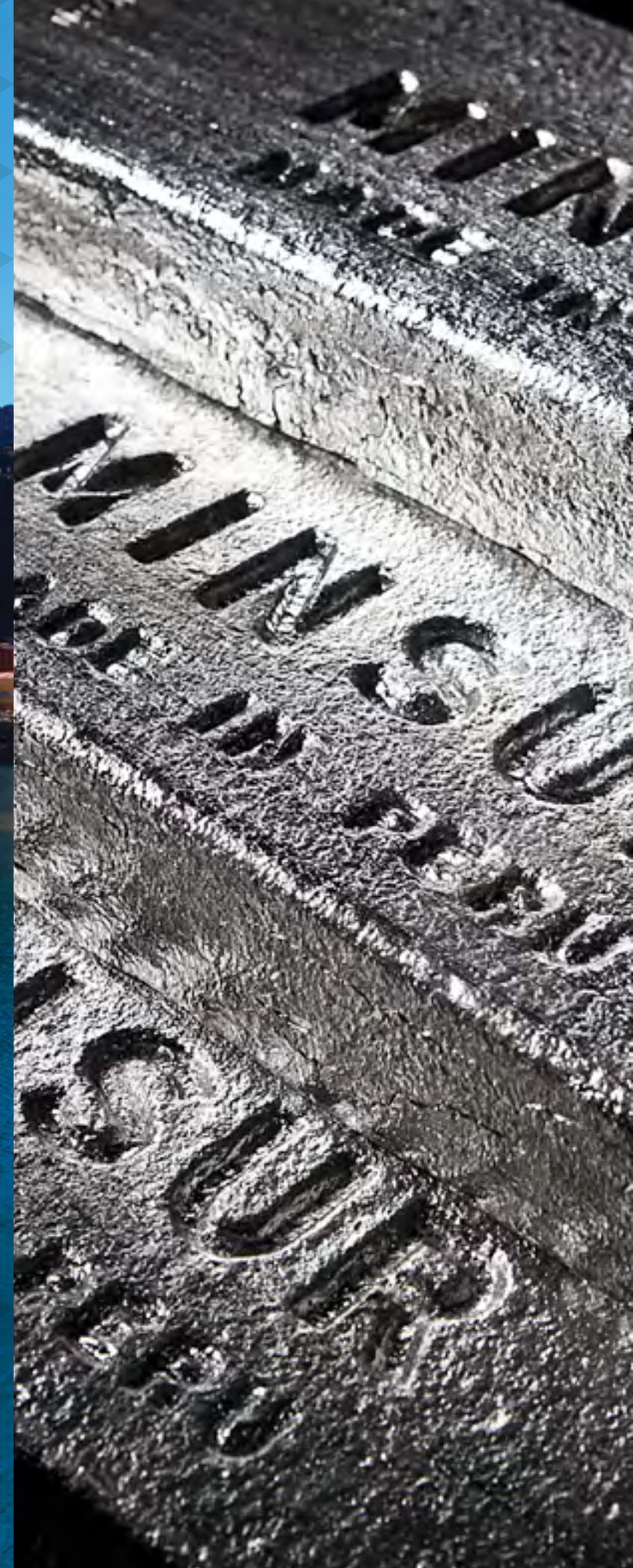


Sustainability
Report
2014





Generating value, transforming mineral resources in a sustainable manner, is our mission. Leading MINSUR towards world-class standards -in terms of operational efficiency, environmental and safety practices, as well as in terms of social development and relationships with our communities- is the vision that inspires us.

Undertake a sustainable management is part of our DNA

Sustainability
Report
2014



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Sustainability Report 2014

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Towards a world-class management

Message from the General Manager

G4-1

Generating value, transforming mineral resources in a sustainable manner, is our mission. Leading MINSUR towards world-class standards -in terms of operational efficiency, environmental and safety practices, as well as in terms of social development and relationships with our communities- is the vision that inspires us.

Sustainability goes beyond the socio-environmental management value, since it incorporates all our stakeholders.

- ▶ It includes our employees' development, i.e. attraction, development, motivation, training and retention of the best human talent.
- ▶ It goes beyond the strict compliance with domestic regulations issued by the State, and international standards, by which we abide in all fields of our activity. It is a response to our customers, for whom we want to keep consolidating as the benchmark tin producer and the world's leading company with regards to sustainability. Thus, besides showing our customers that our processes' inputs come from conflict-free sources (conflict free tin smelter), as demonstrated to the Conflict-Free Sourcing Initiative, we also apply similar criteria to all our comprehensive supply chain.
- ▶ It reflects both the commitment of our shareholders and investors, and of our Board of Directors and the Group Breca in general, towards sustainable development for all operations, and also a business strategy aiming at differentiating us from other tin producers in the world and, based on that, generating more value.

In Peru, we are permanently proactive when it comes to meeting socio-environmental standards and parameters,

and our mission to undertake world-class mining operations responds to it. In the macro-economic scope, a lower growth in 2014 evidences that the most sustainable companies would be those that differentiate themselves from the others, with the best practices and with a clear recognition of their stakeholders.

In the international scope, with a downturn in the metal prices cycle, with economies such as China, which growth is slowing down, and the consequential potential impact on a lower tin demand, MINSUR's challenge -particularly vis-à-vis our customers- is working ever harder to develop its competitive advantage: offering a traceable product through our entire value chain, in a market that rewards a sustainable supply.

At the same time, our social management will allow us supporting our current business and continue growing. We need to start developing new mine sites in the future. Thus, we believe that this aim and our aim to become a reference of sustainable tin production worldwide depend on more than just doing a good job. We want to make sure that our work is well documented and properly shared with all our stakeholders, under the framework of a methodology that makes our management comparable to the one of other companies of the sector worldwide, generally accepted and recognized.

The Global Initiative Reporting (GRI) helps us meeting this goal. And under its G4 version guidelines we have prepared the MINSUR's Sustainability Report 2014, the first of our company, in which we present the material aspects of our sustainable management.





Within the GRI framework, our Sustainability Report 2014 combines our vocation for operating efficiency, for a productivity increase favoring our employees' safety and health. This results in our economic performance and social investment, which not only aims to the economic value providing returns to our shareholders' investment, but also focuses on the development of communities surrounding our operations, either by paying taxes and other contributions to the State or by implementing productive and social development projects as a part of our "good neighbor" policy. Thus, the social management, the environmental management and the human management join as sustainability components, as defined by MINSUR, which are aspects reported herein.

In 2014 we met our objectives, beyond what we expected, in all the aspects considered to measure our performance, from exploration to growth projects.

Our operational efforts –which increased the treated tonnage, both in San Rafael Mining Unit (MU) and in Pucamarca MU, and doubled the production of the last three years in our subsidiary Taboca in Brazil- were accompanied by an active cost-cutting strategy, with an emphasis on improving productivity in our units. These added to the remarkable

Sustainability goes beyond the socio-environmental management value, since it incorporates all our stakeholders.

impetus provided to achieve the highest safety standards in the company's operations, hand in hand with the implementation of a world-class environmental management system, which consolidates our environmental standards. Besides, we have promoted sustainable development in our environment, together with a relationship of trust with the communities of our area of influence. MINSUR's financial strength was similarly reinforced with the international issuance of Senior Notes through private placement for a nominal value of US\$ 450 million at a coupon rate of 6.25%, with risk ratings placing us in an outstanding position within the international capital market. The company's organizational structure has also consolidated with the incorporation of a Corporate Project Department, to develop projects enabling us to set the foundations for our future.

2015 finds us prepared to focus on several aspects:

- ▶ **Productivity**, in a context of adverse development of metal prices. Thus, we aim at restructuring operations to reduce costs, continuing strengthening safety, and guaranteeing our business' economic sustainability in the mid and long term.
- ▶ **Talent**, to continue consolidating a meritocracy culture, and talent management within our organization, setting the foundations for our future growth in Peru and Brazil.
- ▶ **Environment and society**, spaces in which we shall meet the highest compliance and healthy coexistence standards.

The next five years we will focus on consolidating MINSUR as the undisputed leader in the tin market, and long-term sustainable producer. It is not an easy task, but our vision will provide us the necessary impetus to walk **towards a world-class management**.

Juan Luis Kruger
General Manager

1

A trajectory of values

Our business profile



38 years
of experience
turn MINSUR into
a benchmark in the
international market, specially
the tin market, with a strong
commitment to corporate social
responsibility and the development of
the country.

1_A trajectory of values

Our business profile

We are part of the Breca Group, a Peruvian business conglomerate established at the end of the XIX century, and one of the main economic groups in Peru, with investments in the agricultural, construction, real estate, mining, fishing, petro-chemical, health, tourism and financial and insurance industries, as well as in other activities and specialized services.

Achieving the highest standards and becoming a benchmark producer in the international tin market, are aspects that have characterized us throughout our more than 38 years of experience in the mining industry. As a result we are the world's third refined tin producer company, after companies located in China and Malaysia¹. In 2013 we entered the gold market, with an ongoing drive for exploring new sites in Peru and Latin America. Currently we are exploring and conducting studies in a copper deposit to define if it is feasible to build and operate a mine.

G4-4

Throughout our history we stand out for our strong commitment with social and corporate responsibility and with the development of the country, meeting the highest quality and safety standards, and using cutting-edge technology, under the domestic and international environmental law into force.

Milestones in our history

Our origin dates back to the beginning of the XX century, when Lampa Mining Company was the only mining company in the Puno region. Decades later, MINSUR Sociedad Limitada was established from this company. It was the Peruvian branch of MINSUR Partnership Limited in Bahamas, which was acquired by the Breca Group in 1977 to transform it in MINSUR S.A., a 100% Peruvian company. G4-7

At the moment it was acquired and for some more years, the main product of the now San Rafael MU –back then San Rafael deposit- was copper. It was in 1992, when tin became the only metal produced in such unit, though a few years later this unit extracted copper temporarily and in a small-scale. In 2013, we entered the gold market with the Pucamarca MU, thus diversifying our production. We also have the Smelting Plant and Refinery (SPR) in Pisco and we have invested in a subsidiary to develop a copper project in Ica (Mina Justa) and in another subsidiary to operate a mine in Brazil (Taboca).

The company's headquarters are located in Lima, Peru. G4-5

Our investments in subsidiaries

We are majority shareholder of Minera Latinoamericana S.A.C., which in turn is the main shareholder of Mineração Taboca S.A., the company that operates Pitinga mine in Brazil, from where tin, niobium and tantalum are extracted. Taboca is also the owner of the Pirapora smelting plant in Sao Paulo.

We are also majority shareholder of Cumbres Andinas S.A., which owns through subsidiaries 70% of Marchobre SAC shares, a company developing a copper ore project called Mina Justa, located in the district of San Juan de Marcona, in Ica.

1. International Tin Research Institute (ITRI). It includes operations in the subsidiary company in Brazil.

1_A trajectory of values

Our business profile

Our timeline

Begining of XX century

Lampa Mining Company is the only mining company in Puno and it works in Santa Bárbara and San Rafael mines.

1966

MINSUR Sociedad Limitada was established as the Peruvian branch of MINSUR Partnership Limited in Bahamas.

1977

MINSUR S.A. is established after the branch transformation.

1992



Tin becomes the only metal produced in San Rafael MU.

1996

The Pisco Smelting Plant and Refinery (SPR) is inaugurated.

1997



Pisco SPR starts operations, becoming the first one using submerged lance technology worldwide, for tin concentrate processing.



2003

San Rafael MU became capable of processing the total extracted ore, thus becoming able of seling refined tin instead of tin concentrate.

2008

MINSUR acquired Taboca, located in Brazil.

2012

MINSUR acquires 70% of Marcobre and its copper mine, Mina Justa.

2013

Operations of Pucamarca MU start in Tacna, entering the gold market.



1_A trajectory of values

Our business profile

Our organization's corporate government [G4-34](#)

Our highest executive body, the Board of Directors, is formed by a President, a Vice-President and other four Directors, one of which is independent. Furthermore, we have two Alternate Directors. Their professional career is outstanding and, in most cases, it is based on their experience in the mining industry. Their different specializations and skills favor a plurality of approaches and opinions. It is worth mentioning that the President of the Board of Directors does not have the casting vote.

Proposals to form the Board of Directors come straight from the Board of Shareholders, allowing the election of Alternate Directors. The Board of Directors is responsible for hiring Managing Directors and other Managers, as provided in the Bylaws. [G4-40](#)

Main duties of the Board of Directors

- ▶ Approving and leading the corporate strategy.
- ▶ Setting objectives, goals, and plans of action, including annual budgets and business plans.
- ▶ Controlling and supervising the management, taking care of the company's governance and administration.
- ▶ Supervising the good corporate governance practices.

Some duties, for instance establishing companies and associations, pricing and defining business terms, purchasing and selling securities, assets and real estate property, among others, are delegated to the General Manager or other Senior Executives.

Committees of the Board of Directors [G4-38](#), [G4-46](#)

Strategy and Performance Management Committee

Strategy

- ▶ Review and lead the Management's strategy proposal.
- ▶ Validate the progress of strategic projects.

Performance management

- ▶ Monitor the performance of each business division, understanding their main value drivers.
- ▶ Monitor competitive environment, market trends and potential disruptions in each business division.

Finance, Risk and Audit Corporate Committee²

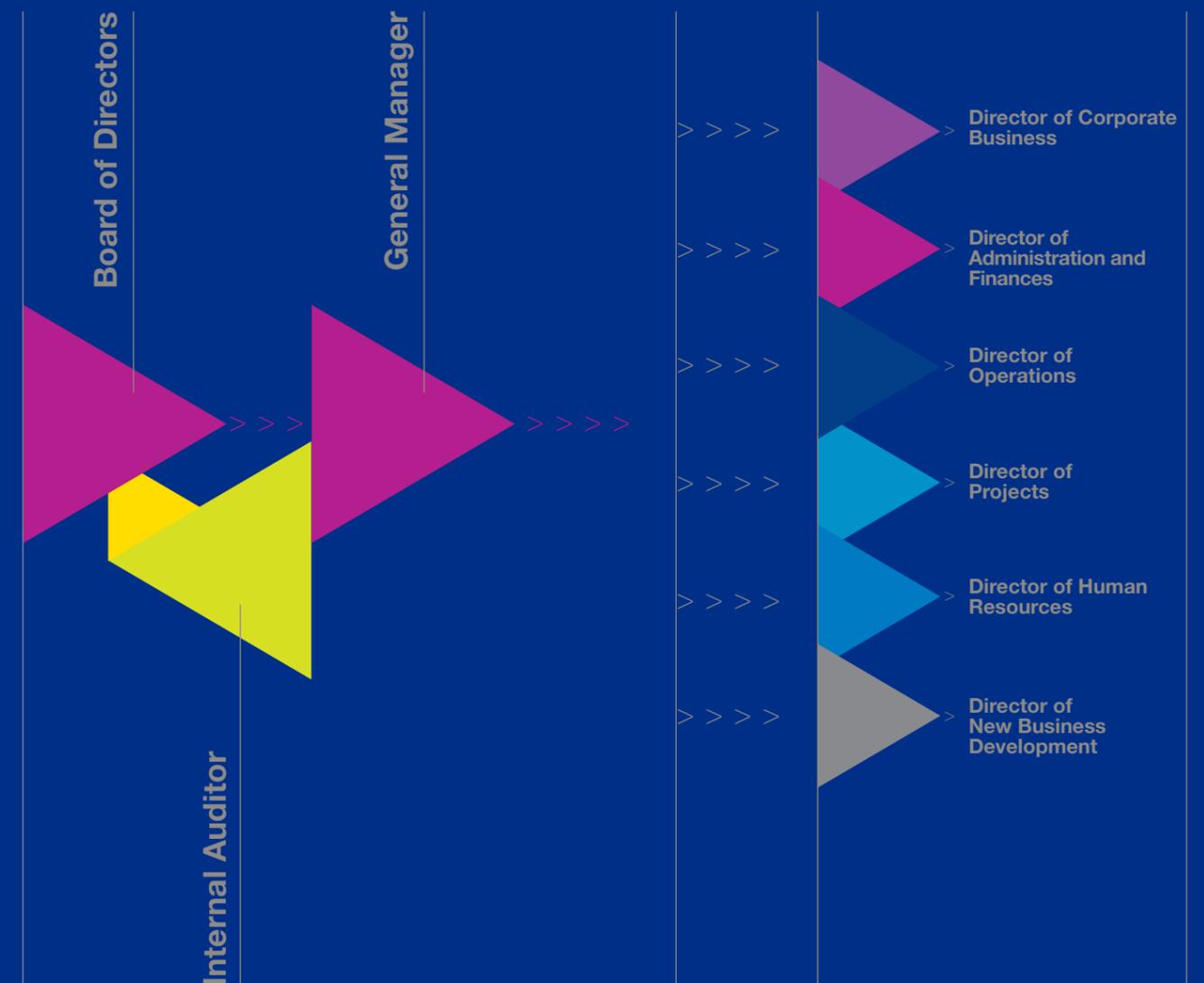
- ▶ Supervise that the company's internal control system works properly and that policies are met.
- ▶ Monitor that timely and appropriate measures on identified and informed risks are taken in the Committee.
- ▶ Get information on issues, situations and potential risks to propose reviews and/or actions.
- ▶ Evaluate performance, result and compensation of the company's general auditor.

Our Management is led by a General Manager, seven Corporate Directors and one internal auditor, independent enough as to develop his/her duties within the framework of policies and guidelines defined by the Board of Directors.

Besides establishing a Compliance Committee to enforce our Corporate Code of Ethics and Conduct in 2014, our Management established a Crisis Management Committee to prioritize the protection of health, life, the environment, communities, corporate image/reputation, infrastructure, processes and/or equipment, in the event of a situation significantly affecting our operations. [G4-36](#)

2. This Committee is of a corporate nature, at the level of BRECA Group, and it is formed by four members of MINSUR's Board of Directors.

Our organizational structure



1_A trajectory of values

Our business profile

Our culture

G4-56



Vision

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

Mission

**Generate value sustainably
transforming mineral resources.**

Values

**Our values enable an appropriate performance with high standards
in our operations, setting the foundations of our business policies
and our Corporate Code of Ethics and Conduct.**

SAFETY. Acting safely at all times.

RESPONSIBILITY. Acting with responsibility in our relationship with society and the environment.

INTEGRITY. Acting with honesty, solidarity and transparency.

COMMITMENT. Assuming all challenges as our own.

EXCELLENCE. Making things better, always.

TRUST. Developing honest, open and respectful relationships.



