

HKEX: 1208

# MMG LIMITED SUSTAINABILITY REPORT APPENDIX 2022



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

**MINING WITH  
PRINCIPLES**



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## We mine for progress

At MMG, our vision is to be 'a leading international mining company for a low-carbon future'. To achieve this, we seek to positively contribute to our host regions while managing the risks to people, heritage and the environment.

We recognise that the sustainable development of our host countries and communities is the result of many shared steps that, over time, lead to real and lasting improvements in the quality of the lives of those working at or living alongside our operations. Transforming natural resources into sustainable development is how we mine for progress.

# About our report

## Report boundary and scope

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

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

All data listed in this report refers to the period from 1 January 2022 to 31 December 2022. Data relating to the previous reporting period has been included where it is comparable and adds useful context. All MMG people numbers are accurate as of 31 December 2022, with MMG contractor numbers averaged for the year.

All data is reported on a 100% equity basis.

## Reporting approach

This report has been prepared with reference to the Global Reporting Initiative's (GRI) 2021 Sustainability Reporting Guidelines (GRI Standards), the GRI's G4 Mining and Metals Disclosure, as well as specific GRI indicators as they relate to each of our material issues. The GRI Content Index can be found in the Appendix to the Sustainability Report at [www.mmg.com](http://www.mmg.com).

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

Currency is reported in US dollars, unless stated otherwise.

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

## Materiality assessment process

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

To build on this insight, in 2022 MMG engaged an external third party to conduct a materiality assessment and stakeholder engagement process.

This process identified a slight shift in MMG's material topics and the need to incorporate additional focus areas in order to fully represent the risks and opportunities facing the Company. For more information about MMG's approach to materiality assessment and stakeholder engagement, refer to pages 05–11.

Information and data about emissions to air, water usage, energy usage and waste produced can be found in the ESG section of our 2022 Annual Report at [www.mmg.com](http://www.mmg.com).

# About our report

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## External assurance

CECEP (HK) Advisory Company Limited carried out an independent limited assurance procedure over elements of this report, guided by the ICMM Assurance Procedure as per the Independent Assurance Statement on pages 70–74.

This included assurance of our alignment with the requirements of the GRI Standards. MMG rotates its third-party validation through all its operations to ensure a more comprehensive understanding of their alignment to our sustainability practices. For the 2022 year, the assurance was undertaken at our Las Bambas operation.

The limited assurance focused on three of the 17 material topics identified through our materiality assessment process. The three sustainability pillars (that cover the material topics) selected were chosen through an independent process without MMG participation and include:

