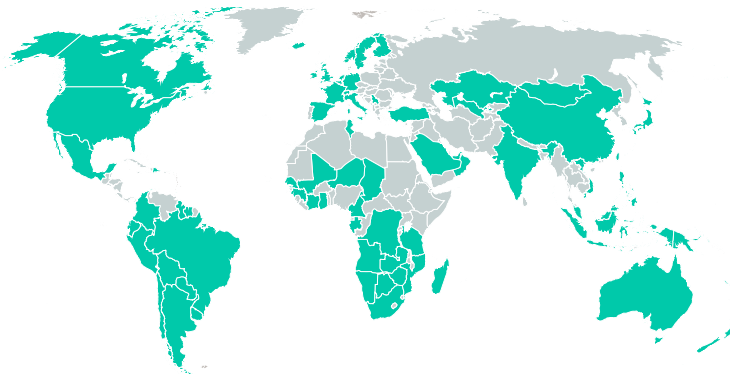


ICMM Members' Tax Contribution

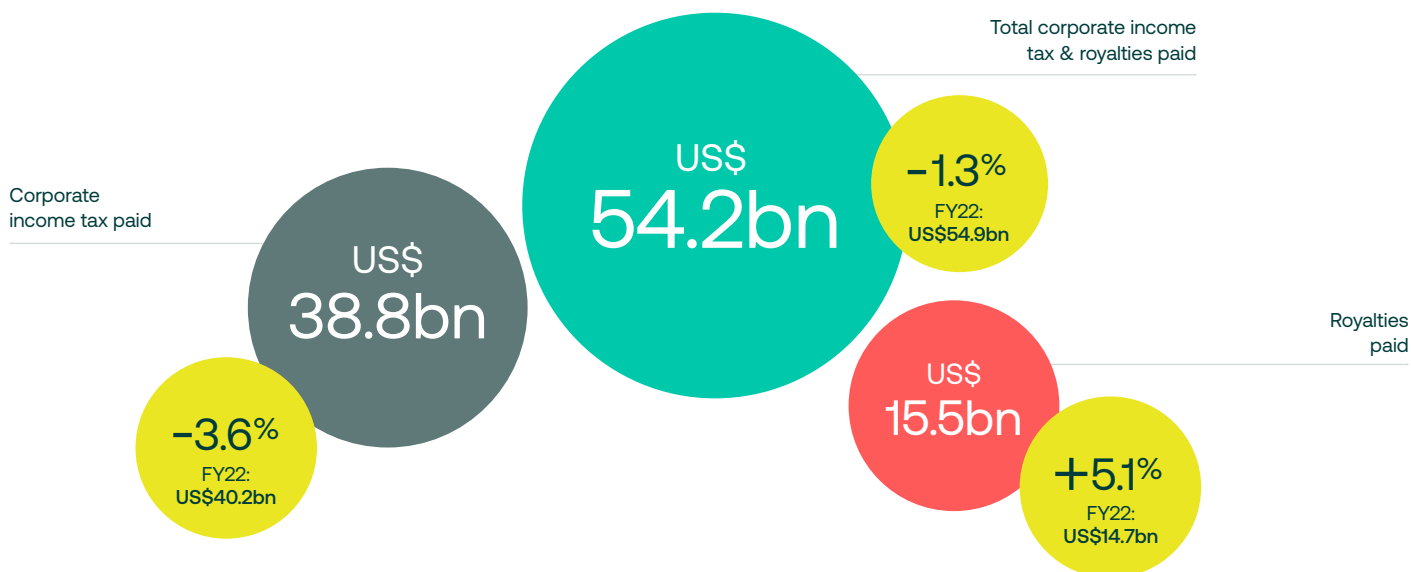
Focusing on Corporate Income Tax
and Royalties – 2023 update

50+

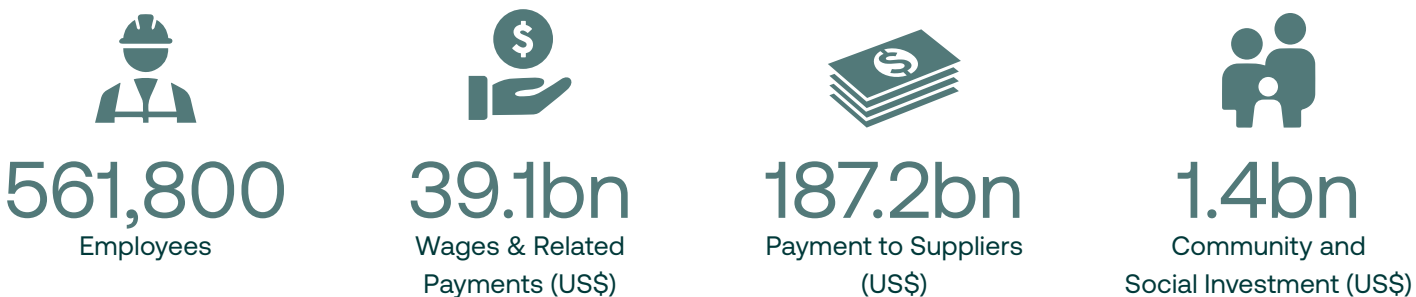
Partnering with host communities in over 50 countries of operation



Making significant tax contributions, despite a year of challenging economic conditions, that support societies to thrive both now and in the future



Contributing, beyond taxes, at every stage of the mining lifecycle



¹ Based on data provided by 25 ICMM members for the accounting period ended in the year to 30 June 2023 as outlined in Appendix 3.

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The mining industry has a critical role to play in driving social and economic development in the countries and regions in which it operates. As the world continues on its journey towards decarbonisation using the metals and minerals produced by the industry, this contribution has never been more important.

This contribution comes at a vital time as climate change presents a monumental challenge, with the mining sector emerging as a crucial player in its mitigation.

Decarbonisation emphasises the indispensable role the mining industry has in nurturing social and economic advancement in its operational regions. Investment in mineral-rich nations is imperative, and bolstered by stable tax frameworks which catalyse economic growth and facilitate broader social development. Transparency within this framework not only fosters corporate accountability and stakeholder trust but also empowers communities to hold governments accountable for the responsible allocation of generated revenues.

The journey towards decarbonisation requires more mining not less and ICMM members have a pivotal role as responsible stewards of natural resources in maximising mining's positive impact. This only heightens the importance of transparent disclosure and the continued push for stronger governance over mineral resource wealth.

Through responsible mining and supplementary activities, ICMM members make significant contributions to economies, governments, and the communities in which they operate.

Taxes represent a crucial element of this contribution. They fund investment in the initiatives that support societies to thrive, both now and in the future, including essential services and infrastructure, enterprise development and job creation, and the path to net-zero.

Being transparent about tax contribution is just one way that ICMM members seek to build trust and confidence with their stakeholders.

Having robust data on tax contribution supports:

- Informed debate about the integrity of global mining tax regimes. This is important to inform future policy decisions.
- Governments to appreciate the importance of the mining industry to local economies and society.
- Citizens, civil society and other stakeholders to appreciate the social and economic returns of mineral resources activity, and to hold governments to account for the mining revenues that have been paid to them.



