

SUSTAINABILITY REPORT 2015



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WE ARE LAS BAMBAS

WE MINE FOR PROGRESS

Las Bambas is an ore deposit located at more than 4,000 metres above sea level, between Cotabambas and Grau provinces (Apuímac). In the first quarter of 2016, we began producing clean copper concentrate with gold, silver and molybdenum by-products. In July 2016 we began commercial production.

We are part of a joint venture formed in 2014 by MMG Limited, Guoxin International Investment Co. Ltd. and CITIC Metal Company Ltd. Our operator, MMG, is a global resources company that explores, develops and mines base metal deposits around the world.

We mine for progress and we create wealth and development for our stakeholders and host communities, respecting the environment and contributing to the local and national economy.

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A MESSAGE FROM MMG'S CEO



Andrew
Michelmore



Dear Readers,

It is with pleasure that we present Las Bambas' Sustainability Report.

2015 has been an exciting year for our company. In December we achieved a significant milestone with the production of our first copper concentrate as part of commissioning activities for the mine. This achievement took place against a backdrop of ongoing market volatility and key commodity pricing pressure. This has led to an even greater focus at MMG on achieving productivity gains and on challenging ourselves to be better, and do better, across our safety, volume and cost metrics.

I would like to recognise our people's focus on safety during the construction and commissioning of Las Bambas. At MMG, safety is our most important value, and our highest operating priority – we think safety first and strive for Las Bambas to become an injury-free workplace.

At MMG, we mine for progress. We aim to build wealth through the development of our people, the investments we make in improving local capabilities as well as the value we deliver to our shareholders. Once in full production, Las Bambas will be one of the world's largest copper mines. This mine will position Peru as one of the top copper producers in the world and become a strong contributor to social investment and local employment in the region.

We look forward to building on our relationships and contributing to the development of our local communities.

On behalf of our board and our joint venture partners Guoxin International Investment Co. Ltd. and CITIC Metal Co. Ltd., I would like to thank all of our people, our communities and external stakeholders for their support and contributions to this major project.

Andrew Michelmore

Chief Executive Officer (CEO)
MMG Limited

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A MESSAGE FROM THE LAS BAMBAS PRESIDENT



Dear Readers,

We are pleased to present our 2015 Sustainability Report, as one way to share Las Bambas' performance results with our stakeholders. In 2015 we essentially finished construction and started facing the great operational and institutional challenges that came with the commencement of Las Bambas' commissioning stage.

This is the eighth report published under the Global Reporting Initiative (GRI) guidelines and, since last year's report, we have been using the G4 version. Material or highly relevant aspects presented in this report have been validated in a dialogue panel with institutional and local stakeholders in Abancay, capital of the Apurímac region, where we operate.

This report also briefly describes how Las Bambas has contributed in 2015 to the sustainable development of the region and reaffirmed the commitments for local development. We seek to work together with the community, the Peruvian government and the society at large for a better future.

As in 2014, Las Bambas continued aligning our business practices with MMG's management approach and corporate policies for sustainable development, adopting its culture, standards and values. MMG's guidelines drive us to *mine for progress*.

In 2015 we employed over 7,300 employees and contractors at Las Bambas, and 100% of the unskilled labour we hired was local. We continued launching training programs to diversify local economic activities and increase residents' employability.

Our human resources department improved our recruitment and personnel development processes; we strengthened our teams to successfully begin production. Our main objectives in safety and occupational health management were to adapt to new operational processes and align with and implement MMG's corporate procedures and standards.

We continued prioritising the acquisition of goods and services offered by local contractors and suppliers, exceeding the amount in 2014. In 2015 we made significant achievements through the Local Entrepreneur Development Program, promoting business roundtables in Puno and La Paz, Bolivia, for local businesses to make contacts.

Our actions to protect the environment focused on efficient management and reuse of water to reduce fresh water consumption. One of Las Bambas' main achievements in 2015 was obtaining licenses for contact and non-contact water before commencing operations in 2016. We also continued with our participatory environmental monitoring and surveillance activities with local communities.

With respect to community relations, we followed up on our commitments for the post-resettlement stage, monitoring compliance with the Livelihood Restoration Program. We also continued supporting and participating in the various activities that express the population's cultural identity, seeking to give new value to their traditions and preserve them.

As one of the world's largest copper mines, the development of Las Bambas tends to create expectations. We seek to understand the concerns of our surrounding communities, maintaining a transparent, pro-dialogue approach. However, despite these efforts, an incident occurred in September 2015, concerning the amendments of the Las Bambas Environmental Impact Study. The protests escalated into a conflict, resulting in several protestors and police officers suffering serious injuries and, tragically, the deaths of three protestors.

We currently continue to participate in the dialogue tables established by the national government, with the goal of maintaining social peace and promoting development.

Finally, I would like to express my gratitude to all of our employees, whose hard work and commitment have made Las Bambas a reality. The results included in this report have been a joint effort of which we are all very proud.

I hope you find this report informative. We remain at your disposal for any comments or recommendations you may have, which will help us continue fine-tuning our processes.

Yours sincerely,

Gustavo Gomes
Las Bambas President

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ABOUT
THIS REPORT



Report Boundary and Scope

Data provided in this report covers the period of 1 January to 31 December 2015. We have included information relating to the previous reporting period where data is comparable and adds useful context. Where appropriate, we have referenced activities that took place after 31 December 2015.

We report all sustainability metrics for Las Bambas, covering the activities that support operational readiness and production. We only report safety statistics relevant to the Las Bambas construction project and its workforce.

Currency is reported in U.S. dollars, unless otherwise stated.

Approach

This report is prepared in accordance with the Global Reporting Initiative's (GRI) Core Sustainability Reporting Guidelines (G4) and with GRI's Mining and Metals Sector Disclosure Guidelines. It includes the G4 indicators selected for each of our material issues. A GRI index is provided in the GRI Data and Reference Index in Section 11.

This report has been reviewed and approved by the Las Bambas Management Committee and our operator, MMG.

Materiality Assessment

We conduct a GRI-aligned materiality assessment to ensure that we report on issues that matter most to our stakeholders. In 2015 our materiality assessment involved a desktop analysis of material aspects from our previous report and those of our operator, MMG.

It also involved stakeholder engagement via a dialogue panel in Apurímac. Participants included local communities, civil society, employees, contractors, media, government, opinion leaders and members of the mining sector.

Since 2010, Las Bambas has been conducting this type of panel on an annual basis to hear stakeholders' opinions, perceptions and expectations regarding our performance. These forums are also useful to discuss realistic expectations regarding Las Bambas' role in the region and to seek clarity on long-term regional development priorities.

The main stakeholders' concerns highlighted in the 2015 dialogue panel included:

- > The safety and occupational health initiatives applied during completion of the construction phase
- > Issues related to illegal mining near Las Bambas' concession
- > Improvements in Las Bambas' environmental management system
- > Local water issues in the context of scarce water resources at a national level
- > Capacity building for communities in our area of influence
- > Compliance with the commitments made with communities in our area of influence
- > Strategy for local supply of goods and services, focusing on transport, when commencing operations

An internal validation process then confirmed the scope and boundary of the top 11 issues on which the 2015 Sustainability Report is based. (Refer to Material Issues on page 10.)



Material Issues

	SCOPE	STAKEHOLDERS	PAGE REFERENCE
THE WAY WE WORK			
Safety and health	Maintaining workforce safety and health during completion of the construction phase and as we prepare for operations	Employees	60 - 63
Human rights and compliance	Managing the impacts of our operations on human rights, including security forces and grievances	Employees and community	28 and 29
OUR CONTRIBUTION			
Compliance with socio-environmental commitments and accountability	Delivering on the commitments made with communities in our area of influence	Employees, community, government and society	24 and 25
Infrastructure development	Programs to support improvement in communities' living conditions	Community	36, 37 and 42
Capacity building in the region	Capacity building for communities in our area of influence	Community, government and society	37, 39, 40, 41 and 44
Local economic boost	Strategy for local supply of goods and services	Community, government, society, shareholders and suppliers	38, 39 and 45
Resettlement	Progress of resettlement and post-resettlement programs	Community and government	43
Illegal mining	Managing illegal mining in Las Bambas' concession areas	Community and government	41
ENVIRONMENT			
Environmental performance	Continuous improvement in environmental management	Community, government and society	50 - 55
Water management	Water management in the context of scarce water resources at a national level	Community, government and society	51 and 52
OUR PEOPLE			
Job opportunities and expectations	Workforce localisation and talent development	Employees and community	58

External Assurance

Ernst & Young (EY) conducted independent limited assurance over elements of MMG's group-wide Sustainability Report, which is available on www.mmg.com. This included limited assurance of Las Bambas data related to:


- > tailings and waste rock management
- > water access and use
- > human rights

“This Sustainability Report is GRI-aligned and includes material issues that matter most to our stakeholders.”



4

PERFORMANCE AND GOALS

A group of five men, likely workers or supervisors, are standing in a line in front of large yellow mining machinery. They are all wearing white hard hats and high-visibility orange safety jackets with reflective silver stripes. The background shows the complex structure of the mining equipment, including a large yellow archway with the text "CONDOCE CON PRECAUCION Y GAMA UNA VIDA A MONTON" and a yellow sign with the number "06". The scene is set outdoors under a clear blue sky.

“At Las Bambas, we seek continuous improvement in our processes. Every year, we assess whether we have met our goals, and we set new objectives for the following period.”



PERFORMANCE AGAINST 2015 GOALS

OVERALL SHEC

Develop and implement critical control plans for material safety, health, environment and community relations risks. ●

SAFETY AND HEALTH

Align our management team, employees and contractors with MMG's safety value and train them in our safety processes, in preparation for operation. ●

Use baseline monitoring to establish the basis for minimising exposure to workplace agents once the site is operational. ●

ENVIRONMENT

Update the Environmental Impact Study (EIS) and the Closure Plan, which will be submitted in 2016 to the Ministry of Energy and Mines (MINEM). ●

Prepare and implement action plans to meet MMG's Environmental Standard and comply with local regulations. ●

COMMUNITY RELATIONS

Complete resettlement of Fuerabamba families and continue implementation of the Livelihood Restoration and Community Development program. ●

Develop a shared vision and plan with stakeholders for the socio-economic development of areas of influence and the Apurímac region. ●

Achieve community acceptance of the trucking of concentrate. ●

HUMAN RESOURCES

Have the necessary people and skills to operate. ●

Create a high-performance culture. ●

Encourage our leaders to promote our culture. ●

Retain our talent through a competitive remuneration and benefit structure. ●

Comply with our local employment commitments. ●

Legend

- Goal met or substantially met
- Made progress
- Goal not met



MOVING FORWARD

2016 GOALS

After evaluating our 2015 performance, we set the following goals for 2016.

SAFETY AND HEALTH

Deployment of training sessions in support of our Creating Safe Work program.

Implementation of critical control management plans for the tailings storage facility.

Implementation of a Fatigue Management Plan.

Collection of information to prepare Exposure Management Plans.

ENVIRONMENT

Preparation and implementation of management plans to meet MMG's Environmental Standard and stakeholder commitments, and to comply with local regulations.

Deployment of site Management Assurance Reviews for mineral waste and water as per approved plan.



COMMUNITY RELATIONS

100% resolution of all complaints/grievances in accordance with site procedures.

Quality-of-life indicators verified with site communities and other stakeholders. Monitoring, evaluation and reporting processes established for quality-of-life indicators.

HUMAN RESOURCES

Implementation of SAP Human Resources systems.

Creation of strong and direct relationships with all our employees through development of teamwork skills and promoting team building.

Development and implementation of programs to strengthen MMG's culture in Las Bambas.

Channel local employment programs into infrastructure projects in local communities.

Strengthen our internal communications strategy.

A woman wearing a white hard hat with a logo, safety glasses, and an orange high-visibility jacket with 'LAS BAMBAS' on the chest. She is smiling and looking to the right. The background shows a complex industrial structure with blue metal beams and a large white cylindrical tank.

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WHO WE ARE

“Las Bambas is the first mining project to apply a sustainable development model promoted by the Peruvian government.”

5.1 COMPANY PROFILE

By year-end 2015, after 11 years of exploration, development and construction, Las Bambas was ready to begin operations.

Las Bambas, which was acquired by a joint venture formed by MMG Limited, Guoxin International Investment Co. Ltd and CITIC Metal Co. Ltd in 2014, is one of the largest mining investments in Peru's history. Las Bambas produced its first copper in concentrate in late December 2015 as part of commissioning activities. Once in full production, Las Bambas will be one of the world's largest copper mines and will also produce by-products of gold, silver and molybdenum.

Las Bambas is located at more than 4,000 metres above sea level, between Cotabambas and Grau provinces, in the Apurímac region, 70 kilometres southeast of Abancay city. Las Bambas began exploration activities in 2005. We have applied a participatory and consultative approach with stakeholders, and we were the first mining project with a sustainable development model promoted by the Peruvian government.

Las Bambas completed construction in the first quarter of 2016, employing 7,354 people. The operation continued to ramp up to full production, with commercial production beginning in July 2016.



Maintenance employees review safety documents before starting work.

MMG ACROSS THE WORLD OPERATIONS AND PROJECTS



LAS BAMBAS TIMELINE

2004

Xstrata Copper acquired the right to explore Las Bambas through an international public tender.