1. Employee value proposition
2. Responsible water consumption
3. Biodiversity and land management



# Our material topics

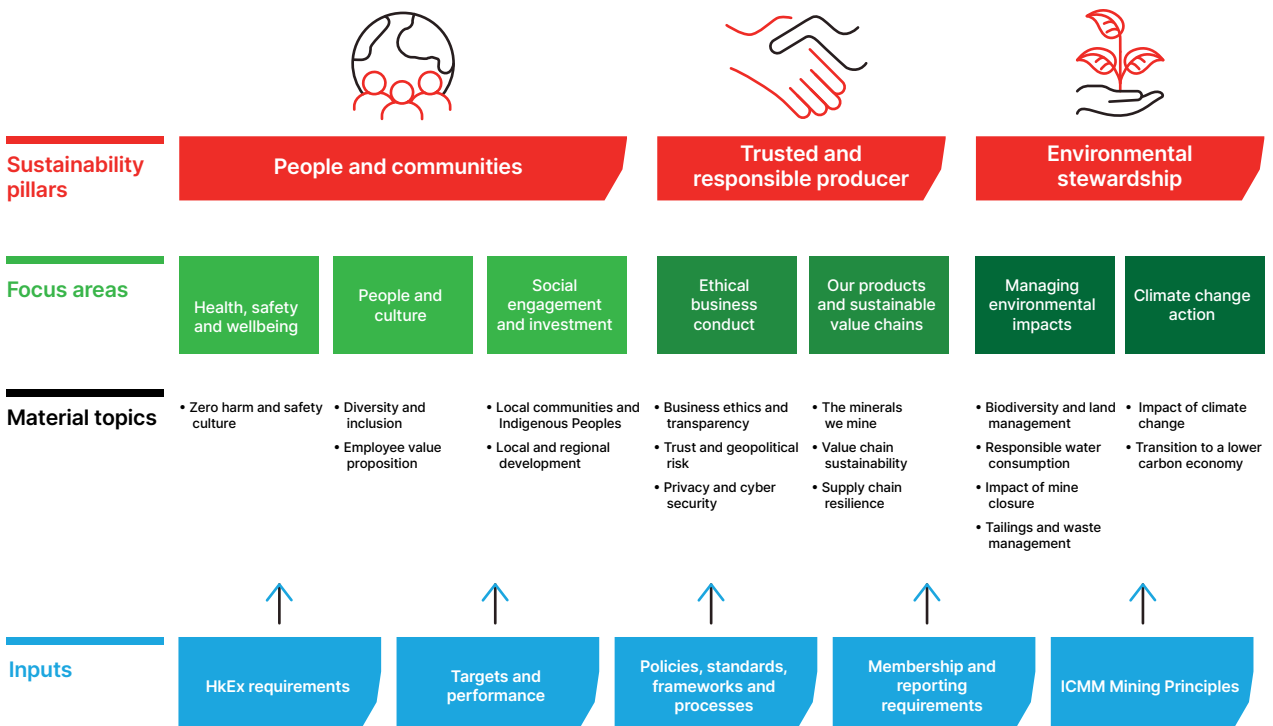
Our material topics include a broad range of sustainability areas, including economic risks and opportunities, that have the potential to affect our performance or reputation, as well as our ability to create value and deliver progress over the short, medium and longer term.

MMG recognises that sustainability topics can become material to the business either gradually or rapidly and in 2022, we engaged an external third party to undertake a materiality assessment and stakeholder engagement process in order to validate and identify emerging material focus areas.

The preliminary view on MMG’s material topics was informed through a market scan of environmental, social and governance trends in MMG’s operating context including transition to a low carbon future, industry issues, stakeholder views and peer disclosures. A total of 17 individual material topics were identified, categorised into seven focus areas and presented to MMG management for consideration, review and validation.

MMG took this as an opportunity to update its Sustainability Framework, developed in 2019, to better align to the new material topics, industry trends and priorities of our business and sites. In December 2022, MMG’s Executive Committee and Board approved our new Sustainability Framework, which clearly articulates our 17 material topics under seven focus areas and three pillars. We are now embedding this across our business, with regular internal reporting requirements, function-specific priorities and site initiatives to drive MMG’s sustainability vision into the future.

## MMG Sustainability Framework



# Our material topics

CONTINUED

As part of this review, we also updated our performance indicators, which were set by the functional Heads and approved by our Executive Committee and Board. These performance indicators and their corresponding targets will replace the previous objectives and targets we have reported over the last three years. Information about our performance against the top 10 indicators and their metrics over the past year can be found below.

MMG's 2022 material topics remain largely consistent with previous years, with minor updates to previously reported metrics.

