

GRUPO MÉXICO S.A.B. DE C.V.

EDIFICIO PARQUE REFORMA

CAMPOS ELÍSEOS 400  
COL. LOMAS DE CHAPULTEPEC  
C.P. 11000 MÉXICO, D.F.  
TEL.: 52 (55) 1103 5000

2014  
DEVELOPMENT WITH PURPOSE | SUSTAINABLE DEVELOPMENT REPORT

GRUPOMÉXICO

[www.gmexico.com](http://www.gmexico.com)

  
GRUPOMÉXICO



**2014**  
**DEVELOPMENT**  
WITH PURPOSE | SUSTAINABLE DEVELOPMENT  
REPORT

## ABOUT THIS REPORT

We offer our ninth Sustainable Development Report, an example of transparent communication that Grupo México has prepared yearly since 2006.

The report outlines the performance of the Mining, Transportation, and Infrastructure Divisions in the three countries where we operate (Mexico, Peru, and the United States). The results of our economic, environmental, and social management are presented from a sustainability perspective, as are the most relevant activities from January through December 2014.

The report was prepared according to the G3 Global Reporting Initiative (GRI) guidelines and the mining supplement, and based on the Principles of Inclusivity, Materiality, and Responsiveness defined by AccountAbility AA1000APS (2008). Also, for the sixth time, we report the progress made within the framework of the UN Global Compact principles.

Throughout the report, the business units and subsidiaries are indicated, and the mechanisms used to measure performance, calculate indicators, methodologies, and changes to information in terms of previous reports are mentioned.

The information contained in this report was verified by an independent firm, according to the scope set in the Verification Letter. The report was also reviewed by the GRI to ensure this information has been prepared according to the G3 Global Reporting Initiative Sustainability Reports Guidelines and the Mining and Metals Sector Supplement for A+ application.

We want to hear from you. Your valued feedback contributes to our ongoing improvement. Please send comments to:

[desarrollo.sustentable@mm.gmexico.com](mailto:desarrollo.sustentable@mm.gmexico.com).

For more information and to consult the 2014 Sustainable Development Report, and also previous reports, visit our website: [www.gmexico.com](http://www.gmexico.com).



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At Grupo México, we're much more than the copper we produce. We're a solid organization that has shown throughout its history, the ability to create shared value for each of our Interest groups.

## LETTER FROM THE PRESIDENT

### DEVELOPMENT WITH PURPOSE

#### GROW

We built our first railroad line 79 years ago in Mexico's southeast. This small project helped different communities find a new path to development. Since then, Grupo México has focused its efforts on consolidating projects that generate growth jointly with the communities where we operate, under a vision of creating shared value.

Our present shows a solid and ambitious growth plan for the Mining Division that will expand activities in Mexico, Peru, and the United States, showing our commitment to creating a future filled with opportunities. As a result of its 2014 operations, Grupo México generated a Distributed Economic Value of US\$6.26 billion, validating the economic return on our activities for our various interest groups, through initiatives developed in benefit of the community, the environment, and the economy, highlighting the investment of US\$381 million in three of our priority areas in terms of sustainability: the Environment, Community Development, and Occupational Health and Safety.

Buenavista del Cobre marks the new pulse of mining in Mexico. Our US\$3.40 billion investment program has positioned Buenavista del Cobre as one of the most important copper mines in the world, making Cananea, Sonora an industrial hub with the infrastructure

it needs to become a modern city, based on community projects, such as the Regional Specialties Hospital, which was built through a three-level partnership between the federal and state governments and Grupo México, representing a total investment of US\$19 million, opening the way to a new era for this mining region.

Our Transportation Division is a true source of pride, not only because we operate the largest railroad network in Mexico, but also because of the investments we've made in recent years, transforming the rail industry into a highly competitive and efficient system. In 2014, as part of this commitment, we invested in both modernizing our technology and in the acquisition of 34 new locomotives that will drive the economic growth of Mexico.

We're convinced that the Mexican oil industry needs to have the best equipment and the latest technology to improve drilling. To meet this need, our Infrastructure Division has made important investments in four oil platforms, two of which started operations in 2014 and the other two will start in 2015. With these investments and a total of seven platforms, exploitation will become more efficient, translating the Energy Reform into substantial benefits for the Mexican economy.

Our long-term projects include improving the wellbeing of the communities that are the most vulnerable; Grupo México Foundation and Ferromex conceived Dr. Vagón, which with 11 specially designed railcars and 28 medical specialists has become a project without precedent, bringing quality healthcare services to the most remote communities in the Mexican states of Sonora, Chihuahua, Coahuila, and Sinaloa.

Also, our successful model of social linkage, Casa Grande, has given the community the leading role in the social responsibility actions undertaken by the Company. This program has become the reference for community dialog and consensus for both the Mining Division where it was conceived, and for other business units, which have implemented the program with marked success. As a company with unbreakable will, every experience teaches us something that will bear fruit and helps us to consolidate long-term relationships for a promising future, such as in the case of the communities of Tia Maria and Toquepala in Peru, where open dialog and encouraging citizen participation led to the approval of the environmental impact and expansion studies, which will strengthen the continuity of mining investments in Peru.

All these actions have only been possible thanks to the professionalism, empathy, and leadership of our most valued capital: our 28,000+ collaborators, who not only work to make Grupo México a global leader, but also give of their time to volunteer and participate in the activities of our Foundation. In terms of the commitment to our people, of note is the investment made in specialized training and, for the fifth year in a row, we provided more than 1,000,000 hours of training and development for our workforce. We highlight the initiatives taken in occupational health and safety, a top priority for us, with investments of over US\$121 million; resulting in a substantial reduction in the accident rates at our three divisions, consolidating with these and other programs, the quality of life within the Company.

#### PROTECT

Climate change is one of the world's greatest challenges, which makes it inevitable that various global programs are working towards the deceleration of this phenomena, inviting the various economic sectors to commit to mitigating their environmental impact. At Grupo México, we're answering the global call and, through important investments in our operations, we're achieving high energy efficiency.

An example of our progress in the reduction of greenhouse gases, is the "El Retiro" Wind Farm located in the Mexican state of Oaxaca, which with its 37 wind turbines producing 239 GWh annually, is supplying power to the Mining Division, the Transportation Division, and to Cinemex at their operations throughout Mexico. Similarly, the 258 MW Combined Cycle Power Plant that started operations in 2013 is supplying cleaner power to our activities in Sonora. As a result of both initiatives, 276,716 tons of CO<sub>2</sub>eq were mitigated in 2014 and when the "La Caridad II" Combined Cycle Power Plant starts operations in 2015, emissions will be reduced by 440,000 tons of CO<sub>2</sub>eq annually.

The Transportation Division joined the commitment to reducing environmental impact saving 14 million liters of diesel, through technological improvements to the fuel performance system and with the purchase of new locomotives, achieving a mitigation of 38,288 tons of CO<sub>2</sub>eq. These industrial initiatives include the project executed at our Mission mine in the United States, where extensive solar infrastructure has been installed with photovoltaic systems, which will benefit this southern region of the United States with alternative energy.

Following the Sonora River incident in August 2014, which caused a spill of copper sulfate solution from one of our leaching dams into the Bacanuchi River, which feeds into the Sonora River, Grupo México responded immediately with environmental and community actions, and when the environmental emergency was lifted, and having completed the clean-up work, third parties tested the water quality for human consumption and farming. Appropriate preventive measures have also been taken to ensure an event of this nature does not happen again.

In our vision for the future of Grupo México, a commitment that remains constant is growing together with the communities that embrace us. Our distribution of economic value is aligned with our Development with Purpose model, which has helped to achieve set goals within our group of leader companies in engineering and innovation, which through the Grow, Promote and Protect concept reaffirm our ongoing commitment to Sustainable Development.



**GERMAN LARREA**  
CHAIRMAN OF THE BOARD





# ABOUT GRUPO MÉXICO

DEVELOPMENT WITH PURPOSE

**US\$6.26**  
BILLION IN ECONOMIC VALUE DISTRIBUTED

Grupo México is a leading company in its industrial sectors. Our ability to create economic value shows the solidity of our business operations and our results confirm that behind every number, there's a vision for the future, a person, and a community that motivates us to remain on the cutting edge in terms of sustainability.





## OUR COMPANY

*The focus of our business model is cost control, high productivity, and a sustainable financial structure.*

Our commitment and business approach is Development with Purpose, which promotes improving the overall climate, wellbeing, and safety of our collaborators, their families, while strengthening the communities that embrace us and protecting the environment that surrounds us.

In recent years, we've achieved a strong positioning in different economic sectors, becoming in 2014 the fourth largest copper producer in the world with mine operations in Mexico, Peru and the United States, in addition to operating the largest multimodal freight railroad service in Mexico and developing an Infrastructure Division with significant growth rates in energy, drilling, construction, and engineering services.

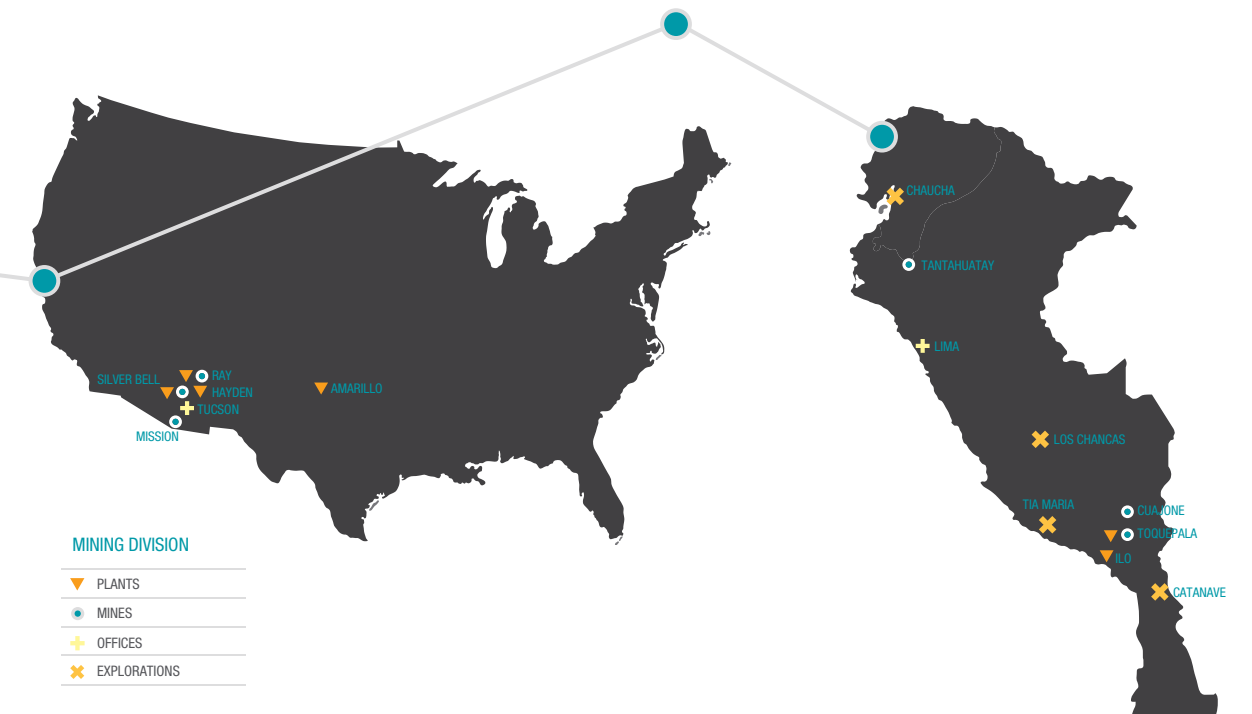
Our Company has been trading on the Mexican Stock Exchange (BMV) since 1966, and is one of the most traded shares. For the fourth year, Grupo México has met its social and environmental responsibility to be included in the BMV's Prices and Quotations Sustainability Index (IPC Index), receiving one of the highest ratings from among the companies evaluated.

Our business units operate in the following countries:

Mexico	United States	Peru
Infrastructure Division		
Transportation Division		
	Mining Division	

In this report, for the ninth year in a row, we present our sustainability performance for 2014 for our Mining, Transportation, and Infrastructure divisions.

# WHERE WE OPERATE



# COMPANY PROFILE

## MINING DIVISION

The Mining Division is responsible for a significant portion of Grupo México's sales and is represented by its subsidiary Americas Mining Corporation ("AMC"), whose principal subsidiaries are Southern Copper Corporation ("SCC") in Mexico and Peru and ASARCO in the United States. Together, these companies hold the world's largest copper reserves. SCC trades on the New York and Lima Stock Exchanges.

This business unit operates mines, metallurgic plants, and exploration projects in Mexico, Peru, the United States, Argentina, Chile, and Ecuador.

Our operating and service model focuses on cost control, high productivity, and a conservative financial structure with acceptable levels of profitability.



OPERATION	SUBSIDIARY	DESCRIPTION
Mexico	 GRUPO MEXICO MINERA MÉXICO	<ul style="list-style-type: none"> <li>Principal products: Copper, Molybdenum, Zinc, Gold and Silver.</li> <li>8 Mines.</li> <li>11 Smelters, refineries and other plants.</li> <li>8,125 Employees.</li> </ul>
Peru	 GRUPO MEXICO SOUTHERN PERU	<ul style="list-style-type: none"> <li>Principal products: Copper, Molybdenum, Gold and Silver.</li> <li>2 Mines.</li> <li>5 Smelters, refineries and other plants.</li> <li>4,744 Employees.</li> </ul>
United States	 GRUPO MEXICO ASARCO	<ul style="list-style-type: none"> <li>Principal products: Copper, Gold and Silver.</li> <li>3 Mines.</li> <li>6 Smelters, refineries and other plants.</li> <li>2,708 Employees.</li> </ul>

## TRANSPORTATION DIVISION

Our Transportation Division offers general and intermodal freight rail services and other auxiliary services that include passenger services, intra-terminal movements, and automotive terminal services. This division is represented by the subsidiary Infraestructura y Transportes México S.A. de C.V. ("ITM"), which in turn has the following principal subsidiaries:

- Grupo Ferroviario Mexicano, S.A. de C.V. ("GFM")
- Ferrocarril Mexicano, S.A. de C.V. ("Ferromex")
- Ferrosur, S. A. de C.V. ("Ferrosur")
- Intermodal México, S.A. de C.V.
- Texas Pacifico, LP, Inc.

Ferromex is the largest railroad company with the most extensive coverage in Mexico. We transport a wide variety of products, including: vehicles, agricultural, minerals, chemicals, industrial, steel, cement, energy, and intermodal.


OPERATION	SUBSIDIARY	DESCRIPTION
MEXICO	 Ferromex GRUPO MEXICO	<ul style="list-style-type: none"> <li>Approximately 8,111 km of track.</li> <li>71% Coverage of Mexico and 81% of the industrial and commercial centers in the country.</li> <li>We connect to 5 border points with the United States, 4 ports on the Pacific Ocean, and 2 on the Gulf of Mexico.</li> <li>7,896 Employees.</li> </ul>
	 Ferrosur GRUPO MEXICO	<ul style="list-style-type: none"> <li>1,690 km of track in central and southeast Mexico.</li> <li>Greater presence in Veracruz, Puebla and Tlaxcala.</li> <li>Access to the ports of Veracruz and Coatzacoalcos on the Gulf of Mexico.</li> <li>2,032 Employees.</li> </ul>



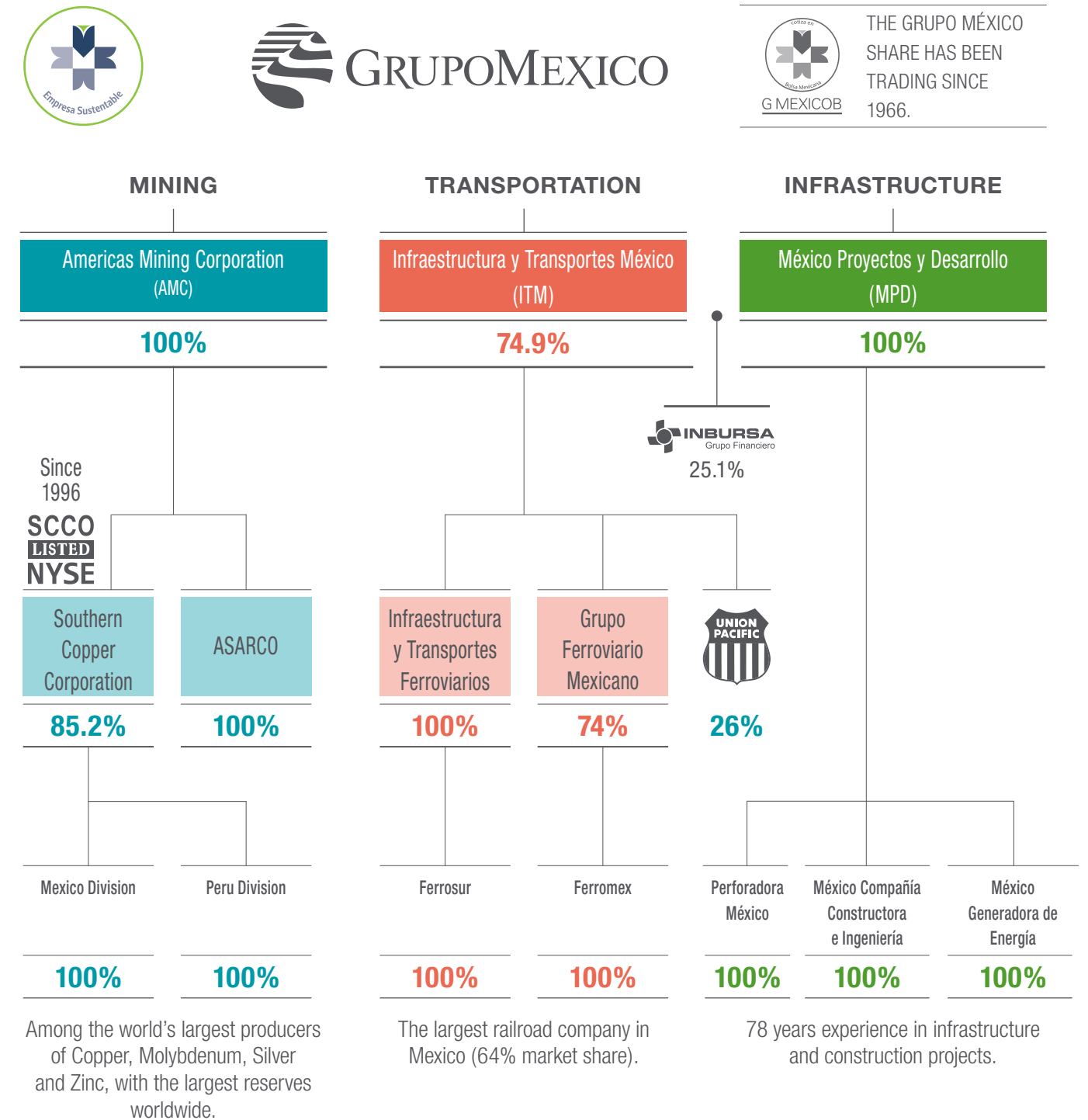
**INFRASTRUCTURE DIVISION**

Our Infrastructure is represented by the subsidiary México Proyectos y Desarrollos, S.A. de C.V. (“MPD”), which engages in engineering and infrastructure development projects, and is comprised of:

- México Compañía Constructora, S.A. de C.V. (“MCC”)
- Grupo México Servicios de Ingeniería, S.A. de C.V. (“GMSI” formerly “CONSUTEC”)
- México Generadora de Energía (“MGE”)
- El Retiro Wind Farm (“El Retiro”)
- Compañía Perforadora México, S.A.P.I. de C.V. (“PEMSA”).

SECTOR	SUBSIDIARY	DESCRIPTION
Construction		We have participated in the development of infrastructure in Mexico since 1936. Specializing in the construction of infrastructure, industrial park, commercial, and service works projects.
Comprehensive Engineering		Comprehensive engineering services for industrial projects, primarily in the mining, metallurgic, chemical, petrochemical, and oil sectors.
Energy		Operation and maintenance services for combined cycle power plants and wind farms.
Drilling		Founded in 1959, the company offers comprehensive services for land and ocean oil well drilling in southeast Mexico.

**CORPORATE STRUCTURE**







# OUR SUSTAINABLE APPROACH

DEVELOPMENT WITH PURPOSE

## US\$381

MILLION INVESTED IN ENVIRONMENTAL, SOCIAL,  
AND OCCUPATIONAL HEALTH AND SAFETY ACTIONS.

Our social linkage programs are in keeping with our goals of promoting the development and growth of the communities where we operate. Our wellbeing results reflect our relationships of co-responsibility, respect, and dialog with human vision.





## OUR INTEREST GROUPS

Over the years, we've dedicated time and effort to developing a solid and participative process to involve interest groups. Our Company, and each of our divisions and subsidiaries, seek to foster and strengthen relationships and generate shared value, through open dialog based on respect and honesty.

We're convinced that the involvement of our interest groups and transparency in the management of our organization helps us to develop trust and close relationships.



We have implemented the following channels of communication to help build trust and generate spaces for communicating with our interest groups.



COMMUNICATION AND FEEDBACK WITH INTEREST GROUPS

COMMUNICATION CHANNELS OR MECHANISMS	INTERNAL						EXTERNAL			
	Customers	Our People	Unions	Investors	Suppliers	Contractors	Communities	Opinion leaders Charity organizations Media	Financial institutions Government agencies, Academic institutions and Rating agencies	
Website	■	■	■	■	■	■	■	■	■	
Cananea Social / Impact Website							■			
E-Ferromex	■									
Intranet		■								
Sustainable Development Report	■	■	■	■	■	■	■		■	
Annual Financial Report	■	■	■	■	■				■	
Quarterly Financial Reports				■					■	
News Bulletins				■					■	
Company Newsletter		■	■							
Publication of news events				■					■	
Press Releases									■	
Stockholders' Meetings				■						
In-Person Meetings			■				■		■	
Contract Review			■							
Diagnostic Studies							■			
Interviews							■			
Surveys	■						■			
Workplace Climate Survey		■	■							
Telephone Consults	■			■	■	■		■	■	
Complaints & Suggestion Box		■	■							
Guided Visits							■	■	■	
Site Visits							■			
Citizen Councils							■			
Awareness Days							■			
Community Development Centers							■			

Color codes indicating the frequency of use of the channels or methods of communication with our interest groups:

- Blue: ■ Ongoing
- Green: ■ Yearly
- Orange: ■ Yearly & Semiannually
- Black: ■ Quarterly
- Yellow: ■ Bimonthly
- Purple: ■ As necessary

MATERIALITY

In our efforts to continue contributing to a sustainable industry, we've framed our management with a list of relevant aspects or material issues that are the result of our participation with each of our interest groups.



OUR COMMUNITIES

- Skills Development
- Productive Projects
- Institutional Linkage
- Education



OUR PEOPLE

- Health
- Occupational Safety
- Professional & Personal Development
- Workplace Climate



CORPORATE GOVERNANCE

- Human Rights
- Culture of Business Ethics
- Transparency
- Regulatory Compliance



ECONOMIC PERFORMANCE

- Customer Satisfaction
- Development of Supply Chains
- Financial Performance
- Generating Shared Value



THE ENVIRONMENT

- Waste
- Water
- Biodiversity
- Energy & Climate Change

Grupo México's sustainable strategy is the mechanism by which we seek to bring together the creation of shared value, our relationships with our interest groups, and meeting our business goals. Sustainability is managed through corporate guidelines applicable to all divisions, and also specific policies adapted to the particulars of the different lines of business.

At the corporate level, and in the divisions, each department manages and operates action plans that embody the directives and policies of Grupo México. Performance in sustainability is an area of interest and evaluation for Grupo México's Board of Directors.

The primary focus in our operation is sustainability in terms of the environment, and the health and wellbeing of our people and our communities, operated through the following actions:

- Managing the economic, environmental, and social risks to ensure the continuity of the business.
- Attracting, developing and retaining highly qualified and motivated people who embody our values.
- Providing a workplace of respect, non-discrimination and equal opportunity.
- Maximizing the development of local and regional suppliers, wherever possible.
- Actively participating in social programs for our neighboring communities, seeking a spirit of collaboration and sustainable development.
- Keeping our investors informed, with accurate, timely, relevant, and transparent reporting.
- Ongoing improvement processes to improve efficiency in the use and consumption of energy, water, and other natural resources, and also the conservation and protection of wildlife.
- Environmental management focused on reducing our waste and emissions.
- Defining an organizational structure that is process and result oriented.

Aware of international trends in sustainability and the increasing importance of environmental, social, and corporate governance issues in the markets, in 2011 the Mexican Stock Exchange (BMV), created a new index to follow on the Mexican stock market, known as the Prices and Quotations Sustainability Index (IPC Index).

To form part of the IPC Sustainability Index, the BMV defined a methodology in adherence of international principles and practices, which includes assessments by independent experts to analyze and compare the Environmental, Social, and Corporate Governance practices of Mexican issuers trading on the Mexican Stock Exchange.

**Grupo México is included in the Mexican Stock Exchange Prices and Quotations Sustainability Index. Since the Index was started in 2011 and for the fourth year, we are among the 34 companies selected, receiving one of the highest ratings according to the BMV's methodology.**



**ECONOMIC VALUE GENERATED & DISTRIBUTED**

We proudly work to create and share value; our actions are based on the principles that have defined our Company's formula for success.

At 2014 close, we generated an economic benefit for our interest groups of US\$6.26 billion, distributed among our collaborators, the authorities, communities, suppliers, environmental investments, investments in occupational health and safety, and also among various financial institutions; results that represent an increase of 11% over 2013.

**ECONOMIC VALUE GENERATED & DISTRIBUTED (US\$ MILLIONS) GRUPO MÉXICO, 2012-2014**

	2012	2013	2014	2013 - 2014 ▲
<b>Direct economic value generated (EVG)</b>				
Sales	10,183	9,357	9,324	0.4%
<b>Direct economic value distributed (EVD)</b>				
Employees	934	1,040	1,092	5%
Suppliers	3,741	2,707	3,676	36%
Authorities (taxes)	1,696	1,180	1,025	-13%
Financial Institutions	627	59	84	43%
Investments in communities	29	47	74	57%
Environmental Investments	407	483	186	-61%
Investments in health and safety	84	101	121	20%
<b>Total economic value distributed</b>	<b>7,518</b>	<b>5,617</b>	<b>6,257</b>	<b>11%</b>

1) EVG: Refers to revenue and includes: (i) net sales of products and services; (ii) income from financial investments, and (iii) income from the sale of assets and intangibles..  
 2) Grupo México's revenue includes the Mining Division, Transportation Division, and Infrastructure Division.  
 3) EVD: Refers to an economic indicator that helps to identify the manner in which the organization has created value for its interest groups, and includes: (i) operating costs, (ii) employee salaries and benefits, (iii) vendor payments, (iv) payments to the authorities (taxes), (v) investments in the community, (vi) environment-related investments, and (vii) investments in occupational health and safety.  
 4) All the elements considered for the calculation of the Economic Value Distributed include the Mining Division, with operations in Mexico, Peru and the United States, and the Transportation Division. The information for the Infrastructure Division includes only that available for the Drilling, Construction, Energy and Engineering Services units, as the inclusion and availability of information is currently being standardized to the rest of the Group.  
 5) Employees: includes salaries, wages, employee profit sharing, benefits, and others.  
 6) Investments in the environment include water, energy, waste, air, soil, forestation, biodiversity, power generating projects and their management in the Mining, Transportation, and Infrastructure Divisions.

Although our sales remained stable compared with last year, our economic value increased significantly, thanks to investment projects that are generating a strategic economic impact for the development of Mexico and for our sites overseas.

Grupo México paid approximately US\$1.02 billion in taxes in 2014 and increased spending in our commercial relations with suppliers 36% to a total US\$3.68 billion.

Our investments were accompanied by significant social and environmental initiatives, consolidating comprehensive and sustainable projects throughout their lifecycle. The social investment distributed among our Community Development programs and for the development of our collaborators, which included education, sports and cultural events, and improvements to the infrastructure in Grupo México neighborhoods, amounted to US\$74 million.

Meanwhile in terms of the environment, our investments were focused on conservation, management, mitigation, waste handling, and investments in technology, all totaling US\$186 million.

**US\$381**  
million invested

**INVESTMENT**

In 2014, we invested US\$381 million in occupational health & safety, community development, and environmental actions.

COMMUNITY DEVELOPMENT

OCCUPATIONAL HEALTH & SAFETY

ENVIRONMENTAL ACTIONS



# CORPORATE GOVERNANCE

*At Grupo México, we promote our Mission, Vision and Values among our interest groups through decisions, actions, and operations in keeping with sustainable development.*

## GRUPO MÉXICO'S MISSION, VISION AND VALUES

At Grupo México, we conduct our operations in accordance with our Mission, Vision and Values.

Our values provide us with the ethical guidelines that govern our activities and our conduct, to build a harmonious environment within the Organization.

Our mission and vision are aimed at generating value for our investors, customers, contractors, employees, and the communities where we operate. We foster economic sustainability with a safe workplace, preserving and improving the environment, all in alignment with the requirements set by the authorities.

### Our Mission

"To meet the needs of our markets through major, long-term projects, staying on the cutting-edge of technology, and always committed to our people, the environment, our values and our social responsibility, with optimal returns for our investors."

### Our Vision

"To be a world leader in efficiency and profitability in our lines of business, caring for our people and their overall development, guaranteeing the sustainability of our operations."

## Values

- **Honesty**, acting with integrity, professional ethics and ongoing improvement .
- **Respect**, for all persons, laws and the environment.
- **Responsibility**, meeting our commitments with results.

## GOVERNABILITY

### Governance Structure

At Grupo México, our Corporate Governance model is aligned with the quality of our operations, allowing us to face new challenges and propositions. Our Stockholders' Meeting delegates the responsibility of protecting the interests of the Company and its investors to the Board of Directors, our highest administrative body, and also the task of creating value through the most efficient use of the resources and assets available.

Some of our corporate governance principles are:

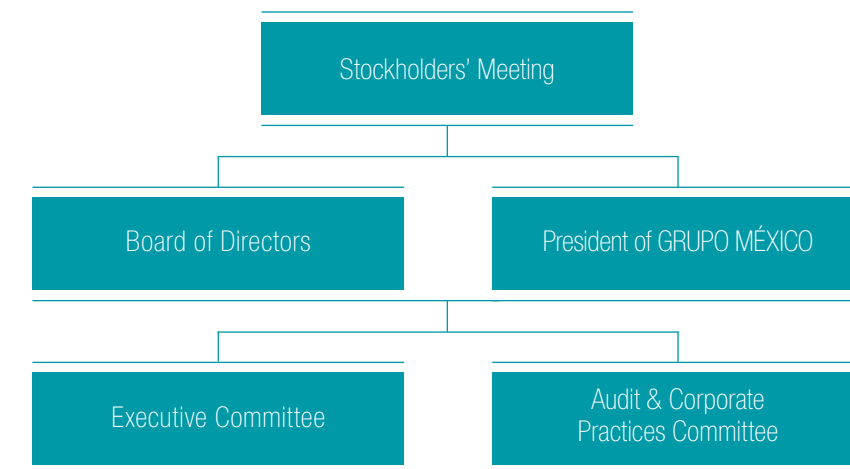
- Being committed to the equal treatment of all investors, including minority stockholders and foreigners.
- Reporting on the Company's affairs, including its financial position, performance,

holdings, management team, and news that could influence the trading behavior of our share on the markets.

- Keeping to the Company's strategic guide, and also effective monitoring of the management team by the Board of Directors.

We are always striving to offer the best service to our investors, providing them with accurate, transparent, and timely information and reporting.

The Board of Directors is the highest administrative authority of the Group and is responsible for setting and safeguarding the viability of our corporate strategy.



The Board of Directors is comprised of a maximum 21 members appointed by the Stockholders' Meeting, of which at least 25% must be independent. The Chairman of the Board is Mr. Germán Larrea Mota-Velasco, who also holds the position of Executive President and Chief Executive Officer of Grupo México.

At the end of 2014, the Board of Directors had seven independents of a total 11 members. The selection of independent board members considers, among other criteria, their experience, expertise, and professional renown, in accordance with the Mexican Securities Market Law. These board members must also be able to perform their duties without incurring in conflicts of interest and without being influenced by personal, equity, or economic interests.

The Executive Committee is comprised of four members, three of whom are independents, representing 75% of this body.

Lastly, the Audit and Company Practices Committee is comprised of three independent members, representing 100% of this body. This Committee, among other responsibilities, establishes procedures for receiving, holding, and responding to complaints involving potential legal violations or of corporate policies and/or Grupo México's code of ethics.

## CORE COMPETENCIES OF CORPORATE GOVERNANCE

Grupo México's "Corporate Governance Guidelines" define the competencies of the directors that serve on the Executive and Audit and Company Practices Committees, which include: integrity, responsibility, financial experience, high performance standards, good judgment, maturity, commitment, creative ideas, and dedication.

We have developed the following periodical evaluations to ensure we are adhering to best practices in terms of performance within our Corporate Governance:

- The Board of Directors conducts an annual self-assessment to determine the efficiency of its members and committees.
- The Board of Directors performs a quarterly review of the organization's performance, including the sustainability of the business.
- The internal control body conducts a review and evaluation process each year, and when necessary, updates our policies and procedures every two years to ensure the proper monitoring of the Company's affairs.

## REMUNERATION

On the proposal of the Chief Executive Officer, the Audit and Company Practices Committee has the authority to approve compensation packages, bonuses, and benefits for the relevant directors. The assignment of these packages is established competitively in proportion to the responsibilities of the position and performance of each person involved, based on a market study and annual performance review.

## COMMUNICATION WITH OUR BOARD OF DIRECTORS

Our open-door policy for the Company, investors, and collaborators drives us to develop communication strategies through ordinary and extraordinary meetings.

Some of the tools and communication channels we use at Grupo México to maintain transparency and feedback with our Board of Directors are:

- Financial reports.
- Rating agencies or financial analysts.
- 10-K Report.
- Investor Relations Department.
- Conference calls.

Information regarding Investor Relations, Corporate Governance Principles, the Environment, Legal matters, and current events, among other topics, is available on our websites: [www.gmexico.com](http://www.gmexico.com) and [www.gmexico.com](http://www.gmexico.com) y [www.gmexico.com.mx](http://www.gmexico.com.mx).

## CORPORATE ETHICS

**"Acting with integrity, professional ethics, and ongoing improvement" is part of our corporate values, reflected in the way we work.**

We have developed a new Code of Ethics, reaffirming our commitment to operate in accordance with our values and to continue to strengthen our corporate ethics, outlining the fundamental principles and conduct to work in harmony with our people, investors, contractors, customers, communities, and the authorities.