2008

Completed exploration of 306,908 accumulated drilled metres.

2009

Completed Feasibility Study.

2010

- Held public hearing for the EIS in Challhuahuacho, Cotabambas province, Apurímac region.
- Signed contract with the government to transfer the Las Bambas mining concessions titles, with an expected investment of more than US \$5 billion.

2011

- The government approved the EIS after an extensive citizen participation process.
- Communicated a 10% increase in the Las Bambas mineral resource, equivalent to 1.71 billion tonnes at a grade of 0.6% copper.

2012

- Engineered roads and main components for the start-up of the operation.
- Began improvement of heavy haul road.
- Allocated more than 60% of the investment for construction.

¹ China Minmetals Corp. is a Fortune Global Top 500 company.

² These principles relate to corporate governance, human rights, risk management, safety and health, environmental performance, biodiversity, product design, social and environmental development, and stakeholder engagement.

³ Our operator is a member of the Minerals Council of Australia, the Mining Association of Canada, the Chamber of Mines of the DRC and other regional industry organisations.



**PERU
LAS BAMBAS MINE**

Location

Challhuahuacho district, Cotabambas province, Apurímac region.

Products

Copper concentrate with gold, silver and molybdenum by-products.

Mineral Resources and Ore Reserves

Mineral Resource:
 > 2,007 Mt at 0.63% Cu.
 > 12.6 million tonnes of copper metal.*

Ore Reserve:
 > 1,079 Mt at 0.67% Cu.
 > 7.2 million tonnes of copper metal.*

*Please refer to the full 2015 Mineral Resource and Ore Reserve statement on www.mmg.com.

Type of mine

Open pit (three pits: Ferrobamba, Chalcobamba and Sulfobamba).

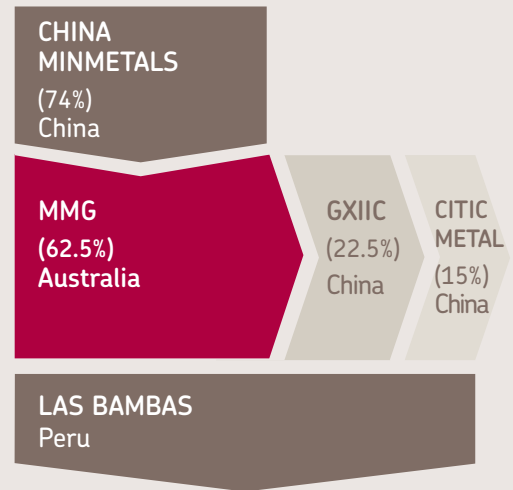
Life of mine

20 years.

OUR OPERATOR

MMG, our operator, is a mid-tier resources company that explores, develops and mines base metal deposits, such as copper and zinc, in Australia, the Democratic Republic of the Congo (DRC), Laos and Peru. MMG also has significant exploration projects and partnerships in Australia, Africa and the Americas.

MMG Joint Venture Structure



Headquartered in Melbourne, Australia, MMG is listed on the Hong Kong Stock Exchange (HKEx 1208) and has a secondary listing on the Australian Securities Exchange (ASX MMG). MMG's major shareholder is China Minmetals Corporation Limited (owning approximately 74% of MMG's total shares)¹.

MMG is also one of the 23 member companies of the International Council on Mining and Metals (ICMM), and it aligns its business practices to the 10 principles² of the ICMM's³ Sustainable Development Framework. Las Bambas is a member of Peru's National Society of Mining, Petroleum and Energy (SNMPE).

MMG's objective is to be valued as one of the world's top mid-tier miners by 2020, and the company has a highly experienced management team working to reach that goal.



- 2013**
 - Glencore became owner of Las Bambas as part of its acquisition of Xstrata.
 - Made 65% progress on pioneering roads, 40% on concentrator plant, and 95% on improvement of heavy haul road.
- 2014**
 - The joint venture of MMG Limited, Guoxin International Investment Co. Ltd. and CITIC Metal Co. Ltd. purchased Las Bambas.
 - Started physical resettlement of Fuerabamba community.
- 2015**
 - First production of copper concentrate as part of commissioning activities.
 - Commissioning and commenced ramp-up to full production.

OUR STRATEGY

We mine to create wealth and development for our people, host communities and shareholders. For MMG and Las Bambas, that is what it means *to mine for progress*.

MMG'S STRATEGY
<p>Vision</p> <p>To build the world's most respected diversified base metals company.</p>
<p>Mission</p> <p>We mine to create wealth for our people, host communities and shareholders.</p>
<p>Objective</p> <p>To be valued as one of the world's top mid-tier miners by 2020.</p>

STRATEGIC DRIVERS
<p>We deliver value through four strategic drivers.</p>
<p>1. Growth</p> <p>We acquire and discover base metals assets that transform our business. We unlock the potential value of our project pipeline.</p>
<p>2. Operations Transformation</p> <p>We develop effective plans to deliver innovative growth opportunities and improve productivity.</p>
<p>3. People and Organisation</p> <p>We provide a healthy, secure and safe workplace and a culture that values collaboration, accountability and respect.</p>
<p>4. Reputation</p> <p>We are valued for our commitment to progress, long-term partnerships and an international management.</p>

VALUES
 <p>We think safety first We stop and think then act to prevent injury.</p>
 <p>We respect each other We are honest, considerate and act with integrity.</p>
 <p>We work together We engage diverse views to achieve better outcomes.</p>
 <p>We do what we say We take responsibility and follow through on our commitments.</p>
 <p>We want to be better We always look for opportunities to improve.</p>



The Komatsu mining truck has a 320-tonne payload capacity.

OUR MINING PROCESS

Las Bambas began production of copper concentrate as part of commissioning activities in December 2015 and officially began operations in the first quarter of 2016.

Ore at Las Bambas is mined from an open pit. The ore is crushed and transported on a 5.2-kilometre overland conveyor to a conventional flotation

plant where copper concentrate is produced, then to a molybdenum circuit for further processing. The concentrate is transported by truck and rail to the Port of Matarani in Arequipa, where it is shipped to customers worldwide.

The efficient use of local water resources is a priority for Las Bambas in our production process. We have a water management system to responsibly reuse water.



“Las Bambas’ operator, MMG, is a member company of the International Council on Mining and Metals and is listed on the Hong Kong and Australia Stock Exchanges.”

THE WAY LAS BAMBAS OPERATES



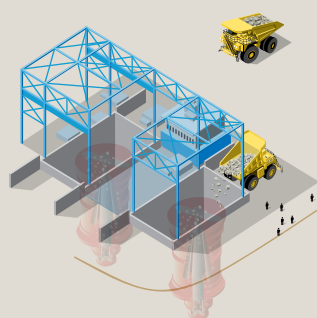
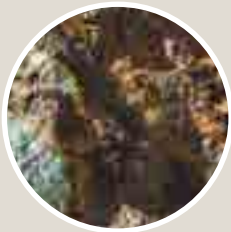
1 ORE EXTRACTION

Las Bambas is an open pit mine, as the ore is located near the surface. The mine will remove, on average, over 170 million tonnes of rocky material per year.

We use mining equipment to remove **400,000** tonnes of material per day.

OUTCROPS

Copper-bearing minerals occur naturally in the extraction area.



2 PRIMARY CRUSHER

The mined material is transported to the crusher. The objective is to reduce the size of the rock, which can vary from particles of less than 1 mm to fragments over 1 m in diameter, to a maximum diameter of 18cm (7in).

More than **140,000** tonnes of material goes through the crusher on a daily basis.

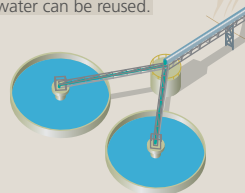
4 GRINDING AREA

The crushed rock is further reduced at the grinding area of the concentrator plant to a maximum of 0.18 mm, to release most of the minerals as individual particles.



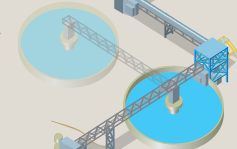
TAILINGS THICKENER

Tailings (waste) are separated from water so the water can be reused.

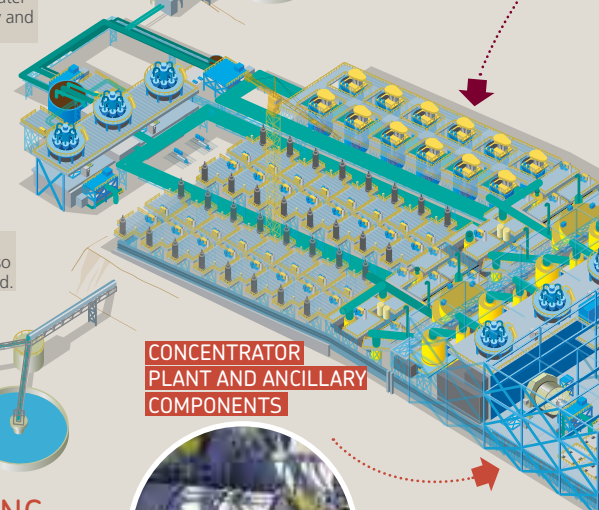


CONCENTRATE THICKENER

Concentrate is separated from water for water recovery and reuse.

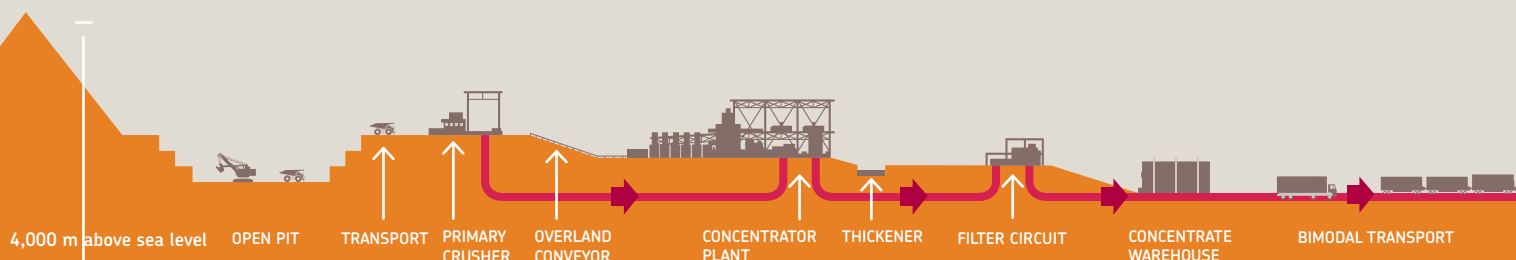
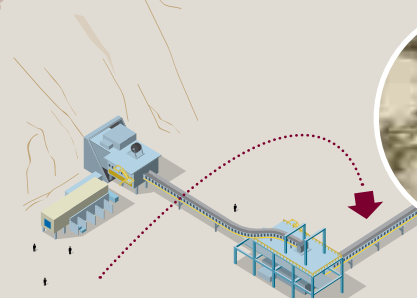


CONCENTRATOR PLANT AND ANCILLARY COMPONENTS



3 OVERLAND CONVEYOR

An overland conveyor carries the crushed rock 5.2km to the concentrator plant.



6 MOLYBDENUM CIRCUIT

The molybdenum circuit separates copper from molybdenum. Then, molybdenum is trucked to the Port.

5 FLOTATION CIRCUIT

Ore minerals undergo a physical and chemical process to separate copper sulphides and other elements from the rock.

CYCLONE AREA

Cyclones separate coarse particles from fine ones. Fine particles undergo a flotation process while coarse particles will return to the ball mill for further size reduction.

BALL MILLS

The crushed rock passes through steel balls to further reduce its size.

SAG MILLS

The SAG mills grind larger rocks.

COPPER CONCENTRATE

After a multi-cycle process, copper concentrate is obtained and later transported to the filter circuit.

7 FILTER CIRCUIT

Copper concentrate is filtrated, and the resulting product is taken to the warehouse. The filter circuit also recovers water used in the process, pumping it back to the molybdenum circuit.

With estimated Ore Reserves of 7.2 million tonnes of copper metal, Las Bambas will become one of the world's largest global copper mines once in full production.

8 CONCENTRATE WAREHOUSE

This infrastructure has a capacity to store 40,000 tonnes of copper concentrate.

TRANSPORT

Concentrate is transported 744 km from the concentrate warehouse to the Port of Matarani through a bimodal system (trucks-railway).