1_A trajectory of values

Our business profile

Policies

We work with clear policies leading our company's actions, as well as the actions of our employees, contractors, suppliers and other stakeholders with whom we interact, which allow us guaranteeing our operations' quality and safety³.

Safety, Health, Environment and Social Responsibility Policy (SHESR)

The cross-cutting axes of this policy are:

- ▶ Leading by example –words and actions- promoting the SHESR everywhere all the time.
- ▶ Meeting legal obligations, agreements and/or contracts signed with national and international entities, regional and local bodies, stakeholders, as it may correspond; as well as policies, standards, procedures, regulations and our Corporate Code of Ethics and Conduct.
- ▶ Continuously improving our performance and management system in SHESR in line with the requirements established in OHSAS 18001, ISO 14001 and ISO 26001, as well as with the SHESR best practices of world-class mining companies.

Control Policy of the Business Alliance for Secure Commerce (BASC) G4-15

All endeavors aim at preventing export shipments to be used for illegal drug trafficking, smuggling and terrorism. We aim at identifying threats and risks for our employees, facilities and business reputation, in order to maintain a safe work environment, free from illegal activities.

Conflict Minerals Policy G4-15

Within the framework of the Conflict-Free Sourcing Initiative – CFSI implemented in 2008 by the companies comprising the Electronic Industry Citizen Coalition (EICC) to know the source of inputs used for manufacturing electronic devices, in September 2012 we declared that we are one of the main members of the tin industry with facilities to mine, concentrate and smelt cassiterite, the main tin mineral, as well as to refine metallic tin from our own concentrate.

Our statement included, among others, the following main aspects:

- ▶ We are not supplied cassiterite by the Democratic Republic of the Congo (DRC) or its neighboring countries, and we do not have suppliers following that procedure.
- ▶ We have informed our employees, managers, smelter supervisors and the logistics and sales staff about the US "conflict-minerals" regulations and the recommendations of the Organization for Economic Cooperation and Development (OECD), and we have informed our customers about this policy.
- ▶ WE totally support the ITRI Tin Supply Chain Initiative, in order to differentiate trade of minerals that may be financing the conflict from those not participating on it.
- ▶ We aim at achieving the following goals, directly cooperating with Governments and Non-Governmental Organizations (NGO):
 - ▶ Developing a sustainable tin industry.

- ▶ Avoid cassiterite trade directly or indirectly involved in financing or benefitting armed groups of the DRC and/or neighboring countries.
- ▶ Supporting measures for mining activities in the conflict zone to become legal, so that such minerals may enter the global tin supply chain.

Corporate Code of Ethics and Conduct G4-41

We have a Corporate Code of Ethics and Conduct, which guides the behavior of our employees –regardless of their job position, geographical location or level of responsibility-, contractors and suppliers.

The Compliance Committee is in charge of promoting an ethical behavior in our company, as well as evaluating and making decisions to address cases of violations to the Code. It is comprised by five members: General Manager, the Director of Human Resources, Director of Corporate Affairs, the corporate Legal Manager and the General Auditor.

On the other hand, those in a supervision position, or with employees reporting to them, or holding a position of trust, are especially responsible of leading with integrity.

Additional responsibilities of our leaders regarding compliance with the Corporate Code of Ethics and Conduct

- ▶ Continuously strengthening the Code enforcement with out teamwork.
- ▶ Being an example for maintaining consistency between words and actions.
- ▶ Promoting and ensuring engagement in training programs to better understand the Code.

How to ask or communicate concerns? G4-49

If you have a question or concern, or if you consider that any employee is not complying with the Corporate Code of Ethics and Conduct, it is the staff's duty:

- ▶ Talking with the immediate supervisor or line manager.
- ▶ Consulting with any member of MINSUR's Compliance Committee.
- ▶ Reporting it through the Integrity Channel.

Our Integrity Channel

G4-57, G4-58

It is a confidential and private tool, through which employees may report, in an anonymous and responsible way, their concerns regarding actions they consider contrary to our Corporate Code of Ethics and Conduct.

The channel is operated by an independent and specialized company, which receives information in a confidential and anonymous way, and reports it to the Compliance Committee, as it may correspond.

3. Though we are not part of the International Council on Mining and Metals (ICMM), we follow its actions closely by participating in the National Society of Mining, Oil and Energy. The ICMM is an organization devoted to sustainable development, which gathers several world's leading mining and metal companies, as well as regional, national and commodities associations that have formally agreed to implement the Sustainable Development Framework, which includes ten principles, the preparation of sustainability reports and independent certification.

1_A trajectory of values

Our business profile

- ▶ Recognizing and encouraging employees to act pursuant to the Code's values and principles.
- ▶ Promoting an environment of trust and open communication so that employees are able to channel their questions and concerns in an open dialogue.
- ▶ When we become aware of ethical problems, we have the special obligation to report these concerns through the appropriate channel.
- ▶ Taking actions to address violations to the Code, preventing that similar situations occur again.

electronic, among other communication channels with stakeholders, such as the State, institutions of the sector, the media and the public opinion, and the civil society in general. But, above all, our relationships are direct, through interpersonal spaces, visits, workshops, forums, meetings, as well as several periodical arrangements.

Our customers highlighted, in a satisfaction survey conducted in 2014, our response capacity to address any type of problem; the high level of satisfaction with the quality of our products and the service we provide; and how they value the several international certifications we have. **G4-27**

Our employees, besides appreciating the appropriate work conditions in which they operate, value that there is an internal policy supporting social responsibility and the existence of formal relationship channels. Furthermore, we have daily dialogue/training spaces for employees in the operational units. **G4-27**

In addition, suppliers and employees hold internal adjustment meetings using information from several sources.

Our shareholders, investors and customers interact through quarterly on-line meetings and/or conference calls, in which they report on the evolution of the company's main management indicators. With our local communities, which comprise our operations' area of influence, we decided to have a face-to-face relationship, which improves our daily coexistence.

Our stakeholders

Our stakeholders have been identified according to four predominant groups: **G4-25**

- ▶ Bidirectional impact, inasmuch as they have the capacity to impact our organization and we can influence or impact them.
- ▶ Actions and coexistence in a common environment.
- ▶ Existence of risks, and risk level in relation to these stakeholders.
- ▶ Shared development vision.

We aim at building relationships of trust based on respect, dialogue and expectation management, promoting an agreeable environment suitable to generate common development conditions with our several stakeholders. **G4-26**

Our relationships with our stakeholders adjust to their characteristics and needs. We use print, audiovisual,

Our relationships with our stakeholders adjust to their characteristics and needs.

Our stakeholders **G4-24**



Commitments with our stakeholders **G4-27**

Stakeholder	Commitment
With our employees	<ul style="list-style-type: none"> ▶ Diversity, equal opportunities and respect. ▶ Safe and healthy environment.
With our shareholders	<ul style="list-style-type: none"> ▶ Responsible use of delegated authority. ▶ Integrity of financial reports and operational reports. ▶ Protecting confidential information and intellectual property. ▶ Transparency and integrity in our actions. ▶ Responsibly representing the company and strengthening its reputation.
With our customers and suppliers	<ul style="list-style-type: none"> ▶ Integrity in the market. <ul style="list-style-type: none"> ▶ We honor our promises, agreements, contracts and commitments. ▶ We develop relationships based on trust, truthfulness, mutual respect and with a long-term vision. ▶ We deliver quality products and services; we are transparent at revealing relevant information. ▶ We are truthful, fair and careful in our business, selection and exchange processes.
With civil society, the State and the media	<ul style="list-style-type: none"> ▶ Good relationships and investment in our communities. ▶ Good relationship with the State. ▶ Protection to the environment. ▶ Compliance with the law and regulations. ▶ Ethical relationships with officers and political contributions. ▶ Establishing a professional relationship with the media.

1_A trajectory of values

Our business profile



Our operations

We have three production units within the national territory:

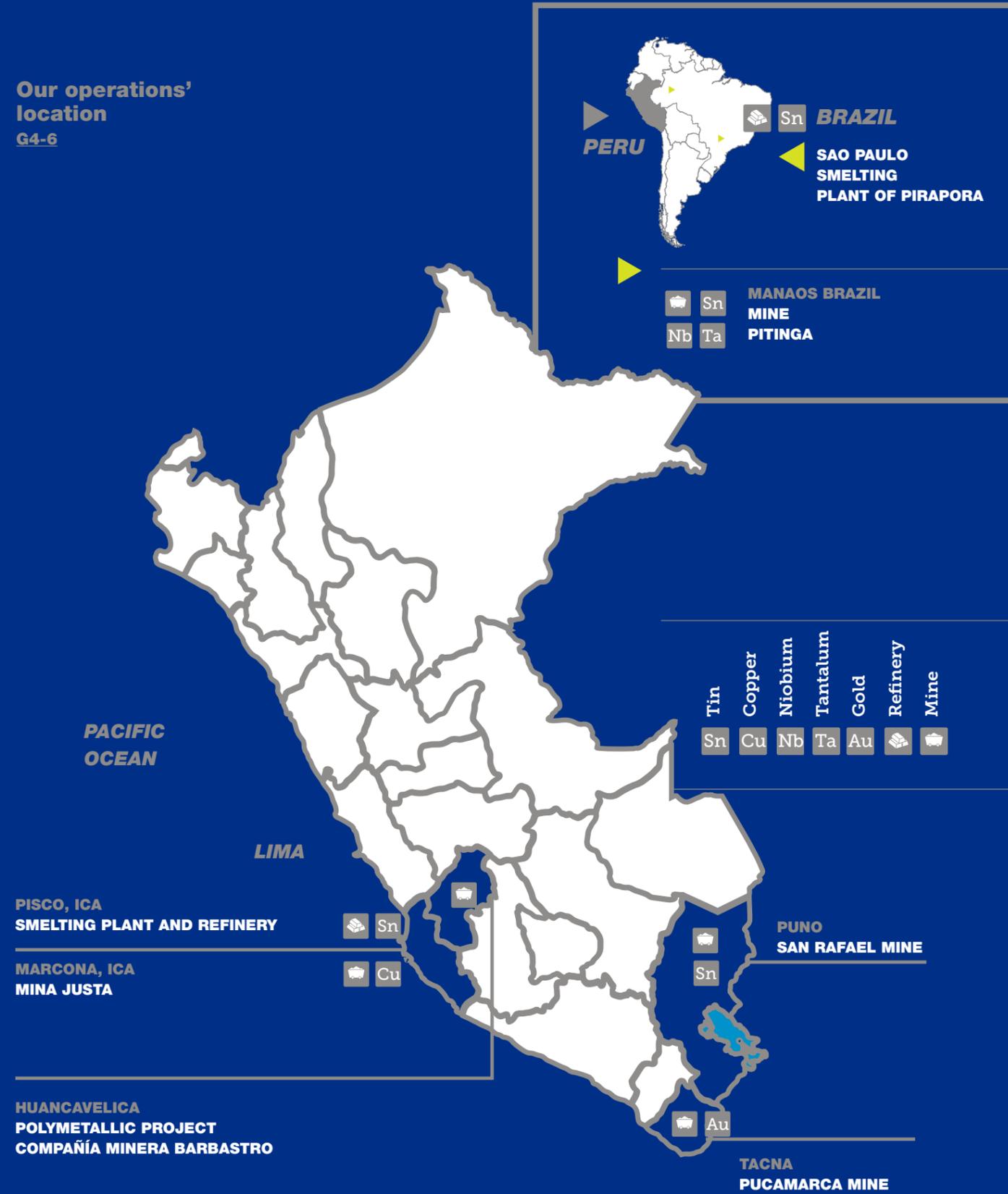
San Rafael MU: It is the world's largest underground tin mine, the main tin producer in Peru and the most important in South-America. It generates more than 2,000 jobs.

Pucamarca MU: This open-pit gold mine represents modern mining with the highest international standards for managing its operations, not only in terms of production, but also in terms of health and safety, the environment and social responsibility.

Pisco SPR: It processes concentrate original from San Rafael MU, which provides it with a competitive advantage in demanding international markets.

Our operations' location

G4-6



1_A trajectory of values

Our business profile

Characteristics of our operations in Peru

Operations	San Rafael MU	Pucamarca MU	Pisco SPR
Description	Tin producer in the national territory and the most important in South America. It is the world's largest mine. It processes cassiterite through the gravimetric and flotation method.	Gold open pit mine, which operates since 2013. It uses the leaching method for mineral processing.	Eco-efficient plant and first smelter in the world using the submerged lance technology to process tin concentrates (Sirosmelt) submerged bath.
Location	Antauta District, Melgar province, Puno region.	Palca district, Tacna province and region.	Pisco district and province, Ica region.
Altitude	Between 4,500 and 5,200 m.a.s.l., in the East Andes range.	More than 4,500 m.a.s.l., 52 km away from Tacna city.	170 m.a.s.l., in the Pisco desert.
Technical data sheet	Handles (mines and processes) cassiterite ore (SNO ₂) at a ratio of 2,900 MTD, with an average tin head grade of 2.35% Sn.	Current level of processing of 17,500 MTD, with an average head grade of 0.67%.	It produces refined tin of the highest purity in four presentations (ingot, granules, billet and jumbo bar), and five qualities based on tin's chemical composition, from 99.9% to 99.99% of tin purity.
Mined ore T (kt) 2014	1 154 405	5 933 665	N.A.
Ore treated mine (kt) 2014	1 032 255	6 117 767	85 660**
Production (t) 2014	23 105	105 939*	24 223
Cost by treated ton (US\$ / TT)	143,3	6,2	327,0
Mineral resources (tM)	9 179 ¹	86,32 ²	N.A.
Mineral reserves (tM)	5 707 ³	49,44 ⁴	N.A.

▼ N.A.: Not applicable.
TMD: Metric tons per day.
* Gold ounces produced.
** SN Concentrate and remaining slag fed to the plant.

1/ Measured + indicated + inferred + stockpile.
2/ Mineral resources restricted to the pit (minerals restricted to the pit (tons of mineral and metal)).
3/ Tested + probable + stockpile.
4/ Tested + probable.

Moreover, through Minera Latinoamericana, we are the main shareholder of Mineração Taboca, owner of Pitinga mine, located in the State of Amazonas, Brazil, from which cassiterite and columbite are mined. The latter one is processed to produce an alloy of niobium and tantalum. Cassiterite is processed in the Smelting Plant of Pirapora, located in São Paulo.

Pitinga mine operations are developed in an open-pit with an actual production capacity of approximately 17,000 tM/d. The average grade is 0.18% Sn and 0.22% (Nb Ta). On the other hand, the Smelting Plant of Pirapora processes tin concentrates produced in Pitinga and turns them in refined tin of a very high quality. It is 99.97% pure, which provides

this ore with great competitive advantages in the international market.

Moreover, in the Mina Justa project -owned by Marcobre, of which we are shareholders- we are exploring and conducting studies on a copper deposit to define if it is feasible to build and operate a mine. Thus, extensive drilling has been conducted in the project to define the mineral resources, which after being measured have shown a 58% increase in December 2014, as compared to 6% in December 2013.

Our products G4-8

We produce tin of the highest purity, exceeding international standards. Tin is an ore extracted from cassiterite, which has had multiple uses throughout history, because it is soft, malleable and corrosion resistant.

Besides being very versatile, tin contributes to the use of eco-friendly technologies and to counteract pollution in industrial processes. It is mainly used in alloys, chemical products, tinplate and welding. Tin alloys may be found in bronze and copper items, among others. Chemical products made of

tin are commonly used for producing polyvinyl chloride, pesticides and catalysts. Regarding tinplate, tin is used to prevent rusting, while welding is commonly used in electronic devices for circuit board wiring connections.

Within the framework of our operations in Peru, depending on our customers' business nature or needs, we supply tin in the following presentations: 25 kilo ingots, granules in bags of 0.5 to 1 ton; jumbo bars or ingots of 1 ton; and billets or bars of 70 cm x 10 cm. Our distribution is mainly maritime to Europe, United States, Canada, Asia, the Middle East and Latin America.

Regarding gold in Peru, its presence dates back to the first civilizations, and it has been known for its use in jewelry. Nevertheless, it has multiple additional uses in the industry field, specially electronics, as well as medical and dental applications, and coinage and reserves for governments and the private sector.

Since we started exploiting gold in 2013 in the Pucamarca MU in Peru, all our gold sales have had the United States as destination.

Gold uses and properties

Properties	Uses
Au Malleable and ductile. It is inactive. Good electrical conductivity. Rust resistant.	In alloys, with silver and copper. In jewelry, coin production and as currency standard in many countries. For critical functions in computers, communications, spaceships, jet engines, among others. Electrical connections, to assure a good connection. Forms strong amalgams with mercury to create dental fillings.

Source: Adapted from the Ministry of Energy and Mining. Metals produced by Peru.

1_A trajectory of values

Our business profile

Tin uses through history

► Bronze

► Pewter

► Tin cans

► Glass industry

► Electronic industry

3000 b.C._
1500 b.C

V to XV century

XIX century

XX century

XX century
XXI century



The first great technological revolution took place when tin and copper were melted together. This is considered the world's first alloy and it marked the beginning of the Bronze Age.



Alloy of tin, copper, antimony and lead. Very popular in the Middle age, and today it is used in several products. For instance, the Oscar statuette is made of this material.



For more than one hundred years tin is being used to prevent corrosion of the popular food cans.



80% of glass in the world is produced under the float glass method, which includes tin.



It is essential to manufacture electronic devices, since it enables soldering.

1_A trajectory of values

Our business profile

Challenges and opportunities for sustainability **G4-2**

The mining industry

Mining in Peru represents more than 50% of the country's foreign exchange, 20% of tax collection, 11% of the Gross Domestic Product (GDP) and the largest part of foreign investment, among other outstanding macroeconomic factors⁴. Furthermore, the close relationship between the mining sector and the national economic activity is such, that each mining job creates nine additional jobs in other sectors of the economy⁵. Thus, it concentrates countless expectations from our stakeholders and poses challenges for us to take care of one of the essential industries for the country's development, both in economic and social terms.

2014 was a rough year for the Peruvian mining sector. Copper and gold prices, which together represent 50% of the mining production, dropped 7% and 10% respectively. The mining GDP closed the year with a 2.1% annual drop, as compared to 2013, and mining investment (calculated in US dollars) dropped almost 8%, mainly affected by the end of the construction stage of important projects and, to a lesser extent, by a reduced investment in explorations due to the cost adjustments made by some mining companies and other companies' problems obtaining financing.

To counter this situation, most mining companies applied cost-reduction strategies and increased their production efficiency in the national scope.