Our code is divided into five sections, covering the following topics:

1. **Our Code of Ethics:** This section contains:
  - Framework for the application of the Code of Ethics
  - Responsibility of Senior Management
  - Violations and penalties for conduct that fails to adhere to the principles and practices of the code of ethics
  - Mechanisms for answering questions from our collaborators, and for representatives or any person acting on behalf of the Company
  - Reporting Procedure
2. **Our people:** Promotes fair work practices, non-discrimination, and the adopting of work models that foster the health and safety of our collaborators and contractors.

3. **Our business resources:** Defines what constitutes a “conflict of interest” for the organization, and also the terms confidentiality, data privacy, intellectual property, and considerations related to transactions with related parties.

4. **Commercial relationships and with the authorities:** Defines the guidelines for fair competition and for the procurement of goods and services.

5. **Human rights, our communities and our commitment to the environment:** Provides directives for behavior in terms of human rights, the community and society in general, the environment, donations and political involvement, and interacting with the media.

In 2014, we established a reporting line managed by an independent third party, to channel reports of violations of the Code Ethics, with procedures for receiving, holding, and attending to such reports. There are four channels through which reports can be submitted: website, email, by phone, voice mail.

The penalties for violations are congruent with the policies, practices, and principles established by the organization and are applied by the Ethics and Discipline Committee consistently and proportionate to the seriousness of the offense, and in accordance with law.

During 2014, twelve reports were received of alleged incidents of discrimination, of which four are currently under review and the others were closed without presenting any difficulty for Grupo México.

**HUMAN RIGHTS**

Our Code of Ethics promotes respect for human rights throughout our value chain: suppliers, contractors, customers, security personnel, and the authorities.

At Grupo México, we’re committed to the protection of human rights as laid out in the United Nations Universal Declaration of Human Rights, and also in local regulations. We promote equal opportunities for our personnel in a climate that values diversity, rejecting any form of discrimination; therefore we do not discriminate on the basis of ethnic origin, gender, age, disability, social condition, political affiliation, health condition, religious beliefs, immigration status, personal opinion, sexual preference, or marital status.

**Our collaborators**

In 2014, we held sessions to disseminate the Code of Ethics, during which we covered the section on human rights in the Mining, Infrastructure, and Transportation Divisions of our organization.

Human Rights Training 2014	Hours	Participants
	15,088	7,029

Grupo México has a policy of freedom of association, and also that established in the Collective Bargaining Agreement, identifying no risks that could affect our employees. Similarly, we adhere to the principles of the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work.

**Our contractors**

As is the case with our people, we require our contractors to respect human rights. Our contracts contain clauses in accord with the regulations of the countries where we operate:

In Mexico, we are required to comply with the obligations imposed by the Federal Labor Law, the Social Security Law, and the National Workers’ Housing Fund Institute (INFONAVIT) Law, among others, respecting and promoting the protection of human rights.

Meanwhile in Peru, our contracts contain clauses that define human rights actions and obligations for each of the parties involved. The criteria to be met by contractors includes:

- No discrimination of employees on the basis of beliefs, gender, origin, age, or social class.
- Fight against forced labor.
- Report any instance of sexual harassment.
- Forbid child labor.

In the United States, we adhere to the Arizona state and other federal laws.

Grupo México’s company security personnel are trained on the protection and defense of human rights. All private security and protection companies that provide service at our different companies and facilities are trained in this area and receive constant refresher training.

**Our Communities**

At Grupo México, we respect the human rights and the cultural, spiritual and social identity of our communities. In 2014, there were no incidents reported involving human rights.

Part of our operations in the United States is situated within the Tohono O’dham Native American Reserve, and as part of a lease agreement, preference is giving to hiring people from this Reserve.

In 2014, there were no cases of contracts rejected due to any issue related to the protection of the rights of the local communities. It should also be mentioned that there have been no incidents or conflicts at any of our divisions related to the violation of indigenous rights or customs, or significant conflicts involving the use of land or human settlements.

**CORRUPTION & TRANSPARENCY**

At Grupo México we do not permit or tolerate acts of corruption at our operations or in collaboration with third parties. In 2014, 23 business units were audited for corruption-related risks. We also held sessions to disseminate the Code of Ethics, covering the section on “anti-corruption” practices; sessions that were attended by a total of 10,384 collaborators.



No incidents of corruption were reported in 2014. If any such incident were to occur, it would be resolved according to Grupo México's policies, practices, and principles, applied by the Ethics and Discipline Committee. In the isolated events that have occurred where breach of trust was proven, the employees involved were dismissed. Contractors that are suspected of engaging in corrupt practices are evaluated to determine whether or not Grupo México will continue to have business dealings with such persons.

During 2014, we were in compliance with the regulations for the protection of personal information and privacy notices, and there were no incidents related to customer or employee information. Also, there were no reports of anti-competition practices or incidents related to the violation of indigenous rights or customs, rezoning, or settlements. Any such incident would be addressed by the department corresponding through direct meetings with the people involved and the local authorities.

**GRUPO MÉXICO & OUTSIDE ASSOCIATIONS AND INITIATIVES**

Each year, we report our advances in the adoption of the Ten Principles of the United Nations Global Pact and

the adoption of the Principle of Precaution, specifically article 15 of the Rio de Janeiro principles, at our mining and transportation operations.

As part of our participation in the development of public policy and initiatives, our operations in Mexico are involved in the CESPEDES program, which is part of the Business Coordinating Council, which addresses environmental matters affecting the business sector. This body provides a space for discussing legislative initiatives on environmental issues before these are drafted, in order to participate, if considered necessary, in their analysis and lobbying.

Our mechanisms for communication and feedback with our interest groups include active participation in different associations, chambers, and institutes, among others, in order to share our knowledge and experiences, and also to stay informed of new technology and information for the sector.

During 2014, none of our Divisions made or received any request for financial or in-kind contributions for political parties or related institutions.

The associations in which we actively participate are:

MINING DIVISION	TRANSPORTATION DIVISION	INFRASTRUCTURE DIVISION
<ul style="list-style-type: none"> <li>• Arizona Mining Association (AMA)</li> <li>• North American Metals Council</li> <li>• Society for Mining Metallurgy and Exploration</li> <li>• Mexican Mining Chamber</li> <li>• Mining Association of Mexico</li> <li>• Peruvian National Association of Mining, Oil, and Energy</li> <li>• International Copper Association</li> <li>• International Molybdenum Association</li> <li>• Asociación de Mineros de Sonora A.C.</li> <li>• Tucson Chamber of Commerce</li> <li>• Lima Chamber of Commerce</li> <li>• Association of Exporters (ADEX)</li> <li>• Intersectorial Confederation of Private Companies (CONFIEP)</li> <li>• COMEX-Peru Foreign Trade Association</li> <li>• Peruvian Institute of Mine Engineering</li> <li>• Commission on Private Sector Studies for the Sustainable Development of the Business Coordination Council (CCE)</li> </ul>	<ul style="list-style-type: none"> <li>• Mexican Association of Railroads</li> <li>• American Association of Railroads (AAR)</li> <li>• Railtec</li> <li>• Association of Producers of Agricultural Products (APAAMEX)</li> <li>• Mexican Association of Intermodal Transport (AMTI)</li> <li>• National Farm Council (CNA)</li> <li>• National Association of the Chemical Industry (ANIQ)</li> <li>• National Plastics Association (ANIPAC)</li> <li>• Regional Logistics Commission of Guanajuato</li> </ul>	<ul style="list-style-type: none"> <li>• Mexican Chamber for the Construction Industry</li> <li>• Asociación de Recursos Humanos de la Industria Petrolera, A.C.</li> </ul>



# GRUPO MÉXICO FOUNDATION

## 17,758

PEOPLE BENEFITED FROM DR. VAGÓN IN ITS  
FIRST SIX MONTHS OF OPERATION



Grupo México Foundation, with the support of Ferromex, has created a program without precedent in the American continent: Dr. Vagón, The Health Train. A traveling health clinic equipped with everything needed to take free healthcare services to isolated communities.



## GRUPO MÉXICO FOUNDATION

*2014 has been a very significant year for our Group, our Company, and our Foundation.*

When Grupo México Foundation started operations and sought in its work to undertake the social activities that all the business units of Grupo México had been engaged in over time, it was looking to offer help that was meaningful and different from that which a means of transport like the railroad would be imagined to provide. The easy and appropriate route to take would be to continue transporting humanitarian aid to those in need, via Ferromex, but we wanted to go further. Thus, after brainstorming and with the unconditional support of our Company, we took on the task of bringing to life a project that was not only without precedent in Mexico, but in the whole continent. We decided to start working on a project that would require hours of effort, but also imagination. We decided to create, with the support of Ferromex, the Health Train.

### DOCTOR VAGÓN

It was a challenge to make our project a reality that could benefit those most in need living in isolated communities along the Ferromex train routes.

The Health Train required more than just imagination on the part of Grupo México Foundation and support from our Company. It required infrastructure that we hadn't scaled when we devised this project. It needed talent, work, labor, design, research, and numerous other things that took shape each day and over three years.

It is important to note that everyone who worked, and who continues to work, on this project has joined in enthusiasm for this initiative and for service, as we've always known that this project would end up impacting the lives of others, and that is always highly gratifying!

We took on the task of looking for railcars and adapting these into a "mobile clinic on tracks", capable of traveling throughout Mexico providing free comprehensive healthcare services to those most in need.

In parallel, we took on the arduous task of researching each community through which Ferromex travels to learn about each group, gender, ages, and disease rates. With this information, we developed a comprehensive strategic plan, including in our services, the most urgent needs of the communities we would visit.

We then gave our project a name: *Doctor Vagón*, The Health Train, and with this, and on tracks, the project was launched in Chihuahua in May 2014.

Between May and December, our train visited 7 states, serving 21 communities and 17,758 people, providing 47,447 doctor's visits.

Doctor Vagón, The Health Train, has 11 train cars equipped with doctor's offices, a lab, dormitories, waiting room, cafeteria, kitchen, restrooms, storage spaces, and a pharmacy. It currently carries a staff of 38, including operators and medical professionals in various specializations, who live on board the train, offering the best medical attention and service possible.

The services that Doctor Vagón offers include:

- Weight, height, body mass index, blood pressure, heart rate, breathing rate, abdominal circumference, hip circumference, and fat percentage measuring
- Simple lab tests, which include
  - Glucose, cholesterol, triglycerides, general urine tests
  - Mammary, obstetric, pelvic, and abdominal ultrasounds
  - Dental services (consultations, procedures, cleanings, and fluoride)
  - Vision tests
  - Hearing tests

In addition, and thinking about people waiting to see a doctor, we implemented Health Education workshops to promote self-care and disease prevention in the communities. These workshops include talks on nutrition, sexuality, chronic illnesses, alcoholism, smoking, and violence; all topics of importance to the communities we visit, as our reports cover teenage pregnancy, sexually transmitted diseases, alcoholism and drug addiction, family and school violence, and also obesity and other food-related conditions. During the first seven routes, we held 336 Health Education workshops for 7,534 participants.

Dr. Vagón visits 3 communities for four days each per trip, serving 250 to 300 people each day. During 2014, our Train traveled through the following states, serving the communities mentioned:

- **CHIHUAHUA:** Jiménez, Santa Isabel y Cuauhtémoc
- **SONORA:** Magdalena de Kino, Benjamín Hill y Carbó
- **SINALOA:** Cruz de Eleta, Guamuchil y Bamoa
- **COAHUILA:** Hipólito, Marte y San Pedro
- **JALISCO:** Santa Ana, Huescalapa y Tuxpan
- **NAYARIT:** Ruíz, Nanchi, Acaponeta
- **COLIMA:** Colima, Jala y Tecomán

Through this project, Grupo México Foundation seeks to contribute to the improving the health and quality of life of Mexicans along the Ferromex and Ferrosur rail lines, all operated by Grupo México.

*Doctor Vagón*, The Health Train also marks a “watershed” moment in social activity in Mexico. We know that with this project, social assistance, through Grupo México Foundation, will take a new turn, creating a different way of offering help and taking social action.

We have literally gotten out to know the most isolated communities in Mexico for the sole purpose of helping those in need. We firmly believe that health is everything in life, and therefore it is essential to take quality health-care to those who need it the most. Under this thinking, we firmly believe that 2014 has been just the first of many years for Doctor Vagón and we’re working to expand the services, extend the train, and improve the overall service we offer.

It is important to note and to thank the state governments, the state public health agencies, and the municipal governments that have supported this project. They have not only given us their support and trust, but they have also helped us with our goal, while building alliances.

#### EDUCATION & THE ENVIRONMENT

2014 was also a significant year for our work with Grupo México Foundation’s Education and Environment Program.

As a complement to the educational support we give to elementary and middle schools in Mexico, we took on the task of developing a series of educational booklets titled *Educación para la Salud y la Vida* (Education for Health and for Life).

These nine booklets, divided into two editions -elementary and middle school- are intended as support materials for teachers, parents, and students throughout Mexico.

*Our Educación para la Salud y la Vida* booklets were developed with the support of experts in educational materials and the content was prepared by specialists in hot-button areas affecting our children and youth today: violence, sexuality, malnutrition, family violence, bullying, and addictions.

The next challenge we’re working on in coordination with different education and government agencies is to have our booklets recognized nationally as reference books for all levels of public education, to be used in all elementary and middle schools in Mexico.

At Grupo México Foundation, we firmly believe in comprehensive education and to this end, our work on our Education Program involves two essential aspects: educational training and personal development. Thus, we collaborate and offer different solutions to the problems our society is currently facing, and which could impact the manner in which young people are living their teenage years, both as individuals and within and within their families”.

To address this, for the second year, we offered Educational Workshops at various middle and high schools in the communities of Nacozari, Esqueda, and Cananea in the Mexican state of Sonora. We complemented the hot-button topics mentioned (sexuality, violence, addictions, nutrition, bullying), with *Plan de Vida* (Life Plan), which encourages young people to identify and find a path for their lives and to strive to attain their goals. Lack of motivation or interest among young people to develop themselves and work towards harvesting personal and professional fruits is a constant that little by little is eroding our society. It would appear that we lack enterprising and enthusiastic youths, who value their lives and seek to become better people and citizens. Having a life plan is an essential tool for living fully and being happier.

During 2014, the second class of high school students sponsored in partnership with the *Bécalos* program graduated in the Mexican state of Sonora.

In addition, we continue to offer high school and university scholarships in the states of Sonora and Colima, sponsoring a total of 1,787 students.

Parallel to the high school and university scholarships we give, we also support the institution *¿Sabías Que?*, IBP, with the construction of a digital classroom for 119 high school students in the state of Puebla.

An essential part of integral development is good eating habits. Our work also addresses giving more and more

children and youth access to good and healthy foods. To this effect and in partnership with Fundación CMR, Tyson de México, and HSBC, we supported six different charity organizations dedicated to fighting child malnutrition. With this support, we benefited 13,618 children in five Mexican states.

As part of this fight against malnutrition, through Ferromex we delivered 490 tons of food and humanitarian aid to isolated Tarahumara communities. This year we supported not only Tarahumara communities in the state of Chihuahua, but we expanded our help to these residents in state of Sinaloa.

Every year we’re surprised by the growth we achieve in the Environmental Program. We’re really making use of Grupo México’s nurseries, reforesting more hectares in more states. This program grew 48% over the last year.

This year, 340,700 trees were planted from our nurseries to reforest 342 hectares in 11 Mexican states.

As in previous years, we again used the reforestation program to invite our employees and their families to participate in tree planting days. The enthusiasm of our people is always present and each Grupo México Foundation Tree Planting day receives more and more participants. This year, 962 employees and their families participated in six tree planting days at various Grupo México operations: Santa Barbara, Santa Eulalia, Nueva Rosita, Charcas, San Luis Potosi, and Estado de Mexico.



Meanwhile, 10,351 trees were planted in eight states under the project *México en una Imagen* (Mexico in an image), sponsored by “*Lo Hecho en México*” (Made in Mexico), the goal of which is to plant a tree for every photo that participants (professionals, persons with Down Syndrome, and the general public) register and exhibit in various museums in Mexico and overseas.

### CONCIENCIA CINEMEX & SUPPORT FOR INSTITUTIONS

For the fifth consecutive year, the Cinemex race was held, benefiting a charity with the donation of a portion of the registration fees and the fundraising campaign held at each of our complexes.

This year we supported “*Angelitos de Cristal*”, an organization that cares for children suffering from osteogenesis imperfecta (brittle bone disease), benefiting 315 children.

Our program, Benefit Premieres continues to grow each year. We can say that after four years, this program is a fundamental part of the work of Grupo México Foundation with Cinemex.

Organizations are constantly asking for this support, which during 2014 benefited 242,203 people through 24 premieres, representing an increase of 3,673 percent compared with the previous year. Looking back, this program started benefiting a little over 6,595 people, therefore the increase in results is highly significant.

The Benefit Premieres could not happen without the support of the distributors, who without personal interest

and confident in our work, “let us borrow their first-run films”. We thank Videocine, Diamond Films, Alphaville Cinema, Warner Bros., 20th Century Fox, Cineauta, Nueva Era, and Alameda Films for their invaluable support.

In addition, our *Difusión al Mensaje Social* (Social Messaging) program has grown. We received requests from various institutions throughout the year.

Charity organizations have found in this program a space to transmit and bring to light their work and it has been gratifying to see the efforts made in finding sponsors and advertising agencies to help them create their *Cineminutos*. Although this year there were fewer copies, this does not reflect the dissemination of the *Cineminutos*, as today Cinemex movie theaters are 100% digital. With this program, we indirectly benefited 25,914,792 people in 2014, who receive direct benefits from the institutions we promoted on Cinemex screens.

In September 2013, various Mexican states were affected by Hurricanes Ingrid and Manuel. As part of a humanitarian aid effort, we developed a partnership with the film industry and Fundación Televisa. This assistance was given in 2014, delivering school furniture to 216 schools in the states of Veracruz, Colima, Michoacan, and Sinaloa. Also, together with Mexican President Enrique Peña Nieto, the “La Pintada” School was opened in state of Guerrero, added to the “El Eden” and “Huamuchito” Schools, benefiting 208 students in the region.

Sadly, Hurricane Odile caused severe damage in Baja California Sur in September. In response, we joined the

humanitarian aid efforts at the time and we were able to deliver clean water to a little over one thousand residents affected.

For the second year, we supported the “#Yolo” Forum, the goal of which is to encourage young people to develop a life plan and work towards making it a reality. Lack of interest in a life project is a constant in our youth. Their disinterest often leads them to lose their way and to fall into drugs and alcohol, which in turn increases violence.

For Grupo México Foundation, it is vitally important to support programs that not only promote healthy coexistence, but that inspire society to lead fulfilling lives, and to believe that life projects can become a reality when we strive to achieve our goals. We firmly believe that success is the sum of small efforts repeated day after day.

In this same area, we held a campaign to prevent violence associated with the use of alcohol and drugs. This campaign visited the marquees of 270 Cinemex theaters, raising awareness and was well received by the public.

In addition, and as we do each year, we also held fundraising campaigns at Cinemex. Thanks to these campaigns, various organizations received funding for their community work. During 2014, we held two campaigns for two different organizations: Doctor Sonrisas, which fulfills the dreams of terminally ill children, and Unicef, internationally recognized institution for their work in health, nutrition, and education in benefit of underprivileged children around the world.

In parallel, we donated 58,977 promotional items for various films to 16 institutions dedicated to caring for 15,020 children in Mexico. This is merely a small token of support, but it results in big smiles.

We held, for the first time, the “*Expo Fundación y Congreso*” to provide a space for Foundations, Charity Organizations, and socially responsible companies to connect, to create possibilities for the development of new strategic alliances and to inform participants on specific aspects of organizational management.

During this first “*Expo Fundación y Congreso*”, we received the support of: Fundación CMR, Fundación Televisa, Fundación Azteca, Fundación MVS Radio, Fundación BBVA Bancomer, Ford Motor Company, Fundación Manpower Group, Choice Hotels, Casa Xavier, Show Case, PM on Street, Dr. Sonrisas, Incluyente, Pro Empleo, Make a Wish, and Convivencia sin Violencia.

A total of 105 community service organizations participated in this first conference and we invited internationally known speakers who gave talks each day for the participants.

Various charity organizations were recognized for their service to the community. This is the first time Grupo México Foundation has given out awards.

In parallel, we started an important project that will be completed during 2015: “*Red de Asociaciones y Fundaciones Empresariales FGM*” (FGM Network of Business Associations and Foundations). This goal of this Network

is to strengthen partnerships between charity organizations and corporate foundations to increase citizen participation, creating a standardized line of action between them. In addition, we hope to use this Network to align the processes of the charity organizations and help them achieve their goals of social responsibility, while also helping the corporate foundations to create a single protocol and simplifying their processes.

It was a challenge to develop and implement this first *Expo Fundación y Congreso*, but we're certain that as time passes, it will take root and will contribute to standardizing guidelines for social action in Mexico.

#### SOCIAL LINKAGE

This area of Grupo México Foundation is the pillar that offers support to all the programs we operate.

Social Linkage performs the intensive and detailed task of investigation to identify the communities The Health Train will visit. It also works in coordination with Ferromex operations to determine which communities have the right railroad conditions in order for *Doctor Vagón* to stop and remain in the community serving its residents.

In addition, Social Linkage works together with our Environmental Program, developing and fostering existing relationships with different Mexican states to broaden our scope in terms of reforestation.

This area works in coordination with the Conciencia Cinemex and Support for Institutions Program, to follow up on requests for support received from charity organizations outside of Mexico City.

In 2013, we started an ambitious project developed exclusively for our employees and their families, Grupo México Foundation Volunteer Day. The primary goal: come together as a single family, performing various community actions. Volunteer Day is one of the pillars of the Social Linkage Program and Grupo México Foundation.

The work to carry this out is not simple: we need to identify the participating states, the communities where we work, and the institutions that will benefit from this "service as a family". Since its beginnings, the response from people working in all the divisions of the Group, including our Cinemex people, has been surprising, bringing us together on one day, with a single goal: to help.

During Volunteer Day, our employees and their families worked on public areas, such as parks and public squares, tree planting, painting and improving the infrastructure of schools, shelters, and retirement homes. They also cleaned up public spaces and beaches. This year, our 4,237 volunteers and their families worked in 12 states, serving 23 communities to benefit 30,000 people and 33 institutions, representing a 20% increase in the people benefited compared with 2013.

We want to highlight the interest that our employees have shown in this project; Grupo México Foundation receives numerous emails encouraging us to continue with this work. This motivates us to keep going, always in hand with our employees and their families.

#### GRUPO MÉXICO FOUNDATION PUBLISHING PROJECT

The fifth publication in the Xocoyo Collection was *Maíz*, fruto de agua y fuego (Corn, fruit of water and fire). This Mexican ingredient is essential to our cuisine and we couldn't go without honoring it.

As with each of our previous books, we supported a social cause with the book sales. On this occasion, with *Maíz*, we supported La Casa del Sol A.C., located in the city of Puebla. This charity houses 60 abandoned, abused, orphaned, lost, and ill children.

The organization also gives children temporary shelter during the legal processes of adoption, while looking for a home for them. La Casa del Sol A.C. offers housing, meals, education, clothing, and medical and psychological care for these abandoned children.

In parallel, through *Maíz*, we continue to support the work of Mexican talent: chefs, photographers, food critics, and researchers.

We closed 2014 with the news that once again a book produced by the Grupo México Publishing Project has

been nominated for the Gourmand World Cookbook Awards, in the category Best Single Subject Food Book. This is the fourth time we've been nominated for this international recognition. It should be mentioned that the books *Kakaw* and *Vainilla* won this prestigious award. We're proud of our publishing efforts and will continue to work on making each new book better than the last.

For the second year in a row, Grupo México Foundation participated in the consolidation of the celebration of the festival "*Fiesta Anual del Huapango, Encuentro de las Huastecas en Amatlán, Veracruz*".

The Huapango Annual Festival is one of the most important cultural gatherings in Mexico, attended by over 15,000 visitors with more than 1,200 artists, researchers, exhibitors and craftspeople, as well as musicians, dancers, readers, and troubadours from the Huasteca states: Tamaulipas, Hidalgo, San Luis Potosí, Queretaro, Puebla, Colima, and Zacatecas. During the festival, new talents are encouraged and cultural exchanges are made.

For Grupo México Foundation, supporting cultural events that promote and disseminate our traditions is of great importance. Mexico is a country that lives and brings alive its festivals and customs, and we as Mexicans must always give these events the support they deserve.



## COMPARATIVE EDUCATION AND THE ENVIRONMENT

Project	States		No. Benefited		Increase	
	2013	2014	2013	2014	2013-2014	Total
Community Center Conferences	1	1	1,466	7,060	381%	8,526

Project	States				No. Benefited				Increase	
	2011	2012	2013	2014	2011	2012	2013	2014	2011-2014	Total
Reforestation	2	4	6	11	322,000	417,872	877,505	2,527,477	784%	4,144,854

Project	States				Increase	
	2011	2012	2013	2014	2010-2014	Total
Trees donated	28,500	35,850	181,638	340,700	1195%	586,688

Project	States				Increase	
	2011	2012	2013	2014	2010-2014	Total
Volunteers	167	102	203	962	576%	1,434

## COMPARATIVE SOCIAL LINKAGE

Project	No. Benefited		Increase		Total		Volunteers		Increase		Total	
	2013	2014	2013	2014	Benefited	Benefited	2013	2014	Volunteers	Volunteers	2013-2014	Volunteers
FGM Volunteer Day	12	12	25,000	30,000	20%	55,000	3,972	4,237	6.7%	8,209		
			People	People	17%	61						
			28	33								
			Institutions	Institutions								

## COMPARATIVE CONCIENCIA CINEMEX & SUPPORT FOR INSTITUTIONS

Project	Premieres			States			No. Benefited			Increase		Total
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012-2014	Benefited	
Benefit Premieres	19	21	24	6	6	7	6,595	57,781	242,203	3673%	306,579	
							People	People	People			
							16	19	18			
							Institutions	Institutions	Institutions			

Project	Copies increase				Total				Increase Benefited					
	Copies Released			Released	Copies			Released	States			No. Benefited		Benefited
	2012	2013	2014	2012-2013	2012	2013	2014	2012	2013	2014	2012-2014	Benefited		
Cineminitos	5,649	9,349	2,515	45%	17,513	32	32	32	166,752	61,774	25,914,792	15541%	26,143,318	
									People	People	People			
									6	12	9			
									Institutions	Institutions	Institutions			

Project	Campaigns			States			No. Benefited			Increase		Total
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012-2014	Benefited	
Social Marketing Campaigns	2	2	3	32	32	Mexico City & Estado de Mexico	2,523	10,007	11,300,838	447913%	11,313,368	
							People	People	People			
							2	2	3			
							Institutions	Institutions	Institutions			

Project	Donations Delivered		States		No. Benefited		Increase		Total
	2013	2014	2013	2014	2013	2014	2013-2014	No. Benefited	
Equipping Schools	1	5	1	5	11,151	27,288	245%	38,439	
					People	People			
					82	218			
					Schools	Schools			

# MINING DIVISION

## DEVELOPMENT WITH PURPOSE

# 12 UNITS

IN OUR MINING DIVISION ARE  
OHSAS 18001:2007 CERTIFIED

In keeping with our commitment and business approach, we care for the wellbeing and safety of not only our collaborators, but also their families and the communities that embrace us, to promote improving quality of life in society in general.





## MINING DIVISION

### 2014 PERFORMANCE & 2015 GOALS

Health & Safety	Business Unit	2014 Goal		Performance	2015 Goal
	Mining Division	Maintain the accident rate at below 0.94.	✓	The goal was met, reporting an accident rate of 0.85, a 10% decrease compared with 2013.	Maintain the accident rate at below 0.77.
	Mexico	Maintain 11 operating units in the voluntary self-management program of the Department of Labor and Social Welfare (PASST).	✓	We exceeded the goal with 12 units accredited.	Maintain 11 operating units in the voluntary self-management program of the Department of Labor and Social Welfare (PASST).
	Mining Division	Maintain our OHSAS 18001:2007 certifications.	→	We have 12 units OHSAS 18001:2007 certified and we're working to have 13 units certified by 2016.	Maintain our OHSAS 18001:2007 certifications.
Our Communities	Business Unit	2014 Goal		Performance	2015 Goal
	Mining Division	Zero human rights related incidents.	✓	Zero human rights related incidents.	Zero human rights related incidents.
	Mining Division	Increase the number of people benefited per dollar invested in social development programs.	✓	We increased the number of people benefited per dollar invested in social development programs by 4%.	Increase the number of people benefited per dollar invested in social development programs.
	Mining Division	Meet our commitments to our community development programs and report performance per the indicators established.	✓	We met our commitments to our community development programs as projected for 2014.	Meet our commitments to our community development programs and report performance per the indicators established.
Our Environmental Commitment	Business Unit	2014 Goal		Performance	2015 Goal
	Mining Division	Improve efficiency in recovered water usage compared to first use water usage.	→	We increased our first use water usage compared to recovered water usage.	Improve efficiency in recovered water usage compared to first use water usage.
	Mining Division	Improve energy efficiency in terms of production at each operating unit in the Mining Division.	✓	We improved our energy efficiency in terms of production at our operating units in the Mining Division by 2%.	Improve energy efficiency in terms of production at each operating unit in the Mining Division.
	Mexico	Clean Industry certification for 20 operating units.	→	We maintained Clean Industry certification for 18 operating units. We continue working to increase the number of units certified.	Clean Industry certification for 19 operating units.
	Mining Division	Maintain our operating units ISO 14001 certified.	✓	We maintained 4 operating units ISO 14001 certified.	Maintain our operating units ISO 14001 certified.
	Mexico	Maintain the production capacity of our nurseries / greenhouses.	✓	We exceeded the goal, increasing the production capacity of our nurseries / greenhouses by 10%.	Maintain the production capacity of our nurseries / greenhouses.

✓ GOAL REACHED

→ GOAL IN PROGRESS

## GROW

We've set an ambitious goal for the Mining Division: double production to become the third largest copper producer in the world.

To meet this goal, in 2014 we invested US\$2.44 billion, of the US\$10 billion we've invested over the last five years; it is important to highlight the principal projects that stand out in Mexico and those countries where we operate.

Of note is the investment made to grow our operations at Buenavista del Cobre and the expansion projects at Toquepala and Tia Maria, as part of our work in Peru.

### INDUSTRY GROWTH AT BUENAVISTA DEL COBRE

During 2014, we focused much of our efforts on achieving the goals of development as outlined in our expansion program at the Buenavista del Cobre mine. Our investment program has an allocated budget of US\$3.4 billion, which will be executed through projects that focus on improving our operating capacity.

The new investments will increase our copper production capacity by 175%, to reach 510,000 tons in 2015 and, in parallel, significantly increase our production of

molybdenum. The projects that form part of this investment program include the construction of:

- A new copper concentrator.
- A new molybdenum plant.
- The "SX/EW III" Solvent Extraction Electrowinning plant.
- The "Quebalix IV" crusher and conveyor belt system.
- The expansion of the mine with drilling and hauling equipment.
- New roads, dams, water infrastructure, and power lines.

As part of this growth program, US\$511 million was invested in 2014 to acquire 61 trucks and other equipment including shovels and drills.

The Buenavista del Cobre expansion has created 9,000 jobs during construction. With this project, Mexico becomes one for the five largest copper producers in the world.

### CONCENTRATOR II

A highlight of the Buenavista del Cobre expansion project is the new copper concentrator with molybdenum circuit, with an annual production capacity of 188,000 tons of copper and 2,600 tons of molybdenum. Addi-

tionally, this process will produce 2.3 million ounces of silver and 21,000 ounces of gold each year. At 2014 close, the project reported 92% progress, with an investment of US\$979 million of the total US\$1.38 billion budgeted. The Concentrator II will improve our production efficiency, to produce more with less.

The construction of Concentrator II required 59 contractor companies and 3,600 employees, most of whom were from the region of Cananea, Sonora.

Meanwhile, in May 2014, construction was completed on the new furnace at the lime plant, representing a total investment of US\$25 million. This project is strategic for the business, covering the need for this material in the copper and molybdenum production process.

A 120 meter diameter Geodesic Dome has been constructed at the copper concentrator plant to reduce the impact from particle emissions, project that will also significantly increase storage space.

### SX/EW III

In June 2014, construction was completed on the "SX/EW III" Solvent Extraction Electrowinning plant, initiative that positions Buenavista del Cobre as the third largest

mine in the world in terms of production. The project created more than 7,600 direct and indirect jobs and represented an investment of US\$525 million. With this project, we have increased our annual copper cathode production capacity by 120,000 tons.

Additionally, a budget of US\$340 million was allocated for the construction of a crusher and conveyor belt system for leachable ore, known as "Quebalix IV", which will have a processing capacity of 60 million tons per year and is expected to be completed in 2015.

### TOQUEPALA & TIA MARIA

The mining activities of the Toquepala and Tia Maria projects in Peru have been included in our operations expansion, the growth of which requires a significant investment of US\$1.2 billion and US\$1.4 billion, respectively. It is important to note there were important social challenges that had to be faced in the beginning, which were overcome thanks to our good relationships and dialog with the communities involved, actions that ended 2014 with the approval, through citizen consensus, of the Environmental Impact Assessments.

The Toquepala expansion project includes a new crusher and conveyor belt system to replace the current



diesel locomotive transportation system. These actions will increase both the annual copper production capacity by 100,000 tons and molybdenum production by 3,100 tons, significantly reducing operating costs. At 2014 close, a total US\$346 million has been spent on this project.

During the growth phase of Toquepala, 2,200 direct and indirect employees have been hired in different specializations, adding to the 300 direct and 300 indirect positions created, which will be responsible for the day-to-day operations. The economic benefits distributed among contractors and suppliers will amount to US\$90 million and US\$30 million, respectively.

Lastly, in August 2014, the Tia Maria project was approved, which will produce 120,000 tons of copper annually, using cutting edge technology through a leaching process that meets the strictest international environmental standards. Tia Maria is a highly socially representative project for Grupo México, as it will create 3,500 direct and indirect jobs during the construction phase and on starting operations, the project will create nearly 600 direct and 2,000 indirect jobs; in terms of contractors, the spillover will amount

to US\$100 million and in the case of suppliers, this will be US\$40 million. This development will create significant opportunities in the Arequipa region, which will drive local businesses and generate various social responsibility programs during the estimated twenty-year life of the project.

#### ABOUT OUR PRODUCTS

The principal activities of our Mining Division are: exploration, exploitation (mining and ore extraction), processing minerals, metals, and other byproducts; which are sold on different markets and in different industrial sectors around the world.

We produce copper, zinc, molybdenum, and cadmium, which fall under the scope of the European Union Registration, Evaluation and Authorization of Chemical Substances (REACH) and have been duly registered complying with the corresponding regulations. In addition, these products are subject to the procedure for obtaining the Material Safety Data Sheet (MSDS). It should be noted that since the OSHA adopted the Global Harmonized System, all companies that adhere to the protocols set by this body are required to change the MSDS safety sheets to the new SDS format.