ORE MINED AT LAS BAMBAS

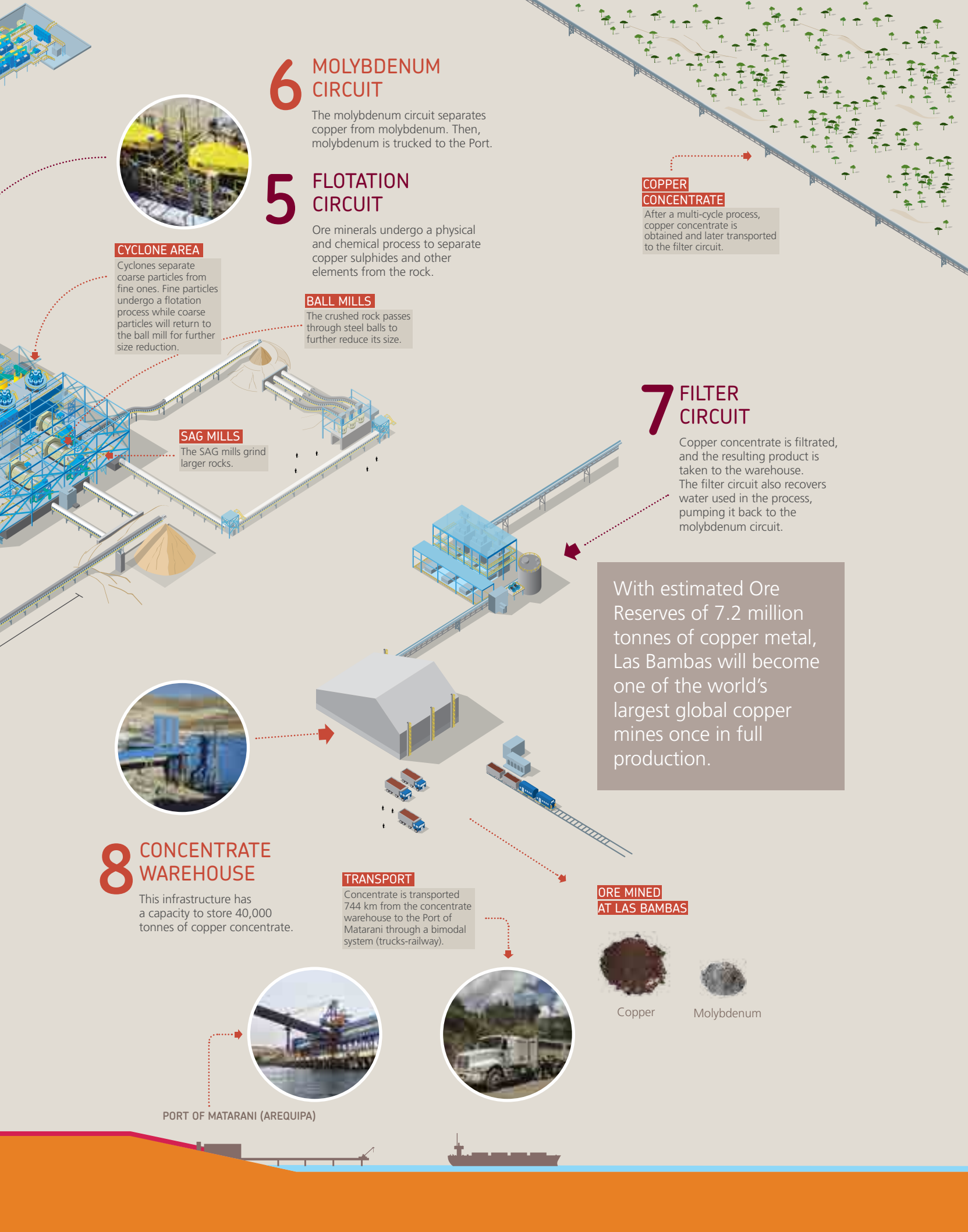


Copper



Molybdenum

PORT OF MATARANI (AREQUIPA)



5.2 OUR SUSTAINABILITY COMMITMENTS

Delivering on formal commitments is one of our priorities. MMG respects and accepts the 17 social conditions stipulated by the Peruvian government when conducting the bidding process for the Las Bambas project.

Las Bambas assumed responsibility for seven of these conditions, while the Peruvian government took on 10, which cover economic, social, cultural and environmental aspects.

OUR COMMITMENTS TO SUSTAINABLE DEVELOPMENT

1

PREPARE AN EIS TO PRESERVE THE ENVIRONMENT, FLORA, FAUNA AND WATER RESOURCES.

We prepared the EIS, which the Peruvian government approved in 2011. The EIS includes measures to preserve and take care of flora, fauna, air and water resources on which our activity may have an impact. We made amendments to the EIS to optimise our Environmental Management Plans.

In 2015 we engaged surrounding communities and local authorities by conducting participatory environmental monitoring activities for water quality and for biodiversity.

Refer to Section 8, Environment.

2

MAKE JOB OPPORTUNITIES FOR PROFESSIONALS, TECHNICIANS AND LABOURERS FROM APURÍMAC REGION AND PROVINCES A PRIORITY.

We created skilled and unskilled labour positions for Challhuahuacho residents. All of our unskilled labour comes from the Apurímac region. We prioritised hiring local suppliers and contractors.

We continued to launch job training programs for young people, as well as developing local entrepreneurs.

Refer to Section 9, Our People.

3

RESETTLE AFFECTED COMMUNITIES UNDER APPROPRIATE CONDITIONS, AFTER PAYING “FAIR COMPENSATION” PURSUANT TO THE LAW.

The resettlement agreement included building 441 houses in Nueva Fuerabamba. We continued delivering infrastructure, social, educational and production projects to improve residents’ quality of life.

Refer to page 43.



LAS BAMBAS' INDEPENDENT ADVISORY GROUP

We have an Independent Advisory Group (IAG) that provides ongoing advice to Las Bambas managers on economic, social and business matters. The IAG met on a quarterly basis in 2015.



EITI PERU

Peru became a member of the Extractive Industries Transparency Initiative (EITI) in 2005 and has been considered EITI compliant since 2012. The EITI has involved governments, private companies and civil society since 2009. It publishes the National Reconciliation Report.

In 2015 EITI implemented multi-sector commissions in Moquegua and Piura. Likewise, it appointed tripartite regional commissions to conduct regional transparency studies based on information on accredited transfers of revenues to Peru's regional and local governments. EITI's 7th Global Conference was held in February 2016 in Lima and was attended by 1,300 participants from 70 countries.

Our company, as well as other operators in the extractive industry, supports this initiative because EITI promotes transparency over taxes paid by mining and hydrocarbon companies to host governments and how they use those funds.

4

ENSURE LAND REPLACEMENT FOR AGRICULTURE, LIVESTOCK FARMING AND HOUSING.

We provided land for livestock farming, agriculture, and housing, in compliance with the resettlement agreement with the Fuerabamba community. We are currently preparing the land of the Yavi Yavi Livestock and Agricultural Property for horticulture.

5

RESPECT LOCAL CULTURE AND CUSTOMS, ESPECIALLY HUMAN RIGHTS.

We work to give renewed value to local culture and traditions, we foster and participate in festivals and customs of local communities, and we respect human rights of local communities.

6

TAKE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY AND CREATE POSITIVE RELATIONSHIPS WITH COMMUNITIES.

We act in line with our community engagement plan, which includes aspects related to sanitation, road and communications infrastructure, improvement of quality of education and public health services, development of local suppliers and strengthening of production capacities.

7

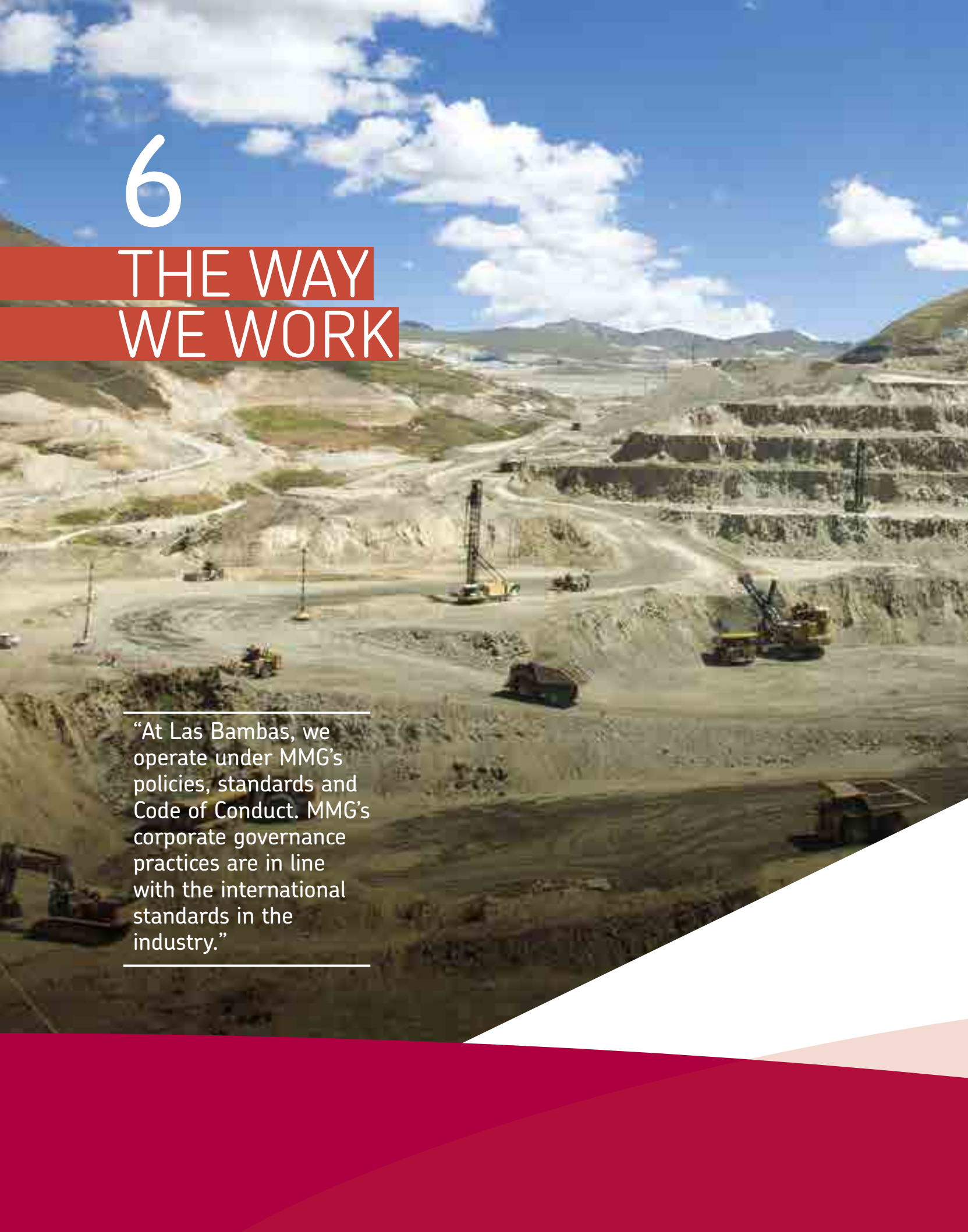
INTEGRATE MINING DEVELOPMENT WITH AGRICULTURAL AND FARMING ACTIVITIES.

We foster improvement of agriculture and livestock activities through technology. In 2015 we built tree nurseries and greenhouses, as well as irrigation infrastructure and fish farms.

6

THE WAY WE WORK

“At Las Bambas, we operate under MMG’s policies, standards and Code of Conduct. MMG’s corporate governance practices are in line with the international standards in the industry.”



6.1 CORPORATE GOVERNANCE

The Las Bambas joint venture operates under MMG's policies, standards and common procedures. MMG is committed to maintaining the highest standards in corporate governance to ensure that the interests of its stakeholders are protected.

MMG has applied the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report (CG Code) of the Hong Kong Listing Rules.

MMG's Board has established Audit, Remuneration, Governance and Nomination, and Risk Board Committees. MMG also has the following Executive management committees: SHEC, Disclosure, Investment Review, Mineral Resources and Ore Reserves, and Code of Conduct. Please visit www.mmg.com for more information on our corporate governance practices.

MMG POLICIES

MMG maintains policies to meet both Board and external obligations. MMG's Sustainability Policy aligns with the International Council on Mining and Metals' 10 sustainable development principles. Our approach to sustainable operation is also guided by MMG's Corporate Governance Policy, People Policy, Shareholder Communication Policy, Safety, Health, Environment and Community (SHEC) Policy, and Quality and Materials Stewardship Policy.

MMG STANDARDS

MMG utilises business-wide standards to define the minimum requirements to manage material risks, meet legal requirements and external obligations, and to create and preserve competitive advantage and organisational effectiveness. These standards provide the basis for sustainable operations through their deployment at sites and are aligned to the ICMM's 10 principles of sustainable development. MMG implements an integrated audit program that includes focus on conformance with the SHEC standards.



“We hold all employees accountable for living our values and expect them to reflect on how their decisions align with those values.”

Ethics

The MMG Code of Conduct, also embraced by Las Bambas, is underpinned by MMG’s Values. It sets the standards of behaviour expected from our people. The Code of Conduct covers topics such as conflicts of interest, anti-corruption, transparency and compliance with laws.

The Code of Conduct Committee, chaired by MMG’s Chief Operating Officer, oversees matters related to the Code of Conduct.

We hold all employees accountable for living our values and expect them to reflect on how their decisions align with our Code of Conduct and values. MMG also engages an independent confidential whistleblower service, which is available to all employees globally in their local language.

Human Rights

Our activities, and those of our service providers, have the potential to impact human rights. We are committed to operating in a manner that is consistent with the United Nations (UN) Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the UN Global Compact principles.

We recognise that the concept of human rights covers a broad range of interrelated issues requiring an integrated approach across numerous business functions. At MMG and Las Bambas, our Human Resources, Supply, Community Relations and Security departments, among others, have specific responsibilities for upholding our commitment to human rights.