Our strategic approach within the current context

Considering the sectoral challenges and opportunities and the local context, in MINSUR we have developed several

strategies to overcome its effects. To conduct mining activities responsibly managing natural and productive resources, using friendly technologies, with permanent environmental monitoring, and promoting a culture of environment preservation among our employees and neighboring communities, is the starting point of our strategic approach within the local context.

Among such strategies we also include: Diversification through commodities with the best grounds; our tin mines, business in which we have competitive advantages and prior know how; and our portfolio's enhancement thanks to precious metal mining operations.

We act with a regional approach, specifically in Peru and Brazil, where we have expertise, with potential for diversification in the future. We aim at a continuous growth, conducting businesses with existing assets, and with brownfield exploration and the development of greenfield projects. And we also aim at a disciplined growth to mitigate commodities' price volatility.

Our relationships with the people living in our operations' area of influence, influence are peaceful, in an environment where –on the one hand- different companies and mining projects have experienced socio-environmental conflicts with adverse effects for their operations, while –on the other hand- a strong perception of mistrust towards the sector by the population has deepened, thus limiting private investment in the regions involved.

4. Instituto Peruano de Economía (IPE) (Peruvian Institute of Economics).
 5. IPE. Efecto de la minería sobre el empleo, el producto y recaudación en el Perú (Mining effects on employment, production and tax collection); August 2012.

Opportunities and challenges of the mining sector in Peru

Sectoral opportunities

Oil cost reduction, which benefits the mining industry due to cost reductions in fuel for machinery, equipment and transport.

Invigoration of the local economy due to the economic movement it creates, indirectly contributing to the creation of local companies and businesses.

Larger presence of the State, in areas where mining activities take place, due to the distribution of mining canon and its oversight role, among others. Thus, the State is reaching areas, where before it did not have as much presence.

Sectoral challenges

Metal depreciation affected several mining companies worldwide, leading to a strong crisis, even in Peru, which has resulted in strategies to address it. With the cost reductions worldwide –within a crisis context-, the high environmental management standards had to be maintained.

People have a negative perception of companies and the State, which affects the industry's reputation.

Stakeholders' health and safety is a permanent concern for mining companies, thus they shall meet high standards to protect them.

Communities' expectations, facing the lack of State presence and unattended basic needs.

Trust generation linked to reputation, communication and relationship management in general, as well as to a proper understanding of the socio-cultural and political context of the environment where the companies operate.

Sources: E&Y Global study "Top 10 business risks".
 "Minería" Magazine N° 449, 2015. Institute of Mining Engineers.
 MINSUR 2015 Economic Report. Apoyo Consultoría/SAE.
 Report on Social Conflicts N° 131 by the Ombudsman's Office.
 Situation Analysis of MINSUR Social Responsibility and Identification of Indicators 2014.
 SASE Consultores.
 Seventeenth Annual Report of the Ombudsman's Office 2014.
 MINSUR Annual Report 2014.



2

Beyond standards

Our operating efficiency

MINSUR goes beyond the Conflict-Free initiative requirements. We develop our activities in a responsible way, looking for long-term business relationships with strategic partners who share our philosophy and values.

2_Beyond standards

Our operating efficiency

Sustainability approach in our operations

We develop our mining activities in a socially responsible way, and we look for long-term business relationships with strategic partners who share our philosophy and values. We trade a low-risk product, since we guarantee the supply of conflict-free inputs, and focus on becoming a global benchmark for corporate responsibility, confronting child exploitation, respecting the Universal Declaration of Human Rights, and implementing the highest standards for social and environmental management. Our approach is based on our institutional values. Therefore, on behalf of our company, we state that:

- ▶ We protect the environment, responsibly managing natural and productive resources, with high environmental standards, complying with the regulations and using eco-friendly technologies.
- ▶ We work with management standards of excellence that allow us optimizing production costs, being globally competitive and providing a product that meets our customers' quality requirements on a timely manner.
- ▶ We ensure that our social responsibility policy is enforced in our value and supply chain.
- ▶ We encourage relationships of trust and mutual respect with our neighboring communities, based on a commitment with sustainable development and transparent dialogue.
- ▶ We reaffirm our commitment with Peru, aware of the role of mining activities in its development.

Our sustainability approach is assumed by our shareholders and employees as their own, and we promote it among our other stakeholders.

Initiatives for operating efficiency

Despite the challenging national and international context for the mining sector, we have had the capacity to continue operating efficiently in each one of our units, thanks to an active cost reduction strategy, but without risking compliance and the enforcement of international standards we are committed to meet.

From the operational point of view, our units' improved productivity has been reflected in the increase of treated tonnage, observing that the projects carried out with this objective have been successful. The use of cutting-edge technology and compliance with efficiency standards in our operations have been constant elements for these achievements.

Hand in hand with the remarkable impetus provided to safety in our operations, we have implemented a world-class Environmental Management System (EMS) that consolidates our environmental standards, and we have promoted sustainable development in our environment, accompanied by a trust relationship with the communities in our area of influence.

In addition, as part of the most significant organizational changes in 2014, the Operations Department has incorporated the Operation Geology Management and the Engineering and Project Management, while the Administration and Finances Department has incorporated Supply Chain and marketing managements under its leadership. Moreover, the new Corporate Affairs Department currently includes the Legal, Social Management, Communications, Social Responsibility of Operations, as well as Environment and Licenses Departments.

Next, we present our operational efficiency initiatives in 2014.



Tailing Reuse Project B2

It is a low risk project operated in the San Rafael MU to treat its old high-grade tailings. Its features are:

- ▶ Estimated production: 6,300 MT per year since 2016.
- ▶ Estimated reserves: six to eight years.
- ▶ Estimated resources: 80,000 MT of tin content.

This project follows our SHESR Policy.

San Rafael MU

In 2014, we extracted 1.5% more ore from the same mine, as compared to 2013, thus the concentrator plant increased by 6% the ore treated compared to 2013, due to the authorization obtained from the Ministry of Energy and Mining (MINEM) to increase the plant capacity to 2,900 MTD. Such increase was supported by a change of the tertiary crushing particle size. In addition, we optimized the concentrator plant's circuits to increase treatment and recovery capacities.

The cost per treated ton in 2014 was US\$ 143.5, 5% lower than in 2013, as a result of the larger daily treated tonnage.

Furthermore, regarding fine tin tons, we are working to consolidate resource and reserve levels to assess alternatives to create production clusters and define areas in which several structures could be jointly operated, sharing resources and services, concentrating duties, and thus achieving a better operational control, increased productivity, lower preparation costs and lower risk exposure.

Regarding compliance with our sustainability plan, we invested in the tailing dam regrowth and the expansion of the landfill. To increase productivity, we also carried out pre-feasibility studies on mining methods, ore and waste transportation system, and marginal ore treatment alternatives, as well as feasibility studies for the paste backfill plant and gap backfilling.

2_Beyond standards

Our operating efficiency

Pucamarca MU

The unit mined 5.9 million tons of ore in 2014, nearly one million additional tons compared to 2013, when it started its operations. Moreover, treatment capacity grew from 14,000 daily tons in 2013 to 17,500 daily tons in 2014. Thus, the cost per treated ton was 17% lower.

Aiming at optimizing the unit's operations, we invested in the development of projects such as the assembly and start-up of the new train of adsorption columns –which improves and optimizes the flow of solution to be treated in the plant- and the automation of the crushing plant, which allowed us to increase tons processed per day. Moreover, we finished the construction of the PAD Stage 2B, which received operating license at the end of 2014, and ensures the continuity of mining operations for other three years.

Besides, the successful exploration campaign allowed calculating the volume of new reserves, thus replacing the mined ones.

The landfill construction and the construction of other minor facilities went on, as well as the engineering planning to build a thermal regeneration furnace that will improve the adsorption process. In the future, we expect to increase the mining plan to strengthen cost-efficiency even more.

How to achieve becoming one of the producers with lower cash costs worldwide?

Pucamarca MU cash costs reached US\$ 6.20 per ton treated in 2014, which equals US\$ 356 per gold ounce produced. The following initiatives supported this achievement:

- ▶ Continuous improvements.
- ▶ Implementation of strategic plans.
- ▶ Training work teams to detect obstacles and solve them.
- ▶ Strengthening our employees.
- ▶ Optimization of operating costs to thoroughly control them.
- ▶ Increase of production.
- ▶ Increase of equipment performance.

Pisco SPR

In 2014, optimization of the Pisco SPR processes made it possible to increase ore recovery by 1.5% and a refined ore production 0.4% above last year. The tin concentrate stock optimization plan also allowed the price per treated tone to be US\$ 327, similar to the price in 2013.

Our Pisco SPR has been audited in 2014, within the framework of the “Conflict-Free Smelter Program –CFSP” of the CFSI Initiative, after which it has been included as a member since it was established that it has a system guaranteeing that only “conflict-free” materials are being commercialized, because it only processes its own tin concentrate, original from the San Rafael MU.

Using clean technology

Based on the patent developed by the Commonwealth Scientific and Industrial Research Organisation of Australia, Sirosmelt technology uses a vertical cylindrical furnace, and with a burner called lance it smelts tin concentrate together with limestone, iron ore and anthracite coal at high temperatures, obtaining as a result a raw metal of an approximate purity of 98% tin and 2% metal impurities. Its main properties are:

- ▶ High smelting kinetics of concentrates.
- ▶ Wide diversity of materials to be smelted.
- ▶ High operating efficiency.
- ▶ Clean technology, due to natural gas use.
- ▶ Constant water recirculation, without spills.

2_Beyond standards

Our operating efficiency

Growth strategy

Our exploration activities have intensified in 2014 as part of our growth strategy. The main objective was defining new mineralization potential for the future. Thus, we started brownfield exploration programs and conducted several studies, such as geological mapping, geophysical studies and geochemical sampling, among others, which allowed starting diamond drilling programs, currently in progress.

Towards the end of 2014 we had made several exploration actions in neighboring areas to San Rafael MU and Pucamarca MU. We projected that in 2015 we would have the corresponding licenses to carry out specific studies to identify

new mineralization areas. Resources and reserves have also grown in these units. Exploration efforts have supported this performance.

On the other hand, our organization also aimed at becoming consolidated, by creating a Project Department, in order to develop those projects that will allow setting the foundations for MINSUR's future. This Department is comprised by: Project Development Management, Project Implementation, Project Supervision, Project Supplies and Services; Mine and Geology and Project B2. Furthermore, the Corporate Mineral Resources Management has been created.

Also in 2014, we decided on an international issuance of Senior Notes through a private placement of a US\$ 450 million nominal value, at a 6.25% coupon rate, strengthening our financial soundness. The issuance received a BBB- rating granted by Standard & Poor's Financial Services, a BBB- rating granted by Fitch Ratings and "Baa3" granted by Moodys, which places our company in an outstanding position in the international capital market. This strategy aims at ensuring our financing capacity for long-term projects.

World class standards

Our SHESR policy is our main management tool for sustainable development, intending to meet legal requirements and ensuring the best practices in our operations. Within this framework, and according to our values, we have assumed a commitment to safety, international supervision and world-class standards.

Our operations meet several international standards since we actively promote safe and healthy work environments, and we contribute to the enforcement of applicable legal requirements. We improve the staff performance and -in general- the safety performance.

Our targeted strategy

Cost control efficiency and operating excellence approach

- ▶ Maintaining our world-class mining assets' low cost.
- ▶ Continue improving operating efficiency.
- ▶ Maintaining our operations' profitability.
- ▶ Ensuring our assets' sustainability: commitment with the world-class mining industry practices.

Maintaining our solid balance and liquidity profile

- ▶ Maintaining our solid balance and liquidity profile, including our investment grade rating.
- ▶ Keeping our conservative financial policies.

Disciplined investment approach

- ▶ Development of existing asset businesses:
 - ▶ Organic growth - expansions with low implementation risk.
 - ▶ Explorations - brownfields in current operations
- ▶ Focusing on mining-friendly geographical locations.
- ▶ Disciplined growth approach - selective capital expenses to be managed through different commodities cycles.

Our SHESR policy is our main management tool for sustainable development, intending to meet legal requirements and ensuring the best practices in our operations.

Fulfillment of standards in our operations MINSUR indicator

Unit	Standard Fulfillment
San Rafael MU	It has the OHSAS 18001 international certification of the Occupational Health and Safety Management System, received in 2008. It has also the ISO 14001 certification for its EMS since 2006. It evaluates and audits its reserves and resources as provided by the JORC code.
Pucamarca MU	The unit's management systems are implemented 100% under safety and environmental standards of OSHAS 18001 and ISO 14001, respectively. Thus, it was recommended in December 2014 for international certification of all its processes. It evaluates and audits its reserves and resources as provided by the JORC code.
Pisco SPR	It has a Comprehensive Management System that meets ISO 9001 Quality Management standards, ISO 14001 Environmental Management standards and OHSAS 18001 Safety and Health Management standards.

2_Beyond standards

Our operating efficiency

Besides, to prepare the report on mineral resources and reserves we meet the requirements of the Lima Stock Exchange, which adopts the reporting standards in line with the JORC code, 2012 edition, for Reporting on Exploration, mineral resources and ore reserves in Australia.

Our objectives based on the best practices are supported by frequent reviews and audits conducted by independent experts to ensure that data validity and quality control meet such practices. In addition, we invite independent consultants to audit our Report on mineral resources and ore reserves.

Compliance with the JORC Code

The JORC code establishes a mineral classification system, using specific standards of geological, technical and economic knowledge. It allows providing accurate information to our investors and their Boards of Directors.

Assessment and reporting criteria provided by the JORC code, 2012 edition, are the base for preparing the Competent Person's Report (CPR) for each operating asset, specifically San Rafael MU and Pucamarca MU. The CPR is a comprehensive technical record of drilling and data sampling, estimation methodology, and modification factors used to calculate mineral reserves and resources. CPR describes mining rights, environmental licenses and capital engineering projects that support such ore reserves. It also includes a technical-economic appraisal/valuation of mining assets and processing, as well as the life-of-mine schedule and financial models. **G4-15**

Expanding standards to the supply chain **G4-12**

Our company incorporates the concept of traceability in tin production, thorough two angles: tracking inputs and services we use, and as a part of the value chain to which we belong.

Since we supply the electronic industry, we are part of a strict value chain, that makes us subject to audits by international organizations, and which supervision –from the mine to the final customer- allows us guaranteeing a tin supply of the highest purity from conflict-free sources.

Regarding our suppliers, we ask for their standards to meet our institutional values, such as excellence, integrity, safety and responsibility. Thus, they shall provide full and truthful information of their main processes, and also have the documents that will allow us auditing if the required policies and standards are met and effective.

In this regard, in 2014, under their best practices, our suppliers and/or contractors have not reported significant, real or potential negative impacts on their work practices in our supply chain that may risk their operations. In spite of this, aiming at preventing any labor contingency, for 2015 we have committed to inspect working practices of 22 of our main suppliers carrying out activities in our facilities. **G4-LA15**

Since we supply the electronic industry, we are part of a strict value chain, that makes us subject to audits by international organizations, and which supervision – from the mine to the final customer- allows us guaranteeing a tin supply of the highest purity from conflict-free sources.

Similarly, they have not reported significant, real or potential environmental impacts in the supply chain. **G4-EN33**

Corporate Supply Management is responsible for generating and keeping all auditable documents related to each stage of acquisition processes, so that there is material to assess and determine if the policies and standards required to our suppliers are met and effective.

Besides, in order to meet the high standards and operating requirements characterizing us, we have been careful to apply formal policies for sourcing and procurement, within the framework of a responsible value chain.

The group of processes ensuring the supply of those goods and services necessary for conducting our activities has to be in line with our principles of equality, transparency and competitiveness. At the same time, suppliers may receive full, truthful, clear and timely information on the required goods and services, and shall keep confidential the information provided by the company.

3

An engine for development

Economic performance and social investment



We contribute to the economic development of the country, generating value and social investment. We invest in infrastructure in benefit of the neighboring communities hosting our operations, aiming at generating shared social value and improving the life quality of the community.

3_An engine for development

Economic performance and social investment

Our mission clearly expresses our goal: generating value, which starts with our own activities. From the operating point of view, in 2014 we have obtained increases in the treated ton, both in the San Rafael MU and in the Pucamarca MU, allowing us to partially offset lower tin grades and gold grades in both mining units, in line with the projections of the mining plan.

Additionally, our mining units have become key actors in the economy of their corresponding locations, because we promote employment and create economic chains, promote infrastructure development and maximize the value of the land where they operate. To sum up, our presence increases wealth in the place where we operate.

Long term-business relationship strategy

Our recent evolution helped us transforming, from a company with an external business management, to a company incorporating a business strategy in its corporate structure which priority is reaching our final customers with tin of the highest quality that transforms into products used by important industries worldwide.

Aiming at differentiating ourselves, we have conveyed our customers we practice the highest sustainability standards in all our supply chain exceeding national and international standards, which differentiates us from other producers. Particularly, we have our supply chain fully identified, from the extracted ore to the refining process, thus generating added value in the tin market –which is not too large-. As we have already mentioned, that is how we set apart from the so-called “conflict minerals”.

But together with the companies grouped in the Electronic Industry Citizen Coalition (EICC) and hand in hand with our customers we have transcended these requirements, aiming at ensuring that the industries we supply use inputs of the highest standards in the market, including environmental, safety and social standards, covering all our stakeholders’ expectations. In a second stage we want to promote that our customers keep choosing our product, thus we will invite them to visit the Pisco SPR and to verify that our standards exceed those from other producers. Many of our customers have already visited the plant and San Rafael MU, and it has been possible to perceive their satisfaction with the environmental management, operating standards and our behavior towards the communities. The fact that we will host the National Tin Conference -organized by ITRI in 2015- will also contribute to keep advertising our operations.

In a price-sensitive market, our financial strength enables us to tackle low-price cycles that force many producers to stop exporting and exert upward pressure on prices. Customers do not trust this type of behavior because they expect to be supplied by a reliable supply source, such as ours, which includes effective customer service and an exploration-oriented investment strategy.

Economic Performance G4-9

Though the tin price fall in the last quarter of 2014 has impacted the profitability of operations, our results have been positive. In terms of direct economic value generated, our revenues in 2014 came mainly from net sales that exceeded by 1% those in 2013, and which increase is attributable to the larger volume of metallic tin sold during the reported period, due to the implementation of

Generated, distributed and retained economic value G4-EC1

Value	Item	Amount (US\$ thousand)
Direct economic value generated	Net sales	760 160
	Financial investments ^{1/}	7 653
	Asset sales	8 828
Distributed economic value	Operating expenses	353 688
	Salaries and social benefits	92 631
	Dividends to shareholders and debt interests	80 826
	Tax payments	118 774
	Voluntary donations and investment of funds in the community	3 333
Retained economic value	Direct economic value generated minus distributed economic value	127 389

1/ Interests on financial loans, dividends for shareholders, royalties and direct income from assets (for instance: renting a property).

the metallic tin stock optimization plan in San Rafael MU, partially offset by the impact of its lower price, compared to 2013.

