURANCE

CECEP (HK) Advisory Company Limited has carried out an independent limited assurance over elements of this report, guided by the International Council on Mining and Metals (ICMM) Assurance Procedure (refer to Assurance terms and statement on page 64). This included assurance of our alignment with the requirements of GRI Standards: Core option.

The limited assurance focused on three of the 12 material sustainability issues identified through our materiality assessment process. The three issues selected through a process conducted independently of MMG were:

- > Community Engagement;
- > Social Development and Investment; and
- > Compliance and conformance.

FRONT COVER IMAGE:

Quinoa plantation, Las Bambas' Andean crops program.

AT MMG WE MINE FOR PROGRESS

We mine to build wealth through the development of our people, partnering with local communities to drive economic growth and the value we deliver to our shareholders.

We work in complex jurisdictions and across numerous cultures and communities, who have vastly differing experiences with resource development.

A long-term outlook, our pride in mining, our commitment to international standards and our respect for people, land and culture underpin our success.

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IMAGE: Employee at Rosebery.



MMG has four operating sites across the globe, structured under the two functional regions of Americas, and Africa, Australia, Asia.

OUR OPERATIONS



DUGALD RIVER

> Zinc concentrate

Ownership
> 100% MMG



LAS BAMBAS

> Copper concentrate
> Molybdenum

Ownership
> 62.5% MMG
> 22.5% Guoxin International Investment Co. Ltd.
> 15.0% CITIC Metals Co. Ltd.

CORPORATE

Amount of production



N/A

2018 workforce



Total workforce	% female	% national
458	42	88

Economic contribution (US\$'000)



N/A

Social development spend (US\$)



Social development spend
\$901,347

AMERICAS

Tonnes of copper in copper concentrate

385,299

Total workforce	% female	% national
8,706	8	99.2

Total tax incl. royalties
\$207,302

Total wages and benefits
\$127,900

Total capital investment
\$215,800

Total local supply procurement
\$1,008,800

Social development spend
\$15,342,430

1. Corporate includes Melbourne office, Geoscience and Discovery (formerly Exploration), Global Business Services and Hong Kong office.
2. Workforce includes MMG employees and contractors. Percentage of female employees has been calculated excluding contractors.
3. % national is the percentage of the workforce with the same nationality as the country where the operations are located.



LAS BAMBAS



ROSEBERY DUGALD RIVER



KINSEVERE



ROSEBERY

- > Zinc concentrate
- > Copper concentrate
- > Lead concentrate
- > Silver
- > Gold

Ownership
> 100% MMG



KINSEVERE

- > Copper cathode

Ownership
> 100% MMG

AUSTRALIAN OPERATIONS

Tonnes of zinc in zinc concentrate	Tonnes of lead in lead concentrate	Tonnes of copper in copper concentrate
223,041	45,437	1,465
Total workforce	% female	% national
941	9	95.18
Total tax incl. royalties	Total wages and benefits	
\$75,382	\$51,100	
Total capital investment	Total local supply procurement	
\$64,900	\$362,400	
Social development spend		
\$642,107		

AFRICA

Tonnes of copper cathode		
79,711		
Total workforce	% female	% national
3,125	11	99.2
Total tax incl. royalties	Total wages and benefits	
\$56,202	\$47,800	
Total capital investment	Total local supply procurement	
\$57,800	\$184,400	
Social development spend		
\$931,163		

4. Total wages and benefits for Australia includes expenses where the act may report into but take place outside of the country.
 5. For more information on royalties and income tax, procurement and employment taxes and benefits, refer to the Our Community Tax Contribution section (pages 40-41).
 6. For more information on our 2018 economic and production performance, refer to our 2018 Annual Report, available at mmg.com.

CHIEF EXECUTIVE OFFICER'S MESSAGE



I am pleased to present our 2018 Sustainability Report.

In my first year as the CEO of MMG I am proud of our contributions to the development of the regions in which we operate.

During the year, we made changes to our operating model to support our business of today and this has placed us in an even stronger position to continue delivering on our sustainability objectives. These changes serve to strengthen accountability and facilitate sharing of best practice across the group.

SAFETY

The safety of our people is my most important personal value; and one shared by all leaders across our business.

That is why I am deeply saddened to report that we had a fatality in 2018. Mr Kham Phathithak, an employee at our now divested Sepon mine in Lao People's Democratic Republic (PDR), sustained fatal injuries when the vehicle he was driving was struck by a tree during felling activities. I express my most sincere condolences to Mr Phathithak's family. The incident showed safety can never be overemphasised.

Our overall safety performance continued to improve with a total recordable injury frequency rate (TRIF) of 1.00 per million hours worked at the end of 2018, which represents a continuing improvement in TRIF since 2015.

Our continuing focus on improving our safety performance is to ensure that all our people can return home safely – and without injury – to their families every day. We must learn from incidents across our industry, both actual and potential, to keep our people safe.

CONTRIBUTING TO DEVELOPMENT

In 2018, we invested approximately US\$17.8 million in social development programs and contributed over US\$338 million to taxes and royalties around the world. We have aligned our support to the United Nations (UN) Sustainable Development Goals (SDGs), with a focus on Goals 1–6. Many of the programs we support target improvements in basic resources and services, however as communities strengthen, we focus on more sustainable economic development projects.

Our largest social investment projects are in Peru and to date we have spent approximately US\$108 million assisting communities close to the Las Bambas mine since 2014. Current initiatives, including the Andean crops program and our local business development program, aim to facilitate long-term sustainable development that is not dependant on mining.

At Las Bambas, we continued to engage with the communities located along the mineral transport corridor. While over US\$250 million has been spent upgrading and improving this road, it remains the cause of disagreement, protest and request for compensation. We are working closely with government, communities and other stakeholders to better understand the grounds for grievance and to build sustainable long-term solutions.

In 2018, we achieved our first full year of production at our Dugald River zinc operation in Queensland, Australia. This operation is a leading modern mine development with a small operating footprint and innovative new technologies.

Our continuing focus on improving our safety performance is to ensure that all our people can return home safely – and without injury – to their families every day. We must learn from incidents across our industry, both actual and potential, to keep our people safe.

We also completed the divestment of our Sepon operation in Lao PDR. Working together with all stakeholders, we sought to preserve the positive development legacy and to establish a new future for the mine as a dedicated gold operation. We worked with Sepon's new owner to safeguard people, communities and the environment and we are proud of the contribution made to the development of Lao PDR over the life of the Sepon mine. More information on this can be found on page 58 of this report.

MINIMISING OUR IMPACT

We acknowledge that our activities can impact others and that we share resources with communities close to our operations. In 2018, we achieved improvements in the management of water at our Las Bambas operation, with a 71% reduction in water taken from the environment. We are currently implementing a significant water management program at Kinsevere.

Safe management of tailings storage facilities (TSF) is critical to our operations and we have studied closely the learnings from the recent failure of TSFs in Canada and Brazil.

Most of MMG's TSFs, including that of Las Bambas, are made from engineered rock constructed using downstream construction methods. Our tailings governance includes independent Dam Review Committees at each of our operations and each TSF is designed, operated and maintained in accordance with leading engineering practices and principles.

SUPPORT FROM CHINA MINMETALS

China Minmetals Corporation (CMC), is the major shareholder of the company and their sustainability philosophy is based around a firm commitment to creating the greatest possible integrated value for the economy, society and the environment.

As the flagship overseas mining company of CMC, MMG plays a vital role in contributing to CMC's strategy and we are grateful for their strong support of our sustainability practices and initiatives. Both companies aim to make a lasting and positive contribution to the communities in which we operate.

Finally, I thank our shareholders and communities for their ongoing support. I would also like to thank our people for their dedication and contributions to our sustainability performance. I look forward to reporting on another successful year in 2019.



Geoffrey (Xiaoyu) GAO
CHIEF EXECUTIVE OFFICER

Our key material issues, as identified by our stakeholders, grouped under our four reporting themes.

MATERIAL ISSUES/ YEAR IN REVIEW

WHO WE ARE



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.

THE WAY WE WORK



Corporate governance and business ethics

Maintaining strong corporate governance and business ethics in the context of operations in complex jurisdictions.



Compliance and conformance

Regulatory compliance and acting responsibly across our operations, in line with our values and external commitments.



Safety and health

Maintaining workforce safety and health.



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 environments for our operations.



Community engagement

Community engagement and participation in planning and decision-making across life-of-asset.

WE CONTRIBUTE TO DEVELOPMENT



Social development and investment

Working with communities, governments and other partners to measurably support development and economic livelihoods.

WE MINIMISE OUR IMPACT



Human rights

Managing the impacts of our operations on human rights. This includes labour, Indigenous rights and the rights of women and children.



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.



Tailings and waste rock management

Managing acid mine drainage and tailings infrastructure.



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.



Land management and rehabilitation

Managing land holdings effectively over the life of the operation, including their progressive rehabilitation and relinquishment, and provisioning for closure.

We regularly engage with our stakeholders to ensure we capture and report what is important to them. In 2018, we conducted an internal analysis and formal third-party engagement with stakeholders, which

confirmed that the 12 material issues from 2017 continue to represent the material risks and opportunities to our business.

For information about our stakeholders, engagement channels and materiality assessment, see this report's Appendix at [→ mmg.com](https://www.mmg.com)

THE YEAR IN REVIEW

- › Dugald River had its first full year of production.
- › Our Sepon operation in Lao PDR was divested as a non-core asset.
- › An updated Anti-Corruption training was conducted at all sites, including Corporate Office.
- › No significant non-compliances with the Company's Code of Conduct were identified.
- › Code of Conduct training was made available online to all relevant employees.
- › The modification to the environmental impact study (MEIA) in Las Bambas was updated with government approval and following extensive community engagement.
- › No significant environmental non-compliances were reported in 2018.
- › Tragically we had one fatality at our Sepon operation in 2018.
- › The SmartCap technology fatigue management program has yielded positive results at Las Bambas and has been extended to our Dugald River operation.
- › We achieved a 55% decrease in medically treated injuries and a 14.5% reduction in our TRIF was reported.
- › During 2018, the Democratic Republic of the Congo (DRC) Government made significant changes to the 2002 Mining Code (2018 Mining Code). MMG remains committed to working in consultation with the DRC Government, the mining industry and civil society groups regarding the application of the Mining Code.
- › An Environment and Social Impact Assessment (ESIA) was carried out in 2018 as part of the Kinsevere Expansion Project. Included in this process were two rounds of stakeholder consultation.
- › Community engagement and dialogue occurred regarding shared road use in the Cotabambas and Chumbivilcas provinces in Peru.
- › We invested US\$20 million in social development programs, which is broadly in-line with our investment over the previous year.
- › We support several large agricultural initiatives that reduce poverty and enhance food security and health outcomes.
- › No human rights incidents recorded in 2018.
- › Implementation of UNICEF Child Rights framework was included in our ESIA process.
- › Grievance management processes at all sites were compliant with core remedy requirements of the UN Guiding Principles on Business and Human Rights
- › A detailed review of the existing site-wide water balance was conducted at Kinsevere to support the revised surface water management strategy.
- › Significant improvements in water management at Las Bambas, have resulted in a reduction of water in the TSF.
- › We completed the construction of the Rosebery 2/5 TSF and have commenced operations at the facility.
- › Engineers of record have been appointed to Dam Review Committees at all MMG sites to ensure each TSF is designed, operated and maintained in accordance with leading engineering practices and principles.
- › Closure Standard work quality requirements were updated, to align with changes to our operating model.
- › Sepon in Lao PDR was divested in 2018, social programs are ongoing.
- › Conceptual Closure Plans exist for each site, and the Plan for Rosebery was resubmitted and approved by the regulators.
- › We responded to environmental incidents resulting in impact to the surrounding environment by carrying out the required level of site clean-up. In 2018, this included a minor seepage at Dugald River which was rectified by installing a dewatering pump.
- › A TSF capping trial was established at Dugald River, to assess long term performance of various capping systems.

MMG, through its day-to-day operations, contributes to all 17 of the United Nations' Sustainable Development Goals.

OUR COMMITMENT TO THE UN SDGs



IMAGE: Children at school near Kinsevere.

SUSTAINABLE DEVELOPMENT GOALS

	1 NO POVERTY	We support sustainable long-term capacity building programs to strengthen local communities.
	2 ZERO HUNGER	Initiatives including the Ubuntu farm in the DRC and the Andean crops program in Peru assist to improve food security.
	3 GOOD HEALTH AND WELL-BEING	Delivery of health campaigns such as the distribution of micro-nutrients and HIV testing has improved health outcomes in our host communities.
	4 QUALITY EDUCATION	We provide scholarships and direct support to schools.
	5 GENDER EQUALITY	We support initiatives that promote women's rights and professional opportunities.
	6 CLEAN WATER AND SANITATION	Investments in latrine building and water and irrigation projects assists host communities with the provision of clean water and sanitation.
	7 AFFORDABLE AND CLEAN ENERGY	We source hydro energy for several of our operations, and our sites have ongoing energy efficiency initiatives.
	8 DECENT WORK AND ECONOMIC GROWTH	Mining operations provide opportunities for local communities to gain professional skills, higher incomes and build local businesses.
	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	We help local businesses develop to become competitive and generate employment and incomes within host communities.
	10 REDUCED INEQUALITIES	We support the reduction of income inequality through local employment, local business development training programs and livelihood generation for vulnerable groups.
	11 SUSTAINABLE CITIES AND COMMUNITIES	Our support of infrastructure projects, health care initiatives and emergency preparedness strategies assist in the challenges of managing increased urbanisation of communities.
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	MMG is working with research partners to improve the efficiency of grinding and flotation circuits. Copper is 100% recyclable. Zinc galvanising significantly extends the useful life of steel.
	13 CLIMATE ACTION	Copper is a critical input to electric motors and vehicles which play an important part in creating a low carbon economy. Projects to reduce energy consumption are active at all our operations. In both Peru and the DRC we support tree planting programs.
	14 LIFE BELOW WATER	We advocate responsible ballast water management and adhere to the International Maritime Solid Bulk Cargoes Code (IMSBC Code), to facilitate the safe stowage and shipment of solid bulk cargoes.
	15 LIFE ON LAND	Our life of mine plans incorporate land rehabilitation, biodiversity and threatened species management.
	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	We respect and support governments, institutions and the rule of law of our host nations through our work with institutions such as the Extractive Industries Transparency Initiative (EITI).
	17 PARTNERSHIPS FOR THE GOALS	Many of our partner organisations, including the ICMM and UNICEF are working to support the sustainable development goals.

WHO WE ARE



IMAGE: Drill samples at Rosebery.

Headquartered in Melbourne, Australia, MMG is a mid-tier, global producer of base metals including copper and zinc.

MMG is listed on the Hong Kong Stock Exchange (HKEx:1208), with a secondary listing on the Australian Securities Exchange (ASX:MMG).

We operate and develop copper, zinc and other base metals projects across Australia, the DRC and Peru.

GROWTH STRATEGY

At MMG our objective is to be valued as one of the world's top mid-tier miners by 2020 and, in the longer term, as one of the world's top miners.

Our strategy is enabled by:

- > providing a safe, healthy and secure workplace and a culture of collaboration, accountability and respect;
- > operating and developing our assets to their full potential;
- > being valued for our commitment to progress, long-term partnerships and experienced management; and

- > acquiring development stage and operating assets that transform our business.

Through project acquisition and development, we have built a strong foundation in attractive commodities and regions. Our business is based on a simple operating model, a commitment to international standards, and a philosophy of simplicity and efficiency.

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

In 2018, we completed and commissioned our Dugald River zinc operation. This is the world's second top-10 mine completed and commissioned by MMG in the last three years.

In November 2018, we announced the sale of our 90% interest in the Sepon mine in Lao PDR. This follows the successful divestments of Century, Golden Grove and Avebury and our creation of a portfolio of long life, quality, base metal mining assets.

We also paid down another US\$733 million of debt facilities in 2018, further demonstrating the financial strength of our operations.

We believe that increasing supply-side constraints will intersect with strong ongoing demand to drive an attractive long-term outlook for our key commodities of copper and zinc.

Fundamental to our success is maintaining strong relationships with our people, local communities, regulators and host nations - ensuring all stakeholders share in the benefits that flow from our investments and operations.

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

Involves project generation, near-mine exploration and extending mine life.

Project development

Involves evaluating geoscience and discovery results, mine design and infrastructure and social and economic factors to assess the feasibility of developing a mineral deposit into an operating mine.

Operations

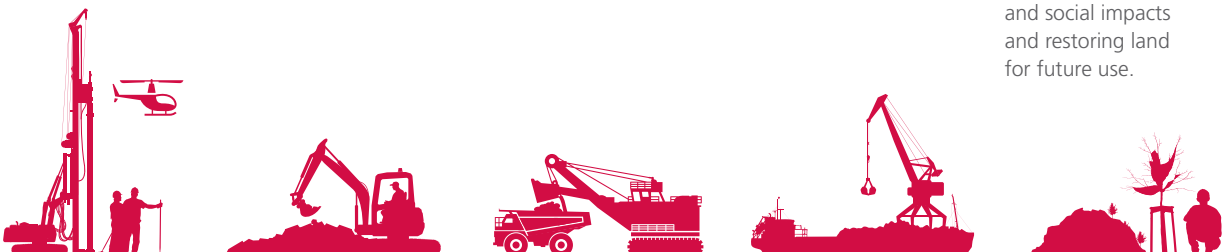
Involves the extraction and processing of mineral deposits to produce a saleable product.