2022 Material topic	Description	Stakeholders affected	More
<b>Zero harm and safety culture</b>	How we value and manage the health, safety and security of our employees and contractors, including occupational health exposures, and our efforts to ensure zero fatalities and reduction of recordable injuries occur at our operations. This includes embedding a strong safety culture with supportive leadership, behaviours and processes across the business, considering their physical and mental health and wellbeing.	Employees, communities, suppliers, government, investors, media and industry	Pages 26–33
<b>Diversity and inclusion</b>	How we create a diverse and inclusive workplace culture by promoting gender, culture, workplace flexibility and other diversity within our workplace.	Employees, suppliers, non-government organisations and industry	Pages 17–21
<b>Employee value proposition</b>	How we invest in initiatives to develop, train and engage our people, as well as providing a workplace that respects human rights.	Employees, government, investors, non-government organisations, media and industry	Pages 17–21, 40
<b>Local communities and Indigenous Peoples</b>	How we engage and participate with our local communities and Indigenous Peoples on planning and decision making across the life of our assets. This includes our commitment to Indigenous rights and cultural heritage, respecting the human rights of all people and complying with the Voluntary Principles on Security and Human Rights.	Employees, host communities, suppliers, government, investors, non-government organisations, media and industry	Pages 35–43
<b>Local and regional development</b>	How we contribute to the social and economic development of local communities and Indigenous Peoples near our operations through investment, education, employment, procurement and other initiatives to support and promote livelihoods.	Suppliers, host communities, government, investors, non-government organisations, media and industry	Pages 44–53
<b>Business ethics and transparency</b>	How we maintain strong corporate governance, business ethics and transparency across our operations that are located in complex jurisdictions, and ensure ongoing, culturally appropriate engagement with key stakeholders, including investors.	Government, non-government organisations, investors, employees, suppliers, customers and industry	Pages 23–25
<b>Trust and geopolitical risk</b>	How we ensure tax, revenue and regulatory compliance across our operating jurisdictions and manage the impacts of sovereign and geopolitical risk on our business.	Employees, investors, government, non-government organisations, industry, media	Pages 34, 52–53
<b>Privacy and cyber security</b>	How we protect our digital infrastructure from cyber threats and uphold information privacy.	Employees, investors, government, industry	Page 24
<b>The minerals we mine</b>	How the commodities we mine are contributing to meeting the growing population's needs for technologies, infrastructure and agriculture, in particular the increased demand for clean energy technologies such as electric vehicles, solar power, wind turbines and batteries, and to hitting net zero globally by 2050.	Investors, governments, non-government organisations, customers, industry	Page 11

2022 Material topic	Description	Stakeholders affected	More
<b>Value chain sustainability</b>	How we take responsibility for the way the materials on our tenements are extracted, processed and ultimately consumed, and our role in the Circular Economy. This includes managing the socioeconomic impacts of artisanal and small-scale mining, embedding innovative processes into our business to reduce our impacts, and respecting human rights across our operations and supply chain.	Host communities, government, non-government organisations, suppliers, customers and industry	Pages 13–15, 40–43, 55–69
<b>Supply chain resilience</b>	How we engage and collaborate with our suppliers and partners to promote supply chain resilience, and our efforts to support local economies through the procurement of goods and services from local providers where possible.	Host communities, government, non-government organisations, investors, suppliers, customers and industry	Pages 49–53
<b>Biodiversity and land management</b>	How we recognise our role as temporary stewards of the land we mine and minimise our impacts on the environment and biodiversity of our assets and surrounding land. Ensuring we respect the sites land of cultural and historical significance.	Host communities, government, non-government organisations, media and industry	Pages 66–69
<b>Responsible water stewardship</b>	How we recognise that water is a strategically important resource with social, economic and environmental value, which requires management to ensure efficient and responsible withdrawal, consumption and discharge.	Host communities, government, non-government organisations and industry	Pages 54–57
<b>Impacts of mine closure</b>	How we manage the impacts of mine closure, rehabilitate progressively where possible and ensure adequate provisioning for closure. This includes exploring opportunities for economic transition and the ongoing use of mining-related infrastructure post closure.	Host communities, government, non-government organisations, investors, media and industry	Pages 67–69
<b>Tailings and Waste Management</b>	How we safely manage our tailings and waste including associated infrastructure and the processes we use to minimise impacts to people and the environment. This includes evaluating new technologies to minimise our waste production, risk informed design of infrastructure, development of critical controls, independent reviews and audits and disclosure at all our operations.	Host communities, government, non-government organisations, investors, media and industry	Pages 58–59
<b>Impacts of climate change</b>	How we are managing the physical risks presented by climate change to our business, to ensure the resilience of our operations, supporting infrastructure and surrounding communities.	Host communities, government, non-government organisations investors, media and industry	Pages 62–65
<b>Transition to a lower carbon economy</b>	How we are contributing to a low carbon future, and future proofing our business through efforts to reduce emissions and energy intensity.	Host communities, government, non-government organisations, media and industry	Pages 62–65

# Our objectives and targets

Aligned with our updated material topics, MMG's objectives and targets have now been revised for the coming years. Below are the top 10 objectives for the 2022 period.