#### SECTORS SERVED

##### Metallic Copper

Used primarily in the construction sector, electrical and electronic products, telecommunications, industrial machinery and equipment, consumer products, and in the automotive and transportation industry, as well as by metals companies, smelters, and metal recovery and recycling companies.

##### Molybdenum

Used primarily to strengthen steel alloys and to soften tungsten alloys, and is also used in fertilizers, dyes, paints, and reagents.

Our principal customers are in the transformation industry, treating and processing molybdenum and its derivatives, such as molybdenum oxide.

##### Silver

Used in photography, electrical and electronic products, and to a lesser degree, in traditional welding and welding alloys, jewelry, coins, silverwork, and catalysts.

Our principal customers are in the hazardous waste treatment and recovery industry, manufacturers of specialty pieces that use metal alloys, and sellers of construction materials.

##### Zinc

Used primarily to galvanize steel and iron to protect these from corrosion. It is also used in batteries and for architectonic purposes.

Our customers are in the steel, electrical and cable industries, sellers of zinc alloy products, and pure metals supply companies.

The regulations applicable to our products include:

- Refined zinc ASTM B6-08
- Refined cadmium ASTM B440-00
- Copper rod ASTM B49
- Copper cathodes ASTM B115
- Silver ASTM B413-97a
- Gold ASTM B562-95

Representatives from our Mining Division are working in conjunction with the International Copper Association (ICA) on the development of performance indicators for copper sustainability and on promoting the different uses of copper.

**Copper:**

- An environmentally friendly material with high energy efficiency.
- Because of its physical properties, copper is used in the ‘harvesting’ process for solar energy, from the construction of the absorbers that capture and transfer the energy to the fluid conduction systems.
- Being resistant to corrosion and having high electrical and thermal conductivity, copper helps save energy for many industries and productive activities.
- Essential material for constructing the energy systems of the future and helps in the transition to an economy with less carbon emissions.

Although copper is a non-renewable natural resource, meaning that once extracted it loses its ability to regenerate, it is completely recyclable, as it is found in different forms in nature without losing its properties or its uses. Consequently, managing the lifecycle of this metal is important, from the “cradle” of the ore or the process to its recovery, to be able to capture the energy and generate fewer atmospheric emissions.

It is estimated that 80% of the copper produced worldwide is still in use, conserving its properties, and that recycling supplies approximately 42% of current copper consumption.

The improved energy efficiency from the use of copper carries with it a reduced demand for fossil fuels. For example, each ton of copper used in electrical systems

to improve energy efficiency reduces emissions by up to 200 tons of CO<sub>2</sub> per year<sup>1</sup>.

Regarding the development of renewable energies, copper is characterized by its excellent electrical and thermal conductivity, making it an essential component in wind turbines, and in sun, tidal and wave-powered electrical systems, and also in solar heating and refrigeration systems.

Also of note is copper’s antibacterial property, known as “Antimicrobial Copper Cu+”. The US Environmental Protection Agency (EPA) has registered different uses and alloys of antimicrobial copper and in Mexico, the first Mexican Standard has been implemented for antimicrobial copper and alloy specifications and testing methods (NMX-W-163-SCFI-2013).

**CUSTOMER SATISFACTION**

Our annual customer satisfaction survey was applied at our operations in Mexico and the United States in 2014. The survey used a scale from 1 to 5 in the United States and from 1 to 4 in Mexico, with one meaning expectations were not met and the other end of the scale meaning expectations were exceeded. Corrective measures are then assessed and implemented for those products receiving a rating of less than four and any product with which the customer is dissatisfied, despite being functional, is monitored. The effectiveness of the corrective actions is supervised internally as a result of interaction with the customer.

<sup>1</sup> International Copper Association

**PROMOTE**

**OUR PEOPLE**

**Our collaborators are our Company’s most important asset. Our success is due to the talent and efforts of our people.**

**LABOR MANAGEMENT SYSTEM**

Due to the value our people bring to the Company, we strive to attract, develop, and retain our collaborators.

At Grupo México, we promote labor best practices throughout the organization, fostering among our collaborators equal opportunities, as through diversity and respect we can build a healthy and productive workplace.

Our project “Cambio de Cultura” (Changing Cultures), which has been in place since 2010, seeks to reinforce our management model, which focuses on building a flexible, dynamic, and strong organization, for a prosperous future for all. The focus of this program is on maintaining labor peace, developing leadership skills, teamwork and communication, and reinforcing the values of Responsibility, Respect and Honesty.

**SATISFACTION OF OUR PEOPLE**

In 2014, we had 15,577 employees, all full-time, 75% of which are members of a union.

Of the positions that comprise the structural organization of the Mining Division, 99% were conceived as permanent positions, giving our employees job security. Even though our multidisciplinary team is mostly comprised of men (94%), more and more women are taking positions in the business, and there is no difference between the base salary for men and for women in the same position.

Senior Management is made up of 91% men and 9% women.

**PERCENTAGE OF EMPLOYEES**

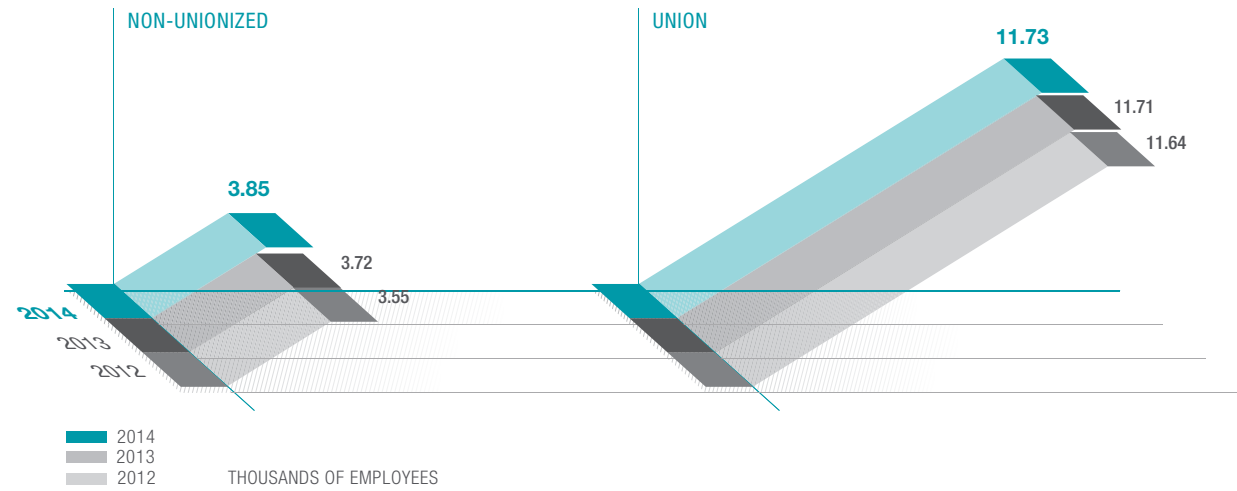
BY REGION  
MINING DIVISION, 2014



<b>M</b>	<b>8,125</b>	<b>52%</b>	MEXICO
<b>P</b>	<b>4,744</b>	<b>31%</b>	PERU
<b>US</b>	<b>2,708</b>	<b>17%</b>	UNITED STATES



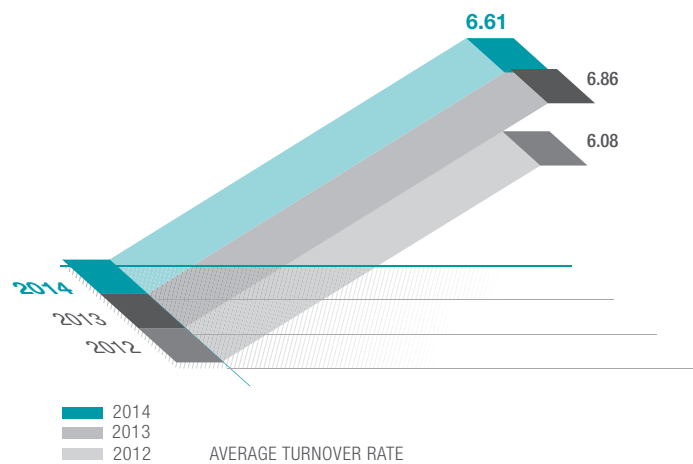
**WORKFORCE**  
BY TYPE OF CONTRACT  
MINING DIVISION, 2012-2014



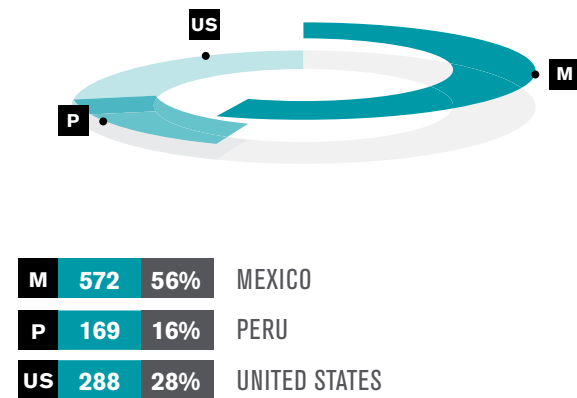
The turnover rate represents employees who leave the Company voluntarily or on retirement, dismissal, or death, reporting an average rate of 6.61%, a decrease of 4% compared with 2013.

There were a total of 1,029 separations in 2014, 89% of which were men. The number of separations from the Company by country was: 572 in Mexico, 169 in Peru, and 288 in the United States. The turnover is comprised of 695 unionized employees and 334 non-unionized.

**TURNOVER RATE**  
ANNUAL AVERAGE  
MINING DIVISION, 2012-2014

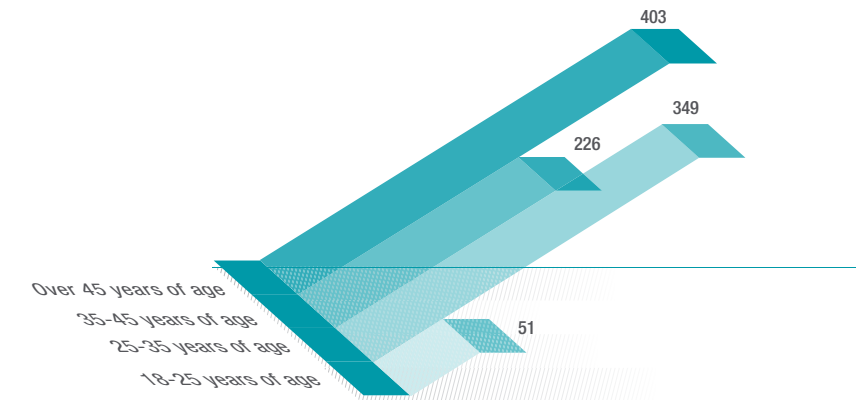


**PERCENTAGE OF SEPARATIONS**  
BY REGION  
MINING DIVISION, 2014



Of the employees who left the Mining Division, 39% were over 45 years of age, 22% were between 35 and 45 years of age, 34% were between 25 and 35 years of age, and 5% were between 18 and 25 years of age.

**SEPARATIONS**  
BY AGE  
MINING DIVISION, 2014



The Human Resources Department is responsible for informing union personnel of changes in the organization. This office communicates with the union and the employees involved to explain the reasons for and scope of the changes to prevent uncertainty and labor instability. Our operations in Mexico are conducted in adherence of the Federal Labor Law, meeting compliance with the collective bargaining agreements, which undergo a salary review each year and a full review every two years. The Company applies in its practice a policy of freedom of association and has identified no significant risks that could affect our employees.

mational material is then distributed with the changes made. The minimum time for notifying the labor authority is 10 days.

Our operations in the United States are required to comply with the Worker Adjustment and Retraining Notification Act (WARN), which establishes the items that must be reported in writing, and we communicate any mass layoffs or unit closures 60 days in advance.

There were no strikes or work stoppages in the Mining Division in 2014.

**SALARIES & BENEFITS**

For Grupo México, caring for the life, health, and phys-

In Peru, the collective agreements specify the start and end date, and also the conditions agreed, and infor-

ical wellbeing of our collaborators and their families is our top priority, therefore we strive to ensure our collaborators are properly compensated for their work, satisfied, motivated, and committed to the organization.

In the Mining Division, we offer fair wage and benefit packages above that required by law, which include:

**Salary-Related**

- Life insurance
- Major medical insurance
- Family protection insurance
- Savings fund
- Grocery vouchers
- Productivity bonus
- Pension fund

**Others**

- Housing assignment
- Utilities (power, water, etc.)
- Medical clinics
- Schools (elementary and middle) for children of employees
- Employee cafeterias
- Sports facilities
- Scholarships for employees and their children
- Employee stock purchase plan
- Retirement plan

These benefits vary depending on the collective bargaining agreement in place at each operating unit and/or region.

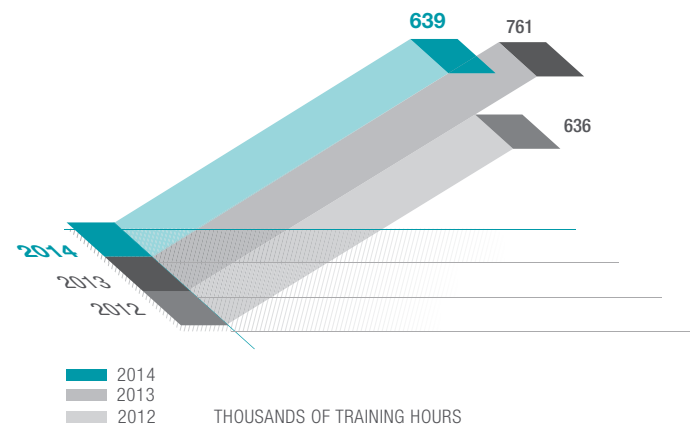
The average Base Salary (BS) in the Mining Division was equal to 12.46 times the Minimum Wage (MW) in 2014, as a result of the growth of our operations and

the efforts of our collaborators to achieve these results. The Base Salary includes the starting salary, productivity bonuses, cash benefits, and profit sharing, where applicable. The calculation of the BS/MW considered the BS/MW ratio for our operations in Mexico, Peru and the United States, weighted to the number of employees in each region.

**PROFESSIONAL DEVELOPMENT**

The professional development of our people is essential for the success and continuity of the business. During 2014, we provided 639,125 hours of training to our employees at all levels, representing an average of 41 hours of training per employee.

**TRAINING HOURS**  
MINING DIVISION, 2012-2014



The average number of training hours for our management personnel was 21 hours per person, 55 hours for our technical and administrative personnel, and 28 hours per person for our operating personnel.

The training hours provided in 2014 for the Mining Division largely addressed our “Code of Ethics”, focusing primarily on Values and Human Rights, and also technical and operational training focused on health and safety issues, ecology, and skills development for key operational positions.

The skills management and training programs the Mining Division offers its collaborators vary according to the region involved.

<b>Mexico</b>	Programs based on Minera México’s skills model, where each position has a specific profile of the competencies required, which are evaluated to identify any training needs. The annual training programs are defined based on this assessment. The detection of training opportunities is the result of dialog between supervisor and employee, to plan their training and professional development together.
<b>Peru</b>	A Skills System is in development, which will define the skills profiles for each position. The system allows us to identify the training needs to then develop an Annual Training Plan. The principal programs are: (i) occupational health and safety, (ii) technical skills, and (iii) behavioral skills (coaching and management skills).
<b>United States</b>	Programs based on developing leadership skills, where we focus on conflict resolution, employee feedback mechanisms, and adaptive leadership, among others. Management courses are offered on diversity, understanding policies and procedures, gender equality, and discrimination. In addition, courses are offered at an off-site creative leadership center, to maximize the managerial skills of our collaborators.



One part of our program for our operational employees has focused on CONOCER certification (Mexican competency certification agency). During 2014, 111 certifications were awarded, making Grupo México the first company to have certified employees.

We have an assistance program for employees who are nearing retirement, to help them with pre-retirement

planning. In some cases, retired personnel are invited to continue as advisors, training Company employees, taking advantage of their specialized expertise.

We conducted performance and professional development reviews on 22% of our collaborators in 2014. Our performance review process varies depending on the location of our operations and detailed following:

<p>Mexico</p>	<p>The review process is conducted according to the individual goals of our collaborators in terms of the Company's strategic plans, aligned with the strategic goals of the business. Collaborators are assessed annually in terms of goals and skills, strengthening dialog between supervisor and employee. This adds the individual contributions to the achievements of the Company, ensuring teamwork and the alignment of projects.</p>
<p>Peru</p>	<p>A Performance Review tool is applied to all Company management that have been with the Company for more than 6 months. Management with employees under their charge are evaluated in: management skills, cost control and resource management, safety, problem analysis and decision making, and the development of their personnel.</p>
<p>United States</p>	<p>Performance reviews are conducted using an online tool, where the employee and their supervisor set goals, learning, and skills training. This process ensures an objective review, with career planning sessions where the employee and the supervisor set new goals, skills, and areas for improvement, which will be used for the next performance review.</p>

**OCCUPATIONAL HEALTH & SAFETY**

At Grupo México, caring for the life, health, and safety of our collaborators and their families is the top priority at all our operations. No task is more important.

This is why our commitment is to create optimal work environments for the wellbeing of our collaborators, by working to the highest safety standards. Our goal: ZERO accidents.

Our Mining Division has a Comprehensive Occupational Health and Safety Management System in place, which allows us to control the risks at our operations and develop ongoing improvement plans to protect our personnel.

We maintained OHSAS 18001:2007 Occupational Health and Safety Management System certification at 12 business units in Mexico and Peru. In addition, in Mexico, 12 of our units are accredited with the Ministry of Labor and Social Welfare under the Occupational Health and Safety Self-Management Program (PASST).

Our achievements in health and safety in 2014 include:

- The Mexican Mining Chamber (CAMIMEX) awarded the Casco de Plata, "Jorge Rangel Zamorano" prize to the Nueva Rosita plant, to the Mexicana de Cobre SX/EW plant, and to the Santa Eulalia unit, for reporting the lowest accident rates in the industry.

- Our mining-metallurgic Smelter, Refinery and SX/EW plant operations in Peru obtained triple recertification in OHSAS:18001, ISO:14001 and ISO:9001, affirming their commitment to comprehensive management in terms of sustainability, including best practices in occupational health and safety.

- The communities of the Santa Barbara unit in Mexico were certified Healthy Environments by the Ministry of Health, recognizing the Company's joint efforts to improve the health conditions of the residents, adding to this the certification held by the Santa Eulalia unit.

- Our mine operations in the United States reported the lowest accident and severity rates in their history, with an accident rate 63% below the regional average.

A key element for Grupo México in improving performance are the Occupational Health and Safety Committees, which identify and take preventive action to prevent risks in the workplace, according to the local regulations and programs corresponding.

These committees represent 75% of our personnel at each business unit.

In Mexico, the committees are comprised as follows:

- Central Safety Committee: Comprised of managers or directors and each property manager or superintendent, to ensure compliance with regulations and corrective actions resulting from internal safety inspections.
- Department Safety Committee: Comprised of operations supervisors who are responsible for reviewing and correcting activities that don't comply with operational controls.
- Safety and Hygiene Commission or joint commission: Comprised of administrative and operational personnel as established in the Mexican standard on the creation, composition, organization, and functioning of safety and hygiene commissions (NOM-019-STPS-2011), to review the safety and hygiene conditions at the Company's facilities.
- Safety Cells: Groups led by a department head or the employee with the highest ranking in the department, to reinforce and apply the safety regulations, and also to propose improvements.

Our operations in Peru have Joint Occupational Health and Safety Committees (CSST), which represent all employees. These Committees meet monthly and are comprised of elected employees and senior management. Their duties include monthly inspections, follow up, and the detection and analysis of risks of accidents and occupational diseases.

The committees have 8 sitting members and 8 alternates; 4 sitting members are senior management and 4 are representatives for the employees. At our operations in Peru, the committees are comprised as follows:

- Occupational Health and Safety Committee, UEA Toquepala
- Occupational Health and Safety Committee, UEA Cuajone
- Occupational Health and Safety Committee, UEA Ilo

The Occupational Health and Safety program not only advises the heads of each Company department, it also advises contractors working at Company facilities.

The Health and Safety Committee in the United States is outlined in the collective agreement for each plant and must be comprised of between three and five employees designated by the union and the same number of employees designated by the Company. The committees hold regular meetings to discuss health and safety issues and to make recommendations.

As a result of our work and commitment to our people in terms of health and safety, the incident rate (IR) at 2014 close decreased 10% from 0.94 in 2013 to 0.85, a clear reflection that our activities to identify and respond to risks have reduced the frequency of accidents at our mine operations.

We recognize the commitment and efforts of our people, strengthened by training, responsibility, and the application of preventive observation, as being key to achieving our goals in occupational health and safety.

These results demonstrate our efforts in building a culture of safety, the implementation of inspection plans, and above all, the work and commitment of our collaborators.

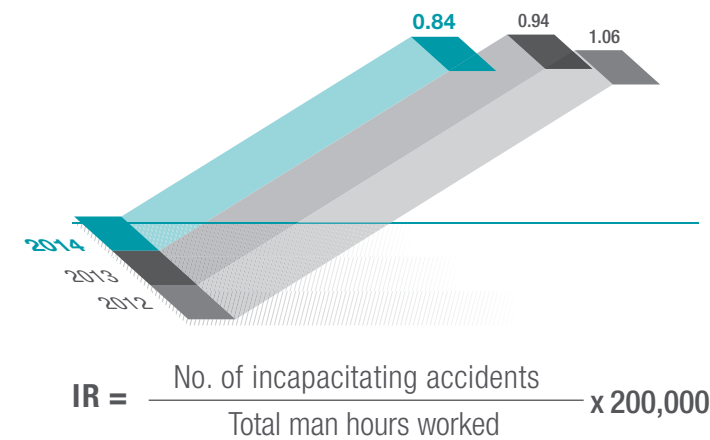
These results demonstrate our efforts in building a culture of safety, the implementation of inspection plans, and above all, the work and commitment of our collaborators.

The incident rate for contractors in Mexico decreased 23% from 0.86 in 2013 to 0.66 in 2014. In Peru, there was a 15% reduction, from 0.40 to 0.34. The severity rate in Mexico decreased from 0.17 in 2013 to 0.08 in 2014, while in Peru it increased from 0.05 to 1.19.

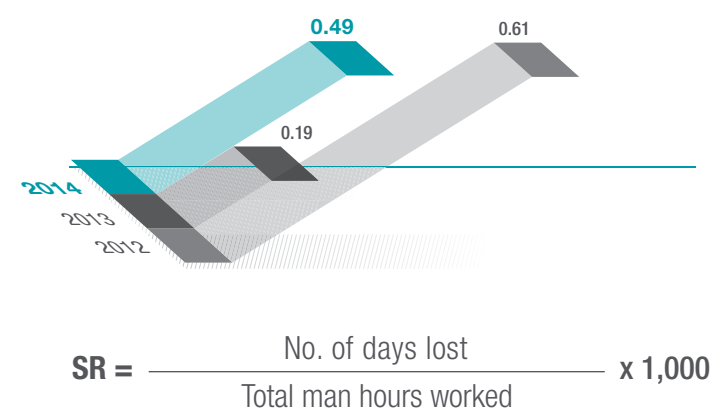
We mourned the loss of six of our employees and two contractors. In response, we've reinforced the equipment maintenance programs and also the mechanical checks before any work is done. We're also working and doubling our efforts to consolidate the integration of our contractor personnel into our Comprehensive Occupational Health and Safety Management System, including training and awareness on occupational health and safety issues.

In Mexico, we held the fourth annual Forum on Safety Cells, which recognized the best projects for building safe environments at our operations, developed by our safety cells, comprised of employees and supervisors, whose purpose is to constantly apply preventive observation and identify unsafe acts on the part of operating personnel and also inadequate conditions of equipment or facilities, to correct these and prevent accidents.

**INCIDENT RATE**  
MINING DIVISION, 2012-2014



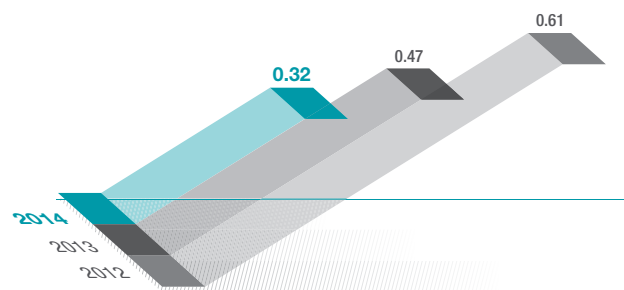
**SEVERITY RATE**  
MINING DIVISION, 2012-2014



At Grupo México, we're constantly working to develop a culture of caring for health, by promoting and strengthening our preventive programs for the workplace, the family, and the community.

We reduced our occupational disease rate in 2014 by 32% as a result of various education programs, and the prevention and control of risks, as well as the treatment of diseases. These programs were provided to our collaborators and, in some cases, to their families and members of the community.

**OCCUPATIONAL DISEASE RATE (ODR)**  
MINING DIVISION, 2012-2014



$$\text{ODR} = \frac{\text{No. of cases of occupational diseases}}{\text{Total man hours worked}} \times 200,000$$

There are certain jobs where our employees are at risk of developing work-related pathologies, therefore we have implemented engineering measures to reduce or eliminate the possibility of acquiring a work-related

disease. An example of this was the completion of the geodesic dome for storing ore at the Toquepala and Cuajone mines, preventing the dispersal of dust particles, and also the construction of a second dome at our mine operations in Cananea.

Our preventive actions at our operations in Mexico are based on the "Wellbeing" Program, directed at preventing chronic degenerative diseases, such as diabetes, high blood pressure, dyslipidemias, or obesity, which are our primary focal points for preventive attention. We have nutritionists, nursing, and medical personnel on hand to conduct early detection testing for health risk factors, applying protective, or control, measures to reduce the risk of health complications among our collaborators.

We conducted vaccination campaigns each during the health and safety week in Mexico. We also operate a program, "Healthy Environments", where, together with the Ministry of Health, we certify schools and neighborhoods as safe and healthy. In 2014, our Santa Barbara unit received this certification, adding to the certification previously given to the Santa Eulalia unit.

Additionally, we held the Minera México Day event, which develops synergies with health institutions, encouraging preventive actions by the families of our collaborators.

In Peru, through our Health programs we offer advice and training, and also risk prevention activities to our collaborators. We have also placed special emphasis on the prevention and treatment of occupational diseases, particularly low back pain, joint disorders (knee and shoulder), and work-related accidents.

All our collaborators receive an annual physical, including a full abdominal ultrasound, which is not required by current regulations. This examination helps to detect diseases early, such as in the case of vesicular growths and abdominal problems, and of the liver and kidneys.

If our collaborators require treatment, we have hospitals in Cuajone, Ilo, and Toquepala. This service also

extends to the parents and children (up to 24 years of age) of our collaborators.

In the United States, we conduct medical analyses on our collaborators periodically, which include blood tests and hearing tests to prevent any potential work-related disease.

Our Mining Division has Safety, Health and Hygiene Week programs in place, where our primary goal is to promote health and safety in the workplace, in the family, and in the community. These actions are for personnel and their families, contractors, suppliers, institutions, and the general public, as part of their development in health, safety, and social development, activities that include:

**ACTIVITIES DIRECTED AT:**

**Personnel**

- SAFETY EXPO
- FORUMS ON SAFETY CELLS
- HEALTH FAIR
- HEALTH RUN
- REWARDS FOR EMPLOYEES OR DEPARTMENTS WITH ZERO ACCIDENTS
- COURSES & CONFERENCES ON SAFETY

**Employee families & the community**

- "KNOW MY COMPANY" GUIDED TOURS
- FAMILY SOCIAL EVENTS & PARADES
- HEALTH FAIR
- HEALTH RACE
- FAMILY CONTESTS TO PROMOTE VALUES
- COURSES ON EXTINGUISHING FIRES





## INVESTMENT IN HEALTH AND SAFETY

During 2014, we invested more than US\$104 million in occupational health and safety, an increase of 18% over 2013, focusing on engineering works, the acquisition of personal protective gear, training, and industrial hygiene studies. In occupational health, we've invested in health awareness, promotion, and protection, and also in early prevention, treatment, and therapy.

### INVESTMENT IN OCCUPATIONAL SAFETY

(US\$ Millions)		MINING DIVISION	
Administrative Costs	\$	4.82	
Training	\$	2.37	
Personal protective gear	\$	12.28	
Industrial hygiene studies	\$	0.19	
Engineering works	\$	78.26	
<b>Total</b>	<b>\$</b>	<b>97.92</b>	

### INVESTMENT IN OCCUPATIONAL HEALTH

(US\$ Millions)		MINING DIVISION	
Health awareness, promotion, and protection	\$	0.69	
Detection and prevention	\$	2.25	
Treatment	\$	3.98	
Therapy	\$	0.04	
<b>Total</b>	<b>\$</b>	<b>6.96</b>	

## OUR COMMUNITIES

*More than US\$73 million invested in community development actions.*

Dialog and commitment to the community have become a priority for global companies, becoming Corporate Citizens who have influence in the contexts of development to configure the DNA of sustainable growth.

We promote a management approach of co-responsibility in the community, based on a long term vision, and not only with an eye to satisfying immediate needs.

### SOCIAL MANAGEMENT

We are building, together, the social and human capital that will drive the common good of future generations. This is our premise for development with purpose.

Our methodological platform is aligned with the Company's business model, and also the needs and specific contexts of the regions where we operate in Mexico and Peru. In adherence of the Company's operational lines of action and our methodology, which is based on respect for human rights, co-responsibility with the community, and sustainability, we are working for development with purpose that will bring the internal and external interest groups of our Company together.

**VISION**

To be the leader in Community Development in the country, recognized for performance and impact.

**MISSION**

To strengthen the Company's operations, improving the quality of life in the communities where we operate, building community linkage and promoting collective participation to improve the common good, recognizing people as the core generators of development.

**PRINCIPLES**

<ul style="list-style-type: none"> <li>• Co-responsibility.</li> <li>• Respect for the rhythms and needs of the community.</li> <li>• Horizons, not limits.</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency.</li> <li>• Accompaniment in the social change that strengthens structures.</li> <li>• Feedback with the community.</li> <li>• Empathy, acceptance and consistency.</li> </ul>	<ul style="list-style-type: none"> <li>• Pro-positive leadership.</li> <li>• From the community to our ears.</li> <li>• Communication.</li> <li>• Inclusion.</li> </ul>
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**VALUES**

HONESTY	RESPECT	RESPONSIBILITY
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**COMMUNITY TOOLS**

- Invitations to submit projects
- Community committees
- Social investment fund
- Multidisciplinary linkage
- Casa Grande
- Corporate Volunteering

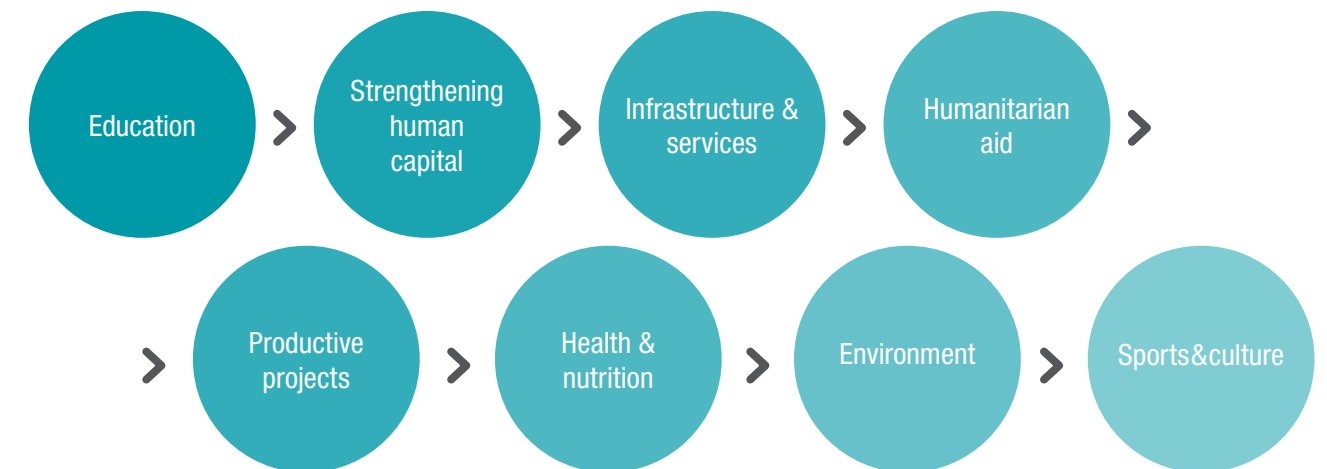
**Methodology**

- Formation of leaders and transfer of knowledge
- Identity modeling
- Experiential learning
- Community immersion to promote local processes
- Measuring of the social impact

Shared responsibility, ongoing agreements, and open dialog with the communities are essential components for the success of our community development model. Through this strategic model, we promote the generation of wealth for the Company and the community, strengthening the community through investments and shared benefit programs.

Our community development model has specific lines of participation to create social value for the sustainability of our operations. In 2014, more than 9,200 youth, children, adults, teachers, and community leaders participated in our various Community Development programs.

**LINES OF PARTICIPATION IN COMMUNITY DEVELOPMENT**



**INVESTMENT IN COMMUNITIES**

During 2014, we invested more than US\$73 million in our communities, a 62% increase over 2013.

PROGRAM	MINING DIVISION
<b>Community Development</b> Social linkage Community development programs Sponsorships & donations Infrastructure and equipping of local neighborhoods	\$ 12,963,711 \$ 3,891,106 \$ 1,115,622 \$ 30,202,768
<b>Employees &amp; Communities</b> Investment in education Sports & cultural activities Investment in infrastructure in Grupo México neighborhoods	\$ 4,532,656 \$ 1,060,775 \$ 19,439,686
<b>Total</b>	<b>\$ 73,206,323</b>

## DIALOG & VALUE FOR OUR COMMUNITIES

By strengthening our Company operations, we improve the quality of life of the communities where we operate, fostering structures of community linkage and collective participation to improve the common good, and above all, we consider people to be the core generators of development and assets.

During 2014, we continued to build joint work spaces for the community and Grupo México to boost human and social capital so as to generate processes for individual, family, and community development. We carried out initiatives such as interest groups, assessment interviews and surveys, which generated suggestions to strengthen the structures for citizen participation, respecting the human rights, culture, and social dynamics of the community.

### SOCIAL WELLBEING

In the Mining Division, we want our projects to have a positive impact and to strengthen our relationships with the communities where we operate. To achieve this, we work arduously to promote social wellbeing through the ongoing offering of health services, education, and recreational, cultural, and sports activities, among others. In 2014, we developed projects that will leave their mark, not only because of their innovation and investment, but for the highly positive results we've achieved in the community.