Marketing and transport

Involves supplying raw materials to our customers throughout the world. We manage our impacts during transportation, storage, handling and processing by focusing on product stewardship.

Economic transition and closure

We prepare for closure throughout the life cycle of a project. The closure phase involves considering alternative economic uses to maximise the potential value of infrastructure and land-based assets, monitoring environmental and social impacts and restoring land for future use.



WHO WE ARE

MMG AND CHINA MINMETALS

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

CMC is China's largest metals and minerals conglomerate with a strong global presence, with resource and construction projects in more than 60 countries and ranks at 120 of the Fortune Global 500 companies.

CMC operates across the whole industry value chain, from resource acquisition and exploration to project design, construction, marketing and

operation, distribution, and further processing.

CMC has a commitment to using natural resources sparingly and has achieved a series of technological innovations related to resource efficiency. An example includes work to improve the ability to recover saleable concentrates from tailings, in partnership with Luzhong mining.

The corporation's sustainability philosophy is based around a firm commitment to creating 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 is proud of their commitment to corporate social responsibility and has won several sustainability awards in China, including the GoldenBee award for its 2017 Sustainability Report.

CASE STUDY

SHARING OUR OPERATING PRACTICES

As the flagship international mining company of CMC, MMG shares its operating philosophy and technical skills with secondees from China.

The secondment program is now in its eighth year and is designed to strengthen working relationships between CMC and MMG and create a platform where both parties can learn new skills from each other.

Secondees learn about MMG's work processes and business activities and share their knowledge and experiences from China. As part of the program, secondees learn about our sustainability priorities and how we work to implement them. Ultimately, both companies have the same objective, we want to learn from each other and deliver value to all our stakeholders.

Late last year, a representative of MMG's Human Resources Talent team visited Beijing to participate in the graduation ceremony of the recent CMC secondees.



IMAGE: MMG and CMC representatives during workshop in Beijing.

They also had the opportunity to speak with over 200 business students on international career pathways within CMC and participate in a knowledge share with representatives of CMC's human resources team on talent and recruitment practices.





IMAGE: Concentrate containers being loaded onto trucks at Dugald River.

SUPPLY CHAIN

MMG sources goods through a global supply chain to satisfy the requirements of our operating sites. In 2018 we engaged with approximately 3,900 suppliers across the globe, of which approximately 90% were located in Peru, Australia, the DRC, Lao PDR, South Africa, Thailand and China.

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 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 also 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.

Approximately 570 supply contracts were entered into or renegotiated in 2018, with a total annual value of US\$714 million.

In 2018, in partnership with approximately 60 of our key suppliers, we reviewed and reported on agreed contract performance measures as well as identified and actioned improvement opportunities.

Our customers

We sell our products to a global customer base. 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

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 which 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 society.

MMG is currently working with the IZA on updating their lifecycle analysis for zinc in the production process. The disclosure of inputs and outputs to our production processes enables customers and downstream consumers to make informed decisions about the sustainability of their activities.

WHO WE ARE

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

We are committed to sustainable development. To us, this means mining in a way which seeks 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 society. 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 articulated in our Safety, Security, Health, Environment and Community Policy (refer to our Appendix for the ICMM Sustainable Development Principles at [mmg.com](https://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.

We are an active member of leading industry organisations, including:

- > ICA;
- > International Council on Mining and Metals (ICMM);
- > IZA;
- > Society of Mineral and Energy Producers of Peru;
- > Chamber of Mines of the DRC / Mining Progress Initiative of the DRC.
- > Queensland Resources Council; and
- > Tasmanian Resources Council.

We support the EITI across all participating jurisdictions.

In 2018 we introduced 12 new Sustainability Objectives for 2018 – 2020 that align with our material issues. These objectives are designed to be aspirational goals with specific and measurable targets. These targets will be monitored, and progress reviewed as part of the annual sustainability reporting process. For more information about this refer to our Sustainability Objectives on pages 62–63.

IMAGE: Employees in our Melbourne office.



OUR OPERATING MODEL

Our operating model defines how we effectively organise our operations and our shared service and support functions.

In late 2018, MMG announced a change to its operating model, and the core principles of the new model include:

- › Operating Discipline and Accountability – delivery is aligned to operations and supports the achievement of safety, volume and cost objectives.
- › Functional and Process Leadership – Group Functions provide functional, process leadership and governance to help us meet our strategic objectives.
- › Effectiveness and Efficiency – we leverage MMG Standards, common systems and processes and centralised global services to drive efficiency in everything we do.

A key requirement of our operating model is the implementation of common procedures and standard 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 our operational performance and our service and support hubs to focus on continuously improving service and support to our sites.

OUR STANDARDS

Our business-wide Standards outline MMG's requirements in managing material risks, meeting legal requirements and external obligations, and creating and preserving competitive advantage and organisational effectiveness. Our risk management process is based on ISO 31000:2009, the international risk management standard.

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 our internal audit program, which tests the design and effectiveness of our first and second lines of defence. The annual internal audit plan is approved by both the Audit and Risk Management Committees. The focus of the internal audit program is on material risks to the business; both financial and non-financial.

OUR PEOPLE

We are committed to building lasting partnerships with our people and ensuring we have the right people to deliver on MMG's strategy.

We believe that to achieve the best performance outcomes, we need to embrace a diverse and inclusive approach. In this way our workforce can benefit from a broader level of experience, more diverse thinking and better decision-making. 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.

MMG has a targeted approach to training and development. Our primary focus is to ensure that our people have the required skills, qualifications and licences to undertake their work safely and efficiently. We are committed to continually developing our people, so they can obtain the further skills and knowledge for both their current or

future roles. Specific supervisory and leadership training and development activities are also provided to those who are in people leadership roles. Additional development activities include on the job coaching, access to online training, opportunities to work on projects with people from across MMG and short and long-term secondment opportunities within sites or across MMG.

We also work to bring people into the industry through a number of graduate programs, trainee roles (including traineeships and apprenticeships) and support for tertiary education in mining related disciplines within our Australian operations. This includes our work with our Native Title partners the Kalkadoon People, an apprenticeship program at our Dugald River operation, traineeships and apprenticeships for local people near our Rosebery operation, and support of the Monash University Mining Engineering Course. At Las Bambas, we are facilitating entry into the mining industry through a graduate program and new operator training program (partnering with Komatsu and local training provider SENATI to train local community members to operate mining trucks).

In 2018, MMG employed 13,229 employees and contractors, a 9% decrease from 2017. This is due to a number of factors, which included the sale of one of our assets, a reduction in workforce levels at most sites, as well as organisational restructures at our corporate offices. While our overall contractor rate has dropped by 1% since 2017, 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 2018 annual turnover (voluntary and involuntary) has shown a decrease in comparison to 2017. This is mainly due to higher turnover rates in 2017

WHO WE ARE

related to the divestment of our Golden Grove, Century and Avebury operations.

We acknowledge the impact organisational changes and restructures can have on mental health and well-being and work to support our people during these times of uncertainty. This includes a range of out-placement support for those made redundant and counselling and well-being support services. For more information on our mental health and well-being support see page 26.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

We support the right to freedom of association across our business and ensure that all our employees feel empowered to exercise this right. A significant number of our workforce agreements are collective, covering 43% of employees across the company (up from 28% in 2017). An increase in the number of collective agreements at Las Bambas, our largest operation, resulted in the MMG total percentage increasing significantly, even when the percentage at Kinsevere decreased over the same period.

PERCENTAGE OF MMG EMPLOYEES ON COLLECTIVE AGREEMENTS IN 2018

Site	2017	2018
Las Bambas	33.0	37.0
Dugald River	40.0	40.0
Kinsevere	95.0	80.1
Rosebery	47.0	51.0
MMG	28.0	43.0

2018 MMG EMPLOYEE NUMBERS

Site	Permanent	Temporary	Total
Las Bambas	1,592	7,114	8,706
Dugald River	133	373	506
Kinsevere	708	2,416	3,124
Rosebery	283	152	435
Corporate	400	58	458
MMG	3,116	10,113	13,229

IMAGE: Employees at Rosebery.



CASE STUDY

COMMITMENT TO DIVERSITY AND INCLUSION – LAS BAMBAS



IMAGE: Female graduates at Las Bambas.

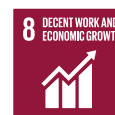
In 2016 the Las Bambas Diversity and Inclusion Committee was formed, and since then has implemented various initiatives to develop a culture of inclusion.

On site, the committee is focused on increasing the participation and capabilities of female employees. A forum for female employees is held quarterly and provides an opportunity for participants to share their experiences working on site and receive training and support.

Building on this commitment, our Human Resources local employment team has achieved a steady rise in

female participation. This has been achieved through a strategy targeted at increasing the number of female employees from local communities. After identifying several critical issues which local women considered prevented them from working on site, solutions were developed to overcome these perceived challenges and change mindsets. We have also been working directly with contractors to provide entry level training in both the hospitality and mining sectors. To date, this has seen the percentage of women hired from local communities rise from 8% to 22% in just over six months.

The program continues to be successful and we were pleased to welcome eight female graduates in the 2019 graduate intake (from a total of 31 positions, 26% of the intake). We will continue to work with our local community, universities and schools to make MMG a safe, rewarding and inclusive place to work.



THE WAY WE WORK

1 NO POVERTY 	3 GOOD HEALTH AND WELL-BEING 	8 DECENT WORK AND ECONOMIC GROWTH 	
11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 

IMAGE: Employee at Dugald River.

MMG's mission is to mine to create wealth for our people, host communities and stakeholders. Our commitment to sustainability is underpinned by our policies, governance structure, values, Standards and our operating model.

CORPORATE GOVERNANCE

We are committed to maintaining a high standard of corporate governance demonstrated through an experienced Board, sound risk management and internal controls, and transparency and accountability to all shareholders. MMG applies the principles of good corporate governance as set out in the Corporate Governance Code of the Hong Kong Listing Rules and those of the ICMM.

Our Audit, Remuneration, Governance and Nomination, and Risk Management committees operate under clear terms of reference. We also have a number of executive management committees: Safety, Security, Health, Environment and Community; Disclosure; Investment Review; Mineral Resources and Ore Reserves; and Code of Conduct.

All transactions between MMG and CMC subsidiaries are conducted in compliance with the Hong Kong Listing Rules and Connected Transactions Rules.

More information on our committees and our Corporate Governance Statement is available in our 2018 Annual Report, available at mmg.com

BUSINESS ETHICS

Our Values and our Code of Conduct underpin our commitment to establishing and maintaining long-term, meaningful relationships with our stakeholders, including governments and employees. We aim to act with integrity in all situations and to provide formal structures to review and respond to any potential behavioural, ethical or cultural issues as they may arise.

The MMG Code of Conduct sets out the standards of behaviour expected from all MMG employees, contractors and suppliers. We expect MMG people to integrate these standards of behaviour into their working practices.

The Code of Conduct covers areas such as conflict of interest, fraud, anti-corruption and legal compliance. Matters relating to the Code are overseen by the Code of Conduct Committee. We also engage an independent confidential whistle-blower service provider which is available to all employees globally in their local language.

We recognise that some of the jurisdictions in which we work present unique challenges with respect to transparency and individual freedoms. Because of this we seek to match good governance with a commitment to transparency initiatives such as the EITI.

OUR VALUES



WE THINK SAFETY FIRST

We stop and think, then act to prevent injury



WE RESPECT EACH OTHER

We are honest, considerate and act with integrity



WE WORK TOGETHER

We engage diverse views to achieve better outcomes



WE DO WHAT WE SAY

We take responsibility and follow through on our commitments



WE WANT TO BE BETTER

We always look for opportunities to improve

THE WAY WE WORK

COMPLIANCE AND CONFORMANCE

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

In 2018, MMG received no significant safety related fines or non-monetary sanctions. MMG received four minor safety related fines at Las Bambas, all of which relate to safety incidents that occurred in 2013, 2016 and 2017.

In 2018, MMG received no fines or penalties related to environmental management that have had a significant impact on the Group.

Dugald River received and paid a Penalty Infringement Notice for the pipeline slurry spill that occurred in September 2017.

MMG engaged with regulators on a number of environmental issues, outlined on page 52 and 53 of this report.

IMAGE: Employee at Dugald River conducts vehicle check.



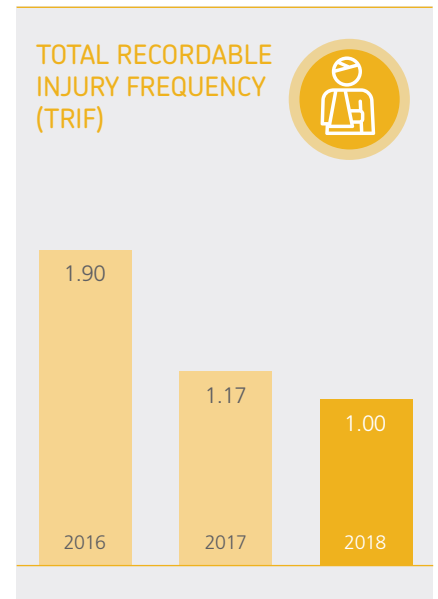
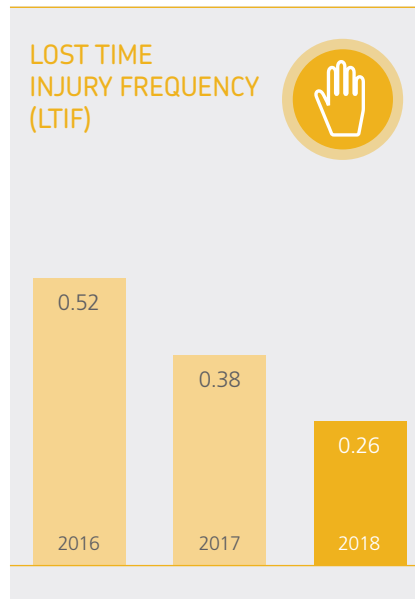
SAFETY

At MMG, we think safety first. We are working hard to embed a Company safety mindset with supporting leadership, behaviours, cultures, and processes in every area of our business. We believe it is possible to have an injury-free workplace.

In order to maintain continuous improvement in safety performance we focus on:

- › Living our values at work and at home;
- › Maintaining a positive safety mindset;
- › Making the importance of safety personal for each employee; and
- › Building and sharing knowledge.

Our people are empowered to actively contribute to making their workplace safer and to intervene when they observe an activity they perceive as unsafe. Our Safe Task Management and Fatal Risk Standards outline our mandatory requirements and supporting processes to enable us to facilitate this approach.



SAFETY STATISTICS BY SITE IN 2018 AND TREND FROM 2017

Site	TRIF		LTIF	
	2018	Trend	2018	Trend
Las Bambas	0.41	▼	0.18	▼
Dugald River	6.06	▼	0.76	▼
Kinsevere	0.86	▼	0.14	▼
Rosebery	8.25	▲	3.09	▲
Corporate	0	—	—	—
MMG	1.00	decrease	0.26	decrease

TRIF = total recordable injury frequency per million hours worked (fatalities, lost-time injuries, restricted work injuries and medical treatment injuries)

LTIF = lost time injury frequency per million hours worked

▲ depicts an increase relative to 2017 ▼ represents a decrease — indicates no change relative to 2017

THE WAY WE WORK

SAFETY PERFORMANCE

We have a goal of zero fatalities which was not met in 2018. Sadly, Mr Kham Phathithak, an employee at our now divested Sepon mine in Lao PDR, sustained fatal injuries when the vehicle he was driving was struck by a tree during tree felling activities. The learnings from this incident will assist us to ensure that this does not reoccur.

We acknowledge we need to continuously improve our safety performance to ensure all MMG people return home safely to their families every day.

During 2018, 22 people across MMG's operations experienced injuries that required medical treatment, time away

from work, or resulted in them being unable to perform their normal duties for a period.

Our lost time injury frequency rate (LTIF) was 0.26 per million hours worked for 2018.

At the end of 2018, our total TRIF was 1.00 per million hours worked, which represents a 14.5% reduction on the TRIF of 1.17 in 2017. We have now seen a steady year on year improvement in our TRIF since 2015.

We believe a key part of safety performance is the reporting of hazards, near misses and incidents.

In 2018 we had an increase in significant energy exchange incidents

and reporting. We recognise the need to improve reporting of hazards and near misses to progressively reduce the potential for future incidents.

We investigate near-miss events and incidents, identifying underlying factors that contributed to the event and the context in which they occurred. Investigations are designed to compare the work as normal and work as done. In our investigations we include factors such as leadership, culture, training, communication, equipment and operating procedures. All these aspects must be considered, so that we can understand the root cause of an incident. We then use this information to identify gaps and generate actions to improve

CASE STUDY



IMAGE: View on the way to Las Bambas.

CONTINUOUS IMPROVEMENT IN AVIATION SAFETY

The potential of an aviation incident is one of the largest material risks to the safety of our people.

We rely on aviation to support our operations. The aircraft operators used for these services range from those that provide dedicated contract support, occasional charter or commercial passenger transport.

MMG's approach to aviation risk management aligns with the Flight Safety Foundation's Basic Aviation Risk Standard (BARS). The controls required to manage chartered aviation-related risks are included in the MMG Fatal Risk Standard.