## Sustainability performance targets



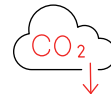
### Anti-bribery and corruption compliance

- % of employees with computers who have completed the online training annually
- Number of prosecutions



### Safety performance

- Number of SEEE (Significant Events with Energy Exchange)
- TRIF (Total Recordable Injury Frequency) Rate



### Reduction of GHG emissions (Scope 1 and Scope 2)

- Progress towards reduction of GHG emissions by 40% by 2030, and net zero by 2050



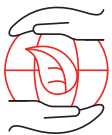
### Environmental compliance (with environmental laws and regulation)

- Non-compliances/grievances received



### ICMM water commitment compliance

- Progress to compliance against ICMM water commitment requirements



### Global Industry Standard on Tailings Management (GISTM)

- Progress to compliance against GISTM requirements



### Community grievance management (including human rights-related)

- Resonse time to grievances
- % of grievances closed within 60 days of receipt



### Female representation

- % female representation overall by site and for senior management



### People engagement

- % improvement from People and Culture Survey



### Proportion of spending on local suppliers

- % of procurement sourced from 'local' contractors



Sustainability Focus Area	Objectives	Measure	Comments/Progress to date
<b>Health, Safety and Wellbeing</b>	Safety Performance	<ul style="list-style-type: none"> <li>Number of SEEE (Significant Events with Energy Exchange)</li> <li>TRIF (Total Recordable Injury Frequency Rate) Rate</li> </ul>	<ul style="list-style-type: none"> <li>MMG recorded a total of 25 incidents. Looking ahead to 2023, MMG's focus is on lead safety indicators.</li> <li>MMG's safety performance in 2022 recorded an increase in TRIF compared to 2021 however a 16% improvement in H2 2022 compared to H1 2022 occurred.</li> </ul>
<b>People and Culture</b>	Female representation	<ul style="list-style-type: none"> <li>% Female representation overall by site and for senior management</li> </ul>	<ul style="list-style-type: none"> <li>There was an increase of female representation compared to 2021, with multiple initiatives launched in 2022 to continue promoting this objective.</li> </ul>
	People engagement	<ul style="list-style-type: none"> <li>% improvements from People and Culture Survey</li> </ul>	<ul style="list-style-type: none"> <li>There was an increase in the People and Culture Survey participation of 4.3% compared to 2021.</li> </ul>
<b>Social Engagement and Investment</b>	Human rights and/or community related grievances raised and appropriately actioned by the sites	<ul style="list-style-type: none"> <li>Response time to grievances</li> <li>% of grievances closed within 60 days of receipt</li> </ul>	<ul style="list-style-type: none"> <li>All sites updated their site-specific grievance mechanisms to improve internal controls around response times and closure rates.</li> <li>6% improvement on response time to grievances when compared to 2021, and 73% of grievances closed within 60 days of receipt.</li> </ul>
<b>Ethical business conduct</b>	Anti-Bribery and corruption compliance	<ul style="list-style-type: none"> <li>% of employees with computers who completed the online training annually.</li> <li>Number of prosecutions</li> </ul>	<ul style="list-style-type: none"> <li>All relevant MMG employees were provided access to anti-bribery and corruption training with 87% of employees completing the training throughout 2022.</li> <li>There were no confirmed significant non-compliances with the Company's Code of Conduct identified and no legal cases regarding corrupt practices brought against the Company or its employees.</li> </ul>
<b>Our Products and Sustainable Value Chain</b>	Proportion of spending on local suppliers	<ul style="list-style-type: none"> <li>% of procurement sourced from 'local' contractors</li> </ul>	<ul style="list-style-type: none"> <li>92% of MMG's total procurement spend was sourced from in-country suppliers</li> </ul>
<b>Managing Environmental Impacts</b>	Environmental compliance (with environmental laws and regulation)	<ul style="list-style-type: none"> <li>Non-compliances/grievances received</li> </ul>	<ul style="list-style-type: none"> <li>In 2022, there were no significant fines or penalties related to environmental management that have had a significant impact on the Group.</li> </ul>
	ICMM Water commitment compliance	<ul style="list-style-type: none"> <li>Progress to compliance against ICMM Water commitment requirements</li> </ul>	<ul style="list-style-type: none"> <li>MMG continued to improve and streamline water management strategies in line with local regulator and ICMM requirements.</li> </ul>
	Global Industry Standard on Tailings Management (GISTM)	<ul style="list-style-type: none"> <li>Progress to compliance against GISTM requirements</li> </ul>	<ul style="list-style-type: none"> <li>Self-assessment completed during 2022, with action and improvement plan currently being developed in close coordination with a key working group at Corporate to support each site's efforts for compliance</li> </ul>
<b>Climate change Action</b>	Reduction of GHG Emissions (scope 1 and scope 2)	<ul style="list-style-type: none"> <li>Progress towards reduction of GHG emissions by 40% by 2030, and net zero by 2050</li> </ul>	<ul style="list-style-type: none"> <li>The Climate Resilience Strategy was approved by the Board in March 2022. In line with this all sites updated their GHG projections, reviewed their trajectories and pathways and have begun exploring solutions for target achievement. MMG is on target to achieve reduction of GHG emissions.</li> </ul>