We integrate human rights considerations into our Code of Conduct, employment processes, risk-analysis activities and our formal grievance processes. Our aim is for our people to be able to report instances of unacceptable conduct in the workplace without fear of intimidation or reprisal. They can raise concerns internally or through our independent, confidential whistleblower hotline service.

To establish a workplace that respects diversity, where equitable treatment is expected and where our people are free from discrimination and harassment, we embed the principles of human rights in our policies and standards.

Aligning Security Management with Human Rights Principles

We are committed to managing security in a manner that respects human rights. Our material human rights risks include those related to the engagement of private security contractors. Security management plans at Las Bambas include relevant elements of the Voluntary Principles on Security and Human Rights (VPSHR) on risk assessment and public and private security, and enable us to better measure the effectiveness of our security delivery.

Our People and Asset Protection Standard requires private security companies to be a signatory to or commit in writing to comply with the International Code of Conduct for Private Security Providers (ICoC).

Our training programs continually focus on improving the skills and competence of employees and contract security personnel. In 2015, 88% of our employees and contract security personnel were trained in our security management approach and in relevant aspects of the VPSHR. MMG is working toward becoming an accepted participant in the VPSHR by the end of 2018. (Refer to MMG's Sustainability Report 2015).



Environmental Department employees supervise field work.

6.2 THE SECTOR IN 2015

2015 will be remembered as a challenging year – market volatility and subdued commodity prices impacted the profitability of mining companies and the level of industry revenues provided to governments and local communities not just in Peru, but globally. During the year a number of significant mining projects completed construction or expansion work in Peru, resulting in increased copper production, but a lower level of mining investment.

However, the metals and mining industry represents 15.5% of GDP in Peru alone and has a significant role to play in economic and social contribution. Mining projects bring increased employment and economic activity to remote locations and support to supplement government services. This has the potential to raise the expectations of benefits that local communities will receive. This in turn creates opportunities and challenges that the industry must manage. This was taken into account as we defined our material issues.

OPPORTUNITIES

- > Positive economic impact at a national level.
- > Boost to the local economy.
- > Creation of strategies for operational efficiency.
- > Focus on innovation and technology to boost productivity.
- > Creation of added value in processes and technologies, and mitigation of impacts.
- > Appreciation of our social responsibility approach, ensuring the sustainability of our operations.

CHALLENGES

- > Fluctuation in metal prices.
- > High costs of mining production.
- > Environmental management.
- > Community engagement in rural areas.
- > Limited government presence in rural areas (basic services, education, healthcare, employment).
- > Negative perceptions about extractive activities.
- > High-quality standards and efficiency of suppliers.
- > Complex environmental permits.
- > Societal expectations regarding the commencement of Las Bambas operations and mining canon distribution and use.

“We establish transparent, trustworthy and respectful relationships with our stakeholders through various communication methods.”

6.3 STAKEHOLDER ENGAGEMENT

We recognise that our success depends on the direct relationships and partnerships we have with our communities, our people, investors and governments. We are committed to progress as we strive to create a positive and lasting contribution to personal, community and national development. Transparency, trust and respect for human rights, culture and customs underpin our engagement processes.

The criteria we consider to identify key stakeholders include:

- › Their impact on Las Bambas and our impact on or interest in them; and
- › A shared vision regarding the development of Apurímac and Peru.

See *Stakeholders and Communication Methods* for more information.

6.4 GRIEVANCE MANAGEMENT

We have procedures to resolve all types of complaints and grievances, including human rights issues. Residents can submit their complaints or grievances and express their concerns through community leaders; our community relations specialists; information offices in Abancay, Challhuahuacho, Tambobamba and Mara (Apurímac), and in Espinar, Ccapacmarca and Velille (Cusco); and the reception offices of our mining camp⁴.

In 2015 we received 197 complaints, related to local employment and procurement matters, which was considerably more than the number received in 2014 because the imminent commencement of operations raised new expectations and concerns.

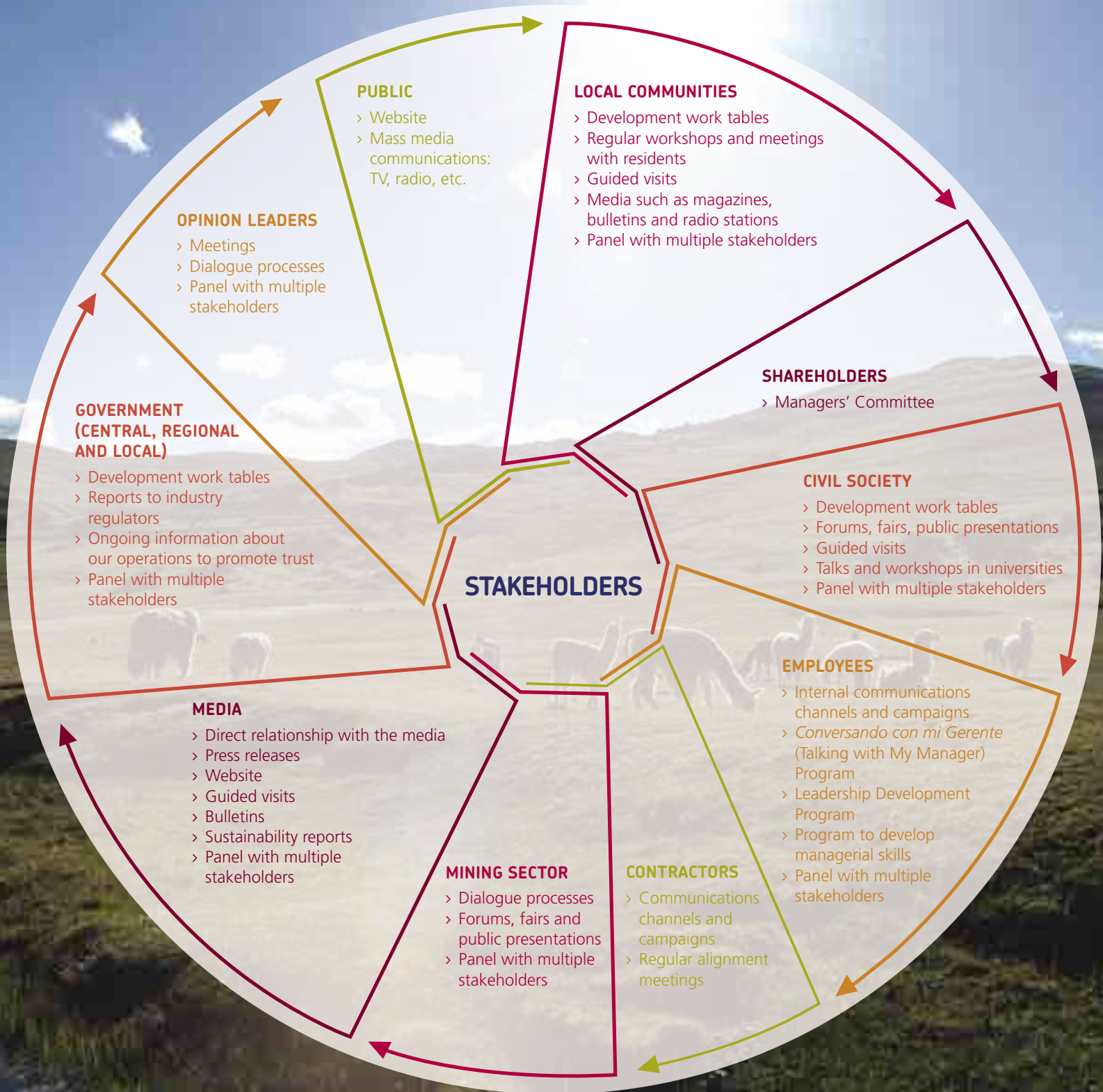
However, we did not receive complaints about discrimination incidents, or violation of indigenous rights or human rights.



Community Relations employees review Las Bambas' grievance procedure.

⁴ The Challhuahuacho district governor may also serve as a channel to receive complaints and grievances.

STAKEHOLDERS AND COMMUNICATION METHODS





Participatory environmental monitoring activity at the Mayutinco River.

6.5 OUR COMMITMENT TO DIALOGUE AT LAS BAMBAS

In 2011 the Las Bambas Environmental Impact Study (EIS) was approved by the Peruvian government. The approval followed an extensive Citizen Participation Process, which included participatory monitoring activities, public consultation and a public hearing that attracted more than 5,000 participants.

Following EIS approval additional opportunities were identified that would allow Las Bambas to reduce its footprint and optimise the development of the mine. These included the relocation of concentrator plant components, such as the molybdenum and filter circuits, and the replacement of the slurry pipeline with a bimodal ore transport system (road and railway). These changes were completed in line with regulatory requirements and were approved by Peru's Ministry of Energy and Mines.

While MMG satisfied the requirements in the amendments, in September 2015,

protests took place in the vicinity of the Las Bambas project. The protests were based on issues concerning the EIS approval as well as a number of other social and political factors.

Throughout the protest the company aimed to establish meaningful dialogue to better understand the protestors' concerns, with the aim of reaching a sustainable solution. Unfortunately, over several days protest activity escalated, and police involvement increased.

On 28 September 2015, the protest escalated into a conflict situation resulting in a number of protestors and police officers suffering serious injuries, and tragically included the death of three protestors. With the support of the Peruvian government and local authorities, peace was returned to the region in the days following.

On 1 October, police in transit from Cusco to Las Bambas were involved in a light vehicle accident that resulted in the death of two police officers.

Following the incident, Las Bambas worked with the Peruvian government and the local community to establish a Work Table for the Development of Cotabambas Province to develop a series of agreements, with the goal of maintaining social peace and providing additional security. This process has enabled company representatives at the site to strengthen their relationships with local stakeholders and to establish ongoing dialogue.

MMG is committed to working with stakeholders to deliver progress in social development and sustainability.



CHALLHUAHUACHO DEVELOPMENT TABLE

Organised by the central government's National Office for Dialogue and Sustainability in February 2015, the Challhuahuacho Development Table involved the Challhuahuacho district mayor, high authorities of the Executive Branch, representatives of the Challhuahuacho Farmers' Federation, seven local associations and our company. This forum sought to identify and prioritise needs for the development and economic growth of the district and invest in relevant infrastructure and social projects.

Four working groups⁵ were created to sign agreements based on discussions about the development vision for the region and consensus-based decisions. Some of the agreements included the launch of the Allies II Project with the World Bank's support; and the implementation of other minor development projects.

In August 2015 the Prime Minister's Office (PCM) established the Challhuahuacho Follow-up and Comprehensive Development Committee at its headquarters. The main task of the committee is to monitor the commitments made at the four tables, where participants prioritised a package of projects representing an investment of more than US \$206 million.

There are currently 29 agreements related to management and infrastructure projects, such as those for road improvement, hospital construction and irrigation studies for agriculture. Other important projects related to commitments in the transport, health and sanitation sectors have started.

WORK TABLE FOR THE DEVELOPMENT OF COTABAMBAS PROVINCE

The Work Table for the Development of Cotabambas Province was set up in November 2015. Participants included ministry representatives, the Apurímac regional government, the Cotabambas provincial major, and district authorities from the province.

The Table led to the creation of four working groups: Environment and Amendments to the Las Bambas' Environmental Impact Study; Human Rights; Sustainable Development; and Corporate Social Responsibility.

During the first months of 2016, the working groups conducted meetings and have made progress on the commitments made by the government and our company. They have also reached agreements on the development of the province.

DIALOGUE TABLE FOR THE DEVELOPMENT OF GRAU PROVINCE

The Grau Dialogue Table was set up in December 2015. Participants included local authorities and representatives of the national government. The second meeting led to the creation of three working groups: Basic Services, Infrastructure and Construction; Production Development; and Environment and Social Responsibility.



Meeting of the Work Table for the Development of Challhuahuacho District.

⁵ Social and Production Infrastructure, Mining and Environment, Agricultural and Livestock Development, Labour and Social Responsibility.

7

OUR CONTRIBUTION



Our contribution to our area of influence covers various aspects of sustainable development, from economic to socio-environmental.

Our role as development partners reaffirms our commitment to local communities and social players. We are aware our contribution goes beyond the district and province and extends to the entire Apurímac region.

expenses related to construction and development, and local and national purchases, decreased compared to 2014. However, the amount allocated to salaries increased by over US \$30 million, because we hired more employees.

In 2015 we paid the Peruvian government more than US \$77 million in taxes, four times the amount in 2014. These payments are used for projects that regional and local governments are carrying out to benefit communities in the area of influence.

In 2015 we invested US \$53.6 million in social projects and programs.

7.1 DIRECT ECONOMIC IMPACT

The financial impact of Las Bambas affects various stakeholders. In 2015 we essentially focused on completing construction, reducing our need for goods and services; therefore, our

Direct Economic Impact (in US \$ millions)

CATEGORIES	2014	2015
Investments in construction and development	1,636	1,466
Total salaries paid	62	91
Local and national purchases	409	1,270
Total taxes paid	18	77
Social investment	34	53.6



Many children benefit from Las Bambas' Educational Resources Program (PREB).

7.2 INTERNAL DEBT METHOD

Together with government representatives, we have supported various forums and mechanisms to contribute to local growth. One of them is the internal debt method.

