

MINSUR SUSTAINABILITY REPORT 2019





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(GRI 102-1) (GRI 102-5) (GRI 102-53) (GRI 102-3)

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MINING WITH A SUSTAINABLE APPROACH

(GRI 102-14)

“Our vision is setting a benchmark in sustainability for the mining industry”

In this interview Juan Luis Kruger, Minsur's CEO, shares some of the most outstanding achievements in sustainability management in 2019.

If you had to define 2019 for Minsur in one word, what would it be and why?

Transformation. We finished building our B2 project, and we are recycling material that had been already processed in the past and was stored in a tailings dam. It is a way to enter the world of recycled materials.

This is a sample of how our perseverant and innovative efforts enabled us to implement a project, through all its stages: from its original plan, pilot tests, design, construction, and now its commissioning. And it is also a testimony to the transformation of environmental liabilities into environmental assets. For me it is very important, since it marks a turning point towards the company's future. Moreover, this will allow an estimated 25% to 30% increase in tin production.

On the other hand, this has been a year of transformation because of Mina Justa's implementation progress. At the end of December, Mina Justa's construction was more than 70% complete and the project was moving quite well, thus consolidating the foundations of Minsur through diversification into the copper industry, particularly into great copper mining. Mina Justa is for us a world-class mine we have developed from the ground up.

Both projects are clearly the beginning of Minsur's transformation towards its future. Another significant event was the confirmation of resources and reserves in San German area, and San Rafael's capacity both to replenish resources and reserves and to extend the life of mine for another year. Last but not least, Nazareth project is starting being consolidated as a project that in the medium term could be the next San Rafael towards the future.

Looking forward, what is Minsur expecting for the beginning of the new decade?

Our vision in Minsur is to continue our consolidation as a global leader within the tin industry and, specially, as the only tin producer that is really sustainable. Thus, we will keep reinvesting in our growth and development projects in tin, and consolidating our leadership position.

On the other hand, for 2020, the greatest challenge is the commissioning of Mina Justa and starting producing copper there. This will be a real turning point for Minsur, both in terms of diversification -which will allow a revenue increase due to base production- and also in terms of the company's size and capacity. Thus, we will be able to embark in larger and more ambitious projects in the future due to the scale we are going to reach when this mine starts producing.

In terms of sustainability, what progress has been made in occupational health?

Regarding occupational health and safety, in 2019 we continued consolidating as the safest mining company in Peru, with a record of zero fatal accidents that places us within the world's top three or four companies. This is a proof of our commitment to develop our safety culture and management, including our under-construction projects.

B2 project was completed with no lost-of-time accidents. This was achieved during the year and a half of construction works, resulting in the world's most modern tin concentration plant. We are really proud of this achievement, which sets the bar higher for our next projects.

In terms of occupational health, the new coronavirus made us quickly transform all our standards, implementing the necessary protocols to ensure the highest level of health for our staff and to mitigate transmission risks the best way possible. This challenges us to be better, and reach the levels of occupational safety we are already used to.

Before the virus arrived, occupational health issues were also being managed more efficiently?

In 2019 we launched our occupational health management system, very similar to our safety management system, and we have made great progress with a strengthened team managing these issues.

It is important to recall that, in terms of safety, every day we start from scratch. Indulgence is our worst enemy. Our main challenge is being continuously thorough, always keeping people aware of occupational health and safety issues. All accidents have one thing in common: they can be prevented.

And that is our main challenge: how to maintain the level of alert and thoroughness in complying with safety management and battling complacency.

Have you turned your attention to alternative energies?

We are analyzing the use of renewable energies, basically wind and solar power. We are lucky since some of our operations are located in places with high rates of solar radiation, which is a compelling advantage for us.

The same happens with wind power. Mina Justa is located in one of the best places in Peru to produce this type of power, for instance. In fact, there is a very important wind farm project next to the mine. Furthermore, Mina Justa is a good example of our commitment to the environment, since it uses seawater as the only source of water consumption, desalinating a part of it.





Could you share the reach of human rights policies in your sustainability strategy?

We have made a lot of progress adapting our policies, work that is closely connected to our ICMM membership, as the only Peruvian mining company part of it. All our standards are aligned to its 10 principles, including respect for human rights, both in the company, as well as our contractors. We are gradually ensuring that all ICMM principles and practices are implemented by our suppliers, contractors and strategic partners.

Regarding your projects and operations, what would you highlight of 2019 sustainability management?

From the operational point of view, our management system went through a transformation. That was reflected in the LINGO program, which aims at incorporating *Lean Management* processes and methodologies within all our units and also at the corporate level. At the end of 2019, we launched the first stage of this program in our Pisco smelting plant.

Another ongoing project is the transformation of the company's commercial system management. We launched VCI (*Value Creation Initiative*), which aims at developing a different customer approach, starting with a group of strategic tin customers. Thus, we share the co-generated value, which consolidates us as their preferred supplier.

AS THE ONLY PERUVIAN MINING COMPANY PART OF THE ICMM, ALL OUR STANDARDS ARE ALIGNED TO ITS 10 PRINCIPLES, INCLUDING RESPECT FOR HUMAN RIGHTS, BOTH IN THE COMPANY, AS WELL AS OUR CONTRACTORS.

What have been the most outstanding aspects in terms of business, technological and logistics innovation?

In addition to VCI, we are developing a series of projects with our customers, which allow generating downstream value in our customers' production processes, through changes and innovations in our smelting plant. For instance, changes in tin presentation, as well as in tin shipments or the way we used to sell it to some of our customers. This type of business innovation has been very significant and beneficial both for us and for our customer base.

In 2019, we have developed a new process with our own technology that is called double ore sorting. It will lead to a 20% to 25% increase in San Rafael's production in the future, without major investments and with no need to increase the tailings capacity, which is always a limiting factor in our industry.

Moreover, many innovation initiatives have been made in management processes. Human Resources, for instance, made a huge effort digitalizing many of its processes, developing very interesting apps to ease the team's administrative workload.

Would you say that all these sustainability achievements and results in 2019 are part of a new paradigm that Minsur is creating for itself and the industry?

Becoming a member of the ICMM has allowed us to compare ourselves with the most sustainable mining companies, with the world's best sustainability standards. Thus we can aim at meeting the same standards, which will take us towards consolidating our leading position in sustainability for the Peruvian mining industry.

Would you say there is an aim to continue being at the forefront?

No doubt. Our company wants to be always one step ahead, and wants to be a reference in our field, through sustainability, innovation and the very hard and perseverant work of each one of our collaborators.

I would like to thank, in this interview, each and every one of our employees and their families, who are supporting us to continue moving forward in the direction we have set and reaching our goal: being a world-class Peruvian company and setting a benchmark for sustainability.

Juan Luis Kruger Sayán
Chief Executive Officer

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(GRI 102-16)

2019 was our second year as a member of the International Council on Mining and Metals (ICMM) and our management was audited based on these principles for the first time, thus upholding our commitment to continuously improving our sustainability management

Furthermore, we are members of the Responsible Minerals Initiative (RMI) and we are certified under ISO 9001, ISO 14001¹, BASC² y OHSAS 18001 standards.

1. Except for Mina Justa.
2. Only for SPR Pisco

Sustainability policy

In Minsur, we develop individual and corporate actions aiming at protecting life and health, as well as the environment, respecting human rights and generating social value in the communities of our areas of influence.

Misión

Generate value by transforming mineral resources in a sustainable manner.

Vision

Develop and operate world-class mining assets, as a benchmark in terms of safety, operational efficiency, socio-environmental responsibility and people development in all countries where we operate.

Our Values

- » **Safety.** Acting safely at all times.
- » **Responsibility.** Acting responsibly in our relationship with society and the environment.
- » **Integrity.** Acting in an honest, supportive and transparent way.
- » **Commitment.** Addressing all challenges as our own.
- » **Excellence.** Doing things better, always.
- » **Trust.** Developing honest, open and respectful relationships.

OUR COMPANY

(GRI 102-3) (GRI 102-5) (GRI 102-10)

In the early XX century, Lampa Mining Company was established, nationwide, as the only mining company in the Puno region, operating in Santa Barbara and San Rafael deposits; this was our beginning. Years later, in 1966 Minsur Sociedad Limitada was established, and it became Minsur S.A. in 1977. Since then, we are devoted to operating, mining, processing and marketing, mainly, tin and gold.

Currently we are part of the Breca Corporate Group (hereinafter, Breca Group), a Peruvian business conglomerate that is more than 130 years old and operates in Peru and other countries in Latin America. Its founders, Mr. Fortunato Brescia, and his wife, Mrs. María Catalina Cafferata, formed a family that stands out for its industriousness, integrity, frugality, and its love for Peru. Thus, the names Brescia and Cafferata formed the Breca brand, which gathers the pride and memories of its founders.

Breca Group aims at “creating transcending opportunities”. This purpose is fulfilled through operations that seek both returns on investment and a positive impact; fostering progress, protecting the environment and building the future. It holds 99.99% of common shares of Minsur S.A.’s capital stock, as well as 6.31% of its equity stocks.

We currently operate in Peru and Brazil. In the former we have three operations: San Rafael Mining Unit (MU), Pucamarca MU and the Smelting plant and refinery (SPR) of Pisco; and in the latter, Pitinga MU and the SPR of Pirapora. On the other hand, Mina Justa is one of our most outstanding expansion projects, which construction stage started in 2018 and it is expected to start operating this year.

Moreover, we have different subsidiaries ensuring our growth and diversification. For further information, see Annex 1.

BRECA GROUP AIMS AT “CREATING TRANSCENDING OPPORTUNITIES”. THIS PURPOSE IS FULFILLED THROUGH OPERATIONS THAT SEEK BOTH RETURNS ON INVESTMENT AND A POSITIVE IMPACT; FOSTERING PROGRESS, PROTECTING THE ENVIRONMENT AND BUILDING THE FUTURE”.

MINSUR IN NUMBERS

(GRI 102-7)
Our numbers in 2019



3. Taxes paid to the governments of Peru and Brazil.
4. The capital stock is comprised by common shares for US\$ 601 million and equity shares for US\$ 301 million.

1. OUR PROJECTS AND THEIR LOCATION

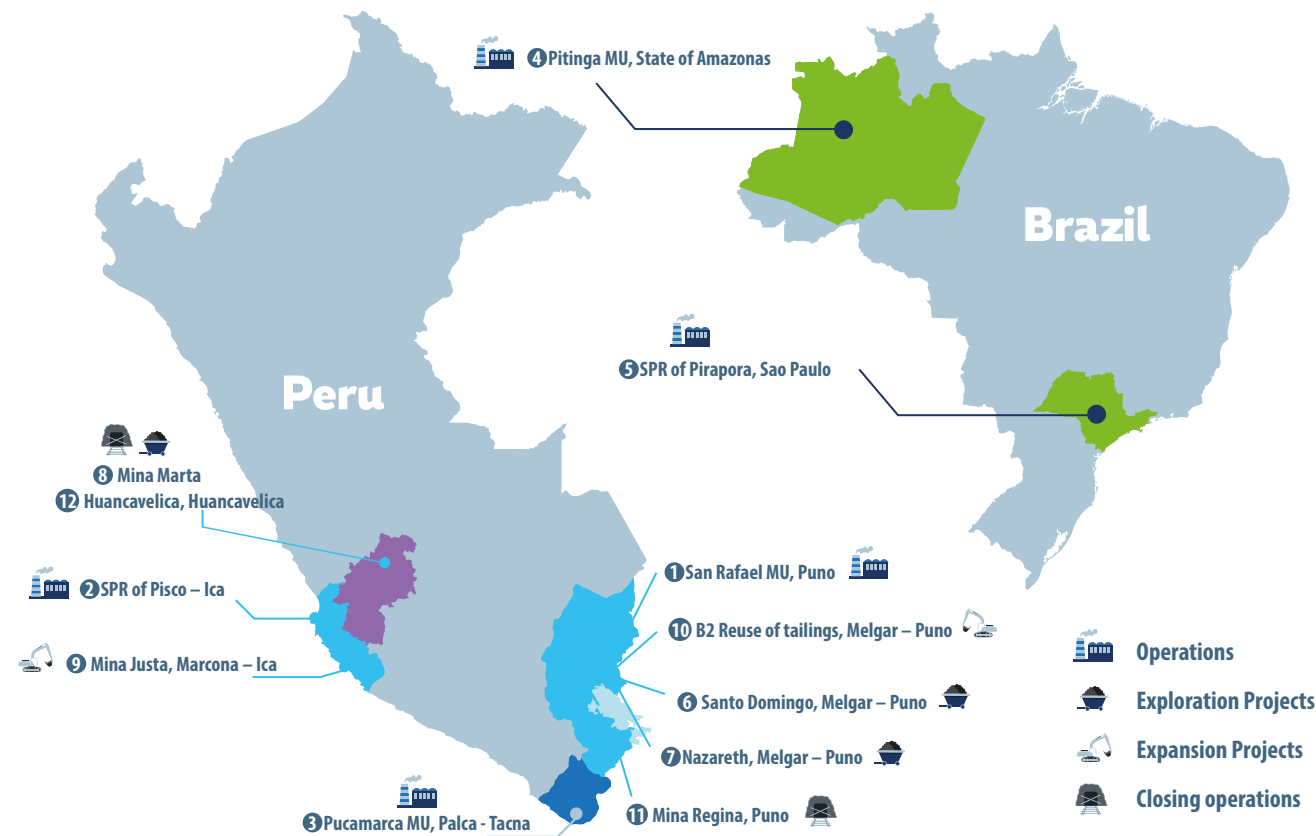
(GRI 102-4)

Our operations and projects are at different stages of the mining cycle, and are located in several latitudes. Our mining concessions amount in total to 248,452 hectares: 223,716 correspond to our operations in Peru and 25,125 to those in Brazil.

For further information on our current and closing operations, explorations and expansion projects, see Annex 2.

Graphic. Location of our operations and projects

(GRI 102-2)



(GRI 102-2) (GRI 102-6)

In 2019, we exported products to customers around the world, with North America and Europe as our main destinations. Regarding our gold sales, 100% of them went to the United States, 33% of them were derived to Canada and 67% to the United States, correspondingly, whereas 47% of tin exports went to North America, 40% to Europe and 11% to other places. For further information, see Annex 3.

2. CHANGE OF DECADE, CHANGE OF PARADIGMS

The second decade of this new century brought a series of political, social, economic and cultural changes that have had an impact at an international, national and also a sectoral level. We have witnessed how China and the United States have escalated a misnamed trade war (it is, in fact, essentially a technological war) and in the way several industries have had to transform, expand or reinvent themselves.

Furthermore, a growing tide of public opinion to foster and promote transparency in sustainability matters, especially in environmental protection and the respect for human rights, has been evidenced worldwide in recent years. In Minsur, we share the same concerns and we joined this movement.

Mining industry growth globally abides by new principles and paradigms now. Sustainability is no longer a concept or an idea, and it has taken hold as the main focus of policies and processes for world leaders in this sector.

Sectoral environment

The domestic mining industry had essentially positive results in 2019. Several analysts and specialized media agree that last year we have witnessed how mining investments returns have consolidated, and new deposits of mineral resources -such as lithium and uranium- have been discovered and confirmed.

Thus, in 2019 metal mining remained at the same level as the previous year, because copper, lead, iron, tin and molybdenum production grew -offset by a fall in gold, zinc and silver production. On the other hand, investments grew due to the construction of projects, such as Quellaveco, Mina Justa and the expansion of Toromocho.

Domestic copper production, main mineral exported by Peru, grew 0.8% as compared to 2018. This responds to the increase of Southern Peru Cooper's production due to the expansion of its Acumulación Toquepala 1 unit, which makes it the country's third copper producer behind Cerro Verde and Antamina. Furthermore, the regulatory framework of copper mining has been reformed.

Likewise, gold production fell 8.4% as compared to 2018, due to Barrick's lower production. This was partly offset by an increase of Yanacocha's, Minera Poderosa's and Ares' production. It is worth mentioning that Cajamarca, La Libertad and Arequipa are still the leading gold producing regions.

Regarding zinc production, it fell 4.7% as compared to last year due to a fall in Antamina's, Volcan's and Nexa's production, which are the country's main producers.

In the international context, prices of main metals were higher during the first half of the year, as compared to the second half, when they followed a downward trend due to the commercial tension between the US and China, ending the year with mixed results. Average tin, lead and zinc prices were lower than the previous year, while copper remained at the same level. On the other hand, gold and silver prices, safe-haven alternatives, grew 18% and 16% respectively as compared to 2018. For further information, see Annex 4.

Market performance

Tin

In the first three months of 2019, Peruvian tin production rose due to a decline in this metal's supply by Indonesia, the world's main producer, since regulatory restrictions on exports were introduced. Before such restrictions were released, our tin reached a ceiling of \$22,000/mt (+12% ytd) in that quarter.

The following quarter, tin fell to \$15,710/mt (-27% ytd). That responded to the growing tension produced by the US-China trade war, forecasts of intensification of tin production in Indonesian refineries, and another trade conflict, this time between Japan and South Korea, which had an impact on the production of semiconductors, which use tin as an input.

In the last months of the year, it was reported that Yunnan Tin (China) and PT Timah (Indonesia) would significantly cut their tin production and would temporarily close their plants. This caused a rise in tin price, which at the end of the year reached \$16,850/oz. For further information, see Annex 4.

Gold

World's price ranged between \$1,270/oz and \$1,552/oz during the first five months of 2019. Notwithstanding, due to the growing tension in US – China trade relations, prices reached peaks of \$1,550/oz, unprecedented since 2013. At the end of 2019 gold appreciated at an annual rate of 18%, which also responded to constant reductions in the repo rate by different Central Banks around the world, including the US Federal Reserve.

Gold still has a strong global supply and a volatile demand supported by its use as a safe-haven asset. For further information, see Annex 4.



