



PEÑOL  
VERDE

AS GREAT AS  
**OUR  
PEOPLE**

2014 SUSTAINABILITY REPORT

# G4-32 CONTENTS

PEÑOLES' COMMITMENT TO SUSTAINABILITY IS UNWAVERING. WE ARE CONVINCED THAT OUR ECONOMIC GROWTH MUST GO HAND IN HAND WITH AN EQUALLY SOUND PERFORMANCE IN THE SOCIAL AND ENVIRONMENTAL DIMENSIONS, BECAUSE THIS IS THE ONLY WAY OF ENSURING THE LONG-TERM PERMANENCE OF THE COMPANY.

Peñoles is part of Grupo BAL, a privately held diversified group of independent Mexican companies that includes:

**Grupo Palacio de Hierro**

(department stores);

**Grupo Nacional Provincial**

(insurance);

**Profuturo GNP**

(individual retirement funds);

**Valores Mexicanos – Casa de Bolsa**

(financial services);

**Crédito Afianzador**

(bonding);

**Instituto Tecnológico Autónomo de México** (education);  
and agribusinesses.

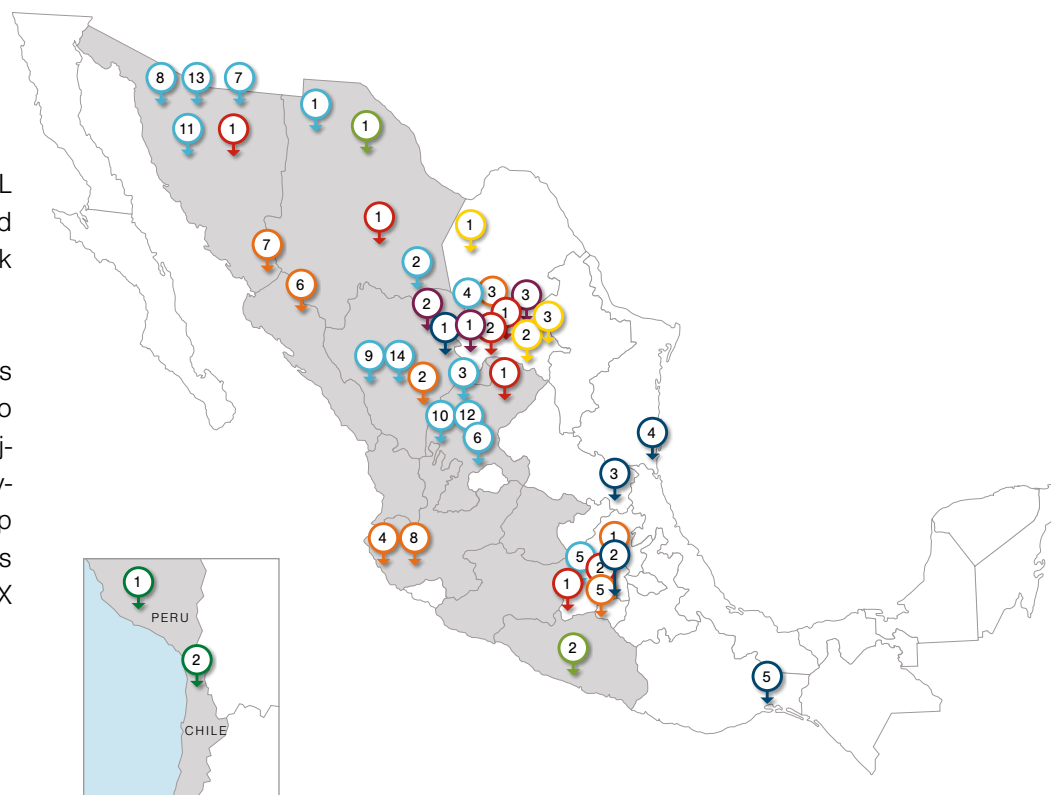
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# CORPORATE PROFILE

**G4-3, G4-7** Industrias Peñoles, S.A.B de C.V. is part of Grupo BAL and is a legally incorporated company under the laws of the United Mexican States, whose shares have traded on the Mexican Stock Market since 1968 under the ticker symbol PE&OLES.

**G4-5, G4-6** Peñoles is a mining-metallurgy group in non-ferrous metals and inorganic chemical products, with offices in Mexico City and Torreón, Coahuila. It has operating units, exploration projects and mining units undergoing retrofitting and closure in several Mexican states; an exploration project in Peru; a partnership in a sodium sulfate mine in Spain; and three commercial offices abroad: Sao Paulo in Brazil, and Stamford, CT and Brownsville, TX in the United States.