This method enables regional and local governments to obtain funds to deliver impactful projects for the region against future revenues.

To date, the government has granted two funding packages through the internal debt method. The first package has financed 14 infrastructure projects amounting to over US \$13 million, which will benefit the Challhuahuacho, Mara and Tambobamba districts. The table on the right shows the major projects from the first package.

MAIN PROJECTS UNDERWAY WITH THE FIRST FUNDING PACKAGE UNDER THE INTERNAL DEBT METHOD

- > Expansion of secondary education services in Challhuahuacho.
- > Expansion of the educational services provided in various schools in Challhuahuacho.
- > Expansion and improvement of potable water system and construction of hydraulic drag latrines in the Víctor Raúl Haya de la Torre farming community, Mara district.
- > Installation of sprinkler irrigation system in the Parcco-Quehuincha farming communities, Mara district.
- > Improvement, expansion and installation of potable water and sewage systems in the Chaccaro farming community, Tambobamba district.

The second funding package helped launch 28 infrastructure projects in the Challhuahuacho, Coyllurqui and Haqira districts, for a total investment of over US \$39 million. The table below shows the most significant projects from the second package.

MAIN PROJECTS UNDERWAY WITH THE SECOND FUNDING PACKAGE UNDER THE INTERNAL DEBT METHOD

- > Construction and improvement of Llac-Hua-Patahuasi-Antapunco-Peccoy-Huancascca-Winchos Jata road, Haqira district.
- > Improvement of Pauchimarcallac-Huancascca-Hapuro side road, Haqira district.
- > Improvement of education services in four primary schools, Haqira district.
- > Improvement of education services in the Sorcco Integrated School, Coyllurqui district.





Comprehensive basic sanitation project in communities in the area of influence.

PROJECTS DELIVERED BY FOSBAM IN 2015

- > Construction of comprehensive basic sanitation system in the Pamputa farming community, Coyllurqui district.
- > Improvement of comprehensive basic sanitation system in the Escohorno farming community, Progreso district.
- > Improvement of potable water and waste disposal systems in the Minascucho farming community, Challhuahuacho district.
- > Installation of family-owned automated sprinkler irrigation system in the Queuña farming community, Challhuahuacho district.
- > Installation of comprehensive systems to protect cattle in the Huancuire farming community, Challhuahuacho district.
- > Construction of comprehensive basic sanitation system in the Ccayao farming community, Haqaira district.
- > Irrigation system management and production in the Choaquere farming community, Challhuahuacho district.
- > Cattle improvement in the San Juan de Llac-Hua farming community, Haqaira district.
- > Training workshops in municipal water and sanitation management in the districts of Mara, Haqaira, Challhuahuacho, Coyllurqui and Progreso.
- > Construction of the Wichaypampa Bridge in Challhuahuacho (in progress).
- > Construction of a maternity waiting home in Progreso farming community (in progress), Progreso district.
- > Construction of power distribution system in the Chila farming community, Las Lomas sector (in progress), Challhuahuacho district.

7.3 LAS BAMBAS SOCIAL FUND

The Las Bambas Social Fund (FOSBAM, in Spanish) is a nonprofit association created to carry out various development projects to benefit the Cotabambas and Grau provinces. Social investment mainly focuses on basic sanitation, education, health, and agricultural and livestock development, aimed at the sustainability of stakeholders in our area of influence.

FOSBAM has created the Fund for Farming Communities and Towns, with financial resources of more than US \$13.5 million, benefitting 18 farming communities and two towns. Community groups are in charge of carrying out the projects. These groups receive assistance and guidance from local governments and administrative support from FOSBAM.

Positive Impact

As of year-end 2015 FOSBAM had delivered over 31 comprehensive basic sanitation projects, benefitting 19,500 residents, in a joint effort with Sanitation Service Administrative Boards (JASS, in Spanish), the municipality's technical department and the community.

FOSBAM also works with social promoters from local communities. Their tasks include organising activities to promote and raise awareness of sanitation practices among the community, and training residents in basic sanitation.

FOSBAM has trained and empowered the local JASS to efficiently administer, operate and maintain sanitation services.

FOSBAM strives to achieve healthy households and increase production. For this reason, it raises awareness and trains beneficiaries so they improve their production practices and techniques. The objective is to improve the quality of life and boost the local economy.

For further information of high-impact projects, visit: www.fosbam.com.

7.4 LOCAL ECONOMIC BOOST

In 2015 we employed more than 7,300 employees and contractors at Las Bambas, and 100% of the unskilled labour we hired was local. We also launched training programs to diversify local economic activities. The goal of these programs is to help residents access diversified employment opportunities without reliance on Las Bambas.

Local suppliers represent 21% of a total of 1,542 suppliers to Las Bambas. We directly purchased goods and services from local businesses worth more than US \$24 million.

Our contractors and suppliers directly interact with our local stakeholders because of the nature of their work. We therefore seek to minimise the risks and impacts involved in their activities.

We have a two-day general induction program for all our contractors and suppliers, in which we address topics such as safety, occupational health, social responsibility, local entrepreneur development, environment and emergency response. Refer to Human Rights on pages 28 and 29 for details on the training of our security personnel in human rights.

Our suppliers also adhere to labour guidelines that prioritise sustainable development and local purchasing. In 2015 our suppliers hired 2,173 local workers to complete construction of the Las Bambas project and to start up operations.

Our supplier engagement and contract award process includes a comprehensive assessment across a range of criteria including commercial, social, safety, environment, quality and technical capabilities and performance.

This process also encompasses a range of non-financial criteria such as social initiatives, including local community support, social contributions and commitment to local employment.

As part of our supplier engagement process, we seek formal agreement from suppliers requiring compliance with our Code of Conduct and Anti-Corruption Framework as well as other relevant MMG standards, policies and procedures, including those related to human rights.

We strengthened our contract management process in 2015 to include measures of contract performance. These measures include demonstrated adherence to, and improvements in conformance with, our MMG Supply Standard. We seek to work in partnership with our suppliers to improve their capacity and performance. Our contracts provide for the ability to formally audit suppliers should material concerns exist regarding their performance.

Volume of Direct Purchasing of Materials and Services

DESCRIPTION	2013	2014	2015
NO. OF SUPPLIERS	2,220	2,554	1,542 ⁶
NO. OF LOCAL SUPPLIERS	380	520	327
PERCENTAGE OF LOCAL SUPPLIERS	17%	20%	21%
TOTAL AMOUNT OF PURCHASES (GOODS AND SERVICES) (US \$M)	268.6	214	1,311 ⁷
TOTAL AMOUNT OF LOCAL PURCHASES (GOODS AND SERVICES) (US \$M)	5	6.7	24.2

“Our contractors and suppliers interact appropriately with our local stakeholders because they participate in an induction program, in which we address topics such as social responsibility.”

⁶ Of this total, 1,454 are national suppliers.

⁷ This figure includes purchases from international suppliers.

“Through the Local Entrepreneur Development Program, we seek to increase competitiveness and productivity of the companies from our area of influence.”



Support to Local Suppliers

We have an extensive portfolio of local suppliers who provide services on the basis of demand. In 2015 we prepared the Local Entrepreneurs' Directory for internal dissemination at Las Bambas and among our contractors and suppliers.

We have created forums for trade promotion such as internal business roundtables between suppliers (local companies) and potential users of products and services (Las Bambas and suppliers/contractors) and external business roundtables promoted by the Peruvian government to integrate suppliers into the regional and national market.

Similarly, we have identified, contacted and promoted direct negotiation forums between potential Apurímac-based companies and local companies to achieve the objectives of the Local Entrepreneur Development Program.

Local Entrepreneur Development Program

Through this program, we seek to increase local companies' competitiveness and productivity to ensure their sustainability and commercial connections in internal and external markets.

Las Bambas works with various groups, institutions and entities that promote economic growth and strengthen capacities of micro and small enterprises.

In 2015 we broadened our strategy to identify opportunities for commercial connections up to regional and national levels. For the first time, we also conducted a customer satisfaction survey requesting that 19 departments in Las Bambas rate the services of local suppliers. Nearly 70% of local companies earned a score of "good."

Our main goals for 2016 are to transform supplier-client transactions into partnerships with high added value, and diversify and broaden our portfolio of local suppliers.



Main Achievements in 2015

In 2015 we encouraged the participation of local companies in national and international business roundtables. These forums led to business contacts and potential business opportunities:

- > Business roundtable in La Paz as part of the 2015 Peru-Bolivia Multi-Sector Mission: Two companies participated (one specialising in electrical services and the other in metal-mechanics), achieving immediate sales of US \$2 million and potential contracts worth US \$6 million with Bolivian companies.
- > *Sur Exporta* International Business Forum in Puno: Producers from Yurichanca participated and won a US \$12,800 contract with a Japanese company to sell native potato and *moraya* (dried and processed potatoes).



CASE STUDY

LAS BAMBAS LOCAL ENTREPRENEUR DEVELOPMENT PROGRAM

Wildor Berrios Carrasco established an electrical maintenance business with his brother in 2011, after participating in the Local Entrepreneur Development Program (LEDP) at Las Bambas. Over the past four years his business, Procon Electric SAC, has grown nearly tenfold in the number of employees and almost 75 times in terms of operating capital. Just over half of Mr. Berrios' turnover in 2015 was derived from business with Las Bambas. MMG has provided ongoing commercial advice, which has assisted Mr. Berrios in the management and marketing of his business, both within the local region and to potential customers in neighbouring Bolivia. Mr. Berrios aspires to achieve ISO 9001 Quality Certification and to become an electrical contractor of choice in Peru and Bolivia.

Alejandro Saldivar Conislla, a former member of the Association of Potato Growers of Native Qhachun Waqachi Yuricancha in Mara, established a potato sales business in early 2014 with his business partner, Walter Huillca. Mr. Saldivar gained commercial and marketing skills through his participation in the LEDP. Through association with Sodexo, a food services and facilities management company that provides contract services to Las Bambas, he improved his knowledge of product quality expectations for the catering market. Armed with this, Mr. Saldivar now sells potatoes to Sodexo and local restaurants. Orders are filled by engaging farming families in the Yuricancha community and other surrounding communities as suppliers. Mr. Saldivar would like to diversify his sales to include other fruits and vegetables and to expand his business into the Cusco market.

After attending a skills development training course (*T'ikariy Wiñaypaq – Flourish Forever*) provided by Las Bambas, in partnership with non-government organisation Centro de servicios para la capacitación laboral y desarrollo (CAPLAB), Justina Vargas Huallpa and seven other female entrepreneurs from the Challhuahuacho community identified an opportunity to use their needlework skills to supply quality industrial clothing and safety apparel to the local mining and contracting industry. They created an entrepreneurial society called *Agujas de Oro* (Golden Needles). The women soon identified a need to acquire further commercial capabilities in business management, which they gained through participation in the LEDP. Now *Agujas de Oro* has its own workshop and sewing machines and continues to grow through fairs organised by Las Bambas and through business conferences. In 2015 Las Bambas purchased over US \$150,000 in clothing supplies from *Agujas de Oro*.

7.5 CAPACITY BUILDING

In addition to our local hiring policy, we provide technical and production training opportunities to local residents, based on the agreements signed with the communities in our area of influence. Beneficiaries are trained in specialty roles such as electrical and mechanical operators of the concentrator plant. We prioritise residents who have not previously benefitted from these courses. Twenty-two young people from various districts in Cotabambas received specialised training.

We also launched the Program to Develop Technical Competencies for Communities. Through this project, we will be able to train 150 young people from the Challhuahuacho district. Technical specialties include welding, mechanical maintenance for heavy equipment and industrial electrical installations.

Similarly, we train local employees from the Mine Operations Department. As of year-end 2015, individuals who graduated from our training and local employment programs filled more than 400 positions in that department.

7.6 SOCIAL DEVELOPMENT PLAN

We have implemented a Social Development Plan, which seeks to improve the quality of life for the communities located in our area of influence. Our contribution not only reaches the 33 communities in Challhuahuacho district, but also other communities in Cotabambas province and a number of communities in Grau province. It is also the mechanism through which we deliver on our more than 350 existing social commitments.

In 2015 we aligned our Social Development Plan with the four pillars of MMG's Community Investment Strategy. These pillars guide our social investment and describe our comprehensive vision to reach sustainable development.



ILLEGAL MINING

Las Bambas is no stranger to the presence of illegal mining activity within its mining concession. However, in 2015 informal mining activity significantly decreased due to ore price fluctuations and lower copper price returns compared to previous years, pushing informal miners to look for other economic activities.

To discourage the growth of this activity, we continue to carry out the Local Entrepreneur Development Program. (Refer to page 39.) The objective is to create new capacities and skills among participants. Our community development programs help beneficiaries learn new skills that impact other sustainable economic activities.

The table below shows our social investment in 2015 by strategic pillar

PILLAR	VISION	AMOUNT (IN US \$ MILLIONS)
LIFE ESSENTIALS	MMG works with communities, governments and partners to ensure communities have access to clean water and food security. The company invests in community programs, which deliver and assure these life essentials.	41.2
EDUCATION	This is considered a cornerstone of community development and an enduring asset. MMG works with governments and communities to improve access to quality education, focusing on early years of schooling, improving literacy and numeracy, and providing scholarships for students to participate in secondary and further education.	1.2
HEALTH AND WELL-BEING	This is a priority for MMG. The company establishes and strengthens health and well-being programs for local communities.	1.6
SECURING INCOMES	MMG recognises the importance of creating sustainable economic benefits for communities. The company helps to build secure incomes by focusing on training and local employment; and strengthening local businesses capabilities to supply goods and services to existing and new markets.	9.6



Nueva Fuerabamba is a modern development built in accordance with community requirements.