## MEXICO

### CASA GRANDE

We are building social and human capital together, basing our actions on respect for Human Rights and co-responsibility through Community Committees, whose purpose is to encourage voluntary, citizen participation, plurality and transparency, which leads to a real connection between the community and Grupo México, to promote the exchange of ideas, foster respect for values, and strengthen the social weave.

The reason why the Casa Grande model has been so successful is because with it, we have been able to listen to the people and the groups that comprise the communities, understanding what they need in order to highlight the common good of these and future generations. We identify their needs and concerns, giving priority to dialog and consensus.

Through invitations extended in Mexico, our Community Development Centers and the projects implemented in each region, in 2014, we held 4,371 activities in 13 communities, benefiting more than 99,000 people. We also made important progress in training programs focused on developing productive projects, involving more than 6,150 people.

Our operational team is aligned with the vision of being promoters of development, for which it is essential that

we be aware of the common needs and the challenges faced in each place. We recognize that creating value can only be possible when we respect the autonomy, freedom, and intrinsic values of each community, in a spirit of collaboration.

Working hand in hand with the community, we build unconditional ties and empathy with the people, which commits us to fulfilling the promises we make. We actively participate in chambers, associations, and commissions, which strengthens us as a sector and enables us to identify best practices for the benefit of our communities.

Casa Grande socially innovates and works constantly to develop and implement programs for the elderly, women, differently abled people, youths, and children. Through our centers, these people gain knowledge, experience and skills for life. Of note is our annual invitation in each community to submit projects, in which funds given by Grupo México, independent of the new mining tax in Mexico, are invested to support hundreds of projects approved by the Community Committees, allowing the communities themselves to take the leading role in their own development.

Community development is not left to one area of the Company, it is our Company's way of being and is expressed in the lifestyle of all our collaborators and

contractors. We're thankful for the willingness of our members to express themselves and to speak up, actively participating to positively transform the life of the company where they work, creating together social value to drive sustainability.

### REMODELING OF THE CANANEA GENERAL HOSPITAL & CONSTRUCTION OF THE REGIONAL SPECIALTIES HOSPITAL

As part of our commitment to support our communities, we have developed two major hospital projects in the Cananea region: the remodeling of the General Hospital and the construction of the Regional Specialties Hospital, both in the city of Cananea, Sonora.

A remodeling project was designed to respond to deficiencies in infrastructure and an insufficiency of medical services at the Cananea General Hospital, to improve the functioning of the hospital and to meet the growing demand. An investment of US\$481,000 was made to restructure 1,500 square meters, resulting in a renovated and functional medical center for the benefit of the local community.

The Cananea Regional Specialties Hospital is an unprecedented project that was achieved through a strategic three-level partnership and investment between the Federal Government, the Sonora State Government, and Grupo México. Built on 4,000 square meters, the hospital



offers general healthcare services, emergency services, an operating room, delivery room, x-ray lab, imaging lab, blood bank, telemedicine, and 45 hospital beds. It has specialties in orthopedics, pediatrics, trauma, gynecology, internal medicine, anesthesia, and surgery. One of the most important objectives is to add a dialysis service, so that patients won't have to travel to other cities. Grupo México has invested US\$7.2 million in the project to date.

These two hospital projects benefit 35,000 residents of the local communities, giving them access to high quality medical services, demonstrating Grupo México's commitment to improving the health and wellbeing of the region and Mexico.

### TAMOSURA PARK

As part of Grupo México's commitment, we have completed construction of the Tamosura Urban Park, with 56 hectares of public spaces and services, including health services and sports, recreational, and entertainment spaces. Situated within the park are: the Cananea Regional Specialties Hospital, a supermarket, gym with indoor pool, movie theaters, a hotel, bowling alley, sports venues, shops and stores, and offices, plus a residential area that includes a park, nursery, and spaces with natural reserves.

Tamosura is equipped with water treatment plants, which are used to maintain the vegetation, green spaces, and trees native to the region, representing a balance between nature and the urban infrastructure. This development represented an investment of US\$30.36 million.

The involvement of the community in this project began with the selection of the name through a contest. Tamosura was the winning name and is a combination of two Opata words, which together mean "our abundance", drawn from terms with different ethnicities belonging to this Sonora region.

This center has had a positive impact on the local economy, bringing with it wellbeing and urban, economic, and industrial growth to the community and becoming a regional meeting point that promotes social integration under a model of healthy co-existence.

Walking through the green spaces, the open squares, the paths, or going inside any of the buildings to use the park's facilities, is an experience *par excellence*, created by the architectonic design that, besides its modernity and good taste, pays homage to the mining industry through copper sculptures and beautiful gardens.

Tamosura represents the inclusion, diversity, and pride of a new Cananea, inspiring a better future for all.

### PERU

As is the case for all regions where Southern Copper Corporation operates, in Peru our team is committed to promoting development and to achieve this, it is essential to fully know the needs and work of our communities. We recognize that generating value is only possible in a spirit of collaboration.

The close cooperation with the municipalities and all representative institutions and organizations in the re-

gion have borne tangible fruit to improve the standard of living of the community, helping, through studies and research, to increase local production capacities and optimize the commercialization processes of the communities.

In 2014, we consolidated our projects into the lines of action that form part of the commitment set by Southern Copper Corporation, noting:

- Education and skills training
- Health and nutrition
- Infrastructure and support for the farming sector

### EDUCATION & SKILLS TRAINING

The "Torateñas Emprendedoras" project develops entrepreneurial projects directed at women from the Torata Alta region, who received training in food processes and textiles. We also participated in the program "Beca 600", which involved 600 teachers who, with this support, are currently studying a master's degree in education, strengthening the teaching skills in the Moquegua region.

One of the principal goals in education is improving basic education. We have invested US\$17 million to bring information technologies and communications improvements to schools, to position Moquegua as the best in educational indicators, benefiting more than 33,000 students and 2,900 teachers. Also of note are the efforts in maintenance made at schools in Toquepala, Ilo, and Cuajone.

### HEALTH & NUTRITION

Through health prevention campaigns in different districts in the Jorge Basadre and Candarave provinces, we have improved the quality of life for various communities and, working together with the Peruvian government, we have developed initiatives such as the Telemedicine project, which will extend the coverage and scope of these services.

The opening of the Urban Wastewater Treatment Plant in the district of Camilaca increased access to clean water, by improving the water lines, regulation, and supply processes. Also, the plant will prevent wastewater from contaminating the environment and will supply treated water for farming and forestry use.

The participation of Southern Copper Corporation in the "Candarave Nutrition Program" has been completed after five years of working with the community, reducing chronic malnutrition by 11% and anemia by 33%, benefiting more than 600 children aged 0-5 and 190 pregnant women in the Caira-ni, Camilaca, Candarave, Curibaya, Huanurara, and Quilahuani provinces.

### INFRASTRUCTURE & SUPPORT FOR THE FARMING SECTOR

With the implementation of 14 projects involving canals and technical irrigation improvements to modernize the water infrastructure and the installation of water treatment plants, we are helping to increase farm productivity in the Candarave province. In 2014, there were tangible results in both the commercialization

of quinoa (Andean grain) and oregano, and in animal sanitation and ongoing veterinary services. In addition, emergency response programs were implemented for the cold front weather conditions that affect farming performance, consequently the Company is supporting the region by providing fodder and concentrated food for animals, and fertilizer for plants.

Our collaboration with two local producer associations in the Jorge Basadre province has resulted in the development of various cattle production projects in the district of Ite, which have been successful thanks to guidance on dairy production and also sanitation campaigns. Meanwhile, in the Ilabaya province, the program “Oreganeros de Ilabaya” has strengthened oregano production, as a result of the technified irrigation project implemented in the Poquera, Chulibaya, Ticapampa sectors.

With actions like these, Southern Copper Corporation is working for social development and empowerment; providing funds for productive and commercial strengthening in various regions of this Andean country. Our vision of Development with Purpose consolidates and shows the positive results achieved through consensus and dialog with the communities that embrace us.

With this vision of dialog, and after holding briefing sessions and public hearings to listen to the concerns of interest groups in various sectors and charity organizations, in 2014, the Environmental Impact Assessment was approved for both the Toquepala expansion project and the new Tia Maria project.

## UNITED STATES

In the United States, we've strengthened the involvement of the working community and their families, through educational, sports, and cultural activities in which local associations, students, and institutions also participate. We've sponsored family events and supported organizations and clubs through the operation, maintenance, labor, and the donation of inputs and materials for recreation centers, basketball courts, bowling alleys, and swimming pools.

At ASARCO, we've developed programs and policies in place at all our properties in the United States, to assess the impacts of our operations on the local community.

- ASARCO Environmental, Safety and Health Policy. Through this policy, we commit to supporting activities that contribute to the health, safety, and well-being of our employees and the communities where we operate.
- ASARCO Government and Community Affairs plan. This plan was implemented in August 2008 with a community linkage component through monitoring our participation in community activities.

Legal compliance and respecting our strong sense of responsibility are the driving forces of our operations in the United States. The development of our operations is strongly influenced by zoning planning and our relationship with the local community. Also, we've implemented important measures to ensure the health and safety of our personnel and the community, while supplying

products and materials that guarantee the development of our communities.

Our commitment to a sustainable future assures socioeconomic benefits, job creation, use of technology, and participation in the local economy, while working on synergies with other industries and generating revenue for the local and state governments as members of the mining industry.

In the United States, we focus our efforts primarily on supporting education and children in coordination with volunteers, local businesses, governments, and non-profit organizations. In addition, the Arizona education system has greatly benefited from being the principal recipient of mine royalties paid on the ore extracted.

We are also strongly committed to supporting clean technology research leading to benefits in the social and economic wellbeing of the community, noting our collaboration with the University of Arizona on the following projects:

- Ongoing evaluation of dust suppressants
- MagnoGro Biosolids
- Treated mine waste geopolimer
- Recovery of rare metals

Through our operations in the United States, we also make important contributions to Arizona's economy, generating thousands of well-paying jobs, ensuring the payment of millions of dollars in taxes to the state and local governments. Furthermore, we make

payments for land lease agreements with indigenous communities for approximately US\$500,000, resulting in important social benefits.

During 2014, we made contributions through donations, scholarships, sponsorships, and linkage with the community. We participated in initiatives such as United Way, a national fundraising system to benefit the community involving volunteers, donors, and non-profit organizations, with the goal of improving living conditions and facilitating sustainable solutions through education, financial stability, and healthy lifestyles. The amount donated comes from contributions from employees and the Company, which matches employee contributions dollar for dollar.

It is important to recognize the involvement of the working community and their families through educational, sports, and cultural activities in which local associations, students, and institutions also participate. We've sponsored family events and supported organizations and clubs through the operation, maintenance, labor, and the donation of inputs and materials for recreation centers, basketball courts, bowling alleys, and swimming pools.

## LOCAL SUPPLIERS

Grupo México seeks to increase its purchasing from local suppliers, looking for goods and services that meet our requisites of quality, price, service, workplace safety, and ecological and social criteria. By maximizing the proportion of spending with local suppliers, we contribute to the diversification of the

economy and to improving the quality of life in the communities where we operate.

In this regard, it is important to note that our purchases from local suppliers for our operations in Mexico accounted for 26% of our total purchasing in 2014. In Peru, this was equal to 97% of our total purchases this year, and in terms of our operations in the United States, the purchases made from local suppliers represented 65% of our purchases in 2014.

Community development is not left to one area of the Company, it is our way of being and is expressed in the lifestyle of all our collaborators and contractors. We're thankful for the willingness of our members to express themselves and to speak up, actively participating to positively transform the life of the company where they work, creating together social value to drive sustainability.

At Southern Copper Corporation, we stand by our firm commitment to continually improve the quality of life of the communities where we operate, fostering structures of community linkage and collective participation to improve the common good, and above all, we consider people to be the core generators of development and assets.

# PROTECT

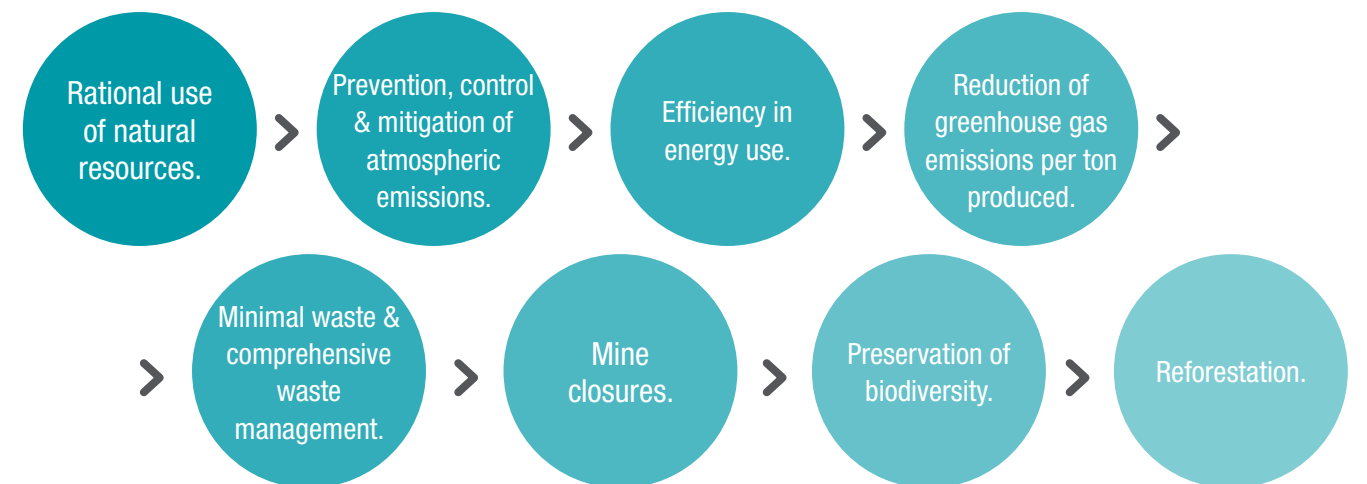
US\$167 million invested in environmental actions.

We maintain an ongoing commitment to move forward in harmony with the challenges of the expansion and modernization of the industries in which we are active. To this effect, we not only strive to meet compliance with regulations, but we operate under environmental best practices, convinced we will reach optimal environmental performance, by identifying, assessing, and mitigating the impacts of our activities on the environment.

## ENVIRONMENTAL MANAGEMENT SYSTEM

At Grupo México, we operate under environmental best practices with a firm commitment to achieving optimal environmental performance, by identifying, assessing, and mitigating the impacts of our activities on the environment.

In this regard, the Mining Division has strategies in place that cover the specific environmental needs of each region, and these are operated through an environmental management system we've developed according to nine lines of action:





In Peru, we maintained three ISO 14001:2004 certifications in 2014, one of which was for the Ilo Smelter, the second for the Ilo Refinery, and the third was joint for the leaching systems at Cuajone and Toquepala. In Mexico, we maintained ISO 14001:2004 certification for the Mexicana de Cobre metallurgic plant complex in Sonora.

We also highlight that for the ninth year in a row, we've participated in the GEI Mexico program, a voluntary program for recording and reporting greenhouse gas emissions to the Ministry of the Environment and Natural Resources (SEMARNAT) and the Commission on Private Sector Studies in Sustainable Development (CESPEDES).

We continue to participate in the Sonora-Arizona Binational Program, which focuses on the application and promotion of response plans for environmental emergencies, accidents, waste management, and flora and fauna conservation along the Mexico-United States border.

The certifications our Mining Division holds are:

- 4 Units ISO 14001:2004 certified.
- 12 Clean Industry certifications.
- 6 Certifications in Environmental Quality.

The actions we implement in our Mining Division form part of our environmental investment plan, amounting to US\$167 million in 2014.

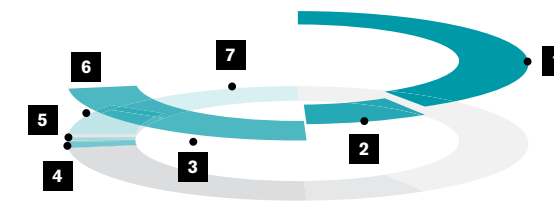
## ENVIRONMENTAL INVESTMENTS

Mining Division, 2014

	US\$ MILLIONS
Water	\$ 26.05
Air & Energy	\$ 71.04
Soil	\$ 13.78
Waste	\$ 39.12
Biodiversity	\$ 1.17
Forestation	\$ 0.70
Management	\$ 15.36
<b>TOTAL</b>	<b>\$ 167.22</b>

## ENVIRONMENTAL INVESTMENTS

BY AREA  
MINING DIVISION, 2014



1	42%	Air & Energy
2	8%	Soil
3	23%	Waste
4	1%	Biodiversity
5	0.42%	Forestation
6	9%	Management
7	16%	Water

Of our environmental investments in 2014, the Mining Division allocated 42% to air and energy management, which together with the investments made in waste management, represent two thirds of the total budget invested. The investment in energy and air is mostly comprised of actions focused on reducing greenhouse gas emissions.

Although we have undertaken various actions to reduce the negative impact of our operations, the Mining Division received six fines in 2014, amounting to US\$95,175. In Peru, two fines were received for violations of regulations on issues involving solid waste management and atmospheric emissions. In the United States, we received three fines for air quality and

water management. In Mexico, there was one fine for improper handling of tailings waste. There were, however, no non-monetary penalties for any violation of environmental regulations.

## ENERGY & CLIMATE CHANGE

Two of the lines of action in our environmental management system and strategy at our mine operations, efficient energy use and reducing greenhouse gas emissions per ton produced, are the result of our efforts to improve the usage of the energy we consume, including where this energy comes from, and also our actions focused on combating climate change.

In addition, following these lines of action also reduces fuel and electricity costs, the latter being the principal input for the mine operations.

In the Mining Division, we have considered the potential risks associated with climate change, which could include changes to rain patterns due to an increased frequency and intensity of adverse weather events, requiring the construction of complementary engineering works, particularly to address rainfall, and also a system of efficient water management to considerably reduce the use of fresh water.

Preparing for impacts resulting from global warming implies financial costs for water containment and runoff construction works, which could significantly affect operations, particularly in the short term.

82 There have been changes to local legislation regarding greenhouse gas emissions related primarily to energy consumption.

In Mexico, new regulations are in place under the Climate Change Law, which will make greenhouse gas emissions reporting mandatory for our operations, when the threshold of 25,000 tons of CO<sub>2</sub>eq for fixed and mobile sources is exceeded, although our operations in Mexico have been reporting voluntarily since

2005. In addition, recent tax reforms have imposed a carbon tax on the use of fossil fuels, which added to the taxes associated with the use of electricity, will affect our operating costs.

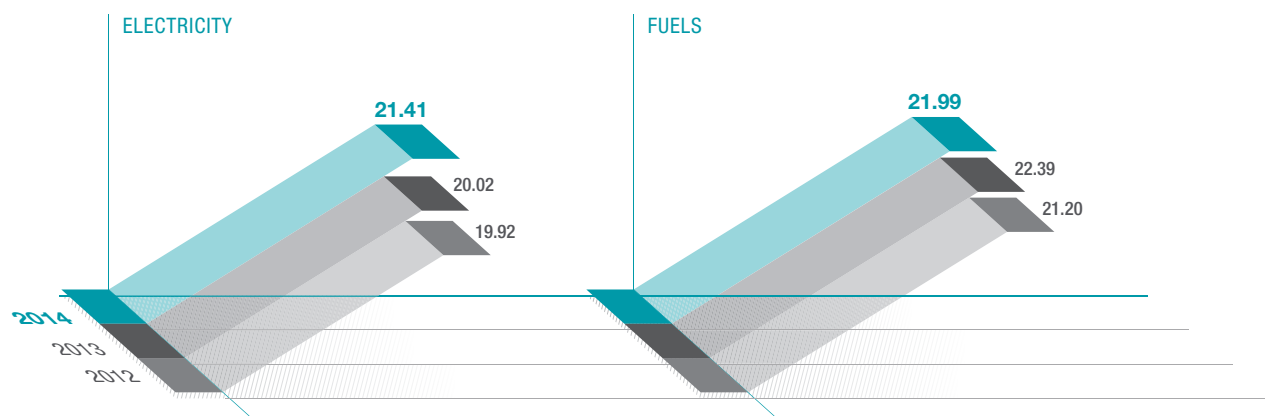
In the United States, the Environmental Protection Agency (EPA) requires direct GHG emissions reporting for fixed combustion sources over 25,000 tons of CO<sub>2</sub>eq. However, in this Report we disclose all emissions, both direct and indirect, from fixed and mobile sources.

### ENERGY CONSUMPTION

The Mining Division consumed 43.40 petajoules of direct and indirect energy in 2014, a 2% increase over 2013.

### ENERGY CONSUMPTION (ELECTRICITY & FUELS)

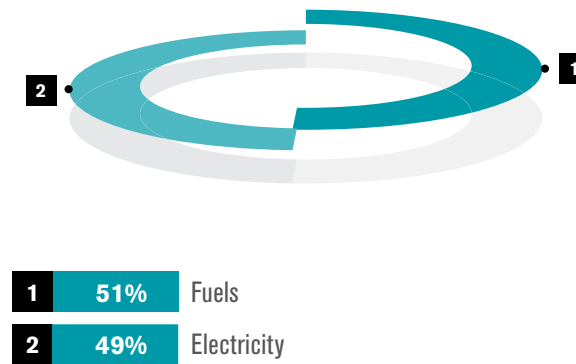
MINING DIVISION, 2012-2014, PETAJOULES



The energy structure of the Mining Division is comprised of direct energy consumption, referring primarily to the use of diesel and natural gas, representing 44% of the total, and indirect energy consumption representing 49%, which in this case corresponded to 21.41 petajoules of purchased electricity. The remaining 7% is made up of the consumption of other fuels.

### ENERGY CONSUMPTION

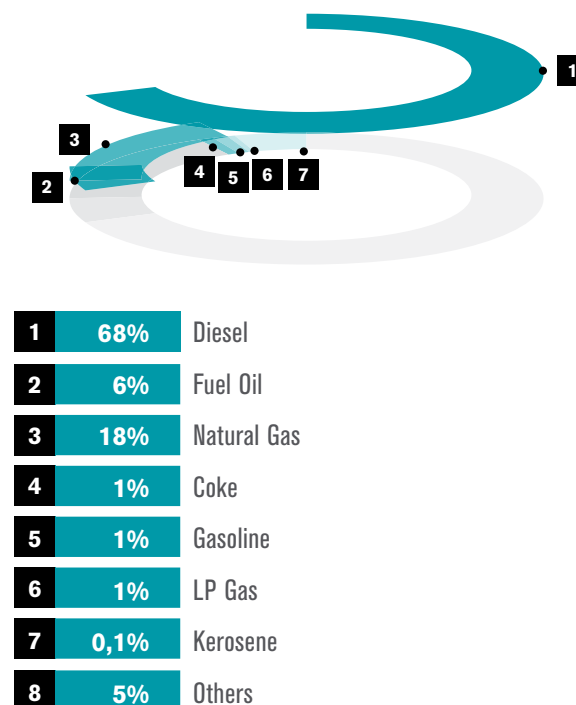
MINING DIVISION, 2014



### FUEL CONSUMPTION

DISTRIBUTION

MINING DIVISION, 2014



83 At Grupo México, we're making efforts to improve our energy matrix, by substituting our conventional sources of energy for our own self-supply power generating facilities, using cleaner fuels with the consequent benefit of reducing our costs and mitigating greenhouse gas emissions.

In Mexico, prior to September 2013, all power had been purchased from the Federal Power Board (CFE), which uses different technologies and sources, 25% of which are renewable. In the last quarter of 2013, the Mining Division started to consume power produced by the first of two combined cycle plants constructed by our Infrastructure Division. In the third quarter of 2014, our mine operations in Mexico started to be supplied with renewable energy generated by the "El Retiro" wind farm constructed by Grupo México's Infrastructure Division.

In Peru, the power we use is purchased from EnerSur, S.A., a Peruvian company with four thermal plants and one hydroelectric plant.

In keeping with our environmental policy, we continue to implement actions to generate our own power using our own energy sources. In the case of Mexico, we are taking advantage of the smelter gases from the heat recovery boiler to generate power. Additionally, our mine operations generate a total of 674,000 kW/h per year, from solar and thermosolar sources. In Peru, we are also generating power from renewable sources, particularly with two hydroelectric plants, with a joint capacity of 130 terajoules.

In addition to obtaining and generating our power from renewable sources and cleaner fuels, we have also implemented best practices resulting in better energy efficiency in our operations, by improving, redesigning, converting and adapting equipment, a rational use of resources, and training personnel to improve performance during operation.

In 2014 alone, we invested US\$175 million in ore crushing, concentration, and transportation modernization projects, which not only reduced operating costs, but also the amount of energy consumed per ton of product generated.

Among the principal plans, of note is the construction of a new crusher and conveyor belt system in Toquepala, Peru; the “Quebalix IV” crusher and conveyor belt system for leachable ore in Cananea, Sonora, and also the use of high pressure grinding rolls (HPGR) at the concentrator in Cuajone, Peru, which will improve energy efficiency in the milling process by 5.7%.

The actions we accomplish year after year, are examples of our energy efficiency improvements in terms of the production of each operating unit.

### GREENHOUSE GAS EMISSIONS

In Mexico, we're pioneers in reporting greenhouse gas emissions to the national emissions inventory under the GEI Mexico Program. Our operations in Mexico

have been participating in this program since 2005 and have received the three distinctions the environmental authorities award for this activity.

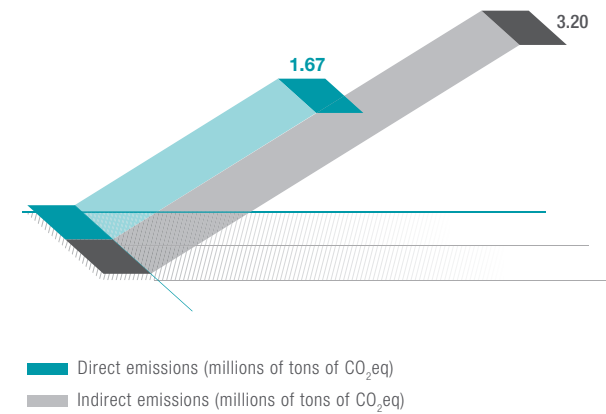
However, with the release of the Regulation for the Climate Change Law, emissions reporting will be mandatory starting 2015 through the National Emissions Register, and must be audited by an independent third party.

In the United States, the Environmental Protection Agency (EPA) requires GHG reporting for fixed combustion sources.

The Peruvian government, through the Ministry of Energy and Mines (MEM), audits mine and metallurgic operations in Peru, and through these environmental requirements, atmospheric emissions are reviewed and discharges monitored.

By substituting traditional energy sources for power produced by combined cycle plants, which make efficient use of the cleanest fossil fuel (natural gas) and renewable energy (wind) supplied by Grupo México's Infrastructure Division, in 2014 we significantly reduced emissions per MWh consumed at our mine-metallurgic operations in Sonora, mitigating 190,312 tons of CO<sub>2</sub>eq, equal to emissions from 40,066 passenger vehicles or 729,232,085 kilometers traveled by one passenger vehicle.

### GREENHOUSE GAS EMISSIONS MINING DIVISION, 2014 Millions of tons of CO<sub>2</sub>eq



Note: Our emissions are calculated based on the 2007 Intergovernmental Panel on Climate Change (IPCC) emission factors, according to the methodology of the World Business Council for Sustainable Development and the World Resources Institute (WBCSD/WRI).

Our environmental strategy has not only led us in the direction of generating clean and renewable energy, but also to the consolidation of crucial projects that will help us to meet the expected contribution of clean energies to the regional energy matrix.

Mine operations inherently require the use of large expansions of land, which added, in our case, to a geographic location with high solar radiation, such as our Mission (ASARCO) mine located in Sahuarita, Arizona, means the conditions are perfect for the implementation of a solar power generating plan. The Avalon Solar Project is comprised of a complete, oriented photovoltaic system that produces a total of 35MW, which can be increased to 58MW.

This project was motivated by a program of the US Environmental Protection Agency to create renewable

energy projects at mine sites. The project started to produce power in December 2014 and was managed under a 20-year commercial agreement between Grupo México -which provided the land-, and Tucson Electric Power, Swinerton, Panasonic, Coronal, and also Clenera.

This agreement also consolidated a strategic alliance for the development of renewable projects, contributing to the state mandate, which requires for 2015, that 15% of power be produced from renewable energy sources.

### OTHER EMISSIONS

Our operations do not use ozone-depleting substances. Although there are some halon extinguishers in areas where this is necessary for safety reasons. These extinguishers are recycled according to international



regulations. We invested US\$472,635 this year to replace four transformers that used polychlorinated biphenyls (PCB) with three transformers that do not use this type of insulation at our US facilities, while in Peru we continue to gradually change out the air conditioning equipment that uses PCBs.

Regarding emissions of nitrous oxide (NOx) and sulfur oxide (SOx), we generated 354.54 tons of NOx and 15,851.75 tons of SOx at our operations in the United States. At our operations in Mexico, we calculated our emissions as 632.37 tons and 659.02 tons of NOx and SOx, respectively, under direct/indirect measuring of the hours of operation of our equipment that releases these gases. In the case of Peru, the emissions of SOx were 29,561.35 tons.

### WATER MANAGEMENT

At Grupo México, we're aware of the enormous responsibility that water conservation means, as this is the most important input in our mine operations, considering both the extraction and the industrial processes. Because of the volumes of water we require to process ore, water usage is one of the focal points of our sustainability strategy. This is why in our Mining Division and throughout the Company, we promote a culture that encourages the rational use, treatment, recycling, and reuse of wastewater to ensure sustainable mining.

Our actions in terms of water efficiency and savings include:

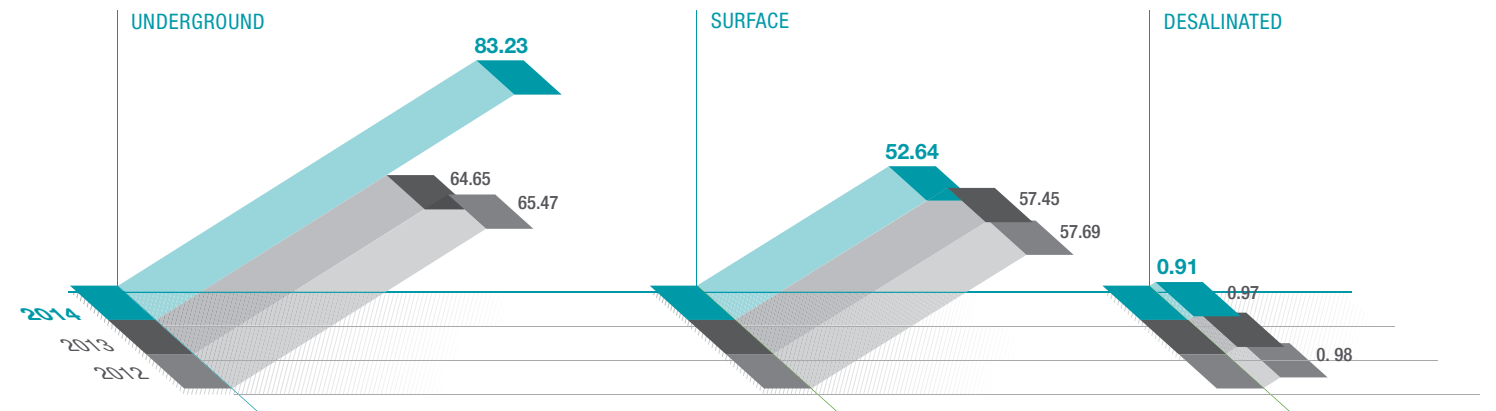
- Recovered water pumping systems.
- Instrumentation and maintenance of closed circuits for the usage of the total volume of process water.
- Compliance with the Cero Descarga de Aguas Residuales (Zero Wastewater Discharge) program, which strives to improve efficiency in both the consumption and reuse of water.

The installation of closed circuits at Grupo México's mine operations means that 67% of the total water consumed by the Company is reused water. The consumption of fresh water at our mine operations is only necessary to compensate for losses due to evaporation.

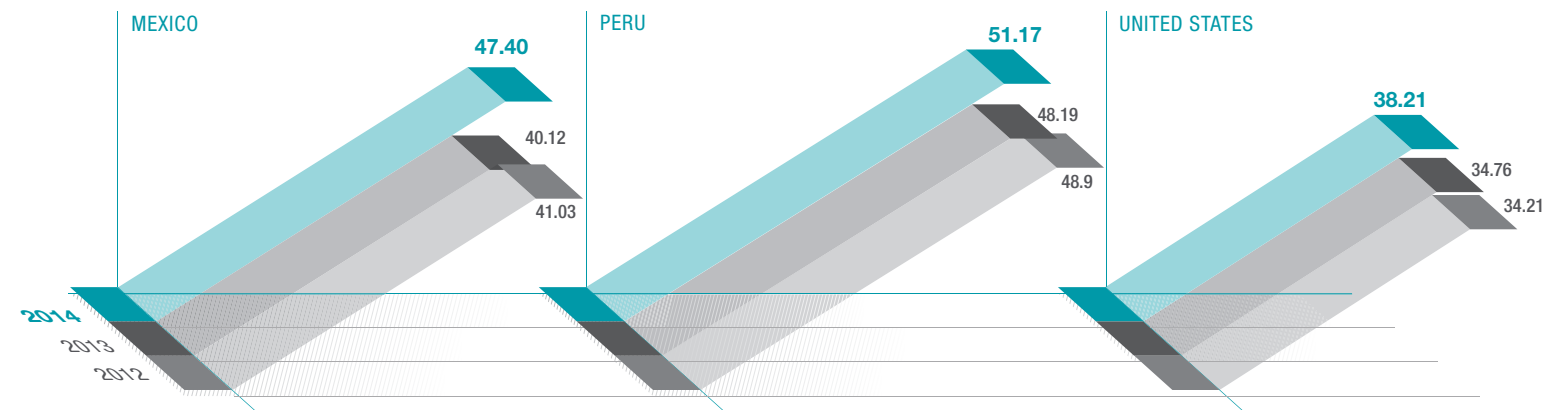
At some facilities, the Company uses treated municipal wastewater, which after being treated is used in industrial processes. An example of this is our wastewater treatment plant in San Luis Potosi. Although the plant only increased the flow of treated water by 3%, it is one of the few that has been able to increase the availability of fresh water in the city to satisfy the demand of 32,000 residents.

During 2014, we consumed 136 million m<sup>3</sup> of water, 60% of which came from underground bodies, 38% from surface sources, and the rest from desalination processes.