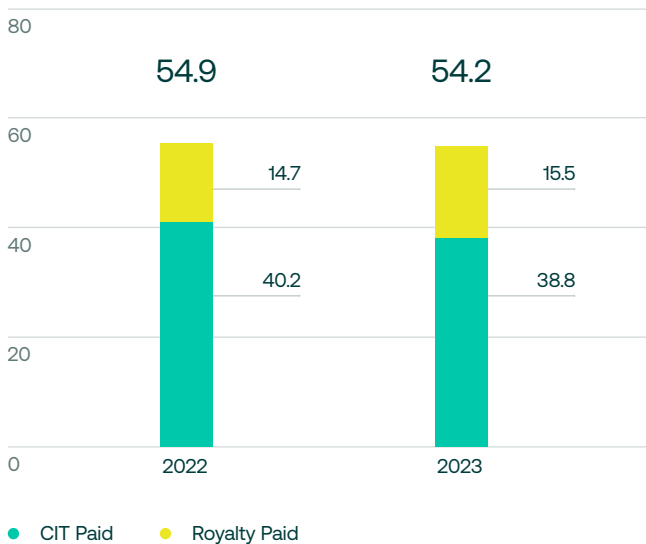
Year in review

This report focuses on ICMM members' tax contributions for accounting periods ended in the year to 30 June 2023². For the majority of the members (19 out of 25), this was the year ended 31 December 2022. So it is important to look across 2022 and 2023 when assessing contribution.

The global economy endured fresh volatility during this period, resulting in challenging conditions for the mining sector. In stark contrast to the record highs witnessed in the prior year, demand and prices across many key commodities retreated against a backdrop of trade dislocation, tightening global monetary policy, rising inflation, surging energy prices and higher production costs. This has had a material impact on performance.

Despite the economic turbulence, the tax and wider social and economic contributions of ICMM's members continued to be significant. This year's results emphasise the important contributions the members make to public finances and host communities even during periods of challenging conditions and particularly when looked at in context over time.

Figure 1: Total CIT and Royalties Paid (US\$bn)



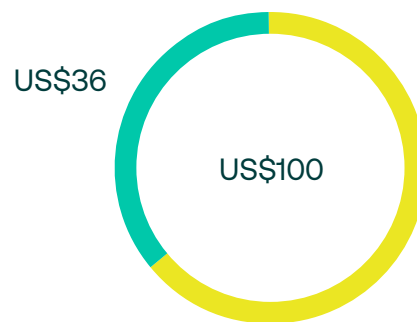
ICMM members' tax contribution

Twenty-five (25) ICMM members provided data for this 2023 tax contribution report update. Together, they reported total corporate income tax (CIT) and royalty cash payments of US\$54.2bn to tax authorities around the world, representing only a 1.3% decrease from the prior year.

Due to timing differences between the recognition of profits and the payment of tax (often occurring in the following year), the difficult conditions experienced this year are likely to have a greater impact on next year's contribution. Such differences smooth out over time.

Since 2013, ICMM members participating in this study have reported US\$325.6bn in total CIT and royalty payments. Compared to total adjusted profits of US\$888.8bn reported by the members over the same period, this translates to over US\$36 out of every US\$100 of profit earned by the members being paid in CIT and royalties.

Figure 2: CIT and Royalty Payments Since 2013³



For every US\$100 of profit reported by ICMM members since 2013, US\$36 has been paid in CIT and royalties

2. Based on data provided by 25 ICMM members for the accounting period ended in the year to 30 June 2023 as outlined in Appendix 3.

3. The composition of ICMM members participating in the survey has changed over time.

Mining's wider social and economic contribution

As responsible stewards of natural resources, ICMM members accept that they have a moral imperative to contribute to economic, social and institutional development that creates lasting benefits for citizens well after closure of a mine.

For the accounting periods ending June 2023⁴, the members contributing to this report paid US\$39.1bn in salaries, wages and related payments to around 561,800 people employed worldwide, invested US\$187.2bn in partnerships with global suppliers and contributed US\$1.4bn to local communities to address social needs.

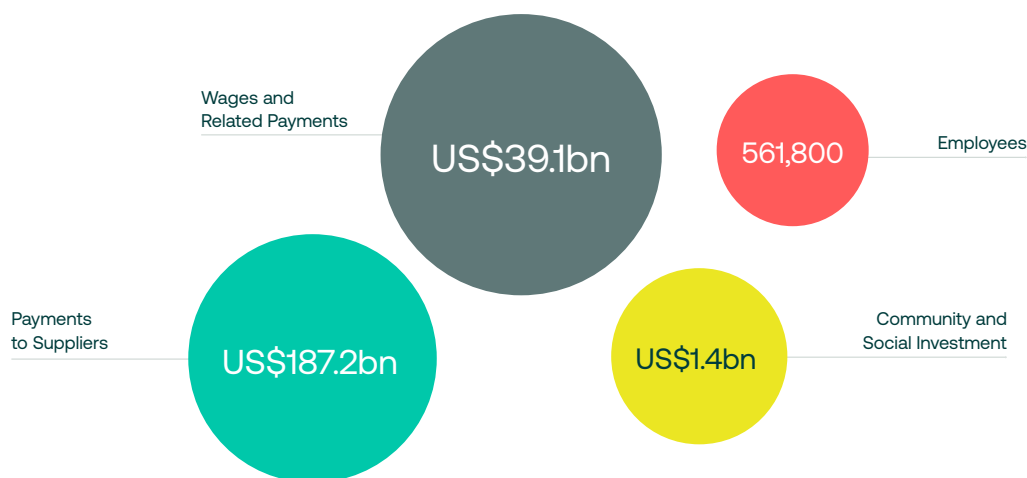
Such contributions are particularly important to highlight in an industry which is inherently cyclical by nature. That is, while the magnitude of tax contribution in a given period may ultimately depend on where mining projects are at in the mining lifecycle and how resources demand

and prices are trending, these significant additional investments, over and above tax contributions, demonstrate just some of the other ways that members contribute to host communities over the entirety of the lifecycle.

ICMM's Mining Principles require members to proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner, which includes publicly supporting the implementation of the Extractive Industries Transparency Initiative by compiling all information on material payments, at the appropriate levels of government, by country and by project.

Future ICMM publications will also look to provide greater detail of overall member contributions, aligned to a consistent set of social and economic indicators that members have committed to reporting on at an organisational level. You can find out more about this in the ICMM Social and Economic Reporting Framework.

Figure 3: Wider Social and Economic Contributions by the Members in 2023



4. Based on data provided by 25 ICMM members for the accounting period ended in the year to 30 June 2023 as outlined in Appendix 3.

Behind every number is an important story. It is important to have the context that drives members' tax contributions. Such contributions can be better assessed with an understanding of who the members are, where they operate, what they do, and what influences their performance.

ICMM members operate in over 50 countries around the world, on projects that can take decades of investment before a profit is turned. Through responsible extraction and adherence to strong mineral resources governance, these companies produce the metals and minerals which underpin global economic development and are critical to the energy transition.

The industry also navigates constant fluctuations in the prices for these materials which influence financial performance and the tax contributions that follow. Careful management is required to ensure that mining activities generate value for host communities over the entirety of the mining lifecycle via both tax and wider social and economic contributions.



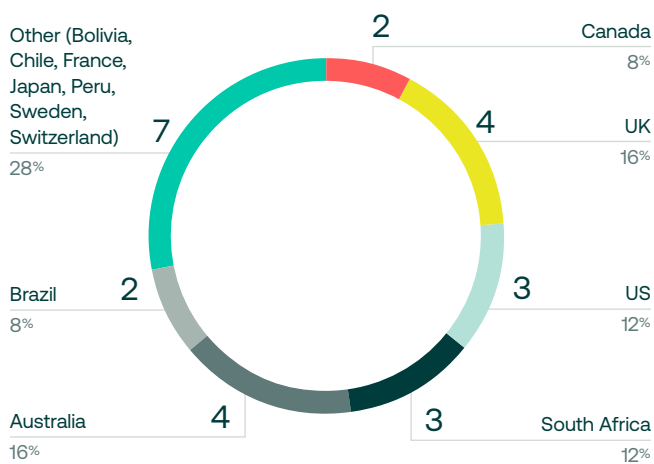
A diverse member base with broad global reach

Twenty-five (25) ICMM members provided data for this report. Together, these members comprise approximately one-third of the global mining and metals industry and operate in over 50 countries across the globe.