Regarding the distributed economic value, our operating expenses increased by 17% in 2014, compared to 2013, because of the increase in the tin concentrate production with a higher unit cost. Though more than 54% of the distributed economic value is directed to cover our commodities, product components, facilities and services acquired, tax payments to the State occupy the second place (18.3% of the total). In this regard, contributions in Peru for royalties and mining canon have reached US\$ 635.8 million⁶ in the last eight years, and in 2014 both items exceeded US\$ 62 million⁷. Last but

not least, 14.3% of the generated economic value is allocated to employees’ salaries and allowances and 12.4% to our shareholders’ dividends and interest payment to our creditors.

Regarding to the value distributed in the communities, besides voluntary donations, there are infrastructure investments, as well as investment to finance social and sustainable development projects in neighboring communities to our area of influence. In general, we are the main engine for social and economic development in our areas of influence.

So, the retained value n 2014 was over US\$ 127 million.

6. We have used the currency exchange rate (from Nuevos Soles to US Dollars) published by SUNAT as of December 31, 2014. The total amount in Nuevos Soles was S/. 1 901 129 377.
7. We have used the currency exchange rate (from Nuevos Soles to US Dollars) published by SUNAT as of December 31, 2014. The total amount in Nuevos Soles was S/. 185 630 747.



Regarding the total monetary value of financial support we have received from governmental entities, it is worth mentioning that we claimed tax credit for S/. 104.2 million in 2014, based on the balance-in-favor-of-the-exporter benefit.

G4-EC4

Furthermore, aware that a retirement plan duly financed may help to attract and retain permanent employees and contribute to the company's long-term financial and strategic planning, in MINSUR all social benefits are covered with our resources. Nevertheless, contributions to AFP (Pension Fund Administrator) and to the mining retirement fund are covered by our employees. So, half of them (payroll) contribute 14.8% and 13%, either to the private pension system or to the Social Security Office (ONP) regime, correspondingly; while the other half contributes 12.8% and 13% to each regime, correspondingly. **G4-EC3**

Our contribution to local development

G4-EC8

We are aware of our operations' role as social and economic agents in the regions we operate. Therefore, we aim at generating shared social value and improving the life quality of populations hosting our operations by articulating our work

with local institutions and authorities. So, we promote social and economic integration of communities in our areas of influence.

This shared value generation starts from the moment we get interested in a mining project and decide to start the exploration stage in that area, since we consider that not only we will enhance the explored –and later exploited- lands, but we will also unlock the potential of geological resources that we will discover for the benefit of that area.

In this context, it is essential to consider using complaint/ grievance mechanisms to solve disputes related to the use of land and customary rights of local communities⁸. Within this framework, none of our operations has reported significant disputes with local communities related to these aspects. In the event of any dispute concerning these issues, we would apply our Complaint and Grievance Management Procedure, as described in the section "Our Social Management". **MM6 y MM7**

Nevertheless, our operations have not been free from disagreements with the communities in terms –for instance- of perceptions on potential impacts of Pucamarca MU operations on the specific areas where people live –as described below, in the section "Our Environmental

Management"-, particularly in the case of the peasant communities of Alto Peru in Palca.

Besides, shared value generation in our units positively influences the revitalization of local economies, generating employment, establishing productive chains, local companies and businesses and, in general, a significant number of indirect impacts in each area of influence. Indirect economic impacts are a key element of our influence within a context of sustainable development.

Some works or projects financed by our company require local unskilled labor, providing opportunities to people meeting specific skill requirements. In addition, specific social programs conduct productive training, aiming at inserting local inhabitants to the local job market or optimizing economic practices they were already carrying out.

None of our operations have produced potential or real significant negative impacts on local communities. **G4-SO2**

San Rafael MU operations allowed:

- ▶ 360 families to increase their income and their quality of life, since they were employed by the specialized companies we hired.
- ▶ 75 families to improve their income and quality of life, because of the services they provide to us and to specialized companies (housing and car rental, restaurants, etc.).

- ▶ Generating 200 indirect jobs, due to the housing and food services provided by our suppliers.
- ▶ 58 people to receive scholarships to complete Superior Technical Studies.
- ▶ 36 farmers to receive infrastructure investment (barns, water canals, reservoirs, fences and mechanized irrigation modules)
- ▶ Making available 815,000 m3 of water to farmers (through reservoirs and micro dams) for natural and installed pasture irrigation.
- ▶ The recovery process of 4,000 Ha de of natural grasslands, which are being managed by farmers, through several ways (fences, pasture installation). This has allowed producing 20 thousand tons of green forage.

Moreover, out of 550 employees of San Rafael MU, 354 were local employees –from the Puno region- by the end of 2014, which equals to more than 50% of the total. In Pucamarca MU, we have contributed to local economy by hiring local employees, not only for the operation but also for local infrastructure improvement works. Furthermore, we have trained a group of young people that have already been incorporated to the labor market of the region and the South macro-region. In Pisco SPR we directly impacted the local economy by formally incorporating six local companies that are part of our productive chain. These companies provide specialized services, such as maintenance, stevedoring, transport, among

8. It is worth mentioning that there are no indigenous populations settled within our operations' influence scope in Peru.

3_An engine for development

Economic performance and social investment

others. Periodically, we are responsible for providing them training and advisory for their progressive improvement.

We also develop a Project for Promoting Local Employment, through which we monitor our workforce in order to guarantee an appropriate percentage of local residents. By the end of 2014, for instance, out of 330 employees of Pisco SPR, 264 were local residents, thus exceeding 50% of the total. Moreover, it is our concern to enhance employability of local employees by training them with courses similar to the one we provided on basic welding.

Local infrastructure development

G4-EC7

We are decided to promote projects and works in the areas of influence of our operational units, which will help improving infrastructure and will increase the benefits for neighboring communities. This action line is part of our social investment strategy.

In San Rafael MU we have made significant investments in infrastructure related to projects that aim at boosting local productive economy, mainly livestock breeding and farming. These activities allow strengthening already existing income mechanisms for the population.

Within this framework, we have allocated resources to build livestock fences, household water reservoirs, irrigation canals and water intakes, micro dams and barns. We have also improved houses and have installed bio-gardens (rural greenhouses), as a contribution to domestic infrastructure that improves the residents' life quality. Likewise, we have invested in 32 computers distributed in two internet cabins, with phone and high-speed internet services, providing access to more than 2,000 residents of Antauta town, located over 4,500 m.a.s.l.

In Pucamarca MU we contributed with part of the necessary resources for the Yarapalca irrigation canal, between reservoirs 1 and 2, in the Palca district, which will benefit farmers of the peasant community by optimizing water distribution for farming and livestock activities. It is a 3km pipeline built for the irrigation canal, which optimizes water transportation for farming and livestock uses.

Furthermore, with the joint efforts of the Regional Government of Tacna, the Tacna Special Project and Aporta –institution implementing social investment of the Breca Group, to which we belong- we have covered Uchusuma canal with concrete lids. This work, valued at US\$ 3.5 million, was aimed at mitigating a misperception the population had regarding the potential pollution of that canal, which supplies Tacna with drinking water and water for agricultural use, and which flows less than 100 meter from Pucamarca MU.

Moreover, this time together with the District Municipality of Palca, we have rehabilitated 12 kilometers of the Collpa-La Paz highway. Works comprise leveling, compacting and removing waste from the surface course. The rehabilitated section goes from Palca town (km 52) to the beginning of the paved road (km 40). It will significantly improve traffic quality in the repaired section, allowing safe and light traffic.

We also develop a Project for Promoting Local Employment, through which we monitor our workforce in order to guarantee an appropriate percentage of local residents.



3_An engine for development

Economic performance and social investment

Procurement with equal opportunities

G4-12

In MINSUR we have a consolidated network of suppliers and contractors, who act as strategic partners in the productive and/or supporting processes, and establish relationships with other stakeholders, depending on their duties. Thus, they have to meet several requirements and standards established by the company, as mentioned before. We work directly with formal companies that respect the social and environmental setting where we operate, and appropriately comply with the law in terms of the treatment provided to their employees.

Local suppliers and contractors are invited to submit a quote within the framework of our announced selection processes, after which they are subject to an assessment pursuant to our Corporate Purchasing and Contracting Policy⁹.

We have also decided to purchase local goods and/or services meeting labor requirements and standards pursuant to the abovementioned policy, before signing agreements to purchase local goods and/or services. Furthermore we encourage our contractors and suppliers to purchase local goods and services.

In this regard, while local suppliers actively engage in procurement in San Rafael MU, in Pucamarca MU –which has been operating for a bit more than two years- 3% of total budget is destined to local suppliers, and in the Pisco SPR this percentage reaches 40%. **G4-EC9**

9. This policy states that the Supply and Contract Management is the only one authorized to initiate and conduct business negotiations for procurement of goods and/or services. Purchase orders shall be supported by technical-economic assessments, ensuring that products and/or services we acquire meet the necessary quality requirements.



Procurement numbers in MINSUR G4-EC9

Indicator	Value
Number of active suppliers and contractors	1 535
Total goods and services purchased from suppliers and contractors (US\$)	228 023 219
Goods and services purchased from national suppliers and contractors (US\$)	212 061 593,67 ¹
Goods and services purchased from local suppliers and contractors (US\$)	15 056 373,20 ²

1/ 93% of total procurement.

2/ 7.1% of procurement from national sources.

4

A culture of prevention and protection

Our occupational health and safety management



Our main resources are human resources, and their welfare is an essential value for us. Thus, we operate with the most stringent safety standards, to guarantee appropriate work environments and processes.

4_A culture of prevention and protection

Our occupational health and safety management

In recent years, we have focused our attention on occupational health and safety management, as a group of fundamental aspects in our vision to develop and operate world-class mining assets.

Results have been satisfactory: not only the Lost-Time Injury Rate (LTIR) has fallen 67% as compared to 2013, but also our three units have been awarded in 2014 because of their safety indicators evolution. In addition, the OHSAS 18001:2007 was implemented, and our operations were OHSAS 18001:2007 certified and/or recertified.

It is important to highlight that our actions are based on the best safety practices of the industry's leading companies, which has had a positive impact on our safety performance results.

Occupational health and safety-oriented management approach

Our guidelines respond to our mission, vision, values and our SHESR policy, which establishes specific health and safety commitments, such as:

- ▶ Identifying, assessing and controlling the risks of our activities and promoting safe commitments aiming at eradicating lost-time injuries and/or occupational diseases (zero accidents).
- ▶ Ensuring engagement and promoting consultation with employees and their representatives on issues related to occupational health and safety management.

In 2014 we have implemented the Corporate Health and Safety Management System (HSMS) based on 14 management standards and 19 operating standards.

- ▶ Management standards comprise legal requirements, occupational HSMS requirements (OHSAS 18001:2007), as well as the best practices of occupational HSMS of world-class mining companies. Additionally, we develop annual audits, both internal and external, to verify and measure the level of implementation of such standards.
- ▶ Operating standards regulate issues related to hazardous situations and cross-cutting risks to operating activities.

Moreover, aiming at guaranteeing our employees' health and safety and promoting accountability of both parties and the development of a positive health and safety culture, we have decided to create an Occupational Health and Safety Committee (CSST, in Spanish), pursuant to the Peruvian regulations into force, before incorporating this issue in any type of formal agreement with trade Unions¹⁰. **G4-LA8**

The CSST is a joint committee, since it is formed by an equal number of management and workforce representatives. Besides, it operates at the highest level, since it has the participation of the Unit Manager, the Health and Safety Program Manager, employees' representatives, etc. Thus 100% of our labor force is represented there. **G4-LA5**



Awards received for our occupational health and safety management

MINSUR

Award "Excelencia & Calidad" (Excellence & Quality) granted by La Positiva Vida, recognizing our commitment and efficiency at managing occupational risks in the several productive processes or our customers.

San Rafael MU

Plaque of Honor in the XVIII National Mining Safety Award organized by the Mining Safety Institute (ISEM) in the underground mining category, for having significantly reduced lost-time injuries, which places it in the second place of all underground mining operations in 2014.

Pucamarca MU

First place in the XVIII National Mining Safety Award, organized by ISEM, in the surface mining category, for having achieved zero accidents resulting in loss of days in 20014.

Pisco SPR

Special recognition in the XVIII National Mining Safety Award, in the smelter and refinery category, for having achieved zero accidents resulting in loss of days in 2014. The same record was achieved in 2007, 2011 and 2012. Our smelting plant is the safest in country with 19 years operating with no fatal accidents.



10. In Pucamarca MU there is no trade Union.

4_A culture of prevention and protection

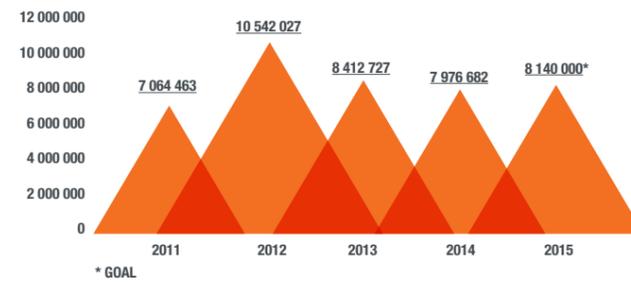
Our occupational health and safety management

Our safety performance

A constant factor in the results obtained in 2014 was exceeding our safety goals. Our main index, the Lost-Time Injury Frequency Rate (LTIFR) fell 67%, in comparison to the 2013 rate. Furthermore, despite having recorded 31 injuries¹¹, no fatal accident was produced in a total of 7'976,682 worked man-hours (WMH).

Even though we continued adopting measures, programs and supervision, we recorded five accidents that resulted in loss of days in San Rafael MU, related to falling loads, rocks, materials, power blocking and a traffic accident. Four of these accidents have evidenced that the procedures were misapplied, thus we are implementing the corresponding corrective measures to prevent them in the future.

Worked Man-Hours



Safety Indicators per operating unit in MINSUR G4-LA6

Operation	Unit	Lost-time injuries		LTIFR ^{1/}	
		2013	2014	2013	2014
Open-pit mine	Pucamarca	0	0	0	0
Smelting and refining plant	Pisco	1	0	1,7	0
Underground mine	San Rafael	14	5	2,3	0,9
Total		15	5	1,8	0,6

1. Lost-Time Injury Frequency Rate.

11. Out of these, 23 were reported in San Rafael MU. Moreover, the largest part (60%) were finger and hand accident, and 20% was related to material handling.

A constant factor in the results obtained in 2014 was exceeding our safety goals.

4_A culture of prevention and protection

Our occupational health and safety management

Our other two operating units ended the year with zero accidents that resulted in loss of days, achieving a leading performance in the Peruvian mining industry, in the open-pit and the smelting and refining categories. Particularly, Pucamarca MU has recorded four million worked man-hours without accidents resulting in loss of days in its second year of operations.

The reduction of accidents resulting in loss of days responds to a strengthened health and safety commitment and leadership in our operational units. Among the main actions behind the remarkable result in terms of LTIFR in 2014, we find the following:

- ▶ **Implementation of Rules for Life.** Tool aiming at producing zero harm to individuals, which is prepared based on the main recurring risks identified in the company, from which we established safe behaviors to prevent similar events. It is mandatory for our employees to meet them in our three units.
- ▶ **Safety Observers Program.** We have trained 200 employees (opinion leaders) as safety observers based on a specific list of safe behaviors (focused on preventing serious accidents) for each mining unit, and for each type of risk activities. 80% of safe behaviors have been achieved by the end of 2014.
- ▶ **Campaign to prevent injuries to fingers and hands.** It aimed at raising awareness among our employees on the importance of hand protection. It was conducted with the support of an external individual, who is physically impaired (has no arms), as a result of a work accident. He narrated how this accident changed his and his family's lives. Right to say "No". Aims at empowering the right of all employees to refuse to work under unsafe conditions, risking his/her life or other persons' lives when carrying out his/her duties.
- ▶ **"Work environment free of alcohol and drugs" campaigns.** Based on the policy established with this objective, which aims at raising awareness on their highly

harmful effects and the dependency they generate, affecting safety both in and out of work.

- ▶ **"Prevention of accidents caused by fatigue and sleepiness" campaigns.** Also based on a policy aiming at preventing accidents caused by this issue.

Report and investigation of high-potential events (HPE).

Through a Flash Report, high-potential events (HPE)¹² are recorded – including "near-accidents" and those outside the mining units. Corrective actions identified in the HPE investigations are quarterly monitored.

- ▶ **Preparation of health and safety management and operating standards.** Among them are the new safety requirements for light vehicles, implemented in 2014 (roll cages, wheel nut locking devices, use of wheel chocks, etc.); and road-safety improvements inside the mining property (safety walls, traffic-lights, signaling, etc.)

Furthermore, as mentioned in the former chapter, in 2014 we received the corresponding OHSAS re-certifications in San Rafael MU and Pisco SPR and certification in Pucamarca MU. To meet the re-certification requirements in San Rafael MU, we updated procedures; approved the new Occupational Health and Safety Regulations; and formed work teams to enforce them. At Pucamarca MU, obtaining the OHSAS certification meant strengthening our professional cadres, as well as planning the process monitoring and the follow-up of main activities.

Concerning Pisco SPR, we trained our employees at all levels and conveyed the corporate health and safety guidelines, besides enforcing strict compliance with domestic laws.



Process for recording and communicating accidents and incidents G4-LA6

In MINSUR we make sure that all incidents are investigated and recorded in the unit and in the corporate premises in Lima. The incident is communicated to the Unit's Health and Safety department, which prepares the Flash Report. The Report is sent to the Corporate Health and Safety Management. Depending on the level of the incident's potential consequence, the action plan of the incident's investigation is reviewed in Lima premises, with the participation of the Unit Manager, Corporate Health and Safety Manager and the Operation Manager.

The Mining Unit's Health and Safety Department is in charge of monitoring the action plan and, at the end of each quarter, the Corporate Health and Safety Manager and the Operation Manager review the action plans of high-potential incidents to verify that established actions are complied with.

If any contractor is involved in the incident, it is invited to participate in the review.