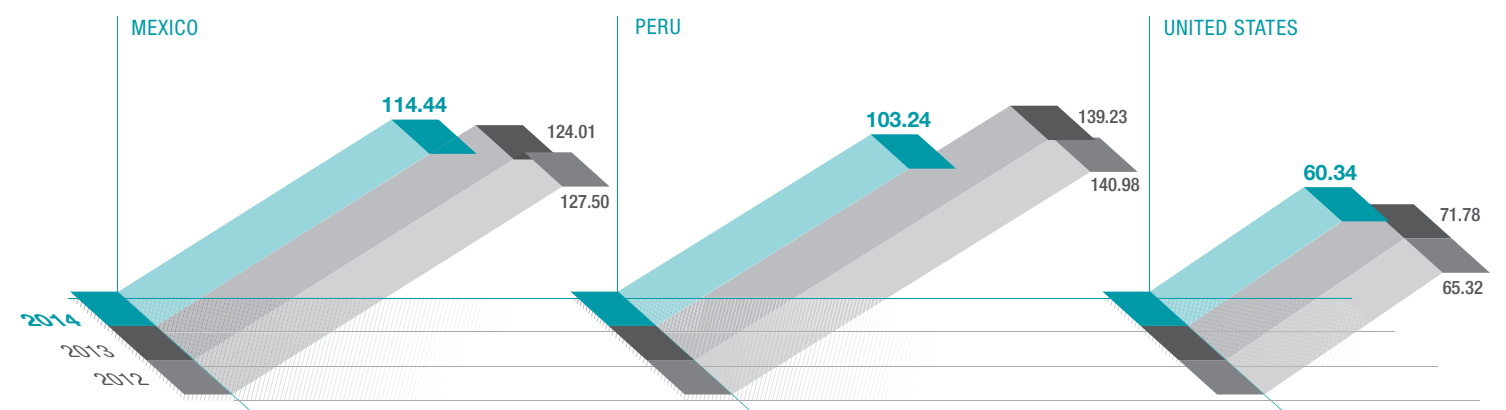
### FIRST USE WATER CONSUMPTION MINING DIVISION, 2012-2014 (MILLIONS OF M<sup>3</sup>)



### FIRST USE WATER CONSUMPTION MINING DIVISION, 2012-2014 (MILLIONS OF M<sup>3</sup>)



### RECOVERED WATER CONSUMPTION MINING DIVISION, 2012-2014 (MILLIONS OF M<sup>3</sup>)



In the Mining Division, 1.49 million m<sup>3</sup> of wastewater is treated and discharged according to the standards set by current regulations in each country, without affecting water bodies and related habitats.

**MATERIALS USED**

The main material in the mining industry is the ore we extract from the deposits in the different regions where we operate. Our efficiency in the process to obtain copper concentrates and cathodes is reflected in the implementation of best practices for handling

Ore processed (tons)	2012	2013	2014
<b>Mining Division</b>	<b>313,839,500</b>	<b>379,954,900</b>	<b>397,231,400</b>

Note: The values for 2012 and 2013 were recalculated due to adjustments to criteria.

In the Mining Division, we're conscious of the value of our materials and the importance of extending their useful life, reincorporating these materials into our productive processes or sending them to be reprocessed by third parties.

Given the nature of the extraction sector, there is not currently any approved technology to recover the waste and materials generated during the first stages of the mining process, as the reuse and recycling of mine waste is low compared to other sectors. Regarding hazardous waste, our operations in Mexico and Peru recycled 728,558 kg of used oil in the explosive mix for blasting, so as not to use new oil or diesel.

ore, and also in reducing the waste produced per unit of product.

An example of innovation in metallurgic processes is the implementation of a bioleaching process at one of our mine units in Mexico. This process produces up to 10% more copper than the traditional method. Another advantage of bioleaching is this process does not use sulfuric acid, making it an environmentally cleaner technology that also avoids the smelting process, reducing pollutant emissions.

Techniques have also been developed to maximize the value of the material we process, such as is the case of electrolytic anodic muds, from the copper electro-winning process, which are reincorporated as raw materials for the recovery of lead and precious metals. We also make use of some of the byproducts generated from our processes. One example of this is the use of sulfuric acid in the hydrometallurgical processes.

**WASTE MANAGEMENT & SPILLS**

Waste management is a priority for our production activities, therefore we place emphasis on minimizing the generation of waste, recovering that which can be reused, recycled, or recovered for energy, and also the

proper disposal of waste, by controlled confinement where applicable.

The majority of the total waste produced by the Mining Division is classified as high volume mine waste, which is characterized as inert or low toxicity and of minimum

risk to the environment. A large portion of this waste (82%) is overburden, the material generated when the deposit is opened, on removing the layers of soil to reach the ore we process. This waste is considered sterile material, therefore its impact on the environment is minimal.

**MINE WASTE, MINING DIVISION, 2014**

Type of Waste	Tons
Overburden	537,764,840
Slag	1,764,700
Tailings	115,217,141

Mine waste is disposed of on site at our own facilities, in waste-rock heaps, tailings dams, and slag heaps, which are infrastructure and engineering works that adhere to the design and operation set by environmental regulations. At the end of their operating life, the leaching pads will be converted into heaps which

will be treated according to environmental regulations.

We produced 12,294 tons of hazardous waste in 2014, of which 63% was recycled, reused and/or treated by third parties.

**HAZARDOUS WASTE PRODUCED, MINING DIVISION, 2012 - 2014**

Year	Tons
2012	8,213
2013	11,004
<b>2014</b>	<b>12,294</b>

Other waste we produce and which is recycled includes that which requires special handling, such as scrap metal and tires, among others. Similarly, the degraded organic waste produced during the hydrometallurgical process is mixed with used oil and sold to a third party for recycling as an alternative fuel.

In 2014, we transported 11,327 tons of hazardous waste, including that which we transported between companies within our organization and externally, and also that transported for treatment or disposal by companies duly authorized under current local and international regulations. This waste is handled by hazardous

waste treatment plants and disposal sites in the countries where we have operations, therefore we neither export nor import hazardous waste.

On August 6, 2014, approximately 40,000 m<sup>3</sup> of copper sulfate solution spilled from a dam located 10 kilometers from the Buenavista del Cobre mine in Cananea, Sonora. The spill was caused by a break in the seal on the pumping system pipes, causing the solution to leak into the Bacanuchi River, which feeds into the Sonora River.

The environmental actions and response to residents affected by the precautionary measures and the closing off of the water supply were immediate, and when the environmental emergency was lifted, appropriate preventive measures were taken and work was done to ensure an event of this nature doesn't happen again.

As part of the priority tasks, measures were taken to contain and collect the materials released and also to minimize their dispersion. The 250 kilometers of riverbed clean-up works were completed in October 2014. Under the supervision of the authorities, a team of 1,100 collaborators accompanied by environmentalists, physicians, safety supervisors, and biologists, performed the clean-up tasks, which managed to collect up most of the metals contained in the spill. Of note is that as part of the sanitation process, water quality, soil, and sediment studies were conducted with 3,262 lab samples accredited by the Mexican Accreditation Agency and approved by the PROFEPA.

As part of our commitment, we'll continue to monitor the area over the next five years and among the actions taken to respond to the precautionary measures, the efforts resulting were unprecedented, highlighting:

- The supply of water and water infrastructure for the community, schools, and health clinics, which translated into more than 167 million liters of water delivered.
- The creation of the Sonora River Trust with a fund of up to US\$150 million, to ensure the communities affected by the accident receive the attention they need, and also to meet compliance with the actions established in the remediation program.
- The implementation of Social Development programs aimed at community activities, job creation, and the promotion and purchasing of regional products.

In terms of prevention, we're strengthening safety measures at the mine, including modifications of the copper leaching system, resizing the dams, installing new pumping systems, and a hydraulic engineering project comprised of contingency dams and weatherproofing and overflow works. Through these works, we have created greater protection than that required by law in terms of spill control and we have protected our operation efficiently and safely, generating jobs and investments that create shared value in benefit of the region.

The Company has also extended its Community Development Program to the communities involved, implementing social and landmark projects in response

to the challenges in the region, as a corporate citizen whose prerogatives favor caring for the common good.

In the United States and Peru, we reported spills of chemical products totaling 49.32 m<sup>3</sup> and 96.6 m<sup>3</sup>, respectively. The incidents were handled applying ASARCO's emergency response, prevention, control, and action plan, and the hazardous material spill response plan at our operations in Peru.

### SOIL MANAGEMENT & BIODIVERSITY

Year after year, we strive to reduce our impact on zones with high biodiversity value. Due to the nature of our operations and the potential impacts associated, we have developed and implemented an environmental management system based on five key components:

1. Prevent and identify potential environmental impacts, as specified in local regulations.
2. Large volume waste management for disposal at dumps, waste heaps, tailings dams, and slag heaps.
3. Mitigate environmental impacts through compensation measures, such as the rescue and relocation

of species, soil conservation, restoration, and reforestation.

4. Develop a closure plan to restore and recover the environmental conditions after the concessioned mine operations are exhausted.
5. Strive to leave the areas where we had operations in the best conditions possible, including ongoing monitoring of water bodies and implementing ongoing improvement actions according to local regulations.

Most of our operations are located in regions where the predominant ecosystem is semi-desert or desert. None of our current operations are situated within a protected area.

We have biodiversity management plans (BMP) in place at our operations in Mexico, which include the BMP for the El Potrero site in Coahuila, which has an area of 1,340 hectares and is adjacent to our operating facilities.

In 2014, we relocated various specimens of flora and fauna, taking into consideration their protection classification, according to the IUCN Red List or local protection lists in the regions where we operate.

Protection classification		Quantity	Actions, initiatives or protection programs
Vu	Vulnerable	19	Species Rescue, Relocation and Maintenance Program. Environmental education training and programs.
Th	Threatened	34	
Sp	Special Protection	49	
Ex	Danger of Extinction	9	



Regarding biodiversity, we actively participate in rescuing flora and the conservation and breeding of species classified as being at risk, working also to regenerate their habitats.

As a significant conservation effort for species in danger of extinction, in 2014 we strengthened our Mexican Gray Wolf Conservation program, thanks to which, we currently have eight wolves living at our 1.3 hectare Environmental Management Unit, adapted to ensure that this species has an environment that is similar to their habitat in the wild. Of note is the control initiative which, through an international committee, provides for their proper care monitoring the genealogy of all the wolves we have in captivity.

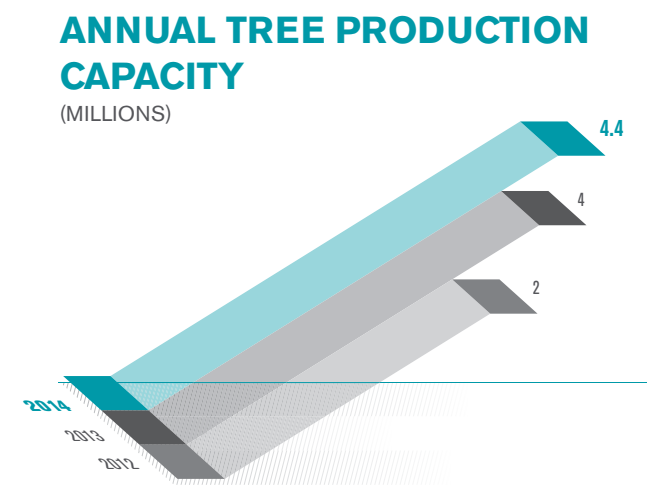
The Mexican Gray Wolf has been adopted as Grupo México's emblem species and we recognize the value of its conservation, representing the identity and the natural values of our country.

Another of the species included in the wildlife conservation program is the Gould turkey. We've strengthened the breeding farm dedicated to the conservation of the species through breeding and release in the Cananea, Sonora area, and at some other private ranches. The first release of this species occurred in September 2014, at the Ajos-Bavispe Wildlife Refuge and National Forest Reserve, a beautiful place that is known for its wide variety of ecosystems containing an enormous wealth of flora and fauna.

In November 2014, the water systems The Gila and San Pedro, used to supply fresh water to some of our mine operations in Arizona, were declared critical habitats for the *Coccyzus americanus* bird species, therefore this species will be included in our threatened species monitoring and protection program.

Another of the major environmental programs for Grupo México is reforestation. To meet these demands, it has been necessary to increase the tree production capacity of our nurseries and greenhouses. It should be noted that during 2014, at the nine tree production centers located in the state of Sonora alone, we have expanded to produce 400,000 additional trees. With these actions, we've become a major producer of trees in the mining sector in Mexico, with a production capacity of 4.4 million trees.

At our international operations, we continue to make important investments and undertake maintenance



actions. The Ite Bay remediation program in Tacna, Peru, covering 1,600 hectares, has successfully removed pollutants to create the most extensive wetlands with the greatest variety of water birds along the Peruvian coastline.

### CLOSURE OF OPERATIONS

At Grupo México, we recognize that the sustainability of our projects is connected to our ability to recover the areas transformed by our operations to restore these to a condition that is compatible with the nature and zoning established by the communities, ensuring the needs of future generations are met. Once our facilities have come to the end of their useful life, we then proceed with their restoration and reintegration according to the specific conditions of the site, leaving the area and the neighboring communities with economic activity and an ideal environment.

In the United States, we've completed the tailings dam stabilization and mine waste disposal projects to the north of the Mission metallurgic complex. With this initiative, we've achieved the environmental reintegration of a wide variety of native cactus plants, trees, bushes, and wildflowers, adapted to the dry climate of the US southwest, over an area of approximately 2,400 hectares.

In Mexico, the Closure of Operations was completed at the old smelter plants in Monterrey and San Luis Potosi. This project included confining soils and waste onsite

with a geologically stable formation, considering the highest environmental standards, which have permitted urban reintegration, with a system of open spaces that include natural reserve areas, bike paths, businesses, and pedestrian walkways.

In the case of Monterrey, the project contributed to improving the quality of life of the neighboring communities, marking a new trend for the former industrial zone and putting this city in line with internationally recognized emblematic projects.

In San Luis Potosi, we are about to complete the remediation and clean-up of the site. We have received the approval of the environmental authorities and recognition from the community that has benefited from the sports spaces, the nurseries, and the various supports for schools. During 2014, 121 hectares were remediated and US\$13.6 million was spent of the US\$50.95 million invested to date.

The sustainability of a project must be present throughout its lifecycle, from its inception through to its end. As a responsible corporate citizen, Grupo México has based its Development with Purpose model on being intrinsically linked to the land, the people, and the communities where we operate. It couldn't be any other way, given the challenge of including our clear commitment to the planet and to society in all our productive activities.





# TRANSPORTATION DIVISION

DEVELOPMENT WITH PURPOSE

## 14.2 MILLION

LITERS OF DIESEL SAVED

The train is the most efficient form of overland transportation, as it consumes the least amount of fuel and releases the least amount of pollutants into the atmosphere per ton transported. Added to this, our fuel savings program helped to mitigate 38,288 tons of CO<sub>2</sub>eq in 2014.



**TRANSPORTATION DIVISION**  
**2014 PERFORMANCE & 2015 GOALS**

Health & Safety	Business Unit	2014 Goal		Performance	2015 Goal
	Ferrosur	Reduce railroad accidents by 5%.	✔	We exceeded the goal, reducing accidents by 16%.	Achieve an incident rate of 0.45 accidents/million tons/km freight transported (MTKFT).
	Ferromex	Reduce railroad accidents by 25%.	✔	We exceeded the goal, reducing accidents by 39%.	Achieve an incident rate of 0.45 accidents/million tons/km freight transported (MTKFT).
Our Communities	Business Unit	2014 Goal		Performance	2015 Goal
	Transportation Division	Zero human rights related incidents.	✔	Zero human rights related incidents.	Zero human rights related incidents.
	Transportation Division	Meet our commitments to our community development programs and report performance per the indicators established.	✔	We met our commitments to our community development programs as projected for 2014.	Meet our commitments to our community development programs and report performance per the indicators established.
Our Environmental Commitment	Business Unit	2014 Goal		Performance	2015 Goal
	Ferromex	Achieve a fuel performance rate of 4.58 l/thousand tons/km freight transported.	✔	We exceeded our goal, reporting a rate of 4.42 l/thousand tons/km freight transported.	Achieve a fuel performance rate of 4.31 l/thousand tons/km freight transported.
	Ferrosur	Maintain the fuel performance rate below 6.44 l/thousand tons/km freight transported.	✔	We exceeded our goal, reporting a rate of 6.29 l/thousand tons/km freight transported.	Maintain the fuel performance rate below 6.28 l/thousand tons/km freight transported.

✔ GOAL REACHED

➔ GOAL IN PROGRESS



## GROW

*The railroad is three times more efficient than trucking. We move more with less.*

For us, growth means strengthening our expansion and supporting the development and improvement of our environment. Since 1998, when Grupo México received the concession to operate a large part of the railroad network in the country, we undertook the commitment to boost the modernization and efficient performance of the railroad to help the economy by reducing logistics costs for companies and governments.

Over the past 17 years, we've invested US\$5.10 billion in our Transportation Division, which includes railroad infrastructure, locomotives, and track maintenance. Mexico has experienced a transformation in its railroad system, shifting from an operation that had been dependent on large government subsidies to a highly productive system with technological improvements operating autonomously and profitably.

We are proud to operate the most extensive railroad network in Mexico, which translates into a huge responsibility that carries with it clear objectives that have required major investments by the private sector throughout history. Today, Mexico has a modern, ef-

ficient, reliable, and environmentally friendly railroad system, and with this our Transportation Division has helped to strengthen various economic sectors in the country and capture new markets.

Our goal in the Transportation Division is to increase EBITDA from US\$279 million in 2009 to US\$1.02 billion by 2019. Also, at 2014 close, investments by the Transportation Division exceeded US\$289 million, allocated to:

- Improving the railroad infrastructure, highlighting the refurbishment of the line that runs from Mexico City to Cuautla, Morelos, initiative undertaken in partnership with the local government.
- The construction of sidings, double tracks, and yards to increase operating capacity.
- Purchasing 34 locomotives to consolidate a fleet of 828.
- The acquisition of 325 bi-level railcar, for a total of 25,377 railcars.

These actions were based on concrete goals focused on extending the coverage and scope of our services; and also strengthening various market segments. Today, Grupo México is the largest transporter of vehicles in the country, reporting a record 1.75 million vehicles transported; in the steel and minerals sectors, multi-year contracts have been signed with the major steel companies in Mexico and with other productive sectors, such as agriculture, achieving in 2014, a historic record in the transportation of the harvest of the state of Chihuahua, having moved 1.4 million tons to different consumption sectors across the country.

Although all the sectors we serve reported significant growth, of note is the Automotive sector, which grew 21%, the Industrial sector 21%, Intermodal 18%, and the Energy sector reporting 18% growth.

In total terms, in 2014 we moved 1.3% more tons/km than last year, with a 4.6% increase in railcars transported. We also increased international traffics 12%, achieving 50% of the share of cross-border railroad crossings between the United States and Mexico.

In 2014, we became the largest transporter of vehicles, moving 70% of the production at the plants served. Six of every ten vehicles exported from Mexico to the United States are transported by our Transportation Division.

The Division closed 2014 with record sales of US\$1.99 billion, a 7.5% increase over 2013.

Constantly making Grupo México a more efficient and global competitor, optimizing our corporate structure, has been one of our goals. In this context, in February 2015, we announced the listing of the Transportation Division on the Mexican Stock Exchange, which will increase the value for our investors.

Through this important transaction, still subject to regulatory approval, we'll optimize our assets, increase productivity, and crystalize the value of this Division, which will translate into ongoing improvement in our operating flow. The resources obtained will allow the Transportation Division to continue to finance its strategic growth projects.

### CUSTOMER SATISFACTION

These scenarios reflect the contribution of the railroad to strengthening domestic competition and demonstrate the solidity and growth of the Transportation Division. We thank our customers for the confidence they have in the services we offer and we'll continue to work on our continual improvement, consolidating quality services as part of the spirit of excellence that sets our Company apart.

Considering the above, in 2014, we conducted our annual customer satisfaction survey for this Division. This process helps us to listen to our users in Mexico to then take the appropriate corrective actions.

The overall satisfaction results received showed a significant 15% increase in value, compared with the previous year. Also of note is the increase in the positive perception users have of the service in the Industrial segment, which reported a 20% growth over last year.

As part of the areas of opportunity and the areas for improvement identified from the comments received from our customers, we'll continue to strengthen and

improve the areas of communication, customer service, response to requests, and the fulfillment and follow-up of agreements and times.

Our service commitment:

- Highly consistent freight service in terms of train departure, travel, and arrival times.
- Safe and reliable freight service for our customers.
- Swift and efficient service, able to respond to our customers' needs.

Our "Programmed Railroad" operating and service model helps us to fulfill these promises, satisfying the transportation logistics needs of our customers under ISO 9001:2000 standards. This program allows us to plan, ship, manage, and control the flow of freight in a manner that is coordinated, consistent, and reliable, with the punctuality, safety, and operability our customers and our business require.

## PROMOTE

### OUR PEOPLE

Our collaborators represent the basis of our organization and the success of our operations, with their level of specialization, and the knowledge they possess; our collaborators are our most prized asset. This is why we strive to continually strengthen, care for, and develop our invaluable human capital.

### LABOR MANAGEMENT SYSTEM

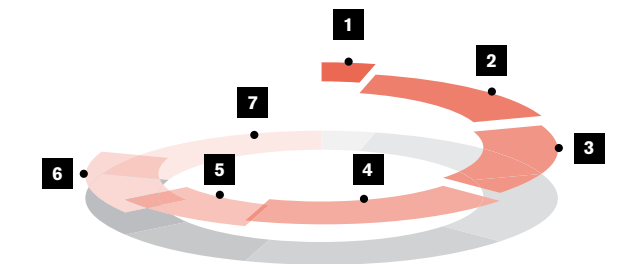
At Grupo México, we endeavor to offer our people attractive work benefits, as well as a safe place to work that protects their physical wellbeing, encourages their development, and optimizes their professional skills to foster their sense of belonging and commitment to the organization.

### SATISFACTION OF OUR PEOPLE

In 2014, our Transportation Division is comprised of 9,928 full-time employees, 95% of which are under permanent contracts and the remainder are under fixed-time contracts. Our operations are divided into five divisions, located in: Veracruz, Hermosillo, Chihuahua, Monterrey, Guadalajara, Mexico City (corporate offices), and also the central region of Mexico (Central Mexico).

### PERCENTAGE OF EMPLOYEES

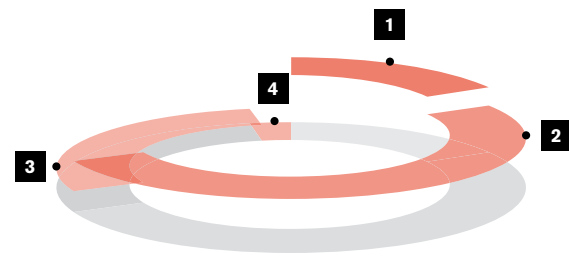
BY REGION  
TRANSPORTATION DIVISION, 2014



1	4%	Corporate Offices
2	16%	Central Mexico
3	17%	Guadalajara
4	18%	Monterrey
5	10%	Chihuahua
6	15%	Hermosillo
7	20%	Veracruz

Of the total Transportation Division workforce, 5,085 employees are between 30 and 50 years of age, representing 51% of the total.

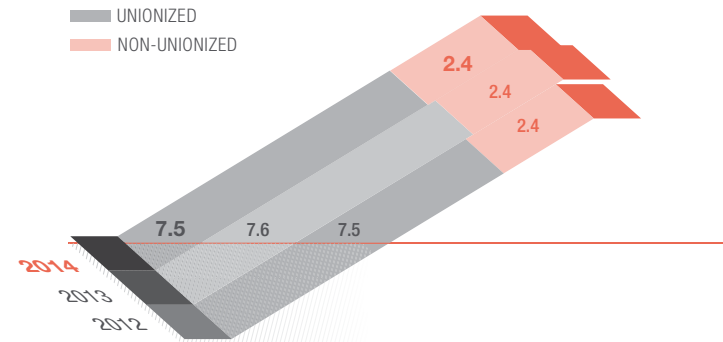
### PERCENTAGE OF EMPLOYEES BY AGE GROUP TRANSPORTATION DIVISION, 2014



1	1,701	17%	Under 30 years of age
2	5,085	51%	30-50 years of age
3	2,865	29%	50-60 years of age
4	277	3%	Over 60 years of age

76% of our collaborators are unionized.

### WORKFORCE BY TYPE OF CONTRACT TRANSPORTATION DIVISION, 2012-2014

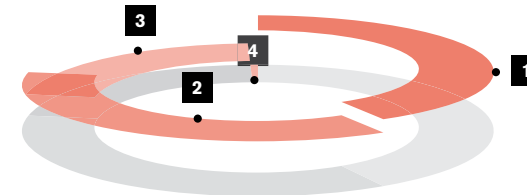


Although our multidisciplinary team is comprised mostly of men, more and more women are taking different positions in the business.

### DISTRIBUTION OF EMPLOYEES, BY CATEGORY & GENDER TRANSPORTATION DIVISION, 2014

	Women	Men
Directors & Department Heads	107	776
Media Technicians	130	358
Specialists	49	753
General Laborers / Unionized	138	7,617
<b>Total</b>	<b>424</b>	<b>9,504</b>

### PERCENTAGE OF SENIOR MANAGEMENT BY AGE GROUP TRANSPORTATION DIVISION, 2014

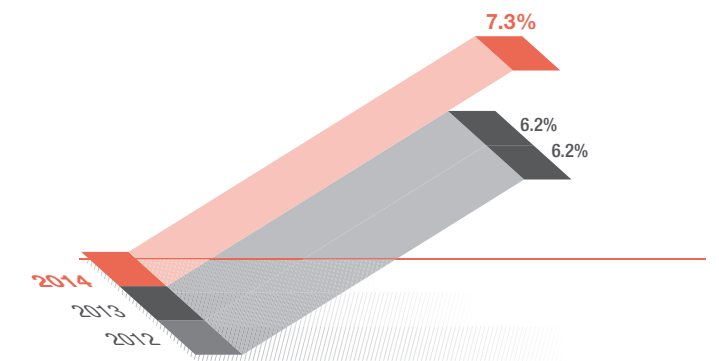


1	42%	Less than 30 years of age
2	36%	30-50 years of age
3	22%	50-60 years of age
4	0%	Over 60 years of age

A little over half the personnel holding Senior Management positions are over 50 years of age and 92% are concentrated in Mexico City and Guadalajara.

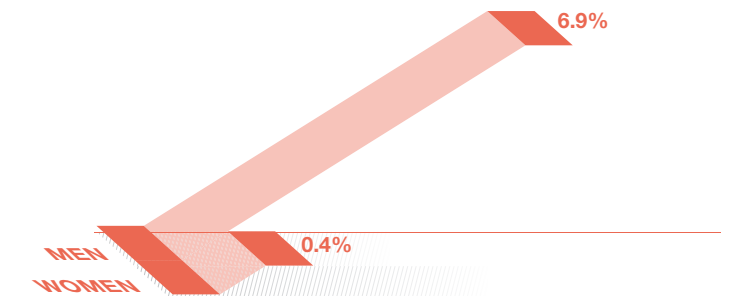
In absolute terms, the turnover is represented by 681 men and 41 women.

### AVERAGE ANNUAL TURNOVER RATE TRANSPORTATION DIVISION, 2014

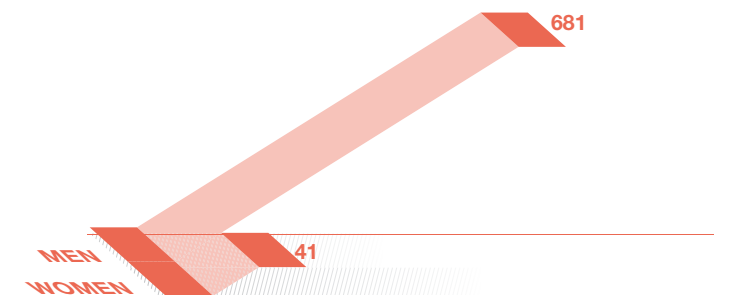


The average turnover rate in 2014 was 7.3%, which in absolute terms means 722 collaborators left the Transportation Division, 44% of which were over 45 years of age.

### TURNOVER RATE, BY GENDER TRANSPORTATION DIVISION, 2014



### TURNOVER IN ABSOLUTE TERMS, BY GENDER TRANSPORTATION DIVISION, 2014





The Base Salary (BS) for the Transportation Division in 2014 was 5.7 times the Minimum Wage (MW). The BS/MW calculation considers the average minimum wage for the regions where we operate. It is important to mention that our salary table does not differentiate between genders.

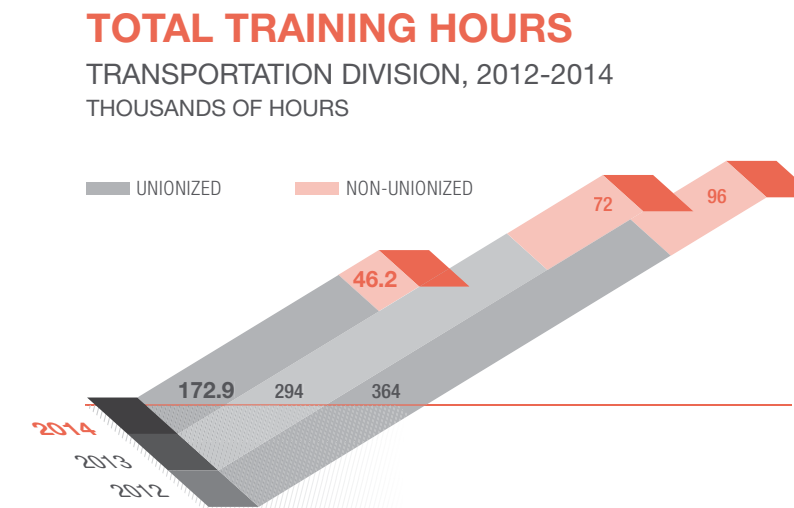
In addition to the salaries and benefits required by Mexican law, we offer additional benefits depending on the type of contract, which include the following:

Benefits	Unionized	Non-Unionized
Assistance for funeral expenses	✓	✓
Assistance for school supplies	✓	
Transportation assistance	✓	
Scholarships	✓	
Basic foodstuffs bonus	✓	
Savings fund	✓	✓
Pension fund		✓
Personal loans		✓
Vehicle insurance		✓
Major medical insurance		✓
Family protection insurance	✓	
Life insurance	✓	✓
Vacation pay	✓	✓
Grocery vouchers	✓	✓

Full-time employees receive additional benefits, such as healthcare, disability coverage, retirement plan, and a stock purchase plan.

It should be noted that the benefits our union employees receive are in accord with the collective bargaining agreements, which are reviewed annually, offering briefing sessions for employees.

We recognize that the professional and personal development of our people is essential to the success and continuity of the business. To this effect, we strengthen our human capital through technical skills training and in 2014 we provided a total of 219,112 training hours, which represents an average 22 hours of training per collaborator.



We have invested in reinforcing our occupational health and safety programs to train our personnel on health and safety issues, and also to protect their physical wellbeing.

The training provided to administrative personnel consisted primarily of refresher training in their respective professional areas, to optimize and develop skills for their positions. Courses were also provided on health and safety, as well as various orientation programs for new hires.

For union personnel, labor risk management and prevention is a priority for our Company, therefore the training offered covered specific topics on health and safety, and also instruction to improve skills in using available technology and to gain expertise in their tasks through the purchase of equipment, machinery, and the installation of new software.

It is important to note that we also received CONOCER certification (Mexican competency certification agency) for our training department personnel, including instructors and lead trainers.

In addition, ongoing training courses were offered for executives on damage prevention, in-house instructors, train dispatchers, supervisors, and track engineers. The skill development and training programs focus on providing the participant with management tools to work as a team to achieve the goals set. Some of the topics covered in the course are: leadership, strategic planning, communication, conflict management, and decision-making.

A formal performance review was given to 24.2% of our collaborators, in six of the seven regions where we conduct the Performance Review process, which is based on a system of factors and scales comprised of three phases:

Definition of goals	Carried out at the beginning of the year, based on criteria known to the employee and their supervisor.
Follow-up on goals	Follow-up is offered to each employee during the year through the Comprehensive Performance and Development System (CPDS).
Annual performance review	The employee is rated on the CPDS. The system asks for written comments on weaknesses and areas for opportunity.

### OCCUPATIONAL HEALTH & SAFETY (OHS)

Our health and safety model invests and devotes major efforts to protecting the physical integrity and health of each of our employees and their families, prioritizing the measures and care necessary to prevent accidents.

We've allocated resources and defined programs, actions, and initiatives to operate safely, which are framed under a comprehensive occupational health and safety management system, which identifies risks, defines controls, and measures and controls results.

In the Transportation Division, 4% of personnel have a direct responsibility to coordinate and promote the application of our occupational health and safety processes. The committees that are currently operating are:

- Corporate operating safety, personnel and environmental protection committee
- Divisional operating safety, personnel and environmental protection committee
- Health and Safety Commission
- Medical absenteeism committee

In addition, 21% of our collaborators participate in work groups or processes to foster and manage occupational health and safety other than the committees and/or commissions.

A Safety Standards Manual has been created and distributed to promote occupational health and safety best practices among our contractors. This manual is given to contract personnel during their safety orientation and is reinforced during field inspections.

### Preventive Medicine & Safety Programs

During 2014, we undertook various actions to foster the health of both our employees and their families. Some of our programs are carried out in conjunction with the Mexican Social Security Institute (IMSS).

Employees	• Comprehensive health monitoring. Periodical medical examinations.
	• Monitoring and prevention programs for illnesses related to exposure to agents in the workplace (noise, vibration, welding smoke).
	• Health promotion and education programs (high blood pressure, diabetes, nutrition, obesity, etc.).
	• Vaccination campaigns (tetanus, hepatitis, influenza).
	• Aptitude monitoring (physicals, alcohol and drug testing, fatigue).
Family members	• Detection programs for dental problems, high blood pressure, diabetes, glucose, cholesterol, nutrition, body mass, eye exams, and general examinations.
	• Education programs: injuries and trauma, diabetes, high blood pressure, nutritional information, dental hygiene.
	• Vaccination campaigns.

In addition, we offer a specific program on preventive medicine for all personnel directly involved in the operation of the railroad (track and yard crews), which is applied at the beginning and end of each workday. This program includes medical checks with Company medical personnel and cases identified as unfit for work, meaning the employee is unable to perform their duties, are referred to the IMSS for assessment and treatment. To reduce the number of these cases, we offer talks, pamphlets, campaigns, among other activities to raise awareness with our collaborators.

Although we don't hold any formally defined agreement with the unions on occupational health and safety issues, we invite the unions to actively participate in the application of programs and actions, such as reducing the accident rate, participation on the Health and Hygiene Commission, preventive measures and accident prevention, the use of personal protective gear and work clothes, periodical physicals, and the "Everyone Safe" process.