3. 2019, YEAR OF ADAPTATION, INNOVATION AND CONSOLIDATION

(NO GRI Innovation y Technology (GRI 103-2) (GRI 103-3)

We have more than 40 years of awarded and well-known experience, both nationally and internationally. And the last year we have reaffirmed our commitment to consolidating as a world-class Peruvian company, which operations should reach their highest potential working safely and in a sustainable manner.

Thus, 2019 was a period of adjustment after our admission in the ICMM. In the last five years we have developed a new corporate strategy, which allowed us to become a member of the Council. Therefore, adjusting has meant meeting the highest industry standards.

In Minsur we define Sustainability as operations that meet the highest standards in environmental management, stakeholder engagement, health and safety.

Adding this new pillar to Minsur's strategy brings together and gives visibility to what we have been doing as a company for decades now: we operate in a way that not only results in economic profits, but we also generate a positive impact on the communities we operate in, for people, the industry and the planet.

Even though we have been adjusting, in 2019 we have also promoted -even more- innovation, particularly business innovation. As a couple of examples we could mention the relaunch of our Sustainable brand and the VCI initiative.

In the same line, we present a new paradigm of how mining activities shall be conducted. Thus, we are currently not only developing a primary production process. Now, we work hand in hand with our customers on innovation proposals that, in addition, bring also technological innovations for all our processes and operations.

2020 marks the beginning of a new decade and for us the completion of the first stage of our growth and consolidation plans.

IN THE LAST FIVE YEARS WE HAVE DEVELOPED A NEW CORPORATE STRATEGY, WHICH ALLOWED US TO BECOME A MEMBER OF THE COUNCIL. THEREFORE, ADJUSTING HAS MEANT MEETING THE HIGHEST INDUSTRY STANDARDS



3.1 Project B2

Nowadays, our B2 project is a reality. And we can proudly say that thanks to it we have the world's most modern tin processing plant. It has already started producing, and to date its results have far exceeded the expectations.

Therefore, we have consolidated as the world's major investor in the tin industry, and we have reaffirmed our commitment to sustainability, since it allows recovering tin ore from old tailings, thus recycling already processed materials. And this has been achieved with no accidents resulting in loss of workdays, within the budget and schedule approved for the project. Let us know further details on B2 performance and results in 2019.

Originally called Bofedal 2, the B2 project in San Rafael MU is a plant to reuse tailings stored in a tailings dam with high-tin content during its first years. In 2019, it was reported that the project was 99.9% complete, and that the accumulated investment amounted to US\$ 162 million. Furthermore, it is worth indicating that this project aims at building a concentrating plant of 2,500 TPD of nominal productive capacity and a lifespan of 9 years.

Treatment and final disposal meet international standards and the best industry practices, which will allow the appropriate use of new technologies that will, in turn, have an impact on a proper mine closure pursuant to environmental requirements.

The project started being implemented at the end of 2017, and it has 7'600,000 tons of tailings with a 1.05% tin grade. The project would process 45,000 tons of fine tin during a projected lifespan of nine years.

This stage was 99.9% complete at the end of 2019. Looking backwards, construction of B2 Process Plant and its Emergency pond was completed in August, commissioning with load in late September; and operations started in early October. Besides, 97% of ancillary facilities were completed.

After this, the Project's closure program started. It included the capitalization of assets, administrative closure, complementary works and closure of outstanding commissioning works. The process plant completed 100% of its production ramp-up on a commercial scale -as well as the outstanding ancillary infrastructures- on December 31; one month ahead of schedule. Without a doubt this exceeded fine ore production estimates, ore concentrate quality and metallurgical recovery projected for this milestone.

3.2 Mina Justa

This Project, developed in parallel to B2, is the greatest milestone in the history of our Mining Division. Mina Justa is an open pit copper mine, located 500 km south of Lima and 35 km away from the San Juan de Marcona district (Nasca province, Ica region). It has 16 years of lifespan, and at the end of FY 2019 it reached a total investment of US\$ 1067 million.

The owner of Marcobre S.A.C. is Cumbres Andinas S.A.C. ("Cumbres Andinas"), which shareholders are Minsur S.A. ("Minsur") and Alxar Internacional SpA with 60% and 40% of its capital stock, correspondingly.

Under an Engineering, Procurement and Construction Management (EPCM) agreement, entered into on

LA FUTURA MINA SE CONFORMA DE DOS TIPOS DE RECURSOS: UNA CAPA SUPERFICIAL DE ÓXIDO DE COBRE Y UN CUERPO MASIVO Y PROFUNDO DE SULFUROS DE COBRE.

November 17, 2017, Marcobre hired Ausenco Perú S.A.C. to lead the Project's construction stage. Furthermore, Ausenco is in charge of engineering, procurement and construction of such Project's facilities.

It is worth highlighting our world-class safety performance during Mina Justa construction process, and with a better performance than expected in terms of adherence to the approved budget and schedule. The future mine is comprised by two types of resources: a superficial layer of copper oxide and a deep and massive copper sulfide body. The project will use seawater for the process. A lifespan of 21 years is estimated (2 of construction, 16 of operations and 3 of closure) and it will start operating in the second quarter of 2021.

In 2019 significant progress was made in the Project's construction: in May, the main electric line (220kV) -connecting Poroma and Mina Justa sub-stations- was energized; In the following months the Oxide Plant was completed, VATS were coated and VATS hydraulic tests were conducted, still in progress. Furthermore, acid tanks, pre-treatment drums and crushing and screening premises were fully installed, as well as all EW cells.

The sulfide plant's crushers are yet to be completed. The flotation circuit, as well as filter and concentrate storing facilities are almost complete; whereas ball and crushing mills have already been completed. Last but not least, 21 trucks comprise the mining fleet.

Thus, in 2019 construction was 75.7% complete and the total Project was 72.5% complete -exceeding by 1.4% the projected 71.3%, due to the progress made with construction and pre-mining activities.

3.3. Our customers

Aiming at strengthening Minsur's position in tin production, in 2019 we assessed relaunching the SusTINable brand strategy. This shall allow us offering a solid product in terms of sustainability, with traceability and associated to corporate responsibility.

Thus, last year we defined that SusTINable is overall a way to conduct our operations based on three pillars: ESG (Environment, Safety, Social and Governance); Reliable Source of tin in the long term; and customer-driven orientation.

In the same line, the launch of the Value Creation Initiative (VCI) lead by the new Transformation and Strategy Management was a significant innovation in 2019's strategy.

Due to VCI we have customer outreach initiatives that are more structured, for instance: visits to their operations to better understand their processes and to identify opportunities to co-create value. Specifically, ten potential customers were identified and the CEO contacted them to present the project in three workshops.

In 2020 the VCI will continue being developed with new workshops, and identifying new VCI customers.

Regarding gold marketing, we continued with our dore refining strategy, which allowed selling refined gold and silver to banks, traders, and in some cases even to the refineries we work with. Thus, we use the advantages generated by the competition among them, maintaining an excellent relationship with the entire value chain. In 2020 the refining of dore will be combined with its direct sale to a new customer.

Since the niobium and tantalum market was not very successful in 2019, the sale of total ferroalloy production was a great challenge for Minsur operations in Brazil. However, that did not prevent our company from continue searching new customers and regions to supply our products in a competitive way. In this sense, our objective for 2020 is reaffirmed in the development of new markets, improving product quality and, as a consequence, obtaining better prices for ferro-niobium and ferro-tantalum.

3.4. Blockchain Google project

Created as a tool within the development of cryptocurrencies, blockchain is a resource which applications find more and more iterations in different banking sectors. Under this principle, data are added to a specific structure -for instance, financial transactions- and they are recorded as fixed and subsequent blocks. This means that each new 'block' of information that is added groups within a chain, in which we may identify preceding blocks, blocks that stem from it, or blocks added in parallel. Its main advantage? It provides a transparent, reliable and unalterable record of the process and its stages, as well as of the actors involved in each step.

In the mining industry, this translates into a powerful tool to strengthen traceability criteria in the production chain. For Minsur, traceability is one of the main vectors, since it ensures more transparency for our stakeholders, and it also allows optimizing and improving our processes within our corporate sustainability strategy.

In this context, Google decided to contact us to develop a pilot project together with Volkswagen, Cisco and Minespider, using blockchain technology in San Rafael.

The reason? Tin ore we produce there serves as an input for the technology industry in hardware development. In fact, Google, participates in our value chain and thanks to the Responsible Minerals Initiative -to which we belong- we are currently participating in the first stage of this pilot plan.

The idea is for anyone to be able to access any stages of our production process to get transparent and reliable information on what we do. Furthermore, this simplifies a process that otherwise is being conducted essentially by hand: tens of people involved in the production process have to enter information manually in spreadsheets that are then processed to consolidate such data. For auditing and inspection purposes, this causes an uncontrolled increase of requests and duplication of works and duties in an inefficient manner. Thus, Minsur not only is the first tin producing company that is part of ICMM, but it also is a pioneer in the industry due to its high standards and strong commitment to sustainable management. With this we can record each stage of our supply chain, with special emphasis on the source of minerals.

THE WORLD ECONOMIC FORUM (WEF) CALLED FOR AN ALLIANCE OF SEVEN MINING AND METAL COMPANIES -AMONG WHICH MINUR IS THE ONLY REPRESENTATIVE OF OUR COUNTRY- TO BUILD A BLOCKCHAIN PLATFORM THAT WILL ALLOW A THOROUGH AND RELIABLE MONITORING OF CARBON EMISSIONS AND OF TRANSPARENCY IN THE SUPPLY CHAIN.

3.5. WEF Project

Blockchain potential is not only limited to our Project with Google. The World Economic Forum (WEF) called for an alliance of seven mining and metal companies -among which Minur is the only representative of our country- to build a blockchain platform that will allow a thorough and reliable monitoring of carbon emissions and of transparency in the supply chain. This shall be done through joint and coordinated works that will require technological and governance innovation.

This is how MMBI (Mining and Metals Blockchain Initiative) was born. It is a collaborative initiative among all participating companies. We want a platform to be able to trace the carbon footprint produced in every stage of production, and that it may eventually be identified, with the credibility the blockchain technology will provide to these numbers. Moreover, learnings, good practices and insights arising from the synergy among the companies involved, are useful to design framework guidelines that will allow standardizing these traceability and governance practices in the long term.

3.6. Lean Management in Minsur

These new paradigms that are being implemented both at the management and technology levels shall also be applied to our company's organizational culture, and these are the changes that take more work and a longer time to be introduced. As it traditionally occurs in the mining industry, in Minsur we have the opportunity to create more spaces to empower our staff and to train leaders that are closer to our workers and who promote their active participation in the continuous improvement of our processes.

This is how the LINGO program was born, our leap to the next level. The idea is implementing a Lean Management program that aims at becoming the company's cultural transformation. We are aware that our growth and achievements in the last ten years do not ensure the fulfillment of our ambitions in the future.

Thus, we need to empower our talents so that they make everyday decisions and these are as close to the production process as possible. This has meant thoroughly assessing our strengths, weaknesses and needs. Currently, we are making progress implementing this new way of working in Minsur, since we want LINGO to be an enabler of the company's next growth stage.

3.7. Economic performance (GRI 201 Economic performance) (GRI 103-2) (GRI 103-3) (GRI 201-1) (GRI 102-45)

Minsur manages economic performance from a perspective based on cost control, improving working capital, generation of operating efficiencies and increasing productivity in our operations and projects.



Pursuant to our commitment to foster optimal economic development, we have implemented a thorough management to satisfy the highest ethical and transparency requirements; and to produce value for all our stakeholders: collaborators, suppliers, shareholders, the government, communities, among others. The economic value we generated amounted to 732, 172 million US Dollars, while our distributed economic value reached 635, 006 million US Dollars. Last but not least, our retained economic value was 97, 166 million US Dollars. For further information, see Annex 5.⁵

Our commitment to promote better governance for the extraction of non-renewable resources remains standing. The Extractive Industries Transparency Initiative (EITI) plays a key role since it constitutes a global strategic alliance among governments, extractive companies (mining, oil and gas), civil society and international organizations to ensure that payments made by companies to governments and revenues they receive are transparent, thus promoting that resources are used to generate development.

Peru signed the EIT initiative thanks to the leadership of the Ministry of Energy and Mining (MEM). After having signed it, and with the support of mining, oil and gas companies and of citizen organizations, reports were prepared on the generation, distribution and use of extractive industries' assets in Peru, and Minsur played an active role therein. Six national reports have been prepared to date. You may read the latest one [here](#).

5. It includes Minsur S.A., Marcobre S.A.C. and Mineração Taboca S.A.

OUR COMMITMENT TO
PROMOTE BETTER GOVERNANCE
FOR THE EXTRACTION OF
NON-RENEWABLE RESOURCES
REMAINS STANDING.



A white and black bird, possibly a booby, is swimming in clear blue water. The bird has a white body and a black head with a white patch around its eye. Its reflection is visible in the water. Another similar bird is visible in the background, slightly out of focus.

4. OUR SUSTAINABILITY MANAGEMENT

Minsur's sustainability vision is continuously managed in several fronts. On the one hand, we have a committed Board of Directors that aligns with a cross-cutting strategy throughout the entire Beca Group, but also with policies, procedures and specific objectives on sustainability matters in several areas of the company. In that regard, in 2019 we continued implementing improvements and innovations in our daily management.

That has allowed us incorporating Energy Optimization Systems, carbon footprint and environmental impact measurements, leadership management and the strengthening of anticorruption mechanisms to our daily works. Moreover, once sustainability was officially incorporated into our business strategy, it was necessary to start applying the same principles to our policies.

All our business units were visited in 2019 to get to know what collaborators and leaders understood by sustainability and, based on that, establish a joint definition. We organized workshops with the Heads of Unit to have a clearer knowledge of what the MU understood by sustainability in Minsur.

We are pushing for a sustainability vision that breaks away from a vertical structure with only top-to-bottom communications. Nowadays, we seek to communicate in clear, direct and accurate terms how we are including sustainability as part of our business strategy.

Implementing sustainability management in all areas of the company has also meant developing a new approach to work with our stakeholders jointly or through partnerships. From community engagement to the additional component, we work jointly or in partnerships with our stakeholders. These dynamics allow both a better understanding and consensus with communities and indigenous populations, for instance, and also automation of dispatching processes.

The company's sustainability approach is summarized in our [Sustainability Policy](#). We establish our commitments related to the protection of life, health, human rights therein, and also to social value generation in the communities of our area of influence.

Complying with and adhering to the ICMM principles, we work so that our actions and decision are made based on a sustainability approach. Thus, we generate a strategy that, within a risk culture, will enable us to:

- » Mitigate our environmental impacts,
- » Look out for the safety of our collaborators and third parties,
- » Promote the development of leaders
- » Foster a culture of compliance, and
- » Manage impacts on our communities

Our Sustainability management, as referred above, is supported by our adherence to the Responsible Minerals Initiative (RMI), ISO 9001, ISO 14001, BASC and OHSAS 18001 certifications. Last but not least, we used a questionnaire on the B system with a group of suppliers and contractors.

4.1. Fulfillment of Commitments with the ICMM

The International Council on Mining and Metals (ICMM) is an international organization devoted to improving social and environmental performance of mining operations. ICMM proposes 10 principles related to the following subjects: (1) Ethics and Corporate Governance, (2) Sustainable development, (3) Human rights and labor rights, (4) Risk management, (5) Occupational Health and Safety, (6) Environmental management, (7) Impact on biodiversity, (8) Life-cycle of products, (9) Community management and (10) Stakeholder engagement.

In 2017 we worked hard to adjust our policies to the ten principles mentioned above. After carrying out this joint work, we were admitted to the Council in 2018. It is worth mentioning that we are the first Peruvian mining company, the third in Latin America and the world's first tin producing company to be admitted. This review and subsequent visit served to consider recommendations that we have been continuously implementing within the agreed terms; some of them guide our short and long-term agenda.



Esta revisión, y posterior visita, sirvió para tomar en cuenta recomendaciones que hemos venido implementado continuamente en los plazos acordados; algunas de ellas marcan nuestra agenda de trabajo a corto y largo plazo.

Durante el 2019, trabajamos con determinación para seguir la línea de estos principios. La tabla listada en el anexo 6 presenta nuestras iniciativas y avances en cada uno de ellos, así como dónde ubicarlas en las diferentes secciones de nuestro Reporte de Sostenibilidad 2019.

4.2. Our stakeholders
(GRI 102-42) (GRI 102-43) (GRI 102-44) (GRI 102-40)

EnWithin the framework of our commitment to sustainability and transparency, we aim to have long-term relationships of trust with all our stakeholders; furthermore, we maintain an open and constant dialogue with them, paying attention to their expectations and answering their questions.

Thus, under the ICMM guidelines, we have channels with different communication frequencies: from permanent interactions (intranet, e-mail and website) to annual processes (Sustainability report, work climate surveys and different committees).

The level of engagement and advocacy to the company are key to identify our stakeholders, and it is based on the following criteria: bidirectional impact, existence of any type of relationship with Minsur, and existence of a shared development vision.

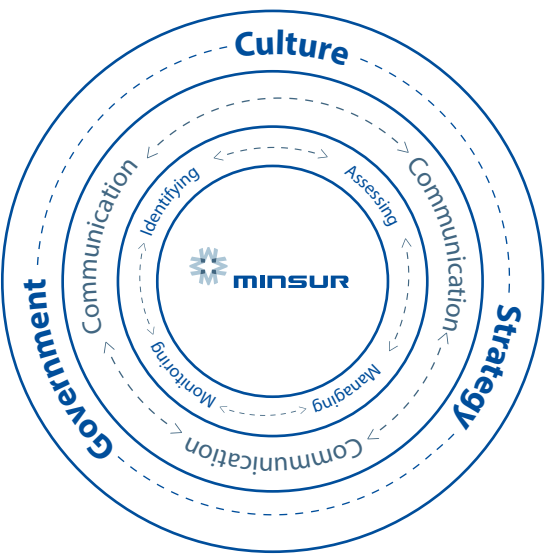
Furthermore, at a social level, we manage stakeholder mapping -updating it constantly- and we use surveys to measure institutional trust rates, opinion references, media consumption, among others.