Figure 4 shows members' headquarter locations.

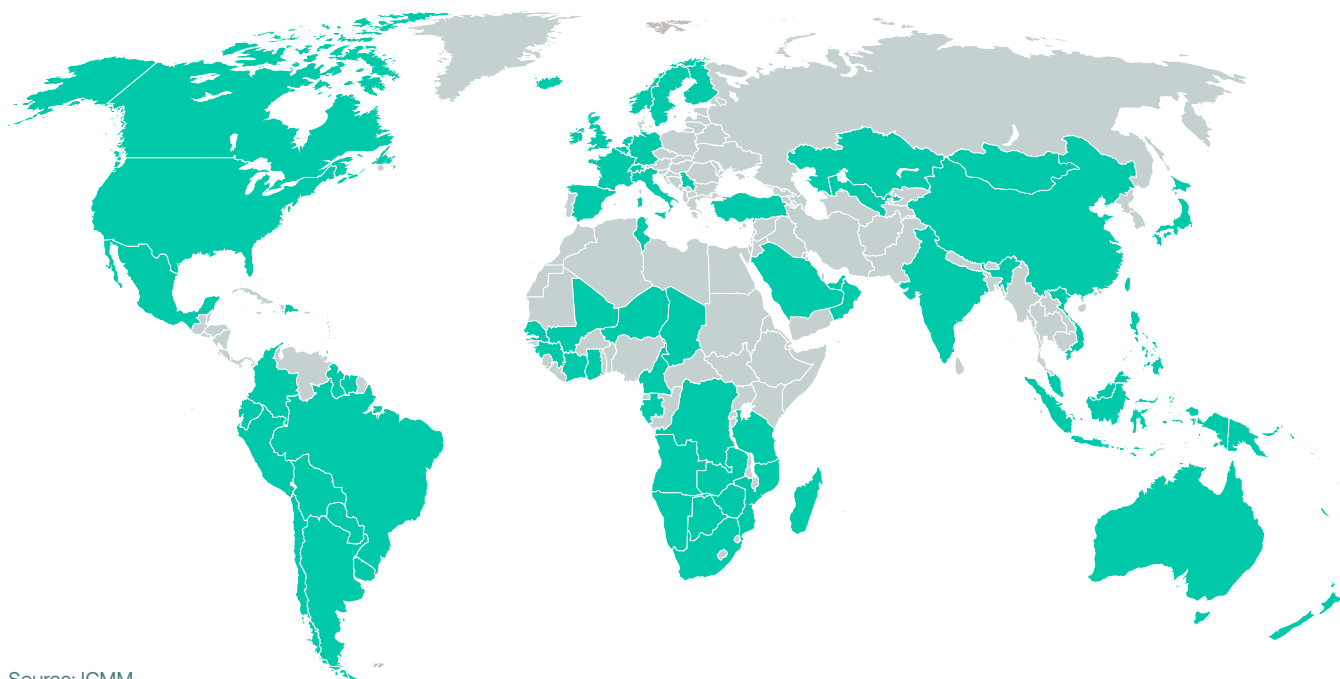
Figure 5 shows members' countries of operation.

Figure 4: ICMM Members' Headquarter Locations



Source: Participating ICMM members

Figure 5: ICMM Members' Countries of Operation



Source: ICMM

Producing the metals and minerals which underpin global economic development

Steel and related key raw materials such as iron ore and manganese continue to be essential building blocks of the modern economy and in advancing social and economic development.

Steel is essential to almost all construction and manufacturing activities that support our everyday lives,

from transport networks and energy infrastructure to buildings, vehicles, machinery and general household appliances. In many applications, there is no substitute for steel.

The challenge is to decarbonise the steel-making process. This requires further investment in technologies that rely on the higher-quality iron ore, nickel and metallurgical coal products produced by ICMM members.

Gold will continue to be prized by the modern economy for its well-understood applications such as in jewellery and financial investment markets, as well as potentially lesser-known uses such as in electronics, dentistry, medicine and aerospace.

Growth in production and the demand for rare earth minerals are also supporting the current rate of production across ICMM members. Rare earth minerals, which are difficult to find, extract, and process, have an increasingly wide range of applications in rapidly advancing technologies, such as advanced alloys, electronic and computing equipment, batteries, and fuel cells.

And the metals and minerals that are critical to the energy transition

To support the shift toward a carbon-neutral future, large amounts of commodities are required. Renewable energy technologies—including wind turbines, solar panels, and hydroelectric power plants—necessitate substantial quantities of base metals. As technology matures and becomes more widely available, we can

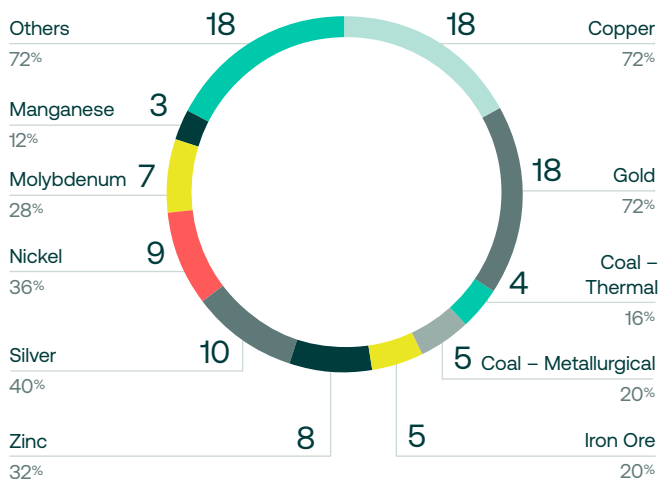
expect long-term increases in the demand for these materials. So it is clear the path to decarbonisation requires more mining, not less.

When done responsibly and within effective mineral resources governance and policy frameworks, mining can play a truly transformational role in social and economic development, contributing to a greener planet while ensuring that the proceeds of increased extraction are invested back into the regions and host communities that these resources belong to (including in the form of increased mining revenues paid to governments).

ICMM members produce many future-enabling metals and minerals. With updates to members production data and revisions to global production data, consistent data from the past two years is provided below in Figure 7.⁴

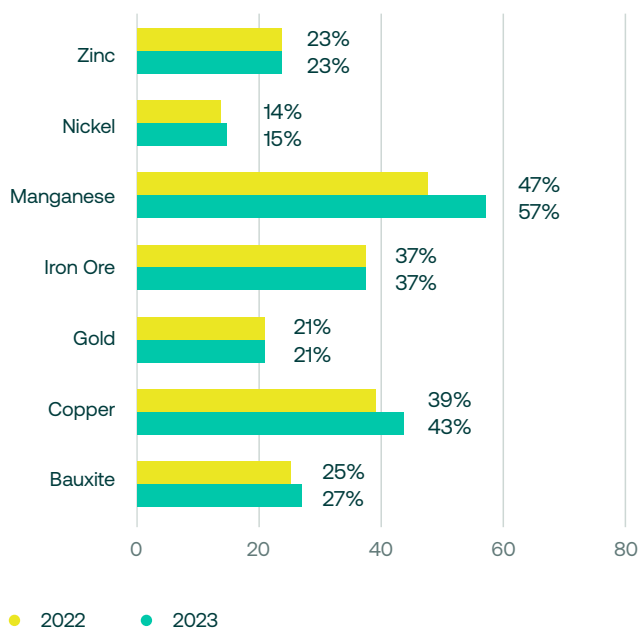
For example, in 2023, ICMM members produced approximately 57% of the world’s manganese, 43% of the world’s copper, 23% of the world’s zinc, and 15% of the world’s nickel.