12. All undesired events that generate a real or potential permanent disabling injury, simple or multiple fatalities.



4_A culture of prevention and protection

Our occupational health and safety management

Occupational health performance

All work activities may generate potential risks to the employees' health. Mining companies are especially careful with this aspect, since –due to the nature of our activities– preventing and mitigating such risks are the foundations of our occupational health management actions.

In MINSUR the more widespread risks are the pneumoconiosis¹³ and the noise-induced hearing loss¹⁴. Employees with a higher risk are those carrying out underground tasks, and those exposed to noises above 85 decibels. **G4-LA7**

Some of the job positions posing risks, and for which we recorded a larger number of employees are: load operators, plant operators, heavy and light vehicle operators, multifunctional operators and helpers of the abovementioned.

Among the actions implemented in 2014 to counter such impacts are the following:

- ▶ Implementation of preventive programs, such as hearing, breathing and skin protection, alcohol and/or drugs monitoring and biological monitoring of heavy metals.
- ▶ Medical surveillance, by conducting at least three occupational medical examinations per employee (incorporation, annually and termination).
- ▶ Medical campaigns such as vaccination and awareness campaigns on health care, nutrition and healthy diet issues.
- ▶ Training on the correct use of personal protection equipment, first aids and Protocols to care for victims of poisoning with hazardous chemical substances.

Projecting health and safety by 2015

Performance of occupational health and safety management is a path of continuous improvement. That is why we already have established our priorities for the 2015 period:

- ▶ Implementing the best practices and road safety campaigns.
- ▶ Conducting an electrical safety audit.
- ▶ Implementing the leading training program on health and safety issues.
- ▶ Emphasizing actions to prevent finger and hand injuries.
- ▶ Reviewing the baseline Hazard Identification and Risk Assessment (IPERC, in Spanish) of our contractors.
- ▶ Reviewing the top ten risks from the point of view of health and safety in each mining unit, and establish control measures.
- ▶ Conduct an audit on the Staff transport System.
- ▶ Implementing safety measures for forklift operation.
- ▶ Basic tool for identifying task hazards.

13. It is a group of lung diseases produced by dust inhalation and, more frequently, the consequent settling of solid inorganic residues.
14. Partial loss of hearing capacity.

Professional activities with higher impact or risk of specific diseases **G4-LA7**

MU / Contractor	Job	Number
UM San Rafael		560
MINSUR		235
	Blaster	46
	Heavy machinery operator	88
	Plant Operator	81
	Welder	9
	Electrician and powerhouse operator	11
AESA^{1/}		198
	Electricians	19
	Welders	6
	Driller and helper	59
	Broiler Operators	2
	Scoop operator and helper	41
	Jumbo operator and helper	45
	Mechanic / Technician and helper	26
Explomin^{2/}		47
	Diamond driller	18
	Diamond driller helper	29
Opemip^{3/}		80
	Light and heavy vehicle operator	59
	Floor staff, watchers controllers	9
	Heavy machinery operator	12
Pucamarca MU		208
	Multifunctional mine operators (MINSUR S.A.)	66
	Multifunctional plant technicians (MINSUR S.A.)	39
	Chemical lab technicians (SGS)	20
	Metallurgical lab technicians (EMC)	10
	Surveillance staff in ADR plant (JV Resguardo)	9
	Welders (MINSUR S.A.)	6
	Maintenance mechanical technicians (MINSUR S.A.)	32
	Blasting staff (EXSA).	9
	Heavy equipment maintenance staff (Ferreyros)	11
	Tire maintenance staff (NEUMA Perú)	6
Pisco SPR		129
	Smelter operators	30
	Refinery operators	32
	PSP Operators	30
	Mechanics	23
	Electricians	14

1/ Company specialized in providing mine site exploration, development, preparation and exploitation services, as well as managing mining operations.

2/ Company mainly providing drilling and geotechnical services.

3/ Company devoted to construction and maintenance in the mining field, among others.

5 Responsible for preserving our resources

Our environmental
management



We
conduct
our mining
activities responsibly
managing natural and
productive resources,
using friendly technologies, with
permanent environmental monitoring
and promoting a culture of environmental
preservation among our employees and
neighboring communities.

5_ Responsible for preserving our resources

Our environmental management

Our EMS is characterized by its strict standards, which abide by domestic and international laws into force, and the commitments assumed in the environmental management instruments of each one of our operations. Furthermore, we strictly comply with the established monitoring and supervision mechanisms, raising awareness among the population and our employees in environmental care and aiming at creating ecological awareness.

Environmental management approach

Our operations' sustainability is strongly linked to prioritizing the environmental protection of their areas of influence. Environmental responsibility is implemented throughout the life cycle of our mining activities. The EMS pillars are fundamental elements for planning mining activities and their interrelations with our stakeholders.

Another principle on which our environmental management is based, and a benchmark to establish environmental objectives, is the SHESR policy, an essential tool guiding our actions and for us to contribute to sustainable development.

Furthermore, we have a Corporate SHESR Manual, which states the operational and management environmental standards that apply to our operations and projects, as it may correspond. Operational standards refer to environmental protection, while management standards are directly linked to the ISO 14001:2004 international standard.

To monitor environmental management we use the Environmental Performance Indicators (EPI) applied to all operating and environmental management activities, such as inspections, trainings, environmental incidents, legal

requirement enforcement, environmental commitments, housekeeping, among others. The EPI allow:

- Establishing actions to prevent and correct environmental impacts.
- Establishing new environmental objectives.
- Identifying improvement opportunities.
- Strengthening controls to mitigate environmental impacts.

Our environmental standards

1. Identification and assessment of environmental aspects.
2. Environmental Management Plan.
3. Environmental management of mining exploration.
4. Protection of archaeological remains.
5. Environmental management of contractors.
6. Solid waste management.
7. Flora and fauna protection.
8. Waste management.
9. Tailings management.
10. Sediment management.
11. Management of chemical substances.
12. Hydrocarbon management.
13. Quarry management.
14. Environmental monitoring Protocol.
15. Mine rehabilitation and closure.
16. Communication, participation and consultation.
17. Investigation of environmental incidents.
18. Environmental performance indicators (EPI).
19. Environmental emergency plan.
20. Environmental Supervision and Control.

Pillars of our environmental management



5_ Responsible for preserving our resources

Our environmental management

Regarding the engagement of our employees in our environmental management approach, we implemented the Program for Promotion and Strengthening of Good Environmental Practices, which consist of monthly trainings on the operations' environmental issues for employees as well as contractors. Each department has a monthly program that progressively addresses the issue, according to subjects of interest or specific needs.

Compliance [G4-EN29](#)

Based on our environmental management approach, we consider compliance as an essential aspect for environmental protection and to organize our productive activities. In this regard, since the third quarter of 2013 to the end of 2014, we have received 37 licenses from state authorities for our operating units in Peru, and other 16 licenses that will allow us continuing exploring and expanding our units' production capacity.

In 2014, we achieved our environmental objectives and goals on aspects such as water resources, effluent dumping, solid waste management, chemical substance management, among others. Moreover, environmental procedures are

In 2014, we achieved our environmental objectives and goals on aspects such as water resources, effluent dumping, solid waste management, chemical substance management, among others.

Our environmental management instruments

In 2014, we presented to the competent authority our Solid Waste Management Plan to be implemented in such period, including the Waste Minimization Plan, which aims at reducing environmental impacts implementing the 3R: "Reduce, Reuse, Recycle".

Initiatives to be developed are:

- ▶ Waste reduction in the generation source.
- ▶ Recycling of printer ink cartridges.
- ▶ Reusing materials (duplex or two-sided printing)
- ▶ Reusing containers of chemical products.
- ▶ Collecting recyclable materials, such as plastic.

audited annually, both internally and externally, in each productive process, including supporting processes.

Furthermore, complying with the domestic law, all our operations have Environmental Management Plans, approved by the competent authority in the environmental management instruments. Such plans identify potential impacts, risks and environmental hazards for each one of them, protecting the local environment.

In 2014, we also implemented environmental monitoring plans for effluents, emissions and waste, submitting periodical reports to the competent authority. Moreover, we submit quarterly monitoring reports on water and air quality and emissions, and we monthly submit the reports on hazardous waste management to the General Direction of Mining Environmental Affairs of MINEM. It is worth indicating that we

Environmental investment in 2014, per operating unit [G4-EN31](#)

Field	Operating Units (US\$ thousand)		
	Pucamarca MU	San Rafael MU	Pisco SPR
Waste treatment, emission treatment and restoration costs ^{1/}	251,18	254,69	20,00
Prevention and environmental management costs ^{2/}	1 012,53	1 117,14	101,82
Total	1 263,72	1 371,83	121,82

1/ Including waste treatment and disposal, emission treatment, investment in maintenance pursuant to the environmental management plan, among others.

2/ They are related to environmental education and training, investigation and development, external certification of management systems, among others.

Licenses per operating unit or project (IV quarter of 2013 – December de 2014)

Operating Unit	N° of licenses
San Rafael MU	18
Pucamarca MU	18
Pisco SPR	1
Total	37

Environmental Certifications

Operating Unit	Initial certification	Valid Certification
San Rafael	2006	to 2015
Pucamarca	2014	to 2017
Pisco	2002	to 2017



conduct biodiversity monitoring in the mining units, in charge of specialized companies, which observed flora and fauna of our areas of influence.

During the same period, the Agency for Environmental Assessment and Enforcement (OEFA) conducted the environmental supervision of our operations, identifying certain findings that were appropriately and timely taken care of. From the experiences gathered from such findings, we have been able to restructure and improve emergency and environmental management plans, adopting corrective measures to address the observed environmental impacts, without exempting ourselves from the paying S/. 399.000 for fines related to the enforcement of environmental law. **G4-EN29**

Only two environmental complaints were recorded in 2014 –both in Pucamarca MU- which were addressed and solved by formal complaint mechanisms. The first one is related to the complaint filed by the Palca Peasant Community, which indicated that the vehicles driving on the nearby roads were producing dust, which fell down over their crops and houses. To address this we mitigated the impact applying bischofite in the roads for dust suppression and road stability. The second one was filed by the Peasant Community Alto Peru, which pointed out that the mining blast dust was reaching their houses because of the wind. To counter this

mistaken perception, we had an informative talk with the community authorities, showing them technical data, such as the wind direction, the number of blasts per month and the particle suspension time, proving that there were no negative impacts. This information was replicated by the authorities in the Community meeting. **G4-EN34**

Water resources management **G4-EN9**

Our water resources management is conducted under a premise of respect and preservation of the local water sources. The EMS prioritizes water recirculation, choosing to efficiently use the resource, responsibly disposing effluents, and improving water-processing facilities.

Water sources used by our mining units are not in a protected natural area, and have not been significantly affected by the water withdrawal for our operations.

San Rafael MU withdraws surface water from small lakes and snowmelts, and filtrations of the water from Larancota stream and Suyrococha Lake. It has licenses to use water for mining and population purposes.

Pucamarca MU operations use underground water from the Azufre river sub-basin, which flows to Chilean territory, and which

Status of findings of environmental supervision by the OEFA

Mining Unit	N° of findings	Status
San Rafael	6	2 solved 4 in progress of being solved
Pucamarca	1	Solved
Pisco	3	Solved

Withdrawal from water sources **G4-EN8**

Source	Volume (thousands of m3/year)		
	San Rafael MU	Pucamarca MU	Pisco SPR
Surface water	265.31	N.A.	N.A.
Underground water	3'863.79	305.78	245.82
Total	4'129.10	305.78	245.82

N.A. Not applicable

Reused water **G4-EN10**

Source	Volume (thousands of m3/year)		
	San Rafael MU	Pucamarca MU	Pisco SPR
Reused water	1,526.34	247.79	27.83
Percentage of reused water in relation to the withdrawn water	37%	81%	11.3%

5_ Responsible for preserving our resources

Our environmental management

water is not suitable for human consumption or for livestock breeding activities. It is important to highlight that the unit does not use water from Uchusuma canal, or the Caplina basin, which supply water for Tacna city. Pisco SPR uses water from drains and wells located in our concession for domestic and industrial use.

Surface and/or underground water sources used for our operations, for industrial or domestic use have the corresponding authorizations, and have not been significantly affected due to water withdrawal. **G4-EN9**

One of our main achievements is reusing industrial water in our processes, thus we do not need large amounts of local sources. Furthermore, as we mentioned before, part of the treated domestic water is used in other irrigation activities.

In addition, we provide periodical maintenance to the water channeling and storing infrastructure to prevent losses in the process. We have established a Water Committee in the units, which assesses water availability and determines measures for its proper use. Thus, water-use efficiency is one of our management's priorities.

In 2015 we will aim at conducting more monitoring activities and measuring water consumption levels for industrial use, as well as continuing optimizing treated water recirculation.

Effluent and waste management

Effluent and waste management is very important for the Environmental Management Plan that exists in each one of our operations. These components are remains of units' productive processes, and thus they have to receive an appropriate treatment to meet the maximum allowable limits (MAL), environmental quality standards, and/or so that they are disposed in locations established by the competent authority, as it may correspond.

In this regard, we have two types of effluents: industrial water effluents and domestic water effluents. Industrial water effluents reached 6.2 million m³ and domestic water effluents, 131 000 m³ in 2014.

In 2014, San Rafael MU acquired a new domestic wastewater treatment plant, located in Cumani Camp, which operates with active sludge technology that ensures the good quality of discharge to the receptor body. Besides, there is a daily control and an effluent-quality monitoring network approved by MINEM. We also make a water balance to confirm current conditions and assess its availability for the processes.

The Pucamarca MU also acquired a domestic wastewater treatment plant with active sludge technology, located in Timpure Camp. Water used by the unit is totally recycled, in a modern closed circuit, with no effluents to the environment, thus its consumption is optimized.

In Pisco SPR, wastewater is recycled to the production processes, with zero effluents. Domestic wastewater is treated and then used for irrigation of forested areas, maintaining the living fence in the vicinity of the plant. It is also used for irrigation of eight hectares of olive, which oil is used for internal consumption.

Moreover, we have very strict procedures for the treatment of hazardous and non hazardous waste in our operations. Each

Effluents (Thousand m³) **G4-EN22**

Effluents	San Rafael MU	Pucamarca MU ^{1/}	Pisco SPR	Total
Industrial effluents	6,221.66	0	0	6,221.66
Domestic effluents	122.99	0	7.94	130.92

1/ Domestic treated water of Timpure Camp is used to irrigate the camp's green areas.

Hazardous waste **G4-EN23**

Treatment method	San Rafael MU	Pucamarca MU ^{1/}	Pisco SPR	Total
Reuse (t)	N.A.	N.A.	13,510	13,510
Recycling (t)	104.68	41.38	12,689	12,835
Final disposal in security landfill (t)	610.49	51.89	145,882	
Others (t)	N.A.	N.A.	328,449	328,449

N.A. Not applicable.

Non-hazardous waste **G4-EN23**

Método de tratamiento	San Rafael MU	Pucamarca MU ^{1/}	Pisco SPR	Total
Reuse (t)	35,945	N.A.	N.A.	35,945
Recycling (t)	N.A.	17,259	N.A.	17,259
Composting (t)	N.A.	11	N.A.	11
Landfill outside the unit (t)	N.A.	101	N.A.	101
Landfill inside the unit (t)	291,402	N.A.	0.63	291,402
Others (t)	112,136	N.A.	1.6	112,138

N.A. Not applicable.

5_ Responsible for preserving our resources

Our environmental management

type of waste is treated with a specific method, following several steps for its disposal, reuse or recycling. Slag is reused, and oil is recycled. Other hazardous waste disposed in security landfills: used batteries, waste sludge, paint container, used tires, among others.

Non-hazardous waste we generate is reused or recycled, disposed for composting or in a specific landfill. Some reused materials are timber, metal and plastic. Other recycled materials are cardboard, plastic, scrap metal and geomembrane. Domestic waste is transported to a landfill outside the operating units.

Regarding waste treatment, San Rafael MU started operating the solid waste landfill in 2014, which EIA was approved in 2013. Furthermore, we applied the Environmental Management Plan to increase the concentrator plant's capacity from 2,700 MTD to 2,900 MTD, and the Larancota waste dump 2, which means using more infrastructure to segregate waste and monitor noise and particulate matter emissions.

It is worth mentioning that in 2014 no significant spill has been produced in our operations. In the event of any spill, we have emergency plans and mitigation measure to address any environmental contingency. **G4-EN24**



Chemical substance management

Our chemical substance management procedures are very strict, with the following initiatives in 2014:

- ▶ Operating standard to handle chemical substances.
- ▶ Emergency kit for spills.
- ▶ Implementation of forms to report spill-related environmental incidents.
- ▶ Environmental incident classification by environmental impact seriousness.

Solid Waste Management Plan

It establishes activities to minimize, reuse and recycle waste, among which are:

- ▶ Talks on solid waste segregation.
- ▶ Implementation of segregation stations, with colored bins and information banner.
- ▶ Implementation of temporary solid waste storage.
- ▶ Better management of reusable waste, so that it is later reused or recycled.

Material management

Materials procurement is the result of a thorough process, in which we consider technical, economic and environmental aspects, pursuant to our environmental standards. In our operations, we use resources with a sustainability approach, observed both by our employees and contractors.

Materials used per weight **G4-EN1**

Type of material	Name	Weight (kg)	Description
Renewable	Pallets	13,650	The load is placed in the pallets, and thus supplies are prepared to be sent to the mining unit
Not renewable	Strapping	31	Used to secure supplies on pallets to prevent they fall when being transported to the mining unit.
	Stretch film	501	Used to pack supplies on the pallets to prevent they fall when being transported to the mining unit.
	Tapes	18	Multipurpose adhesive tape.
	Labels	28	Materials used to label supplies.

Ore transport from San Rafael MU

G4-EN30

The ore produced is transported by land to the Pisco SPR. We have a Contingency Plan for Transport, which addresses any accident along the way. In addition, our suppliers, responsible for ore transportation, have their own procedures on transport safety and environmental protection.

We also comply with the Regulations for Land Transportation of Hazardous materials and waste, which involves vehicle safety signaling, operability verification, a special driver's license, among others.

It is worth mentioning that the vehicles are subject to a check-list inspection, every time they leave San Rafael MU to go to the plant. Thus, the driver's integrity is protected, and the appropriate transport protection mechanisms are applied.



5_ Responsible for preserving our resources

Our environmental management

Energy and emission management

Our continuous efforts to reach energy-efficiency encourage us to study its processes, finding out aspects in which some sort of reduction can be achieved. This priority is in line with our environmental management approach, which aims at environmental care and protection.