In Annex 7 we observe in detail the main communication channels for each stakeholder, as well as their main concerns.

Moreover, Annex 7 summarizes expectations of the main stakeholders that arose from the dialogue process conducted within the framework of preparation of the sustainability report hereof.

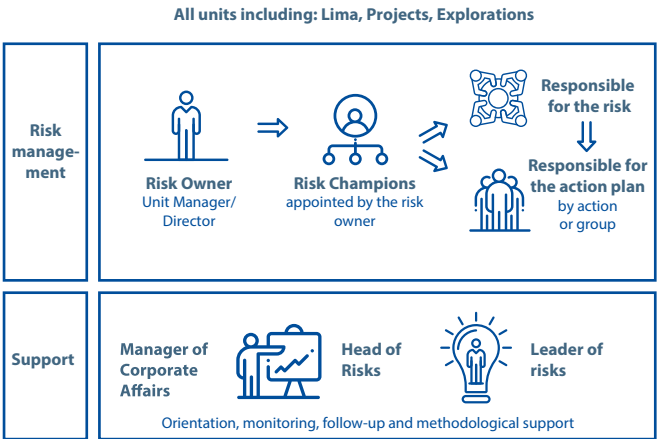
4.3. Managing our risks
(Risk Management) (GRI 103-2) (GRI 103-3)

In 2019 we updated our company's risk management. As a risk team we established our objectives. In that sense, our management system was redesigned based on the process and providing it with a broader approach, considering a structure of Governance, Culture and Objectives. It is supported on internal and external communications with our stakeholders, as shown in the graphic below.



During the first half of the year we reassessed the level of maturity of the company's risk management, which allowed us establishing actions to be able to reduce identified gaps in the second half of the year. Such actions are also aligned to the ICMM requirements.

Our governance structure is fully defined when establishing the risk matrix' main actors and their responsibilities. Furthermore, we created the Corporate Risk Committee and the Strategic Risk Committee to observe the main risks that could occur in the different levels of the organization; these shall be implemented by 2020.



At the same time, aiming at reducing risk tolerance, we updated our organizational assessment matrix including a larger number of extreme risks, while establishing at the same time engineering action plans to counter them.

Likewise, the risk matrix for the corporate level and for all mining units was standardized. This allowed coding and defining existing risks to turn them into traceable ones. The matrix also allows identifying other risks that could arise in our units (Cross-cutting risks, for appearing in more than 3 units).

Last but not least, new identified risks, materialized risks and risks that have changed since the last Committee have been reported to the Audit, Risk and Compliance Committee. For further information see Annex 8.

We shall define our risk appetite and tolerance as a Mining Division, before entering 2020. Moreover, we shall continue detecting corporate and operational risks, emphasizing those related to human rights, the environment and social issues, thus endorsing our risk management system.

AT THE END OF DECEMBER, OUT OF 359 IDENTIFIED RISKS, 246 HAVE BEEN GROUPED INTO 34 CROSS-CUTTING RISKS, WHICH WILL ALLOW DEFINING STRATEGIC ACTION PLANS FOR THE ENTIRE ORGANIZATION.



5. SUSTAINABILITY IN OUR VALUE CHAIN

5.1. In the spotlight: a new paradigm (Life-cycle of Products) (GRI 103-2) (GRI 103-3)

Nowadays consumers not only focus on the final product, but also in the chain of suppliers involved in the manufacturing of such product. This is the result of a more thorough media review with decentralized broadcasting platforms, as well as of the speed at which we access information.

This scenario has specifically and strongly influenced the manufacturers of such products, their processes and transparency policies; in this new landscape Minsur could not be an exception.

As a consequence, these new demands by governments, international organizations, producers' and consumers' representatives have led to transformations and improvements that we continuously implement in our Sustainability approach and management.

One of the most substantial regulations is related to conflict-minerals, which include tin and tantalum. In this regard, it is worth recalling that Minsur's tin refineries in Pisco and Pirapora, and the tantalum refinery in Pitinga are conflict-free certified.

In 2018, the Smelting Plant and Refinery of Pisco was the first tin refinery certified under the new Responsible Minerals Assurance Process (RMAP) protocol, formerly known as "Conflict-Free Smelter Program". It is a certification based on the RMI (Responsible Mining Initiative) standards, which dates back to 2008 and engages over 380 mining companies around the world. Precisely the RMI provides the necessary tools and resources for the companies to make responsible decisions in conflict-affected and "high-risk" areas.

In addition, the Refineries of Pitinga MU and Pirapora were once-again conflict-free certified and will apply the new protocol during the next certification cycle.



In order to certify all our refineries, it was necessary to review our mineral supply processes and establish risk measuring mechanisms duly aligned to the parameters of the Organization for Economic Cooperation and Development (OECD) related to conflict mineral due diligence⁶.

Our new Responsible Supply Chain Policy was approved in 2018. Minsur establishes therein that cassiterite treated to obtain tin is sourced from our own mines and -unlike the former policy- it goes beyond minerals from the Democratic Congo Republic and it also includes those from the so-called high-risk countries.

5.2. Our suppliers (GRI 102-9) (GRI 102-10)

We establish trust relationships with our suppliers of good and services. Furthermore, in the pursuit of joint growth, we focus on guaranteeing that their operations meet the high standards that govern our supply system. Finally, with their accompaniment as strategic partners we have achieved sustained growth in the market. In 2019, we made efforts to consolidate relationships with our suppliers, which should also apply our sustainability policies.

Procurement and supplies shall abide by the guidelines of the Responsible Supply Chain Policy, Corporate Procurement and Contracting Policy, and the Corporate Planning and Inventory Control Policy, in addition to procedures to manage supplier selection and assessment, to manage the procurement of services and goods through tenders and to classify materials, and others. It is worth mentioning that, all operators in the supply chain, such as Minsur's workers and suppliers, shall comply with the provisions of the Code of Ethics and Conduct.

In 2019, the company worked with 2,844 suppliers in total: 1,872 in Peru and 972 in Brazil.

Suppliers by procurement type

- » **Peru:** Eln 2019 we worked with 1,872 suppliers. Out of these, 52 % supplied services, 33% supplied goods, and 16% supplied both goods and services. New inputs were bought and suppliers were hired because of the incorporation of the B2 Plant in San Rafael mining unit. (GRI 102-10)
- » **Brazil:** In Brazil we worked with 972 suppliers. Out of these, 39 % supplied services, 50% supplied goods and 11% supplied both goods and services.

Suppliers by place of origin

- » In Peru, out of 1,872 suppliers, 1704 are domestic suppliers and 168 are foreign suppliers.
- » In Brazil, out of 972 suppliers, 944 are domestic suppliers and 28 are foreign suppliers.

For further details on procurement and suppliers, see the tables and graphics in Annex 9.

Socio-environmental assessment of our suppliers (GRI-308 Environmental assessment of suppliers) (GRI-414 Social assessment of suppliers) (GRI 103-1) (GRI 103-3) (GRI 308-1) (GRI 414-1)

Besides being actively involved with our suppliers, we monitor them to verify that their behavior is in line with our corporate strategy and identity. We encourage them to adjust and commit to our internal policies and procedures, and specially to abide by the Corporate Code of Ethics and Conduct and domestic laws into force in the countries where we operate.

Thus, before a contract is awarded, our suppliers go through a financial verification process conducted with an external assessment tool. Our strategic suppliers are subject to an annual approval process, through which we also assess sustainability issues, such as labor conditions, environmental practices, occupational health and safety, quality and social responsibility. This process is conducted by an external company, SGS, and once completed suppliers receive a Certificate of Approval.



It is essential that suppliers provide a detailed description of the main activities involved in the service delivery, in order to determine potential impacts and risks in the service they will provide.

Suppliers posted in our operating units shall prepare an Environmental management plan, including environmental practices and commitments, objectives and contingency actions. Furthermore, during service delivery in our operating units, we periodically assess our main suppliers' and contractors' performance (permanent services) during the term of the contracts through the Contractor Performance Assessment format; in addition we use the Procedure for Selection and Assessment and Reassessment of Suppliers and Contractors. Results of these assessments are considered for future invitations.

Improving our pre-screening process for good and service suppliers to be able to monitor those who could be deemed as high-risk suppliers is one of the obligations we adopted as members of the ICMM. Thus, we implemented a pilot tool called "*Mide lo que importa*" (Measure what matters) in B- Corp. For further information, see Annex 10.

This tool includes questions on subjects, such as the environment, occupational health and safety, community engagement and governance; which are consistent with our sustainability strategy. Thus, it will allow us identifying what is our suppliers' situation in relation to these subjects.

6. The OECD Due Diligence Guidance for Responsible Mineral Supply Chains.

6. SAFE SPACES: OCCUPATIONAL HEALTH AND SAFETY (OHS)

(GRI 403 Occupational health and safety) (GRI 103-2) (GRI 103-3) (GRI 403-1)

Minsur is committed to the health and safety of its collaborators. We focus on preventing accidents, considering a preventive approach and safe behaviors. Moreover, occupational health and safety of our collaborators are both part of our corporate values and are the priority in our activities. We believe in a culture of prevention and are convinced that it is possible to prevent occupational accidents, injuries and diseases. Thus, we are part of Vision Zero, a global initiative that includes health, safety and wellbeing concerns at all levels of work.

Furthermore, we have a Safety and Health Management System called MINSEGUR that is applied in our mining units and projects.

MINSEGUR is based on four fundamental pillars: Leadership, Risk management, Culture and Health, and Wellbeing. In addition, each pillar is strengthened with a series of policies that are in line with domestic laws, the ICMC and the best practices of world-class mining companies, with the aim of protecting health and safety in our operations.

6.1. Managing occupational health (GRI 403 Occupational health and safety) (GRI 403-3)

Our Health and Safety Management System, MINSEGUR, establishes the necessary guidelines to appropriately manage Safety and Occupational Health and Hygiene, for which the role and leadership of management, and the staff participation are key to achieve a solid and resilient culture of safety, promoting continuous improvement in occupational health and safety performance in our process to achieve our zero-accident goal.

One of the pillars of this Management System is called "Health and Wellbeing", and has 16 operating standards referred to: Hearing Protection, protection against

particulate matter, protection against toxic substances and heavy metals, personal protection equipment and work clothing, fatigue and drowsiness prevention and monitoring, radiation protection, food security and drinking water, protection against vibration, protection against bio-risks, protection against non-ionizing radiation, air quality in the work environment, altitude sickness prevention and treatment, protection against extreme temperatures, prevention and monitoring of disergonomic factors, prevention and monitoring of alcohol and drugs, prevention and monitoring of psychosocial factors and risks.

MINSEGUR IS BASED ON FOUR FUNDAMENTAL PILLARS: LEADERSHIP, RISK MANAGEMENT, CULTURE AND HEALTH, AND WELLBEING.

It is worth mentioning that all our workers are subject to occupational medical exams when they start working in our mining units and projects, to periodical (annual) medical check-ups, and to another exam when they retire. This occupational medical exam targets specific exposure risks, for instance: noise -audiometry, particulate matter – chest x-ray and spirometry, metals – metal detection in urine, among others.

Furthermore, we shall mention that all our units have a Health and Safety Committee, and 100% of our collaborators are supervised by it.

A significant fact during the first quarter of 2019 was the incorporation of an occupational hygienist in the San Rafael, Pisco and Pucamarca mining units. Likewise, an occupational hygiene monitoring program was developed in all our mining units and projects. In 2020, the objective is implementing our 16 Health and Hygiene operational standards at all levels.

Besides continuing with our permanent monitoring, assessment and follow-up, as part of our continuous improvement approach on health and safety issues, we shall highlight the following milestones in 2019:

- » The Crisis Management Plan was approved at the corporate level, a Crisis Management workshop and a crisis drill were conducted with the EXCO team.
- » The Office for Health and Hygiene Supervision was created.
- » Recommendations made in the Fire Risk Assessments conducted in San Rafael, Pucamarca, Pitinga and in the Smelting Plants of Pisco and Pirapora were monitored.
- » The following events were organized:
 - I Meeting of Occupational Health and Hygiene Leaders of BRECA MD.
 - III Meeting of Strategic Partners of BRECA MD.
 - VII Meeting of Operation, Project and Safety leaders of BRECA MD in Nazca.
 - Training workshop for Internal Auditors on Health and Safety Management standards and Safety Operational standards.
- » A training course on first-aid for seizures was prepared and provided through a mobile application.
- » The gap analysis on the livability standard implementation level in different mining units and projects (Pisco, San Rafael, Pitinga, Pirapora, Mina Justa) and actions to improve the camps were established.
- » The 15 Health and Safety management standards were reviewed and updated.
- » Telemedicine services were implemented in the mining units and projects.
- » 16 Occupational Health and Hygiene operational standards were approved.
- » The interactive modules of MINSEGUR system were developed.
- » Health surveillance protocols for noise, mercury, arsenic and musculoskeletal disorder prevention were prepared.
- » Firefighting trucks were incorporated pursuant to the NFPA standard in San Rafael and Pucamarca mining units.



6.2. Our OHS performance
(GRI 403-2)

For the fourth consecutive year we did not report any fatal accidents in our mining units and projects in Peru and Brazil. 10 accidents resulting in loss of workdays were reported, 7 in Peru and 3 in Brazil, out of which 30% (3) were our employees and 70% (7) were outsourced workers. None of these accidents resulted in permanent disability.

We shall also mention that we had 51 recordable injuries (36 in Peru and 15 in Brazil), out of which 33% (17) were our employees and 67% (34) were outsourced workers; thus, the Recordable Injury Rate (RIR) fell 34% as compared to the last three years' average (2016, 2017 and 2018).⁷

In terms of safety, every day we start from scratch, that is why our goal is reducing the number of accidents resulting in loss of workdays, and also continue reducing recordable injuries. For further information, see Annex 11.

7. Recordable Injury Frequency Rate (RIFR), based on 1'000,000 man/hours worked.

AWARDS

- » Our safety performance in 2018 was awarded with the Safety Plaque in the XXI Mining Safety contest of Peru, as follows:
 - San Rafael MU received the second prize in the underground mining category.
 - The smelting plant of Pisco received the first prize in the refinery – smelter category.
 - The Mina Justa project received the first prize in the mining project category.
- » La Positiva VIDA insurance company awarded Minsur with the Plaque of Excellence for its outstanding safety performance in 2018.
- » During the 34th Perumin Mining Convention, Minsur was awarded with the National Mining Prize for the technical study “Towards zero accidents: managing high-potential events in mining operations”.
- » B2 achieved 4'000,000 million man/hours with no accidents resulting in loss of days.
- » Exploration management achieved 5 years with no accidents resulting in loss of days.

7. MINSUR AND THE ENVIRONMENT
(GRI 102-11)

It is not a coincidence that one of the first things we think of when talking about sustainability is the environment. In Minsur we are convinced that our environmental care and environmental damage prevention standards are a fundamental pillar in our corporate strategy.

Thus, our business development approach is expressed in our care for the environment and the reduction of any impacts we may cause on it. In that regard, aiming at ensuring due diligence in our processes and operations, Minsur's corporate policy framework gathers cross-cutting sustainability principles.

ISO 14001 is an international certification providing organizations with a framework to protect the environment. Our Pirapora, Pisco, Pucamarca and San Rafael operations have received this certification. Pitinga MU, in Brazil is on the way to receive such certification. All our operations and projects have the Environmental Management System (EMS), which was designed pursuant to ISO 14001.

At the end of 2019 Minsur approved 2 policies to enhance our EMS: A climate change policy and a policy of excellence in water management. Both express our vision, strategy and commitment to manage these current and significant issues.

Our EMS is comprised by the sustainability policy, climate change policy and policy of excellence in water management, but it is also implemented pursuant the EMS Corporate Manual. It gathers 28 environmental management and operational standards, ISO certification, several management and supervision tools, the Environmental Performance rate (EPR), and reactive, proactive and sustainability-related KPIs.

Furthermore, the staff involved in operation and support processes -comprised both by our company's and our contractors' employees- abides by our EMS; and this allows ensuring that legal requirements are met at all mining stages.

The main objective of our EMS aims at taking care of significant issues for Minsur's management: water, climate change, biodiversity, permits and planning, environmental management, socio-environmental management, rehabilitation and closure. In addition, we have the following tools:

<p>Internal audits</p> <p>Conducted to establish compliance of our operations with the Environmental Management System and applicable legal requirements, and to validate the EMS effectiveness. If below-standard performance is detected, the unit's or project's Environmental Supervisor shall implement the corrective actions required in the final audit report and, then, it shall report the result of implementing these actions. Cross-audits are also conducted.</p>	<p>Environmental performance indicators</p> <p>On a monthly basis, Environmental Supervisors record and assess environmental performance indicators (EPI). Through these, environmental impacts and potential risks are measured and monitored. These indicators are reported to the Environmental Manager in monthly meetings to identify and define improvements to be implemented.</p>	<p>Environmental monitoring</p> <p>Monitoring points have been established in the areas of influence of our mining units and projects for permanent assessment of noise and air, soil and water quality, by competent authorities. Complementarily, participatory environmental monitoring has been implemented in certain units engaging communities of direct influence.</p>	<p>Environmental Supervision</p> <p>Our environmental performance is periodically supervised by the Agency for Environmental Assessment and Enforcement (OEFA) in Peru; Instituto de Proteção Ambiental do Amazonas (IPAAM) in Amazonas region, and Companhia Ambiental do Estado de São Paulo (CETESB) in Sao Paulo region, Brazil. The objective is verifying compliance with laws, environmental management tools, permit processes, mandates or provisions issued by competent agencies, as well as with other sources of auditable environmental obligations.</p>
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7.1. Our environmental standards

The focus of our work in environmental matters in 2019 was continuing what we have already started before our admission to the ICMM. Thanks to that, we have voluntarily raised our water, air, biodiversity and climate change standards beyond domestic legal requirements and pursuant to the best international practices of our industry.

Thus, we may emphasize that our environmental team early and actively participated in planning, standardization and strengthening processes of the environmental management system. These serve to identify and manage environmental risks in all Mus, as well as to have an appropriate, trained and committed environmental team. This way, we achieved efficient air, biodiversity and climate change management.