**G4-6, G4-9, G4-17** Peñoles has the following operating units:



## OPERATION LOCATIONS

### MINING OPERATIONS



#### BASE METALS

- 1 Bismark \*
- 2 Naica \*
- 3 Sabinas \*
- 4 Velardeña \*
- 5 Tizapa \*
- 6 Francisco I. Madero \*
- 7 Milpillas \*



#### PRECIOUS METALS

- 8 Herradura
- 9 Ciénega
- 10 Fresnillo
- 11 Soledad-Dipolos
- 12 Saucito and Saucito II
- 13 Noche Buena
- 14 San Ramón



#### METALLURGICAL OPERATIONS

- 1 Metalúrgica Met-Mex \*
- 2 Bermejillo \*
- 3 Aleazin \*



#### CHEMICAL OPERATIONS

- 1 Magnelec (Química del Rey) \*
- 2 Fertirey \*
- 3 Industrias Magnelec \*



#### DEVELOPMENT PROJECTS

- 1 San Julián
- 2 Rey de Plata



#### INFRASTRUCTURE

- 1 Línea Coahuila-Durango
- 2 TECSA/ASIM
- 3 Termoelectrica Peñoles
- 4 Termimar \*
- 5 Fuerza Eólica del Istmo



#### OFFICES

- 1 Exploration \*
- 2 Corporate \*



#### EXPLORATION



#### SOUTH AMERICA

- 1 Peru
- 2 Chile



#### LEASED MINES

- 1 El Monte
- 2 Ojuela
- 3 La Industria



#### CLOSED MINES

- 4 Cuale \*
- 5 Sultepec \*
- 6 Reforma \*



#### RESTORED MINES

- 7 Gochico \*
- 8 Talpa de Allende \*

\* Considered in this report.