It is worth mentioning that since 2013, energy consumption has increased, because Pucamarca MU started operations. Nevertheless, we are implementing initiatives aiming at reducing energy consumption in this and other units.

So, we have installed a speed shifter 1,250 HP in Pump A leaching in Pucamarca MU, which resulted in savings for 259,200 MJ. Furthermore, we monthly control KWh/MT crushed and KWh/MT dore bar ratios. We also implemented the air electric network in 13.2 KW for the camp, and a speed shifter to remove recirculation out of the leaching process.

On the other hand, in the Pisco SPR we are trying the use of LED lamps, and magnetic induction, aiming at having lights of the same quality but with lower power consumption.

G4-EN6

Periodical and permanent environmental monitoring allows verifying the appropriate air quality status in the area around the plant, meeting the MAL pursuant to Peruvian laws.

Regarding emissions, atmosphere emissions are constantly measured in the Pisco SPR. The main reported emission is particulate matter.

In this regard, each one of the three chimneys (smelting, refining and sub products) of the plant is preceded by a bag-house system, comprised by two compartments of 360 special fabric bags each. These collection systems allow capturing dust from processes in which filtered gas is involved. Another control mechanism is the periodical maintenance program to industrial processes and, specially, to chimney gas emission monitoring system.

Periodical and permanent environmental monitoring allows verifying the appropriate air quality status in the area around the plant, meeting the MAL pursuant to Peruvian laws. Besides, meters used to monitor SO₂ and particulate matter are periodically calibrated, thus ensuring reliable measures and those done by third parties.

Energy consumption **G4-EN3**

Type of material	Annual average (thousands of kWh)
San Rafael MU	11,878
Pucamarca MU ^{1/}	1,469
Pisco SPR	2,202
Total	15,549

Types of energy consumed (Thousand kWh) **G4-EN3**

Type	San Rafael MU	Pucamarca MU	Pisco SPR	Total
Electric power consumption	142,539	17,629	26,489	186,657
Heating consumption	432	135	-	359

Fuel from non-renewable sources **G4-EN3**

Type	San Rafael MU	Pucamarca MU	Pisco SPR ^{1/}
Diesel 2 (thousand gallons)	1,728	3	4
Natural gas (thousand m ³)	0	0	6,772

1/ Levels of fuel used only for electric power generation.

Air emissions recorded in Pisco SPR **G4-EN21**

Emissions	Level
Nitrogen Oxide (NOX)	-
Sulfur Oxide (SOX)	0.02 MT/day
Persistent organic pollutants	None
Volatile organic compounds	None
Hazardous air pollutants	None
Particulate matter	26.65 mg/m ³
Others	-



5_ Responsible for preserving our resources

Our environmental management

We design and build thinking in the mine closure, aware that good planning can lead to a more efficient use of resources when the mine reaches its final operation stage.

Mine closure planning **MM10**

We design and build thinking in the mine closure, aware that good planning can lead to a more efficient use of resources when the mine reaches its final operation stage. So, we comply with the laws into force when carrying out several activities within the framework of our operations' mine closure plans, aiming at mitigating impacts we generate and rehabilitating the operation area to its prior situation.

In the San Rafael MU, even though there are enough reserves to guarantee the mining activity for at least five more years, regardless of the ore resources to be explored, in 2014 the Mine Closure Plan was approved, updating the mining components and closure management. Furthermore, we made the First Amendment to the Mine Closure Plan to include a new component, the landfill, which was approved in August 2014. Currently, we are preparing the Second Amendment to the Mine Closure Plan, which corresponds to the "Second Amendment to the Environmental Impact Study – Tailings Dam Bofedal III to build the Larancota Waste Dump".

Besides, the Update on the Pucamarca MU Closure Plan was approved. It includes new mining components approved by MINEM. Furthermore, we presented the 2014 semi-annual reports to the competent authority, which describe the closure activities carried out. Final closure activities are planned to start in 2022.

On the other hand, the Pisco SPR has a Final Closure Plan for slag transportation to San Rafael MU and sales, which was updated in 2013.

6

In harmony with our community

Our social management

A close-up photograph of a young woman with a warm smile, wearing a traditional dark blue conical hat with white embroidery and a red turtleneck sweater. Her hair is styled in two braids. The background is a blurred outdoor setting with wooden structures. The image is framed by purple and grey geometric shapes.

We aim at maintaining trust relationships with neighboring communities through an open and permanent interaction, based on respect and social value generation.

6_In harmony with our community

Our social management

Trust relationships with neighboring communities through environmental conservation, permanent communication and social investment towards sustainable development, are premises supporting our social management. This strand translates in several initiatives of positive impact at a social, economic and environmental level, such as livestock breeding programs, water infrastructure, sanitation, education, health and connectivity, among others. So, we deploy our activities in a socially responsible manner, based on our institutional values and the best international practices.

Social management approach

Our world-class mining operations are accompanied by sustainable value generation in their surrounding communities. Thus, we adjust the best international practices on corporate social responsibility, promoting stable, peaceful and long-lasting relationships with our stakeholders.

Our SHESR policy establishes specific social responsibility commitments:

- ▶ Promoting transparent dialogue with stakeholders of our areas of influence, respecting their traditions and customs, maintaining a permanent relationship of mutual respect and trust.
- ▶ Contributing to sustainable development of communities in our areas of influence, as development managers and facilitators.

At the same time, we promote a responsible social investment model, assessing the main needs of neighboring communities, promoting programs and projects of local significance, through strategic alliances with public and/or private entities to incorporate them to these initiatives. Besides, our approach is through optimization of all type of resources, from financial to logistical resources, thus promoting efficiency also in all social management activities, and not only in operating and productive ones.

Our world-class mining operations are accompanied by sustainable value generation in their surrounding communities.

Our social strategy focuses in four investment lines:

- ▶ **Infrastructure:** We plan to develop public-private alliances to conduct significant infrastructure works and to participate in the Work for tax mechanisms (WxT).
- ▶ **Health and nutrition:** We plan to implement a program directly impacting on care for diseases directly attacking the local population, especially children, such as chronic malnutrition and anemia.
- ▶ **Education:** Education initiatives aim at improving employability, competitiveness and entrepreneurship for the residents of the area of influence.
- ▶ **Sustainable productive projects:** We develop projects enabling people in the area of influence to generate income, by contributing to their articulation in the market.



6_In harmony with our community

Our social management

Effective relationships

Our priorities, in terms of effective relationships focus on maintaining continuous dialogue with the communities, valuing the feedback provided by the population. So, in our Corporate Code of Ethics and Conduct:

- ▶ We recognize our responsibility and active positive role at supporting a fair, decent and sustainable society.
- ▶ We promote open business, labor and human relationships with all social actors, both individual and organized, of our areas of influence, within a framework of respect and mutual benefit.

- ▶ We do not want our companies to replace the State, though we are sensitive to particular situations or our environment's vulnerability.
- ▶ We recognize our supplementary role to the State, as development promoting agents.
- ▶ We respect ethnical, religious and cultural diversity, traditions and values of peoples with which we interact.
- ▶ We act in a socially responsible way, within the scope of the law, customs and traditions of the areas where we operate, contributing to sustainable development.

Regardless of the development of social programs and projects, we participate in several local activities, promoting integration with the population, acknowledging the traditions of the area, and contributing to finding solutions for identified problems. In all our operations, we get involved in local festivities because we consider that we are part of our community. Moreover, we are part of campaigns related to specific festivities, notwithstanding other specific initiatives we have promoted, or we have been invited to participate in, to foster a participatory culture. **G4-S01**

From San Rafael MU

In 2014 we have opened dialogue spaces in Antauta and Ajoyani districts, to create better communicational channels. As a result of such openness, Sustainable Development Agreements of Ajoyani district were signed, and a Committee for the development of the Antauta basin, its areas and neighborhoods, was created. In this latter case, beneficiaries have been identified based on an updated Diagnose and Strategic Planning of Antauta basin development, which is part of the Committee's agreements, together with the development of a safe drinking water project in Antauta city, and implementation of training courses.

From dialogue to development: Ajoyani agreements

In January 2014 a space for development was created aiming at promoting agreements to take care of prioritized needs in Ajoyani-Puno: Ajoyani Round Table for sustainable development of the District.

After six months of work, interests behind each party's positions met to leverage agreements. Led by the district's mayor, and comprised by two Council members, the president of the rural self-defense groups (Rondas Campesinas), presidents of the communities, the governor, a representative of the Ombudsman office, among others, this space allowed identifying initiatives, grouping and formalizing them within an agreement on: i) local employment and service promotion; ii) training; iii) productive development projects; and iv) complementary activities. A representative of the Presidency of the Council of Ministers was the mediator.

To monitor the agreements, a Monitoring Committee for Ajoyani Development Agreements was formed.



6_In harmony with our community

Our social management

From Pucamarca MU

We have established an Environmental Monitoring and Oversight Committee, based on the commitments assumed in the EIA. The main concern of the stakeholders was water pollution and impacts on Uchusuma canal's water volume and quality, which is the main canal of Tacna province. Thus, as part of the Participatory Environmental Monitoring Program, we conduct quarterly surface water monitoring in five locations, with the participation of our stakeholders, which conclusions and recommendations are published and communicated in a quarterly report.

Besides, we have formed a Social Management Committee based on the Social Support and Sustainable Development Agreement signed with Palca and Vilavilani communities, to coordinate development studies and projects in such areas. The Committee is formed by three members of the company and three of the community.

From Pisco SPR

We have actively participated in several multisectoral trainings of local interest, and have been part of supporting committees against violence towards children, with the Regional Coordinator of DEMUNAS (Municipal entities defending the right of children and adolescents).

Effective communication

Our communication and relationship plan prioritizes personal interaction spaces, such as informative workshops, visits to stakeholders, guided tours to the units and service hours in the premises to provide information.

Communication workshops are programed and systematic. For instance, in 2014 we reached about 200 local and regional stakeholders in Tacna. Moreover, we made several guided tours to San Rafael MU and Pucamarca MU, mainly by request of specific stakeholders, such as authorities or local leaders. Our customized visits target stakeholders that are considered highly important, according to the situation or specific prioritization in the stakeholder mapping.

Recognition for our social management

In March 2014, Pisco SPR received a medal and recognition by the District Municipality of Paracas, awarding and thanking the contribution of entities providing social support for the district's development. We were one of the three companies that received such award in the entire Pisco province.

We were also awarded in 2014 in the Award Ceremony to Companies and Civil Society Organizations, as one the companies implementing permanent initiatives and programs in favor of education. This award aims at strengthening bonds of cooperation and articulation with educational policies towards 2016.



6_In harmony with our community

Our social management

Complaint and grievance procedures

Our Complaint and Grievance Management Procedure states that any person or stakeholder may present a complaint or grievance through any of the information channels provided by the company. We aim at developing formal mechanisms to collect these concerns, to know the main concerns or disagreements by the population, and solve them early. This is complemented by a permanent context assessment to identify potential risk situations, before they become formal complaints.

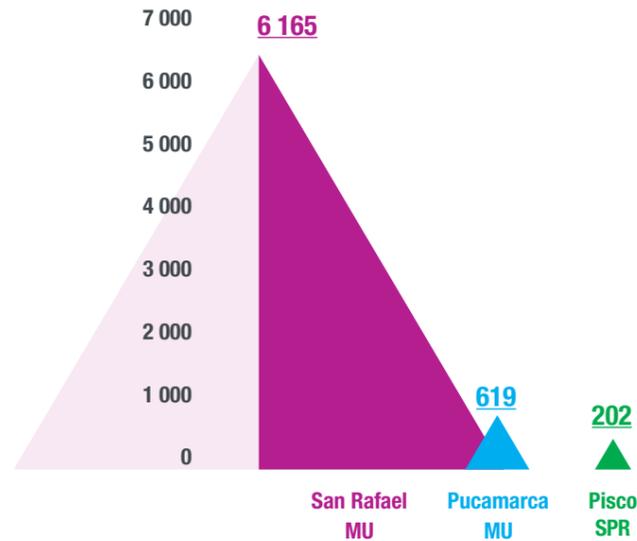
Complaints and grievances shall be filed, either orally or in writing, to the members of our Community Relations Team. Once received, they are recorded in the area's management system, generating a registration code, since we have a Digital Record. Then, the Complaint and Grievance Registration form is filled to determine if it is valid or not. If it is admitted, it will be processed to determine the right way to solve it, previously visiting the complaint area. We monitor each complaint or grievance to guarantee that the required actions are implemented for its definitive closure.

If any person lacks the means to go to this office in person, they may also send them through our Social Management team, which treats the received information seriously.

Only San Rafael MU recorded three complaints about other social impacts related to employment issues –contract termination and expansion of job vacancies-; financial issues, such as the drinking water project for Antauta; and a framework convention we have entered into has produced discrepancies with the community in 2014. In these cases, we decided to implement a Procedure for Local Employment Promotion, to set spaces for dialogue, and to sign cooperation agreements, as mechanisms to solve these disagreements, correspondingly.

G4-SO11

MINSUR social investment in 2014
(S/. thousand)



Investment for a better quality of life

Implemented social investment meets a shared vision of sustainable development, and originated from the assessment of priority needs of communities in our area of influence, as well as from the processes by which relationships are established with local stakeholders. Moreover, it focuses on four investment lines that are part of our social management approach.

In 2014, we made an investment of more than S/. 6.9 million –including the balances of the Voluntary Contribution Fund.

In the same period we implemented several social programs and projects highly valuable for the population, which main scope is described below.

Implemented social investment meets a shared vision of sustainable development, and originated from the assessment of priority needs of communities in our area of influence, as well as from the processes by which relationships are established with local stakeholders.



6_In harmony with our community

Our social management

Social Programs in San Rafael MU

Technical-productive improvement of the livestock breeding activity has marked the main social initiatives in San Rafael MU, responding to the development expectations in its area of influence.

However, we have also developed programs for education and health and nutrition improvement, which aim at contributing to increasing the populations' quality of life.

Achievements for livestock development in San Rafael MU's area of influence **G4-SO1**

- ▶ **1,361 families devoted to livestock activities** have been trained and received technical assistance, improving their livestock breeding practices and thus increasing their revenues.
- ▶ **1,361 families have improved breeding conditions of their alpaca**, sheep and cattle herds, thanks to an increased availability of water and pastures, and the implementation of the best livestock management practices. These best practices include genetic improvements.
- ▶ **4,000 hectares of natural pastures are being recovered**, and are managed by farmers, thanks to fences built and pastures installed, which enable producing 20 thousand tons of green fodder.

Social programs in San Rafael MU **G4-SO1**

Investment lines	Programs	Description
SUSTAINABLE PRODUCTIVE PROJECTS	Livestock fences project	Implementation of mesh fences to handle cattle, contributing to increasing natural and cultivated pasture production in 22 areas of the Antauta district.
	Livestock development project -PRO GANADERO (Pro-Farmer)	Development of technical-productive, commercial and institutional capacities of the livestock breeding sector in Antauta and Ajoyani districts, benefitting 1,361 families of breeders, 34 productive organizations, and two local governments. Several activities for irrigation of natural and cultivated pastures are implemented, as well as actions to genetically improve cattle, animal health campaigns, and enhancements in animal diet. Cattle improvements have even allow us to enter a new stage of a great economic value: Textile design. We are working to create new yarn with specialized technical assistance. There is already an international demand. Furthermore, this type of projects, implemented by women has contributed to improve their self-esteem and level of personal and family empowerment.
	"Sierra Productiva" program (Productive Highlands)	It contributes to increase the population's income through organic garden, animal breeding and improved stove projects, among others, benefitting 110 families of Ajoyani district.
EDUCATION	Improvement of educational quality program	It develops a comprehensive approach of educational quality, improving teaching skills, educational management skills and increasing school performance. For this purpose, we work with three Educational Management Units (UGEL) in Carabaya and Melgar, benefitting 1,364 students, 57 teachers, 23 principals and 400 parents. Trainings for students, teachers and principals on educational management have been implemented, as well as activities to promote reading, and supporting booklets per grade.
	Scholarship Program	58 scholarships were granted to pursue higher technical studies in CETEMIN and SENATI.
HEALTH AND NUTRITION	"Casitas Calientes" Program (Warm Houses)	Implementation of a solar heating system (Trombe wall), improved stoves and an insulation system for roof, windows and doors, benefitting 210 families of Ajoyani district. It is important to highlight that improved stoves prevent smoke from being inhaled by the home residents, which –especially for children- helps absorbing iron better and, thus, helps improving nutritional levels.



6_In harmony with our community

Our social management

Social programs in the Pucamarca MU

Initiatives to promote agricultural and livestock production, and productive training in the area, have responded to local interests in the area of influence of Pucamarca MU. In addition, training programs and projects were conducted on management and leadership, as well as on community management and development.

Similar to the other operations, we conducted health campaigns to promote health care for people with difficulties to access quality and/or specialized services.

Expected achievements in relation to the oregano production chain strengthening in Pucamarca MU's area of influence **G4-SO1**

- ▶ **110% income increase** for selling oregano to differentiated markets identified during the intervention.
- ▶ **30% of oregano production increase** (ha/year) in the intervention scope.
- ▶ **60 farmers trained**, who use fertilizing and oregano crop management practices.
- ▶ **1 commercial agreement** with a marketing company to channel the produced supply.
- ▶ **30 MT jointly traded.**
- ▶ **120 technical assistance courses** on fertilizing techniques, oregano management, harvesting techniques and post-harvesting issues.



Social Programs in Pucamarca MU **G4-SO1**

Investment lines	Programs	Description
	Plan for concerted development of Palca peasant community	We have contributed to creating and developing a plan that will benefit 120 community members, allowing investment planning for community development. It was informed to the population, and local and regional authorities, and it was formally presented in the Palca District Municipality. Besides, the Social Management Committee of Palca community was engaged in the prioritization of selected projects.
SUSTAINABLE PRODUCTIVE PROJECTS	Strengthening Oregano Production Chain	It promotes oregano production with a comprehensive approach of the production chain, providing technical assistance to and strengthening organizational capacities of 80 farmers in Vilavani. With this purpose, oregano crops of beneficiaries were fertilized, and technical assistance was provided for management and harvesting. Besides, a business agreement was signed to establish and organized process of sale.
	Strategic Alliance Proposal to strengthen job skills	It aims at improving job skills to incorporate young people in the national market. Sodexo, Asociación Sodexo and MINSUR joint for this proposal in order to benefit ten young persons from Tacna with scholarships to study hotel management and cooking (cooking assistant) in the Sodexo Training Center in Arequipa. Beneficiaries are selected through entrance exams.
EDUCATION	Strengthening Local Leaders skills	Workshops to strengthen decision-making capacities of 33 local leaders were conducted - jointly with MIM Perú- on public, local and community investment forums. A prior diagnose on the needs was carried out to afterwards preparing the training workshops. Besides, citizen dialogues were announced, as well as advisory meetings with local leaders.
HEALTH AND NUTRITION	Health campaigns	Aim at making it easier for the population to get general and specialized health care, dental care, eye care, with about 300 beneficiaries from three neighboring communities. 52 pairs of glasses were donated in Ataspaca, Palca and Vilavani communities.