7.2. Our commitment towards efficient water management

(GRI 303 Water) (GRI 103-2) (GRI 103-3)

In 2019 we extended our commitment and signed the Policy of excellence in water management, in which we pledge to reduce the amount of water consumed, applying the principle of efficient management of this important resource from the infrastructure design stage to the development of operations itself. Thus, in all our operations we reuse and recycle a large part of consumed water and we have implemented different water saving initiatives.

The Policy of excellence in water management is the result of a voluntary review of our management that allowed updating our water standards, aiming at aligning with the best international standards, practices and trends.

In our everyday operations, part of this effort includes periodically monitoring water quality and quantity. Such monitoring is conducted in our operations and in different bodies of water around them, such as lakes, gorges and rivers, in order to more efficiently supervise the unit's water management.

Moreover, we organized participatory monitoring activities that allow us disseminating information and explaining water management to the communities of our area of influence. Thus, they get to know and verify the results of water quality and quantity measurements.

We presented some actions in our projects and operations, within the framework of our water-saving goal and aiming at finding more efficient ways to use it to prevent larger impacts. In addition, in our exploration activities we reuse and recycle different percentages of consumed water.

Marcobre has valid authorizations to withdraw groundwater and seawater, to use it for exploration purposes, mining development, road irrigation and dust control.

Once drilling works are completed, drilling slurry stored in the ponds continue with the sedimentation process, suspended solids settle in the bottom of the ponds due to gravity and resulting clarified water is pumped into tank trucks and reused in other platforms to continue with the reuse cycle. In 2019, 82.20 thousand m3 were reused and recycled, that is 13 % of the total water volume authorized.

For groundwater, we monitor groundwater levels and water quality on a monthly and annual basis, respectively, pursuant to the commitments made in our environmental management tool.

The **SPR of Pisco** is geographically located in an area of water stress, as declared by the National Water Authority (NWA). In that regard, we produced evidence that the aquifer is not being over-used, on the contrary our water consumption is far below the authorized water volume use under our permits. In this case, 66,97 thousand m3 were reused or recycled, that represents 22%.

We were one of the 20 companies selected worldwide by the Massachusetts Institute of Technology (MIT) to work together in a project called Operations Lab in November, 2018. In 2019 we conducted a study, assessing several water saving initiatives with MIT, which allows assessing disruptive technologies, such as: water

THE FOCUS OF OUR WORK IN ENVIRONMENTAL MATTERS IN 2019 WAS CONTINUING WHAT WE HAVE ALREADY STARTED BEFORE OUR ADMISSION TO THE ICMM. THANKS TO THAT, WE HAVE VOLUNTARILY RAISED OUR WATER, AIR, BIODIVERSITY AND CLIMATE CHANGE STANDARDS BEYOND DOMESTIC LEGAL REQUIREMENTS AND PURSUANT TO THE BEST INTERNATIONAL PRACTICES OF OUR INDUSTRY.

recovery from steam produced by a cooling tower and a slag granulation system without using water, which are still at the laboratory level.

Similarly, we conducted tests in the Ausmelt furnace's gas cooling system to assess the possibility to raise temperature and reduce water consumption. Results are expectant, however this is still at the testing level.

LIKewise, IT IS WORTH MENTIONING THAT, IN ORE CONCENTRATION AND PROCESSING WORKS, WATER RECIRCULATES MANY TIMES IN THE SYSTEM, THUS PREVENTING THE WITHDRAWAL OF CLEAN WATER FROM THE NATURAL ENVIRONMENT.

Furthermore, we updated our hydrogeological model which enables us to conduct long-term assessments aiming at replacing aquifer water with desalinated seawater.

These projects are expected to be implemented from 2020 to 2021.

In **Pucamarca MU** we worked in the following initiatives:

- » Water storage in the major events pond (MEP) during the wet season,
- » Use of shade balls in the rich solution pond to prevent evaporation,
- » Continuous operation of the industrial water treatment plant in the Azufre river area and
- » Recycling of industrial water.

The water volume reused and recycled reached 7,536.16 thousand m³, that is 96%.

San Rafael MU invested in water monitoring pursuant to the Environmental Management Report (EMR) surveillance program and the internal control points. In August 2019, Amphos21 issued the Water Balance update of San Rafael MU, which will be also useful for future

projects. Moreover, flowmeters are used to control water volume consumption, which are periodically calibrated by a specialized supplier. In addition, San Rafael reused and recycled 7,838.55 thousand cubic meters of water, which represents 46% in that MU.

In **Pitinga MU** we continued working in the concession process for surface water withdrawal and domestic wastewater discharge points that started in December 2018. Furthermore, hydrometers were installed to measure the amount of groundwater collected in the 2 (two) wells of the mining unit. As part of the awarding process of these wells, a profile was prepared and it was filed in the environmental license agency (IPAAM - *Instituto de Ambiental do Amazonas*). 58,211.46 thousand m³ of water were reused and recycled, that is 46 % of total water.

Likewise, it is worth mentioning that, in ore concentration and processing works, water recirculates many times in the system, thus preventing the withdrawal of clean water from the natural environment.

The **SPR of Pirapora** has been authorized by the competent environmental agency to withdraw water and discharge effluents. Water used in the production process is stored in a pond to be recycled. In 2019, domestic effluent treatment was conducted using ultrafiltration membranes, a technology that allows classifying already-treated effluents as reused water. We also have three rainwater storage pools; so, when we need water for the production process, rainwater of these plants is used, thus saving clean water of the well.

For further information on each MU, see Annex 12 with a detail of water withdrawal by source, recycled and reused water, and water-use intensity (GRI 303-1) (GRI 303-2) (GRI 303-3).

7.3. Housekeeping: effluent and waste management (GRI 306 Effluents and Waste) (GRI 103-2) (GRI 103-3)

Responsible and sustainable mining operations minimize risks throughout their entire production process. In that regard, since we are aware of our great responsibility with the environment, our waste and effluents are thoroughly managed and disposed under the highest

international standards, and pursuant to laws into force. Hazardous materials are separated, while other materials such as timber are disposed by a certified and authorized service provider. For solid waste collection, transport and disposal in authorized landfills or treatment plants, we have hired a company providing these services. Such company has been certified by DIGESA.

In **Marcobre**, solid waste is stored and gathered in the Solid Waste Management Complex and in the Central Warehouse of Solid Waste, then it is safely disposed into a sanitary landfill or a secure landfill by a Solid Waste Operating Company (SWOC) that is duly authorized by the competent authority.

Regarding waste management in the **SPR of Pisco**, in 2019 awareness of the entire staff was strengthened on waste generation and proper disposal of solid waste generated in production, maintenance, logistics, etc. Moreover, the number of collection points (storage facilities) identified with colors for proper separation was increased. Like other units, we have implemented a solid waste collection program of the waste storage network through a specialized company.

Furthermore, the SPR of Pisco was designed not to produce water discharges. Water in the operation is reused through

a gas cooling system. Domestic effluents (blackwater) are treated in a wastewater treatment plant (WWTP) and used to irrigate a living fence.

In 2019, **Pucamarca MU** produced 372.61 tons of total waste, including both non-hazardous and hazardous waste, which was disposed through recycling, reuse, composting, sanitary and secure landfill disposal, depending on the type of waste; thus, 51% of total waste was reused and recycled, and we aim at increasing these numbers. We worked with the communities to raise awareness on the significance of recycling and proper waste disposal. A school recycling competition "Recycling in action" was organized with the participation of schools from Vilavani, Palca and Ataspa communities. These activities were conducted in coordination with the social management department.

We shall mention that no industrial or domestic effluents are discharged by **Pucamarca MU**.

In **San Rafael** we optimized recycling of hazardous waste (oils, barrels of reagents, boxes of explosives) with certified recycling plants; while non-hazardous waste is sold (scrap, tires) and recycled (compost, humus, biol) for afforestation activities.





For discharges we have water quality monitoring equipment controlling the maximum allowable limits. Currently, we conduct an online pH and volume monitoring for P4 industrial discharges. Furthermore, to prevent spills when handling inputs and hydrocarbons we use containment systems for 110% of capacity and anti-spill kits, pursuant to our standards.

In **Pitinga MU**, hazardous waste -such as PPE contaminated with oil, lamps, batteries, paint cans and other chemical products-, and recyclable waste are separated in the operating areas, and then stored in the Temporary Waste Storage Facility (TWSF). We hired a company for the collection and transport of non-hazardous waste; and hazardous waste is incinerated.

We have 14 Effluent Treatment Stations (ETS), where we treat domestic effluents. Analysis of the maximum allowable limits is done on a bimonthly basis by accredited laboratories. Industrial effluents from cleaning and maintenance of parts are subject to treatment in oil-water separator boxes (OWS). Both effluents meet the maximum allowable limits pursuant to CONAMA 430/11.

In the **SPR of Pirapora**, hazardous waste is stored in the TWSF to be later sent for treatment. We have the Certificate of Movement of Environmentally Relevant Waste (CMERW), a document provided by an environmental agency and allowing movement of waste. Non-hazardous waste is also sent to landfills, except for recyclable waste and used cooking oil. Recyclable waste is donated to AVEMARE, a cooperative in the region,

as a form of partnership and association of the Lixo da Gente Reciclando Cidadania program. Approximately 30 families live from the revenues obtained with recyclable waste donated to the Cooperative. Used cooking oil is donated to the Triângulo Institute, which transforms part of it into eco-soap that is then distributed to Taboca's employees.

Industrial effluents are stored in a pond to be later incorporated into production, with a closed use circuit. Domestic effluents are sent to the effluent treatment station, which uses ultrafiltration membranes as treatment technology. At the end of the process, the effluent leaves the station with recycling features and it may be used in toilets, for washing purposes, among others. We have a conventional treatment station and we are assessing complementing it with ultrafiltration membrane technology to improve water quality. Domestic effluents that are released in the water body are monitored on a monthly basis to verify that maximum allowable limits are met.

We shall mention that no significant or moderate spills were produced in our units in 2019 (GRI 306-3).

For more information on each MU, see Annex 13. It includes a detail of discharge volumes by type, water discharge by quality and destination and the amount of hazardous and non-hazardous waste by disposal method.

7.4. Tailings and mining waste (MM3)

Our commitment with the environment translates into specific and continuous actions. We are currently designing a specific policy for disposing industrial waste produced in our operations. We have tailings dams or dumps that minimize the environmental impact and which shall be closed down pursuant environmental standards as scheduled at the end of operations. All our processes aim at reducing residual presence in the surface and increase recycling.

Mining waste of all our units is disposed in areas specifically designed and adapted to receive waste: the purpose is to make it stable with the minimum environmental impact. Afterwards, such waste is used as mine backfilling material. This management is approved in the closure plans.

All significant structures for tailings containment, as well as dumps or landfills, are constantly designed and monitored. Implicit risks are assessed and reported directly to Senior Management. These measures and actions abide by the standards of the Mining Association of Canada (MAC), which promotes the Initiative "Towards Sustainable Mining" with standard operating procedures for several issues, for instance tailings management. Furthermore, it is worth emphasizing that we have a geotechnical engineer working with us, and staff in charge of tailings management.

Since the end of 2017, all tailings and bodies of water in our units are monitored by geotechnical engineers, aiming at identifying risks and implementing the appropriate control measures -as soon as a risk is identified- to prevent any inconveniences. This work is conducted pursuant to the safety standards of the Canadian Dam Association (CDA), to which we monthly report the status of our infrastructures.

In 2019, 752 thousand tons were disposed in the B3 tailings dam of **San Rafael MU**. Moreover, tailings of high ore content will be reused by our B2 project. The MU shall assess the construction of the new B4 tailings dam, where tailings shall be disposed after new processing is completed.

Mine waste shall be disposed in the Larancota waste dump -approved in an Environmental Management Report (EMR)-, where 498 thousand tons were disposed in 2019. As part of our environmental controls we conduct weekly inspections of tailings lines, and tailings dam's leaks into the basal drain are recirculated to the tailings dam to be treated and then discharged to the river. We also conduct stability monitoring as part of our environmental controls pursuant to our Operation Manual.

For further information on each MU, see Annex 14, which has a detail of mining waste generated.



7.5. Material management

(GRI 301 Materials) (GRI 103-2) (GRI 103-3)

The materials we use in different stages of the production process are also managed in a sustainable manner. For instance, our exploration processes use explosives, like our refining processes use chemical reagents. The use of all these materials is governed and supervised by the corresponding governmental entities -such as OSINERGMIN, Sucamec, SUNAT, Minem, IPEN-, and are fully identified in our supply system.

It is worth indicating that these inputs have procedures for reception, storage, delivery and management that are independent from those for non-supervised materials. In addition, supervised materials are one of the subjects analyzed in our legal compliance audits.

The Head of Planning and Inventory control is in charge of supervised material management, and has the power to decide on orders, extension, inclusion or disposal of supervised materials, always in coordination with our legal department. In all cases, requirements shall be met before purchase, storage, use and disposal.

Minsur has worked hard to efficiently manage materials in 2019. See Annex 15, which includes a list of the main materials used in our production processes.

(GRI 301-1)

7.6. Commitment to address climate change

In Minsur we understand that climate change poses a challenge for the entire industry. In that regard, we are committed to be genuine leaders in reducing emissions and managing potential negative impacts. These mitigation efforts entail effective management and control of all our power sources and the use of renewable energies and new technologies.

We are convinced that it is necessary to address both current impacts derived from climate change and also future impacts.

Thus, our commitment is based on the following principles: designing strategies to substantially reduce greenhouse gas emissions based on the preparation, analysis and good understanding of our energy matrix in all our units; introducing incentives to establish mitigation and climate change adaptability goals; supporting research and the development of low-greenhouse gas emission technologies; ensuring specific actions to reduce vulnerability to climate change; efficiently using natural resources, assessing risks, their impacts and implementing appropriate adaptability measures; and periodically measure the progress made with key indicators and inform our performance to our stakeholders.

Thus, we are able to develop a corporate climate change standard, which is supervised and coordinated by the company's senior management.

7.6.1. Carbon footprint

(GRI 305 Emissions) (GRI 103-2) (GRI 103-3) (GRI 305-1) (GRI 305-2) (GRI 305-3) (GRI 305-4)

Adopting urgent measures to fight climate change and its negative effects is crucial. Thus, we control and use mechanisms that enable us to reduce emissions when conducting our activities. In Minsur, willingly and in line with the best international practices of the industry, we carefully work with the highest standards, exceeding those established by the law. These include the monitoring of noise, dust and gases. Therefore, we do not alter air quality, we protect the environment and we care for the health of our staff and neighboring communities.

Based on our commitment, we measure our carbon footprint since 2017, and in 2019 we have started an auditing process to certify the measurements of our carbon footprint corresponding to 2017, 2018 and on. It is worth mentioning that our footprint has been measured pursuant to ISO 14064-1 and GHG Protocol standards.

IN MINSUR, WILLINGLY AND IN LINE WITH THE BEST INTERNATIONAL PRACTICES OF THE INDUSTRY, WE CAREFULLY WORK WITH THE HIGHEST STANDARDS, EXCEEDING THOSE ESTABLISHED BY THE LAW.

In 2019, our carbon footprint was 229,301.49 tCO₂eq. For more information on each MU, see Annex 16 with the detailed results on carbon footprint measurement, change in emissions by MU, tCO₂eq annual ratio by mineral treated and produced, biogenic emissions and the result of emissions generated by Mina Justa.

7.7. Energy management

(GRI 302 Energy) (GRI 103-2) (GRI 103-3) (GRI 302-1)

We promote efficient management of energy consumption while aiming at reducing energy costs in all our units and operations. We measured and recorded energy levels annually. With the results we prepared initiatives to reduce impacts caused by our emissions to the environment, and we started conducting research to implement renewable energy sources.

In 2019, our total fuel consumption was 7,435,732.56 GJ, and our total electricity consumption was 1,490,340.04 GJ. Finally, our total energy consumption was 8,926,072.60 GJ.

For further information on each MU you may review Annex 17, which provides details on fuel consumption by source, fuel consumption by type and total energy consumption.

7.8. Biodiversity management

(GRI 304 Biodiversity) (GRI 103-2) (GRI 103-3) (GRI 304-2)

Caring for the planet is caring for all its living beings. Thus, prior to the development of our operations, in Minsur we assess impacts on biodiversity under our environmental management pillars and the highest international standards.

As part of our Biodiversity Strategy, we respect protected areas. In that regard, none of our units or projects are located within protected areas and/or natural or cultural heritage sites. Furthermore, we ensure that our environmental staff has the necessary tools and develop their skills and capacities in accordance with the best practices.

For all our activities we identify risks, monitor and assess the corresponding environmental impacts, implement biodiversity rehabilitation, conservation and restoration measures. Furthermore, we promote the protection of biodiversity, raising environmental awareness with talks for our staff, including contractors and other relevant stakeholders. We also use signaling and messages to convey the significance of biodiversity in the different areas of operation.

It is worth mentioning that we communicate our Biodiversity standard and strategy, proving our voluntary commitment to it, which goes beyond the law and aligns with the highest international standards, including ICMM standards.

In **Marcobre** we have an Environmental Management Plan, a Biodiversity Action Plan and a Biological Offset Management Plan (BOMP). Moreover, we have developed specific procedures on flora and wildlife to strengthen biodiversity management and protection.

In 2019 we monitored underwater noises in San Juan bay, San Nicolas and the San Juan Reserve. Furthermore, biodiversity was assessed and monitored in the project's direct area of influence and in the area of San Fernando National Reserve that is near the project (BAP). In addition, participatory monitoring activities were conducted with the Environmental Surveillance Committee of Marcona (CVMAP, in Spanish).

In addition, for biodiversity management purposes, we have implemented complementary management measures such as rescue and protection of flora and wildlife, dust control, animal sighting report.