# MMG stakeholders and engagement avenues

MMG regularly engages with stakeholders across our sites and around the world, both internally and externally. Where we choose individuals to engage with on behalf of a stakeholder group, we strive to ensure we select a diverse range and representation to ensure we are hearing as broad a range of opinions as possible. This engagement can take place on a daily, monthly, half yearly or yearly basis, depending on the engagement avenue, the specific stakeholder group and the operation or office in question. For example, our people and culture survey takes place twice a year, formal community meetings may take place monthly or quarterly, and we might communicate with NGOs on an as needs basis. All stakeholders are engaged at least once a year.

Some examples of engagement avenues with specific stakeholders include:

- talking to employees during development training programs and employee surveys;
- community engagement and government relations;
- engaging contractors and external stakeholders in over-the-phone interviews;
- responding to requests from customers, regulators, shareholders and investors; and meeting with NGOs to hear their feedback about our performance and opportunities for improvement.

The below table is a list of each stakeholder, their sub-groups, their areas of interest and the varying engagement avenues we use to hear from them.

Stakeholder	Stakeholder groups	Areas of interest	Engagement avenues
<b>Employees</b>	MMG employees and contractors at: <ul style="list-style-type: none"> <li>• mine sites</li> <li>• development projects</li> <li>• all offices, including our head office in Melbourne</li> </ul>	<ul style="list-style-type: none"> <li>» Staff safety and wellbeing – safety management and performance</li> <li>» Our economic performance – business strategy</li> <li>» Talent attraction and retention – values and behaviours, working conditions, work plans, remuneration and benefits, career opportunities</li> <li>» Diversity – equal opportunity</li> </ul>	<ul style="list-style-type: none"> <li>» Safety meetings</li> <li>» Shift change meetings</li> <li>» Management and CEO presentations</li> <li>» Emailed and hardcopy updates</li> <li>» Corporate and individual site intranets</li> <li>» Cultural and people development programs and training</li> <li>» Bi-annual People and Culture Survey</li> <li>» Social media channels</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>» Host and regional communities</li> <li>» Local villages and towns near our operations</li> </ul>	<ul style="list-style-type: none"> <li>» Post-closure community expectations and community and regional development – impacts on local communities, community investment and development, local amenity and housing</li> <li>» Stakeholder relationships – local business support</li> <li>» Environmental management and compliance – environmental impacts and management</li> <li>» Public interaction with operations – health and safety impacts</li> <li>» Economic sustainability – future financial viability</li> <li>» Community and regional development – sustainable employment post mine life</li> </ul>	<ul style="list-style-type: none"> <li>» Community investment projects</li> <li>» Quarterly and monthly newsletters</li> <li>» Meetings</li> <li>» Written communications</li> <li>» Local media</li> <li>» Social Impact Assessment</li> <li>» Sponsorships</li> </ul>
<b>Suppliers</b>	Businesses from which we purchase products and services	<ul style="list-style-type: none"> <li>» Our economic performance – economic security of the business, supply opportunities, payment processes</li> <li>» Contractor selection – health and safety, contractor management procedures, supplier contractual conditions</li> </ul>	<ul style="list-style-type: none"> <li>» Tender and contract documents</li> <li>» Direct communications</li> <li>» Induction and training</li> </ul>