6_In harmony with our community

Our social management

Social programs in the Pisco SPR

We aim at strengthening the population capacities and skills, through several programs focused on education, the rights of children and adolescents, and enhancement of parenting strategies. At the same time, we implement production development projects aiming at improving employability of participants, either enhancing production techniques or providing new knowledge.



Social programs in the Pisco Smelting Plant and Refinery **G4-SO1**

Investment lines	Programs	Description
Socio Economic Development Project for vulnerable populations	Handicraft workshop “Sumaq Maqui” for Vulnerable Populations	Provides technical and social promotion training to the workshop participants, having 23 people with different skills. Trainings on bijouterie, painting techniques and informatics have been conducted.
	Strengthening the Project “Treating children well”	It strengthens initiatives of private and state institutions focused on protecting children’s rights, in coordination with DEMUNA.
Strengthening social skills of students with high academic performance	ADONAI Educational Project	It aims at complementing the academic development of 26 students of the project, through entertaining methodologies that will allow them incorporating new comprehensive skills in Pisco province.
	Hard plastic caps recycling campaigns	Promoting the participation of 4 entities of the province.
Good Environmental Practices Project	“Divertillantas”	Facility with recycled tires and a perimeter fence around TiNis made of recycled wood in the Children Magical Forest of Santa Cruz de Paracas; promoting the collective participation of parents, students and teachers.
	Talks for environmental awareness	And donation of swivel cylinders for solid waste disposal, with 300 beneficiaries.
Promotion of Local Employment		The plant’s workforce is monitored to guarantee an optimal percentage of local residents. Furthermore, training courses on basic welding are provided to increase the participants’ level of employability.
Training to parents		Provides training on parenting strategies, emotional intelligence, and rights and duties of children, with approximately 500 beneficiaries of local educational institutions.
Reading Skills project “Leer es Estar Adelante” (Reading is to be ahead)		Aims at increasing the reading comprehension level of sixth-grade students of 16 educational institutions of the area, through training sessions for teachers, accompanying sessions and program monitoring.

7

Talent for sustainability

Our human management



MINSUR keeps growing and making progress as a leading mining company across the nation and worldwide. Nowadays the company has more than 1000 employees and this number will grow, as new projects and operations will be developed.

7_Talent for sustainability

Our human management

Our human management strategy in 2014 has been led to start strengthening a meritocratic culture, based on a competency model that is hand in hand with our employees' alignment to our values, mainly safety. Therefore, we have prioritized three significant aspects:

- ▶ **Performance**, as the confluence of objective achievement (what) and leadership development (how). So, our employees are assessed not only for their achievements, but also for how they achieve them.
- ▶ **Attraction and retention**, similarly linked to meritocracy, the cross-cutting axis of our human management. Selection of our employees is based not only in their professional skills, but also in their alignment to our values.
- ▶ **Training and development**, for which decisions and available budget in each area will depend on our employees' merits.

Below we list some of the key actions implemented in 2014:

- ▶ We worked for the second consecutive year in the Performance and Meritocracy Management Program, which objectives are:
 - ▶ Establishing a common management style and objectives in line with the business strategy.
 - ▶ Objectively valuing individual contributions through common criteria.
 - ▶ Discovering key people to facilitate establishing career lines and succession plans.
 - ▶ Generating a better approach between supervisor and employee, and clear expectations.
- ▶ We have incorporated our model of competencies at the management level.
- ▶ We launched the "Oportunidades en Movimiento" (Moving opportunities) program, through which our employees are informed of the job positions available so that they can apply for them. It has generated a significant increase in promotions within the organization. This program goes hand in hand with the "Talento atrae Talento" (Talent

attracts talent) program, focused on attracting external talent.

- ▶ We promoted campaigns based on our values and meritocracy, pursuant to our Corporate Code of Ethics and Conduct. One of the programs responding to this objective is the "Thank you" program, focused on recognizing behaviors that reflect corporate values in the daily routines. However, this is not the only recognition mechanism we use, since we are implementing more spontaneous practices, such as quarterly meetings with the general manager; annual awards to those employees more aligned to the company's values -decided by their work-mates- or to those who used "thank you" cards the most; among others.
- ▶ We implemented the first stage of the Development Center, which implies a talent development model for operators and technicians with internal and external training.

Competency model



Good Employees

In MINSUR we are committed to respect the best labor practices and to promote them in our chain: we are part of the Good Employers Association of the American Chamber of Commerce (AmCham), as Development Partner.



7_Talent for sustainability

Our human management

Our work profile

By 2014, we had 1,215 employees, 4.74% more than in 2013, out of which 978 are permanent employees.

We choose our employees based on their own merits and achievements, considering the requirements that the staff shall meet for every job position, under the premises of diversity and equal opportunities. This manifests itself from our highest governing bodies. Out of the total members of the Board of Directors (6), four are between 33 and 35 years old, one is between 55 and 65, and one is older than 65. On the other, out of the six members one is a woman. **G4-LA12**

In terms of the new employees hired in 2014 for all our operations, there is great age, gender and origin diversity.

On the other hand, turnover indicators show that 63% of employees who rotated in 2014 are between 30 and 50 years old, while 93% of the people who left the company were men. The largest turnover percentage was produced in Lima and Tacna, with 34% and 33%, correspondingly.

Regarding wage aspects, and considering that the minimum wage in Peru is S/. 750 pursuant to law, we pay salaries and compensations according to the skills and positions of potential employees, aiming at offering attractive and competitive wages in the market.

Within this framework, one of the aspects that allow us showing our contribution to our employees' wellbeing is that the entry-level wage exceeds the local minimum wage by 2.5, and this ratio is higher for our female employees, depending on their job positions.

G4-EC5

At the same time, we provide a group of social benefits, which even exceed those provided by law. All employees have a *Vida Ley* life insurance¹⁵ since the first day of work; an individual health insurance through a private Health Care Provider (HCP), 100% covered, and a cancer insurance, both for the employee and his/her dependents. For supervisor and manager levels there is a preferential insurance plan and a parking space in our facilities. Other benefits include food and transportation -from and to the unit, from and to the immediate city-, 100% covered, for our employees in the mining units, and a full-time job regime for all those working for our company. **G4-LA2** Once more, all these benefits – mainly insurance plans- are closely linked to preserve our safety value in our operations.

15. It is mandatory, pursuant to the law, after the employee has been working for four years. However, our company provides it since day one.

We choose our employees based on their own merits and achievements, considering the requirements that the staff shall meet for every job position, under the premises of diversity and equal opportunities.

7_Talent for sustainability

Our human management

MINSUR staff composition [G4-LA1](#), [G4-9](#), [G4-10](#)

Category	2014		2013	
	Permanent	Temporary	Permanent	Temporary
Employees	492	98	460	80
Officers	46	0	32	1
Workers	440	139	342	245
Subtotal	978	237	834	326
Total	1 215	1 160		

Total employees by age group [G4-LA1](#), [G4-10](#)

Age group	Number of employees	Percentage
Employees younger than 30	146	12%
Employees between 30 and 50 years old	839	69%
Employees older than 50	243	20%
Total	1 215	100%

Total employees by gender [G4-LA1](#), [G4-10](#)

Gender	Number of employees	Percentage
Male	73	6%
Female	1 143	94%
Total	1 215	100%

Employees hired in 2014 by age group [G4-LA1](#)

Age group	Number of employees	Percentage
Employees younger than 30	37	25,0%
Employees between 30 and 50 years old	95	64,2%
Employees older than 50	16	10,8%
Total	148	100,0%

Employees hired in 2014 by gender [G4-LA1](#)

Gender	Number of employees	Percentage
Male	130	88%
Female	18	12%
Total	148	100%

Employees hired in 2014 by region [G4-LA1](#)

Region	Number of employees	Percentage
Puno	38	26%
Tacna	44	30%
Pisco	6	4%
Lima	60	40%
Total	148	100%

Turnover number and rate in 2014 by age range [G4-LA1](#)

Age range	Number of employees	Percentage
Employees younger than 30	16	14%
Employees between 30 and 50 years old	73	63%
Employees older than 50	26	23%
Total	115	100%

Turnover number and rate in 2014 by gender [G4-LA1](#)

Gender	Number of employees	Percentage
Male	107	93%
Female	8	7%
Total	115	100%

Turnover number and rate in 2014 by region [G4-LA1](#)

Region	Number of employees	Percentage
Puno	33	29%
Tacna	38	33%
Pisco	5	4%
Lima	39	34%
Total	115	100%



Attraction and retention

We strive to have an attractive value proposal for the sector's professionals: a culture based on values and recognition, a positive work environment, with mutual trust, performance management and career development, benefits focused on health and education, wage competitiveness and meritocracy. Our talent attraction and retention strategy is supported by two programs: "Moving Opportunities" and "Talent attracts talent".

The first one fosters internal promotion and career lines, with the objective of advertising –in the mid term- all our open job positions in the market, except the confidential ones, so that any employee may apply under equal opportunities. Thus, we started a career line process in our company, which in 2014 resulted in 62 promotions.

"Talent attracts Talent", on the other hand, is focused on attracting external talent, through our own employees. In 2014, out of all new recruitments, 21 were conducted through this mechanism. With this program, we encourage our employees to refer other people, for they to participate

in the selection process when a job position is open, in exchange of an economic compensation. Currently, this is the main recruitment source for our company –almost 30% of recruitments-, which reveals the significance of trust as one of our values.

Welfare for our Employees

We have a compensation strategy, as part of our value proposal, adding significant benefit schemes to the fixed and variable salary.

100% of our workforce¹⁶ receives all benefits required by law¹⁷, plus additional benefits, as mentioned above in our labor profile.

Besides, our units make endeavors to maintain a good work environment and comfortable spaces for our employees. We have a welfare and benefit program integrating all initiatives designed for our employees, which focuses mainly on health, education and work-family balance issues.

Labor relationships

There have been no labor disputes in our units (San Rafael, Pucamarca and Pisco) in 2014.

In San Rafael MU, after a peaceful dialogue, we solved the collective bargaining in a direct debate, and under equitable conditions for MINSUR and the Union.

In Pucamarca MU there is no Trade Union.

In Pisco SPR we have signed an Agreement with the Union, which will be valid for two years. This is an outstanding result for the mining industry.

Our operations' best practices

► In San Rafael MU, we have improved physical spaces where our employees coexist, by expanding and/or refurbishing the camps' dinning rooms and kitchen, as well as housing preventive maintenance.

► In Pucamarca MU we have the program "Mejor trabajador Pucamarquino" (Best worker of Pucamarca) which aims at recognizing the employees' good performance, leadership, and implementation of the company's corporate values.

► In Pisco SPR we have the program "Círculos de Calidad" (Quality Circles) promoting the design and start-up of projects to optimize processes and continuous improvement, under safety and cost-reduction criteria. We also have the program "Conversemos" (Let's talk) which organized seven breakfasts with the participation of the unit manager, workers, employees and technicians. This initiative has contributed to generate a culture of trust and horizontal communication between supervisors and their team. This space was also good to listen to the staff concerns, needs and contributions.

Our units make endeavors to maintain a good work environment and comfortable spaces for our employees.

16. Our total full-time workforce.

17. Including life insurance required by law, mandatory when the employees has been working four years for the company.

7_Talent for sustainability

Our human management

Training and development **G4-LA10**

In MINSUR we have policies that result in guidelines supporting education processes¹⁸ and annual training plans that set the norm of our training and development strategies:

- ▶ **Leadership**, oriented to maximize the skills of our units' leaders.
- ▶ **Technical**, aiming at developing skills related to the employees' tasks, according to their field of expertise.
- ▶ **Management**, to provide tools for each employee's duties, and to permanently enhance their areas.
- ▶ **Cross-cutting**, involving trainings on issues related to all our employees from all different departments, for instance: safety issues.

Cross-cutting training is provided pursuant to labor laws. Technical training is inherent to the type of activity carried out. Regarding the leadership and management training, the budget allocated for this item is strictly related to our culture of meritocracy and may represent more than 50% of the total training budget.

For technical skills, we have the project "Supérate" ("Improve" or "be a better professional"), a strategic alliance between MINSUR and the Technological Institute for higher education (Tecsup) that aims at maximizing skills and abilities of technical employees and operators who participate in the project. At the preparation stage, we prepare competency profiles for each position, based on which we later make -in the first stage- a competency gap assessment by employee. Once again, this process is based on our culture of meritocracy and the values we prioritize.

The leadership and management training, the budget allocated for this item is strictly related to our culture of meritocracy and may represent more than 50% of the total training budget.

In the second stage, participants may access to internal and external training courses, presented by prestigious institutions, such as Tecsup and/or our internal trainers, also certified by Tecsup. In this regard, as an additional strategy to manage and boost the internal knowledge generated, we have a training team of teachers in our units and in our headquarters in Lima.

In 2014, we had 130 thousand man-hours of training, which meant a 44% increase as compared to the prior period. The average training man-hours per employee was 104.

In addition, we have outplacement programs in case we have to let go some of our employees due to downsizing and, in some cases, legal advisory programs for the retirement process.



Training man-hours in 2014 **G4-LA9**

Type	Category	Man-hours (average)
Gender breakdown	Men	113,5
	Women	94,64
Breakdown by job category	Officers	117,06
	Employees	111,15
	Workers	84,01

Employees who received performance assessment in 2014 **G4-LA11**

Type	Category	Percentage
Gender breakdown	Men	49,3%
	Women	47,3%
Breakdown by job category	Officers	57,28%
	Employees	96,83%
	Workers	16,89%

18. We have three policies: education and training, language courses, and post-graduate studies.

7_Talent for sustainability

Our human management

Performance assessment

Our assessment processes are linked to other human management processes, since the competency model reflects the profile of the leader we want to have in our company, as well as our six corporate values. One of the key values in the model is Safety. Thus, when our performance objectives are observed, all leaders have safety as a cross-cutting objective, so there will be no compensation if this objective is not achieved.

Our performance measurement system helped us identify our talent's level of contribution and meritocracy. We also created a Calibration Committee to guarantee that our objectives are equally demanding at all job levels. This Committee's work is one of the most significant parts of our performance management:

- ▶ According to our hierarchical levels, we conduct a collective assessment of our employees from the bottom up, which starts with individual evaluations. When the evaluations reach the highest hierarchical level of the department, a calibration session is conducted.
- ▶ We conduct three calibration sessions. In each one of them, the Head of the Department meets with his/her first-line managers, so that they present in front of all of them the performance assessments of their team members. For that purpose, the grades assigned shall be supported, in order to receive feedback from their supervisor and peers. Goal achievement as evaluation criteria is a very objective part of it, but the aspects related to talent development usually generate a debate at the moment of calibration.

- ▶ Statistical distribution of performance assessments has been established based on an international benchmark in all types of industries, which provides the percentage of employees in each one of the five categories, from the highest to the lowest performance level. Then, each calibration session shall achieve this sample distribution, which depends on relativizing each employee's individual evaluation; i.e. assessing each employee's performance in comparison with other employees' performance.
- ▶ The first calibration session involves operation units. The second one involves functional departments. And the third one is conducted in the Executive Committee, where the unit's managers present their teams' evaluation; where the corporate managers support their leaders' evaluation; and where the corporate directors evaluate the corporate managers.
- ▶ This is an annual process, and allows us to establish salary levels, bonuses, budget allocation to invest in training and development, career perspective, among other aspects.

In 2014, this performance assessment scheme was implemented only among the leaders of our Executive Committee. As from 2015 it will be applicable to all leaders in the company, no exceptions.

The impact of the new performance assessments will influence compensation and development processes.

Leadership culture

A culture of safety is formed by leaders, who become the first and only responsible of safety in our operations. Thus, safety is linked to the performance assessment.

To contribute to promote a culture of safety, we use internal interactive communication, since we communicate the safety value and also encourage our employees to act pursuing such value. This is part of the human management policy renewal that started in the end of 2014.

We implement campaigns and actions emphasizing the safety value as an inherent part of our tasks. Thus, we send quarterly internal messages on safety issues (as cross-cutting issues to MINSUR, including all our units), stressing critical subjects.

These messages are strengthened in five-minute-talks in all mining units. The five-minute talk is a formal conversation at the work place between the employees and their supervisor, where specific health and safety-related issues are discussed. These are daily talks and take place before starting work.

We use internal communication channels to reinforce our messages, such as boards, electronic panels, bulletins, posters, print and electronic messages. Using e-mails we also communicate the so-called "Moment of safety" every 15 days, describing a relevant safety related issue of a high impact.



On this Report



The current report shows our performance in economic, technological, labor, occupational health and safety, environmental management, social management and human management terms.

On this Report

The initiative of having a Sustainability Report for 2014 is of a great significance for our management, since it is the first year in which we present our indicators and analyze the actions implemented to obtain them G4-23. Notwithstanding, we annually report on our Social Responsibility activities, Environmental Management, Human Management, Health and Safety Management, among others that are part of our sustainability management activities, through our Annual Report. [G4-29](#)

The current report shows our performance in economic, technological, labor, occupational health and safety, environmental management, social management and human management terms. Information provided corresponds only to our direct activity for 2014. [G4-20](#), [G4-28](#) We expect the report to be issued annually. [G4-30](#)

To prepare this report we used the standards of the G4 Guidelines issued by the Global Reporting Initiative (GRI) and its Mining and Metals Sector Supplement (MMSS)¹⁹. The GRI is an organization founded in 1997 in the United States, which aims at promoting sustainability reporting in all type of organizations, providing a complete framework for these

reports. Besides, it establishes the principles and indicators that may be used by organizations to measure and report on they economic, environmental and social performance.

The GRI methodology has obtained a great support worldwide, and it has positioned itself as the main reporting reference. Recently, the GRI has launched the G4 version worldwide, which emphasizes material aspects²⁰ that shall be reported by any organization.