MMG is a founding member of and an active participant in BARS. In 2018, BARS member organisations experienced no aviation incidents.

In 2018, the BARS framework was updated to provide an option of a more comprehensive auditing stream and more frequent audits to gain a higher level of operator scrutiny. Under the revised BARS Stage 2 Program, MMG will have better visibility of how aircraft operators implement safety procedures and standards.



our systems, culture, standards and tools. As part of our continuous improvement in safety, we are currently reviewing our incident investigation procedure, looking for opportunities to enhance our process of investigation.

To assist us to achieve continuous improvement in safety, we are seeking to create a learning organisation that openly reports significant safety events, undertakes high quality analysis of these events and implements sustainable corrective actions to prevent recurrence. We need to excel in these activities if we are to continuously improve and eliminate workplace fatalities and injuries.

To support our investigation capability over the next year we will conduct further training of our people. We will also focus on improving our reporting and investigations around hazards and near-miss events.

SAFETY MODEL

We recognise that managing safety requires a focus on both eliminating hazards, which can cause injuries, and on the implementation of critical controls to prevent events that can cause fatalities.

We continuously monitor, evaluate and refresh our safety initiatives to ensure that they are effective. Our Risk and Assurance Standard captures our requirements for risk identification and control design. This year, we updated the Standard to strengthen our reviews around process safety, particularly in relation to high risk plant.

Safe Task Management

Safe Task Management is a company-wide program focused on building the skills of our people to plan and execute work safely and effectively, managing risks to as low as reasonably practicable.

Critical components of the program include:

- › clear work instructions and procedures;
- › competent supervisors able to plan work, assign and monitor tasks;
- › competent work groups that are able to accept tasks and work safely in accordance with the task plan;
- › all employees to 'stop and think' about how the task can be performed safely, update controls and communicate changes as required; and
- › all employees are obliged to stop the task or intervene if they feel unsafe or see someone working unsafely.

In 2018, we updated the Safe Task Management Standard and commenced refresher training. At Dugald River, our newest operation, our people used this opportunity to initiate a renewed focus on safety and are continuing work to support, train and coach every person to understand their role in this change.

It is expected that the ongoing implementation of this Standard will be a key enabler in Dugald River's sustained safety performance.

CASE STUDY



IMAGE: A poster from the 'Nos Cuidamos' campaign.

SAFETY CULTURE CAMPAIGN – NOS CUIDAMOS

In April 2018, our Las Bambas operation launched its safety culture campaign 'Nos Cuidamos' (We care for one another). The campaign aims to build a culture of care and to promote a change in attitudes on safety. A committee was formed comprising representatives from across the business, and one of the early projects was to have employees nominate why they stay safe on site; 'porque yo soy... un padre, una hija, un/a amigo/a' (because I am... a father, a daughter, a friend). The campaign has seen positive results in the first year and the committee continues to promote a safety culture, both on site and in the personal lives of all employees.

THE WAY WE WORK



IMAGE: Site induction training at Rosebery.

Fatal Risk

We continue to refine our management of fatal risks. In 2018 an implementation review, which involved collaboration from all the business owners of these risks, was completed. Members include common control owners, risk control owners, MMG site and business leaders and subject matter experts. This review included benchmarking against the approach taken by other ICMM members.

An outcome of the review is the re-structure of the Fatal Risk Standard content into a categorised framework. This is currently moving through our Management of Change process.

Process safety

Process safety focuses on preventing fires, explosions and unintended chemical releases in chemical process facilities or other facilities dealing with hazardous materials.

In late 2017, a hydrocarbon contaminated 'quench' water was unintentionally introduced into a pressurised oxidation process at our Sepon mine. This resulted in an uncontrolled release of pressurised solution, fortunately there was no injury to our people or offsite release.

As a result of the incident, we recognised and acted on a need for higher level process safety controls in the plant. Action was taken immediately, installing additional

alarm equipment, including new sensor tripping targets; contamination probes for quench water sources; re-designing of piping to prevent contaminants entering the system, and installation of hydrocarbon identification sensors.

Key learnings from the incident were shared with another MMG site with a similar plant, ensuring the high-level process controls were implemented effectively across both sites.

In-field verification tools

Across all operations we conduct field task observations on a routine basis. These observations are conducted by superintendents and managers with the aim of understanding how tasks are being undertaken.

CASE STUDY

Overview

Our operations

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The way we work

We contribute to development

We minimise our impact

Our objectives and targets

These help us detect and correct any at-risk acts before they result in an incident, as well as recognise and strengthen safe behaviours demonstrated by our people.

We are continuously improving the way we train our people in effective observations and training is adapted to the languages and cultures of our sites.

Field task observations allow us the opportunity to engage with MMG people and supports building relationships.

In 2018, we refreshed the field task observation training package and rolled out training for our Dugald River operation.

We have also recognised the need to ensure our in-field verification tools are measurable, providing the capacity to respond to any potential alarming trends in task performance.

Fit for work

Our commitment is to provide a safe work environment where all individuals are fit for work. Paramount to achieving this commitment is to ensure that all employees, contractors and visitors are in a condition that enables them to perform their work competently and in a manner that does not threaten the safety or health of themselves or others.

This includes not being fatigued or adversely affected by substances, drugs or alcohol. We provide fatigue monitoring technology to our high-risk fatigue roles and engage in random drug and alcohol testing to achieve successful fit for work outcomes. Our employees are also encouraged to identify if any changes in their personal circumstances, including their mental health, could affect their fitness for work.



EXTENSION OF SMARTCAP TECHNOLOGY TO OUR AUSTRALIAN OPERATIONS

Many studies indicate that safety incidents involving operators of heavy and high-risk equipment have involved fatigue, either directly or as a contributing factor.

Fatigue can result in an operator's inability to adequately manage a high-risk situation, resulting in an incident.

In an effort to combat fatigue and raise awareness about the signs of impending fatigue, MMG has now introduced SmartCap Technology to several operations.

As part of the SmartCap Technology, a head band, worn by operators, monitors their levels of fatigue and triggers an alarm if the individual is required to take preventative action. In addition to the alarm, a prompt advising the driver of their risk level is displayed on the SmartCap screen installed in the vehicle. An alert is also sent to a remote control centre, from which

further measures can be taken to protect the driver.

During 2018 we did not have an incident related to fatigue involving operators using the SmartCap technology at our Las Bambas or Dugald River operations.

We have commenced operator training and testing of the technology at our Rosebery operation and we will begin roll-out in the second half of 2019, with Kinsevere to follow.

We continue to monitor the effectiveness of this program.

For more information go to wemineforprogress.com



THE WAY WE WORK

HEALTH

Mental health and well-being

Work at remote mining operations can be challenging and can impact mental health and well-being.

Under our Mental Health Framework, we continue to implement culturally appropriate initiatives in our business in partnership with all MMG people at our sites.

MMG recognises the specific needs of many of our Dugald River employees who work fly-in, fly-out (FIFO). In 2018, our Dugald River operation continued their work with MATES in Mining to help raise awareness and build capabilities in the areas of mental health and suicide prevention. With the assistance of MATES in Mining we are building a community at Dugald River where everyone looks out for each other and understands where they can go to get professional support and treatment if needed. MATES in Mining provided training in the Australian region regarding mental health, both Connector Training and Applied Suicide Intervention Skills Training (ASIST).

Our Australian corporate office and site operations continued to support the national R U OK? Day mental health awareness campaign. An external health and wellbeing firm also provides support programs to the Melbourne Corporate office.

Occupational health

Health risks in our workplace include occupational health hazard exposures.

In 2018, work was undertaken to include Group 1 carcinogens in the



IMAGE: Medical checks at Kinsevere.

Fatal Risk Standard as the potential exposure to this hazard over-time could result in a fatal illness. This includes a focus on:

- › Sulphuric acid mist;
- › Diesel particulate matter (DPM);
- › Respirable crystalline silica (RCS); and
- › Welding fumes.

We concentrate on higher level controls with the view to eliminating, controlling or mitigating as close as possible to the hazard source, our workers potential exposure to carcinogens. For example:

- › **Sulphuric acid mist:** Polypropylene balls added to chemical tanks to breakdown bubbles, reducing likelihood of releases to air.
- › **DPM:** Low sulphur fuels; engine selection and ongoing preventative maintenance; exhaust filtration systems.
- › **RCS:** Ongoing site dust suppression via watering / sprays; enclosed

cabin plant and equipment; exhaust ventilation systems; vacuum usage instead of blowing compressed air.

- › **Welding fumes:** Mandatory respiratory protection and training.

We operate in countries where the prevalence of HIV/AIDS, tuberculosis, malaria, typhoid, dengue fever and other tropical diseases is high. All our workplaces are required to maintain and implement risk-based Exposure Management Plans.

In 2018, the rate of new cases of work-related occupational illnesses at our operations was 1.66 per one million hours worked, up from 1.10 per one million in 2017.

The number of altitude sickness cases reported at Las Bambas in 2018 was 18, compared to 17 last year. Our program, developed in 2016, requires travellers to Las Bambas to conduct an altitude medical assessment prior to arriving at altitude, acclimatise and undergo a follow-up medical once on site.

Malaria is extremely prevalent in the DRC and early and accurate diagnosis of malaria is essential for both rapid and effective disease management. Malaria cases reported increased in 2018, however this was later identified as resulting mostly from overdiagnosis due to quality control issues in local laboratories' rapid sample analysis.

Blood lead exceedances

At both our Rosebery and Dugald River operations in Australia we produce lead as a by-product. We take the monitoring of blood levels very seriously and enforce strict

protocols to reduce the risk of exposure to lead in the workplace. We have strict hygiene protocols as outlined in our blood lead management procedures and conduct ongoing monitoring, making adjustments to work practices and the work environment as required.

We follow the National Standard for the Control of Inorganic Lead at Work (NOHSC:1012) and the National Code of Practice for the Control and Safe Use of Inorganic Lead at Work (NOHSC:2015) as a guide for the control of blood lead levels in our people.

EBOLA

The Ebola virus outbreak in the DRC continues to be a complex challenge. Currently, the outbreak remains active across an increasingly dispersed but remote area in the country's east, however there has not been a confirmed or suspected case of Ebola in southern DRC near our Kinsevere operation or the capital Kinshasa.

In response to the risk of Ebola, we have updated our Ebola response plan. This plan defines actions required to maintain operations and prevent infections occurring in our work locations, including the Kinsevere mine site and the Lubumbashi and Kinshasa Offices, and to all employees, contractors and visitors.



“It has been a pleasure to work with MMG and the Dugald River site, to build a community of MATES who can look out for their MATES. The welcome on site has been tremendous and we look forward to every visit.

However, it's important to remember that we are not just training mine workers; they are also mums, dads, netball coaches, sons, daughters, the local mayor – what our MATES are learning is also applicable at home and in their local community – and that is a huge bonus for all of us. We lose eight Australians every day to suicide, so having MATES around us at work, at home, in our community that can look out for us and offer help is important.”

Clare Murray

General Manager, Mates in Mining

THE WAY WE WORK

SOVEREIGN RISK AND GOVERNMENT RELATIONSHIPS

Consistent with our core belief that 'we mine for progress', we strive to deliver sustainable benefits and prioritise actions and behaviours that are valued by the communities, regions and nations in which we operate.

At MMG we take both a relationship and a country-level planning approach to the management of these exposures. This includes dedicated roles and structures led in country, supported by assessment of country-specific issues and relationships from Group functional experts. This approach increases our awareness and understanding of social, economic, governance and non-technical risks and provides the relationships, analysis and policy advocacy to shape and manage responses.

Material risks include: security; political stability, fiscal and regulatory change; and amendments to concessions, licences, permits and contracts.

Pressures on government revenues may lead to increases to corporate tax, value added tax and royalty rates, often coupled with increased audit and compliance activity. This is also accompanied by governments' fiscal inability to pay tax and duty refunds owed to operating companies.

Changes in mining or investment policies, shifts in political leadership or attitudes, or deterioration in business – government relationships may adversely affect the Group's operations, reputation and profitability.

Maintaining constructive relationships with host governments and effectively managing sovereign risks are important to our success. Failure to identify and manage relationships, risks and opportunities can negatively impact reputation, social, operational and financial performance and limit future growth.

STAKEHOLDER ENGAGEMENT

MMG aspires to be valued as a trusted partner with our people, our host governments and communities. Our ambition is to develop partnerships based on regular and open dialogue, transparency and mutual respect.


We recognise that intergenerational engagement is critical to managing the impacts and opportunities for both current and future generations. We also recognise the need to take account of gender-based differences in our engagement and community decision-making processes.

We work in complex jurisdictions and across numerous cultures and geographies, often in communities that have limited or negative previous experience with development.

We recognise that strong stakeholder engagement is required throughout the project life cycle from exploration to closure; this is critical to ensuring we make business decisions responsive to the needs and expectations of our host communities and their governments.

Our approach to stakeholder engagement is guided by our commitment to the ICMM 10 Principles, including the commitment to community dialogue and free, prior and informed consent (FPIC) regarding Indigenous people.

A matrix of our broad stakeholder groups, their areas of interest and our engagement process is available online in the Sustainability Report Appendix at

 mmg.com

CASE STUDY



IMAGE: Las Bambas concentrate route.

LAS BAMBAS ROAD TRANSPORT UPDATE

In 2016, trucks transporting copper concentrate began travelling public roads between our Las Bambas operation and a rail transfer facility, approximately 420km from site at Pillones. This transport corridor forms part of the mineral concentrate transport route to Matarani, the world’s largest copper concentrate port by volume. This was the first time industrial activity of this scale had occurred in this remote and undeveloped region of Peru, particularly on the initial stretches of road in Apurimac and Cusco.

Since 2016, the use of the public roads has been subject to complaint by a number of communities seeking government acquisition of land tenure, compensation for noise, dust and vibration and social development commitments.

In 2018, communities including Mara and Fuerabamba sought payments from Las Bambas for the use of the road, including a stretch of the public road that crosses Yavi Yavi, approximately 130 kilometres from the operation.

Claims from the Fuerabamba community escalated, resulting in a group of community members taking the decision to block the transit of all Las Bambas traffic from 4 February 2019. After this, they decided to block the access to the mine from 26 March 2019, supported by other communities from the Challhuahuacho district looking to establish a new platform for demands at both a district and provincial level.

On 6 April 2019, representatives of the Peruvian Government, Las Bambas and the community of Fuerabamba, with the participation of the Catholic Church of Peru, established a dialogue table where agreement was reached to remove the roadblocks and create space for dialogue with the community to resolve pending issues, focusing on the resettlement process.

In this same meeting, the Government, the communities from the Cotabambas province and the social organisations from the region agreed to create another dialogue

space to discuss a range of demands. Nine dialogue tables have since been established.

Las Bambas is committed to working with the Government of Peru and communities along the length of this essential transport corridor to find an enduring solution to issues associated with the use and impacts of the road. In 2019, dialogue tables under the framework of these agreements will continue.

Las Bambas continues to provide road maintenance and improvement works along the concentrate transport route and to investigate longer term options to ensure the sustainable transport of product from the mine to port on Peru’s southern coast.



THE WAY WE WORK



IMAGE: Engaging with local community at Rosebery's shop front in the town.

COMMUNITY ENGAGEMENT

The MMG Social Performance Standard sets out clear expectations regarding the positive contribution we aim to deliver to our host communities. The Standard defines the processes and systems to understand and constructively engage with our local communities. Our objective is to actively improve the lives of the people we impact, to mitigate social and business risks and better prepare communities for mine closure.

In 2018, our Social Performance Standard was updated and strengthened with a particular focus on land access, capability building and strategic social investments, and is aligned to the UN SDGs. In line with these changes, internal requirements are being progressively updated to assist our people with implementation.

As part of MMG's Social Performance governance processes, functional assurance was carried out for all sites against the Social Performance Standard. A key finding identified

the need to enhance competency of our practitioners. Core components of this work will include a competency self-assessment at all sites, mapping of needs, identification of delivery partners, development of materials and prioritisation of training delivery.

Other findings included the opportunity for our Dugald River and Rosebery operations to revise key plans by updating their respective Social Impact and Opportunity Assessments. It also gave Dugald River an opportunity to capture community views as they settled into operation and Rosebery post construction of their new TSF. This work will inform the review of their respective Community Engagement and Social Impact Management and Monitoring Plans and the direction of their social investment. It also provides an opportunity to capture the economic contribution made via their employees and suppliers.

ESIA AND COMMUNITY CONSULTATION IN KINSEVERE

An Environment and Social Impact Assessment (ESIA) was carried out in 2018 as part of the Kinsevere Expansion Project. The ESIA identified social and cultural impacts of the proposed expansion activities. Included in this process were two separate rounds of stakeholder consultation. In June and July 2018, interested and affected parties were informed of the upgrades and the potential impacts, given an opportunity to identify issues of concern and to contribute local knowledge and experience. The focus of the second-round consultation was to inform people of the potential impacts from the upgrades and the mitigation strategies to minimise those impacts.

LAND ACCESS

Land access is a material challenge for our industry and for MMG. Land access, relocation and resettlement are key focus areas of our social performance strategy.

Relocation and resettlement of communities can have long-term consequences for the social structures and livelihoods of affected people. Many of our programs are focused on sustainable support of these affected people and communities.