According to the amended Environmental Impact Assessment of **San Rafael MU** no significant impacts have been identified, but potential ones have been detected. Four of them are related to terrestrial flora:

- » Loss of vegetation cover (FLO-01),
- » changes in flora due to particulate matter (FLO-02),
- » Habitat fragmentation (FLO-03),
- » Recovery of vegetation cover (FLO-04).

Furthermore, a risk of impacts on sensitive flora species has been identified (RI-03), which is associated to potential disturbance of sensitive species that were recorded in baseline studies, in the areas to be intervened by proposed components.

Regarding terrestrial wildlife, 3 potential impacts were identified, which are described as follows:

- » Disturbance of wildlife (FA-01),
- » Loss of wildlife habitat (FA-02),
- » Recovery of wildlife habitat (FA-03) and

- » risk of impacts on sensitive wildlife species (RI-05).

Two impacts related to hydrobiology issues were identified:

- » Changes in aquatic flora and wildlife communities (HI-01)
- » Loss of aquatic habitat (HI-02).

In relation to ecosystems, the impact is mainly referred to the loss of a grassland area, while the impact on fragile ecosystems is mainly referred to the loss of wetlands: EF-01.

Considering the abovementioned a US\$ 12,640 budget was approved to monitor biodiversity and hydrobiology in 2019. Moreover, a US\$ 40,000 budget was approved to study the ecological flow, biodiversity, climate change, and carbon and water footprint.

Fulfilling our commitments pursuant the EIA, in **Pucamarca MU** we monitored the flora and wildlife on a biannual basis, and we created a database allowing the development of a biodiversity management plan for the mine's concession area. Such monitoring activities were conducted in rainy and dry seasons.

Though **Pitinga MU** is not located in any conservation areas, we strictly applied a non-intervention policy, considering it is close to Uatumã National Reserve, in the northern area of the Amazon region, and to the Waimiri Atroari and Trombetas indigenous reserves to the East. Considering this, there is a procedure to raise awareness on these issues among all people circulating in the premises of Pitinga unit.

We shall emphasize that, in the Hydropower license renewal process, IPAAM established the monitoring of flora and wildlife for a one-year period. Such activities started in September 2019. Thus, from October to December 2019 we monitored wildlife in the surroundings of Vila de Pitinga. Pursuant to the Degraded Area Recovery Program the flora is monitored with restoration and conservation actions.

CARING FOR THE PLANET IS CARING FOR ALL ITS LIVING BEINGS. THUS, PRIOR TO THE DEVELOPMENT OF OUR OPERATIONS, IN MINSUR WE ASSESS IMPACTS ON BIODIVERSITY UNDER OUR ENVIRONMENTAL MANAGEMENT PILLARS AND THE HIGHEST INTERNATIONAL STANDARDS.



7.9. Closure Plans

(Closure Plans) (GRI 103-2) (GRI 103-3) (MM10)

Sustainability is fundamental for the construction, operation, closure and post-closure of projects. Thus, we design all our projects planning their closure since the beginning.

We are aware that closing operations cause economic, social and environmental impacts. Thus, in all our operations we assumed a commitment to comply with the provisions for the implementation of progressive closing, final closure and post-closure activities, to guarantee physical, geochemical, hydrological and biological stability of components.

These commitments are documented in the mine closure plans, which -in order to be consistent- are regularly reviewed to ensure more reliability and good results for future generations.

Mina Regina

Minsur acquired Mina Regina in 2016. It is a tungsten deposit located in Quilcapunco district, in Puno region. It was formerly operated by Regina SAC and was acquired through its subsidiary Sillustani SAC. At that time, Regina was considered one of the world's most harmful environmental liabilities.

However, thanks to an intense remediation plan and to the investment of significant resources, we have been able to turn things around and recover environmental conditions of the area. Mining closure components include the tailings dam, water intakes, chimneys, waste dumps and ancillary facilities, among others.

That helped us remediating harm caused to the Choquene lake, and thus clean and replant several areas. For that purpose, the lake was drained to remediate the bottom and remove pollutant agents. The plan also

comprised building a water treatment plant. Currently Regina is considered and emblematic mining closure case and an example that mining activities can and must be environmentally and socially sustainable.

Mina Marta

Mina Marta, acquired in 2005 through the subsidiary Compañía Minera Barbastro S. A. C. has a mining closure plan approved by the MEM. The closure stage was completed in December 2017 and the post-closure process started in 2018 and is expected to be completed in 2022. It is estimated that by then all rehabilitation and maintenance requirements for closed components will have been met.

**FULFILLING OUR COMMITMENTS
PURSUANT THE EIA, IN PUCAMARCA
MU WE MONITORED THE FLORA AND
WILDLIFE ON A BIENNIAL BASIS, AND
WE CREATED A DATABASE ALLOWING
THE DEVELOPMENT OF A BIODIVERSITY
MANAGEMENT PLAN FOR THE MINE'S
CONCESSION AREA.**



8. WE RESPECT HUMAN RIGHTS

GRI 405 Diversity and equal opportunities) (GRI 406 Non-discrimination) (GRI 408 Child labor) (GRI 409 Forced labor) (GRI 412 Human rights assessment) (GRI 103-2) (GRI 103-3) (GRI 408-1) (GRI 409-1)



One of the most significant milestones of our sustainability management in 2019 was the approval of our Human Rights policy, which is mandatory for all workers in the company and is extended to all actions, businesses, activities, customers and suppliers, as well as to our operations' neighboring communities. This Policy was approved by the General Manager in December 2019.

MINSUR general aim in Human Rights is to protect, respect and remediate, as well as to implement a corporate management and continuous improvement system that shall constitute and strengthen our organizational culture of sustainability. In that regard, our alignment to the ICMM international standards has been very useful to enhance our voluntary management.

Our commitment to and respect for human rights is embodied in our Policy and in the corporate guidelines accompanying it, such as the manual of the social management system, internal regulations on occupational health and management, sustainability Policy, among others. This makes it extensive to all our supply chain and contractors, and not only to physical safety areas.

At the end of 2019 we started a HR risk assessment process in Marcona, which shall result in an action plan to be implemented in 2020-2021.

In 2019, we provided training on ethical a culture of ethics and compliance, with a participation rate of 41%. For further information, see Annex 18.

It is worth mentioning that in 2019 no discrimination complaints were filed. Likewise, there are no cases of forced labor or child labor involving the company or its suppliers.

8.1. Voluntary Principles on Security and Human Rights

(GRI 410 Security Practices) (GRI 103-2) (GRI 103-3) (GRI 410-1)

In Minsur we have been actively working in the implementation of Voluntary Principles in Security and Human Rights (VP). These international principles establish a framework of conducts for extractive companies that ensures respect for human rights and mitigates potential conflicts with local communities, focused on our surveillance staff and law enforcement agencies.

In 2019, we worked with only one security contractor, J&V Resguardo-Liderman, which provided services in all our mining units, plants and refineries. This company developed a VPSHR that provides for the training required by Sucamec, and trained 100 % of the security staff posted in our mining units, plants and refineries.

The security company monthly trains the entire security staff in Peru on VPSHR. Furthermore, the staff received basic training in the use of force pursuant to the laws into force.

Marcobre has three procedures related to Voluntary Principles in Security and Human Rights:

1. Voluntary Principles in Security and Human Rights
2. Audit on Voluntary Principles in Security and Human Rights
3. Investigation of alleged human rights abuses

The three procedures have been included in Marcobre's Social Management System (SMS). Furthermore, the implementation plan of VP in the organization started in 2018 with a first training received by Marcobre and Minsur managers. In 2019, 3 training activities were conducted both for managers and supervisors (Lima and site), and other collaborators shall be trained in 2020 through an e-learning platform.

THE SECURITY COMPANY MONTHLY TRAINS THE ENTIRE SECURITY STAFF IN PERU ON VPSHR. FURTHERMORE, THE STAFF RECEIVED BASIC TRAINING IN THE USE OF FORCE PURSUANT TO THE LAWS INTO FORCE.

8.2. Freedom of association and collective bargaining
(GRI 407 Freedom of association and collective bargaining) (GRI 103-2) (GRI 103-3) (GRI 102-41) (GRI 407-1)

Under the framework of the Law on Collective Labor Relations, Minsur endorse rights of trade-union freedom and collective bargaining, and reaffirm their significance by promoting a climate of well-being.

We have and Operational Plan for Employee Relations, which included maintaining good relationships with unionized personnel and providing training on collective bargaining for trade union representatives and management officials. Likewise, we conduct monthly meetings with union leaders aiming at providing information on production, costs and reserves of each mining unit. Our objective is offering a clear view for the decisions they would make with our collaborators.

These guidelines are also extended to our suppliers. For that purpose, in the Labor Relations department we have hired a Compliance Specialist to verify that our contractors meet the labor laws into force.

Our Pucamarca and San Rafael units; as well as the smelting plant of Pisco entered into collective bargaining agreements and thus we were able to close 2019 without strikes or work stoppages.

In 2019, 63.5% of our collaborators are unionized in the SPR of Pisco. While 55.3% and 42% of our collaborators are unionized in San Rafael MU and Pucamarca MU, respectively. Regarding Taboca, which is composed by Pitinga MU and the SPR of Pirapora, the percentage of unionized collaborators was 41% and 50%, respectively. For further information see Annex 19.

9. OUR PEOPLE: HUMAN MANAGEMENT

(GRI 401 Employment) (GRI 103-2) (GRI 103-3)

It is essential that those involved in our operations, collaborators and suppliers, are attuned to our culture and encouraged to be their best version.

Our company is nurtured by diverse perspectives from people from different cultures, with different experiences and skills, and these foster our interest in identifying leaders, promoting their development and provide them with fair work conditions, so that the goals proposed are achieved as a team.

Our attraction and selection policy gathers the main guidelines to recruit the best available talent according to the profiles and skills we are looking for. We strive to strengthen the performance of our internal talent, using a strategy that prioritizes merits, talent, culture and leadership.

In addition, we abide by a compensation policy to properly manage labor costs and reward our collaborators in a competitive way. For that purpose, we consider the reference market, fairness in accordance to each job position's level and our budgets.

Furthermore, based on our Policy of Benefits, we offer a positive work experience with conditions that encourage our collaborators. Some of the main benefits our company offers are: Health insurance, life insurance since the first day of work, and cancer insurance.

9.1. Our collaborators in numbers
(GRI 102-8) (GRI 401-1) (GRI 405-1)

At the end of 2019 the company had 3,274 collaborators in total, 1,999 in Peru and 1,275 in Brazil. Out of them, 8% are women and 92% are men. Thus, women representation fell 1% as compared to 2018⁸.

Regarding the type of employment, 3,169 collaborators are full-time employees and 105 work part-time.



8. In 2018, 91 % of our collaborators were men and 9% women, which meant a significant increase as compared to the 7% of women representation in 2017.

In terms of age, 443 male collaborators are younger than 30 years old, 2,049 are between 30 and 50 years old, and 517 are older than 50 years old. While 79 female collaborators younger than 30 years old, 169 are between 30 and 50 years old and 17 are older than 50 years old.

In 2019, we hired 232 new collaborators: 21 women and 211 men. Most of them are within the 30 to 50 year-old range.

For further information, see Annex 20. It has a detail of

- » the number of collaborators by employment agreement, by region and gender,
- » the number of collaborators by gender, region and type of employment agreement,
- » the number of collaborators by gender, region and age at the level of the Board of Directors,
- » the number of collaborators by gender, region and age at the level of the Management,
- » the number of collaborators by gender, region and age,
- » the number of recruits in 2019 by regio, gender and age,
- » number and turnover rate in 2019 by region, gender and age.

9.2. We prioritize local employment
(NO GRI local employment) (GRI 103-2) (GRI 103-3)

We are committed to local employment under fair conditions, and so we will consolidate our position as an agent generating opportunities and local benefits.

This strategy allows us controlling unsatisfied expectations of the local population and strengthening their commitment and agreements with our key social organizations.

We strive to make our neighbors aware of different job opportunities on a timely, transparent and sustainable manner. Furthermore, we provide training and certifications to improve their skills. Among our main management tools we have:

- » Corporate standard for local employment. It consolidates effective management and fair processes for the recruitment of local workers, by promoting and distributing benefits for local employment.
- » Corporate procedure for the recruitment of local workers. It makes it easier to meet the local employment standard and prioritize job opportunities in the project's activities for people in areas of direct and indirect influence. The procedure standardizes the local recruitment process.

Furthermore, our operations and projects have local employment committees, which have supported the monitoring of recruitment processes targeting applicants from local communities.

In 2019, we hired 478 people for San Rafael MU, 206 for the SPR of Pisco, 139 and 96 for Mina Justa and Pucamarca MU, respectively. For more local employment figures, see Annex 21.

In San Rafael and Pucamarca MU we worked with local employment committees comprised by local representatives with whom we coordinated, communicated job offers, and channeled expectations or complaints. Furthermore, an internal Local Employment Committee (LEC) has been formally created in Pucamarca MU in 2019, comprised by different areas of the MU.

9.3. Desarrollo de nuestros colaboradores
(GRI 404 Training and development) (GRI 103-2) (GRI 103-3)

We know how important personal and professional development are, and thus we consider it is crucial to contribute to the development of our collaborators. Good performance has a positive impact in Minsur, and enables us to achieve our objectives as a company, working together as a single force. In 2019, we provided more than 139 thousand hours of training for our collaborators. Average training hours received by worker in 2019 were: 54.69. (GRI 404-1). For further information, see Annex 22. It provides a detail on training hours by gender¹⁰, and by job category.

We assessed our collaborators' performance annually, as well as the level of compliance with their individual objectives (goals guiding them and that are in line with the company's strategy), as well as their competencies (behavior and soft skills). The final personal assessment is comprised by 5 sub-stages: Assessment 360°, Self-assessment, Assessment by the direct supervisor, calibration and feedback.

People managers are trained leaders and are in charge of the Performance Management System. That is, they are responsible for the performance of the staff they supervise. That means, that if their team's performance is below the standard, they will also receive a negative score, which will affect their annual bonus. In 2019, 100% of collaborators received a performance assessment from the employee category and up. The percentage by gender was 18% women and 82 % men.

For further information, see Annex 22 with a detail of our collaborators' performance assessment. (GRI 404-3)

LÍDER + PROGRAM

- » Cultivating leaders is essential if our goal is meeting the standards to become a world-class Peruvian company. The +Líder program was born to address this need. It has three components for different target groups.
- » The first is focused on Senior Management, both of Minsur's administrative offices and of its operations. In 2019 courses were designed offering the leaders the tools they need to effectively manage internal communications and talent attraction. The other two components were focused on middle ranked officials and professionals. For that, ad hoc courses were prepared. These were led by specialists, who provided lectures on talent management and feedback management, among others. This program was developed with the support of Universidad Peruana de Ciencias Aplicadas (Peruvian University of Applied Sciences-UPC).



9. Para San Rafael se usó un promedio basado sobre los meses más relevantes.
10. La cifra incluye: capacitaciones de Seguridad, información a practicantes e información de Corporativo Lima

10. WE ARE ALL COMMUNITY: OUR COMMITMENT TO THE COMMUNITIES

(GRI 413 local communities) (GRI 103-2) (GRI 103-3)

10.1. Social management

Our Social Management area strengthens year after year through different efforts and initiatives. In that sense, besides adopting international principles and standards, in 2019 we conducted significant changes in this area, which come together with a stage of structural transformation that shall have a positive impact in our management.

Thus, we conducted assessments and we decided to develop a social management system contributing to our vision and to our Sustainable Development policy, helping to consolidate it.

This new management shall be progressively implemented. Thus, in 2020 our priority shall aim at strengthening effective engagement of our stakeholders; fulfilling obligations and commitments; managing social incidents and risks, and dealing with complaints and grievances; contributing to community development and closing social gaps. Furthermore, we shall implement elements to generate local employment and procurement opportunities; elements to review and improve social management and human rights development for social management.

In addition, the results of implementing the Internal Social Management department, our second change, will also be observed in the short term, since Minsur would only achieve great performance at engaging the community, provided that all areas of the company contribute to it, including our contractors and their collaborators. Hence, this new department is in charge of subjects such as the generation of job opportunities and local procurement in our operations and projects; properly handle complaints and study what is the reason of the most frequent complaints and grievances, implementation of proactive measures to prevent them to occur again. On the other hand, in addition to internal management, as from 2020 we will give greater

thrust and encourage the participation of Directors and Managers in the monthly social management committee. This space for communication, coordination and for reaching agreements will speed up sustainable development results expected by Minsur.

Last but not least, compliance with social KPIs shall set the bar to prove our company's commitment to social management.

FURTHERMORE, WE SHALL IMPLEMENT ELEMENTS TO GENERATE LOCAL EMPLOYMENT AND PROCUREMENT OPPORTUNITIES; ELEMENTS TO REVIEW AND IMPROVE SOCIAL MANAGEMENT AND HUMAN RIGHTS DEVELOPMENT FOR SOCIAL MANAGEMENT.

10.2. Community engagement

Within the framework of our Social Management, we work to create long-term relationships with the communities in our area of influence. Under this motto, we use several engagement and communication mechanisms that vary according to the operating unit or project; and that depend on several factors, such as stakeholders involved, their customs, specific risks in the area and local laws.

All our projects have an Environmental Impact Assessment (EIA) that identifies their impact on the natural and social environment; and also a Citizen Participation Plan (CPP). Furthermore a public hearing may be convened prior to project approval.

WITHIN THE FRAMEWORK OF OUR SOCIAL MANAGEMENT, WE WORK TO CREATE LONG-TERM RELATIONSHIPS WITH THE COMMUNITIES IN OUR AREA OF INFLUENCE.



We attentively receive the opinions of our stakeholders in order to continuously improving our performance, besides answering to their concerns in a timely manner. The local population has several means to channel their complaints and grievances, considering the unit or project, field visits, complaint and grievance formats, among others.

Anyone needing information may approach to our permanent information offices and communicate with our company. Pucamarca MU has two offices in Pacla district (Tacna) and San Rafael MU has two offices, one in Antauta district (Puno) and another one in Ajoyani district (Puno).