7.7 INITIATIVES IN INFRASTRUCTURE

We invest in infrastructure development to improve communities' living conditions. These programs are carefully targeted to address the most significant needs of the communities. In 2015 we invested over US \$3 million to carry out a number of projects, including those listed.

MAIN INFRASTRUCTURE PROJECTS IN 2015		
DESCRIPTION	BENEFICIARIES	AMOUNT (IN US \$000)
Electrification programs in the Carmen Alto-Ccarampa and Ucuyri communities.	40 families	106.9
Implementation of tree nurseries in 11 communities from our area of influence, in line with our contribution to afforestation and environmental care.	3,000 people	2,300
Construction and maintenance of 17 greenhouses in various communities, for planting vegetables and basic crops. The objective is to improve residents' diet.	4,000 people	67.9
Maintenance of roads, streets and highways in the Carmen Alto sector, Challhuahuacho district and the Huancuire-Pamputa highway.	7,000 people	368.7

7.8 OUR POST-RESETTLEMENT EXPERIENCE

Families began relocating to Nueva Fuerabamba in mid-2014. This was a milestone both for Las Bambas and in Peru's mining history.

The new settlement, Nueva Fuerabamba, is located between the Chila and Choaquere communities in the Challhuahuacho district of the Cotabambas province. It is situated approximately eight kilometres from Las Bambas and the original settlement. Nueva Fuerabamba was designed collaboratively with community members and has modern facilities and infrastructure, including running potable water, sewage collection and treatment systems, and medical, educational and recreational facilities.

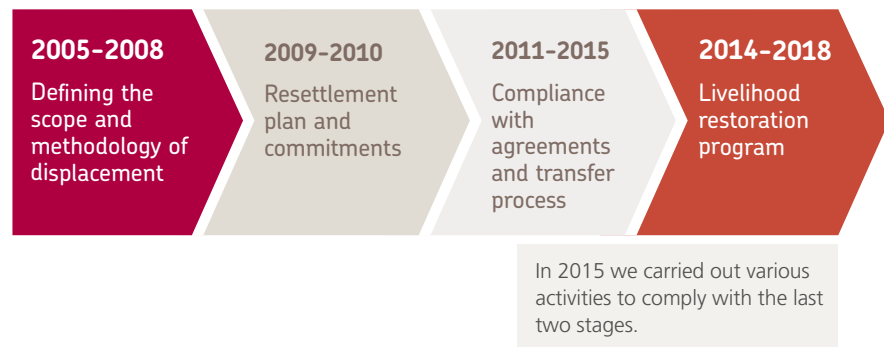
By the end of 2015, 97% of the families had been resettled. This percentage

includes qualified community residents and families that were not initially registered for resettlement benefits.

Through our Livelihood Restoration Program (LRP), we work in partnership with individual households to realise their priorities in five areas: capacity-building, access to a secure income (employment/business development), natural resources, health and education. We worked with individual households in 2014 to help families set a vision and develop their 2020 Family Life Plan and then, in 2015, continued to assist the families to execute their plans.

As part of the resettlement agreement, signed in 2011, Las Bambas delivers specific development programs to the Nueva Fuerabamba community across 13 priority areas: health, education, land, cattle breeding, agriculture, employment, economic development, vulnerable group support, natural resources, organisation strengthening, capacity building, educational infrastructure and sanitation. Recent successes include the construction and operation of a dedicated facility for 79 elderly members of the Nueva Fuerabamba community and the implementation of the Nueva Fuerabamba Student Scholarship program.

The Resettlement Process



INITIATIVES IMPLEMENTED AS PART OF THE POST-RESETTLEMENT PROCESS

- > The Nueva Fuerabamba School began activities; we launched a project to ensure the quality of education there.
- > Continued fitting up the Yavi Yavi Agricultural and Livestock Property and supported the farming of potatoes, natural pastures, oat and forage clover.
- > Launched the Entrepreneur Development Program.
- > Continued offering the Scholarship Program, helping 62 Fuerabamba residents' children study at higher education institutes.
- > Formed the Fuerabamba Folk Centre of Native Art to strengthen cultural identity.
- > Built a care centre for the most vulnerable elderly people and created an occupational program for them, as part of the priority care program for vulnerable groups.
- > Continued offering training courses in guinea pig breeding to local families; as a result, families manage to sell 100 breeding males to nearby communities and produce fattened guinea pigs for consumption.
- > Monitored potable water services, sewage systems and power services to ensure they are working, as well as operation of the Nueva Fuerabamba Healthcare Centre.
- > As of year-end 2015, reviewed over 350 life plans and continued guiding families in the post-resettlement process.



CASE STUDY

FIGHTING ILLITERACY IN THE COMMUNITY

One of the major social problems in the Fuerabamba farming community is high illiteracy rates, which leads to social exclusion of those who cannot read or write. According to a baseline study prepared by Las Bambas in 2013, 5.3% of Fuerabamba residents were illiterate, and only one person had pursued higher education.

Based on this information, we established a goal to ensure all school-age children and teenagers have timely access to a high-quality, modern and well-equipped school in the Nueva Fuerabamba town.

We launched the initiative in 2007, and we expect to reach our goal in 2018. We also encourage students to pursue higher education through scholarships and technical training in relevant fields.

In 2014 we fulfilled our commitment to building new educational infrastructure when we delivered the Nueva Fuerabamba School with state-of-the-art equipment. We also set up a partnership with Peru's Ministry of Education for the institution to pay the salaries of eight teachers starting in 2015.

We also made an agreement with an institution providing technical training in mining and industrial subjects aimed at young community residents.

We have established a monitoring process to benchmark our performance, using the education baseline information. Results in 2015 were as follows:

- > 34 higher education graduates
- > 80 students pursuing higher education
- > Basic education services (nursery school, pre-, primary and secondary)
- > Drafting of management documents to guide education quality





CASE STUDY

ENTREPRENEURSHIP AT THE YAVI YAVI AGRICULTURAL AND LIVESTOCK PROPERTY

At Las Bambas, we took the initiative to gather livestock of families resettled in the Yavi Yavi Property to teach residents how to manage cattle in a more efficient manner and improve dairy production at the existing dairy plant.

Our objective was to increase families' income per litre of milk processed by 10%, by means of environmentally friendly methods. To that end, in 2015 we purchased high genetic quality livestock, conducted artificial insemination and improved pasture production and quality. We invested US \$300,000 to purchase, feed and genetically improve livestock, and to manage and fit out a dairy plant to produce 1,500 litres on a daily basis. Additionally, we purchased 70 animals for the Fuerabamba community, representing an investment of US \$108,000. In total, our investment amounted to US \$408,000.

To measure results, we have analysed the overall sales of dairy products over time. Initially, in 2011, milk production was only for self-consumption. In 2015 we achieved an average daily production of 400 litres of milk, which was processed to obtain 40 1-kg blocks of paria cheese.

This project has received two awards:

- > "First Place in Quality" Award at Huancaro Regional Fair – Cusco, 2013
- > Award for Genetic Quality of Livestock at Reyes Regional Fair – Espinar, 2014

The new business vision ensures the sustainability of Fuerabamba families by helping them generate income through technological innovation and investment in livestock. Participants have gained valuable knowledge that is improving their income potential.

"I think this investment has been most productive for the community. We were not able to generate earnings for years from the production of milk, much less for processed milk. Now I need to share this information with my community to reduce the number of Creole cattle and purchase improved livestock instead, so we can have enough pastures for our animals and produce more milk."

Assistant Manager of Livestock Commission



CASE STUDY

PRESERVING HISTORY

Actions such as vandalism and looting and even climate change have caused material deterioration of the archaeological and historical heritage of Cotabambas province, placing it at risk of degradation and loss.

One of the alternatives put forward by Las Bambas was the launch of an Archaeological Research Project (PIA, in Spanish). The primary objective is to identify and give new value to the local heritage, and present it to the scientific community and the society at large. This research complied with exacting information quality standards, and the archaeological excavations used specialised technology for data logging.

This project reflects joint work to preserve and publicise the cultural heritage of

Cotabambas and the region at large, in line with the regulations in force and legally binding decrees issued by the Ministry of Culture.

We launched this initiative at the archaeological and colonial sites of Marcapuchunco, Huancuire, Hachayocpata and Muyucorral. The project consisted of five phases:

- > Topographical survey
- > Archaeological excavations
- > Preventative preservation
- > Desk research and analysis of materials
- > Communication of research findings

This work has allowed us to obtain reliable data. We will be able to reconstruct the history of Cotabambas,

from approximately 300 A.D. to the 18th century, with enough information to publish a variety of documents as a legacy for future generations.

Las Bambas fully financed the project and provided logistics support and human resources. The Apurímac Decentralised Regional Bureau of Culture provided valuable support through planned supervision and approval of excavations. Furthermore, a number of research and analysis units from various universities also participated in the project activities.



CASE STUDY 2004-2015

A GLIMPSE AT OUR POSITIVE IMPACT⁸

Since we commenced activities in the area in 2004, we have remained steadfast in our commitment to the well-being of Apurímac. During the first 11 years, our projects have focused on production economic development, education and culture, health and nutrition, and road infrastructure and communications.

We have improved communications and trade between communities by building roads and bridges. In certain areas, residents now have access to new services such as mobile telephony and the internet.

In addition to ongoing health campaigns, we have built basic infrastructure such as modular medical offices, doctors' offices and healthcare centres to expand healthcare coverage. We have also carried out projects to provide communities with basic services such as potable water,

sewage and electricity; we have improved comprehensive sanitation and fostered best practices for nutrition and hygiene.

In the education arena, we have carried out infrastructure projects, fitted out classrooms and provided training for teachers to improve schooling. We support the Apurímac culture and customs by promoting and participating in local celebrations, and by publicising and giving new value to local culture.

We have strengthened production capacities of farming families by implementing automated irrigation systems and improving animal husbandry. The objective is for these families to generate higher income and join the market. We also train residents in other trades or economic activities to broaden their job opportunities and help them enter formal employment.


We have collected biological and physical baseline data, and in 2008 we began conducting afforestation campaigns together with the community. Rescuing certain species of flora and fauna as well as conducting archaeological rescue projects are important to protect the local biodiversity and culture. We also organise participatory monitoring activities with local communities on a regular basis.



⁸ Source: 2006-2015 Sustainable Development in Las Bambas.

Our Main Development Projects, 2004-2015

INVESTMENT AREA	PROJECT
ROAD INFRASTRUCTURE AND COMMUNICATIONS	<ul style="list-style-type: none"> > Improvement of Cungunya-Ccapacmarca-Mara-Challhuahuacho road > Construction of Chalcobamba-Huancuire-Pamputa side road > Construction of Ichuray Bridge > Surfacing of access road to Challhuahuacho-Ccarampa
PUBLIC HEALTH	<ul style="list-style-type: none"> > Implementation of modular medical offices in Ñahuinlla > Supply of piped water to the Fuerabamba and Chuicuni communities > Improvement of living conditions for vulnerable groups > Medical check-ups for residents in our area of influence > Construction of inpatient ward at the Challhuahuacho healthcare centre > Construction of a reservoir and expansion of water distribution network in Chila > Expansion of potable water network in Huancuire > Health campaigns
EDUCATION	<ul style="list-style-type: none"> > <i>Yachay Watakunapaq</i> (Learning for the Future) training program > Schools for community development > Las Bambas Educational Resources Program > <i>Aprender Haciendo</i> (Learning by Doing) Technological Resource Centre > Fuerabamba Training Centre > Improvement of educational infrastructure > <i>T'ikariy Wiñaypaq</i> Training and Development Program > Fuerabamba scholarship project and student loans > Installation of computer labs
PRODUCTION	<ul style="list-style-type: none"> > Expansion of community dining rooms > Trout farming and trade promotion > Capacity-building to manage natural resources and other assets with equity (Chaninchasun) Project > Strengthening of production, organisational and management skills of farming families from communities in our area of influence > <i>Pallanat'ika</i> (place where flowers are planted or gathered) handcrafts > Breeding and trading of guinea pigs > Fitting up of Yavi Yavi Agricultural and Livestock Property > Improvement of pastures and sprinkler irrigation system
LOCAL GOVERNMENT AND INFRASTRUCTURE	<ul style="list-style-type: none"> > Preparation of profile and technical file for the Los Álamos Bridge > Construction and expansion of community hall and accommodations in the Carmen Alto farming community > Construction of chapels > Delimiting of area acquired in Huancuire > Construction of sports court > Construction of community halls > Renovation of Challhuahuacho recreational and ecological park
ENVIRONMENT	<ul style="list-style-type: none"> > Production and planting of forest species in field



“At Las Bambas, the resettlement of the Fuerabamba community was based on a well-informed dialogue process and represented a positive experience.”

8

ENVIRONMENT

“We manage our material environmental risks, meeting the regulatory requirements set forth by the Peruvian government.”