When we undertake a land access process, compensation and development packages offered include both compensation and benefit sharing in the form of social development initiatives. The price paid for compensation is calculated using a fair and transparent process, is compliant with government requirements and legislation and is reached in close coordination with land owners and communities.

MMG acknowledges the requirements and complexity of communal title. Negotiations involving communal title often take longer and need to recognise both individual and community assets and benefits. We also recognise the impacts land access can have on the economic and food security of communities and we engage with them to ensure minimal interruption to their livelihoods.

We are committed to the principles of FPIC for Indigenous peoples and are aligned with the ICMM's vision for constructive relationships between mining and metals companies and Indigenous peoples that are based on mutual respect, meaningful engagement, trust and mutual benefit.

In 2018, our land access activities were focused on exploration tenements close to our Las Bambas and Kinsevere mine sites in Peru and the DRC respectively. During 2018, we decreased our new discovery exploration programs in Australia and Africa (outside of the DRC), focusing increasingly on exploration opportunities in and around our existing operating hubs. This enables us to put greater focus on opportunities with more near to medium-term growth potential.

At Las Bambas, MMG has an agreement with the Huancuire community in relation to the Chalcobamba exploration site. This agreement was negotiated at the end of 2017, drilling commenced in 2018 and we have had on-going discussions with the community regarding this agreement over the last year.

IMAGE: Environmental monitoring near Las Bambas.



WE CONTRIBUTE TO DEVELOPMENT



1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION
5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION 	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES
			17 PARTNERSHIPS FOR THE GOALS

IMAGE: Children at one of the schools built and supported by Kinsevere.

MMG operates in some challenging jurisdictions often characterised by social instability, contributed to by inequality, poverty and low levels of public infrastructure. We recognise that strategic social development and investment can deliver positive and sustainable community outcomes and improve the stability of our operations.

Progress in the development of communities is best achieved through investment in community capacity to engage in economic opportunities. These opportunities arise both directly through our operations and supply chains and indirectly through our role as an economic catalyst in partnership with communities.

Within our Social Performance Standard, we have a requirement for site-specific Social Development and Investment Plans that include performance metrics.

Our plans establish social investment criteria that address identified needs and consider local and regional development plans in order to prioritise investments. We have also aligned our support to the UN SDGs, with particular focus on Goals 1–6.

In 2018, we invested US\$17.8 million in social development programs, which is broadly in-line with our investment over the previous year. Las Bambas is our largest site and traditionally accounts for the largest portion of our expenditure and over the last year this remained stable. In 2018, our Sepon operation in Lao PDR was divested and community expenditure was focused on transitioning activities.

In 2018, a large proportion of our investment was focused on securing incomes. We understand that our operations play a role as an economic catalyst and communities look to us to create opportunities for their participation in our supply chain. This can be challenging due to a lack of formal skills, so we have ongoing programs that focus on building local capacity. In 2018, we continued

to run the Las Bambas business development program to assist local businesses to become more professional and diversify their supply chains so that they are not solely reliant on our business for their income.

Each year we run job training programs for young people at both our Las Bambas and Kinsevere operations. At Las Bambas, our maintenance shutdowns require the assistance of thousands of short-term workers and we are now able to source most of these people from the local Apurimac region.

CASE STUDY

UBUNTU FARM

The Katanga region of the DRC is challenged by food insecurity, and poor nutrition and health outcomes. Local production is limited to predominately subsistence farming and many basic nutritional requirements are imported.

The MMG supported FAP has been providing micro-credit, seeds and fertilisers and advice and support to local farmers. Under this program, around 440 farmers produced almost 2,200 tonnes of maize for milling in 2018.

In 2015, MMG increased its contribution with the purchase of the 1,700-hectare Ubuntu farm. Since that time, MMG has invested in land improvements, scaling up maize production and grain trials with the University of Lubumbashi and the IZA to develop high-yield crops with improved nutritional value, via zinc fortification.

Over the last year, Ubuntu farm has accelerated land preparations to approach almost 500 hectares of land suitable for maize production. From 2019, Ubuntu is ready to fulfil its ambition of creating a self-sustaining farm, contributing

to local maize production and acting as a research and development hub for farmers in this fertile region of southern DRC. In addition to providing the maize requirements of employees and contractors at the Kinsevere mine, surpluses can be sold, and resulting funds channelled into supporting other aspects of our food security and nutrition programs.



WE CONTRIBUTE TO DEVELOPMENT

HOW WE CONTRIBUTE TO THE UN SUSTAINABLE DEVELOPMENT GOALS



Goal 1 No poverty



IMAGE: Kinsevere market program.

Eradication of poverty remains one of the greatest challenges facing humanity and many of the programs we support target the most vulnerable and are focused on increasing basic resources and services. As communities strengthen it is our strategy to focus on more sustainable long-term projects.

We recognise that partnerships to strengthen existing and viable industries like agriculture helps to facilitate long-term sustainable development that is not solely reliant on mining.

In Las Bambas, we work with local communities to develop the skills required for long-term sustainable economic growth. This includes local employment, local business development and capacity building for those who work in agricultural industries to be able to take their goods to market.



Goal 2 Zero hunger



IMAGE: Guinea pig program at Las Bambas.

One billion people around the world suffer from chronic food insecurity. Global demand for food is expected to increase dramatically, while the growing world population and land degradation are already affecting farming practices and productivity. In 2018, we spent approximately US\$3.5 million on agricultural and food production related projects.

In Peru, close to Las Bambas, initiatives include our Andean crops program, that aims to improve the production and commercialisation of traditional crops, and the guinea pig program, targeted at women and the elderly facilitating the ability to raise guinea pigs for commercial purposes.

Close to our operation in Kinsevere, we run the Ubuntu farm, as a centre of agricultural excellence. More information can be found in our case study on page 33.

Also close to Kinsevere, we support community-based fish farms and an animal husbandry project. Both have aims of increasing incomes and food security.



Goal 3 Good health and well-being



IMAGE: Community health campaign near Las Bambas.

Health is a driver, indicator and outcome of sustainable development. Healthy people are able to contribute to their communities. Our teams in Las Bambas and Kinsevere work to deliver on the ground campaigns that improve health outcomes in our communities.

We contributed approximately US\$2.4 million to our health programs in 2018, including over US\$1 million to support the hospital in Nueva Fuerabamba, near our Las Bambas operation. Other support provided to communities in Peru includes a healthy mother and child program, with an aim of improving health outcomes and reducing mortality rates of children and a healthy families and healthy homes program, that involves home visits and community workshops promoting issues around health. We also support an elderly and disabled care program with our partner Caritas Peru.

Malaria and HIV are prevalent diseases in the DRC, and our team in Kinsevere support programs focused on their management and eradication. We support regular community campaigns, provide voluntary HIV testing and training to regional medical staff.



Goal 4
Quality education



IMAGE: Children participating in school holiday programs near Las Bambas.

Inclusive and quality education is one of the most powerful and proven vehicles for sustainable development. Illiteracy, the lack of a quality education and infrastructure are significant challenges in communities close to our Las Bambas and Kinsevere operations.

Over the last year, we continued to support the school that we built in 2014 in Nueva Fuerabamba, near Las Bambas. We also continued to support quality after school care and school holiday services that support additional learning and provide tertiary learning scholarships to both women and men from our host communities.

In the DRC, we contributed significant support towards the provision of quality education. In 2018, we provided funds for teaching staff, teacher training and school building maintenance works in the eight schools built by MMG. We also continued to support student scholarships and we established an adult literacy program in near-mine communities.

In Australia, we support local schools to ensure children are able to access extra-curricular activities to help further their education.



Goal 5
Gender equality



IMAGE: Literacy program near Kinsevere.

Ending all forms of discrimination against women and girls is not only a basic human right, but it is also crucial to accelerating sustainable development.

One key intervention we have been involved with over the past few years is focused on female education and health campaigns, focusing on raising the participation of young girls in school and creating awareness around child and women's rights. Where MMG supports or provides programs such as scholarships we promote the participation of women. Our community literacy program in the DRC has been running for three years, with 511 adults enrolled in the program of which 80% are women. As a part of this program, education around children's and women's rights is included and has contributed to a reduction in child marriage rates.

We also have community programs that are specifically targeted at increasing women's economic participation such as the program for raising guinea pigs for commercial purposes in Peru. Our most significant impact is being able to offer women in our host communities' professional opportunities in our operations.



Goal 6
Clean water and sanitation



IMAGE: Latrine building project near Kinsevere.

Ensuring universal access to safe and affordable drinking water requires investment in infrastructure and sanitation facilities, and education around hygiene practices.

Over the last five years we have made significant contributions to developing clean water and sanitation projects in the Apurimac region of Peru. In 2018, we provided support to the Peruvian government to facilitate the provision of technical studies for clean water and sanitation projects for the region.

We have an ongoing latrine improvement program in the DRC, with MMG supplying the required building materials for communities to build new latrines and improve existing ones. We have a goal to improve 320 latrines every year and in 2018 we met our goal.

We have also supported the maintenance of public toilet facilities in the community close to Dugald River, and will continue to undertake regular water quality monitoring with local pastoralists.

WE CONTRIBUTE TO DEVELOPMENT

SOCIAL INVESTMENT IN 2018 (US\$)

Investment by SDG Goal	Las Bambas	Kinsevere	Dugald River	Rosebery	Total
Goal 1 No poverty	6,710,861	33,261	–	1,499	6,745,621
Goal 2 Zero hunger	3,090,187	456,863	–	8,807	3,555,857
Goal 3 Good health and well-being	1,888,506	28,188	29,603	334,486	2,280,783
Goal 4 Quality education	2,282,985	372,015	58,461	201,756	2,915,218
Goal 5 Gender equality	743,189	–	–	–	743,189
Goal 6 Clean water and sanitation	626,702	40,835	7,495	–	675,032
Consolidated Group spend					901,347
Total	15,342,430	931,163	95,559	546,548	17,817,047

CASE STUDY



IMAGE: Students watching health campaign puppet show near Las Bambas.

SUPPORTING GOVERNMENT HEALTH CAMPAIGNS IN PERU

Our Las Bambas operation is in the Apurímac region of Peru, and the regional government has recently prioritised raising awareness of maternal and infant health, hygiene and anaemia as an important public health initiative.

In partnership with the Apurímac government, MMG has developed a regional campaign to support their health initiatives and raise awareness in the local population.

Banners, television coverage, radio broadcasts and cartoons have been

rolled out starring the characters of Lita the Sheep, a young girl Anita and her grandmother. All characters are dressed in traditional clothes of the Apurímac region, and share their message in both Spanish and the indigenous Quechua language.

For more information about the campaign visit wemineforprogress.com



COMMITMENT TO LOCAL EMPLOYMENT

We are committed to the regions where we operate. We aim to share our success with our communities by offering them local employment opportunities and investing in training and education to help local residents gain valuable and transferrable skills. In 2018, 99.2% of our workforce in our non-Australian facilities (Kinsevere and Las Bambas) were nationals of the DRC and Peru respectively.

We recognise that local employee development programs are a life-of-asset commitment, particularly in host communities where education and training opportunities are limited.

Local employment is a major contributor to socio-economic improvements and is the foundation of positive engagement with local communities. Over time these programs will establish and develop capability within the local workforce, reduce dependency on non-local employees and build broader community socio-economic resilience.

We are committed to working with Indigenous groups in all regions and our Agreement with the Kalkadoon People near our Dugald River operation is focused on increasing participation in the workforce.

NATIONAL EMPLOYEES IN 2018

Location	%
Las Bambas	99.2
Dugald River	89.7
Kinsevere	99.2
Rosebery	97.9
Corporate	88

% national: the percentage of the workforce with the same nationality as the country where the operations are located.

CASE STUDY



IMAGE: Employees at Dugald River.

DUGALD RIVER LOCAL EMPLOYMENT

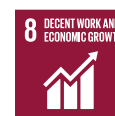
Our newest operation, Dugald River, lies 65 kilometres from the township of Cloncurry in Northern Australia. Together with our contract partners, MMG has worked to increase opportunities for local employment at the mine with 9% of employees residing locally.

Short term labour hire is sourced locally where possible and we engage proactively with our contract partners to ensure that priority is given to local applicants. This is expressed throughout the tender process and MMG includes these requirements as part of our compliance and audit activities.

To increase our local employment rate, there are plans in place regarding apprenticeships, traineeships and recruitment strategies that encourage people to move into the region.

Dugald River has a commitment to the local Kalkadoon People to ensure up to 10 trainees and apprentices per year from the local community. Positions may be site based or community based - with training provided by a host employer. Community based roles allow for training to be delivered in Cloncurry or Mount Isa. MMG engages our Native Title partners the Kalkadoon People when positions become available and we are working on further strategies so that we can work closer together.

It is always our preference to employ locally, and we are committed to increasing community and local Indigenous population.



WE CONTRIBUTE TO DEVELOPMENT

LOCAL SUPPLY

At MMG we support local suppliers to develop sustainable businesses to supply our operations, as well as other customers locally and globally.

Where possible, we aim to source products and services from local suppliers who are able to meet our key selection criteria in safety, environment, quality, technical, social responsibility and commercial viability. Where gaps are identified, we assist local suppliers to meet our standards and support them in building their capability. This process enables them to take up future opportunities to grow their businesses and expand their offering to customers beyond MMG.

In 2018, we spent US\$2.03 billion on goods and services excluding taxes and royalties (refer to table on page 39). Our sites spent US\$1.74 billion with suppliers in-country. Of this, US\$428 million

was spent with suppliers in the same province or state of our operations and US\$48 million with suppliers in the immediate near-mine area.

Dugald River's increase in local procurement spend in near mine and State regions from a total of US\$70 million (25%) in 2017 to US\$96 million (39%) in 2018 is due to development project stage to entering commercial production during 2018.

Kinsevere's reduction in Provincial/ State Level expenditure from US\$187 million (73%) in 2017 to US\$173 million (64%) is due to a reduction in expenditure on mining services and energy as well as increased expenditure on procurement of acid (imported goods).

Las Bambas increased its near-mine spend from US\$30.4 million in 2017 to US\$36.4 million in 2018.

PROCUREMENT SPEND IN HOST COMMUNITIES IN 2018 (IN US\$ MILLION)

Site	Near-mine/district level (Zone 1)		Provincial/State Level (Zone 2)		National (Zone 3)		Total
Las Bambas	36.4	(3%)	42.9	(4%)	1,008.8	(94%)	1,077.3
Dugald River	4.3	(2%)	96.2	(39%)	242.6	(99%)	245.6
Kinsevere	0	(0%)	172.8	(64%)	184.1	(68%)	271.6
Rosebery	4.3	(4%)	46.8	(39%)	119.8	(100%)	120
Corporate	0	(0%)	0	(0%)	60.1	(74%)	81.2
Sepon*	3.4	(1%)	69.4	(29%)	129	(54%)	238.8
MMG	48.4	(2%)	428.1	(21%)	1,744.4	(86%)	2,034.5

* Sepon spend = Jan – Nov inclusive

Note: Local procurement spend is based on the location of the vendor we purchased product from. This does not indicate origin of manufacturer or supplier. Excludes tax and royalty payments. See pages 40-41 for information about additional spend and expenses in regions.

CASE STUDY



IMAGE: A business development program participant.

LAS BAMBAS BUSINESS DEVELOPMENT CENTRE

Building capability in businesses and markets where we are located is important to ensuring the long-term viability of those regions.

At our Las Bambas operation, we have been working with entrepreneurs and small businesses near the mine for several years. We help individuals to identify business opportunities, skill them with the knowledge and tools they need to run their business, support them through improving productivity and quality control measures and help them articulate their services to market. We aim

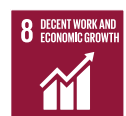
to foster a business climate that functions without sole dependence on the mining industry, creating livelihood opportunities for years to come.

In 2017 the Challhuahuacho Business Development Centre was established. In 2018, the centre and associated programs supported over 360 local businesses with training and technical assistance relating to business management, health and safety practices, accounting and quality control. This saw direct spend from Las Bambas total US\$36.4 million

in 2018, up from US\$30.4 million in 2017.

For more information about our business development program and to hear from local businesses around Las Bambas, go to

wemineforprogress.com



OUR COMMUNITY AND TAX CONTRIBUTION

As a major investor, taxpayer, employer and purchaser of local goods and services, MMG makes significant contributions to the economies of countries where we operate. For the financial year ended 31 December 2018, MMG's turnover was US\$3,670 million and it made a profit before tax of US\$306 million.

Corporate income tax is one of many types of taxation revenue collected by governments and is a direct tax levied on company profits. Other forms of indirect taxes such as value added tax, royalties paid on the extraction of minerals and taxes paid in relation to employee remuneration and benefits form part of MMG's overall fiscal contribution.

Governments also use other mechanisms to derive income from a company's activities, including a wide range of mineral royalties, taxes on employee remuneration and benefits provided and withholding taxes on the payment of interest and dividends. These additional sources of government revenue are often substantial and represent an important contribution to public finances. It is therefore essential to take these government revenue-raising mechanisms into account when assessing the extent to which a company is contributing to public revenue.

