



We mine for progress

MMG Limited
Tax and Community
Contribution 2023

ICMM
International Council
on Mining & Metals

MINING WITH
PRINCIPLES

HKEX: 1208

Tax and community contribution

MMG makes significant contributions to the economies of countries in which we operate as a major investor, taxpayer, employer and purchaser of local goods and services. For the financial year ended 31 December 2023, total taxes paid were US\$307.1 million, and total royalties paid were US\$147.6 million. Taxes paid in relation to previous years are available on the MMG website for Tax and Community Contribution, together with a broad overview of corporate income taxes specific to the mining sector.

MMG's 2023 Sustainability Report is prepared with reference to the Global Reporting Initiatives' (GRI) Sustainability Reporting Standards. The disclosures in this report are guided by the GRI 207 Tax Standard, and include corporate income taxes, value-added taxes, royalties on mineral extraction, withholding taxes and taxes paid on significant uncertain tax positions.

Tax governance, control and risk management

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

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

Stakeholder engagement and management of tax related concerns

MMG operates under a policy of full transparency and cooperation with all tax authorities, and the payment of all taxes properly due under the law wherever we operate. MMG is a member of numerous industry associations such as the DRC Chamber of Mines, International Council on Mining and Metals (ICMM), International Zinc Association, the Extractive Industries Transparency Initiative (EITI), Transparency International (Australia), Queensland Resources Council and Tasmanian Minerals Council. As a result, MMG is often party to regular tax transparency and reporting dialogues, engaging in robust and active discussions with local tax authorities on tax policy implementation and interpretation matters.

\$307.1 million

Total taxes paid in 2023 (US\$)

\$147.6 million

Total royalties paid in 2023 (US\$)



Kutuctay bridge is an emblematic project that succeeds in connecting the Cusco and Apurímac regions in Peru.

Tax and community contribution (continued)

Tax transparency and reporting

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. There are broadly two approaches to tax disclosures. These are taxes paid by a company contributing to government public expenditure, as well as assisting in collecting taxes from third parties in addition to making its own contributions. MMG's current approach reflects the former. MMG further demonstrates transparency through:

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

- participating in the ICMM annual tax contribution survey, providing information on MMG's corporate income tax and royalty payments (aggregated in the ICMM members' tax contribution publication)
- annual disclosure of tax information in the Australian Corporate Tax Transparency Report.

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

Notes:

1. Paid/accrued in respect of FY2023.
2. Income tax liability does not always align with tax payments. This disclosure has been made on a cash tax paid basis. Relevant to Peru, the FY2022 taxes paid in advance were used to offset the FY2023 liabilities.
3. This category includes amounts such as taxes paid in dispute, unrecovered Value Added Tax and net Goods and Services Tax paid.
4. Components of total tax contribution are all assured on an aggregate level during the 2023 Annual Reporting audit (assured by Deloitte Touche Tohmatsu).

MMG	2021	2022	2023
	US\$'000	US\$'000	US\$'000
Total taxes paid (excluding royalties)	248,552	447,160	307,059
Total royalties paid	167,829	120,109	147,593
National supply procurement	1,770,365	2,148,211	2,249,236
Goods and services (excluding taxes and royalties)	1,909,094	2,452,661	2,744,209
New property, plant and equipment	553,000	519,915	813,500
Employee benefits	306,333	321,892	365,700
Social development programs	32,912	31,244	31,850

Peru	2021	2022	2023
	US\$'000	US\$'000	US\$'000
Royalties ¹	105,394	64,179	111,133
Income Tax ²	50,510	165,526	2,862
Withholding tax ²	13,916	13,988	18,450
Other Taxes ³	35,017	30,030	41,065
Employment related taxes	42,918	50,663	54,241
Total tax contribution⁴	247,755	324,386	227,751

DRC	2021	2022	2023
	US\$'000	US\$'000	US\$'000
Royalties ¹	26,367	22,438	17,825
Income Tax ²	32,626	53,364	23,802
Withholding tax ²	3,740	3,893	5,040
Other Taxes ³	10,231	19,966	47,512
Employment related taxes	16,446	17,270	18,244
Total tax contribution⁴	89,410	116,931	112,423

Australia	2021	2022	2023
	US\$'000	US\$'000	US\$'000
Royalties ¹	36,068	33,492	18,635
Income Tax ²	0	46,131	44,992
Withholding tax ²	820	1,155	2,233
Other Taxes ³	0	0	0
Employment related taxes	42,328	45,174	48,618
Total tax contribution⁴	79,216	125,952	114,478