Figure 6: Key Metals and Minerals mined by ICMM Members (Number/Percentage of Members that Mine each Metal/Mineral)



Source: ICMM members

Figure 7: ICMM Member Share of Global Production for Select Metals and Minerals⁵



Source: ICMM members, Office of Chief Economist Australia and USGS Minerals Yearbook 2024.

5. Ongoing data review and assessment between the versions of the reports from 2022 and 2023 have highlighted that some member production data, particularly for copper, was reported in terms of the volume of ore extracted rather than the commodity in question. This has led to an overstatement of member production for copper in 2022. Additionally, global production data is sourced from a variety of statistical agencies. These agencies collect data from mining companies’ published annual production reports. Given the time lags between the publication of mining company annual production reports and the publication of data from statistical agencies, global production figures are often revised as more up-to-date information becomes available. As a result, the share of global production may be subject to revisions between years. To aid in understanding, updated production data from the past two years is provided. The 2022 numbers have been updated accordingly.

Copper's unique properties make it one of the most important materials in the energy transition. It is the cornerstone for all electricity-related technologies and sustainable energy sources, from solar panels, wind turbines and electric vehicles to air conditioners, refrigerators and consumer electronics. Nickel and manganese are crucial to the performance, longevity and energy density of battery powered technologies such as electric vehicles. The anti-corrosive properties of zinc make it an important alloy in materials used in automobiles, electrical components and household fixtures.

These are just a few examples. At the same time, many members are in the process of investing in and ramping up production of a range of other critical metals and minerals (cobalt, lithium, platinum group metals and rare earth elements to name a few) that will have widespread use in renewable power generation, electrification of transport and the development of low-carbon processes.

Navigating commodity price volatility

The profits generated by mining companies are directly tied to the price at which the critical metals and minerals they produce can be sold. These prices are not something these companies can directly control.

Commodity prices are driven by the relationship between supply and demand. An understanding of these drivers is of critical importance for clarity on both the magnitude and duration of price movements.

When economies are running strong, commodity prices tend to rise in line with increasing demand. The opposite is the case when economic conditions tighten.

Historically, movements in the metal and mineral market have been more strongly correlated to global economic conditions than other tradeable commodities and, as such, global macroeconomic shocks have been the main driver in price volatility in the metals and minerals market over the past 25 years.

Key long-term drivers of demand include demographic changes, such as increasing populations in developing countries (which has a positive impact on prices) and the ageing of the global population (which maybe starting to reduce economic activity).

Production on the other hand is generally more steady from year to year, having regard to the mining lifecycle (see **Figure 10** on page 11 for more context). However, multiple new mines coming online over a short period can rapidly boost supply, which can, in turn, impact short-term commodity prices.

The combined effects of long-term supply and demand dynamics, along with short-term economic fluctuations, result in a complex mix of factors that are setting global metal and mineral prices.

How did commodity prices fair this year?

In stark contrast to the record highs witnessed in the previous year, this year saw weakening prices across many key commodities as demand in major markets curtailed in response to economic and geopolitical instability, tightening global monetary policy and surging inflation.

China remains the biggest consumer of the world's metal supply and as such the Chinese economy is a major driver of commodity prices. With growth rates slowing in China, demand for base metals weakened, resulting in a decrease in the price index for base metals (particularly copper, nickel and zinc). Major drivers include China's zero-covid policy and declining real estate sector.

Globally, macroeconomic headwinds, such as sovereign debt and inflationary pressures, have weakened the market for base metals. The weakness in the prices of aluminium, copper, lead, nickel, tin, and zinc seen throughout 2023 reflects this economic downturn.

Gold increased in value throughout 2023 and into early 2024, reflecting its use as a store of value, particularly during uncertain economic and geopolitical times. Historically, the price of gold and interest rates have often had a negative correlation; when interest rates

rise, the price of gold has typically declined.

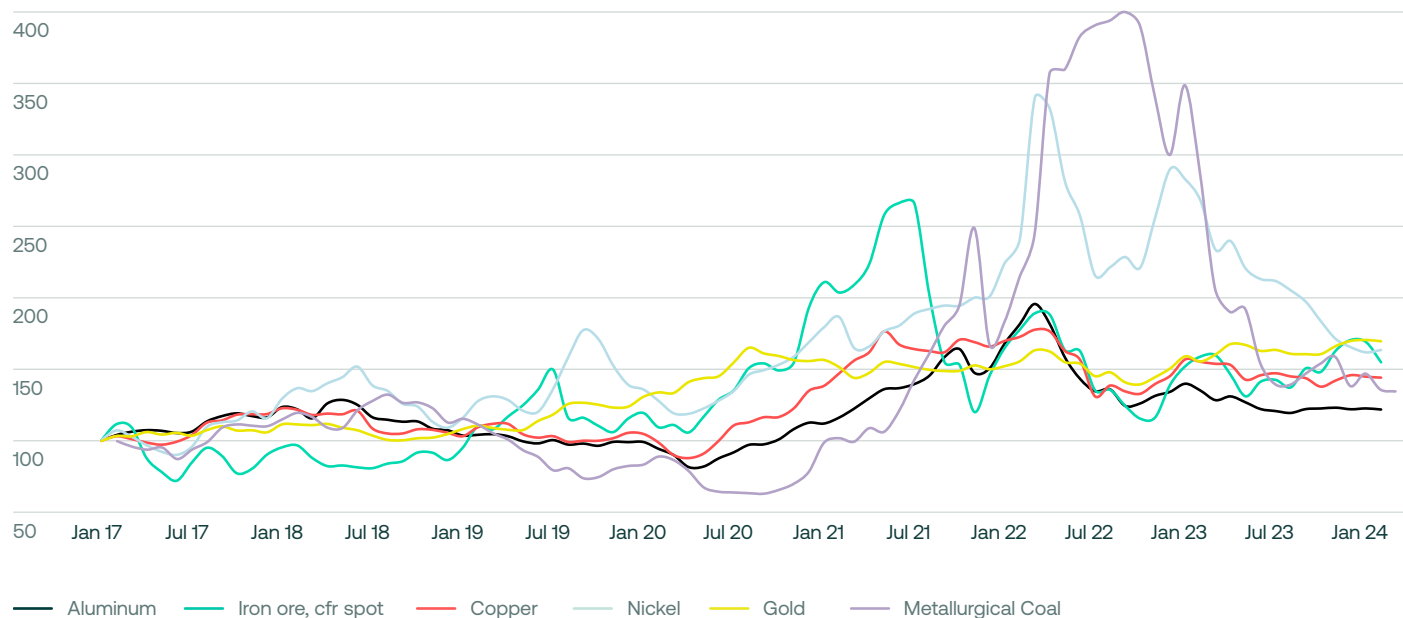
The recent decoupling of these trends suggests that the performance of gold is being driven primarily by economic uncertainty.

Bulk commodity prices on average moved higher in response to near term demand while investment and production in transition metals continues to ramp up. The increase in demand during the period emphasises that the energy transition requires time, as organisations carefully manage the progressive rebalancing of investment portfolios towards the products needed for a low carbon future while at the same time preserving present-day needs for energy security and inclusive and sustainable economic growth.

Overall, these significant price fluctuations in combination with rising energy prices and production costs, have had a material effect on the performance of the mining sector during the period, contributing to a year-on-year decrease in profits.