From MINSUR we have applied our own methodology, in line with the GRI requirements. For this purpose, we have prepared a matrix, based on which we determine the aspects to be reported. Information collected based on that matrix comes from our data management systems, the company's internal databases, information obtained from qualitative and quantitative data collection sheets, which are based on GRI G4 recommendations, as well as interviews with stakeholders and other secondary sources. [G4-18](#)

Reporting stages followed for this Report [G4-18](#)



19. It is worth highlighting that the original MMSS was developed thanks to the collaboration of the GRI and the ICMM, through a multi-stakeholder working group. After a pilot stage, in March 2010 the final version was launched and the ICMM promoted among its members reporting under G4 guidelines and the MMSS, in line with the Core option of G4.

20. Material aspects are significant aspects for the organization's management.

1. Value chain identification

Through interviews with managers. The value chain addresses all production and supporting processes within management.

2. Impact identification

- › Distributed in all the value chain. Both positive and negative impacts were identified across the different stages indicated by the company's leaders. This was reinforced by reviewing secondary information and in-house analysis.
- › An impact matrix was created, in which we listed the main impacts, both positive and negative, in the environmental, economic, social and labor scopes.

3. Impact validation and prioritization

- › With the business impacts on stakeholders, we made adjustments, as a result of their validation with the company's Directors and strategic Managers.
- › Particularly, we held meetings with the sustainability management-related departments (social, environmental, safety, human management) to enhance impact identification and/or develop and validate the impacts proposed.
- › We prioritize impacts based on their likelihood, and degree. Thus, we were able to determine their incidence level in our management. [G4-18](#)

4. Preparation of the materiality matrix

- › Based on a previous impact prioritization, we built the materiality matrix in 2014, complementing such prioritization with other context factors.
- › So, we conducted a research of secondary sources related to the mining sector, and the analysis of the economic, social and environmental context, from national and international organizations, nationally and internationally renowned.
- › Furthermore, we considered our management's outstanding facts for 2014, which included social, economic, and environmental aspects, among others.
- › We also considered complementary perceptions and expectations from our stakeholders, including customers, employees, the community and suppliers, gathered from previous investigations.

5. Gathering of GRI indicators and complementary information

- › Each one of the material aspects identified was linked to GRI G4 aspects, according to their economic, environmental, labor and social nature.
- › After listing the GRI G4 indicators, including sector-related ones, we determined additional ad-hoc items that were not related to indicators, but which resulted relevant to contextualize and add qualitative value to the Sustainability Report 2014.

What are impacts?

From the sustainability point of view, these are social, environmental, economic and labor repercussions of business activities on a specific environment or stakeholders. They can be positive or negative.

On this Report

- ▶ Before starting the information collection process, we had an orientation meeting with the strategic departments, which included a presentation of the GRI G4 indicators, their significance and how we required the information, so that they reported their results in 2014.
- ▶ Each one of the involved departments received one or more -quantitative or qualitative- information sheets, depending on the indicator subjects, to fill them with the relevant information.



6. Preparation of the Sustainability Report 2014

- ▶ Once the information from all our departments was obtained, we started processing it, based on a content structure responding to the material categories identified in our management.
- ▶ Once we had the consolidated report, we validated its content with each one of the participating departments.
- ▶ After the necessary adjustments, considering the feedback provided by the participating departments, we had the final version of the Sustainability Report 2014.

In total, our report has ten material aspects that include 23 GRI aspects and 35 GRI G4 performance indicators, for an “in accordance-Core” option Sustainability Report. **G4-32** Besides, three sectoral indicators of the Mining and Metal Sector Supplement are included, and one “MINSUR Indicator”, which is a material issue for management but it is not related to any of the GRI aspects. Complementarily, we have included context information, especially because –considering this is our first report of this type- we need to explain some aspects that will contribute to a better understanding of our management approach.

Material aspects for the Sustainability Report 2014 **G4-19**

Material issues for MINSUR	Related GRI-G4 aspects	
1. Contributions to the State and the local area/region	Economic performance Indirect economic consequences	
2. Value generation in the area of influence: land and geological resources potential	Biodiversity (sectoral indicator) Local communities (sectoral indicator)	
3. Using cutting edge technology and meeting efficiency standards for construction and operation.	Not directly linked to GRI indicators	
4. World-class environmental management system	Materials Energy Emissions Effluents and waste Regulatory compliance	Transport General Environmental grievance mechanism Water
5. Development of local infrastructure: road, water and energy infrastructure	Indirect economic consequences	
6. Meeting the population expectations: labor expectations, social projects for the community	Local communities Grievance mechanisms due to social impact Labor practices and decent work	Diversity and equal opportunities Presence in the market Procurement practices
7. Occupational health and safety standards	Occupational health and safety	
8. Certifications, and expansion of formal standards of the mining supply chain	Assessment of suppliers' labor practices Safety measures	
9. Training employees	Training and education	
10. Active cost-reduction strategy	Economic performance	



Data recording and GRI References **G4-32**

Next, we point out the reported indicators based on the option of “in Accordance - Core” of the Global Reporting Initiative for the G4 methodology. Pursuant to the GRI guidelines, we have included 100% of general basic content indicators, and highlighted those included by MINSUR in its Sustainability Report 2014.

General basic contents				
Contents	Description	Page	Comments	External verification
Strategy and analysis				
G4-1	Statement of the main responsible of the organization's decisions on the significance of sustainability for the company.	4, 7		No
G4-2	Main impacts, risks and opportunities.	28, 29	The risks and impacts have been considered as a part of our materiality matrix, and may become evident on aspect materials. Furthermore, throughout the report it is explained how these issues are managed in the company.	
Organization's profile				
G4-3	Name of the organization/company.		MINSUR S.A.	No
G4-4	Most important brands, products and services.	10		No
G4-5	Address of the organization's headquarters.	10	Las Begonias 441, of. 338. San Isidro, Lima 27. Peru	No
G4-6	Countries where the organization operates.	23	Peru ad Brazil	No
G4-7	Nature of the ownership regime and legal form	10	Corporation	No
G4-8	Markets served by the organization.	25		No
G4-9	Size of the organization, considering number of employees, operations, sales or net income, among others.	42, 43, 98		No
G4-10	Number of employees by employment contract and gender.	98		No
G4-11	Percentage of employees covered by collective bargaining agreements.		47% (calculated over MINSUR's total employees, including those from Pucamarca MU, the only unit were there is no Trade Union)	No
G4-12	Organization's supply chain.	39, 48		No
G4-13	Significant changes implemented during the period under analysis in the organization's size, structure, ownership, or supply chain.		There were no significant changes in 2014.	No
G4-14	How the organization addresses the precautionary principle.		Environmental Management Section	No

General basic contents				
Contents	Description	Page	Comments	External verification
G4-15	Charters, principles, or other external initiatives of an economic, environmental and social nature, which the organization subscribes or has adopted.	18, 38		No
G4-16	National and International promotion associations and organizations, to which the organization belongs.		We are member of the National Society of Mining, Oil and Energy and of the International Tin Research Institute (ITRI)	No
Material aspects and coverage				
G4-17	Entities included in the organization's consolidated financial statements and other equivalent documents.		MINSUR S.A.	No
G4-18	Process followed to determine the report's content and aspect boundaries.	108, 109		No
G4-19	Material aspects identified in the report's content definition process.	111		No
G4-20	Scope of each material aspect inside the organization.	108	All material aspects apply to our operations in MINSUR S.A. in Peru.	No
G4-21	Limit of material aspects outside the organization.		All identified material aspects apply to our operations in MINSUR S.A. in Peru and our stakeholders.	No
G4-22	Consequences of restatements of information included in previous reports and their reasons.		Since this is the first sustainability report of MINSUR, there are no effects of any restatements of information.	No
G4-23	Significant changes of the scope and aspect boundaries of each aspect, as compared to previous reports.		There are no changes with regard to former reports, since this is the Minsur's first sustainability report.	No
Stakeholder engagement				
G4-24	Stakeholders related to the organization	21		No
G4-25	Basis for selecting stakeholders with whom to engage.	20		No

GRI Table of Contents [G4-32](#)

General basic contents

Contents	Description	Page	Comments	External verification
G4-26	Organization's approach to stakeholder engagement (frequency, engagement in the reporting process, among others).	20		No
G4-27	Key issues and problems arising from stakeholder's engagement.	20, 21		No

Report profile

G4-28	Reporting period	108		No
G4-29	Date of last report.	108	This is the first Sustainability Report issued by MINSUR	No
G4-30	Reporting cycle.	108		No
G4-31	Contact person for questions on the report's content.		Analia Calmell del Solar. Social Responsibility Manager Analia.calmelldelsolar@minsur.com	
G4-32	Reporting modality		<< In accordance>> - Core	No
G4-33	Valid policies and practices of the organization regarding the report's external verification.		We do not have valid policies regarding external verification of the report.	No

Governance

G4-34	Organization's governance structure.	14		No
G4-35	Process through which the highest governance body delegates its authority to the Senior Executives and to specific employees for economic, environmental and social issues.		The delegation of authority is regulated in MINSUR S.A. Bylaws.	No
G4-36	The Organization has executive positions or positions holding economic, environmental and social responsibility.	14		No
G4-38	Composition of highest governance body and its committees.	14, 15		No
G4-39	The Chair of the highest governance body is also an executive officer.		The Chair of the Board of Directors does not hold an executive position.	No
G4-40	Nomination and selection processes for the highest governance body and its committees, and criteria used for nominating and selecting the members of the first.	14		No
G4-41	Process for the highest governance body to ensure conflicts of interests are prevented and managed.	19		No

General basic contents

Contents	Description	Page	Comments	External verification
G4-42	Highest governance body's and senior executives' roles in the development, approval and updating of the organization's purpose, value or mission statements, strategies, policies and goals related to economic, environmental and social impacts.		Our Board of Directors, together with Minsur's Senior executives, is in charge of approving and leading our company's corporate strategy, which includes the approval of our values and vision statements, mission and values.	No
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities.		Our Board of Directors has a comprehensive risk policy that implies a management approach also based on collecting our economic, social and environmental impacts and opportunities.	No
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities.		In 2014, the Performance Strategy and Management Committee had four meetings, while the Corporate Finance, Risk and Audit Committee had three meetings.	No
G4-48	Highest Committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.		Executive Committee, led by the General Manager and formed by the Corporate Directors.	No
G4-49	Process of communicating critical concerns to the highest governance body.	19		No
G4-51	Remuneration policies for the highest governance body and senior executives.		See MINSUR Annual Report 2014, Corporate Government chapter, section 5.4 Remuneration of the Board of Directors and Managers.	No

GRI Table of Contents [G4-32](#)

Through the specific basic contents, we show what have been the material aspects of MINSUR management in 2014. In each of them, we have pointed out the GRI indicator used or MINSUR's own indicators under which it operates.

General basic contents

Contents	Description	Page	Comments	External verification
Ethics and integrity				
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	16, 17		No
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	19		No
G4-58	Internal and external mechanisms for reporting unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	19		No

Specific basic contents G4-32

Aspects GRI-G4	GRI-G4 Indicator	Page	External verification
Economic Performance	G4-EC1: Direct economic value generated and distributed.	43	No
	G4-EC3: Coverage of the Organization's defined benefit plan obligations.	44	No
	G4-EC4: Financial assistance received from government.	44	No
Local Communities	G4-SO2: Operations with significant actual and potential negative impacts on local communities.	45	No
Procurement practices	G4-EC9: Percentage of spending on local suppliers at significant locations of operation.	49	No
Local communities (sectoral indicators)	MM6: Number and description of significant disputes, related to land use, customary rights of local communities or indigenous populations.	44	No
	MM7: Use of complaint mechanisms to solve disputes related to land use, customary rights of local communities or indigenous populations.	44	No
Materials	G4-EN1: Materials by weight or volume.	71	No
Energy	G4-EN3: Internal energy consumption.	73	No
	G4-EN6: Reduction of energy consumption.	72	No
Effluents and waste	G4-EN22: Total water discharge by quality and destination	69	No
	G4-EN23: Total weight of waste by type and treatment method.	69	No
	G4-EN24: Total number and volume of significant spills.	70	No
Regulatory compliance	G4-EN29: Monetary value of significant fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations.	64, 66	No
Transport	G4-EN30: Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting the staff.	71	No
General	G4-EN31: Breakdown of environmental expenditures and investment by type.	65	No
Environmental grievance mechanism	G4-EN34: Number of environmental grievances filed, addressed and resolved through formal grievance mechanisms.	66	No

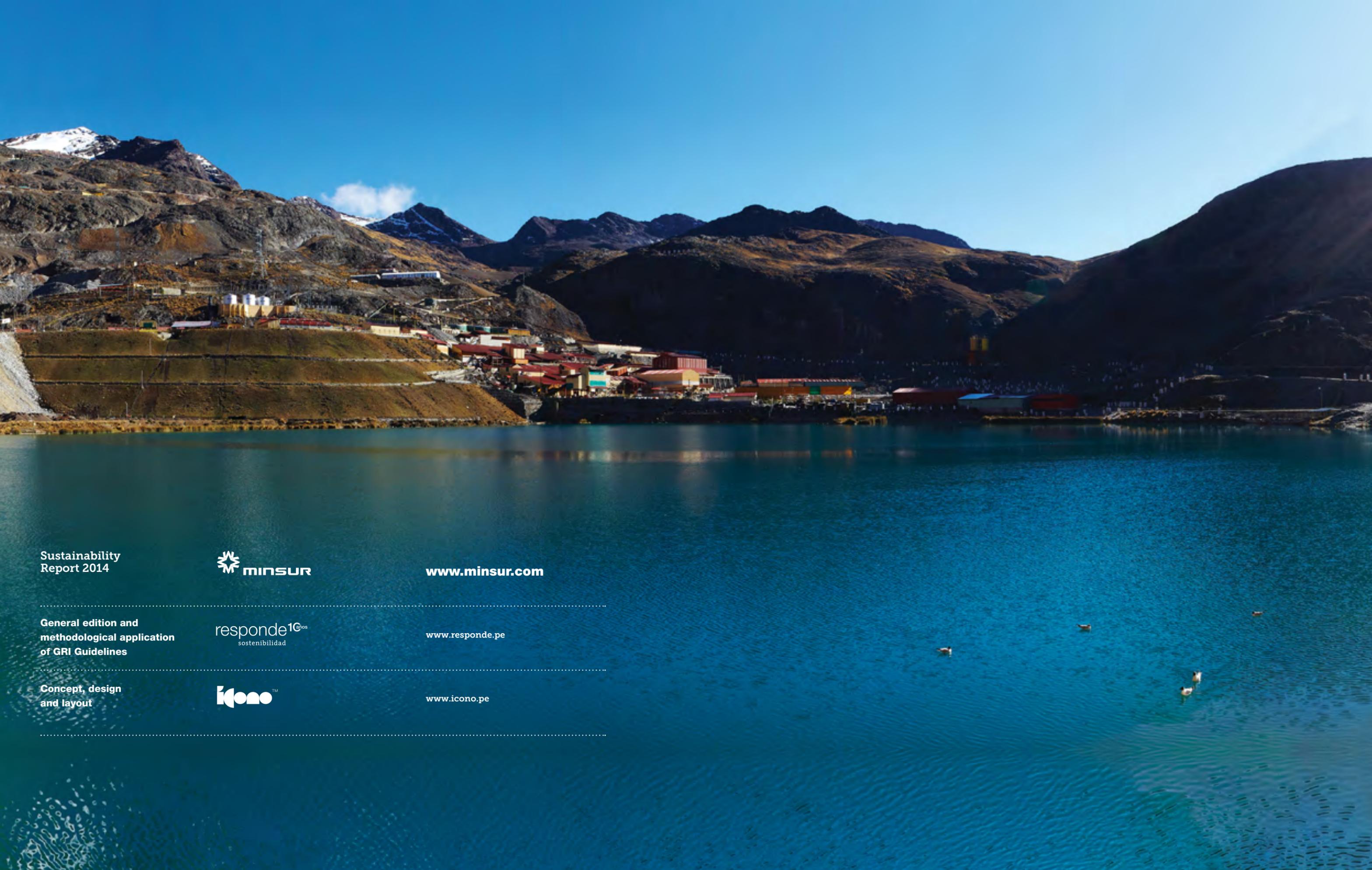
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Specific basic contents [G4-32](#)

Aspects GRI-G4	GRI-G4 Indicator	Page	External verification
Water	G4-EN8: Total water withdrawal by source.	67	No
	G4-EN9: Water sources significantly affected by water withdrawal.	66, 68	No
	G4-EN10: Porcentaje y volumen total de agua reciclada y reutilizada.	67	No
Indirect economic Impacts	G4-EC7: Development and impact of infrastructure investments and services supported.	46	No
	G4-EC8: Significant indirect economic impacts, and their extent.	44	No
Local Communities	G4-SO1: Percentage of operations with implemented local community engagement, impact assessments and development programs.	80	No
Grievance mechanisms for impacts on society	G4-SO11: Number of grievances on social impacts filed, addressed and resolved through formal grievance mechanisms.	84	No
Labor practices and decent work	G4-LA2: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	96	No
Diversity and equal opportunities	G4-LA12: Composition of governance bodies and breakdown of employees by category, gender, age group, minority group membership, and other indicators of diversity.	96	No
Market presence	G4-EC5: Ratio of standard entry-level wage by gender compared to local minimum wage at significant locations of operation.	96	No

Specific basic contents [G4-32](#)

Aspects GRI-G4	GRI-G4 Indicator	Page	External verification
Occupational health and safety	G4-LA5: Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	53	No
	G4-LA6: Type and rate of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and by gender.	54, 57	No
	G4-LA7: Workers with high incidence or high risk of diseases related to their occupation.	58, 59	No
	G4-LA8: Health and safety topics covered in formal agreements with trade unions.	53	No
Assessment of suppliers' labor practices	G4-LA15: Significant actual and potential negative impacts for labor practices in the supply chain, and actions taken.	39	No
Supplier environmental assessment	G4-EN33: Significant actual and potential negative environmental impacts in the supply chain and actions taken.	39	No
Labor practices and decent work	G4-LA1: Number and rates of new employee hires and average employee turnover, by age group, gender and region.	98, 99	No
Training and education	G4-LA9: Average hours of training per year per employee, by gender, and by employee category.	103	No
	G4-LA10: Programs for skills management and lifelong learning that support employees' employability and assist them in managing career endings.	102	No
	G4-LA11: Percentage of employees receiving regular performance and career development evaluations, by gender and by employee category.	103	No
MINSUR Indicator	Compliance with MINSUR operations' standards	37	No



Sustainability
Report 2014



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General edition and
methodological application
of GRI Guidelines



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