Corporate income taxes are paid on profits, not on revenues. Where a company makes little or no profit, it will generally pay less corporate income tax. Without such an approach, companies experiencing periods of low profitability would be faced with disproportionate tax demands and significant disincentives for investment. The payment of other taxes that are levied on revenue such

as mineral royalties can decrease the amount of profit a company makes and will, in turn, reduce its corporate income tax liability.

The resources sector is capital intensive and as a result has high operating costs. Governments seeking to encourage job creation and attract capital investment, such as the development and construction of mining operations, allow companies to claim tax allowances for capital expenditure and on the interest on debt raised to fund investment. The claims for capital allowances and other operating costs will initially be higher than the revenues generated by these operations as the operations ramp up to full production, resulting in low profits in the early years of operation and lower corporate income taxes paid.

Our approach to revenue transparency

MMG pays taxes, royalties and other payments in accordance with the tax regulations and laws applying in the jurisdictions in which we operate.

As a multinational company, with operations in Peru, DRC and Australia, MMG adheres to the highest standards of corporate governance in all matters related to tax. This includes operating 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.

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

MMG's approach to transparency includes the disclosure of tax and royalty payments, as well as broader social contribution detailed in annual and sustainability reports.

The following initiatives further support MMG's commitment to transparency:

- › An anti-bribery and anti-facilitation payments 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 EITI requirements as a reporting entity in Peru and DRC.
- › Membership of Transparency International Australia.

2018 TAX CONTRIBUTION

IN USD'000	2018	2017
Taxes and royalties	338,886	339,797
Local supply procurement	1,744,400	1,910,000
Goods & services (excluding taxes and royalties)	2,034,500	2,163,000
New property, plant and equipment	337,500	666,900
Employee benefits	320,400	388,100
Social development programs	17,935	18,323



Peru USD'000	2018	2017
Total tax contribution	207,302	193,386
Royalties	75,794	93,601
Income tax	38,058	7,545
Employment related taxes*	42,417	38,022
Withholding tax	51,033	54,218

DRC USD'000	2018	2017
Total tax contribution	56,202	44,094
Royalties	25,548	19,672
Income tax	9,775	4,627
Employment related taxes*	16,615	15,582
Withholding tax	4,264	4,213

Australia USD'000	2018	2017
Total tax contribution	75,382	87,497
Royalties	24,790	22,011
Income tax	-	-
Employment related taxes*	50,592	65,486
Withholding tax	-	-

Note: Royalties, income tax, withholding tax and employment related taxes are based on amounts reported in the 2018 Annual Report (which is audited by Deloitte). For more information see the 2018 Annual Report available at mmg.com.

WE MINIMISE OUR IMPACT

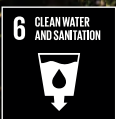


IMAGE: Walking tracks installed by Rosebery.

We are committed to minimising our environmental footprint and to the responsible use of natural resources. We maintain a focus on protecting human rights and managing our social impacts and we align our social development activities to our Life-of-Asset Plans.

HUMAN RIGHTS

We recognise that human rights covers a broad range of interrelated issues, requiring an integrated approach across numerous business functions. At MMG, our Human Resources, Supply, Social Performance, Stakeholder Relations, Security, Geoscience and Discovery and Project Development functions have specific responsibilities for upholding our commitment to human rights.

Our approach to managing human rights risk is embedded into our broader risk management framework. We integrate human rights considerations into our Code of Conduct, employment processes, risk-analysis activities and formal grievance processes. We ensure our stakeholders are confident to report instances of unacceptable conduct without fear of intimidation or reprisal.

MMG is committed to respecting the human rights in the communities in which we live and operate, and to providing access to an effective remedy where we make an impact.

We operate in accordance with the United Nations Guiding Principles on Business and Human Rights and the United National Global Compact principles. We are also signatories to the United Nations Global Compact process under the auspices of our major shareholder CMC.

We commit to respecting human rights as outlined in the ICMM Sustainable Development Framework. This commitment has been strengthened through the development of joint industry and civil society guidance on key issues such as FPIC and the Rights of Indigenous Peoples, and with the recent release of a set of performance

expectations. We also participate in ICMM convened member discussions and peer learning on a wide range of business and human rights issues, including the role of business with regards to civic freedoms and human rights defenders.

In 2018, Australia introduced a Modern Slavery Act which requires businesses to report annually, from 2020, on the risks of modern slavery in their operations and supply chains, and the action they have taken to assess and address those risks, and the effectiveness of their response.

SECURITY PRACTICES AND HUMAN RIGHTS

We operate in accordance with the Voluntary Principles on Security and Human Rights (VPSHR) as well as the rules of engagement and the United Nations Basic Principles on the use of Force and Firearms by Law Enforcement Officials.

Since 2016, we have standardised our security management plans, and these plans reference the VPSHR in relation to the deployment and conduct of public and private security. We also ensure public security forces that support our sites are adequately trained in the use and application of the VPSHR. To strengthen our alignment, we have applied to become a participant of the VPSHR initiative.

From our experience, we are aware that many issues that can become security incidents have roots in community concerns that have built up over time. Often these issues are well-understood by our social performance teams, who are working on strategies to resolve these issues before they become security incidents.

In 2018, we took the opportunity to bring our security and social performance teams together to develop strategies around proactive risk identification and mitigation, grievance management and incident identification processes. We also took this opportunity to review our human rights exposures and potential risks. From this forum, we were able to develop a range of improvements and actions to take forward across our business, which will help us to improve our approach to social and security issues and assist us in refining our group level approach.

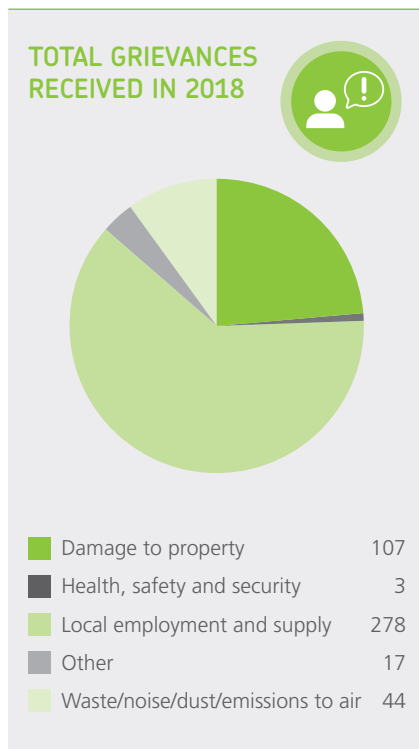
Any community related fatalities and injuries close to our operations are of concern to us, even if they occur outside of our controlled activities. We investigate these incidents so that we can learn from them and they are recorded and treated as significant 'uncontrolled incidents'. In 2018, we had two incidents close to our Kinsevere operation in the DRC.

In March 2018, two young women drowned while swimming in a disused security trench. MMG provided assistance to their family, including supporting their family find employment opportunities at the mine.

In April 2018 a young man, believed to be an artisanal miner who had illegally gained access to site, drowned in the Kinsevere Hill pit.

Following these incidents, the disused trenches were backfilled and compacted to make them safe and a communications campaign was run with the local community to discourage people from coming into these areas.

WE MINIMISE OUR IMPACT



GRIEVANCE MANAGEMENT

Developing and maintaining strong relationships with neighbouring communities is essential to the success of our company. We work with diverse communities to establish relationships based on respect and trust. We take a proactive approach and many of our employees live in the local communities.

At times disagreements exist on specific issues and to facilitate timely, culturally appropriate investigations and responses, issues are managed in accordance with site-specific grievance mechanisms, aligned to the MMG Grievance Procedure.

This process is non-judicial, complements existing legislative remedies and reflects our commitment to the UN Guiding Principles on Business and Human Rights.

The following types of grievances are captured under this process:

- › grievances related to MMG's impact on stakeholders;
- › grievances related to the conduct of MMG personnel and/or contractors in local communities; and
- › grievances related to allegations of human rights abuses.

In 2018, we received 449 grievances across our operations. Over the last couple of years, most of our grievances have related to unmet community expectations in relation to local employment and procurement matters at our Las Bambas operation. We are proactively trying to address this concern and have ongoing programs to assist local businesses improve their

competitiveness and productivity to share in the economic benefits of our Las Bambas operation. More than a quarter of all contractors working at maintenance shutdowns are now sourced from local communities.

We have also experienced community concerns in relation to our transport of concentrate from our Las Bambas operation. Throughout 2018, we liaised with affected communities and focused on improving the management of impact of concentrate transport logistics on local communities along the road. More information can be found in our case study on page 29.

Stakeholder complaints and grievances provide valuable indicators to help our operations anticipate deeper community concerns and proactively mitigate social risks.

Over the last year we have worked with the Centre for Social Responsibility in Mining (CSRMin) at the University of Queensland to better align criteria for community incidents and risks and their corresponding reporting processes in our Learning from Events Procedure.

This project has involved the examination of existing methods and models from safety, to understand their applicability to social issues in mining. This included testing the appropriateness of safety science incident investigation and risk assessment methodologies in the context of social incidents in mining. We are currently assessing how this work could inform how we learn from and manage our social incidents.

2018 GRIEVANCES RECEIVED BY CATEGORY

Grievance category	Las Bambas	Kinsevere	Rosebery	Total
Damage to property	97	10	–	107
Health, safety and security	3	–	–	3
Local employment and supply	278	–	–	278
Other	15	1	1	17
Waste/noise/dust/emissions to air	30	–	14	44
Total	423	11	15	449

Note: No grievances were received during the 2018 period at our Dugald River operation.

IMAGE: Community dialogue in community near Las Bambas.



WE MINIMISE OUR IMPACT

ARTISANAL MINING

On a global basis, it is now estimated that more than 40 million people are directly engaged in artisanal and small-scale mining (ASM). ASM is widespread in the DRC and Peru, and occurs on tenements where MMG holds exploration and mining rights.

In most countries, ASM is pursued as a route out of poverty or as an activity to complement insufficient income, particularly in societies where alternative employment is hard to secure.

However, it is also well recognised that the environmental and safety practices of artisanal miners tend to be very poor. Other negative implications include child and forced labour, inequitable distribution of community benefits, illegal trade and heightened security risks.

The challenge of balancing the human right to development with safe work, the rights of children

and environmental responsibility is complex. A key component of the UN SDGs is the provision of job opportunities, decent working conditions and economic growth while not harming the environment.

Our operations in the DRC and Peru are impacted by the existence of ASM activities on or near our tenements and we adopt appropriate strategies to mitigate risks associated with each ASM activity we encounter.

Communication and collaboration with all stakeholders (including miners, security personnel, government, local authorities, and community organisations) are the first step towards developing mutually acceptable outcomes.

Since 2016, there have been moves by the Peruvian government to formalise some aspects of ASM. In the DRC, we are mindful that ASM is a growing sector and there is an increasing demand for minerals such as cobalt which are present on

our tenements. The demand for these minerals has the potential to increase significantly with the expansion of the market for electric cars. It is expected that well-considered formalisation initiatives could contribute to better and more equitable socio-economic development, however, it is a difficult and complex issue to manage and we are assessing ways that we could contribute to the solution.

CLIMATE CHANGE

We recognise the impacts of human-induced climate change on the environment, economy and communities. We are committed to being a part of the global solution by taking appropriate actions that will reduce our emissions intensity and sourcing the key mineral and metals required to help develop a low-carbon future.

MMG's focus on energy efficiency will reduce our existing power requirements and minimise our greenhouse gas emissions footprint. Our Kinsevere and Las Bambas operations are also working to support extensive reforestation of our neighbouring lands, which will deliver more carbon abatement outcomes now and into the future.

For more information about our approach to climate change, refer to the 2018 Annual Report at [mmg.com](https://www.mmg.com)

IMAGE: Engaging with community members near Kinsevere.



Water scarcity affects more than 40% of the global population and is projected to rise. In-line with the UN SDG 6 - 'Ensuring access to water and sanitation for all' – we have an ongoing focus on the efficiency of our water consumption and our reuse of water.

WATER ACCESS AND USE

Our water management approach

We use water in both our mining and extraction processes and therefore need to secure water for the efficient and consistent performance of our operations. We regularly monitor and actively manage the quantity and quality of the water we use and discharge. We are particularly mindful about using water resources that are required for maintenance of environmental ecosystems and are shared with surrounding communities.

In supporting the ICMM Position Statement on Water, we commit to support water stewardship initiatives that promote better water use, effective catchment management and contribute to improved water security and sanitation. We have a company-wide objective to effectively manage our water intake, inventory and discharge to minimise our impacts on other users within the catchment including upstream and downstream communities and the environment. Targets tailored to site specific requirements and risks are set against these objectives.

We have different strategies for managing water, depending upon our site requirements. Some of our operations are located in areas with high seasonal rainfall and abundant water resources, and others are located in areas where securing water can be more challenging.

Each of our site-specific water balance models predicts water inputs, use and outputs to inform our management of water-related risks. We are

increasingly integrating our water balance models and our Life-of-Asset Plans to make structured investment decisions regarding infrastructure and to align water supply with processing demands and community requirements.

We have established clear accountabilities for regularly reviewing our water balance models and measuring the effectiveness of our critical water management controls.

We report our water inputs, outputs and diversions in line with the ICMM Water Accounting Framework.

Water balance and management of water risks

We proactively manage water quantity and quality to reduce potential socio-environmental impacts and realise opportunities.

We support water stewardship initiatives that promote better water use, effective catchment management and contribute to improving water security and sanitation. More details on our community water monitoring programs can be found on page 50.

There are several factors that have led to changes in our water balance over the last year. Our newest operation Dugald River ramped up operations in 2018 and our now divested site Sepon was not included in this year's data.

Las Bambas is our largest operation and the majority of our water consumption relates to this facility. In 2018, there was a 24% reduction in water taken from run-off and a 71% reduction of water taken from rivers and creeks. This is due to increased reuse efficiency and improvements in site water

management processes, as well as the freshwater pipeline installed in late 2017 coming online.

The water management infrastructure at Las Bambas was designed to take advantage of seasonal water availability, including the consideration of both environmental flows and downstream water requirements.

Las Bambas uses multiple storage facilities to collect rainfall and run-off and to maximise water use and recycling. This eliminates discharge of any contact water to the environment and minimises the need to extract water from external water sources, such as the Challhuahuacho River, to meet operational requirements.

Over the last year, the team at Las Bambas have further refined their systems for minimising environmental and community impacts through the seasons against site operational water requirements. A daily water status report is produced to enable the Las Bambas team to continually adjust plant operating processes to obtain optimal water balance management. This more detailed understanding has also contributed to better forecasting in relation to medium and longer-term requirements.

In 2018 Las Bambas was able to source most of their processing water requirements from the tailing storage facility or directly from the tailings stream, with supplemental water predominately sourced from the on-site Chuspiri water dam.

These changes have meant that Las Bambas has been able to significantly reduce the consumption of water from local rivers and minimise operational water volumes within the site TSF.

WE MINIMISE OUR IMPACT



IMAGE: Water monitoring at our Rosebery water dam.

Dugald River is located in an area of Australia that is prone to water stress, particularly in the dry season. In the wet season the site can receive very large volumes of rain in a very short period of time. Given that this is a new facility, we have modern water management systems. Water from de-watering is used within the mine and water is recycled from the TSF.

In 2018, there was a focus on getting the production processes right and refining the water balance of this operation. Over the next year, the mine will commence a series of water efficiency initiatives with the aim of reducing our reliance on purchasing water from outside sources.

Our Kinsevere operation in the DRC is located in an area with a high water table and as mining progresses and the pit floor is lowered, we will need to manage increasing volumes of water from our dewatering program.

This water is either used on site or released to the river system after appropriate quality testing.

At the end of last year, we commenced an ambitious surface water management program to divert water from entering the pit or recharging local ground water, to reduce excess water reporting to the process water system, and ultimately the TSF. We conducted a review of the existing site-wide water balance to support the detailed design requirements for the revised surface water management strategy and to reflect current and future site conditions.

We are in the process of constructing a new sediment pond to improve discharge water quality offsite and we are expanding the environmental containment ponds to strengthen the containment of contact water.

We have made significant investment in new equipment to implement our plans and over the next year we will focus on the delivery of this project.

Our Rosebery operation in Tasmania has been operating since 1936 and since it has been operated by MMG it has undergone significant upgrades to water management infrastructure and TSFs. In the last reporting period, we completed the construction of the 2/5 TSF and have commenced operations in the facility.

We have ongoing programs to find opportunities for improvements in catchment management at all our operations. Over the next year, MMG has committed to a major water infrastructure program focused on the diversion of clean catchment run-off around the operational mining areas at Las Bambas. This program will greatly reduce the generation of suspended sediment loadings within the system and assist us to efficiently manage our site discharge requirements. This work will also assist in the preservation of the natural catchment flow regime which maintains downstream ecosystem health.

In line with our ICMM Commitments on water, we ensure all employees have access to clean drinking water, gender-appropriate sanitation facilities and hygiene at all our operations. At our Kinsevere operation we have recently improved access to sanitation facilities for female employees to cater for an increase in women taking up non-traditional roles in the Kinsevere workforce.