Adjusting for impairments and other exceptional items, as well as royalties charged above the PBT line, members reported PBTI of US\$131.5bn and PBTIR of US\$145.9bn for the year, representing decreases from 2022 of 24.7% (prior year (PY): US\$174.7bn) and 22.5% (PY: US\$188.3bn) respectively.⁶

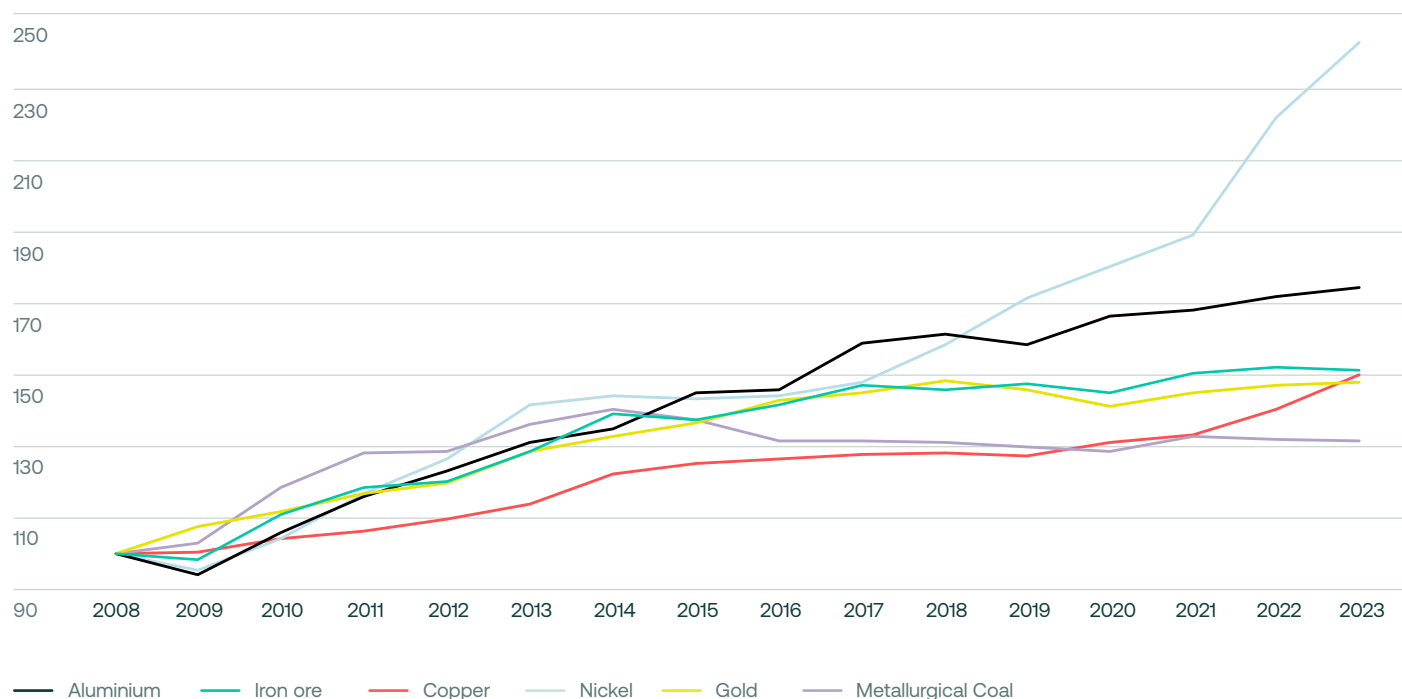
Figure 8: Global Price Index for Selected Metals & Minerals



Source: "Pink Sheet" Data, Monthly Prices – The World Bank.
Note: Indexed to 2008 prices

6. Refer to Appendix 1 – Glossary for the definitions.

Figure 9: Global Production Index for Selected Metals and Minerals⁷



Source: Annual world production, consumption, stocks and trade, Office of Chief Economist Australia
 Note: Indexed to 2008 production

Why is this important when considering ICMM’s members’ tax contributions?

Corporate Income Tax (CIT) is levied on profits. Higher commodity prices usually result in higher profits, and therefore higher CIT. Lower commodity prices usually result in lower profits, and therefore lower CIT.

What about royalties?

Royalties can be calculated in a number of ways and in many cases are not linked to profits. As a result, royalties can be less sensitive to commodity price fluctuations as they may be payable regardless of whether or not companies make a profit. This means that host countries receive royalties throughout the operational stages of the mining lifecycle.

Royalties are most commonly levied either on the quantity of material produced (‘unit-based’) or the price at which they can be sold (‘value-based’). A value-based royalty may be imposed on either a “net” or “gross” basis. A net royalty allows for deductions of certain costs a company incurs to produce a marketable product, whereas a gross royalty is assessed on the total value of minerals produced without any deductions for costs.

As a general proposition, a stronger correlation tends to exist between commodity prices and value-based royalties (particularly those imposed on a gross basis) compared to unit-based royalties. For example, unit-based royalties may be lower than expected in periods where higher commodity prices are being driven by constrained production which cannot maintain pace with demand, or where production volumes remain relatively fixed compared to volatile commodity price fluctuations.

Contributing at every stage of the mining lifecycle

Mining projects are long-term and cyclical by nature and the tax contributions of companies ultimately depend on where their projects are at in the mining lifecycle. ICMM members may each describe this lifecycle a little differently. For the purposes of this report, it is summarised into four key phases as illustrated in Figure 10 on page 11.

Typically, tax contributions are at their greatest once income-generating production activity commences and after any tax losses arising from the significant upfront investment required from exploration and preparation of mining operations have been exhausted. This may not occur until decades into a particular project given the

7. Commodity price data is readily available. Traded on public exchanges, tick level prices data is available and historical indexes are also widely published. Production data however, at a firm level is typically only released in quarterly or annual reports. Forward guidance where available is also limited in scope and time span. At a global economy level, commodity production data is compiled retrospectively from as many producing countries as possible. Where statistics on a country’s production are not publicly available, estimates must be made. This results in production data often being revised, being subject to more variability and less frequently reported than commodity price data

significant outlays and lead times involved in exploration and evaluation of potential new sites, as well as the design, development and construction of sites which are deemed to be viable for mining.

Taxes are just one aspect of ICMM members' overall contribution. Mining operations may be conducted in or near a community for decades, and ICMM members recognise that their operations in host countries are a privilege that come with significant responsibility.

Properly fostered long-term relationships with such communities are underpinned by strong mineral resources governance and a moral imperative to contribute to economic, social and institutional development that creates lasting benefits for citizens well after closure of a mine. See "Other Contributions" in Figure 10 below, as well as the activities outlined in Figure 11, for some examples of the way this is done.

Figure 10: The Mining Lifecycle





		Key Tax Contributions	Other Contributions
 <p>Exploration and Evaluation</p>	<p>The search for a new deposit site which is determined to be viable for extraction can last anywhere from a couple of years to decades.</p> <p>Payments to governments during this phase are relatively low, reflecting the significant amount of risk and upfront investment involved before income-generating activity commences and profits can start to be turned.</p> <p>Importantly this phase also marks the first key touchpoint between miner and community, as jobs are created and suppliers are engaged.</p>	<ul style="list-style-type: none"> – Permits and licence fees – Employment taxes 	<ul style="list-style-type: none"> – Payments to suppliers – Wages paid to employees
 <p>Design, Development and Construction</p>	<p>Once a viable site has been identified, it can take more than a decade of further investment towards developing and preparing a mine for operation.</p> <p>This includes construction of facilities and infrastructure that can extend beyond direct mining activities to the local communities in which the miner operates, such as improved technologies, roads, and recreational facilities.</p> <p>Job creation and upskilling also continue to increase in step with the need for a larger and more capable workforce.</p> <p>Payments to governments during this phase are largely in the form of employment taxes and indirect taxes (e.g. GST/VAT, excise fees) on equipment and materials.</p>	<ul style="list-style-type: none"> – Employment taxes – Sales taxes & import duties – Withholding taxes 	<ul style="list-style-type: none"> – Capital investment – Payments to suppliers – Wages paid to employees – Community investment
 <p>Mining, Processing and Delivery</p>	<p>The process of extracting, converting and refining raw materials and marketing and transporting them to where they are needed can last multiple decades.</p> <p>Payments to governments become more significant during this phase. Once extraction begins, royalties and resource taxes begin to be paid. Employment taxes also increase as the operating workforce commences.</p> <p>CIT may also begin to be paid. Initially, this may be lower in the early years of operation as tax losses generated from upfront investment in earlier phases may be available to offset against income. As production matures, and after losses have been recouped, higher CIT is expected to be paid depending on profitability.</p>	<ul style="list-style-type: none"> – CIT on net profits – Withholding taxes – Royalties – Employment taxes – Sales taxes & import taxes 	<ul style="list-style-type: none"> – Payments to suppliers – Wages paid to employees – Community investment – Payments to shareholders
 <p>Closure and Rehabilitation</p>	<p>Planning for closure begins well before a mine reaches the end of its operating life, and land rehabilitation activities are often embedded into every phase of the lifecycle to minimise overall disturbance.</p> <p>As production activities wind down, payments to governments will be lower. There may be CIT on residual sales from the ceased mining operations and employment and indirect taxes may continue (albeit to a lesser extent).</p> <p>Long-term investment throughout the operating life of a mine provides lasting benefits for communities well after closure, for example through an upskilled workforce population and improved facilities (e.g. roads, housing) that can be leveraged for future growth.</p>	<ul style="list-style-type: none"> – CIT (residual operations) – Employment taxes – Sales taxes 	<ul style="list-style-type: none"> – Environmental rehabilitation – Payments to suppliers – Wages paid to employees – Community investment – Payments to shareholders