Through the implementation of our Environmental Management Plan, developed as part of our current Environmental Impact Statement, we manage our material environmental risks.

We manage our activities to meet all regulatory requirements and, where possible, exceed those requirements by adopting best practices for our industry.

In 2015 there were no fines or sanctions for non-compliance with environmental legislation.

8.1 WATER MANAGEMENT

We have an ongoing focus on the efficiency of our water consumption and our reuse of water. We regularly monitor the quantity and quality of the water we use and are particularly careful about using water sources meant for household consumption or that are needed in surrounding communities.

Las Bambas operates in the Ferrobamba microbasin, the main source of water during the construction stage. We have the necessary water use licences to source the water required for our operations. We will recycle or reuse water from the mining-metallurgical process in the production process.

In 2015, 18% of our water use requirements were met by reusing treated water from domestic effluents. This reused water is used mainly for dust control around the mine site. As shown in the table on the right, Total Water Withdrawal by Source, we minimise our freshwater withdrawal from groundwater and surface water sources by capturing rainfall and run-off. We did not discharge any process water in 2015 as it was all reused in our operations.

Total Water Withdrawal by Source

SOURCE*	TOTAL (ML)
Borefields	825
Precipitation and run-off	8,386
Rivers and creeks	830
TOTAL	10,041

** All water withdrawn by Las Bambas in 2015 was high quality water, either meeting or close to meeting drinking water standards.*

Water Use

WATER TYPE	TOTAL (ML)	
	2014	2015
Total Water Used	433	2,623
Water Reused	46.1	472
Water Reused	11%	18%

“We focus on the efficiency of our water consumption and our reuse of water.”



Designing Water Management Infrastructure

At Las Bambas we have designed our water management infrastructure to minimise impacts on the community and the environment. The design was based on an understanding of seasonal water availability obtained through the environmental impact study and water licensing processes. It also included consideration of both environmental flows and downstream water requirements. The design targets zero discharge of process water.

Las Bambas uses a combination of storage facilities to collect rainfall and run-off, and to maximise water reuse and recycling. This reduces discharge of any mine-impacted water to the environment, and minimises the need to extract water from external water sources, such as rivers and springs, to meet processing requirements. Our processing plant has also been designed to optimise water use efficiency.

During the wet season, we prioritise the use of water from the sedimentation dam, which collects run-off from the waste rock dump and other mine areas, to minimise releases to the environment. The sedimentation dam and associated clarification dam retain water to allow sediments to be removed. In addition, diversion channels are utilised at Las Bambas to help separate clean water from mine-contact water and to minimise operational water volumes within the site's tailings storage facility.

Ongoing monitoring is used to refine our water balance and water quality models and to confirm that discharge water quality criteria can be achieved. This monitoring will inform the design of future water management infrastructure as we plan for expansion of the pit and extension of operations to new areas.

In 2014 and 2015 Las Bambas built its onsite water inventory by capturing and storing rainfall and run-off from mining affected areas to meet water requirements for the processing plant during the commissioning and early production phases.

8.2 BIODIVERSITY MANAGEMENT AND PROTECTION

There are some areas in Las Bambas that, while not particularly rich in wildlife, are home to flora species⁹ and a number of fauna species included in the International Union for Conservation of Nature (IUCN) Red List as well as in national conservation lists of threatened species in Peru.

We have a land clearance and disturbance authorisation procedure to minimise the impact of our activities that could affect biodiversity.

In 2015 we continued to rescue and relocate endemic and vulnerable species of flora and fauna with habitats in areas of planned disturbance. We also made progress on the implementation of our Monitoring and Surveillance Plan to monitor local biodiversity during dry and wet seasons.

⁹ Pajonales (High Andean areas where different species of grasses stand out), bofedales (High Andean wetlands of special significance), bush and vegetation in rocky areas.

**ENDEMIC AND CONSERVATION SPECIES
IN THE MINE AREA**

AMPHIBIANS

- > *Rhinella spinulosa*
- > *Gastrotheca masupiata*
- > *Pleurodema marmoratum*
- > *Telmatobius jelskii*

BIRDS

- > *Podiceps occipitalis*
- > *Vultur gryphu*
- > *Fulica gigantea*

MAMMALS

- > *Puma concolor*
- > *Hippocamelus antisensis*

FLORA

- > *Ephedra rupestris*
- > *Buddleja coriacea*
- > *Polylepsis raceosa*
- > *Puya raimondii*
- > *Polylepis subsericans*
- > *Polylepis tomentella*
- > *Azorella compacta*
- > *Perezia coerulecens*
- > *Perezia pinnatifida*
- > *Senecio rhizomatis*
- > *Echinopsis maximiliana*
- > *Escallonia myrtilloides*
- > *Chuquiraga spinosa*
- > *Ephedra americana*
- > *Acaulimalva engleriana*



“We maintain environmental monitoring and surveillance activities together with local authorities and environmental delegates.”

8.3 EFFLUENTS AND WASTE

In 2015, 6.05 million tonnes of non-acid forming waste rock was placed in waste rock dumps or used in construction of the tailings storage facility embankment, and 3.11 million tonnes of tailings was placed in our lined tailings storage facility.

We have procedures for waste classification, treatment and effluent disposal. Where possible, we engage our employees in the identification and implementation of reuse/recycle opportunities. For example, compost generated from organic waste is used in our tree nurseries and afforestation activities.

Las Bambas generated 223,000 tonnes of non-mineral, hazardous waste in 2015. Over 80% of this was waste oil, which is reused onsite as a fuel. The remaining 20% (predominantly paint cans and contaminated plastic) is disposed of at authorised landfills.

At Las Bambas there were no discharges of process water because we reuse it in our operations.

In 2015 there were no major spills. We define a major spill as any individual spill event that resulted in, or had the potential to result in, environmental harm or the need for medium or long-term clean-up. It also includes multiple, repeat spill events.



Water sampling in the rivers near our operation.

8.4 EMISSIONS AND ENERGY USE

Our greenhouse gas emissions in 2015 were 184.1kt carbon dioxide-equivalents (CO₂-e) and we consumed 2,629TJ of energy.

We regularly implement dust control for access roads to and from the operation.

GREENHOUSE GAS EMISSIONS*	kt CO ₂ -e
Scope 1	24.15
Scope 2	159.99
TOTAL	184.14

* Scope 1 (direct) emissions are greenhouse gas emissions (CO₂, CH₄ and N₂O) from controlled operations. Scope 2 (energy indirect) emissions are greenhouse gas emissions that result from the generation of purchased electricity consumed by the organisation.

8.5 COMMUNITIES AND ENVIRONMENT

Together with local authorities and environmental delegates, in 2015 we continued with our participatory environmental monitoring and surveillance activities to protect water and air quality.

In total, we conducted 19 participatory monitoring activities: 13 to monitor the quality of surface water in the Record, Fuerabamba, Pumamarca, Chila-Choaquere and Pamputa rivers; five to monitor air quality in Challhuahuacho Chicñahui, Chumille, Huanquire, Chuicuni and Ccapacmarca; and one to monitor the water quality of the Record River. The National Water Authority (ANA) participated in these activities.

We have carried out 13 training and communication workshops with residents and local stakeholders to better understand the results of the monitoring process.



TREE NURSERIES TO CARE FOR THE ENVIRONMENT

In 2015 we continued with our tree nursery initiatives in the Challhuahuacho district. This reflects our continued concern for environmental care and better quality of life for residents.

The tree nurseries are home to *queñuas* and pine endemic species – native plants that require little water to survive – as well as flora and fauna species endemic to the region.

To date, we have planted 1.4 million trees in 649 hectares to create forest regions and 237 hectares for agroforestry. We have undertaken the planting of a total of 7 million trees throughout the life of mine. Our afforestation programs between 2010 and 2015 have benefitted more than 11,000 residents from the 34 communities of the Challhuahuacho district, representing an investment of over US \$6 million.



UNITED FOR A CLEAN, ORDERLY AND HEALTHY CHALLHUAHUACHO

We launched and supported the First Environmental Civic Parade, in which the six neighbourhoods of the Challhuahuacho district participated. Promoted by the Carmen Alto farming community and organised by the Challhuahuacho municipality, the event also had the support of public and private institutions.

To assist the local residents, employees and business owners put their activities on hold to help them clean up and stockpile waste from streets, irrigation ditches, markets, sports courts and the bank of the Challhuahuacho River.

The mayor of the Challhuahuacho district was thankful for the initiative and commented that cleaning up and organising the district should not only involve the local government, but companies and civil society as well.





9

OUR PEOPLE

“At Las Bambas,
we offer challenging
work in an environment
that foster professional
development for
our teams.”

Effective talent management became increasingly relevant as we approached the beginning of operations in 2016. In 2015 Las Bambas focused on recruitment and development to prepare our employees to successfully begin production.

Our approach to human resource management is based on MMG's policies and procedures. MMG's People Policy, and our Code of Conduct and Sustainability Policy, guide our talent management strategy and include topics such as fair treatment, the knowledge to perform well, training related to business goals, and recognition.

In accordance with MMG's People Policy, we offer challenging work in environments that foster professional development, where people share timely communication on performance, and teams provide feedback to leaders. Our People Policy also fosters equality, diversity and a workplace free from harassment.

9.1 TALENT FOR PRODUCTION

In 2015 our objective was to be ready to begin operations. One of our greatest challenges in talent management was to staff the company with well-qualified employees for the production stage.

To meet our objective, we strengthened our recruitment and selection team, who worked together with each department to meet their recruitment needs.

We created a complete organisational structure and planned massive recruitment and hiring processes, in keeping with deadlines and budget. We hired 1,111 new employees, including 112 women for positions at all levels, especially for the pre-stripping, commissioning and ramp-up processes.

We retained employees whose profiles matched our new structure (mainly for operational categories). We also provided training for key employees in operational departments.

We are working to implement talent management processes for 2016, with actions such as:

- > Strengthening internal communication channels
- > Strengthening MMG's organisational culture at Las Bambas
- > Creating strong and direct relationships with all employees
- > Gathering training information for internal development, in compliance with legal regulations

9.2 OUR WORKFORCE

In 2015 we had a total of 7,354 employees and contractors at Las Bambas (not including construction contractors).

Contractors	5,586
Company employees	1,768
TOTAL	7,354

In addition to complying with Peruvian legislation, we provide employee benefits that are attractive in the Peruvian market, such as the Family Medical Assistance Program, which includes coverage for employees' parents. Our benefits also include personal accident insurance, health insurance with oncology coverage, and bonuses for our operators working night shifts.

We define salaries based on work classification, performance measurements and pay bands in the market. There is no distinction based on gender or any other factor that could be considered discriminatory.



Female Employees at Las Bambas

As of year-end 2015, 189 women worked at Las Bambas, representing nearly 11% of employees.

CHARACTERISTICS OF OUR EMPLOYEES

		2013	2014	2015
Total on payroll		500	836	1,768
By contract type	Fixed term	346	585	1,265
	Indefinite term	154	251	503
By job hierarchy	Staff employees	75	87	117
	Office employees	331	441	755
	Field employees	94	338	896
By time classification	Full-time	500	836	1,768
	Part-time	0	0	0
By region	Cusco	119	162	267
	Arequipa	446	102	305
	Lima	84	127	268
	Apurímac	120	208	374
	Other	131	237	554
By age	Under 30 years old	106	193	440
	30 - 50 years old	350	575	1,220
	Over 50 years old	44	68	108

Thirteen of our senior officers are between 30 and 50 years old, and 15 are over 50 years old. None are younger than 30 years old or have a physical disability. None of them are from Apurímac.

9.3 LOCAL EMPLOYMENT

We remain committed to hiring employees from the relocated Fuerabamba community as well as other surrounding communities, to provide opportunities for income and skill development in the local economy. As of year-end 2015, we had 374 local employees¹⁰ (21% of employees).

We place great emphasis on capacity building for local employees, since it significantly increases their skills and future employability.

Training Initiatives for Local Employees

- > Our training programs provide employees with the necessary technical skills to join the company's main departments as operators and technicians. Training hours in 2015 totalled 109,436, and benefitted 180 community residents. They now work in the Operations, Concentrator Plant and Maintenance departments.
- > We also train residents from the surrounding communities in technical trades. These programs are certified by one of Peru's leading technological institutes.
- > Our adaptability program provides community residents who do not have previous employment experience with basic training to be safe and satisfactorily perform in the workplace (30,301 training hours in occupational safety and health). In 2015 we conducted this program three times, benefitting 70 participants.
- > We conducted technical training workshops through suppliers, for a total of 57,133 training hours in 2015.

¹⁰ A local employee is a resident of the Nueva Fuerabamba community, the Challhuahuacho district or Cotabambas province.

9.4 TRAINING AND EMPLOYABILITY

The objective of our 2015 training activities was to prepare our teams for the commencement of operations. We used programs and internal and external courses as our main training tools. There were slightly more training hours for local employees (55% of the total) than non-local – see *Local Employment*.

Las Bambas offers a graduate program for professionals in engineering, business administration, industrial relations, law and economics from regional and national universities. In 2015, 43% of the participants were from Apurímac-based universities. Similarly, we have a professional internship program, where 65% of the participants are students of regional universities.