Other significant engagement mechanisms are the forums for dialogue and agreement. Moreover, we conduct annual surveys that serve to learn the communities' opinion on our projects and operations. The results of these surveys may be used to organize information events.

10.3. Our local emergency plans (NO GRI local emergency plans) (GRI 103-2) (GRI 103-3)

The Awareness and Preparedness for Emergencies at Local Level (APELL) program is highly relevant for Minsur. It is a plan to be prepared and respond to industrial events, which engage the community, the company and the local government. Furthermore, our risk management culture highlights the role of the mine and the community in risk identification efforts and solution planning.

In addition, work plans of the fire risk study -conducted in 2018 in line with the NFPA 122- were implemented in all our operations, within the framework of our emergency response management. Once the study was completed we implemented the necessary fire prevention measures focusing on the most critic infrastructures. We have a committee monitoring the implementation of these measures on a quarterly basis.

In Minsur, we make sure that all our operations have an Emergency Response and Management Plan and that they conduct periodical drills and exercises related to this plan.

We also have a Crisis Management Plan at a Corporate level, which aims at prioritizing the protection of health and life, the environment, communities, the company's reputation, infrastructure, processes and equipment during a crisis. Our crisis management plan includes crisis scenarios generated, or not, by business-related activities that occur in and out our mining units or projects, and defines responsibilities to respond to a crisis.

The following actions were conducted in 2019:

- » Marcobre developed the "I Session of the Road Safety Education Program" from October 16 to 17, and the "II Session of the Road Safety Education Program" from October 23 to 24, with the participation of motorcycle-taxi drivers and fifth grade students of the Bolognesi school of Marcona locality.
- » In Puno, San Rafael MU conducted a drill related to "Derailment of tanker truck due to avoidance maneuver with personal injuries and spill of product 2km away from the Juliaca checkpoint" on August 6, 2019, with the participation of the National Police (PNP) Firefighters and municipal guards.

10.4. The significance of our legacy: cultural heritage and respect to indigenous populations

The respect for the culture and heritage of our communities and indigenous populations is a priority in all our projects and operations, which is in line with the principle 3, 6 and 9 of ICMM and its Statement on Indigenous peoples and mining. Under this vision we aim at building constructive relationships based on mutual respect, trust and mutual benefit.

Cultural legacy (NO GRI Cultural legacy) (GRI 103-2) (GRI 103-3)

We are strongly committed to comply with the regulatory framework and, particularly, with archaeological laws. We have policies referred to cultural heritage management. Furthermore, we have hired the services of specialized companies that help us protecting all cultural goods or archaeological sites located in our operations and projects.

Mina Justa project is located in one of the country's most significant regions in terms of archaeological and paleontological remains. Considering this, **Marcobre** is committed to respect and protect any remains of cultural value located in the project's study areas, fulfilling our sustainability policy, meeting cultural heritage protection standards and contributing to the cultural wealth of San Juan de Marcona district

Currently, Marcobre has 26 Certificates of non-existence of archaeological remains (CIRA, in Spanish) approved to carry out its activities. There are 147 archaeological sites in the project area that have been delimited and signaled. To date, we have identified 4 high-potential and 3 medium-potential sites. Furthermore, 31 archaeological sites were rescued in the direct area of influence of Mina Justa.

In addition, it has an Archaeological Monitoring Plan (AMP) valid up to December 2023, when it has pledged to supervise -through archaeological monitoring- field works carried out to clear the ground in order to identify potential unintended archaeological findings.

In 2019, we identified two unintended archaeological findings, corresponding to fossil remains of sea animals and pieces of domestic pottery, during construction works of the seawater drive line and of ground facilities of Multiboyas terminal, correspondingly. These findings remain in custody of Killa Urpi consultant, responsible for delivering them to the Decentralized Culture Direction of Ica once the AMP expires.

In the other units, it has been planned to adjust all cultural-related actions to our Cultural Heritage policy. Currently,

actions such as our involvement in celebrations, anniversaries, festivities, fairs, among others, are scheduled as part of our engagement policy. The Cultural heritage policy will allow boosting the positive impact of abovementioned actions and other similar ones.

Respect for our indigenous and native populations (GRI 411 Rights of indigenous people) (GRI 103-2) (GRI 103-3) (GRI 411-1)

Peru and Brazil have signed the ILO Convention 169 concerning indigenous and tribal peoples in independent countries, and both have laws regulating the prior, free and informed consents (PFIC). Our mining activities also comply with these regulations.

In this regard, it is worth mentioning that a Working Group on Indigenous populations was created in 2018, which is comprised by members of the Legal, Environmental and Social Management departments, in order to ensure and adjust our policies and procedures concerning this issue. Pitinga MU is located in the northern area of Brazil's Amazon region, next to the Federal Reserve of Waimiri-Atroari indigenous community. This territory comprises over 2.5 million hectares, and received the permanent reserve legal status back in 1989.

The only access to Pitinga MU is the BR 174 State highway and then a local road; and both are located inside the reserve. Access to the reserve is strictly controlled and it is only granted with the prior consent of Waimiri-Atroari people. They are contacted pursuant to Brazilian laws, within the regulatory framework for the protection of indigenous peoples, and according to our sustainability policies and practices. The permanent right of way agreement between the company and this population allows our staff, contractors and visitors to access the mine under their supervision.

Before visiting Pitinga facilities, all staff, as well as contractors and visitors receive information on the protocol to access the reserve. This document establishes guidelines, such as a speed limit, and it is forbidden to get off the vehicles or stop to take pictures of wild animals. If a member of the indigenous population is found on the

way a “no contact policy” shall be applied. Minsur respects the customs of indigenous peoples, and since 2008 no incident has been recorded with the Waimiri-Atroari community.

It is important to point out that in 2018, a working group on indigenous populations was created with members of the legal, environmental and social management departments, in charge of adjusting our policies and procedures to the ICMM standards. This work continued in 2019. Currently, the rest of our operations are not located in territories with indigenous populations.

10.5. Local Procurement
(GRI 204 Procurement practices) (GRI 103-2) (GRI 103-3) (GRI 204-1)

We acknowledge and strengthen positive impacts that we are able to generate and that are relevant to improve the quality of life of populations in our area of influence. Hiring local companies is a way to consolidate such impacts. Thus, we become real agents of change, generating opportunities and social benefits; moreover, we strengthen our commitments and agreements with our key stakeholders.

In our Corporate Policy for Procurement and contracts we establish guidelines that all good and service suppliers -including local ones- shall follow. Marcobre unit has a local good and service procurement policy and procedure, as well as a Plan to communicate job opportunities, that allow us efficiently manage our local purchases.

In 2019, Minsur paid US\$ 14.671.501,73 to local suppliers in Pisco, Pucamarca and San Rafael. 4.2% of total payments to suppliers corresponds to purchases made to local suppliers.

San Rafael MU paid US\$ 8.936.478,52 to local suppliers, that is 2.56% of purchases made to suppliers, among which 26 have a relationship with Minsur; however, through contractors, we also outsourced local suppliers. For 2019, we shall mainly consider accommodation services (27) and dining facilities (27).

Pucamarca MU paid US\$ 2.228.080,56 to 25 local suppliers, that is 0.64% of total purchases made to suppliers. And the **SPR of Pisco** paid US\$ 3.506.942,65 to 41 local suppliers, that is 1% of total purchases made to suppliers.

WE ACKNOWLEDGE AND STRENGTHEN POSITIVE IMPACTS THAT WE ARE ABLE TO GENERATE AND THAT ARE RELEVANT TO IMPROVE THE QUALITY OF LIFE OF POPULATIONS IN OUR AREA OF INFLUENCE.

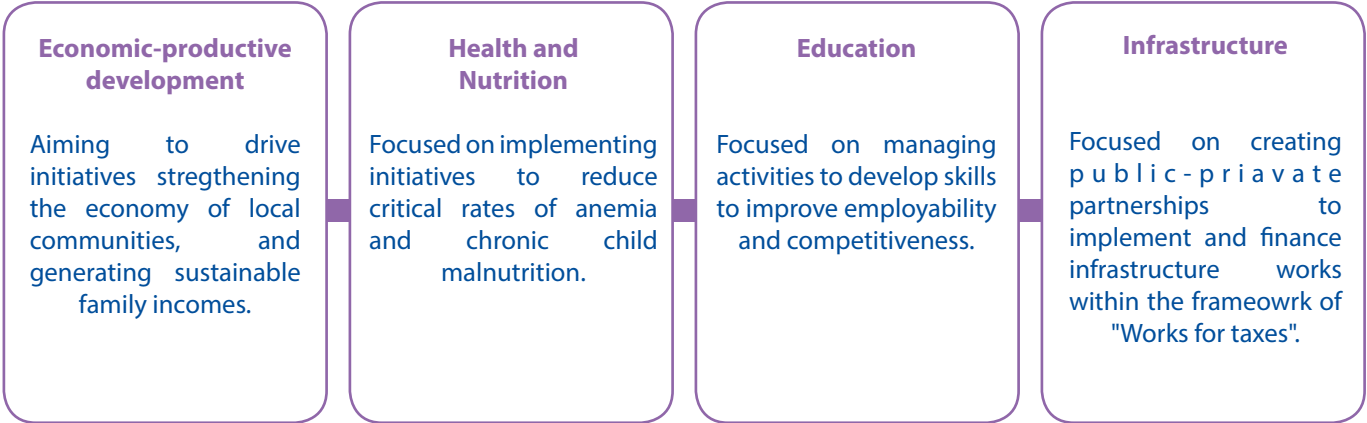
10.6. Social investment programs and initiatives
(GRI 413 Local communities) (GRI 103-2) (GRI 103-3) (GRI 413-1)

Our contribution is provided through significant and high-impact social investment. Minsur contributes to the sustainable development of neighboring communities from a gender, social inclusion and interculturality perspective, by strengthening their local capacities. For that purpose, we consider the specific needs of each community, and we implement a multi-actor approach (State-community-company).

We think positive changes are being produced both in community development and in closing social gaps in the communities we work with. However, we do not want to be measured only by internal indicators, thus in 2019 we made arrangements with the National Institute of Statistics and Informatics – INEI and APORTA, BRECA's social impact platform, so that the public entity becomes responsible to determine the progress, results

and impacts of our social investment programs starting in 2020. Hence, our results and progress will be referred in social and economic development indicators, as well as indicators of gap-closing progress, used by the government itself.

Graphic. Our social investment lines



Next, we present the main activities of our MUs:

Marcobre

In 2019, approximately US\$ 300,000 have been invested in the several social programs, which are in line with our Social Management System and Marcobre's investment lines.

1. Educational Program *Líderes del Cambio* (Leaders of change). Educational program that aims at contributing with the achievements of learning through skills. In 2019 we implemented the fifth edition of this program that helps improving results of the ECE test of the Ministry of Education. Furthermore, it is worth highlighting that in 2018 and 2019, the competition was held at provincial level, with the participation of Nazca, Vista Alegre, Ingenio and Marcona districts.
2. The following relevant training was provided for the community:
 - a. Training for Life. The program aims at developing different skills of people of Marcona, for those who are not linked to the mining industry, in order to reduce dependence on the project. In May, diving training was provided.
 - b. Training for officials of the District Municipality of Marcona (DMM). In November officials of the DMM were trained by ESAN University on Anticorruption and Public budget policy issues. This will help them preparing and implementing the 2020 budget.
 - c. Training for entrepreneurs of the district. In November, we delivered a course on "Financial Education" to 30 entrepreneurs member of the Marcona's Chamber of Commerce. The objective was providing them with the necessary tools to better manage their businesses, expecting a positive impact on their revenues.
 - d. Security training. We conducted workshops with neighbors' associations, citizen security staff of the DMM and the Sub-Prefecture of Marcona, aiming at contributing to crime reduction efforts in the district.
 - e. Psycho-educational training: We supported the teachers of Higher Institute Luis Felipe de las Casas Grieve in the preparation of psych-educational workshops.

- f. Employability workshops. Aiming at providing the necessary tools for the population to be able to deal with job interviews, properly preparing their resume, and emphasizing their values, thus promoting employability.
3. Support to Marcona's and Nazca's healthcare centers: In 2019 we participated in health campaigns conducted by the José Paseta Bar health care center. One of the most outstanding was the Campaign against HIV.
4. Development of sport events. Several sport events were conducted to promote tourism development, gathering well-known athletes who became Ambassadors of the district. Sport events in 2019 include the following: National Bodyboard Championship, 5th Marcona Wind Trail Marathon; and we participated as Marcona's sponsor in Dakar 2019. Furthermore, we coordinated with several TV programs to take advantage of media coverage and promote tourism in the area.
5. Volunteering and donations. Christmas volunteering activities were carried out in Mi Pequeño Mundo school in 2019. We celebrated Christmas with 420 children. Furthermore, beach clean-up activities were conducted for the third consecutive year in San Pedro pier.
6. Public competitive funds. In 2019, Marcobre started participating in the competitive funds process of the National Fishing and Aquiculture Innovation Program (PNIPA, in Spanish) as a counterparty, supporting 5 investment projects.

Pucamarca

Productive investments related to farming and livestock activities:

1. Reconstruction of 4 water intakes affected due an increase of flows in the Uchusuma river, in the Vilavilani Peasant Community.
2. Enhancement of production infrastructure for small animal farming in the Vilavilani peasant Community.



3. Construction of "La Quilla" Water Reservoir for irrigation works in the Palca community.
4. Implementation of irrigation technology to grow alfalfa crops in the "Yungani" sector of the Vilavilani peasant community.

Social investments related to education and health issues:

1. Enhancement of the Francisco Lazo school's facilities – Installation of metallic structures – Raschell mesh, Vilavilani peasant community.
2. Workshops on the significance of iron for brain development and how to cook iron-rich recipes - Palca, Vilavilani and Ataspaca peasant communities.
3. Health campaign to prevent disabilities – Palca and Vilavilani peasant communities.
4. Implementation of educational material for the Palca and Vilavilani schools.

San Rafael

In the San Rafael MU, in spite of the challenging social context we had to address due to growing expectations, we maintained and strengthened dialogue spaces that allowed channeling most of local demands. Our participation as guests in the Local Coordination Council, the district's main planning entity, was a

significant milestone. This will result in a new level of institutionalized engagement with the mayor and other authorities of Antauta.

In addition, we conducted other actions, such as:

1. Promoting and hiring residents for the B3 tailings dam's heightening and the B2 project, where we employed over 800 people from Antauta and Ajoyani.
2. We maintained the level of investment in the main socio-economic projects of the company.
3. Investment in livestock production infrastructure, by building more fences, barns, rainwater reservoirs and dams. Rustic dams were built in agreement with the Sierra Azul government program.
4. The Early Child Development proposal was consolidated. It received regional and national recognition, which allowed designing a more ambitious investment plan for the next years.
5. Craft-women of Fibra Emprendedora expanded their artisanal thread portfolio for exports to the United States, Japan, UK and Canada. Furthermore, they won a competition organized by the Ministry of the Environment and the CAF.

6. In Antauta district:
 - » We completed the project that targeted milk and cheese producing families from the San Juan and Larimayo basins, which allowed building infrastructure, genetical improving livestock, and enhancing milk, yogurt and cheese production.
 - » We implemented a sheep genetic improvement project that promotes artificial insemination.
 - » Healthy toilet modules were built for selected households in urban areas of Antauta and Larimayo.
 - » We built milking parlors for beef cattle in San Juan basin.
7. The minute of agreements reached in the Round Table for Development 2019-2021 was signed. This is the third time a minute is signed for a two-year term with district representatives, which evidences a level of engagement ensuring a climate of conviviality-despite differences and controversies- between the company and its social environment. Likewise, production projects related to livestock breeding activities were also developed:
 - » We built 300 barns.
 - » We delivered a farming tractor to expand forage oats crops.
 - » 5 dams were built within the water-harvest approach in the Trapiche basin.

Pisco

In the SPR, the SUMAQUI project, devoted to the production and marketing of jewelry made by people with different abilities, improved its business profile. Besides producing innovative designs and continuing implementing business plans, it got an offer by the municipality to use a space in the new tourist marina of the Paracas district.

Furthermore, the SPR developed 3 programs oriented to promote civic values:

1. The Identity and Culture project, which targets the school community (students, teachers and parents) and aims at developing a greater understanding of the Paracas culture by the local population.
2. The Culture of Peace project, coordinated with the Women's emergency center and the National Police, has been widely disseminated at the level of vulnerable populations aiming at eliminating different forms of violence against women.
3. The Good Environmental Practices project teaches conservation and recycling practices in the community, by managing crops (called Land of Children) and the Huarangos Magic forest, located in the Carlos Noriega school. This experience is being replicated in the San Miguel school of Pisco.

10.7. Investing in public works

(GRI 203 Indirect economic impacts) (GRI 103-2) (GRI 103-3) (203-1)

We participated in the implementation of public investment projects with a regional and local impact, under the "Works for taxes" mechanisms. This tool allows collaboration between the public and private sectors to implement quality works for the benefit of the population. In this regard, the company funds and implements public works as a way of paying their income tax bill for the next fiscal year. Once works are completed, the public treasury issues a certificate that may be used to pay income taxes. This mechanism helps reducing the country's existing infrastructure gap promptly and efficiently.

Within the social investment scope, the following works were completed in 2019:

1. The "Agua de Antauta" project (Antauta's water), located in Antauta district, Melgar province, Puno department, implements sanitation works in San Rafael MU. The project, which is practically completed, shall benefit the population (3,686 people) with quality drinking water 24 hours a day, and an efficient drainage and solid waste treatment system. The total investment was more than US\$ 3.4 million.
2. The "Enhancement of Carlos Noriega school" project, located in Santa Cruz human settlement, Paracas district, Pisco province. The invested amount exceeded US\$ 3.4 million.

The total investment was more than US\$ 4.36 million.

In **Marcobre**, we started a project to rehabilitate the sewage and drainage system and to upgrade the water meter boxes of tap water (household) connections in several sectors of Marcona district. The project shall benefit over 2,000 people and will be connected to the Construction and Sanitation project-MVCS implemented by the Ministry of Housing, through the National Program for Urban Sanitation (PNSU, in Spanish). This project aims at providing more water to the district by drilling wells.