Figure 11: Social and Economic Contribution Activities Typically Conducted by Mining Companies

Activity area	Activity types
 <p>Investment and revenue flows</p>	<p>Financial payments: This spans the range of payments that companies will make to nations for operating in their jurisdictions and can include royalties, taxes (to various levels of government), required or negotiated payments and fees.</p> <p>Shared ownership: This includes the range of mechanisms through which stakeholders can participate in companies' activities via shared ownership structures, eg equity and dividends.</p> <p>Partnerships: Through their investments in certain regions or areas, companies can forge or support partnerships that enable socio-economic development, eg value chains and special economic development zones. This is not intended to cover Impact and Benefit Agreements (IBAs) with Indigenous Peoples or other local groups as these are likely to be unpacked through specific activities. However, reporting on the number of IBAs in place, etc, may be important for some stakeholders.</p>
 <p>Operation of assets</p>	<p>Employment and workforce development: This spans the employment practices and impacts of companies throughout the project lifecycle, along with skills development and training either prior to or during employment. This could include direct and indirect employment, including via contractors, related to a company's operations. This is supported by wage payments as well as provision of other benefits, eg bursaries, subsidies for housing, education, health insurance.</p> <p>Procurement: This includes the procurement of goods and services by a company throughout its project lifecycle. This includes support for enterprise development and business support as part of developing supply chains.</p> <p>Infrastructure: This refers to shared infrastructure development (eg road or transport networks, water and sewage systems, and electricity generation and distribution networks) which will not be used exclusively by a company for its activities.</p>
 <p>Value chain</p>	<p>Products (services): This notes the potential role of mining and metals to support energy transitions through its products, as well as efforts to innovate and continually improve the use of minerals and metals, including through circular processes.</p>
 <p>Socio-economic development interventions</p>	<p>Provision of public services: This covers support for the provision of housing, energy, water, sanitation, connectivity, digital services, safety, and security. This is additional to any infrastructure that has been put in place to enable core business operations and may be shared with the community.</p> <p>Health and wellbeing: This encompasses the delivery of programmes designed to improve health and wellbeing outcomes.</p> <p>Education and skills: This covers programmes supporting education and skills development from early childhood development to adult learning.</p> <p>Food security and agriculture: This relates to programmes focused on improving food security and supporting the development of agricultural value chains as alternatives to mining land use.</p> <p>Economic support: This covers programmes to develop local businesses and create alternative livelihoods, jobs creation, etc.</p> <p>Environment: This covers programmes to conserve and/or improve the environment, including biodiversity, water resources, climate adaptation, etc, in ways that contribute to the socio-economic circumstances.</p> <p>Culture and heritage: This includes programmes that support arts, sports, and other cultural activities. It also includes cultural heritage programmes with Indigenous Peoples.</p> <p>Capacity and institutions: This relates to the range of programmes that can be delivered to establish and/or enhance civic organisations and their institutional capacity.</p> <p>Social cohesion and inclusion: This corresponds to programmes supporting enhanced participation by all groups in societies, eg gender, race, Indigenous Peoples etc.</p>

This report articulates tax contribution by reference to CIT and royalties. CIT and royalties are important sources of government revenue and key indicators of economic contribution.

It is important to also bear in mind that other taxes (both borne and collected) and payments to governments, such as employment and property taxes, which are not reported as part of this survey can also represent significant contributions.

Paid to governments

CIT paid and royalties paid reflect actual amounts of cash paid to governments for the year. Due to the 'payments on account' regime adopted in most jurisdictions, tax cash paid in any given year will typically relate partly to current year profits and partly to prior year profits. By extension, a portion of tax attributable to the current year may also not be paid until a later year.

Charged to the financial statements

Another way of assessing tax contribution is by reference to CIT and royalties charged to the financial statements.

The CIT charge (which excludes deferred tax) and royalty charge provide measures of expected tax contribution that directly correspond to current year profits, albeit part of this may be cash paid in a later year.

Compared to profit

This report considers the following ratios:

CIT Ratio	CIT Charge as a percentage of profit before tax, impairments and other exceptional items (PBTI).
Royalty Ratio	Royalty Charge as a percentage of profit before tax, impairments, exceptional items and royalties charged above the PBT line (PBTIR).
CIT & Royalty Ratio	CIT Charge and Royalty Charge as a percentage of PBTIR.

There is a crucial difference between the CIT Ratio and the Royalty Ratio. A company's CIT charge is based on profit. So as profit falls, the CIT charge generally also falls as the impact of costs which are not deductible from profits is diluted. This makes CIT and the CIT Ratio more sensitive to commodity price fluctuations which drive profit. By contrast, royalties can be calculated in a number of ways and in many cases are not linked to profits. This makes royalties and the Royalty Ratio less sensitive to fluctuations in commodity prices and profits. The mining lifecycle is usually more relevant.

PBTI and PBTIR represent adjusted measures of profit which take into account the following distinct features of the mining industry:

- **Impairments:** The mining sector is particularly sensitive to commodity price fluctuations. Impairments can arise in the industry when a fall in commodity prices results in the value of a mine being lower than the current valuation in the financial statements. Where this is the case, an expense is recognised in the profit and loss statement representing a write-down of the asset's value. Impairments decrease profit but are generally not immediately deductible for CIT tax purposes and can therefore result in high effective CIT rates. This report adds impairments and other exceptional items back to PBT to provide a more consistent basis of comparison.
- **Royalties:** Royalties can be calculated and levied in a number of ways, recognised as expenses both above the PBT line (eg when levied on turnover/ sales or production and recognised as an operating cost) and below the PBT line (eg when levied on profits). This report adds royalties charged above the PBT line back to PBTI to avoid comparing royalties to a base from which they have already been deducted.⁸



8. Refer to Appendix 1 – Glossary for the definitions.

Members' Tax Contribution for 2023

ICMM members continued to make a significant global tax contribution in 2023 despite a period of economic turbulence which saw an increasing cost environment coupled with a retreat from the record commodity prices witnessed in the prior year.

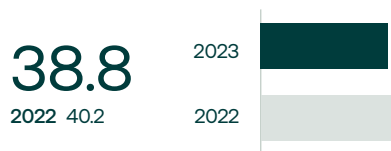
A challenging year for the mining sector in 2023

The global economy endured fresh volatility in 2023. Tragic global conflict brought about trade dislocations. Global monetary policy tightened in response to rising inflation. Energy prices and production costs continued to surge.