We expect to improve our online platform to conduct courses in 2016. Our training investment will be mainly focused on occupational safety and health, and on leadership skills for supervisors.

HOURS INVESTED

We invested 20.53 hours of training per employee: 9.05 per executive (staff and office employees) and 30.49 per operator.

“We remain committed to hiring local employees to provide opportunities for the career development of residents from our area of influence.”



Employees oversee operation of the primary crusher.

A photograph of two workers in an industrial setting. They are wearing white hard hats with a logo, safety glasses, and orange high-visibility jackets. They are smiling and looking towards the camera. In the background, there is a large, complex industrial structure, possibly a turbine or generator, with yellow railings and blue structural elements.

10

SAFETY PERFORMANCE

“Safety management is a process of continuous improvement; our company leaders play a key role in fostering a safe culture.”

Safety is our most important value at MMG and is expressed as “we think safety first.” Our objective is to have an injury-free workplace for all employees and contractors.

To achieve a workplace of zero injuries, which we believe is possible, safety management must be a process of continuous improvement. Our approach to creating safe work is premised on improving the planning and execution of work by supervisors and frontline employees (both our employees and our contractors).

Critical to this is dedicated leadership time to support our people to work safely – we aim to have our line managers, superintendents and supervisors in the field for a minimum of two, four and six hours a day, respectively.

We believe that further reductions in injuries will be achieved through additional support to our supervisors and frontline employees in their roles as they strive to achieve a safer workplace. We plan to provide supervisors with coaching and training. We plan to train and coach our frontline employees in their role in identifying hazards and working to agreed plans and procedures.

10.1 SAFETY MANAGEMENT INITIATIVES

A management-level workshop was held at Las Bambas in 2015 to introduce the concepts of our Creating Safe Work program to the leadership team. An MMG training program developed and piloted in 2015 will be implemented progressively at Las Bambas in the coming years. It comprises two modules: safety mindsets and attitudes; and safety leadership.

We continued to improve our critical control management plans for the management of material fatal risks such as lightning and failure of tailings storage facilities. This work will be ongoing in 2016.

We also implemented the Expected Behaviour and Cardinal Rule program, which helps our people to understand the key safety behaviours required to minimise the potential for fatalities in the workplace.

At Las Bambas, we investigate incidents in order to learn from them and to prevent similar incidents.

SAFETY LEADERSHIP

A focus on building a strong safety culture is a core leadership activity at Las Bambas. In 2015, senior management organised a number of “safety shutdowns” in which learnings from significant safety incidents and near misses were shared with all employees and contractors.

The core messages of these safety shutdowns are the importance of living the company values and reinforcing that all workers are empowered to stop work and speak up if they consider a task to be unsafe.

10.2 OCCUPATIONAL HEALTH

Protecting and promoting the health of our people is as vital as protecting their safety. We aim to minimise occupational exposures and to support the well-being of our people.

The health risks in our workplaces include occupational exposure to altitude, noise and respirable dust. As operations progress, we are developing risk-based exposure monitoring programs and exposure management plans.

All of our employees undergo medical examinations when joining and when leaving the company, and undergo medical check-ups once a year.

We recorded 34 cases of altitude sickness in 2015. All employees deployed to Las Bambas undergo a rigorous medical evaluation to determine their fitness for travel to altitude. However, the risk of altitude sickness is not always medically indicated, and therefore this process can only be partially successful in identifying those most at risk. At both Cusco, a city which acts as an altitude adjustment stopover to Las Bambas, and at the mine site, employees are regularly monitored to ensure that symptoms of altitude sickness are promptly identified and treated.

Safety Indicators

RATE*	Description	2013		2014		2015	
		Operations	Projects	Operations	Projects	Operations	Projects
LTIF	Lost Time Injury Frequency	0.00	0.07	0.00	0.05	0.59	0.29
TRIF	Total Recordable Injury Frequency	0.22	0.49	0.47	1.43	1.01	1.62
F	Fatalities	0	2	0	0	0	0

* PER 1 MILLION HOURS WORKED

In 2015 we continued our training and awareness programs in first aid, fatigue management, altitude sickness, emergency response and transport of injured people.

TRAINING IN SAFETY

In 2015 we conducted 23,753 man-hours of safety training.



Maintenance employees perform their daily tasks.



“We monitor the health of our people through medical check-ups, and we take a preventative approach to workplace-related risks.”

11

GRI DATA AND REFERENCE INDEX

The table starting on page 65 shows where to find GRI G4-related information in the Las Bambas 2015 Sustainability Report.



GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation.	4-7	No
ORGANISATIONAL PROFILE			
G4-3	Name of the organisation.	See cover.	No
G4-4	Primary brands, products and services.	17	No
G4-5	Location of the organisation's headquarters.	Avenida El Derby 055, Torre 3 - Piso 9 Surco – Lima, Peru.	No
G4-6	Countries where the organisation operates.	19	No
G4-7	Nature of ownership and legal form.	17	No
G4-8	Markets served.	We will start selling our products and serving target markets in 2016.	No
G4-9	Scale of the organisation based on number of employees, operations, net sales or revenues, etc.	18, 19, 35, 38 and 58	No
G4-10	Number of employees by employment contract and gender.	58	No
G4-11	Percentage of employees covered by collective bargaining agreements.	We do not have unionised employees.	No
G4-12	Organisation's supply chain.	38-40	No
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership or supply chain.	In 2015 we prepared Las Bambas for the commencement of operations in 2016. Therefore, the most significant change was that we adopted the standards of a progressive mining operation for both supply and consumption during the construction stage.	No
G4-14	How the precautionary principle is addressed by the organisation.	20, 24 and 25	No
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	19	No
G4-16	Organisation's memberships in associations and national or international advocacy organisations.	19	No

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents.	MMG, our operator, consolidates the audited monthly or annual financial statements of Las Bambas S.A., and submits them to the Stock Exchange of Hong Kong Limited.	No
G4-18	Process for defining the report content and aspect boundaries.	8 and 9	No
G4-19	Material aspects identified in the process for defining report content.	10	No
G4-20	Aspect boundary for each material aspect within the organisation.	10	No
G4-21	Aspect boundary for each material aspect outside the organisation.	10	No
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	This report has been prepared in accordance with the Core option, while the 2014 Sustainability Report complied with the Comprehensive option. Therefore, this year we are reporting on fewer indicators.	No
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	The scope and aspect boundaries were similar to the 2014 Sustainability Report.	No
STAKEHOLDER ENGAGEMENT			
G4-24	Stakeholder groups engaged by the organisation.	30	No
G4-25	Basis for the identification and selection of stakeholders with whom to engage.	29	No
G4-26	Organisation's approach to stakeholder engagement (frequency, engagement in the report preparation process, etc.).	30	No
G4-27	Key topics and concerns that have been raised through stakeholder engagement.	9	No
REPORT PROFILE			
G4-28	Reporting period for information provided.	January to December 2015.	No
G4-29	Date of most recent report.	2014	No
G4-30	Reporting cycle.	Annual.	No
G4-31	Contact for questions regarding the report or its contents.	75	No
G4-32	'In accordance' option the organisation has chosen.	In accordance with the Core option.	No
G4-33	Organisation's policy and current practice with regard to seeking external assurance for the report.	10	No
GOVERNANCE			
G4-34	Governance structure of the organisation.	27	No
ETHICS AND INTEGRITY			
G4-56	Organisation's values, principles, standards and norms of behaviour such as codes of conduct or codes of ethics.	20 and 27	No

SPECIFIC STANDARD DISCLOSURES			
GRI-G4 ASPECTS	GRI G4 INDICATOR	PAGE	EXTERNAL ASSURANCE
ECONOMIC PERFORMANCE	G4-EC1 Direct economic value generated and distributed.	34-49	No
INDIRECT ECONOMIC IMPACTS	G4-EC7 Development and impact of infrastructure investments and services supported.	34-49	No
	G4-EC8 Significant indirect economic impacts, including the extent of impacts.	34-49	No
ENERGY	G4-EN3 Energy consumption within the organisation.	50-55	No
WATER	G4-EN8 Total water withdrawal by source.	50-55	No
	G4-EN10 Percentage and total volume of water recycled and reused.	50-55	No
BIODIVERSITY	G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	50-55	No
	G4-EN12 Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	50-55	No
	G4-EN14 Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	50-55	No
EMISSIONS	G4-EN15 Direct greenhouse gas emissions (scope 1).	50-55	No
	G4-EN16 Energy indirect greenhouse gas emissions (scope 2).	50-55	No
EFFLUENTS AND WASTE	G4-EN22 Total water discharge by quality and destination.	50-55	Yes
	G4-EN23 Total weight of waste by type and disposal method.	50-55	No
	G4-EN24 Total number and volume of significant spills.	50-55	No
COMPLIANCE	G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	50-55	No
BIODIVERSITY – SECTOR SUPPLEMENT	MM1 Disturbed or rehabilitated land.	50-55	No
	MM2 Sites requiring biodiversity management plans.	50-55	No
EFFLUENTS AND WASTE – SECTOR SUPPLEMENT	MM3 Overburden, rock and other waste.	50-55	Yes

SPECIFIC STANDARD DISCLOSURES

GRI-G4 ASPECTS	GRI G4 INDICATOR	PAGE	EXTERNAL ASSURANCE
EMPLOYMENT	G4-LA1 Number and rates of new employee hires and employee turnover by age group, gender and region.	56-59	No
	G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	56-59	No
OCCUPATIONAL HEALTH AND SAFETY	G4-LA5 Percentage of workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	60-63	No
	G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities, by region and by gender.	60-63	No
TRAINING AND EDUCATION	G4-LA9 Average hours of training per year per employee by gender and by employee category.	56-59	No
	G4-LA10 Programs for skills management and lifelong learning that support employability of employees and assist them in managing career endings.	56-59	No
DIVERSITY AND EQUAL OPPORTUNITY	G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group and other indicators of diversity.	56-59	No
SECURITY PRACTICES	G4-HR7 Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations.	29	Yes
HUMAN RIGHTS GRIEVANCE MECHANISMS	G4-HR12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	28	Yes
LOCAL COMMUNITIES	G4-S01 Percentage of operations with implemented local community engagement, impact assessments, and development programs.	41-48	No
GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY	G4-S011 Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms.	28-30	No
ARTISANAL AND SMALL-SCALE MINING – SECTOR SUPPLEMENT	MM8 Artisanal mining.	41	No
RESETTLEMENT – SECTOR SUPPLEMENT	MM9 Resettlement.	43	No



“At Las Bambas,
we participate in
the festivities and
traditions of Apurímac
communities.”

FEEDBACK FORM



Using this form, please share your feedback about this report. We will take your opinion into account for future reports.

Please complete the feedback form and send to:

E-mail: DLPECopper-LasBambasComunicaciones@MMG.COM

Mail: Lima Office: Av. El Derby 055, oficina 902, Torre 3, Santiago de Surco

Thank you in advance for your comments.



1. Overall impression of the report:

- Not interesting
- Somewhat interesting
- Interesting
- Very interesting

2. The report made me aware of the sustainability actions being taken by Las Bambas:

- Very little
- A little
- To some extent
- To a large extent

3. Please tell us what you think of the following sections of this report:

- A Message from the Las Bambas President

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- About This Report

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.....

- Performance and Goals

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Who We Are

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The Way We Work

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.....

Our Contribution

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.....

Environment

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.....

Our People

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.....

Safety Performance

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GRI Data and Reference Index

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.....

4. Other comments or suggestions:

.....

Full name:

Address:

Province:

Country:

Email address:

5. Relationship with Las Bambas:

Local community

Employee

Contractor

Mining sector

Opinion leader

General public

Shareholder

Media

Civil society (NGOs, churches and universities)

Government (central, regional or local)

Other (Specify)



This report is printed on CyclusOffset, a printing paper made from 100% recycled fibre from appropriately managed forests, free of chlorine and optical brighteners, and certified by the National Association of Paper Merchants (NAPM).

CyclusOffset is also made with bioenergy (non-polluting energy) and certified by Ecoflower and Blue Angel, which identify eco-friendly products made by managing resources on an economically viable basis and social responsibility.

Using 100% recycled printing paper has a lower impact on the ecosystem.

By using CyclusOffset, instead of non-recycled paper, we reduced the environmental impact as follows:



1,194

kg of waste



286

kg of CO₂ as greenhouse gas



2,862

km travelled in a standard European car



29,106

L of water saved



3,685

kW/h of energy saved



1,940

kg of wood (fibre of trees) saved

Source: Labelia Conseil calculates carbon footprint according to the Bilan Carbone® methodology. Calculations are made by comparing the printing paper selected, made from recycled fibres, and virgin fibre paper, as well as by using Europe's Best Available Techniques Reference Documents (BREF) (virgin fibre paper). Results are based on updated data and are subject to modifications.



OTHER CERTIFICATIONS:

- | | |
|-----------------|---|
| Licence 544.021 | Nordic Swan |
| ISO 9001 | Quality management |
| EMAS, ISO 14001 | EU environmental management/certification scheme |
| DIN 673 | Archive properties, LDK class 24-85 (> 200/g years) |
| EN 71-3 | Safety of toys, migration of certain elements |



“Las Bambas began commercial production in 2016, after successfully completing construction in 2015.”

CONTACT

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