WATER BALANCE FOR 2018

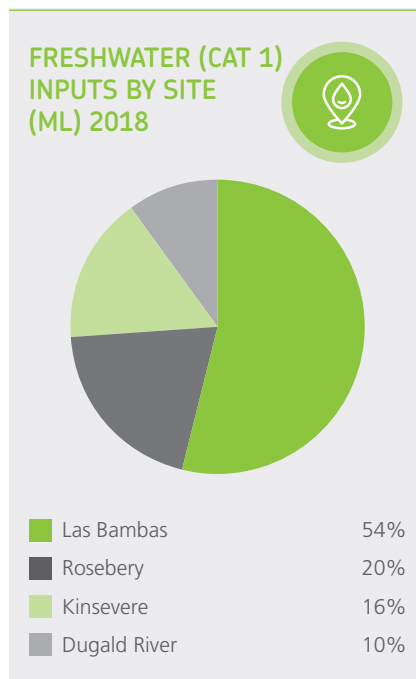
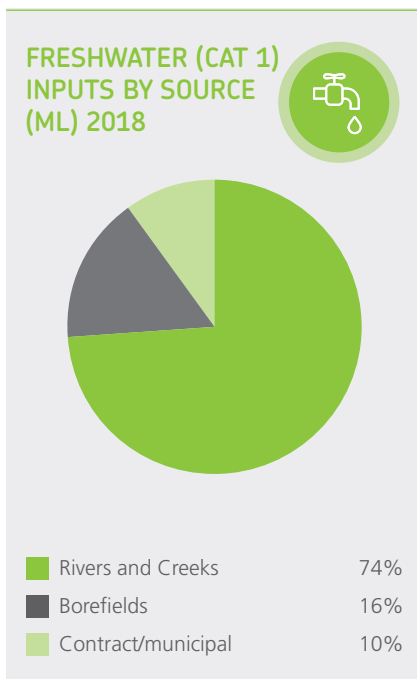
Water inputs	ML	(%)
Diverted water	17,541	
Water inputs	23,626	
Precipitation and run-off	10,123	43
Rivers and creeks	4,950	21
Borefields	2,190	9
External surface water storages	2,208	9
Aquifer interception	1,269	5
Contract/municipal	1,305	6
Entrained in ore that is processed	1,583	7
Third party wastewater	-	0
Water consumption*	18,909	

Water outputs	ML	(%)
Diverted water	20,803	
Water outputs	26,576	
Entrainment	15,969	60
Evaporation	5,344	20
Discharge to surface water	2,713	10
Seepage	2,000	7
Supply to third party	145	1
Other**	404	2

Note: The MMG water balance excludes water used along the Las Bambas concentrate logistics route for dust suppression. This water is extracted under permit from surface water sources.

* Water consumption describes the amount of water that was unavailable in or removed from our local catchments due to our operating activities, which include evaporation, water held in our tailings and the change in onsite water storage.

** Other, totalling 404ML, is comprised of the following: Rosebery – 16ML (water entrained in concentrate); Kinsevere – 257ML (water output from exploration and miscellaneous activities); and Dugald River – 373ML (323ML for dust suppression and construction activities, as well as 50ML of evaporation from the sewerage treatment plant outflow)



ENVIRONMENTAL DATA

Data relating to energy consumption (direct, indirect and total), greenhouse gas emissions, air emissions, hazardous and non-hazardous waste and total water consumption for the 2017 and 2018 reporting periods can be found in the 2018 MMG Annual Report at mmg.com

Note: Category 1 water is defined by the ICMM Water Accounting Framework guidelines as 'high quality water which may require minimal and inexpensive treatment to raise quality to appropriate drinking water standard (eg near potable water quality).'

WE MINIMISE OUR IMPACT

CASE STUDY



IMAGE: Participatory water monitoring in community near Las Bambas.

WATER MONITORING WITH COMMUNITIES AND OTHER STAKEHOLDERS

We engage proactively and inclusively with stakeholders on water-related risks and opportunities at a catchment level.

We regularly conduct transparent participatory water monitoring with local government, leaders and representatives from the communities around Las Bambas, as well as independent water monitoring experts in charge of off-site sample testing. This has helped us to strengthen understanding around the controls in place and compliance with our regulatory requirements in Peru.

At our Dugald River operation, our monitoring program is wide spread and monitors natural waterways. At the start of the wet season we provide the government regulator with our TSF water levels to demonstrate flood storage capacity for extreme rainfall events. On a weekly basis we include forecasted rainfall data in our water balance model to predict the likelihood of discharge from our dams. If an exceedance occurs in the parameters set by the Regulator we notify the local pastoralists, and lodge all water testing and catchment results with the local Regulator.

We also work with all our communities to identify their

water needs and supply drinking water to communities close to our operations. Close to our Kinsevere operation we supply a local fish farm and a local plant nursery with suitable water. At our Dugald River operation we supply the closest pastoralist to our operation with water for cattle.



TAILINGS AND WASTE ROCK MANAGEMENT

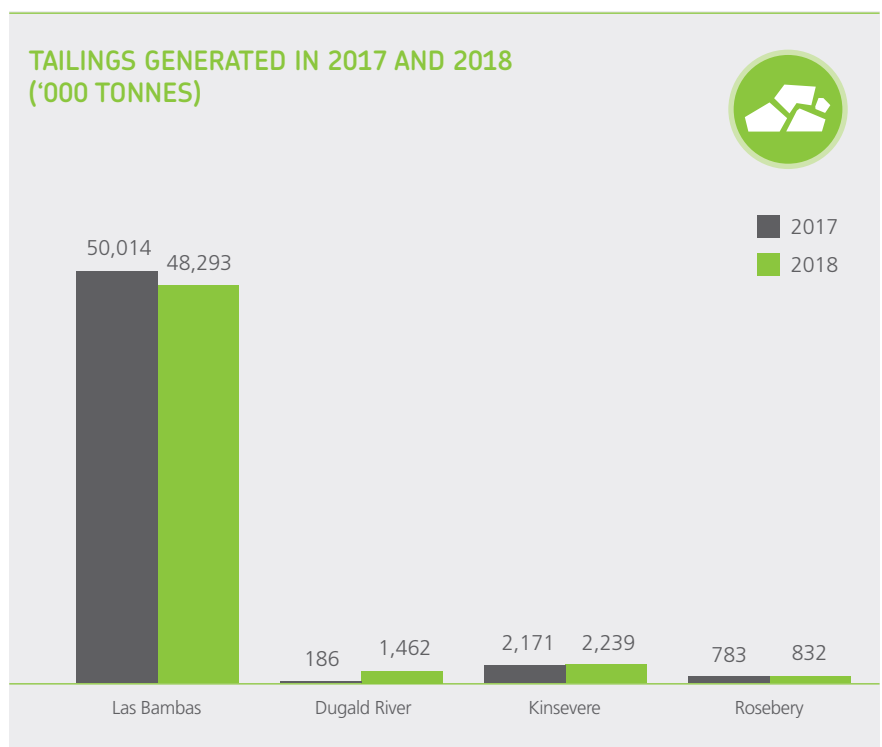
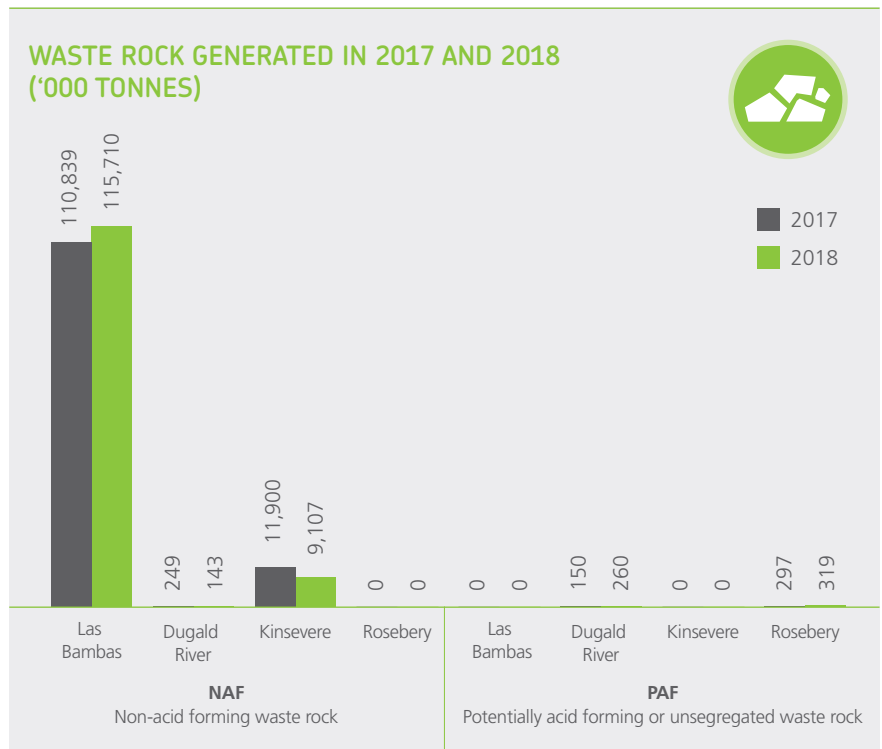
Our mining and processing activities generate significant quantities of mineral waste. Our aim is to minimise our impacts by managing our waste safely and appropriately, reducing our overall footprint of disturbed land and supporting long term closure planning.

We utilise appropriate waste rock in the construction of containment facilities and, where possible, place it into mined-out areas or pits, such as at our operation in Rosebery. This ensures that for the remainder of Rosebery's current life, all waste rock will remain underground as part of the mining process.

In implementing our mineral waste controls, we focus on characterising mineral waste and managing storage to limit environmental impact and minimise operating and closure costs.

Some of this mineral waste is chemically reactive, with the potential to form acid and metalliferous drainage (AMD). Geochemical characterisation studies inform site specific definitions for potentially acid forming (PAF) waste rock and non-acid forming (NAF) waste rock.

These classifications enable us to identify, schedule and appropriately encapsulate PAF waste rock to mitigate the generation of AMD and reduce environmental and closure liabilities.



WE MINIMISE OUR IMPACT



IMAGE: A TSF at Rosebery.

TAILINGS STORAGE

At MMG we treat the management of our tailings facilities as a material issue that requires ongoing and rigorous risk management.

The management of TSFs and water storage dams is governed by our Fatal Risk Standard and our critical controls for managing these risks are in line with the Australian National Committee on Large Dams (ANCOLD) guidelines. These aspects focus on the design, construction, and ongoing management of operating and non-operating TSFs. Safe management of TSFs is critical to our operations as failure or leakage can have major consequences for local communities and the environment.

Over the last couple of years, there has been increased scrutiny of the integrity of tailings structures from both within the industry and from external stakeholders, partly due to several major failures of large upstream constructed TSFs in Canada and Brazil. Upstream constructed facilities are typically constructed from mine tailings and can be considered to be more technically challenging to manage, than TSFs engineered from rock. Most of MMG's TSFs, including our Las Bambas facility, are engineered rock and earthfill structures constructed using downstream construction methods. We have a smaller facility at our Rosebery operation which incorporates upstream construction methods in a portion of the containment dam.

In December 2016, the ICMM issued a position statement on preventing catastrophic failure of TSFs. Our approach to the governance of TSFs fully aligns to this framework, including the use of Dam Review Committees and Engineers of Record at each of our sites to ensure each TSF is designed, operated and maintained in accordance with leading engineering practices and principles.

We are always working towards continuous improvement to refine the operation of our TSFs and strengthen controls. We have benchmarked our controls with the input of the independent dams committee and have undertaken annual performance audits for all dams with moderate or greater risk consequence, as defined by ANCOLD.

Over the last year, we have introduced remote control survey boats at our operations to assist us obtain better quality data on our dams, in a way that is safe for our operators.

In 2018, at our Las Bambas operation, we implemented a daily quality control program in the pit to assess mining material and determine suitability for the TSFs at source. This assists us to pro-actively manage the physical and chemical characteristics of the material entering the TSF. We have also implemented a similar system at our Kinsevere operation in the DRC.

Minor seepage was identified in the vicinity of Rosebery's operational TSF, with subsequent investigations indicating the water identified is naturally occurring groundwater, impacted by historical fill materials from legacy infrastructure and mining activities. MMG has installed a stormwater diversion to intercept these waters and direct them to the effluent treatment plant on site. The diversion is subject to twice daily monitoring to ensure it is working as intended. This action has already made a visible improvement to the water quality in the Stitt River. MMG is also undertaking detailed hydrogeological investigations to

determine if any further mitigation works are required. MMG is working with local stakeholders, including the State Government, Environmental Protection Authority and local community, to keep them up to date on our management actions.

Seepage downstream of the Dugald River tailings dam was identified for a short period in early 2018, and a sampling program was established to determine correlation between water quality of the seepage collection pond and the TSF. Results showed differences between the two across a few parameters. To manage potential impacts, a permanent

dewatering pump was established to pump water back to the TSF to reduce surface water release on a regular basis and this has eliminated seepage offsite. The regulator and nearby pastoralists were notified of the event.

MMG TSF SUMMARY

TSF	Type	Dam raising type	ANCOLD dam failure consequence rating	Total designed height	Total designed capacity	TSF service life		Most recent expert review date
						Came into service	End of service	
Las Bambas								
TSF1	Valley	Downstream	Extreme	280m	477Mm ³	2015	2029	November 2018
Dugald River								
TSF1	Valley	Downstream	High C	37m	8.7Mm ³	2018	2039	October 2018
Kinsevere								
TSF1	Side valley	Upstream	High C	~25m	1.1Mm ³	2006	2010	February 2018
Kinsevere								
TSF2	Paddock	Downstream	High	35.7m	23Mt	2011	2023	February 2018
Rosebery 2/5 Dam	Side valley	Upstream / downstream	Significant	29m	5Mt (plus unknown existing)	2018	2028	May 2017
Rosebery Bobadil	Side valley	Upstream	High C	39m	36.6Mt	1974	2018	May 2017

Mm³ = Millions of cubic metres

Mt = Million metric tonnes

Note: the ANCOLD dam failure consequence rating is based on the potential impacts of a failure in a TSF. Refer to definition on page 68 for the consequence table.

For more information about management of and consequence ratings for tailings dams, visit ancold.org.au.

For more information about our TSFs, visit mmg.com.

WE MINIMISE OUR IMPACT

MINE CLOSURE

At MMG we have a Closure Standard with associated Work Quality Requirements that provides a consistent approach to closure across our global operations. We have an integrated approach to planning the closure and relinquishment of a site, commencing from the development stage and continuing throughout the asset lifecycle.

MMG actively contributes to the ICMM mine closure working group and participated in the development of the updated ICMM Closure Good Practice Guide released in February 2019. A greater emphasis on social and community engagement, progressive rehabilitation, and

integration into life of mine planning are key focus areas of this updated industry guide.

In 2018, our focus has been to consolidate the work we have done over several years and we now have robust Conceptual Closure Plans for each site approved by the relevant regulator.

The Rosebery Closure Plan underwent a comprehensive update in 2018 and was submitted to the Tasmanian regulator, with the regulator noting that from a Tasmanian perspective, the document provides a benchmark for the industry.

Scoping studies were completed for the Hercules site at Rosebery and at

Kinsevere to frame the comprehensive closure options assessments and design work that will commence in the near future. The intention is to move the closure plans for our mature sites from 'conceptual' to 'detailed' design over the next few years. This will provide not only more definitive information to support MMG closure planning and closure cost estimation, but also inform stakeholder discussions with community and government.

A major focus for 2018 was working to understand the impacts of the economic transition process in relation to recent divestment decisions on our communities. More information about the divestment of Sepon is available on pages 58–61.



TAILINGS CAPPING TRIALS AT DUGALD RIVER

While our Dugald River operation has a long mine life, we have begun a tailings capping trial to assess long term performance of various capping systems. Three different capping options are being tested in a controlled environment, with the opportunity for us to simulate 20 years' worth of potential environmental impacts in the space of six months.

Long term data will help provide MMG and the regulator with assurance that the final selected capping system is appropriate, and ensure we are able to properly prepare for closure years before we are required to do so.

IMAGE: Tailings trial infrastructure at Dugald River.



IMAGE: Tree seedlings destined for rehabilitation projects at Kinsevere.

LAND MANAGEMENT, REHABILITATION AND BIODIVERSITY

Effective land management and site rehabilitation are important priorities throughout the mining life cycle. Our operations implement land, biodiversity and cultural management controls to minimise the impact associated with the land disturbances necessary for exploration and mining activities.

In 2018, we updated our Environment Standard with consideration to our expectations around land clearance, disturbance and rehabilitation. This included updates to our Land and Biodiversity Management Critical Control Plan focusing on aspects such as appropriate management of topsoil and weeds prior to any ground disturbance work commencing.

At our Kinsevere site an ESIA is currently being undertaken for potential expansion of our Kinsevere operation. As part of the land and biodiversity management aspects of this project we have ongoing programs to protect sensitive flora.

Copper grasslands are present in some areas near our Kinsevere operation in places where copper bearing rock outcrops at the surface of the ground. As part of this project with the University of Lubumbashi, we have moved vegetation to a recreated copper outcrop hill, so that the plants can receive their appropriate nutrients. We have recorded some success with initial plant establishment trials and we continue to monitor and learn from the vegetation in this area.

Another ongoing program is the protection of the *geophila erythrocarpa* plant species, which can be found in the dry forests of the Katanga province, where our Kinsevere site is located. Several thousand plants of this species have been moved from our areas of direct impact and are currently being cared for in our site nursery before they undergo transplantation.