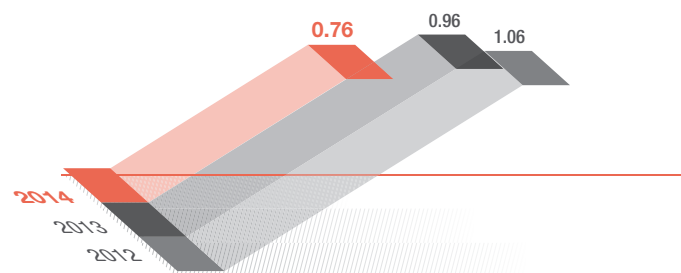
The consolidation of the “Everyone Safe” process continues in various areas at our different sites, to modify any potentially risky behavior of personnel through observing the behaviors of others.

In 2014, we continued with the “My House” program at the Transportation Division’s work centers, for these areas to take responsibility for their own health and safety performance. The goals of the program are:

- Hold supervisors accountable for the performance and activities of their areas.
- Prevent non-department personnel from being in the area, reducing exposure to workplace-related risks.
- Ensure that the persons authorized to conduct any activity in the area comply with the operating and safety requirements (established between the “my house” person and the person who conducts the activity).

**SEVERITY RATE**

TRANSPORTATION DIVISION, 2012-2014



- Ensure the operating and safety rules are followed by non-department personnel, setting the example.

In addition, we have implemented the 5’s program in some areas at the Company’s work centers, the purpose of which is to improve conditions and work spaces to make these safer and more productive.

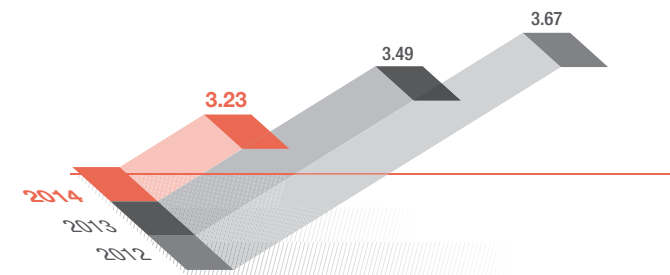
Our performance in occupational health and safety reported a 21% decrease in the severity rate in 2014, and also a 7% reduction in the incident rate compared with the previous year. This is a reflection of the programs and actions, and also the efforts of each of our collaborators in terms of occupational health and safety.

However, our disease rate has reported a significant increase since 2013 due to changes in the criteria considered for work-related diseases by the Public Health Institutions.

$$SR = \frac{\text{No. of days lost}}{\text{Total man hours worked}} \times 1,000$$

**INCIDENT RATE**

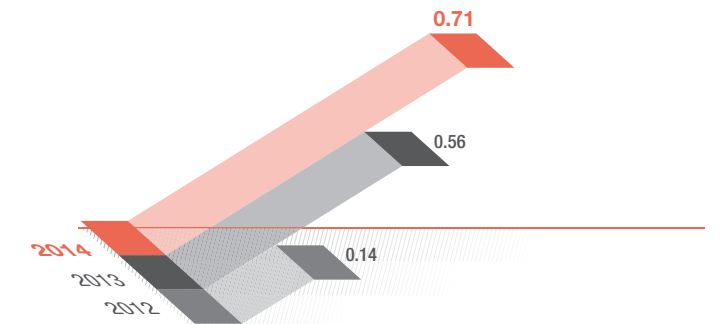
TRANSPORTATION DIVISION, 2012-2014



$$IR = \frac{\text{No. of incapacitating accidents}}{\text{Total man hours worked}} \times 200,000$$

**OCCUPATIONAL DISEASE RATE (ODR)**

TRANSPORTATION DIVISION, 2012-2014



$$ODR = \frac{\text{No. of cases of occupational diseases}}{\text{Total man hours worked}} \times 200,000$$

We increased our investment 17% in 2014 in occupational and operating health and safety programs for our collaborators, and also activities to correct unsafe work environments and training to help improve safety, totaling US\$14 million for the Transportation Division.

**OUR COMMUNITIES**

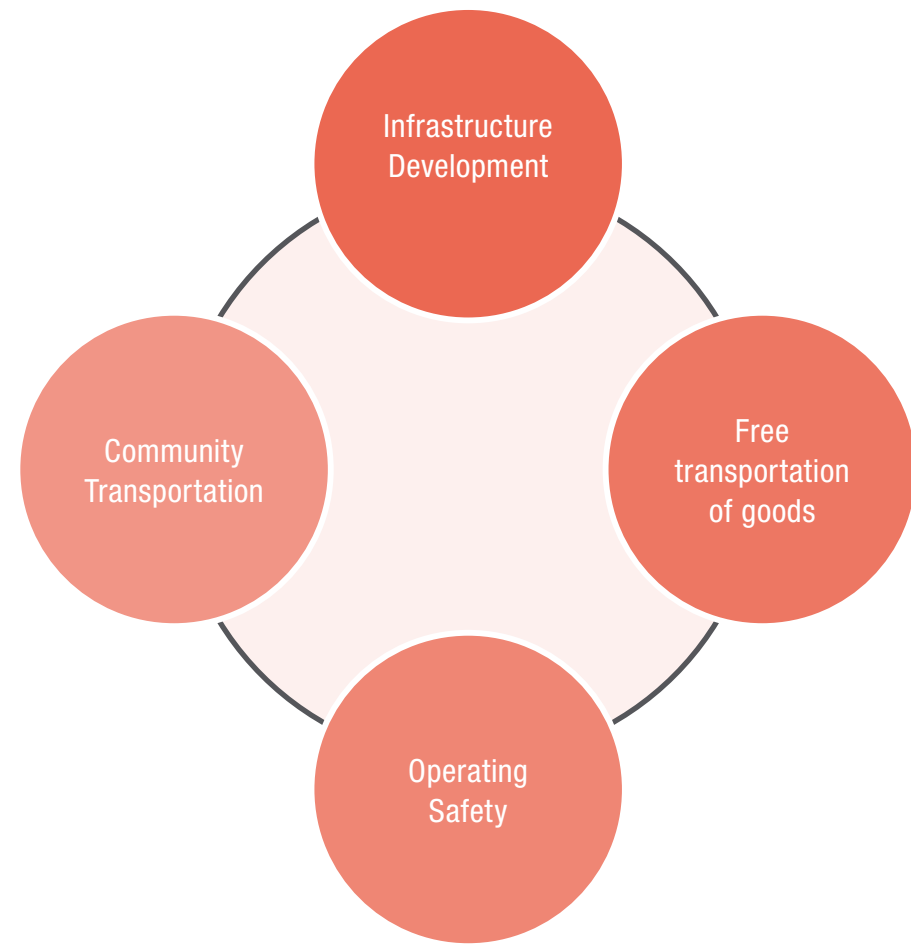
In keeping with our goals to promote the development and growth of the communities where we have presence, we operate solid social linkage programs. Our results are linked to relationships of co-responsibility, respect, and dialog, with human vision.

For us, the railroad represents a means for driving social development and benefiting the communities through which the train passes. To address this, we have conceived projects, programs, and initiatives that guarantee the wellbeing and improvement of their quality of life, and also our relationship with the community. These programs focus primarily on:

- Social management programs
- Dialog and value for our communities
- Strengthening tourism
- Support for communities and family participation



Our railroad network connects hundreds of cities and communities generating shared value and mutual benefits. Being the railroad operator with the greatest coverage in Mexico, our commitment to social development continues to be focused and directed through four important lines of action.



The positive impact we offer through the railroad system is reflected in benefits such as connecting communities, creating jobs associated with the provision of our services, strengthening local economic activity, and protecting the physical integrity of the people living in the communities through which the train passes; which together with various other efforts, foster social development, environmental protection, and economic growth.

**Dialog & Value for Our Communities**

Our presence in the community is characterized by development programs that include:



We also drive the development of the country and the regional market by purchasing goods and services from local or domestic suppliers. Our local purchases in 2014 accounted for 78% of the Transportation Division's total purchases.

**Community Development**

Our works projects have a positive impact on the operation, involving modernization, improvement, reduced accidents, and the repair of damage to the infrastructure due to natural phenomena.

**Infrastructure**

We've focused our efforts on modernizing the infrastructure and expanding our physical capacity in order to continue to provide our service and drive economic development.

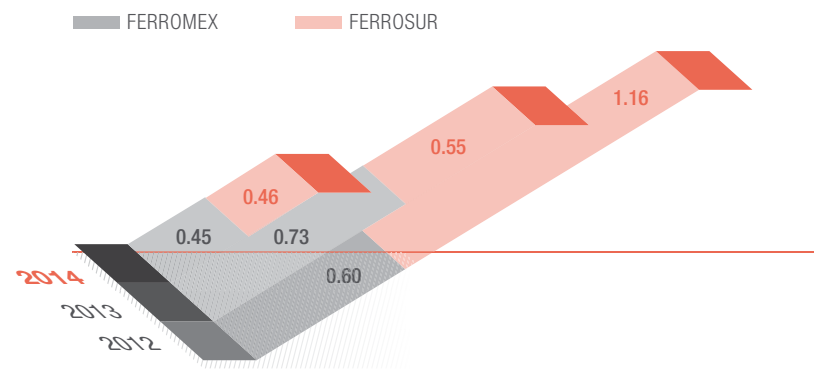
We invested US\$289 million in 2014 in the construction of sidings, double tracks, and yards, and also in the purchase of locomotives and railcars. In 2015, a total of 34 additional locomotives will be received, of which Ferromex will receive 19 and Ferrosur 15.

Our investments in infrastructure are aligned with our quality management system, which is focused on ensuring optimal speed, asset productivity, consistency of service, and reliability in the delivery of freight. As a result, we increased safety for our interest groups; particularly for the residents of the communities through which we pass, our train personnel, and our customers by securing the freight we transport.

**Operating Safety**

In the Transportation Division, we continue with important efforts and results to reduce our railroad accident rates. This year, Ferromex reported a rate of 0.45 accidents per million tons/km freight, which represents a decrease of 39% compared with 2013.

## ACCIDENT RATE REPORTED TO THE SCT TRANSPORTATION DIVISION, 2012-2014



Our actions are aimed at reducing the occurrence of railroad accidents and include the following:

Element	Description
Environmental & Personal Operating Safety Committee (COSOPA)	Defines procedures, strategies and measures for preventing accidents in the different operational areas.
Chemical Emergency Prevention, Response & Remediation Program (PAREQ)	Develops procedures for the inspection, containment, response to, and remediation of accidents.
Safety actions	Develops actions to promote safe behavior among our operational personnel.

Our safety actions adhere to the Railroad Service Regulatory Law, which stipulates the creation of a fund to support signage for urban traffic. This initiative will help the railroad industry formalizing the maintenance mechanism for level crossings.

### Reduced Rate Cards

To promote access to health, education, commercial, and labor services for low-income communities, we reaffirm our commitment to the community by continuing to issue reduced rate cards to low-income residents; program that is implemented through the Tarahumara State Office, the Chihuahua State Department of Social Development, and the municipalities along the routes in Chihuahua and Sinaloa.

Socio-economic studies conducted by the Tarahumara State Office and municipal governments in the states of Chihuahua and Sinaloa 2014 determine the communities and residents that receive the discounted rate, which means the user pays only 20% of the ticket price. In 2014, we issued 33,761 cards and provided transportation to 74,289 passengers at the reduced rate. Additionally, we have issued cards to 60 priests and 104 nuns who serve homes and shelters along El Chepe's route.

In this manner, we are contributing to the socio-economic benefit of isolated communities in the states of Chihuahua and Sinaloa, whose only means of transportation is the train, supporting the travel of low-income residents and those who help these vulnerable communities. Our efforts are not limited to simply transporting passengers. The train also opens access to health services, schools, commercial zones, labor activities, and jobs, offering a possibility of economic growth and social development.

### Free Transportation of Goods

We offer free transportation for goods, which often consist of basic foodstuffs and supplies donated by government, private, and non-profit organizations, benefiting low-income communities.

Some of the institutions we are committed to providing free transportation of foodstuffs and goods for include:

- Santa Maria de Guadalupe Mission, Temoris
- Sacred Heart Mission, Bahuichivo

- Chihuahua State Civil Protection Service
- Ciudad Juarez Municipal Civil Protection Service
- Banco de Alimentos de Cuauhtémoc A.C.
- Ciudad Juarez Civil Protection Service
- Santa Teresita Health & Services Center, Creel
- Children's Shelter
- Yerno y Parres School, Creel
- Tehucado Santa Maria de Guadalupe, Bahuichivo
- Tarahumara State Office
- Down Syndrome Institute / Ameac
- Mexican Red Cross
- Chihuahua Rotary Club
- Municipal & State DIF
- Caritas, Chihuahua

In 2014, we transported 490 tons of food and community aid under the free transportation program, benefiting isolated communities.

The Sales Department receives the requests for rail-cars to transport goods and is responsible ensuring compliance, coordination, and implementation of the procedures for the delivery of the goods. Also, this department applies the criteria established to determine the cause, beneficiaries, and projects to undertake.

The additional benefits we offer the community include providing support when the highways are closed due to landslides. When such events occurred this year, at the request of the municipalities, we offered to transport people who had been cut off and we transported foodstuffs and supplies.

**STRENGTHENING TOURISM**

The “El Chepe” and “Tequila Express” are two tourist routes that go beyond simply providing passenger service as they carry a positive economic, environmental, and social impact and promote sustainable development in the communities through which they pass.

**“El Chepe”**

El Chepe is a means of learning about the rich Tarahumara culture and the local natural surroundings, characterized by impressive rock formations, majestic landscapes, and delicious local cuisine.

This unforgettable route, which runs from the ocean to the mountains through a breathtaking tourist corridor, is enriched by an internationally renowned rail service on the most modern and pleasant train in the country. Local and international visitors on board El Chepe enjoy amazing ecotourism experiences, which take them through the history, nature, and traditions of the Tarahumara culture. Not only is this a tourist attraction, it also serves as a model for supporting the sustainable development of a region with great economic and humanitarian challenges.

This service has helped to strengthen adventure tourism and the development of parks in the region, a market niche that attracts both local and international visitors and helps to promote these sites throughout

the world. The benefit brought to the region is seen both directly and indirectly, through a growing economic spillover for service providers such as hotels, restaurants, businesses, and handicraft sellers.

Besides being an important means for promoting the tourism sector, El Chepe is an essential mode of transportation for the region, as many of the roads in the area are unpaved or have fallen into disrepair, making it difficult for residents to move around. Its social benefit positions El Chepe as the backbone of the Copper Canyons.

**Tequila Express**

This traditional passenger train, which had played an important role in our history and was key to economic development, is now re-emerging to communicate and preserve the pillars of our national identity.

This spectacular passenger train travels a route that passes through a stunning landscape of agave in the state of Jalisco, and includes a tour of a tequila factory. During the trip, the experience is enriched with mariachis on board the train, shows and folkloric dances, and the delicate regional cuisine.

In collaboration with the Jalisco office of the Mexican Chamber of Commerce, Services and Tourism, the Tequila Express continues its efforts to meet the following goals.

History	Rescue and revive the passenger train.
Tourism	Pioneers in a new form of tourism.
Culture	Preserve three pillars of the Mexican identity: tequila, mariachi, and charrería.

**COMMUNITY SUPPORT & FAMILY PARTICIPATION**

Our community support is characterized by improving the lives of the residents of the communities where we operate, highlighting the Health Train and Volunteer Day.

**Health Train - “Doctor Vagón”**

On May 29, 2014, in our search to contribute to improving the health and quality of life of Mexicans, the health train, better known as Dr. Vagón, took its inaugural journey. The train is equipped with everything needed to take free healthcare services to isolated communities throughout Mexico. This initiative, created by the Grupo México Foundation with the support of the Transportation Division, is a social program without precedent in the American continent, providing medical attention to people in need, regardless of age, creed, gender, religion, culture, nationality, or socioeconomic level.

Between May and December 2014, our Health Train visited the states of Chihuahua, Sonora, Sinaloa, Coahuila, Jalisco, Nayarit, and Colima, providing 47,447 doctor’s visits to 17,758 people in 21 communities.

**Volunteer Day**

4,237 volunteers and their families participated in the 2014 Volunteer Day. We worked in 12 states, serving 23 communities to benefit 30,000 people and 33 institutions.

Since 2013, we’ve encouraged our collaborators to participate in Volunteer Day in support of the community. In 2014, we continued this initiative in collaboration with Grupo México Foundation, with the participation of Ferromex - Ferrosur personnel, and other volunteer groups, both private and government agencies, including parents and students of the schools benefited and staff from the Ministry of Education.

Approximately 4,237 volunteers and their families participated in simultaneous activities held in Hermosillo, Chihuahua, Monterrey, Guadalajara, Irapuato, Veracruz, and Mexico City, working on public areas, such as parks and public squares, tree planting, painting and improving the infrastructure of schools, shelters, and retirement homes. They also cleaned up public spaces and beaches.

**Health Promotion**

Our initiative in family participation focuses on holding events that improve wellbeing and favor family interaction in our communities. In this area, we’ve developed programs that offer events to promote health through health and safety detection, prevention, awareness, training, and education activities (PreveniMSS program and the Health and Safety Cultural Week), and also physical fitness events that promote family recreation, awareness, and healthy lifestyles (Health Walk and Race).



# PROTECT

We saved more than 14 million liters of diesel in 2014, a 76% increase over 2013.

## ENVIRONMENTAL MANAGEMENT SYSTEM

Year after year, our commitment of responsibility to the environment grows, remaining a constant challenge to reduce the impacts generated by our transportation services. As part of this commitment, in 2014 we invested more than US\$2 million in activities to protect the environment. In addition, six of our operating units are certified in Environmental Quality by the Mexican Environmental Protection Agency (PROFEPA):

- Environmental Quality Certificate for the Shop and Fueling Zone in Tierra Blanca
- Environmental Quality Certificate for the Shop and Fueling Zone in Veracruz
- Environmental Quality Certificate for the Shop in Apizaco
- Environmental Quality Certificate for the Railcar Shop in Coatzacoalcos
- Environmental Quality Certificate for the Shop and Fueling Zone in Orizaba
- Environmental Quality Certificate for the Fueling Zone in Puebla

We endeavor to meet strict compliance with environmental regulations and to continuously improve our practic-

es, which translates into environmental benefits. In the railroad sector, environmental engineers make routine visits to our facilities to verify compliance with environmental regulations and to anticipate potential problems.

## ENERGY & CLIMATE CHANGE

Climate change brings with it risks for both current and future operations, therefore at the Transportation Division, we've focused on identifying and mitigating these risks, to be prepared for any adverse climatic event.

The risks we've identified include the reduction of productive activity by our customers, which would result in a slowdown of our operations, impacting flows and the possibility of covering our costs. Also, weather changes could affect our operating facilities, from damages to our signaling systems to the weakening of our infrastructure, and also land or rockslides, which could cover or block our tracks. These events represent a risk to personal physical integrity and could affect the flow of our operations.

Specific action plans have been documented for all possible scenarios, according to their magnitude, in

order to prevent and counteract such events, ensuring a minimal impact on our human and economic capital, and to preserve the wellbeing of the environment.

Some of the principal action plans are:

- Multi-year program to reinforce bridges, unpaved and paved roads, and drainage and natural water channel systems.
- Adjustments to train scheduling.
- Right of way operating agreements with Kansas City Southern México (KCSM) and the Coahuila-Durango Railroad (LFCD).
- Dissemination of the measures to be taken in the event of any significant environmental phenomenon.

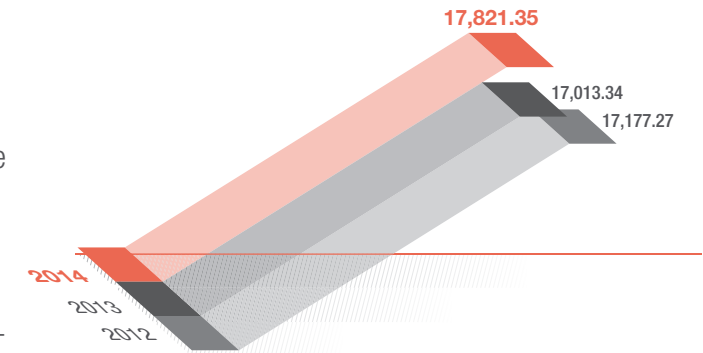
We have also developed emergency response mechanisms for natural disasters. For this, we have quality "Programmed Railroad" system manuals, and also various operating manuals and regulations, which outline our action plans. These manuals include: Operating Safety, Chemical Emergency Prevention, Response and Remediation (PAREQ), and Notification, Response, Salvage, Standardization, and Costing of Railroad Accidents.

## FUEL CONSUMPTION

Fuels are the principal energy input for our activity and these are used to operate the locomotives and other necessary machinery. The use of diesel in locomotives accounts for 99% of the Transportation Division's energy consumption.

Fuel efficiency at our operations means releasing fewer emissions into the atmosphere, and also translates into considerable savings to benefit the operation.

**FUEL CONSUMPTION**  
TRANSPORTATION DIVISION, 2014  
(TERAJOULES)

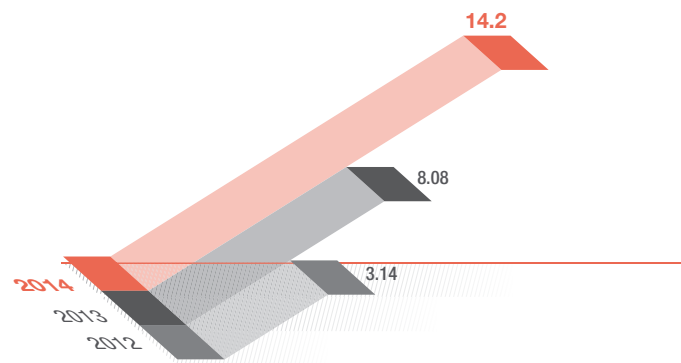


One of the principal indicators we measure and monitor is energy efficiency due to the economic impact and meaning this has in the Transportation Division. We reported an increase in diesel consumption in 2014, due primarily to increased traffics in various sectors we serve.

We've implemented Automatic Equipment Start Stop (AESS) technology, a system to start and stop diesel engines, improving the energy efficiency of our engines when they are stopped or idling. This initiative, together with the adoption of best practices in fuel saving for locomotives that don't have the AESS system, represented in 2014, a total saving of 14.2 million liters of diesel, which translates into a reduction of 38,288 tons of CO<sub>2</sub>eq.

### DIESEL SAVINGS

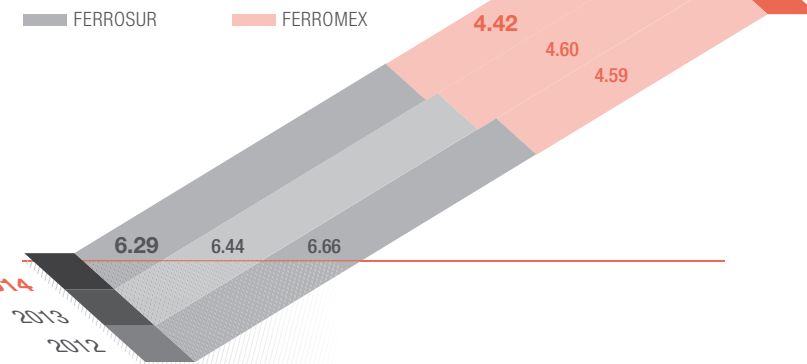
TRANSPORTATION DIVISION, 2014  
MILLIONS OF LITERS OF DIESEL SAVED



Regarding our efforts to make our consumption of diesel per kilometer of freight transported more efficient, we improved our fuel performance rate at Ferromex and Ferrosur 4% and 2%, respectively.

### FUEL PERFORMANCE (L/MTKB)

TRANSPORTATION DIVISION, 2014



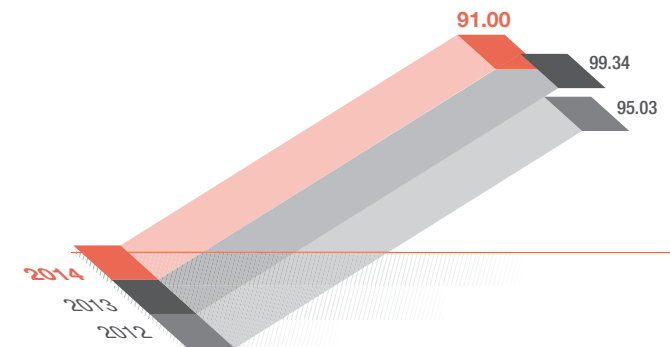
Note: L/MTKB = liters of diesel consumed per thousand tons per kilometer of freight.

### POWER CONSUMPTION

In 2014, we took an important step towards consolidating our strategy to fight climate change. This year, our Transportation Division started to receive power from renewable energy sources produced by the Infrastructure Division's "El Retiro" Wind Farm in the state of Oaxaca.

### POWER CONSUMPTION

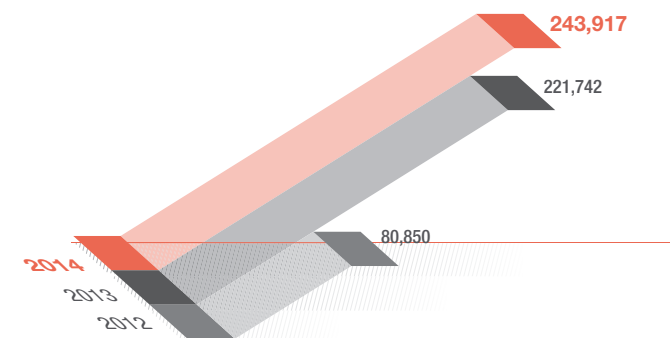
TRANSPORTATION DIVISION, 2014  
TERAJOULES



As part of our initiatives to reduce power consumption by the railroad operation, solar panels have been installed at all our operating units to generate and supply electricity to the Hot Box Detectors (HBD), Dragging Object Detectors (DOD), Wheel Impact Detectors (WID), and Rolling Stock Id Card Readers (RSDCR). The solar panels generated 243,917 kWh of electricity in 2014.

### ELECTRICITY GENERATED BY SOLAR PANELS

KWH

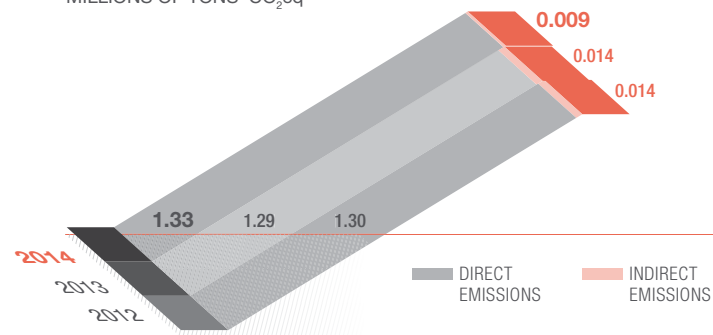


Note: The figure reported for 2013 was adjusted after reviewing and unifying criteria.

We have also made significant progress in energy efficiency with programs aimed at changing employee behavior, resulting in a saving of 340,935 kWh in 2014.

## GREENHOUSE GAS EMISSIONS

TRANSPORTATION DIVISION, 2012-2014  
MILLIONS OF TONS CO<sub>2</sub>eq



### GREENHOUSE GAS EMISSIONS

The railroad is a highly efficient and sustainable alternative for moving freight. According to a recent independent study published by the Association of American Railroads (AAR) and conducted by the Federal Railroad Association, on average the railroad is four times more efficient in terms of fuel consumption. This means that moving freight by railroad, instead of by truck, reduces greenhouse gas emissions by 75%.

Of the 1,336,881 tons of CO<sub>2</sub>eq emitted in 2014, 99% were direct emissions, while the remaining 1% were indirect emissions.

At Grupo México, reducing greenhouse gas emissions is a priority; the substitution of older locomotives for new trains with low fuel consumption and emissions control technology is a fact. At the end of 2014, US\$289 million was invested to purchase 34 locomotives, of which 19 were for Ferromex and 15 for Ferrosur. These new locomotives are high efficiency and can move more tonnage, consuming less fuel and with less emissions of CO<sub>2</sub>eq.

In keeping up with our environmental commitment, we'll continue making technological improvements, installing AESS systems to shut off the older locomotives automatically after a certain period of time without movement. We'll continue infrastructure maintenance, yard improvements, construction of sidings, and improvements in logistics. We know that with these actions and initiatives, we'll contribute to improving the environment, consuming less fuel and consequently reducing emissions.

## OTHER ATMOSPHERIC EMISSIONS

Other emissions generated during 2014 associated with the consumption of diesel by our locomotives are nitrous oxide (NOx), sulfur oxide (SOx), and particle matter.

### REDUCTION OF ATMOSPHERIC EMISSIONS BY THE TRANSPORTATION DIVISION (TONS)

Emissions	2012	2013	2014
NOx	23,404	23,181	<b>23,162</b>
SOx	64	63	<b>63</b>
Particle Matter	828	821	<b>655</b>

### USE OF OUR MATERIALS

The three materials we use most in the railroad industry are ballast, sleepers, and track. The principal use of these materials is to maintain the lines in proper operating condition.

In 2014, we continued to reduce the quantities of material used by our railroad operation, as we've been doing for five years, when we started our plan for the use of materials, gradually replacing ballast with smelter slag from the Mining Division. These materials are used to maintain our railroad lines in proper operating condition.

As a result, in 2014 the ballast added to our railroad lines came from 200,385 m<sup>3</sup> of recycled smelter slag.

Materials used	2012	2013	2014
Ballast (m <sup>3</sup> )	500,964	362,244	<b>499,352</b>
Sleepers (pieces)	934,684	1,020,873	<b>625,889</b>
Track (tons)	39,083	53,959	<b>16,733</b>
Smelter slag used as ballast (m <sup>3</sup> )	197,414	254,886	<b>200,385</b>



We have developed a series of mechanisms aligned with current waste regulations to properly manage the waste we generate, which include the handling, treatment, and disposal of this waste.

We generated 4,041 tons of waste in 2014, of which 31% was hazardous waste and 69% was non-hazardous.

Type of Waste (tons)	2013	2014
Hazardous	1,098	1,236
Non-Hazardous	2,845	2,805
<b>Total</b>	<b>3,943</b>	<b>4,041</b>

We generated 1,236 tons of hazardous waste in 2014, principally comprised of: used oil, impregnated material, muds, batteries, lights, and ballast.

Hazardous Waste 2014 (tons)	Quantity
Used lubricant oil	717.86
Muds	217.06
Material impregnated with hydrocarbons	33.97
Empty containers	15.84
Alkaline batteries	4.87
Lights and ballast	1.27
Accumulators	0.76
Filters	0.36

A large portion of the hazardous waste we generate is recycled and used by authorized third parties. The lubricant oil is sold for alternate fuels and the lead batteries are sold to make new accumulators. The solid material impregnated with hydrocarbons is sent to authorized third parties for confinement.

We transported 1,011 tons in 2014 to outside sources for recycling, treatment or confinement, according to current regulations. In addition, we imported 15,330 tons from Midlothian, Texas, sent to Monterrey, Nuevo Leon. This hazardous waste was imported under the corresponding permits issued by the environmental authorities.

Waste requiring special handling, such as scrap metal, paper, obsolete vehicles or machinery, and wood sleepers, is reused and/or recycled according to environmental best practices. Additional revenue of US\$8.7 million was gained in 2014 from the sale of waste, for its subsequent use and sale as reused material.

**OPERATING SAFETY & SPILL MANAGEMENT**

The Transportation Division has a spill response mech-

anism in place to anticipate, prevent, and act in the event of any disaster. If there is a railroad accident involving the transportation of dangerous chemical substances, we have the mechanisms in place to respond to these spills:

- The train dispatch center reports the accident and any chemical leak or spill.
- If there is a chemical spill, the Chemical Emergency Response and Remediation Plan (PAREQ) is activated and, if necessary, the emergency brigade is dispatched to control and contain the spill.
- Once the emergency has been controlled, the damage to the environment is assessed and the protocols set by the SEMARNAT are followed to correct and restore the environmental conditions at the site.

The guidelines for accident prevention, operating response to chemical emergencies, restoration of environmental damages, and return to normal operations for the transportation of hazardous materials are summarized in our Chemical Emergency Response and Remediation Plan (PAREQ).

Prevention	The PAREQ prevention activities are defined and also for the Infrastructure, Documentation, Dispatch and Equipment, and Operations subcommittees, among others.
	The PAREQ committee performs an evaluation, noting the achievements of the prevention committee, producing a record with the new agreements.
Response	On the occurrence of an incident involving hazardous materials, the corresponding response brigades are dispatched and the plan is activated.
	Once the emergency has been controlled, a report on the event is prepared for the relevant government agencies.
Remediation	With the emergency under control, the track is reported as clear and the damages to the track and surrounding areas are surveyed.
	The damages caused to equipment and infrastructure are assessed and quantified and also the environmental restoration at the scene of accident (when applicable).

There were 4 spills reported in 2014, with a total spilled volume of 115.87 m<sup>3</sup>. Three of the incidents involved fuel spills (68 m<sup>3</sup>) and one phosphoric acid (47.87 m<sup>3</sup>), which resulted in a fine of US\$1,011.

Immediately following these events, corrective and contingency actions were taken, where the spilled product and the contaminated soil were sent for disposal by authorized third parties, and the site was thoroughly cleaned and these materials properly disposed. None of these events caused a significant impact on the environment or the soil, therefore they are considered low severity.

As part of the actions the Transportation Division takes to manage environmental risks caused by the railroad, we hold monthly meetings of the Operating Safety Committee to determine the causes of railroad accidents and to implement corrective and preventive measures.

When a product spill occurs that could have an environmental impact, an accredited lab takes samples to determine the extent and depth of the contamination (plume), and based on this study, a remediation proposal is submitted to the SEMARNAT and the PROFEPA for approval, following which the remediation process is executed until finalized. An accredited lab then conducts another analysis, in the presence of the PROFEPA, to determine the remediation levels until the site is restored and released by the environmental authorities.

In 2014, our Transportation Division committed no violations of the placards required for equipment that transports hazardous waste. Part of our commitment is to comply with applicable regulations and as a result there were no incidents related to the violation of any regulation or voluntary code regarding the labeling of transported products.

### SOIL MANAGEMENT & BIODIVERSITY

Most of our Transportation Division operations are located in areas that are not protected. However, our rights of way cross 25.23 km<sup>2</sup> of protected nature reserves. These lines were built before the areas were declared protected.

When new railroad infrastructure projects are started, the environmental department is consulted to identify possible impacts, and also to process and obtain the permits required to comply with regulations. The obligations are defined in the Regulations for Environmental Impact Assessments contained in the Ecological Balance and Environmental Protection Law, and also the Code to the Sustainable Forestry Development Law.

During 2014, our infrastructure construction works required for the railroad involved 15.91 hectares of unprotected areas, regulated by ecological zoning programs and with low biodiversity. The principal environmental impacts identified were the stripping of vegetation, compacting, and also the noise and pollution from emissions released by the locomotives.