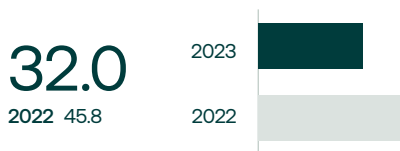
As discussed above, demand and prices across many key commodities weakened in response to the difficult conditions, signaling a retreat from the record highs witnessed in the prior year.

Overall, these events have had a material effect on the performance of the mining sector during the period, contributing to a year-on-year decrease in profits.

CIT Paid (US\$bn)



CIT Charge (US\$bn)



CIT Ratio (%)



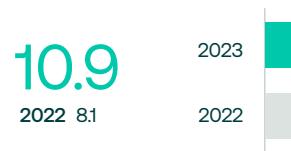
Royalty Paid (US\$bn)



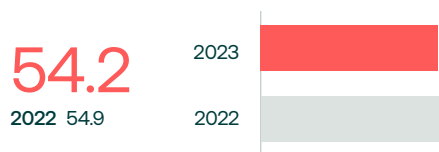
Royalty Charge (US\$bn)



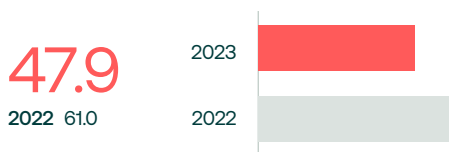
Royalty Ratio (%)



CIT & Royalty Paid (US\$bn)



CIT & Royalty Charge (US\$bn)



CIT & Royalty Ratio (%)



Adjusting for impairments and other exceptional items, as well as royalties charged above the PBT line, the members reported PBTI of US\$131.5bn and PBTIR of US\$145.9bn for the year, representing decreases from 2022 of 24.7% (PY: US\$174.7bn) and 22.5% (PY: US\$188.3bn) respectively.

But a resilient tax contribution by ICMM members

Despite the economic turbulence and decrease in profit, the tax contribution of ICMM's members continued to be significant.

In 2023, ICMM members reported:

- Total cash paid for CIT and royalties of US\$54.2bn to tax authorities around the world – a decrease of 1.3% from US\$54.9bn in 2022; and
- Total CIT and royalty charges of US\$47.9bn – a decrease of 21.5% from US\$61.0bn in 2022.

CIT

In 2023, ICMM members reported:

- Cash paid US\$38.8bn for CIT to tax authorities around the world. This represents a decrease of 3.6% from US\$40.2bn in the prior year.
- CIT Charges of US\$32.0bn. This represents a decrease of 30.1% from US\$45.8bn in the prior year, consistent with the trend of declining profits.

As a result, the CIT Ratio (being a measure of the CIT Charge as a proportion of PBTI) has remained relatively steady, marginally decreasing from 26.2% in 2022 to 24.3% in 2023, demonstrating the strong correlation between the CIT Charge and profits.

Due to the payments on account regime, some of the CIT cash paid in the current year will partially relate to prior years and some amounts of CIT attributable to the current year will not be paid until later years. One implication of this is that the more difficult economic conditions experienced this year may therefore also impact the members' overall cash tax contribution next year.

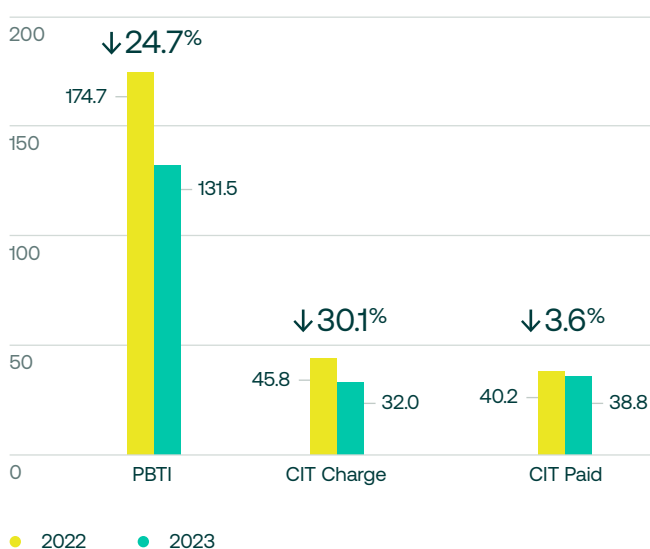
Timing differences between amounts charged and amounts paid smooth out over the longer term. For example, the closer relationship between the total CIT and royalty charges reported and the total CIT and royalties paid by the members since inception of this report is outlined below.

Since 2013, ICMM members participating in this study⁹ have reported US\$320.4bn in total CIT and royalty charges and US\$325.6bn in total CIT and royalty payments.

Compared to total PBTIR of US\$888.8bn over the same period, this is an adjusted effective CIT and royalty rate of over 36%.

For every US\$100 of profit earned by the members over the last decade, US\$36 has been charged and paid in CIT and royalties.

Figure 12: Trends in PBTI, CIT Charge & CIT Paid



This is particularly important to highlight in an industry which is inherently cyclical by nature, where the magnitude of tax contribution in a given period depends heavily on where projects are at in the mining lifecycle and how resources demand and prices are trending. ICMM members make a significant contribution to public finances even during periods of challenging conditions and particularly when put into context over time.

9. The composition of ICMM members participating in the survey has changed over time.

Royalties

In 2023, ICMM members reported:

- Cash paid US\$15.5bn in royalties to governments around the world. This represents an increase of 5.1% from US\$14.7bn in the prior year.
- Royalty charges of US\$15.9bn. This represents an increase of 4.3% from US\$15.3bn in the prior year.

As a result, the Royalty Ratio (being a measure of the Royalty Charge as a percentage of PBTIR) increased by 2.8 percentage points in 2023 from 8.1% to 10.9%.

The relatively small discrepancy between royalties charged and royalties paid during the period demonstrates that the payment on account regime is typically of less relevance when assessing royalty contributions, as timing differences between the expensing of royalties in the financial statements and actual cash payment of royalties to governments tend to be less pronounced compared to CIT.

In a year where royalties have increased despite decreasing profits and CIT, it is also important to recall the differences between the way that royalties and CIT are levied. Unlike CIT, royalties are in many cases not

linked to profit. They are more commonly levied on the quantity of commodity produced or the price at which they can be sold.