Another two investment projects that were implemented in 2019 were:

- » Enhancement of landscaping services for the PNA of San Fernando Natural Reserve and SIIPG Natural Reserve – Punta San Juan in the San Juan de Marcona district.
- » Improving and expanding educational services of the IESTP school of Marcona, according to concepts of a XXI century technological education, and considering the demand for highly qualified technicians in the region, as well as Marcona's immediate future as the technological center of the south.

WE PARTICIPATED IN THE IMPLEMENTATION OF PUBLIC INVESTMENT PROJECTS WITH A REGIONAL AND LOCAL IMPACT, UNDER THE "WORKS FOR TAXES" MECHANISMS



11. GOVERNANCE, TRANSPARENCY AND ETHICS

Our structure
(GRI 102-18) (GRI 102-10)

Our corporate government abides by the Code of Good Corporate Governance for Peruvian corporations, and it focuses mainly on the rights of shareholders, the General Board meeting, the Board of Directors and the Senior Management; implementation of risk-related policies and compliance; as well as transparency of information.

Our corporate government is led by the Board of Directors, which establishes the governance principles and helps us providing guidance on policy-making, implementing methodology and assuring alignment with the Group's vision. It is comprised by a President, a Vice-President and five directors, one of which is independent, and also two alternate Directors.

The Board of Directors has two Committees:

- » The Strategy and Performance Management Committee: in charge of guiding the strategy proposed by the Senior Management. It validates the implementation of strategic projects and monitors performance of our business divisions; and
- » The Audit, Risk and Compliance Committee: supervises that the company's internal control system works properly and the policies are complied with; it also monitors the measures implemented to address existing risks.

The Senior Management is comprised by General Manager, six Directors and a Corporate Manager. The General Manager is supported by certain Executive Committees inside key management departments in the implementation of policies, standards and corporate operations. In 2018 it had the support of eight committees and an advisory council, holding regular meetings with them.

Our subsidiary Cumbres Andinas S.A.C. has a Board of Directors comprised by representatives of Minsur S.A. and the new shareholder Alxar International SpA. They reach agreements that are implemented pursuant to the Cumbres Andinas Shareholders Agreement, its By-laws and the Corporations Act. It is worth indicating that Marcobre S.A.C. has no Board of Directors, and thus the company is led by the General Management.

11.1. Our governance system

Our Governance System, in line with our corporate strategy, also incorporates sustainability as its main pillar. In that regard, we have established policies against sexual harassment, as well as anti-bribery and anticorruption policies, which are implemented across the company. Likewise, we have established a Risk Management policy and a Code of Ethics and Conduct.

With our admission into the ICMM, ethics have acquired an even more prominent role in our strategy. Thus, we have divided our compliance system in two modules. The first is related to criminal risk management, and is also divided in two sub-modules: one related to money laundering, and the other to anticorruption and antibribery efforts.

The second module is related to our corporate government, and it pursues initiatives to implement the ICMM demands.

11.2. We act ethically and with integrity
(GRI 205 Anticorruption) (GRI 103-2) (GRI 103-3) (GRI 205-3) (GRI 102-16)

We promote an ethical culture among our collaborators, contractors and suppliers, which is evidenced in their way of behaving with honesty and integrity. Our Corporate Code of Ethics and Conduct reflects this culture, and it is constantly updated.

OUR CORPORATE GOVERNMENT IS LED BY THE BOARD OF DIRECTORS, WHICH ESTABLISHES THE GOVERNANCE PRINCIPLES AND HELPS US PROVIDING GUIDANCE ON POLICY-MAKING, IMPLEMENTING METHODOLOGY AND ASSURING ALIGNMENT WITH THE GROUP'S VISION.

Likewise, we have a Corporate Compliance System, which includes actions to prevent anti-ethical behavior as well as criminal and corporate risks inside the organization. Minsur addresses the prevention of corruption and conflicts of interests, based on its crime risk management, which focuses on corruption, money laundering and the financing of terrorism -among other offenses liable to prosecution that could arise due to intense commercial flow- by disseminating its corporate policies and commitments, establishing objectives concerning each mining division, appointing responsible officials and allocating resources.

We have a Corporate Compliance policy, an Anticorruption policy, a policy and procedure for interacting with public officials, a fraud risk prevention policy, and a Manual for the prevention of asset laundering and the financing of terrorism.

In addition, we have a corporate compliance official appointed to report to the Financial Intelligence Unit and whose identity is confidential, a Corporate Compliance Committee comprised by the General Manager, the Director of Corporate Affairs, the Audit Director, the Human Resources Director, the Corporate Legal Director and the Legal Manager.

We foster compliance and a culture of ethics across the company with an annual compliance program, which includes actions to predict risks and unethical conducts. Furthermore, we conduct constant training in our operations and subsidiaries on issues related to the Code of Ethics and Conduct and their main awareness policies, aiming at strengthening our collaborators' knowledge on these issues.

It is worth emphasizing that non-authorized donations and political contributions are not allowed in Minsur under any circumstance. No corrupt actions were reported in our companies last year.

11.3. Integrity channel

Our collaborators, suppliers, contractors and public in general may communicate their concerns or report infringements, such as conflict of interests; as well as other illegal and unethical behaviors, such as inappropriate use of confidential information; infringement of corporate standards; human rights violations, among others. Our channel is available through postal mail, e-mail, website, voicemail, fax, call center or personal interview.

Our Integrity Channel is managed by an external operator, as a way to ensure its impartiality and confidentiality. Its staff sends the information, anonymously, to the Compliance Committee to be assessed. This Committee is comprised by five members: the General Manager, the Corporate Human Resources Director, the Director of Corporate Affairs, the Legal Director and the Internal Auditor.

If it is proved that an infringement was produced, the relevant measures shall be applied in accordance with labor laws into force and our internal policies. For further information, see Annex 23.

11.4. Legal compliance management

(GRI 307 Environmental compliance) (GRI 419 Socio-economic regulations compliance) (GRI 103-2) (GRI 103-3) (GRI 307-1) (GRI 419-1)

We operate pursuant to the laws into force in the countries where we develop our mining activities. In Peru and Brazil we have regulatory management mechanisms that ensure the proper management of concessions, permits, authorizations, legal obligations and commitments established in the environmental management tools (EMT), such as environmental impact assessments (EIA), and mining and environmental liabilities closure plans, among others. Plans of action shall be established in the event that any deviations are identified, so that they are treated and adapted.

Furthermore, Legal and Regulatory Management conducts legal compliance reviews each year and monitors internal findings for them to be documented and corrected. In addition, it shall also send periodical compliance status reports to supervisors of the different departments.

By the end of 2019, Minsur has not received any significant fines and/or non-monetary penalties for the breach of any laws or regulations.

In Brazil, Pitinga MU has two infringement notices and one agreement was terminated:

1. Notice of infringement No. 006/2019 (IPAAM) related to the enforcement of Notice 793/18 – Amount: R \$ 50,000.00. Mineração Taboca filed and

administrative defense against the tax assessment notice mentioned above on 06/07/2019. We are waiting a decision by the environmental agency.

2. Notice of infringement No. 007/2019 (IPAAM) related to the enforcement of Notice 793/18 – Amount: R \$ 100,000.00. Mineração Taboca filed an administrative defense against the tax assessment notice mentioned above on 06/07/2019. We are waiting a decision by the environmental agency.
3. Termination of Agreement No. 001/2019 (MPF) and compensation for impacts and risks caused, through the financing of social and environmental projects and programs – Amount: R \$ 7,978,675.45. All commitments were fulfilled, and in October 2019 we asked the Prosecutor of Amazonas to close and file all related consultations.

BY THE END OF 2019, MINSUR HAS NOT RECEIVED ANY SIGNIFICANT FINES AND/OR NON-MONETARY PENALTIES FOR THE BREACH OF ANY LAWS OR REGULATIONS.





12. ON THIS SUTAINABILITY REPORT

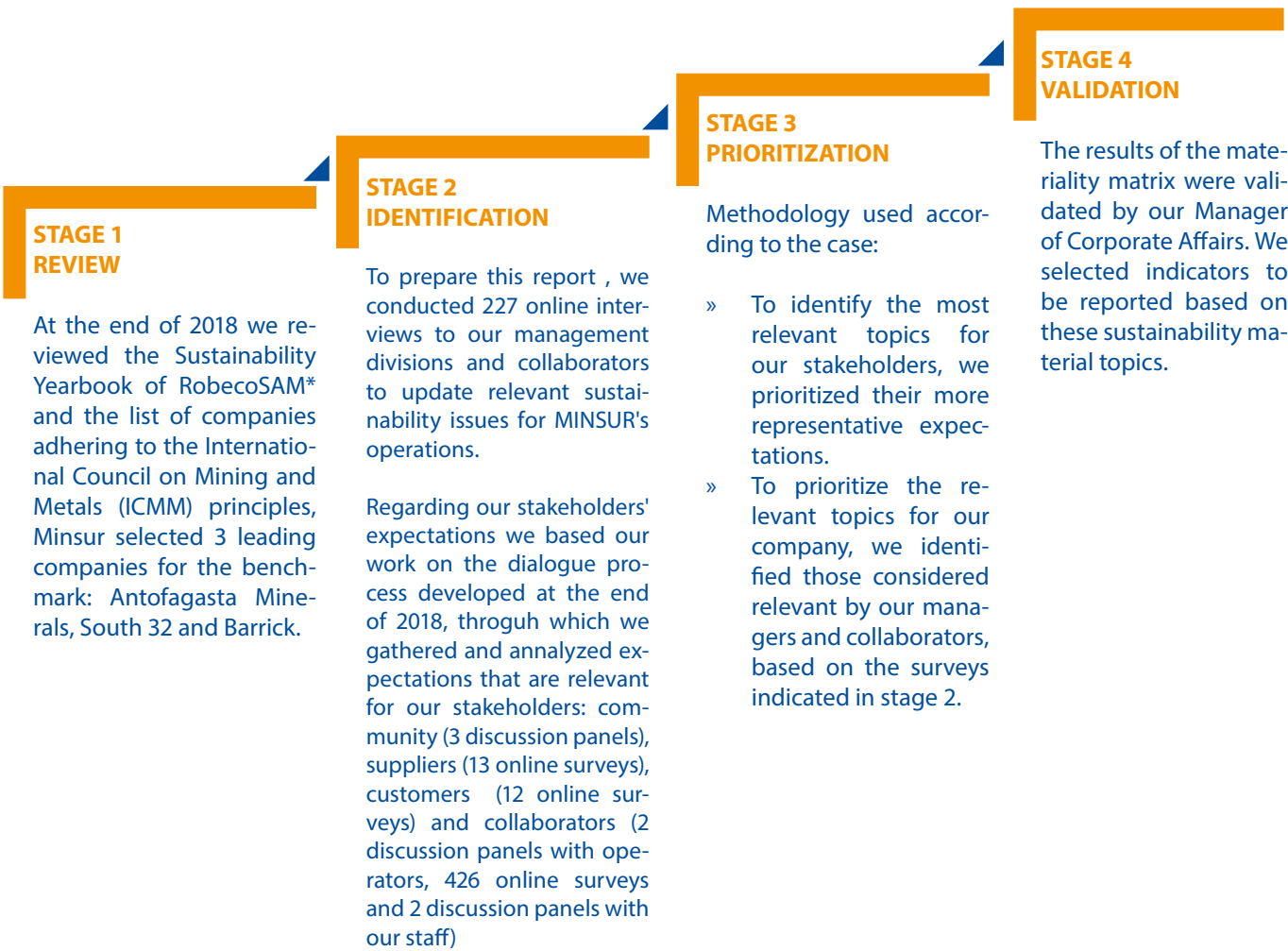
12.1. Scope and boundaries

(GRI 102-54)

This is our sixth sustainability report, it is published annually - covers the period from January 1 to December 31, 2019- and it has been prepared in accordance to the "core" option of the Global Reporting Initiative (GRI) standards, the GRI Mining and Metals Sector Supplement, and pursuant to the ICMM principles. Price Waterhouse Cooper (PWC) was in charge of the external verification of this report, and its verification letter is attached to the document hereof. It covers Minsur's operations in Peru (San Rafael MU, Pucamarca MU, SPR of Pisco, Mina Justa expansion project) and in Brazil (including Pitinga MU and SPR of Pirapora). When relevant, this Report refers to the exploration and expansion projects; as well as to the mines at a closure stage.

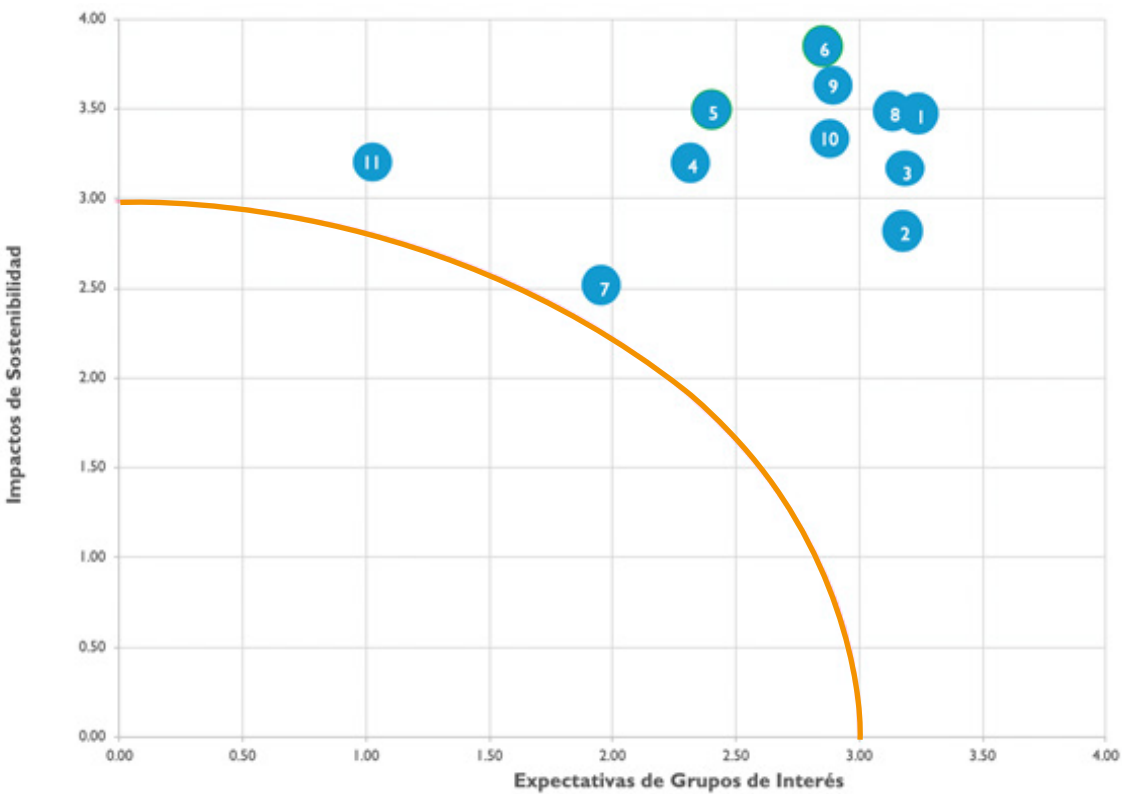
Topics included in the report hereof -which explain Minsur's economic, social and environmental performance- are the result of a process we developed for our 2018 sustainability report to identify material aspects, which we partially updated to prepare the report hereof. This analysis was led by the Corporate Affairs management department and supported by the different business areas. The materiality process is detailed in the graphic below:

Graphic. Stages of materiality assessment



As a result of this process, we identified the material aspects indicated below:

Graphic. Minsur's materiality chart (GRI 102-46)



Material topic boundaries, i.e. all the topics that are relevant to Minsur internally (internal impact to the company or its collaborators) or externally (external impact, outside Minsur's perimeter of control, or to external stakeholders), are presented below and in each chapter of the report hereof.

Minsur's material issues and related stakeholders

	MATERIAL ISSUES	DEFINITION	GRI RELATED CONTENTS (GRI 102-47)	BOUNDARIES (GRI 102-46)
1	Economic performance	Economic and financial performance of the company's operations and projects.	GRI 201: Economic performance	Internal
2	Employment	Recruitment, retention and promotion practices; as well as employment practices of the company's communities.	GRI 202 Market presence GRI 401 Employment GRI 405 Diversity and equal opportunities	Internal and external
3	Community management	Management of direct and indirect impacts to local communities through dialogue, local development programs and sourcing from local suppliers.	GRI 203 Indirect economic impacts GRI 204 Procurement practices GRI 413 Local communities	External
4	Gestión cadena de abastecimiento	Evaluación del ciclo de vida del producto, que involucre la evaluación de aspectos ambientales, sociales y de gobernanza en los proveedores de la empresa.	GRI 308 Suppliers' environmental assessment	Internal and external
5	Human rights	Implementation of human rights practices to our employees, community and society in general.	GRI 406 Non Discrimination GRI 407 Freedom of association and collective bargaining GRI 408 Child labor GRI 409 Forced labor GRI 410 Security practices GRI 411 Rights of the indigenous population GRI 412 Human rights assessment	Internal and external
6	Governance and ethics	Measures to prevent corruption and bribery in the company and to its stakeholders.	GRI 205 Anticorruption GRI 419 Socio-economic performance GRI 415 Public policies	Internal and external

	TEMAS MATERIALES	DEFINICIÓN	CONTENIDOS GRI RELACIONADOS (GRI 102-47)	COBERTURA (GRI 102-46)
7	Risk management and stakeholder engagement	Company's risk management process to assure its operations; as well as stakeholder engagement	GRI 102-15 Key impacts, risks and opportunities GRI 102-43 Approach to stakeholder engagement GRI 102-44 Key topics and concerns	Internal and external
8	Environmental management	Identification of environmental impacts related to water consumption, materials, generation of emissions, waste and effluents; as well as compliance with environmental laws, management and mitigation efforts.	GRI 301: Materials GRI 302: Energy GRI 303: Water GRI 304: Biodiversity GRI 305: Emissions GRI 306: Effluents and waste GRI 307: Environmental compliance No GRI Mine closure	Internal and external
9	Occupational health and safety	Minsur's health and safety risk management, and implementation of a culture of prevention of occupational accidents and diseases	GRI 403 Occupational health and safety	Internal and external
10	Training and talent development	Development of human resources through education and training plans, and professional development opportunities, ensuring competitive job conditions.	404 Training and education	Internal and external
11	Innovation and technology	Investment in new technologies to optimize our production processes, as well as our waste and effluent recycling efforts.	NO GRI Innovation and technology	Internal and external

12.2. Voluntary associations

(GRI 102-12) (GRI 102-13)

We have external commitments with organizations that allow our involvement and give us access to best practices, research resources and development standards. We want to introduce some of the main entities with which we are currently involved, both globally as well as in Peru and Brazil.