Environmental impact assessments were prepared for these works and submitted to the SEMARNAT for approval. The respective measures have also been taken to prevent, mitigate, and compensate impacts. These activities include the rescue and relocation of species, reforestation programs, and integrating stripped vegetation into the soil, among others, to rehabilitate the ecosystems affected.

Regarding the impacts generated by the emissions from our locomotives, we have included the requirements for transporting fine powders in open railcars in the "Programmed Railroad" service to avoid the emission of particles from the materials we transport for our customers.

In 2014, there was no impact on any species listed in NOM-059-SEMARNAT-2010. However, our mitigation program considers thirteen species of flora and fauna under protection.

When flora or fauna may be affected by works projects, the protection criteria will continue to be applied, which include: rescuing protected flora that can be viably transported, reforesting at a ratio of at least three saplings per specimen removed, and the relocation of fauna to undisturbed sites, carried out by specialists.

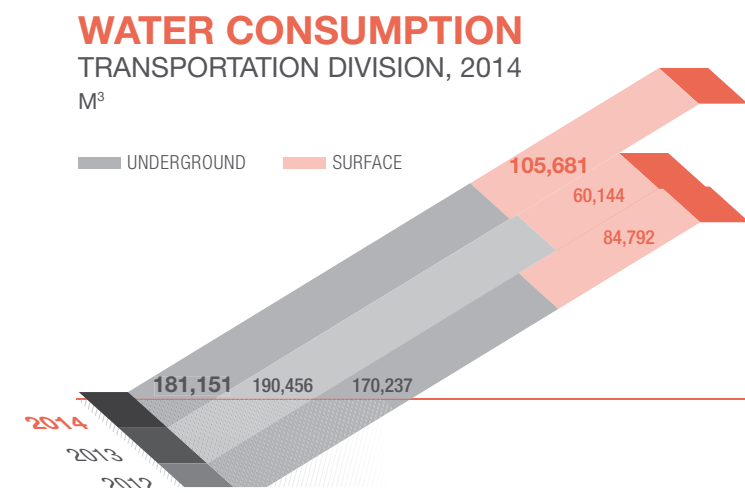
During 2014, we reforested 48.5 km<sup>2</sup> of sidings in Coahuila with native species to compensate and mitigate the environmental impact and to rehabilitate the ecosystems affected by the works. Year after year, our maintenance programs undertake the tasks of weeding, watering, and fertilizing, guaranteeing at least 85% survival of the saplings for 5 years after planting.

**WATER MANAGEMENT**

The Transportation Division's consumption of water is minimal, being used primarily for washing locomotives, replenishing water levels in cooling systems, and staff services.

In 2014, water consumption was 286,832 m<sup>3</sup>, with approximately 63% coming from underground sources and 37% from surface sources. We also recovered and reused 270 m<sup>3</sup> of the total water consumed, from the Guadalajara water treatment plant, and which is used for washing locomotives and watering gardens.

In addition, we continue to promote awareness at our shops on the rational use of water, to minimize our consumption of fresh water.







# INFRASTRUCTURE DIVISION

DEVELOPMENT WITH PURPOSE

MITIGATION OF

**276,716**

TONS OF GREENHOUSE GASES

The start-up of our “El Retiro” Wind Farm marks a historic landmark in our strategy against climate change, mitigating 120,000 tons of CO<sub>2</sub>eq per year, and also contributing to a clean energy infrastructure for Mexico.

## INFRASTRUCTURE DIVISION

### 2014 PERFORMANCE & 2015 GOALS

Health & Safety	Business Unit	2014 Goal		Performance	2015 Goal
	Infrastructure Division	Maintain the accident rate at below 2.16, in keeping with Grupo México's goal of ZERO accidents.	✓	We exceeded the goal, reporting an accident rate of 1.19.	Maintain the accident rate at below 1.19, in keeping with Grupo México's goal of ZERO accidents.
	Infrastructure Division	Increase the number of training hours on topics of health and safety.	✓	We increased the number of training hours per employee on topics of health and safety.	Increase by 10% the training hours on topics of occupational health and safety.
	Construction & Drilling	Maintain OHSAS 18001 certifications for Construction & Drilling.	✓	We met the goal in certifications for Construction & Drilling.	Maintain our OHSAS 18001 certifications for Construction & Drilling.
Our Communities	Business Unit	2014 Goal		Performance	2015 Goal
	Infrastructure Division	Zero human rights related incidents.	✓	Zero human rights related incidents.	Zero human rights related incidents.
	Infrastructure Division	Meet our commitments to our community development programs and report performance per the indicators established.	✓	We met our commitments to our community development programs as projected for 2014.	Meet our commitments to our community development programs and report performance per the indicators established.
Our Environmental Commitment	Business Unit	2014 Goal		Performance	2015 Goal
	Infrastructure Division	Zero environmental incidents involving spills of materials or substances at our operations.	✓	Zero environmental incidents involving spills of materials or substances at our operations.	Zero environmental incidents involving spills of materials or substances at our operations.
	Construction & Drilling	Maintain ISO 14001 certifications for Construction & Drilling.	✓	We met the goal in ISO 14001 certifications for Construction & Drilling.	Maintain ISO 14001 certifications for Construction & Drilling.

✓ GOAL REACHED

→ GOAL IN PROGRESS

## GROW

*Grupo México started its business 79 years ago with the construction of railroad lines in Mexico's southeast and important hydroelectric dam projects. With certainty, we affirm that our permanency and diversification of business have been the result of our engineering capabilities and constant innovation, which together with our commitment and vocation, have created true business value intertwined with sustainability. Our investments in infrastructure and operational growth strengthen our business, but above all, our position as a global leader, which inspires us to positively influence the development of Mexico and the countries where we have presence.*

At Grupo México, we're known for our use of cutting-edge technologies to boost the efficiency of our development and that of our business partners. The energy reform in Mexico has opened up new opportunities that will expand our experience in the oil industry. Our commitment to Mexico is stronger than ever, which is why we've acquired the best technology in oil extraction, which includes drilling platforms that will provide a highly competitive service.

We have invested US\$493 million to acquire two new 400' Jack-Up platforms with a drilling capacity of up to 35,000 feet. The "Tabasco" platform arrived in Mexico in January 2014 and started operations three months later on a six-year contract, while the "Campeche" platform arrived from China in September, starting a six plus year contract on November 15.

Other platforms have been built, such as the "Veracruz" modular platform, which was completed on October 15, 2014, while the "Tamaulipas" platform is in its testing phase; both required an investment of US\$174 million, have a 25,000' capacity, and will start operations in 2015.

Grupo México now has a total of 5 Jack-Up platforms and 2 modular drilling platforms, and also offers related value added services, such as cementation engineering, slanted drilling, and fracturing.

In 2014, we reported revenues of US\$199 million, EBITDA of US\$103 million, and net earnings of US\$40 million.

Grupo México's investments are strategic, allocating resources to economically viable projects that will also have a positive impact on development. We know that highways play a key role in creating opportunities for transforming the economic and social life of communities and the country.

Thus, the Infrastructure Division constructed the Salamanca-Leon Highway, the first section of which started operations at the end of 2014. This project will create growth benefits in terms of infrastructure, as the driving distance between the two cities will be notably reduced, less than 40 minutes. In 2014, the highway was used by 97,212 vehicles. To date, US\$274 million has been invested of the total US\$364 million budgeted. This four-lane highway will have a final length of more than 80 kilometers built to the highest standards of quality. The second section will start operations in 2015.

The economic spillover has included the creation of jobs, the consolidation of commercial activities, and promoted tourism in the region. In addition, we've benefited the neighboring communities by consuming local products, boosting the vendor base in Irapuato, giving preference to these suppliers for the supply of the materials required during the construction process.

Our construction company also has the capacity to participate in the oil, gas, energy, hydraulic, industrial, and transportation sectors, under the modality of project financing, long-term concessions, and public-private alliances. We have a productive plant with more than 250 pieces of major construction machinery and 270 for transportation, with the latest technology.

In 2014, and as planned, our Wind Farm in the state of Oaxaca started operations in June, with a capacity of 74 megawatts (MW), primarily to supply power to our Mining Division and Transportation Division operations, and also to Cinemex. This renewable energy project is a key component in the consolidation of our strategy against climate change.

We also concluded the first year of self-supply operation at our first 258 MW generating plant, and have completed the start-up testing for the second combined cycle plant, both in Sonora. These plants represented a total investment of US\$657 million.

The power generated by the combined cycle plants was sold primarily to Mexicana de Cobre and Buenavista del Cobre to supply our mine-metallurgical operations in the state of Sonora, and also their expansion projects. MGE earned US\$183 million in revenue in 2014 and reported EBITDA of US\$54 million, representing 95% and 91% of the energy division, respectively.

These projects contribute to the productivity of the Mining and Transportation Divisions, supplying power at a lower cost, putting us on the cutting edge and affirming our commitment to the environment by consuming power from cleaner and renewable energy sources.



The Infrastructure Division reported good performance in 2014, with record sales of US\$562 million, an 84% increase over the previous year, due mainly to:

- The contribution from the first combined cycle power plant, “La Caridad I”, and the “El Retiro” Wind Farm, which achieved high efficiency levels in their first year of operation.
- The revenue from the Salamanca-Leon highway.
- The start of operations of the “Campeche” and “Tabasco” platforms.

All our Infrastructure Division projects will be in operation in 2015, therefore we estimate EBITDA will reach US\$420 million by 2016, doubling the record US\$208 million EBITDA achieved in 2014.

**QUALITY MANAGEMENT SYSTEM**

We’re concerned about quality throughout the lifecycle of our projects, therefore in the development of infrastructure works, we identify and monitor the application of federal, state, and municipal legislation in the places where we operate.

At México Compañía Constructora, we’ve maintained for 9 years our comprehensive quality, safety, and environmental management system, holding

ISO 9001 / ISO 14001 / OHSAS 18001:2007 certifications. Also, when the project is delivered to the client, delivery records are prepared, to serve as proof of compliance with the requisites initially established in the contract with the client.

Within the Infrastructure Division, our Drilling company is ISO 9001:2008 certified in:

- Management in drilling, finishing, and maintenance of exploration oil wells.
- Research, development, receiving, and shipping of cement and aggregates for oil wells (Type “H” Cement and Dosed Cements) and cementation operations for oil wells.
- Slanted oil well drilling, which includes research, development, manufacturing, and supply of chemical products for the oil industry in general, and in particular, the application of drilling fluids, termination, and repair for oil wells.
- Treatment of crude and well stimulation.

This certification includes the Cement Plant, the Sonora Platform, the Poza Rica site, and the Carmen Sector administrative offices.

**PROMOTE**

**OUR PEOPLE**

We recognize that only through an efficient and responsible operation focused on our collaborators, can we ensure the success and permanency of our organization.

**LABOR MANAGEMENT SYSTEM**

Throughout the Division, we recognize that the effort to attract and retain our collaborators in an integral part of a sustainable business. This is reflected in human resources management directed at developing training programs and skills training for our collaborators to contribute to the profitability of the business. In other words, we are working to offer our collaborators conditions that allow them to develop and maximize their professional and personal skills.

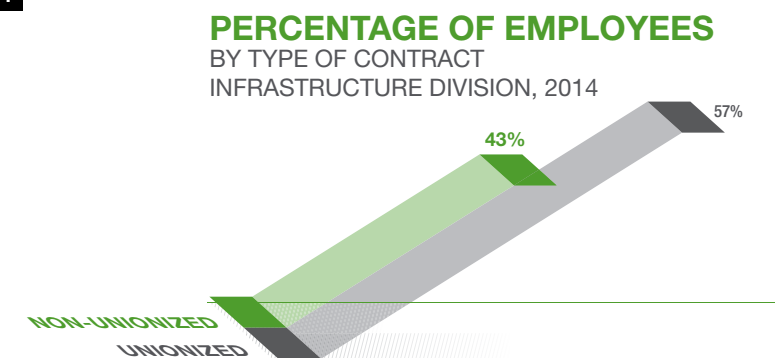
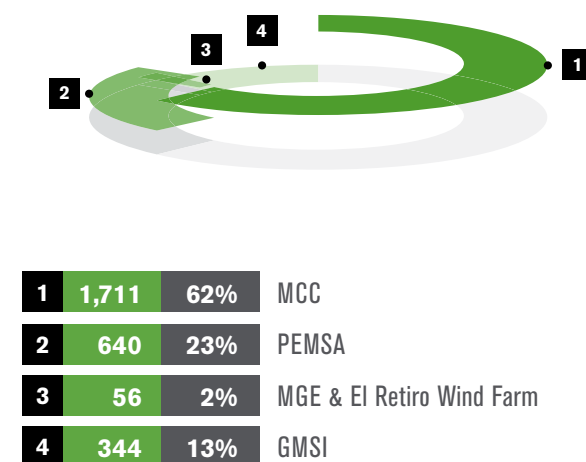
**SATISFACTION OF OUR PEOPLE**

During 2014, the Infrastructure Division had, on average, 2,751 full-time employees, two thirds of which were members of a union. Of our employees, 45% are under permanent contracts and the other 55% are temporary hires.

Our construction business unit employs 62% of our collaborators, largely due to major projects like the Salamanca-Leon highway, the construction of borders and raising the height of the tailings dam in Nacozari, and the new tailings dam for Buenavista del Cobre in the Mining Division.

In the Infrastructure Division, 57% of our employees are members of a union.

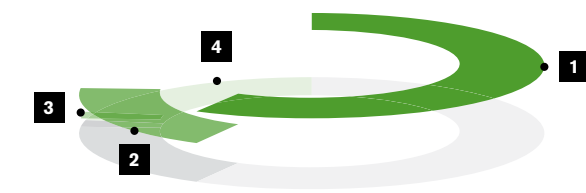
**PERCENTAGE OF EMPLOYEES**  
INFRASTRUCTURE DIVISION, 2014



Our senior management positions are mostly filled from the areas where we have projects and are principally men, providing us with the opportunity to review our development plans for our female personnel to concentrate our efforts on defining the next steps to take to ensure gender equality.

The average annual turnover rate in 2014 was 14%, which in absolute terms represents 379 employees who left the Company. The Human Resources Department informs personnel of any movements that would affect their jobs.

**PERCENTAGE OF SEPARATIONS**  
BY BUSINESS UNIT  
INFRASTRUCTURE DIVISION, 2014



1	221	58%	MCC
2	68	18%	PEMSA
3	6	2%	MGE& El Retiro Wind Farm
4	84	22%	GMSI

No incidents involving any potential act of discrimination, child exploitation, forced labor, or the violation of any indigenous rights were reported at our operations.

**SALARIES & ADDITIONAL BENEFITS**

The Base Salary (BS) in the Infrastructure Division in 2014 was equal to 6.09 times the Minimum Wage (MW), as a result of the growth of our operations and the importance of compensating our collaborators for their efforts. The BS/MW calculation considers the average minimum wage for the regions where we operate.

In addition to the salaries and benefits set by Mexican law, we offer additional benefits to all employees, which include the following:

- Life insurance
- Major medical insurance
- Disability coverage
- Maternity/paternity leave
- Grocery vouchers
- Early retirement
- Technical training courses
- Support for relocation
- Personal loans
- Support for vehicle insurance
- Savings fund

Our salary table is the same for the whole Division and does not differentiate between men and women. In addition to salary and the benefits set by Mexican law, we offer additional benefits according to the type of employment and type of contract.

**PROFESSIONAL DEVELOPMENT**

Our Infrastructure Division is committed to strengthening the skills and developing the competencies of our

employees according to their positions. To this effect, we provided 221,620 hours of training in 2014, equal to an average of 81 hours per employee.

A Performance Review process was conducted with 58% of our non-unionized collaborators. We have implemented a Performance Review mechanism based on Organizational Goals, to align personnel development with the Mission, Vision and Values of the Company. This mechanism is based on a system of factors and scales, comprised of four stages:

Phase	Description
Strategic planning	We plan the goals of the Company, identifying the cause-effect relationship between the components of the strategy.
Setting goals	We use the SMART methodology to set goals, registering this in the system for the assigned supervisor to then review and authorize.
Evaluation period	We conduct evaluations of goal achievement and self-evaluations, and offer feedback on performance. Training plans are then set for the next cycle.
Exploring potential	We document the personal and professional information for our collaborators to record their progressive development within the Company.

We have a “Professionals in Development” program that aims to identify personnel with skills to move into strategic positions and to be promoted to middle and upper management positions. The program also helps us to identify potential candidates for key leadership positions within the Company and to maintain a motivated workforce that is committed to the organization.

Areas	Projects
Operations Department	Design, planning and execution of the Comprehensive Health and Safety Management System at Compañía Perforadora México.
Technical Department	Design and implementation of company procedures to participate in Pemex Exploration and Production (PEP) tenders.
Administrative & Finance Department	Financial planning to assess new projects.
Maintenance Department Unit	Design and execution of the Comprehensive Functional Failure Prevention Program.
Operations Department Unit	Optimization of the Tertiary Gulf Oil project well drilling operations.
Technical Area	Diagnostic of the technical capacities of the Company to respond to new contract models with Pemex Exploration and Production (PEP).

**OCCUPATIONAL HEALTH & SAFETY**

Caring for the life, health, and physical wellbeing of our personnel is essential and paramount in all our activities. In this respect, we've defined and implemented a management system that seeks to strengthen our structured operation so as to identify the labor risks, define controls and monitoring, together with a regular surveillance of results under a framework of ongoing improvement.

México Compañía Constructora has operated our comprehensive management system for 9 years, which includes Occupational Health and Safety Management System OHSAS 18001:2007 certification.

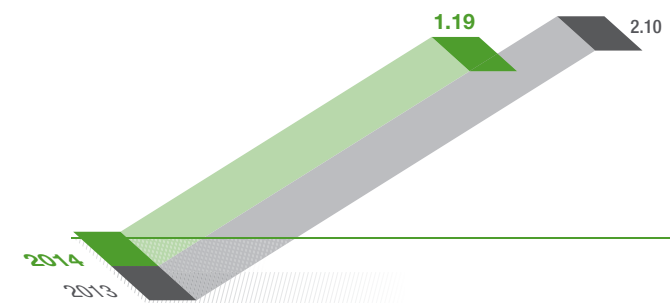
PEMSA is OHSAS 18001:2007 certified for its Carmen Sector administrative offices, Cement Plant, Sonora platform, and Poza Rica site. We also maintained Ship and/or Port Facility Security International Certification under the International Ship and Port Facility Security Code (ISPS Code) and Safety Management Certificates under the International Safety of Life at Sea Convention, accrediting our safety management in compliance with the Guidelines for the Implementation of International Safety Management (ISM). In addition, we adhere to the occupational health and safety Self-Management Program (PASST 1st level).

During 2014, 2% of our personnel were represented on the joint health and safety commissions, which promote and coordinate the implementation of personal health and safety processes. These commissions are comprised of non-unionized personnel and unionized personnel, according to the criteria stipulated in the collective bargaining agreements.

As a result of our efforts and commitment to our collaborators to identify and prevent risks, we reduced the incident rate (IR) to 1.19, a 43% decrease compared with 2013. Similarly, our severity rate (SR) decreased from 0.20 in 2013 to 0.14 in 2014, representing a reduction of 30%.

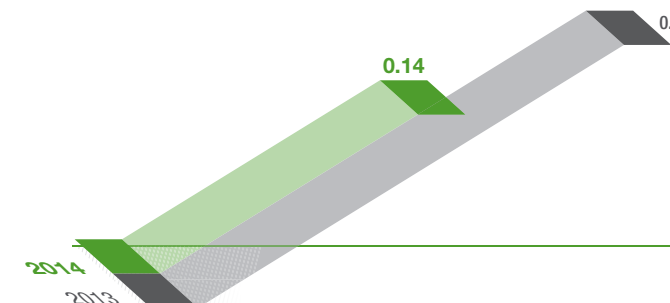
These results are the product of the culture of occupational health and safety that forms part of the day-to-day for each of our collaborators and which we extend to our families and communities, through education programs, consults, risk prevention and control, and also treatment of diseases.

**INCIDENT RATE (IR)**  
INFRASTRUCTURE DIVISION, 2013 - 2014



$$IR = \frac{\text{No. of incapacitating accidents}}{\text{Total man hours worked}} \times 200,000$$

**SEVERITY RATE**  
INFRASTRUCTURE DIVISION, 2013 - 2014



$$SR = \frac{\text{No. of days lost}}{\text{Total man hours worked}} \times 1,000$$



Working hand-in-hand with the communities, we create strong connections and empathy with the people, which commits us to being consistent between what we say and what we do.

**SOCIAL MANAGEMENT**

Our Community Development Model is focused on creating human and social capital, which helps the economic development of our communities. In this manner, we respond to the demands for our works projects in Drilling, Construction, and Energy. In accordance with our goal of sustainability, we are committed to maximizing the number of people benefited by our programs.

The focal points for development management in the Infrastructure Division are aligned with Grupo México's business model and the Mexican government's National Development Plan. Through a consolidated methodology, we have mapped interest groups to identify the issues that are relevant for each of the social risks and opportunities associated with our operation.

**DIALOG & VALUE FOR OUR COMMUNITIES**

Our goal is to strengthen our relationships and generate value for our communities under a model of co-responsibility, respect, and dialog with a human vision. This has been the starting point for defining the Community Strategic Plan for our Infrastructure Division in 2014, with which we took one more step towards fulfilling our vision.

During 2014, we held 332 activities with our community, an increase of 14.4 times compared with 2013, in which 1,642 people participated from the target groups at each location.

**DIAGNOSTIC**

We perform a diagnostic to identify the social problems in the regions where we have operations, opening spaces for dialog through talking with collaborators and members of the community.

Subdivision	Operation
Construction	Construction machinery maintenance shop / Zumpango Salamanca-Leon Highway
Engineering Services	Hydroelectric Project / Soyopa Hydraulic Project / San Lucas
Energy	Combined Cycle Plant / Nacozari de Garcia "El Retiro" Wind Farm / La Ventosa
Drilling	Platform services / Ciudad del Carmen

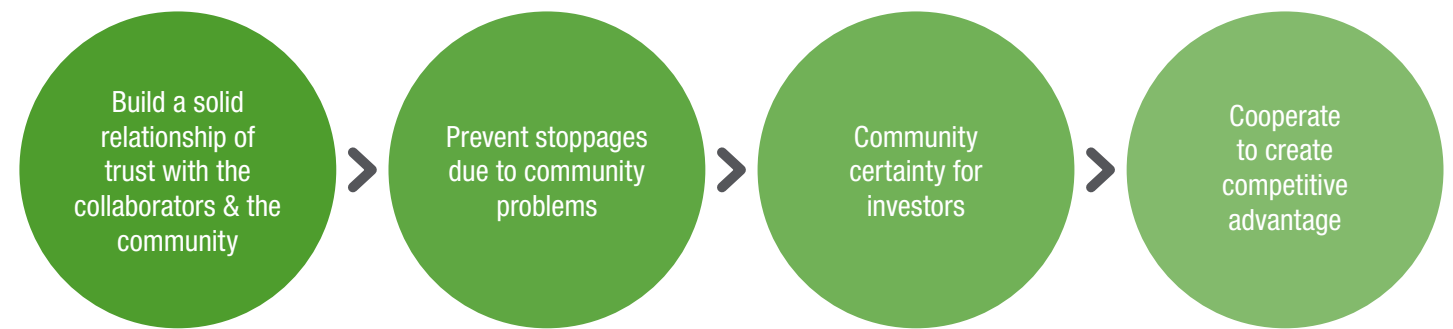
**COMMUNITY LINKAGE STRATEGY**

After identifying the difficulties in our communities, we seek solutions considering:

- Characteristics of the population
- Concentration of our operations in the region
- Legal scenarios that could impact the community and industry
- Gaps with the leading international practices
- Identification and prioritization of existing community risks

After completing this analysis, we set our priorities and areas of attention to then define our action plans.

**OUR STRATEGY IS BASED ON THE CREATING VALUE MODEL**



**ACTION PLAN**

We have focused on mitigating previously identified risks, supporting the strengthening of human capital, and providing the economic investment required for each of our operations.

As part of the implementation of our "Community Strategic Plan", in 2014 we adopted the Mining Division's Community Development Model. Regarding the other business units, we continue to promote the sustainability of the community programs and projects we develop, as described following:

**DRILLING**

We have been recognized by Petróleos Mexicanos (PEMEX) for our high efficiency levels, throughout the 50 years we've provided uninterrupted service. This alliance has been strengthened because it generates value added in oil exploration and hydraulic works, while collaborating with Pemex to contribute to developing and generating value in the communities where we operate.

We participate in the "Adopt a park" program, where Grupo México interacts with the community through activities that include contests, games, and more.

In parallel to the community support and environmental programs that Pemex promotes, through PEMSA we've established guidelines to contribute to the development of the local economy, such as the acquisition of local products. The procurement policy requires that purchases be made on the best conditions of quality, time, and service. The criteria for making a local purchase include: availability, cost-benefit ratio, product and/or service required. Suppliers infrastructure, and quality systems, among others.

### CONSTRUCTION

Through the efforts of our construction company, México Compañía Constructora, we've had a positive impact on the communities where we operate, as we work to the highest market standards in our engineering, procurement, civil and electromechanical construction services, oil and gas projects, railroad construction, housing construction, and other works projects.

At México Compañía Constructora, we also promote economic development through investments to operate highway concessions from the Ministry of Transport and Communications (SCT), energy projects, mine works projects, yard works projects, railroad terminals, and infrastructure construction projects.

Our goal is to create a multiplying effect of benefits that positively impact the local economy through our

infrastructure projects. This is the case of the Salamanca-Leon highway, which has created 3,000 jobs during the construction phase. We also support schools through our Volunteer Day.

We have policies in place for the acquisition of goods and services, which must comply with environmental laws, including health and safety regulations and commitments to preventing work-related risks at work centers. As a result, our local purchases represented 23% of our total Construction purchases in 2014.

### ENERGY

The start of operations of our El Retiro Wind Farm has not only generated positive results for the environment, but also for the community. Among the activities conducted, of note is the "Learn to say goodbye" workshop, where people from the community learn about the different stages of grief. We also offered a workshop on "Wind power", where nine volunteers were trained on the basics and functioning of wind power to then replicate the information at other schools. In addition, a "Mini family games" event was held, a space for family recreation with a series of activities based on experiential learning techniques.

In addition to our social investments, our local purchases accounted for 78% of the total in 2014.

## LINES OF SOCIAL PARTICIPATION UNDER THE "EL RETIRO" WIND FARM CASA GRANDE MODEL

Participation	Description
Communication & linkage	<b>Community Council:</b> Established with the participation of the owners of the land where our wind farm is located, citizen representatives from La Ventosa, representatives from the municipal authorities, and participation by the Organization, charged with following up and monitoring the social investment budget that Grupo México offers.
Environment	<b>Wind Power Workshops:</b> To raise awareness on wind power, how it works, and the benefits for the community, we offer games and educational activities that encourage participation with the community, training 9 volunteers on the general aspects of wind power, who replicated these activities with 26 young people in the public middle school in La Ventosa in February.
Education	The following projects were carried out under the "La Ventosa Sustainable: Your project, your future" program: <b>Bianni'Gubidxa:</b> Learning to make solar panels to replicate this knowledge with local residents. <b>Nanixhe:</b> Learning a skill (pastry) to give women an alternative source of income. <b>Women in Development:</b> Diploma course on creating new businesses and cooperatives. <b>Community Maxi Baking:</b> Training for women and single mothers on building ovens and making bread.
Sports	<b>Mini Family Games:</b> We held team sports activities based on experiential learning techniques in La Ventosa. These techniques seek to rescue values in the community, such as: responsibility, respect, love, solidarity, honesty, and generosity.
Health & safety	The following projects were carried out under the "La Ventosa Sustainable: Your project, your future" program: <b>JOCCA La Ventosa:</b> Activities to raise awareness among youth on sexual health. <b>Chinese Martial Arts &amp; Nutrition:</b> Reducing violence and promoting physical activity through Chinese Martial Arts and a nutrition program that supports physical activity.

<p><b>Submission of Projects</b></p>	<p>Through the “La Ventosa Sustainale: Your project, your future” program conducted in the municipality of Juchitan de Zaragoza, in the community of La Ventosa, 24 projects were approved in the areas of sports, education, and infrastructure, among others.</p>
<p><b>Productive projects</b></p>	<p>The following projects were developed under the “La Ventosa Sustainale: Your project, your future” program:</p> <p><b>New Dawn:</b> Training on artificial insemination for cattle. Parcelas demostrativas:</p> <p><b>Sample lands:</b> The project will set up sample lands for analyzing fodder to determine species of grasses with better quality and nutritional benefits for cattle.</p> <p><b>Technification of ranches:</b> The project will automate and modernize production and reproduction techniques. The electrification of the ranches surrounding La Ventosa will mean milking machines and electrical fences can then be installed.</p>

## PROTECT

### OUR ENVIRONMENTAL COMMITMENT

Our commitment to the environment and our communities has led us to ensure that environmental management is an integral part of all our processes.

To achieve this, the Infrastructure Division has developed actions to monitor, compensate, and restore the impacts of our operation throughout the lifecycle of our projects.

#### ENVIRONMENTAL MANAGEMENT SYSTEM

Our environmental management system has been consolidated through strict compliance with regulations and actions aimed at reducing and compensating the possible environmental effects produced by our operations at our business units, Construction, Drilling and Energy, continually striving to apply the best environmental practices.

### ENERGY & CLIMATE CHANGE

At the Infrastructure Division, we recognize that the effects of climate change are one of the causes of risk associated with our operations and also a challenge. This is why our Energy unit contributes to reducing the impacts from the consumption fossil fuel-based energy within the Company, principal precursor to the greenhouse gases associated with climate change.

Our power generation business unit represents the Company’s efforts to combat the environmental impact from energy consumption at all our operations, by providing alternatives to energy use through combined cycle plants using cleaner fuels, and renewable energy through wind power.

#### THE WIND THAT MOVES US, “EL RETIRO” WIND FARM

The year 2014 was key for the consolidation of our strategy against climate change, completing construction and starting operations at our “El Retiro” Wind Farm. Situated in the community of La Ventosa, in Juchitan de Zaragoza in the southwest of the Mexican state of Oaxaca, this renewable energy project started to supply power at the beginning of June to various Mining Division and Transportation Division units, and also to Cinemex movie theaters.

The “El Retiro” Wind Farm contributes to the development of the country’s energy infrastructure while also meeting Grupo México goals of sustainability, mitigating

Our Construction business unit attends to our environmental requirements through our management system, which has been ISO 14001:2014 environment quality certified since 2007, leading us over time to apply guidelines that guarantee the preservation of the environment. The impacts of our operations are identified and qualified according to the requisites laid out in this international standard, and we’ve implemented controls to mitigate or eliminate each impact.

Our Drilling business unit holds specialized certifications for oil well drilling, operating to international standards. In addition, this unit is ISO 14001:2004 certified, which includes the Ciudad del Carmen Sector administrative offices, the Cement Plant, the Sonora Platform, and the Poza Rica site. This business unit also holds seven Environmental Quality certificates, including four platforms.

One of our power generation companies started operations in 2013 and is consolidating its environmental management system through procedures that meet current regulations.

The Infrastructure Division made environmental investments totaling US\$16 million in 2014, allocated primarily to the final phase of the installation of a 37 turbine wind farm, consolidating our “El Retiro” Wind Farm company, which has started to supply clean power to our operations in the Mining Division.



120,000 tons of CO<sub>2</sub>eq per year. These excellent indicators are the result of the operation of 37 wind turbines, which will produce 239 GWh annually, equal to the power consumed by 50,000 middle class homes in a year.

The “El Retiro” Wind Farm will reduce greenhouse gas emissions equivalent to the consumption of 279,000 barrels of oil per year.

This project represents approximately 2.9% of Mexico’s total wind power capacity, in keeping with the National Strategy on Climate Change. With the wind in our favor, we’re supporting the use of renewable energies and the optimization of the use of natural resources, meeting the goal of accelerating the diversification of our energy matrix.

A total of US\$152 million was invested in this project, US\$15 million of which was spent in 2014. With these initiatives, we fully embrace our commitment to society and to the environment.

**MAXIMUM EFFICIENCY**

With an installed capacity of 516MW, the Combined Cycle plants will mitigate a total of 312,000 tons of CO<sub>2</sub>eq per year.

As part of Grupo México’s vision of social responsibility and concerned about the effects of climate change, we’ve set as a medium term goal, covering our power demand with cleaner fuels, supporting the growth of

our mine-metallurgic operations in the Mexican state of Sonora.

To achieve this, the Infrastructure Division has developed a megaproject representing an investment of US\$657 million, to construct the “La Caridad I” and “La Caridad II” Combined Cycle power plants, to take full advantage of the energy drawn from natural gas and the heat generated during operation.

“La Caridad I” started operations at the end of 2013; with a capacity of 258MW, supplying power to our mine operations in Sonora. The construction and testing phases of the second plant were completed in 2014. With this energy production expansion, we expect to supply 100% of the power for Buenavista del Cobre in 2015.

Grupo México’s sustainable strategy has led to the completion of one of the most important projects in terms of mitigating greenhouse gases in the region, as in 2014 alone, more than 155,000 tons of CO<sub>2</sub>eq were mitigated due to the consumption of power generated by the “La Caridad I” plant. Together with the start-up of the “La Caridad II” plant in 2015, we’ll achieve an annual mitigation of nearly 312,000 tons of CO<sub>2</sub>eq, resulting in a substantial decrease in kWh consumed by the Mining Division.

Achieving sustainable growth, making our power consumption more efficient, and reducing greenhouse

gas emissions, are without doubt some of our most important results, under Grupo México’s strategy against climate change.

**GREENHOUSE GAS EMISSIONS**

Our greenhouse gas emissions in the Infrastructure Division totaled 1,055,020 tons of CO<sub>2</sub>eq, produced primarily by the “La Caridad I” Power Plant, in order to supply our Mining Division. This plan allows us to self-supply our power, which translates into a significant mitigation of greenhouse gas emissions for Grupo México.