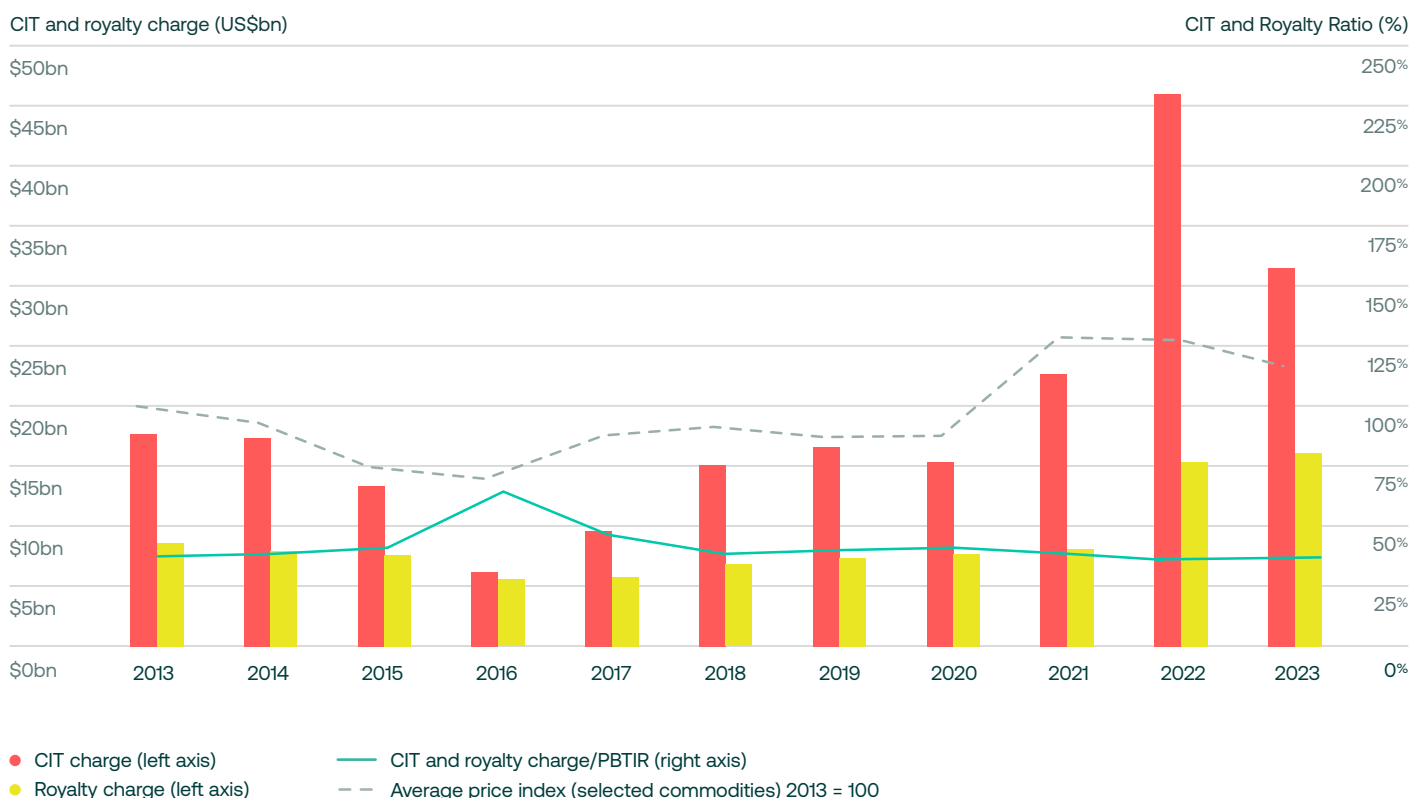
This year, significant price fluctuations and rising costs contributed to declining profits and therefore CIT. However, there was also a substantial rise in the prices of certain bulk commodities together with hikes in royalty rates in major markets such as Australia.

Survey trends

Figure 11 shows the trend in CIT and royalty charges for ICMM members that have participated in the survey since 2013 together with the CIT ratio and royalty ratio over this period.

In years where commodity prices are high, profitability increases resulting in the CIT charge rising. Where commodity prices retreat, profitability decreases resulting in the CIT charge declining as seen in the current year. Royalties are generally less sensitive to profitability but impacted more by volumes of production and sales price. This is reflected in 2023 in the marginal increase of 0.5 percentage points in the combined CIT & Royalty Ratio, from 32.4% in 2022 to 32.9% in 2023, despite the challenging economic conditions.

Figure 11: Trends in CIT and Royalty Charge and Combined CIT and Royalty Ratio, 2013–2023



Source: ICMM study participants. World Bank Commodity Price Data (The Pink Sheet) March 2024. Please note: This chart includes data from 14 ICMM members for the years 2013–2021. For 2022 onwards, the data is based on all ICMM members participating in the survey.

Glossary

CIT	Corporate income tax, being amounts paid or due to governments based on taxable profits under legislated income tax rules, inclusive of state and local taxes, payments made to revenue authorities in respect of disputed claims and withholding taxes borne on royalties, interest and dividends.
CIT Charge	CIT charged to the financial statements, excluding Deferred Tax.
CIT Paid	CIT cash paid to governments.
CIT Ratio	CIT Charge as a percentage of PBTI.
CIT & Royalty Ratio	CIT Charge and Royalty Charge as a percentage of PBTIR.
Community & Social Investment Spend	Voluntary spend to support local communities and society, including associated administrative costs.
Current Tax	Amount of Corporate Income Tax due in respect of taxable profits currently payable and attributable to the year.
Deferred Tax	Amount of CIT due in respect of taxable profits attributable to the current year, but payable in future years provided using the balance sheet liability method.
Employees	Individuals who are in an employment relationship with the members according to national law or its application, excluding contractors. Employee data in this report is based on the approximate number of Employees on payroll at the end of the accounting period, rounded to the nearest 100. Where Employees relate to joint operations, a proportionate share has been included based on the relevant member's percentage shareholding in the joint venture.
GAAP	Generally Accepted Accounting Principles.
GDP	Gross domestic product.
Government	Any governing body of a nation, state, region or district, excluding any commercial enterprises or financial institutions that are wholly or partly government owned.
ICMM member	Company members of ICMM.
IFRS	International Financial Reporting Standards.
PBT	Profit before tax.
PBTI	Profit before tax, impairments and other exceptional items.
PBTIR	Profit before tax, impairments, other exceptional items and Royalties charged above the PBT line.
Payments to Suppliers	Discretionary spend on procurement of goods and services for business operations inclusive of both capital expenditure and operating expenditure.
Royalty or Royalties	Amounts paid or due to governments in respect of the extraction of natural resources or revenue or production generated under licence agreements.
Royalty Charge	Royalties charged to the financial statements.
Royalties Paid	Royalties cash paid to governments.
Royalty Ratio	Royalty Charge as a percentage of PBTIR.
US\$bn	Billions of United States Dollars.
Wages & Related Payments	Payroll costs (excluding payroll taxes) in respect of Employees for the accounting period, including basic salary/wages plus any additional amounts paid such as those based on years of service, bonuses, benefit payments, overtime, and other incentives/allowances.

Detailed data table

Data Point	2023	2022	Change
Revenue	US\$600.6bn	US\$594.1bn	+1.1%
PBT	US\$122.5bn	US\$166.7bn	-26.5%
PBTI	US\$131.5bn	US\$174.7bn	-24.7%
PBTIR	US\$145.9bn	US\$188.3bn	-22.5%
CIT Charge	US\$32.0bn	US\$45.8bn	-30.1%
Royalty Charge	US\$15.9bn	US\$15.3bn	+4.3%
CIT and Royalty Charge	US\$47.9bn	US\$61.0bn	-21.5%
CIT Paid	US\$38.8bn	US\$40.2bn	-3.6%
Royalty Paid	US\$15.5bn	US\$14.7bn	+5.1%
CIT and Royalty Paid	US\$54.2bn	US\$54.9bn	-1.3%
CIT Ratio	24.3%	26.2%	-1.9
Royalty Ratio	10.9%	8.1%	+2.8
CIT and Royalty Ratio	32.9%	32.4%	+0.5
Employees	561,800	561,900	0.0%
Wages & Related Payments	US\$39.1bn	US\$37.3bn	+4.8%
Community & Social Investment Spend	US\$1.4bn	US\$1.5bn	-8.61%
Payments to Suppliers	US\$187.2bn	US\$166.2bn	+12.6%

Basis of data collection and analysis

The data in this report has been provided by each participating member at a global level and is based on each member's audited consolidated financial statements.

For most participants, the consolidated financial statements are prepared under IFRS. A small number of participants prepare their consolidated financial statements under GAAP. GAAP to IFRS conversion is beyond the scope of this report.

Data has been provided by each member for the accounting period ended in the year to 30 June 2023. For the majority of members, this was the year ended 31 December 2022 (19 of 25 members).

This report is intended to capture mining in its broadest understanding, encompassing the full spectrum of activities undertaken by the members over the entirety of the mining lifecycle. However, some of the members also undertake part of their activities outside the mining industry. These activities have not been excluded from the data.





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