By the end of 2019, our company and subsidiaries voluntarily participate in:

ITA

ITA (before ITRI) is a non-profit international organization representing the tin industry, which has the support of the world's main tin producers and smelters, Minsur among them. ITA's main objective is supporting and promoting the use of tin for existing and new applications.

As members of ITRI, we foster innovation in the tin industry, identifying responsible producers and promoting dialogue through the supply chain to create opportunities for interaction and investment. Thus, Minsur plays an active role in the industry discussions and trends, such as sustainability, climate change and energy efficiency.

ICMM

Since 2018 we are members of the International Council of Mining and Metals (ICMM), an agency gathering industry leaders for 18 years.

As active members of this Council we are committed to its 10 principles and corresponding performance expectations. Thus, we have to report and state our progress through our action plan with an emphasis on Governance, Environmental Impact and Community.

London Metals Exchange (LME) (United Kingdom)

Our Brazilian subsidiary, Taboca, has its brand Mamore listed in the London Metals Exchange (LME). The Company is subject to a quality assurance standard its product shall meet in order to have an LME-listed brand.

Sociedad Nacional de Minería, Petróleo y Energía (SNMPE) (Peru)

As a member of this entity, representing and gathering the main mining and energy companies, we participate in the discussions on public policies, laws, regulations and procedures affecting this business sector.

SNMPE is a private association and it promotes investment, ensuring both competitiveness, as well as the sustainable use of natural resources.

ALOXI – Alianza para obras por impuestos (PERU)

Through the "Works for Taxes" mechanism, the private sector and the State work together investing in public works.

Under this mechanism, private companies pay their income tax in advance to fund and directly implement public investment projects that have been prioritized by governmental agencies.

As part of this Partnership, Minsur offers key investment in infrastructure within its areas of influence in Peru.

Sindicato Nacional de la Industria de la Extracción del estaño (SNIEE) (Brazil)

Minsur, through its Brazilian subsidiary Taboca, is a member of SNIEE - Sindicato Nacional da Indústria da Extração do Estanho.

As a member of SNIEE, we are aligned with the tin industry in Brazil, and we participate in discussions on updates to new mining regulations, smelting activities, the environment, labor laws, statistics, certificates of origin and other special documents related to this industry association.

Federación de Industrias del Estado de São Paulo (FIESP) (Brazil)

Minsur, through its Brazilian subsidiary, is a member of the FIESP, the Federation of Industries of São Paulo, an entity representing around 130,000 Brazilian industries in several sectors and distributed in 131 trade associations.

As a FIESP member, we participate in discussions on public policies, laws, regulations and procedures affecting the mining sector in Brazil. Similarly, we have access to discussions on laws and regulations specifically related to the mining sector, as well as statistics, documents and data on mining and other industries in Brazil.

WE HAVE EXTERNAL COMMITMENTS WITH ORGANIZATIONS THAT ALLOW OUR INVOLVEMENT AND GIVE US ACCESS TO BEST PRACTICES, RESEARCH RESOURCES AND DEVELOPMENT STANDARDS.



13. GRI INDEX

(102-55)



For the Materiality Disclosure Services, GRI Services has reviewed that the table of contents is clear, and that the reference for Contents 102-40 to 102-49 correspond to the sections indicated in the report.

GRI standard	Thematic content	Page	Omissions or observations
Foundation			
GRI 101: Foundation	-		
General Disclosures			
GRI 102: General Disclosures 2016	102-1: Name of the organization	4	Minsur S.A.
	102-2: Main brands, products and services	16	
	102-3: Location of headquarters	4	
	102-4: Location of operations	16	
	102-5: Ownership and legal form	4,14	
	102-6: Markets served	16	
	102-7: Scale of the organization	15	
	102-8: Information on employees and other workers	53, 54	
	102-9: Supply chain	32	
	102-10: Significant changes to the organization and its supply chain	14, 32, 66	No significant changes in 2019
	102-11: Precautionary principle or approach	37	
	102-12: External initiatives	76	
	102-13: Membership of associations	76	
	102-14: Statement from senior decision-makers	6,7,8,9	
	102-16: Values, principles, standards and norms of behavior	12, 13, 66	
	102-18: Corporate governance structure	66	
	102-40: List of stakeholders	28,29	anexo 7 (tabla 9)
	102-41: Collective bargaining agreements	52	
	102-42: Identification and selection of stakeholders	28,29	

	102-43: Approach to stakeholder engagement	28, 29	
	102-44: Key topics and concerns raised	28, 29	
	102-45: Entities included on the consolidated financial statements	24	
	102-46: Defining report content and topic boundaries	73, 74, 75	
	102-47: List of material topics	74, 75	
	102-48: Restatement of information		No restatement of information
	102-49: Changes in reporting	78	
	102-50: Reporting period	71	Del 01-01-2019 al 31-12-2019
	102-51: Date of the most recent report	71	2018
	102-52: Reporting cycle	71	anual
	102-53: Contact point for questions regarding the report	4	
	102-54: Claims of reporting in accordance with the GRI standards	71	
	102-55: GRI content index	78-85	
	102-56: External verification	86-90	
Economic performance			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundaries		
	103-2: The management approach and its components		
GRI 201: Economic performance 2016	103-3: Evaluation of the management approach		
	201-1: Direct economic value generated and distributed	24	anexo 5, tabla 7
Procurement practices			
GRI 103: Management approach 2016	103-1: Explanation of the material topics and its Boundaries		
	103-2: The management approach and its components		
GRI 203: Indirect economic impacts 2016	103-3: Evaluation of the management approach		
	203-1: Infrastructure investments and supported services	65	
Procurement practices			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundaries		
	103-2: The management approach and its components		
GRI 204: Procurement practices 2016	103-3: Evaluation of the management approach		
	204-1: Proportion of spending on local suppliers	60	

Anticorruption			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundaries		
	103-2: The management approach and its components		
GRI 205: Anticorruption 2016	103-3: Evaluation of the management approach		
	205-3: Confirmed incidents of corruption and actions taken	66	
Materials			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
GRI 301: Materials 2016	103-3: Evaluation of the management approach		
	301-1: Materials used by weight or volume	44, 30 (anexos)	anexo 15, tabla 27
Energy			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundaries		
	103-2: The management approach and its components		
GRI 302: Energy 2016	103-3: Evaluation of the management approach		
	302-1: Energy consumption within the organization	45, 36 (anexos)	anexo 17, tabla 34,35,36
Water			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 303: Water 2016	303-1: Water withdrawal by source	40	anexo 12, tabla 20
	303-2: Water sources significantly affected by withdrawal	40	anexo 12, tabla 20
	303-3: Water recycled and reused	40	anexo 12, tabla 21
Biodiversity			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 304: Biodiversity 2016	304-2: Significant impacts of activities, products and services of biodiversity	46	
Emissions			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 305: Emisiones 2016	305-1: Direct (scope 1) GHG emissions	45	
	305-2: Energy indirect (scope 2) GHG emissions	45	
	305-3: Other indirect (scope 3) GHG emissions	45	
	305-4: GHG emissions intensity	45	

Effluents and waste			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 306: Effluents and waste 2016	306-1: Water discharge by quality	27 (anexos)	anexo 13, tabla 23
	306-2: Waste by type and disposal method	28 (anexos)	anexo 13, tabla 25
	306-3: Significant spills	42	
	MM3: Total amount of overburden, rock, tailings and sludges and their associated risks	43	
Environmental compliance			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and Boundaries		
	103-2: Management approach and its components		
	103-3: Evaluation of the management approach		
GRI 307: Environmental compliance 2016	307-1: Non-compliance with environmental laws and regulations	69	
Supplier environmental assessment			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: Management approach and its components		
	103-3: Evaluation of the management approach		
GRI 308: Supplier environmental assessment 2016	308-1: New suppliers that were screened using environmental criteria	32	
Employment			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 401: Employment 2016	401-1: New employment hires and employee turnover	53,54	
Occupational health and safety			
GRI 103: Management approach 2016	103-1: Explanation of material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 403: Occupational health and safety 2016	403-1: Workers representation in formal joint management-worker health and safety committees	34	
	403-2: Workers representation in formal joint management-worker health and safety committees	36	
	403-3: Workers with high incidence or high risk of diseases related to their occupation	34	

Education and training			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 404: Training and education 2016	404-1: Average hours of training per year per employee	55	anexo 22, tabla 47
	404-3: Percentage of employees receiving regular performance and career development reviews	55	anexo 22, tabla 48
Diversity and equal opportunities			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 405: Diversity and equal opportunities 2016	405-1: Diversity of Board of Directors and employees	53,54	
	405-2: Ratio of basic salary and remuneration of women to men		Due to confidentiality concerns, we would not report this indicator
Non-discrimination			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of management approach		
GRI 406: Non-discrimination 2016	406-1: Incidents of discrimination and corrective actions taken	51	No hay ningún caso de discriminación
Freedom of association and collective bargaining			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 407: Freedom of association and collective bargaining 2016	407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	52	
Child labor			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 408: Child labor 2016	408-1: Operations and suppliers at significant risk for incidents of child labor	51	
Forced or compulsory labor			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 409: Forced or compulsory labor 2016	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	51	

Security practices			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 410: Security practices 2016	410-1: Security personnel (Surveillance) trained in human rights policies or procedures, as well as support forces (police / armed forces).	52	
Rights of indigenous peoples			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 411: Rights of indigenous peoples 2016	411-1: Incidents of violations involving rights of indigenous peoples	59	
Human Rights assessments			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 412: Human rights assessment 2016	412-2: Employee training on human rights policies or procedures	51	No se tiene el número de horas. Se ha reportado el % de participación.
Local communities			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 413: Local communities 2016	413-1: Operations with local community engagement, impact assessment and development programs	60	
Supplier social assessment			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 414: Supplier social assessment 2016	414-1: New suppliers that were screened using social criteria	32	
Public policies			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 415: Public policies 2016	415-1: Contributions to political parties and/or representatives		No political contributions were made

Socio economic compliance			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
GRI 419: Socio economic compliance 2016	419-1: Non-compliance with laws and regulations in the social and economic area	69	
Closure Plans			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
Closure plans	MM10: Number and percentage of operations with closure plans	49	
Local Emergency plans			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
Risk management			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
Investment in explorations			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		See 2019 Annual Report.
	103-2: The management approach and its components		See 2019 Annual Report
	103-3: Evaluation of the management approach		See 2019 Annual Report
Local employment			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		
Product life cycle			
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries		
	103-2: The management approach and its components		
	103-3: Evaluation of the management approach		

Herencia cultural				59
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries			
	103-2: The management approach and its components			
	103-3: Evaluation of the management approach			
Innovation and technology				19
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its Boundaries			
	103-2: The management approach and its components			
	103-3: Evaluation of the management approach			

14. EXTERNAL VERIFICATION LETTER



MINSUR S.A.

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE
REPORT

DECEMBER 31, 2019

Gaveglío Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada.
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INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON THE
IDENTIFIED SUSTAINABILITY INFORMATION INCLUDED IN THE 2019
SUSTAINABILITY REPORT

Shareholders and Board of Directors

October 23, 2020

We have undertaken a limited assurance engagement on the topics (hereinafter, objects of limited assurance scope) that are detailed below, for the year ended December 31, 2019 (hereinafter, the year under review), included in the 2019 Sustainability Report (hereinafter, IS19) of Minsur S.A. This assurance was conducted by a multidisciplinary team including auditors and sustainability experts.

- a. The performance indicators included in the IS19 of Minsur S.A. issued by the Administration, both in its printed version and PDF¹ version, described in GRI Index of each report (section 13) and the declaration of Minsur S.A. included in IS19 regarding its filing in accordance with the “Essential” option of the GRI Standards in its 2016 version and based on the Assurance Procedure of the International Council on Mining and Metals (hereinafter, ICMM).

Our verification with limited assurance scope is carried out with respect to the limited assurance objects that respond to the criteria described in GRI Index of IS19; we have not performed any procedure with respect to other elements included in said objects and; therefore, we do not express a conclusion on said elements.

Criteria

The criteria used by Minsur S.A. to prepare the before mentioned objects were established in accordance with the terms and conditions set forth in the Global Reporting Initiative Standards (GRI) and based on the Assurance Procedure of ICMM; and with the formalized procedures that, in relation to these indicators, the Administration defined as a complement to the aforementioned in GRI, which are detailed in GRI Index of IS19 .

¹ The maintenance and integrity of the Minsur S.A. website (<https://www.minsur.com/>), objective repository of the pdf version of the 2019 Sustainability Report, is the responsibility of the Minsur S.A. Administration. This limited assurance report does not include the consideration of these activities and, accordingly, Gaveglío Aparicio y Asociados S. Civil de R.L. accepts no responsibility for any difference between the information presented on said website and the objects of limited assurance in the Report issued by the Administration of Minsur S.A. on which said limited assurance was made and the conclusion was issued.

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Management's responsibility for assurance objects

The Administration of Minsur S.A. is responsible for the preparation and presentation of the objects of limited assurance, in accordance with the criteria detailed in GRI Index of IS19. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the assurance objects that are free from material misstatements, whether due to fraud or error.

Our independence and quality control

We have complied with the ethical and independence requirements of the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA), approved for application in Peru by the Board of Deans of Peruvian Certified Public Accountants, which is based on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our Firm applies the International Standard on Quality Control 1 (ISQC 1) and, therefore, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the objects of assurance based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagement ISAE, specifically ISAE 3000, 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', approved for application in Peru by the Board of Deans of Peruvian Certified Public Accountants. This standard require that we plan and perform this engagement to obtain limited assurance about whether the objects of limited assurance are free from material misstatement.

A limited assurance engagement involves assessing the suitability, in the circumstances, of the use of criteria by Minsur S.A. as a basis for the preparation of limited assurance objects, assessing the risks of material misstatement in them, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of said objects.

The procedures we performed were based on our professional judgment and included inquiries, observation of the developed processes, inspection of documents, and reconciling with underlying documents. Given the circumstances of the engagement, in performing the procedures listed above we:

- a. Understanding the tools used to generate, aggregate and report limited assurance objects through inquiries with those responsible for related processes.
- b. Substantive tests of detail, on the basis of determined selection in accordance with assurance standards, on the information taken to determine the indicators subject to limited assurance through:
 - i. Review of policies and procedures established by Minsur S.A.



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- ii. Review of supporting documents of internal and external origin.
- iii. Arithmetic calculations according to formulas previously defined in the information criteria presented in Index GRI of IS19.
- iv. Comparison of the contents presented by the Administration in its IS19 with what is established in this regard in the "Essential" option of the GRI Standards in its 2016 version and the Assurance Procedure of ICMM.

The procedures for collecting evidence in a limited assurance engagement vary in nature and extent from a reasonable assurance engagement and, therefore, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained in a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, as well as procedures performed in response to the assessed risks. Accordingly, we do not express a reasonable assurance opinion about whether the limited assurance objects of Minsur S.A. have been prepared, in all material aspects, in accordance with the criteria detailed in GRI Index of IS19.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our opinion with limited assurance scope.

Conclusion

Based on the procedures we have performed and the evidence we have obtained:

- Nothing has come to our attention that causes us to believe that the performance indicators included in IS19, regarding the information that responds to the assurance criteria described in GRI Index of IS19, are not prepared, in all material aspects, in accordance with these criterias.
- Nothing has come to our attention that causes us to believe the statement of Minsur S.A. included in IS19 regarding its presentation in accordance with the "Essential" option of the GRI Standards and the Assurance Procedure of ICMM, regarding information which responds to the assurance criteria described in GRI Index of IS19, is not prepared, in all material aspects, in accordance with these criterias.

Relevant Issues

Without qualifying our opinion, it stands out that:

- Qualitative interpretations of relevance, materiality and accuracy of non-financial information that comprises the objects of limited assurance are subject to the criterias that the organization has defined internally for this purpose.
- Our assurance is carried out on the objectives of limited assurance corresponding to the year under review and, therefore, it does not include information from previous years included in IS19, related to future projections and goals, or with financial information from Minsur S.A. for the year under review, unless otherwise stated in GRI Index of IS19. We have not made any work outside the agreed scope and, therefore, our conclusion is restricted to the objects of assurance that respond to the assurance criteria described in GRI Index of IS19.



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The absence of a significant body of defined criterias on which to draw to evaluate non-financial information, allows different methods and measures that can affect comparability with other entities. In addition, GHG quantification is subject to inherent uncertainty to determine emissions factors and the values needed to combine emissions of different gases

Use and distribution

This report, including the conclusion, has been prepared by Management to present to the Executive Directorate of Minsur S.A. in the framework of information on their performance and activities in the IS19. We authorize the publication of this report within the Sustainability Report.

To the extent permitted by law, we do not accept or assume responsibility for our work or for this report against third parties other than the Executive Directorate of Minsur S.A., unless expressly agreed terms and prior written knowledge.

Jorge's Apuricio y Asociados

Countersigned by

----- (partner)
Juan M. Arrarte
Peruvian Certified Public Accountant
Registration No. 01-020621