Minor progressive annual rehabilitation is undertaken by our operations as disturbed areas are largely limited to operational areas which are in use or will be used in the future. We do not set annual rehabilitation targets, but we do build allowances into our closure plans and budgets where there are opportunities to rehabilitate areas that are no longer required for operational purposes.

AREA OF LAND MANAGED AT END OF 2018

Area of land managed at end of 2018	2,859,906.2 km ² (99% held for exploration)
Area of land managed by our operating sites and advanced projects at end of 2018	175.6 km ²
– Area disturbed and not yet rehabilitated at end of 2017 (opening balance)	51.6 km ²
– New disturbance in 2018	4.7 km ² (54% for mining activities at Kinsevere and 46% for exploration activities at Las Bambas)
– Disturbed areas rehabilitated in 2018	- km ²
– Rehabilitated areas redisturbed in 2018	- km ²
– Area disturbed and not yet rehabilitated at end of 2018 (closing balance)	36.0 km ² (Closing balance is significantly lower than the opening balance mainly due to relinquishment of the Sepon mine lease)

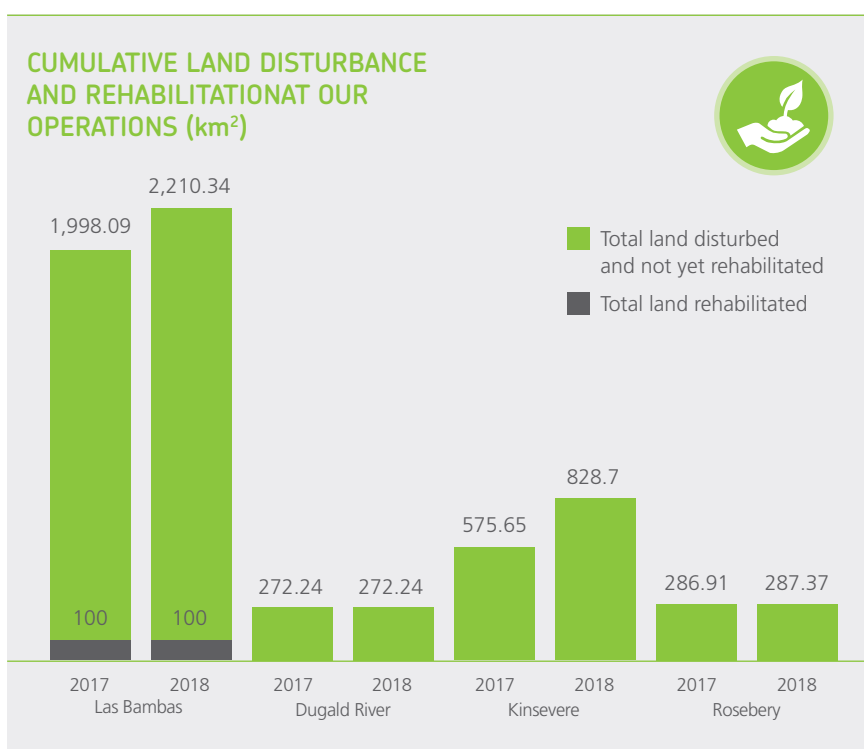




IMAGE: Water monitoring and sampling in waterway near Dugald River.

To ensure appropriate rehabilitation strategies are pursued, in 2018 we established and conducted a number of trials that will inform future rehabilitation efforts. These include:

- > Revegetation monitoring at the Hercules legacy site on the Rosebery lease. Revegetation trials established in 2004 continue to be monitored annually and provide MMG with a good, long-term dataset to support design of future revegetation programs in the region.
- > A long-term bench-scale test assessing the geochemical behaviour of tailings waste from Rosebery was established in 2015 and monthly monitoring is continuing. This will provide valuable information to support final engineering design for the closure of one of Rosebery's tailings storage facilities.
- > A waste rock dump capping trial, including monitoring instrumentation, was established at Rosebery in 2014 and continues to be monitored, providing valuable information to support final closure of Rosebery's waste rock dumps.
- > A long-term TSF capping trial was established at Dugald River.



CONSERVATION OF THE *LIOLAEMUS SP.GR MONTANUS*

At our Las Bambas operation, we have a population of new lizard species - *liolaemus sp.gr montanus*. In 2017, we carried out our first translocation of more than 100 lizards and we have been monitoring this population since then.

By the end of 2018, growth and weight gain was recorded in all recaptured individuals and approximately 10% of adult females showed signs of pregnancy, with some offspring noted. In mid-2018, we carried out our second translocation of lizards, with a total of 18 individuals transferred to a second receiving site of more than 2,000 ha within the mining lease.

We have now fenced off the first receiving site and we will continue monitoring at both locations.

DISCONTINUED OPERATIONS

RESPONSIBLE DIVESTMENT

In November 2018, we completed the sale of our Sepon copper-gold mine in Lao PDR, recognising the effective date of financial transition as 1 January 2018.

When we relinquish operations, it is with a goal of delivering a positive legacy while balancing environmental protection and social well-being with financial performance. It is important that, where possible, value to the host community can be maintained. If economic and related resources remain, the ongoing use of mining-related infrastructure is our preference to mine closure. Our aim is to divest operations responsibly and actively work with the acquirer during the transition process to safeguard any potential

impact on employees, communities and the environment.

The success of divestment strategies is often rooted in how socio-economic initiatives at an operation were originally designed, planned and implemented. It is our preference that programs are sustainable so that benefits are long-lasting and social and environmental commitments can be honoured into the future.

During the Sepon divestment process MMG worked with the acquirers so that the impact on our host communities was positive and that these operations would continue to generate ongoing benefits for local stakeholders.

DISCONTINUED OPERATIONS

For more information about MMG's contribution to sustainability at other discontinued operations, as well as our approach to divestment, please visit

→ wemineforprogress.com

IMAGE: Processing facility at Sepon.



SEPON

The Sepon copper-gold mine started operations in 2002 and is now one of the largest international operations in Lao PDR. Sepon's current copper operation has a projected mine life until 2020 with potential to extend this through a primary gold operation.

In November 2018, MMG completed the sale of Sepon to Chifeng Jilong Gold Mining Co Limited (Chifeng) to help secure a new life for the asset as it transitions from copper to gold production.

MMG worked with Chifeng through the transition process to ensure that community commitments are upheld, and that employee entitlements and conditions were preserved, with funds held in a Lao PDR bank for rehabilitation commitments.

Since operations commenced, Sepon has contributed over US\$1.4 billion in direct revenue to Lao PDR through taxes, royalties and dividends. Indirect benefits through employment, training, community development and payments to local contract partners and suppliers have also delivered a significant positive impact on social and economic development.

These investments have seen an improvement in the health, education and livelihood improvement of residents in the host district of Vilabouly. Household incomes have seen a tenfold increase, much of which has been reinvested back into local businesses.

Sepon has also delivered positive benefits for women's economic, social and political participation. More women are employed and are economically empowered giving them greater decision-making



IMAGE: Potable water infrastructure in a community near Sepon.

authority within their households and their communities.

Most importantly, Sepon has played a crucial role in building the next generation of skilled professionals, with thousands of people learning trades and other transferrable skills working at Sepon.

Water and sanitation

The Sepon mine is located in the Vilabouly district and, before the mine's operation, this district was listed as one of the poorest regions of Lao PDR. MMG has supported improvements that have contributed to the significant advancement in living conditions in this region and one of the most impactful contributions have been improved water and sanitation infrastructure.

In partnership with UNICEF and UN-Habitat, MMG has worked to provide 100% of near mine communities access to potable water and over 90% access to sanitation.

In partnership with the Lao PDR Government and UN-Habitat, MMG provided US\$1.5 million in funding

for a clean water supply system in the Savannakhet Province. The facility includes a treatment plant and pipe networks, directly benefiting 7,000 people in four villages close to the Sepon mine. MMG also supported a separate water supply system for Vilabouly hospital, providing reliable access to clean water for this important medical facility.

MMG has also invested in sanitation projects in conjunction with UNICEF and the Lao PDR Government.

The sanitation project has targeted 14 villages and 10 schools, which have been sequenced in two phases. The first phase of 603 households is well underway with 278 households completing latrines and 120 households committing to the building of latrines. Namkhip village is currently undergoing an audit with the aim of being declared open defecation free.

These projects were set up to be sustainable and our partnership with the government has meant that they have committed to provide ongoing support and maintenance of key infrastructure.

DISCONTINUED OPERATIONS



IMAGE: Mother and child participating in the 1000 Days project.

1000 Days project

MMG's support of the UNICEF 1000 Days project has made a very significant difference in fighting the challenge of child stunting and improving the health of children in Laos. MMG provided funds to set up this program, and since 2012 have worked with UNICEF, local government, the Lao PDR Women's Union and local communities to embed this program within existing structures, to ensure long term sustainability.

The first 1000 days of life are critical for setting the foundations of lifelong health. Insufficient intake of zinc and other micronutrients during this timeframe can result in irreversible stunting, resulting in impaired brain development, lower IQ, weakened immune systems and a greater risk of developing chronic diseases.

Working in targeted, remote areas of Lao PDR, the 1000 Days project provides families with 'Superkid' branded micronutrients to fortify the diets of young children and help ensure they grow up healthy and strong. In addition, this is supported by vaccinations, screens for malnutrition, and hands-on education and information workshops such as nutritional cooking classes and discussions on age-appropriate feeding practices.

Lao PDR has made significant progress on its health outcomes and has met its Millennium Development Goals for under-five child mortality, supported by initiatives such as the 1000 Days project.

The MMG-supported program has been responsible for the treatment of 1,000 cases of severe acute malnutrition and 3,500 mild

acute malnutrition cases, that would have otherwise gone undiagnosed. This was supported by 287,333 children receiving life-changing vitamins and deworming, and 1,925 health workers and 3,677 health volunteers receiving infant and young child feeding training.

As a result of this work, The Ministry of Health Micronutrient and Integrated Management of Acute Malnutrition Guidelines were strengthened, enabling this program to become an ongoing element of the delivery of health services for children under five. MMG will continue to support this program through the transition period into 2020, until it has been fully implemented.



“UNICEF’s work with the private sector is indispensable in achieving results for children. The partnership with MMG demonstrates the power of shared value partnerships with the corporate sector and what can be achieved when we all work together”.

Tony Stuart
CEO UNICEF Australia

Introducing high value citrus to Lao farmers

In-line with our commitment to improve the livelihoods of people in our communities near the Sepon mine, MMG also supported high value agriculture programs to assist local farmers secure sustainable incomes.

An example of this is the citrus project, which MMG helped establish in 2014 with partners Ironbark Citrus and Business for Development, both from Australia.

Lao farmers take out loans from a community bank to buy seedlings, and Ironbark has assisted with the supply of quality seedlings, horticultural and marketing expertise. MMG recently provided further support with the development of a gravity fed water system to assist in the establishment of trees.

There are currently over 12,000 citrus trees planted on 33 family farms and more families are interested in joining the program. Approximately 20,000 seedlings were prepared for planting in 2018. This project has the potential to be a sustainable perennial cash crop for future and participating farmers. The project should result in economic benefits for the orchard farmers after five to seven years.

This is a long-term program with the aim of creating an opportunity to secure sustainable incomes for local communities. It also aligns with the UN SDGs of ending hunger, achieving food security and improving nutrition as well as promoting sustainable agriculture.



IMAGE: Supporting farmers in the citrus project.

Access to microfinance and banking services

Microfinance facilities established by Sepon in partnership with GIZ (Germany’s Development Agency) and DFAT (the Australian Department of Foreign Affairs and Trade) support 47 villages with 3,200 participating members and US\$575,000 in capital. This program empowers villagers by providing access to savings and low interest loans.

Previously, there were no banking services in Vilabouly. The Sepon mine encouraged several banks to establish branches, and there are now five branches in Vilabouly. People were initially hesitant and withdrew funds immediately. After a while, however, families started saving and taking control of household finances, positively changing the local economy.

2018 – 2020 OBJECTIVES AND TARGETS

OBJECTIVES	TARGETS	COMMENTS/PROGRESS TO DATE
<p>Strategy and growth Consistent performance enables us to grow a pipeline of development projects by acquisition.</p>	<ul style="list-style-type: none"> › Deliver our growth strategy and become a top mid-tier miner by 2020. 	<ul style="list-style-type: none"> › In 2018, we completed and commissioned our Dugald River zinc operation and completed the sale of our 90% interest in the Sepon mine. This follows the successful divestments of Century, Golden Grove and Avebury and our creation of a portfolio of long life, quality, base metal mining assets. › We paid down another US\$733 million of debt facilities in 2018, further demonstrating the financial strength of our operations.
<p>Corporate governance and business ethics Our business ethics underpin the way we work as we grow and develop our operations in complex jurisdictions.</p>	<ul style="list-style-type: none"> › Full compliance with all applicable obligations under HKEx listing requirements. › 100% of relevant MMG employees trained in anti-bribery and corruption policies and obligations. 	<ul style="list-style-type: none"> › There was full compliance with all applicable 'comply or explain' obligations under HKEx listing requirements for 2018. › All MMG employees with computer access were required to participate in online training. Face to face training is given to all relevant employees.
<p>Compliance and conformance We are committed to environmental regulatory compliance and to operating in alignment with our organisational values.</p>	<ul style="list-style-type: none"> › No environmental non-compliances identified by third party. › No repeat significant environmental events (as per MMG definition of significant). › Establish a mandatory annual environmental audit that fulfils environmental regulatory requirements and provides annual assurance on status of compliance. 	<ul style="list-style-type: none"> › No environmental non-compliances were reported by third parties in 2018– all incidents were reported by MMG to regulators. › No repeat significant events were reported in 2018. › An independent annual environment audit occurred at Dugald River and Rosebery. Functional Assurance Reviews occurred at all sites. › A compliance register tool was developed to track information across the company.
<p>Safety and health We are committed to ensuring that our employees go home from work in the same physical and mental health every day.</p>	<ul style="list-style-type: none"> › 100% implementation of fatal risk controls at all sites. › Full implementation of our Safe Task Management approach. 	<ul style="list-style-type: none"> › All critical controls from the Fatal Risk Management Standard were reviewed during 2018. Control owners from across the business were brought together for workshops and the Standard was revised for implementation in 2019. › In 2018, we updated the Safe Task Management Standard and commenced refresher training.
<p>Sovereign risk and government relationships Constructive relationships with our partners in national, regional and local governments enable us to proactively manage sovereign risk and change.</p>	<ul style="list-style-type: none"> › Develop or maintain relationships with key government and department stakeholders in the regions in which we operate. › Actively engage in the political process to inform government decision-making on material issues to MMG. › Contribute to the relevant public policy debates to develop and enhance human capability in the regions in which we operate. 	<ul style="list-style-type: none"> › Las Bambas has worked closely with the Government of Peru to jointly manage community concerns regarding land acquisition and social compensation for the public road used for transporting Las Bambas concentrates. › On 9 March 2018, the DRC Government signed into law significant changes to the 2002 Mining Code. MMG remains committed to working in consultation with the DRC Government, mining industry and Civil Society groups regarding the application of the 2018 Mining Code. › MMG worked with the Lao PDR Ministry of Health for the inclusion of micronutrients in the National Guidelines on Integrated Management of Acute Malnutrition (IMAM). › Engagement with EITI requirements as a reporting entity and as a participant in advocacy programs.
<p>Community engagement We effectively engage communities and local leadership and encourage participatory planning and decision-making for our Life-of-Asset.</p>	<ul style="list-style-type: none"> › Affected communities effectively engaged in material project modifications, extensions and expansions. › Application of FPIC in line with the requirements of the ICMM Position Statement on Indigenous People. 	<ul style="list-style-type: none"> › Community stakeholders have been engaged as part of the Kinsevere ESIA process, the Las Bambas MEIA and the development of the 2/5 TSF at Rosebery.