Stakeholder	Stakeholder groups	Areas of interest	Engagement avenues
<b>Government</b>	<ul style="list-style-type: none"> <li>» Regulators and government authorities with responsibilities for the areas where we operate</li> <li>» Local, state and federal government in countries including Australia, Laos, Peru, DRC and Canada</li> </ul>	<ul style="list-style-type: none"> <li>» Government relations – compliance with permits and licences, social policy and fiscal regimes applicable to the resources sector</li> <li>» Community and regional development – engagement with host and local communities, community investment and development, market access</li> <li>» Environmental management and compliance – environmental impact management, product stewardship</li> </ul>	<ul style="list-style-type: none"> <li>» Statutory and licence reporting, regular meetings</li> <li>» Written communication</li> <li>» Foreign Investment and Review Board reporting</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>Retail investors in Hong Kong and broader investment communities</li> <li>» Global institutional investors</li> <li>» Analysts and brokers</li> <li>» Stock commentators</li> <li>» China Minmetals Corporation (majority Shareholder)</li> <li>» Debt providers</li> </ul>	<ul style="list-style-type: none"> <li>» Company performance</li> <li>» MMG share price – earnings and production results, share price performance against industry peers</li> <li>» Growth strategy including acquisitions, projects and exploration</li> <li>» Commodity and market outlook</li> <li>» Board and governance</li> <li>» Corporate responsibility and sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>» Announcements to the Hong Kong Stock Exchange in accordance with Listing Rules</li> <li>» Quarterly production reports, interim and annual reports</li> <li>» Investor roadshows, meetings, teleconferences and site visits</li> <li>» Attendance and presentations at major global mining conferences</li> <li>» Shareholder communications</li> <li>» Monthly and quarterly Shareholder reports to the Board</li> </ul>
<b>Non-government organisations</b>	<ul style="list-style-type: none"> <li>» Non-government organisations</li> <li>» Special interest groups</li> </ul>	<ul style="list-style-type: none"> <li>» Community and regional development – impacts on local communities, community investment and development, community health, local infrastructure development and investment</li> <li>» Public interaction with operations – interactions with local communities</li> <li>» Human rights</li> <li>» Bribery and facilitation payments</li> <li>» Workforce localisation</li> <li>» Environmental management and compliance – environmental impacts and management</li> <li>» Post-closure community expectations</li> <li>» Management decision making – governance, risk management, Board composition and operation</li> </ul>	<ul style="list-style-type: none"> <li>» Sustainability report</li> <li>» Meetings</li> <li>» Media releases</li> <li>» Website content</li> <li>» Social media channels</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>» Local and regional media in the areas of our operations</li> <li>» Finance and resources media internationally</li> </ul>	<ul style="list-style-type: none"> <li>» Potential for interest in all material issues, particularly those of current interest to other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>» Media releases</li> <li>» Website content</li> <li>» Media tours, interviews</li> </ul>
<b>Industry</b>	<ul style="list-style-type: none"> <li>» Other mining businesses</li> <li>» Industry associations</li> <li>» University and technical training providers</li> <li>» Unions</li> </ul>	<ul style="list-style-type: none"> <li>» MMG share price – earnings and production results, share price performance against industry peers</li> <li>» Acquisition investment – project announcements, merger and acquisition programs</li> <li>» Management decision making – governance, risk management, Board composition and operation</li> <li>» Stakeholder relationships and government relations – support for industry initiatives, involvement in industry fora, support for industry specific training and development</li> </ul>	<ul style="list-style-type: none"> <li>» Membership of international, national and regional industry groups</li> <li>» Representation on executive and working group committees</li> <li>» Sustainability reporting against GRI and ICMM benchmarks</li> <li>» Sponsorship and support of technical training institutions and industry associations</li> </ul>



# Our contacts

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

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## GENERAL ENQUIRIES

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