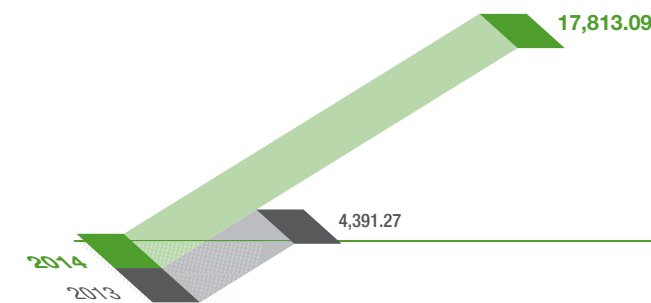
**GREENHOUSE GAS EMISSIONS  
INFRASTRUCTURE DIVISION, 2013-2014**

	2013	2014
Direct Emissions (tons of CO <sub>2</sub> eq)	257,850.12	1,028,088.09
Indirect Emissions (tons of CO <sub>2</sub> eq)	6,922.40	26,932.11

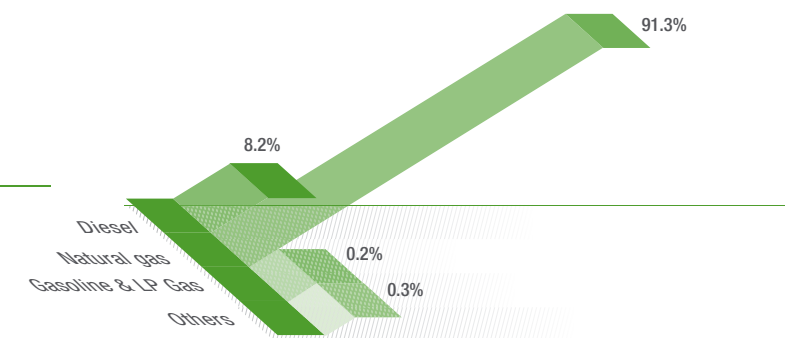
**FUEL CONSUMPTION**

During 2014, we increased our fuel consumption from 4,391 to 17,813 terajoules, due primarily to the consumption of natural gas by the “La Caridad I” Combined Cycle Plant, and also the activities for the testing of “La Caridad II”.

**FUEL CONSUMPTION  
INFRASTRUCTURE DIVISION, 2013-2014  
TERAJOULES**



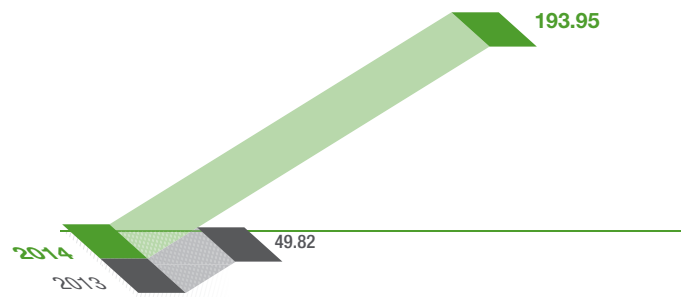
**FUEL CONSUMPTION  
DISTRIBUTION  
INFRASTRUCTURE DIVISION, 2014**



In the Infrastructure Division, through the use of cleaner fuels and reducing the consumption of energy by our operating units, we are continuing to develop energy efficiency initiatives and encourage the adoption of cleaner technologies.

We are taking important steps to replace fossil fuels with alternative fuels, maintaining the same performance in machinery. For the Salamanca-Leon Highway construction project, we used a biofuel alternative to diesel, with high energy density, to produce asphalt.

**POWER CONSUMPTION**  
INFRASTRUCTURE DIVISION, 2013 - 2014  
TERAJOULES



Regarding the energy we generate from our operations, we produced a total 8,773 terajoules in 2014 from the “La Caridad I” Combined Cycle Plant and the “El Retiro” Wind Farm.

**OTHER ATMOSPHERIC EMISSIONS**

We don't use ozone-depleting substances in our Infrastructure Division operations. However, our Energy unit has quantified over the last two years, emissions produced by the fossil fuels we use for the engine equipment at the Combined Cycle Power Plant, reporting the emission of 693 tons of NOx and 0.16 tons of SOx in 2014.

Emissions	Unit	2013	2014
NOx	Ton	179	693
SOx	Ton	0.01	0.16

At México Compañía Constructora, we also have a collective transportation system for our employees, to reduce the number of private vehicles traveling to the work sites and the central office. This results in a 67% reduction in the consumption of gasoline and diesel in terms of private vehicles. We also hold awareness campaigns for our personnel on the importance of saving energy.

Our power consumption by the Infrastructure Division increased from 49.82 terajoules in 2013 to 193.95 terajoules in 2014. This increase is due to the operations of the Combined Cycle Power Plant, responsible for 18,007 terajoules of the total power consumed.

It is important to mention that in the Infrastructure Division, we perform preventive maintenance on equipment to ensure efficiency, proper functioning, and to prevent excessive gas emissions.

The initiatives taken by our Construction company to mitigate environmental impacts related to emissions, include our air pollution procedure, which outlines the mitigation measures for atmospheric emissions, and also the monitoring of perimeter noise by an independent certified company.

**USE OF MATERIALS**

The principal raw materials used by our Construction company include steel, concrete, wood, asphalt, and tires, with concrete and asphalt being the most used.

Material	Unit	Quantity
Steel	ton	7,637
Concrete	m <sup>3</sup>	267,628
Wood	m <sup>3</sup>	29
Asphalt	m <sup>3</sup>	78,933
Tires	kg	60,517

All the materials used in the operations of our Construction company are for permanent installation and inputs to be able to execute the tasks directly related to the works contracted.

The materials we use most in our Drilling operations are primarily chemical agents, such as emulsifiers, calcium chloride, organophilic clay, and carbozymethyl cellulose. The principal use of these materials is for maintenance on our equipment, and for specific construction activities and project development.

The use of certain materials and their recovery are essential to our strategy of efficient resource man-

agement, as these are sent to recycling companies. However, we're working on consolidating information to register and monitor the materials we recover.

**WASTE MANAGEMENT & SPILLS**

The Infrastructure Division has a comprehensive management system in place for hazardous waste, based on which we apply operational control procedures, such as proper separation of waste at the source, handling, and disposal, according to the hazard or special handling rating. Our Construction company performed a risk control analysis to identify, control, and mitigate all potential associated risks.

We have temporary hazardous waste storage facilities and authorized transporters as part of our comprehensive waste management.

We produced nearly one thousand tons less hazardous and non-hazardous waste in 2014, compared with 2013.

Waste (tons)	2013	2014
Hazardous	154	167
Non-Hazardous	3,693	2,737

The hazardous waste produced by our projects is appropriately stored and then transported and handled properly by an independent until its final disposal according to environmental regulations. Also, non-hazardous waste is sent, accordingly, for recycling, reuse, composting, or landfill.

In 2014, a total of 180.5 tons of hazardous waste were transported to be treated and/or used by authorized third parties.

No spills were reported by our “El Retiro” Wind Farm operations in 2014, or by our construction company. However, there were four spills reported by México Generadora de Energía, with total spilled volume of 9 m<sup>3</sup> of chemical products.

None of these cases represented any significant effect on soils, and all were contained applying our response and collection procedures, taking the safety measures necessary until the final disposal of this waste by an authorized organization. Aware of the effects that spills of any chemical substance can cause, our facilities are properly equipped with materials to contain and absorb spills.

**SOIL MANAGEMENT & BIODIVERSITY**

Our operations are conducted on land situated in urban areas or areas that have been previously authorized by the corresponding government agencies. The only business unit located in a protected area is our PEMSA Carmen Sector administrative offices.

When we execute a project, we identify the significant impacts based on ISO 14001:2004 requirements. Following this assessment, we determine whether the impact is significant, applying operational controls and programs for each impact, always preventing occurrence whenever possible.

We comply with the requirements set by the authorities regarding environmental impact, which specify the species of flora and fauna that could be affected by our works projects, which must be rescued and relocated to appropriate areas.

Our “El Retiro” Wind Farm operates a reforestation and impact management program, which continues to progress according to regulatory requirements, reporting the first impact studies and results to the Ministry of the Environment and Natural Resources (SEMARNAT).

At the Construction unit, there is a reversible situation involving species of flora and fauna and the reconversion of habitats, which for the Salamanca-Leon Highway project meant an area of 460.113 hectares. It is

our obligation, prior to the start of the stripping and clearing stages, to execute a rescue program for flora and fauna, guaranteeing the survival of these species.

To this effect, we have a reforestation program that operates a nursery where we produce saplings. Plants are relocated, or cuttings are taken to then be propagated in places with similar conditions.

For the Salamanca-Leon Highway project, we’ve worked hand-in-hand with an environmental company to ensure we meet compliance with our legal obligations and to mitigate the impact this type of project has on the environment.

When the Salamanca-Leon highway is complete, approximately 20,000 trees will be planted in a protected area in the state of Guanajuato, and the right of way will be reforested with 60,000 native trees, which will be monitored periodically over the 28 years of the highway concession.

We are working to care for and protect the life of species, through protection initiatives such as rescuing flora and fauna, reproducing plants at nurseries, and protection and training campaigns for our personnel.

Regarding the conditions of vulnerability of the species identified in the areas we have projects, we’ve obtained registries for a total of 21 species.

Protection Level		Quantity
Vu	Vulnerable	4
Th	Threatened	9
Sp	Special Protection	13
Ex	Danger of Extinction	1

**WATER MANAGEMENT**

In the Infrastructure Division, water is principally drawn from underground sources, the consumption of which was 2,570,020 m<sup>3</sup> in 2014, drawing 636,768 m<sup>3</sup> from surface sources.

Of the water consumed by the combined cycle plant, 80% is used in the cooling process and is reused various times to make the most of this resource. The “El Retiro” Wind Farm does not consume water.

In 2014, the Infrastructure Division produced a total of 415,254 m<sup>3</sup> of wastewater, corresponding to the drilling, construction, and energy units. Meanwhile, all our discharges at the other operating units of the Infrastructure Division meet regulatory requirements.

It should be noted that during 2014, México Compañía Constructora reused 100% of its wastewater (437 m<sup>3</sup>) for watering plants.



## Informe de Revisión Independiente del Informe de Desarrollo Sustentable 2014 de Grupo México, S.A.B. de C.V. (Grupo México) para la Administración de Grupo México

### Responsabilidades de Grupo México y del Revisor Independiente

La preparación del Informe de Desarrollo Sustentable del ejercicio 2014 (IDS), así como el contenido del mismo es responsabilidad de Grupo México, el cual también es responsable de definir, adaptar y mantener los sistemas de gestión y control interno de los que se obtiene la información.

Nuestra responsabilidad es emitir un informe independiente basado en los procedimientos aplicados en nuestra revisión.

Este informe ha sido preparado exclusivamente en interés de Grupo México de acuerdo con los términos de nuestra carta arreglo. No asumimos responsabilidad alguna frente a terceros distintos de la Dirección de Grupo México.

Hemos realizado nuestro trabajo de acuerdo con las normas de independencia requeridas por el código de ética de la Federación Internacional de Contadores ("IFAC" por sus siglas en inglés).

### Alcance de nuestro trabajo

El alcance de nuestra verificación fue limitada, es sustancialmente inferior al de un trabajo de seguridad razonable. Por lo tanto la seguridad proporcionada es también menor. El presente informe en ningún caso puede entenderse como un informe de auditoría.

Hemos realizado la revisión del IDS conforme a los siguientes aspectos y/o criterios:

- a) La adaptación de los contenidos del IDS a la guía para la elaboración de Memorias de Sustentabilidad de la Iniciativa Global de Reporte ("GRI" por sus siglas en inglés) versión 3.0 (G3.0).
- b) Una muestra de indicadores de desempeño para obtener un Nivel A+ de acuerdo con los niveles de aplicación GRI.
- c) Que la información contenida en el IDS sea consistente con la evidencia de respaldo proporcionada por la administración.

Deloitte se refiere a Deloitte Touche Tohmatsu Limited, sociedad privada de responsabilidad limitada en el Reino Unido, y a su red de firmas miembro, cada una de ellas como una entidad legal única e independiente. Conozca en [www.deloitte.com/mx/conozcanos](http://www.deloitte.com/mx/conozcanos) la descripción detallada de la estructura legal de Deloitte Touche Tohmatsu Limited y sus firmas miembro.

### Estándares y procesos de verificación

Hemos llevado a cabo nuestro trabajo de acuerdo con la norma internacional de auditoría ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information emitida por el International Auditing and Assurance Standard Board (IAASB) del IFAC. Asimismo, hemos aplicado el Estándar de Aseguramiento de la Norma AA 1000 (AA1000AS), emitida por AccountAbility, para proporcionar una seguridad moderada sobre la aplicación de los principios establecidos en la norma AA1000APS y los indicadores de desempeño de sustentabilidad.

Nuestro trabajo de revisión ha consistido en la formulación de preguntas a la Dirección, así como a las diversas áreas de Grupo México que han participado en la elaboración del IDS y en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

- a) Reuniones con el personal de Grupo México para conocer los principios, sistemas y enfoques de gestión aplicados.
- b) Análisis de los procesos para recopilar, validar y consolidar los datos presentados en el IDS.
- c) Análisis de la cobertura, relevancia e integridad de la información incluida en el IDS en función del entendimiento de Grupo México, de los requerimientos de los grupos de interés sobre los aspectos materiales identificados.
- d) Revisión con base en muestras seleccionadas de la evidencia que respalda la información incluida en el IDS.

La siguiente tabla detalla los indicadores de desempeño revisados:

<b>EC1</b>	Valor económico directo generado y distribuido, incluyendo ingresos, costes de explotación, retribución a empleados, donaciones y otras inversiones en la comunidad, beneficios no distribuidos y pagos a proveedores de capital y a gobiernos.
<b>EC6</b>	Políticas, prácticas y proporción de gasto correspondiente a proveedores locales en lugares donde se desarrollen operaciones significativas.
<b>EC8</b>	Desarrollo e impacto de las inversiones en infraestructuras y los servicios prestados principalmente para el beneficio público mediante compromisos comerciales, pro bono, o en especie.
<b>EN3</b>	Consumo directo de energía desglosado por fuentes primarias.
<b>EN4</b>	Consumo indirecto de energía desglosado por fuentes primarias.
<b>EN8</b>	Captación total de agua por fuentes.
<b>EN13</b>	Hábitats protegidos o restaurados.
<b>EN16</b>	Emisiones totales, directas e indirectas, de gases de efecto invernadero, en peso.
<b>EN22</b>	Peso total de residuos gestionados, según tipo y método de tratamiento.
<b>MM3</b>	La cantidad total de sobrecarga, roca, residuos y lodos y sus riesgos asociados.
<b>EN23</b>	Número total y volumen de los derrames accidentales más significativos.
<b>LA1</b>	Desglose del colectivo de trabajadores por tipo de empleo, por contrato y por región.
<b>LA2</b>	Número total de empleados y rotación media de empleados, desglosados por grupo de edad, sexo y región.
<b>LA3</b>	Beneficios sociales para los empleados con jornada completa, que no se ofrecen a los empleados temporales o de media jornada, desglosado por actividad principal.
<b>LA4</b>	Porcentaje de empleados cubiertos por un convenio colectivo.
<b>LA5</b>	Periodo(s) mínimo(s) de preaviso relativo(s) a cambios organizativos, incluyendo si estas notificaciones son especificadas en los convenios colectivos.
<b>LA6</b>	Porcentaje del total de trabajadores que está representado en comités de salud y seguridad conjuntos de dirección-empleados, establecidos para ayudar a controlar y asesorar sobre programas de salud y seguridad en el trabajo.
<b>LA7</b>	Tasas de absentismo, enfermedades profesionales, días perdidos y número de víctimas mortales relacionadas con el trabajo por región.
<b>LA8</b>	Programas de educación, formación, asesoramiento, prevención y control de riesgos que se apliquen a los trabajadores, a sus familias o a los miembros de la comunidad en relación con enfermedades graves.
<b>LA9</b>	Asuntos de salud y seguridad cubiertos en acuerdos formales con sindicatos.



HR6	Actividades identificadas que conllevan un riesgo potencial de incidentes de explotación infantil, y medidas adoptadas para contribuir a su eliminación.
HR7	Operaciones identificadas como de riesgo significativo de ser origen de episodios de trabajo forzado o no consentido, y las medidas adoptadas para contribuir a su eliminación.
MM7	Descripción de los mecanismos de quejas que se utiliza para resolver las controversias relativas a uso de la tierra derechos tradicionales de las comunidades locales y pueblos indígenas y los resultados.
MM9	Sitios donde se llevaron a cabo reasentamientos, el número de hogares reasentados en cada uno, y cómo sus medios de vida (sustento) se vio afectado en el proceso.
SO1	Naturaleza, alcance y efectividad de programas y prácticas para evaluar y gestionar los impactos de las operaciones en las comunidades, incluyendo entrada, operación y salida de la empresa.
SO2	Porcentaje y número total de unidades de negocio analizadas con respecto a riesgos relacionados con la corrupción.
SO4	Medidas tomadas en respuesta a incidentes de corrupción.
SO5	Posición en las políticas públicas y participación en el desarrollo de las mismas y de actividades de "lobbying".
PR3	Tipos de información sobre los productos y servicios que son requeridos por los procedimientos en vigor y la normativa, y porcentaje de productos y servicios sujetos a tales requerimientos informativos.
PR5	Prácticas con respecto a la satisfacción del cliente, incluyendo los resultados de los estudios de satisfacción del cliente.

### Conclusiones

Con base en el trabajo efectuado, descrito en este informe, no se ha puesto de manifiesto algún aspecto que nos haga creer que el IDS contiene errores significativos o que no ha sido preparado de acuerdo al Nivel de Aplicación A+, establecidas en la guía para la elaboración de Memoria de Sostenibilidad del GRI versión 3.0, y de acuerdo a los principios de inclusión, relevancia y capacidad de respuesta de la norma AA1000APS.

### Recomendaciones

Grupo México cuenta con un reporte de sustentabilidad robusto y que refleja el avance en el desempeño así como las áreas de oportunidad de la organización. A continuación se resumen las recomendaciones más significativas para el fortalecimiento de los futuros IDS, las cuales no modifican las conclusiones presentadas en este reporte:

- Fortalecer las prácticas de sustentabilidad de manera homologada en las diferentes unidades y países a partir del intercambio de mejores prácticas y establecimiento de estándares generales para la organización.

- Establecer actividades de capacitación continua en temas de sustentabilidad y medición de indicadores a las personas que proveen información para el IDS, con el objetivo de tener un proceso eficiente de consolidación de la información.
- Continuar trabajando con las unidades de negocio para ampliar el alcance en la medición de los indicadores en cada una de ellas. De esta manera se podrá tener un entendimiento del desempeño a nivel general y establecer estrategias globales y locales para el cumplimiento de objetivos en sustentabilidad.

### Inclusión

El proceso de identificación de los grupos de interés es robusto ya que los identifica por cada una de las unidades así como para el grupo en general. Es adecuado definir acciones precisas para fomentar y mantener el proceso de comunicación específico. Esto le permitirá a Grupo México mantener un diálogo constante y gestionar el desempeño en los temas de interés común.

### Materialidad

La operación de los diversos sectores en los que participa Grupo México (Transporte, Minero e Infraestructura) tiene diferentes tipos y niveles de impacto en los temas ambientales, sociales y económicos. Por lo tanto, es relevante generar procesos continuos de actualización de la materialidad a fin de identificarlos por unidad de negocio e implementar estrategias acorde a las realidades locales y alineadas a la visión general del negocio.

### Capacidad de respuesta

Entre las iniciativas que lleva a cabo Grupo México para responder a este principio, se consideran las políticas, objetivos y metas en los diferentes temas de sustentabilidad considerados como relevantes para la empresa, así como sus procedimientos correspondientes. El proceso de comunicación, mencionado en el inciso de inclusión, será una herramienta muy valiosa para responder en la forma adecuada y oportuna a los temas relevantes para ellos.

Galaz, Yamazaki, Ruíz Urquiza, S.C.  
Miembro de Deloitte Touche Tohmatsu Limited

*Rocío Canal Garrido*

**Rocío Canal Garrido**  
Socia  
29 de mayo de 2015



**AA1000**  
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	Indicator	Reporting Level	Global Pact principles	Reference / location / Response or Reason for Omission
1.1	Letter from the President		Statement of commitment	Pages 5, 6, 7
1.2	Description of the key impacts, risks and opportunities		Non-Specific	Pages 5, 6, 7
2.1	Name of the Organization		Non-Specific	Pages 11, 17
2.2	Primary brands, products and/or services		Non-Specific	Pages 11, 14, 15, 16
2.3	Operational structure		Non-Specific	Pages 11, 14, 15, 16
2.4	Location of the Organization's headquarters		Non-Specific	<a href="http://www.gmexico.com.mx/nosotros/donde.php">http://www.gmexico.com.mx/nosotros/donde.php</a>
2.5	Number of countries where the Organization operates		Non-Specific	Pages 11, 12, 13
2.6	Nature of ownership / legal status		Non-Specific	Pages 14, 15, 16, 17
2.7	Markets served		Non-Specific	Pages 14, 15, 16
2.8	Size/Scale of the Organization		Non-Specific	Pages 26, 27
2.9	Significant changes in size, structure, ownership during the reporting period		Non-Specific	There were no significant changes in the size, structure, or ownership of the Organization during the reporting period.
2.10	Awards and recognitions received during the reporting period		Non-Specific	Pages 23, 65, 82, 118, 136, 140, 147
3.1	Reporting period		Non-Specific	Page 1
3.2	Date of the most recent previous report		Non-Specific	Page 1
3.3	Reporting cycle		Non-Specific	Page 1
3.4	Contact details for questions related to the report or its content		Non-Specific	Page 1
3.5	Process for defining report content		Principles 1, 4, 6	Pages 1, 21, 22
3.6	Coverage of the report		Non-Specific	Page 1
3.7	Indicate any limitations on the scope or coverage of the report		Non-Specific	Page 1
3.8	Basis for including information that could significantly comparability between reporting periods and/or organizations		Non-Specific	Page 1
3.9	Data measurement techniques and basis for calculations		Non-Specific	Page 1
3.10	Description of the effect restatement could have on previous reports		Non-Specific	Page 1
3.11	Significant changes in the scope, coverage, or evaluation methods applied in the Report relevant to previous periods		Non-Specific	Page 1
3.12	Table of contents		Non-Specific	Pages 3, 160
3.13	Current policy and practice for the independent verification of the Report		Non-Specific	Page 1

4.1	Governance structure and committees		Principles 1, 10	Pages 29, 30
4.2	Chair of the highest governance body		Non-Specific	Pages 29, 30 & <a href="http://www.gmexico.com.mx/nosotros/consejo-admon.php">http://www.gmexico.com.mx/nosotros/consejo-admon.php</a>
4.3	Management structure		Non-Specific	Pages 29, 30 & <a href="http://www.gmexico.com.mx/nosotros/consejo-admon.php">http://www.gmexico.com.mx/nosotros/consejo-admon.php</a>
4.4	Mechanisms for stockholders and employees to communicate with the highest governance body		Principles 1, 10	Page 31 & <a href="http://www.gmexico.com.mx/inversionistas/index.php">http://www.gmexico.com.mx/inversionistas/index.php</a>
4.5	Connection between the compensation for members of the highest governance body, senior management, and management and the Organization's performance		Principles 1,10	Page 31
4.6	Procedures for avoiding conflicts of interest in the highest governance body		Principles 1, 10	Pages 31, 33
4.7	Procedure for determining the experience and expertise required of the members of the highest governance body to be able to guide the strategy of the Organization in social, environmental, and economic aspects		Principles 1, 10	Page 30
4.8	Mission, values and principles		Principles 1, 10	Page 28
4.9	Operational performance		Principles 1, 10	Page 30 & <a href="http://www.gmexico.com.mx/nosotros/consejo-admon.php">http://www.gmexico.com.mx/nosotros/consejo-admon.php</a>
4.10	Corporate governance performance		Principles 1, 10	Page 30 & <a href="http://gmexico.com.mx/desarrollo/index.php#homeSD">http://gmexico.com.mx/desarrollo/index.php#homeSD</a>
4.11	Description of how the Organization has adopted a precautionary approach or principle		Principle 7	Page 34
4.12	Externally developed social, environmental, and economic principles or programs		Principles 1, 10	Page 34
4.13	Associations in which the Organization is a member		Principles 1, 10	Page 35
4.14	Interest Groups		Principles 1, 4, 6	Pages 21, 22
4.15	Basis for identifying and selecting interest groups		Principles 1, 4, 6	Pages 21, 22
4.16	Approaches adopted for the inclusion of interest groups, including the frequency of their participation by type and category of interest groups		Principles 1, 4, 6	Pages 21, 22
4.17	Principal concerns and areas of interest that have arisen from interest groups and how the Organization has responded in the Report		Principles 1, 4, 6	Pages 21, 22
EC1	Direct economic value generated and distributed, including revenue, exploitation costs, salaries and benefits, donations, and other investments in the community, undistributed benefits, and payments to suppliers and the authorities		Non-Specific	Page 26
EC2	Financial consequences and other risks and opportunities for the Organization's activities due to climate change		Non-Specific	Pages 118, 147
EC3	Coverage of the Organization's obligations under social benefit programs		Principles 1, 10	Pages 62, 106, 138
EC4	Significant financial aid received from government		Non-Specific	Page 34
EC5	Range of ratios between the standard entry level wage and the local minimum wage at significant operations		Non-Specific	Pages 62, 106, 138

EC6	Policy, practices, and proportion of spending with local suppliers at significant operations		Non-Specific	Pages 80, 113, 144
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant operations		Non-Specific	Page 105
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono commitments		Non-Specific	Pages 75, 77, 113, 143, 145
EC9	Understanding and description of significant indirect economic impacts, including their extent		Non-Specific	Pages 74, 115
EN1	Materials used, by weight or volume		Principle 8	Pages 90, 123, 151
EN2	Percentage of materials used that are recycled materials		Principles 8, 9	Pages 90, 123
EN3	Direct energy consumption by primary source		Principle 8	Pages 84, 119, 149
EN4	Indirect energy consumption by primary source		Principle 8	Pages 84, 119, 149
EN5	Energy saved due to conservation and efficiency improvements		Principles 8, 9	Page 121
EN6	Initiatives to provide energy efficient or renewable energy based products and services, and reductions in energy consumption as a result of these initiatives		Principles 8, 9	Pages 85, 121, 147, 150
EN7	Initiatives to reduce indirect energy consumption and the reductions achieved with these initiatives		Principles 8, 9	Pages 85, 121, 150
EN8	Total water usage by source		Principle 8	Pages 88, 129, 153
EN9	Water sources that have been significantly affected by water usage/extraction		Principle 8	Page 94
EN10	Percentage and total volume of recycled and reused water		Principles 8, 9	Pages 88, 129, 153
EN11	Description of land adjacent to or within protected areas or non-protected areas with high biodiversity. Indicate the location and size of lands owned, leased, or managed with high biodiversity in zones near protected areas		Principles 7, 8, 9	Pages 93, 127, 152
EN12	Description of the most significant impacts on biodiversity in protected areas or non-protected areas with high biodiversity, caused by activities, products, and services in protected areas and areas with high biodiversity in zones near protected areas		Principles 7, 8, 9	Pages 91, 127, 152, 153
MM1	Quantity of land affected or rehabilitated		Non-Specific	We continue to work on unifying criteria to report the exact quantity of soil affected and rehabilitated by each of our units.
EN13	Protected or restored habitats		Principle 8	Pages 93, 128, 153
EN14	Strategies and actions implemented and planned to manage impacts on biodiversity		Principle 8	Pages 127, 152



MM2	Number and percentage of sites identified that require biodiversity management plans		Non-Specific	Page 93. We continue to work on consolidating information to report the number and percentage of sites where we have biodiversity plans.
EN15	Number of species, by their risk of extinction, on the IUCN Red List and national lists and whose habitats are located in areas affected by operations, according to the level of threat to the species		Principle 8	Pages 93, 128, 153
EN16	Total direct and indirect greenhouse gas emissions, by weight		Principles 7, 8, 9	Pages 86, 122, 149
EN17	Other indirect greenhouse gas emissions, by weight			Pages 86, 122, 149
EN18	Initiatives to reduce greenhouse gases and reductions achieved		Principles 7, 8, 9	Pages 120, 147
EN19	Emissions of ozone-depleting substances, by weight		Principle 8	Pages 87, 150, 152
EN20	NOx, SOx and other significant air emissions by type and weight		Principle 8	Pages 88, 123, 150
EN21	Total wastewater discharge, by nature and type		Principle 8	Pages 90, 153
EN22	Total weight of waste by type and treatment method		Principle 8	Pages 91, 124, 151
MM3	Total overburden, rock, tailings, and muds that pose a potential risk		Principles 7, 8, 9	Page 91
EN23	Total number and volume of the most significant accidental spills		Principle 8	Pages 93, 126, 152
EN24	Weight of transported, imported, exported or treated waste considered hazardous according to the Basel Convention, annexes I, II, III and VIII, and percentage of waste transported internationally		Principle 8	Pages 91, 125, 152
EN25	Identification, size, protection status, and value of biodiversity in water resources and related habitats, significantly affected by the Organization's water discharges and runoffs		Principles 7, 8, 9	Page 90
EN26	Initiatives to mitigate the environmental impacts of products and services, and degree of the reduction of this impact		Principles 7, 8, 9	Pages 125, 151
EN27	Percentage of products sold and their packaging materials, that are recovered at the end of their useful life, by product category		Non-Specific	Pages 125
EN28	Significant fines and number of non-monetary sanctions for violations of environmental regulations		Principles 7, 8, 9	Pages 83, 126
EN29	Significant environmental impacts of transporting products and other goods, and materials used for the Organization's activities, and also employee transportation		Principle 8	Not available. We continue to work on unifying criteria to report this indicator fully and long term.
EN30	Total environmental expenses and investments, by type		Principles 7, 8	Page 83
LA1	Employees by type of employment, contract, and region		Principle 6	Pages 59, 103, 137
LA2	Total number of employees and average turnover, by age group, gender, and region		Principle 6	Pages 60, 105, 138
LA3	Benefits for full-time employees that are not offered to temporary/part-time employees, by principal activity		Principle 3	Pages 62, 106, 138
LA4	Percentage of employees covered by a collective bargaining agreement		Principle 3	Pages 59, 104, 137

LA5	Minimum notice periods for organizational changes, including if these are specified in collective agreements		Principle 3	Pages 61, 106, 138
MM4	Number of strikes and lockouts exceeding one week, by country		Principle 3	Page 61
LA6	Percentage of employees represented in joint management-worker health and safety committees created to help monitor and advise on occupational health and safety programs		Principles 1, 3	Pages 65, 108, 141
LA7	Rates of absenteeism, occupational diseases, days lost, and number of work-related fatalities, by region		Principles 1, 4	Pages 67, 109, 141
LA8	Education, training, counseling, and risk control and prevention programs in place for employees, their families and/or members of the community regarding serious diseases		Principle 1	Pages 69, 109, 141
LA9	Health and safety topics covered in formal agreements with unions		Principle 3	Pages 66, 109, 141
LA10	Average hours of training per year per employee, by employee category		Principle 1	Pages 62, 107, 139
LA11	Programs for skills management and ongoing training to foster the employability of employees and assist them in managing career endings		Principle 1	Pages 63, 107, 139
LA12	Percentage of employees that receive regular performance and career reviews		Principle 1	Pages 64, 108, 139
LA13	Composition of corporate governance bodies, by gender, age group, minorities, and other indicators of diversity		Principle 6	Pages 59, 104, 105, 138
LA14	Differences between base salary for men and for women, by professional category		Principle 6	Pages 59, 106, 139
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening		Principles 1, 2	Page 33
HR2	Percentage of principal distributors and contractors that undergone human rights screening, and measures adopted as a result		Principles 1, 2	Pages 32, 33
HR3	Total hours of employee training on policies and procedures concerning relevant aspects of human rights, including the percentage of employees trained		Principles 1, 2	Page 32
HR4	Total number of incidents of discrimination and measures adopted		Principle 6	Page 138
HR5	Activities of the Organization in which the right to freedom of association and collective bargaining agreements may be at risk, and measures adopted to support these rights		Principle 3	Page 33

HR6	Activities identified as having potential risk of child exploitation, and measures adopted to contribute to the elimination of this		Principle 5	Page 32
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures adopted to contribute to the elimination of this		Principle 4	Page 32
HR8	Percentage of security personnel trained in the Organization's policies or procedures concerning relevant aspects of human rights		Principles 1, 2	Page 33
MM5	Total number of operations situated in or near indigenous communities		Non-Specific	Page 33
HR9	Total number of incidents of violations of the rights of indigenous peoples, and measures adopted		Principle 6	Page 138
S01	Percentage of operations where development programs, impact assessments, and local community participation have been implemented		Principle 1	Pages 71, 112, 115
MM6	Number and description of significant disputes involving the use of land, and customary rights of the local communities and indigenous peoples		Principles 1, 2	Page 36
MM7	Use of grievance mechanisms to resolve disputes		Principles 1, 2	Page 92
MM8	Number (and percentage) of sites where the Organization operates artisanal and small-scale mining		Non-Specific	There are no operations where there is this type of activity.
MM9	List of resettlement sites		Principles 1, 2	Page 36
MM10	Number and percentage of operations with mine closure plans		Principle 7	Page 95
S02	Percentage and number of business units analyzed for corruption-related risks		Principle 10	Page 34
S03	Percentage of employees training in the Organization's anti-corruption policies and procedures		Principle 10	Page 34
S04	Actions taken in response to incidents of corruption		Principle 10	Page 34
S05	Public policy positions and participation in public policy development and lobbying		Non-Specific	Page 34
S06	Total value of financial and in-kind contributions to political parties or related institutions, by country		Non-Specific	Page 34
S07	Total number of actions involving monopolistic and anticompetitive practices, and their outcomes		Non-Specific	Page 34
S08	Monetary value of significant sanctions and fines and total number of non-monetary sanction for violations of laws and regulations		Principle	Page 126
MM11	Programs and progress regarding management of materials		Non-Specific	Page 56



PR1	Lifecycle phases for the products and services assessed, and if improved, their impacts on customer health and safety, and percentage of categories of significant products and services subject to these assessment processes		Non-Specific	Page 56
PR2	Total number of incidents of violations of legal regulations or voluntary codes concerning health and safety impacts of products and services during their lifecycle, by type of outcomes		Non-Specific	There were no incidents of violations of legal regulations involving the health and safety of products and services.
PR3	Types of produce and service information required by the current procedures in effect and regulations, and percentage of products and services subject to these information requirements		Non-Specific	Pages 57, 58
PR4	Total number of incidents of violations of regulations or voluntary codes concerning product and service information and labeling, by type of outcomes		Non-Specific	Page 127
PR5	Practices related to customer satisfaction, including the results of customer satisfaction surveys		Non-Specific	Pages 58, 102
PR6	Programs for adherence to laws and voluntary standards and codes mentioned in marketing communications, including advertising, promotional activities, and sponsorships		Non-Specific	Our products are not sold to the general public, therefore our commercial strategy does not include marketing communications.
PR7	Total number of incidents of violations of regulations concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes		Non-Specific	Our products are not sold to the general public, therefore our commercial strategy does not include marketing communications.
PR8	Total number of substantiated complaints involving privacy and leaks of customer data		Non-Specific	Page 36
PR9	Cost of significant fines for violations of regulations concerning the supply and use of the Organization's products and services		Non-Specific	Page 126