OBJECTIVES	TARGETS	COMMENTS/PROGRESS TO DATE
<p>Social development and investment Our activities and investments measurably support development and economic livelihoods in the communities and regions in which we work.</p>	<ul style="list-style-type: none"> › Investment strategies at sites aligned to regional and national social objectives. › Investments deliver measurable positive impact against UN SDGs 1–6 indicators. 	<ul style="list-style-type: none"> › All social investment spend in 2018 is being reported under the relevant SDG 1–6. › New social investments at Las Bambas have been aligned to the Apurimac Regional Development Plan and Kinsevere social investments are have been aligned to national development priorities.
<p>Human rights We recognise, respect and will remedy the impacts of our operations on the human rights of our employees and the communities in which we work.</p>	<ul style="list-style-type: none"> › Accepted as participants in the VPSHR Initiative. › Grievance management processes at all sites compliant with UN Guiding Principles on Business and Human Rights. › Ensure that all complaints relating to the International Labour Organisation’s four fundamental principles and rights at work, namely freedom of association, forced labour, child labour and discrimination, are reviewed and improvements or action taken where required. 	<ul style="list-style-type: none"> › Formally applied to be a participant of the VPSHR Initiative. Consideration of membership is in process. › Grievance management processes at all sites are compliant with core remedy requirements of the UN Guiding Principles on Business and Human Rights. › Implementation of the UNICEF Child Rights framework is in process.
<p>Water access and use We effectively manage our water intake, inventory and discharge to minimise our impacts on other users within the catchment including upstream and downstream communities and the environment.</p>	<ul style="list-style-type: none"> › Trigger Action Response Plans (TARPs) developed and implemented across all sites. › Updated and calibrated site-wide water balance model and water management plan to optimise water management/ consumption for each site. 	<ul style="list-style-type: none"> › All sites have developed TARPs for water management, tailored to site specific risks and management concerns. › All sites have a water balance model and all models have been updated within the last six months. Water management plans are under review.
<p>Tailings and waste rock management We effectively manage the safety and environmental risks of tailings infrastructure and acid and metalliferous mine drainage.</p>	<ul style="list-style-type: none"> › NAF and PAF criteria is agreed for all sites and a process established to validate criteria. › Implementation of independent Dam Review Committees, engineers of record, and independent third-party reviews at all sites. › Review all site dams by year end. 	<ul style="list-style-type: none"> › Each site has criteria based on scientific analysis for definitions of NAF and PAF, based on the particular mineralogy of the location. › Implementation of independent Dam Review Committees, engineers of record, and independent third-party reviews at all sites. › All dams were reviewed by year end.
<p>Social and economic impacts of mine closure We seek to diversify the local economic base of our communities to manage the impacts of mine closure on community employment and economic development.</p>	<ul style="list-style-type: none"> › End of life land use planning commenced for all sites within five years of closure. › Social impacts of closure integrated into Life of Asset planning and social investment strategies. 	<ul style="list-style-type: none"> › The Rosebery Closure Plan underwent a comprehensive update in 2018 and was submitted to the Tasmanian regulator. › In 2018, MMG completed the sale of Sepon to Chifeng to help secure a new life for the asset as it transitions from copper to gold production.
<p>Land management and rehabilitation We effectively manage our land holdings over the life of the operation and seek to protect future land use options.</p>	<ul style="list-style-type: none"> › Mitigation Management Plans and Biodiversity Offset Management Plans are developed, implemented and verification processes are in place to track control effectiveness – where these plans are required across the Group (not all sites). › Mitigation hierarchy embedded within the site land clearance and disturbance processes across MMG. 	<ul style="list-style-type: none"> › Our Environment Standard requires the development of biodiversity – offset and management plans and we are continuing to work on their development and verification. › Site land clearance and disturbance mitigation hierarchy has been embedded and work to ensure full application is ongoing.

ASSURANCE TERMS AND STATEMENT

INDEPENDENT ASSURANCE STATEMENT

TO THE BOARD OF DIRECTORS OF MMG LIMITED:

CECEP (HK) Advisory Company Limited (“**CECEPAC (HK)**” or “**We**”) has been engaged by MMG Limited (“**MMG**”) to conduct an independent limited assurance engagement on the information and data in the 2018 Sustainability Report (“**Sustainability Report**”) of MMG, which covers the period 1 January to 31 December 2018.

I. ASSURANCE SCOPE

CECEPAC (HK) conducted a Moderate (Limited) Type 2 assurance for the Report in accordance with the *AA1000 AccountAbility Assurance Standard (2008)* (“**AA1000AS**”), and the assurance criteria were the following:

- › International Council on Mining and Metals (“**ICMM**”) Subject Matters 1-5 (“**Subject Matter**”) and the corresponding criteria (“**Criteria**”) prescribed in the *Sustainable Development Framework: Assurance Procedure* (“**ICMM Framework**”), as set out in the below table:

Area	ICMM Subject Matter	Criteria
ICMM Subject Matter 1	The alignment of MMG’s sustainability policies to ICMM’s 10 Sustainable Development (“ SD ”) Principles and mandatory requirements set out in ICMM Position Statements.	MMG’s reported alignment of its sustainability policies to ICMM’s 10 SD Principles and mandatory requirements set out in ICMM Position Statements.
ICMM Subject Matter 2	MMG’s material sustainability risks and opportunities based on its own review of the business and the views and expectations of stakeholders. Assessed with regard to the AA1000AS and the <i>AA1000 AccountAbility Principles Standard (2008)</i> (“ AA1000APS ”).	MMG’s description of the process for identifying material issues, and the Global Reporting Initiative (“ GRI ”) definition of completeness per the <i>GRI 2016 Sustainability Reporting Guidelines</i> (“ GRI Standards ”) issued by the Global Sustainability Standards Board (“ GSSB ”).
ICMM Subject Matter 3	The existence and status of implementation of systems and approaches used by MMG to manage a selection of material sustainability risks and opportunities (“ Selected Indicators ”) and corresponding relevant metrics (“ Performance Information ”) (selected through a random double-blind process), including: <p>Social Development and Investment GRI 204-1: Proportion of spending on local suppliers</p> <p>Human Rights GRI 413-1: Operations with local community engagement, impact assessments, and development programs</p> <p>Compliance and Performance GRI 307-1: Non-compliance with environmental laws and regulations</p>	MMG’s description of the systems and approaches to manage the Selected Indicators as outlined in the Sustainability Report and MMG’s internal policies and procedures.
ICMM Subject Matter 4	MMG’s reported performance during the 1 January 2018 to 31 December 2018 reporting period for the Selected Indicators.	Criteria of Selected Indicators disclosed by MMG in accordance with internal policies and procedures, and reference to GRI Standards and other relevant guidelines. Limited assurance on the reliability and accuracy of Performance Information.
ICMM Subject Matter 5	MMG’s self-declared application level of the GRI Standards.	GRI Standards “in accordance” Core criteria.

The following has been excluded from the assurance scope, and hence we do not express any conclusions on this information:

- › Any information outside the 1 January to 31 December 2018 reporting period or any other data disclosed in the Sustainability Report not included within the assurance scope;
- › Financial data or other information already supported by existing verified documents; and
- › Data and information in the Sustainability Report unrelated to MMG and its subsidiaries, which include MMG's suppliers, contractors, and data or information provided by other third parties.

The scope of the assurance engagement was confined to the information provided by MMG only. Any queries regarding the contents or related matters within this assurance statement should be addressed to MMG only.

II. LEVEL OF ASSURANCE AND LIMITATIONS

A moderate level of assurance under AA1000AS has been provided for this engagement. A moderate level of assurance is limited to evidence gathering at corporate/management levels in the organisation and a limited depth of evidence gathering at lower levels in the organisation as necessary. The absence of a significant body of established practice on which to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

III. MMG'S RESPONSIBILITIES

MMG has been responsible for the preparation and presentation of the Sustainability Report in accordance with the GRI Standards: Core option, and other reporting requirements prescribed in the ICMM Framework. MMG has also been responsible for implementing internal control procedures to ensure that the contents of the Sustainability Report are free from material misstatement, whether due to fraud or error.

IV. CECEPAC (HK)'S RESPONSIBILITIES

CECEPAC (HK) has been responsible for issuing an independent assurance statement to the Board of Directors of MMG. This independent assurance statement applies solely to express a conclusion on the assurance work in the specified scope of MMG's Sustainability Report, and does not serve any other intents or purposes.

CECEPAC (HK) has ensured that all personnel involved in the assurance work meet professional qualification, training and experience requirements, and are demonstrably competent. All results of assurance and certification audits are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

V. INDEPENDENCE

CECEPAC (HK) was not involved in collecting and calculating data, nor in the preparation of this Sustainability Report. CECEPAC (HK)'s activities are independent of MMG. There is no relationship between MMG and CECEPAC (HK) beyond the contractual agreement for providing this assurance engagement.

VI. METHODOLOGY

CECEPAC (HK)'s on-site assurance engagement procedures were conducted at MMG's Melbourne headquarters and Dugald River mining site, and the assurance work included:

- › Conducting interviews with management and documentation reviews to understand MMG's approach to assessing and managing SD risks and opportunities, and ensuring the alignment between MMG's internal policies and the ICMM SD Principles (and other requirements set out in ICMM Position Statements);
- › Understanding and testing MMG's approach to stakeholder identification, engagement, feedback collection, analysis and reporting, and MMG's materiality assessment process for the purposes of reporting and assurance;
- › Assessing whether the reporting and management approach for the Sustainability Report have been conducted in line with the AA1000AS principles of Inclusivity, Materiality and Responsiveness;

ASSURANCE TERMS AND STATEMENT

- › Understanding and testing on a sample basis with Selected Indicators, MMG's management system (and underlying objectives, architecture and expectations), and MMG's adherence to management system requirements at corporate and site levels;
- › Understanding and testing on a sample basis with Performance Information, the data measurement, collection, aggregation and reporting processes and management controls for ensuring the quality of data;
- › Reviewing and sampling evidence used to report on Performance Information, recalculating quantitative metrics against stated methodologies and assumptions;
- › Assessing the content in the Sustainability Report and supporting GRI Content Index against the claim that it has been prepared "in accordance" with the GRI Standards: Core option;
- › Checking representations in the Sustainability Report were consistent with conclusions reached; and
- › Performing other procedures we deemed necessary.

Assurance work was performed and the conclusions formed were based upon information and data provided by MMG to CECEPAC (HK), and on assumptions that the information provided was complete and accurate.

VII. CONCLUSIONS

Based on the assurance procedures undertaken and the evidence obtained, nothing has come to our attention that causes us to believe that the:

- a) Subject Matter has not been prepared, in all material respects, in accordance with the Criteria for the Sustainability Report; and
- b) Disclosures of the Performance Information in the Sustainability Report are unreliable, inaccurate, or have not been prepared, in all material respects, in accordance with the reporting approach outlined in the Sustainability Report.

VIII. KEY OBSERVATIONS

The following key observations, which do not affect our conclusions expressed above, were identified during the course of the assurance engagement:

a. ICMM Subject Matter

Subject Matter 1

MMG has committed to implementing ICMM's 10 SD Principles, and MMG's Code of Conduct supports MMG's alignment with these principles by guiding the behaviour of MMG People. MMG has included tables in the Sustainability Report Appendix, which refers to supporting information for MMG's alignment with the 10 SD Principles and mandatory requirements set out in ICMM Position Statements.

Subject Matter 2

Material risks and opportunities are identified through internal assessments and consideration of stakeholder expectations. In 2018, apart from the underlying systems to collect stakeholders' feedback, MMG commissioned a third-party consultant to conduct a Stakeholder Engagement and Issue Analysis exercise, within which perspectives from internal and external stakeholders were captured to inform MMG's materiality assessment and broader sustainability strategy development. MMG's materiality assessment process for the Sustainability Report consisted of reviewing feedback received from internal stakeholders, industry reports, ICMM's 10 SD Principles and findings from the exercise described above.

Subject Matter 3

MMG has a Risk and Assurance Standard, which defines the requirements for identifying, analysing and controlling common, site-specific, function-specific and project-specific risks, and specific workflow procedures for this are outlined in MMG's Risk Management Procedure and Assurance Procedure. Reporting on Safety, Health, Environment and Community ("SHEC")-related events are guided by the SHEC Reporting Standard, and these risks are captured in site-level and group-level risk registers. The implementation of these Standards and Procedures was observed during the assurance process.

Subject Matter 4

MMG has established reporting instructions in Work Quality Requirements and in data collection forms for sites to refer to when reporting on SD key performance data, and internal control measures to ensure the reliability of reported data. The Company reports against topic-specific disclosures with detailed figures and metrics, case studies, and progress against targets in the Sustainability Report.

Subject Matter 5

The assurance findings provide confidence that the Sustainability Report has been prepared in accordance with the GRI Standards: Core option. Topic-specific disclosures and their corresponding page numbers are referenced in the GRI Content Index, which is located in the Appendix of the Sustainability Report, available at mmg.com.

b. AA1000AS Principles

Inclusivity

MMG has identified key stakeholders and engaged them via various avenues to identify their areas of interest. MMG's Shareholder Communication Policy provides a framework for which ongoing dialogue with shareholders and the investing public is maintained. MMG's SHEC Policy and supporting MMG Standards and processes define the minimum requirements for community obligations of MMG people, including consulting with parties that may be affected by MMG's operations. On a site-level, MMG applies its Social Performance Standard to identify, understand and analyse the concerns, interests and relationships of stakeholders, and to mitigate identified social and reputation risks. Regular updates on these matters are reported to the CEO and the Executive Committee - Safety, Security, Health and Environment. MMG has demonstrated that their formulation of policies and daily operations account for stakeholders' expectations and their potential impacts. In our professional opinion, MMG adheres to the principle of Inclusivity.

Materiality

MMG has accounted for stakeholders' needs and areas of interest, and through the materiality process conducted for the Sustainability Report (described in Subject Matter 2 above), has identified and disclosed key material SD risks and opportunities and corresponding qualitative and quantitative key performance indicators. These material SD risks and opportunities are grouped under four reporting themes ("We Contribute to Development", "Who We Are", "The Way We Work", and "We Minimise Our Impact") which form the content of the Sustainability Report. In our professional opinion, MMG adheres to the principle of Materiality.

Responsiveness

MMG has developed multi-faceted means of communication (such as via email, telephone and intranet) with internal and external stakeholders, and regular community consultation meetings between MMG's operating sites and the wider community provide opportunities for stakeholders to voice their concerns, needs and expectations. In response to stakeholder issues such as complaints and grievances, MMG has developed its Stakeholder Grievance Management Work Quality Requirements to outline how stakeholder grievances are received, categorised, escalated, managed and resolved across all MMG sites. Minimum requirements for ensuring that relevant information is communicated to stakeholders in a comprehensive, accurate, timely, accessible and balanced way are outlined in MMG's Disclosure Framework. With regard to stakeholders' needs and concerned issues identified in the materiality assessment, MMG has responded to this accordingly in the Sustainability Report. In our professional opinion, MMG adheres to the principle of Responsiveness.



Joy Song
Vice General Manager,
CECEPAC (HK)



20 June 2019
Hong Kong

GLOSSARY

AMD	acid and metalliferous drainage
ANCOLD	Australian National Committee on Large Dams
ASIST	Applied Suicide Intervention Skills Training
ASM	artisanal and small-scale mining
ASX	Australian Securities Exchange
BARS	Basic Aviation Risk Standard
Chifeng	Chifeng Jilong Gold Mining Co Limited
CMC	China Minmetals Corporation
CSRSM	Centre for Social Responsibility in Mining
DPM	diesel particulate matter
DRC	Democratic Republic of the Congo
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
EPA	Environmental Protection Authority
ESIA	Environment and Social Impact Assessment
FAP	farmers assistance program
FIFO	fly-in, fly-out rosters
FPIC	Free, Prior and Informed Consent
GIZ	German International Bank
GL	gigalitres
GRI	Global Reporting Initiative
GRI Standards	Global Reporting Initiative's 2016 Core Sustainability Reporting Guidelines
HKEx	Hong Kong Stock Exchange
ICA	International Copper Association

ICMM	International Council on Mining and Metals
IMSBC Code	International Maritime Solid Bulk Cargoes Code
ILO	International Labour Organisation
ISO	International Organisation for Standardisation
IZA	International Zinc Association
Lao PDR	Lao People's Democratic Republic
LTIF	lost time frequency rate
LXML	Lane Xang Minerals Limited Sepon
MCA	Minerals Council of Australia
MMG	MMG Limited
NAF	non-acid forming waste rock
NOHSC:1012	National Standard for the Control of Inorganic Lead at Work
NOHSC:2015	Safe Use of Inorganic Lead at Work
PAF	potentially acid forming waste rock
PDR	People's Democratic Republic
RCS	respirable Crystalline silica
SDG	Sustainable Development Goal
TARP	Trigger Action Response Plans
TRIF	total recordable injury frequency
TSF	tailings storage facility
UN-Habitat	United Nations Human Settlement Programme
UNICEF	United Nations International Children's Emergency Fund
VPSHR	Voluntary Principles on Security and Human Rights

DEFINITIONS

Acid and metalliferous drainage / acid mine drainage (AMD): AMD is created when rocks that contain naturally occurring sulphide minerals are disturbed and exposed to air and water. This accelerates the natural weathering process and may lead to the release of low pH (acidic) or neutral drainage water with elevated salinity and metals concentrations. If not responsibly managed, AMD can impact the revegetation of mining wastes, and degrade surface and groundwater quality. Waste rock with the potential to form AMD is termed 'potentially acid forming' or PAF waste rock.

Diesel particulate matter: A complex mixture of gases, vapours, liquid aerosols and particulate substances. The particulate is often referred to as 'soot' and is generally the only visible part of the DPM. These substances are the products of the combustion process.

Life-of-Asset Plan: A strategic planning process which looks to optimise the value derived from an operation over its life cycle.

CONSEQUENCE CATEGORIES BASED ON POPULATION AT RISK

Population at Risk	Severity of Damage and Loss			
	Minor	Medium	Major	Catastrophic
<1	Very low	Low	Significant	High C
≥1 to <10	Significant (note 2)	Significant (note 2)	High C	High B
≥10 to <100	High C	High C	High B	High A
≥100 to <1,000	(Note 1)	High B	High A	Extreme
≥1,000		(Note 1)	Extreme	Extreme

Note 1: With a PAR in excess of 100, it is unlikely that the severity of damage and loss will be "Minor". Similarly with a PAR in excess of 1,000 it is unlikely Damages will be classified as "Medium".

Note 2: Change to "High C" where there is the potential of one or more lives being lost.

The area of TSF management requires significant technical expertise and interpretation. For more information regarding consequence tables visit ancold.org.au

OUR CONTACTS

We welcome your comments on this report.
Please contact us with your feedback or suggestions.

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