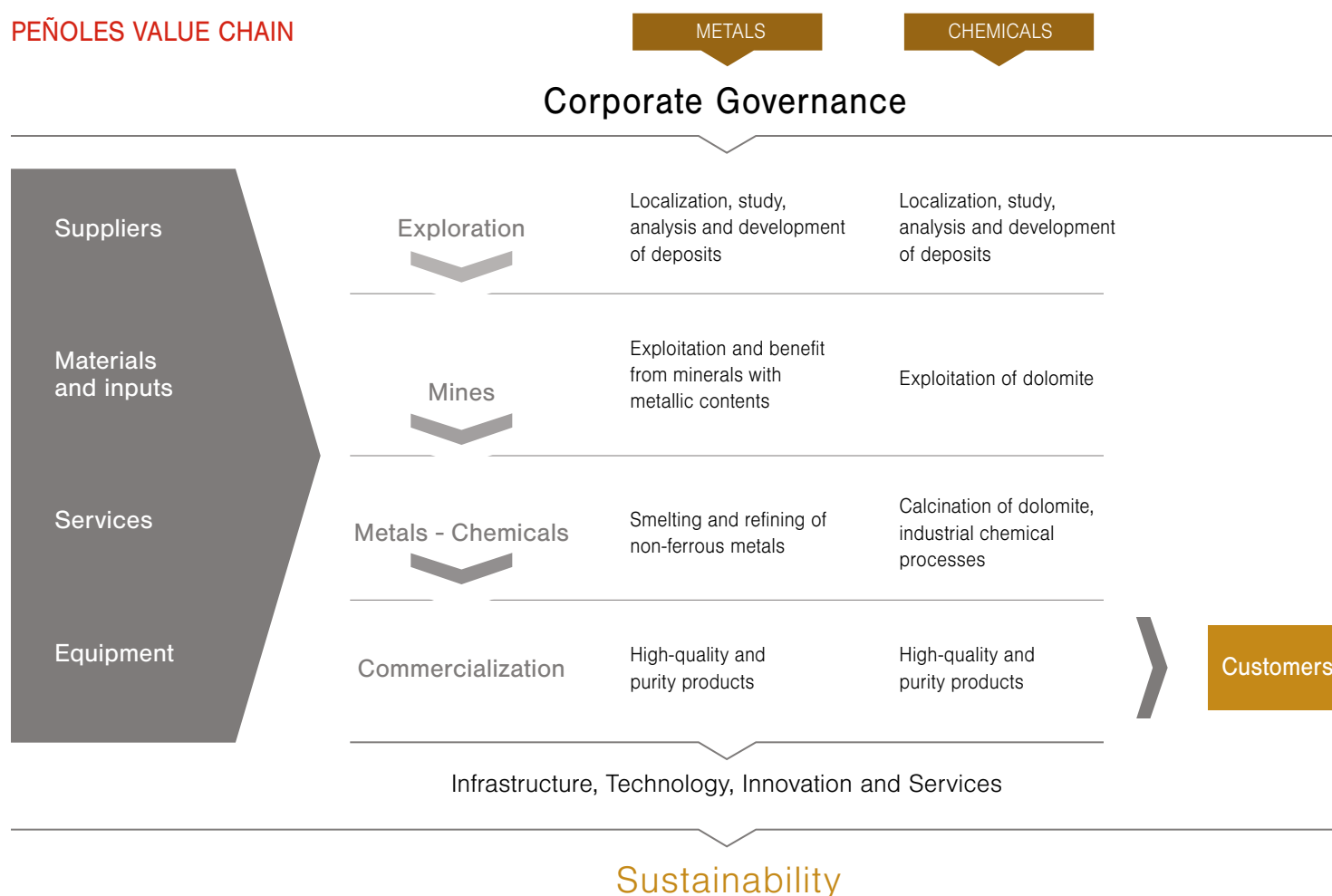


**G4-13, G4-22, G4-23** In 2014 there were no significant changes in size, structure, share ownership, supply chain organization or in boundaries, scope or evaluation methods or expression of indicators included in this report compared to last year, therefore the material aspects reported this year are fully comparable.

One of the growth projects worth mentioning in particular is the completion of the new sodium sulfate plant in Química del Rey, Coahuila, which will expand annual production capacity by 150,000 tons and enable us to further our leadership in the domestic market for this product.

**G4-12** The Peñoles value chain is outlined in the following diagram.

## PEÑOLES VALUE CHAIN





# MESSAGE FROM THE CEO

**G4-1** One of the best ways for us to connect with stakeholders is by sharing stories, especially those that allow us to share what we do, how and why we do it, and the progress we have achieved.

At Peñoles we fully believe that sustainability is the best path for us to responsibly create value for our stakeholders, and thus it is the basis on how we do business.

In 2014 we made important strides in our business strategy. In light of this, and as we have done for the last thirteen years, we are publishing our Sustainable Development Report, which contains our achievements thus far, future challenges, and the strengths and opportunities that we will continue to develop. The report is also our ninth Communication on Progress, in compliance with the United Nations Global Compact.

Our leadership position commits us to stay on the leading edge of our sector and with the competitiveness that distinguishes us. This year in particular, we faced great economic challenges, such as the low price of metals and the tax regulations for the mining sector in Mexico; these situations show us that we must continue to act with commitment and perseverance to continually adapt to the economic, environmental and social changes around us.

We have consistently followed the path of sustainability at Peñoles. Our operations are productive, safe and respectful of the environment. We base our work culture on prevention, thus protecting life, health and ecosystems, in harmony with the community. In this way, we generate value for our stakeholders and give life to our Mission to “add value to non-renewable resources in a sustainable manner.”



This year was important for our sustainability strategy as we further strengthened our Vision by revising it to include ethics. Thus, the new Vision of the company is “To be the most recognized Mexican company worldwide in its sector, for its global approach, the quality of its processes, excellence of its people and the ethical conduct of its business.”

In terms of the environment, we focus efforts into minimizing the environmental impact of our operations and efficiently managing resources.

We maintain our objective of zero significant environmental impacts and continue to work towards renewing our certifications, including ISO 14000 for our environmental management systems, and Clean Industry for complying with the applicable Mexican environmental regulations.

Without a doubt, we must go beyond meeting regulatory limits. By optimizing our processes we have achieved more sustainable operations: we enhanced our eco-efficiency indicators and applied best environmental practices to increase the use of treated water instead of fresh water; we control and reduce the air emissions from our processes, make more efficient use of power and fuels and diversify our sources of renewable energy; properly manage waste; encourage the preservation of green areas; and promote reforestation.

**WE CONTINUE TO ADHERE TO INTERNATIONAL INITIATIVES THAT PROMOTE SUSTAINABLE GROWTH: WE REPORT OUR GREENHOUSE GAS EMISSIONS IN THE CARBON DISCLOSURE PROJECT (CDP) AND HAVE PREPARED THIS REPORT WITH THE NEW G4 VERSION OF THE GLOBAL REPORTING INITIATIVE (GRI).**

We promote the self-development of nearby communities, and are committed to working with them in mutual trust and respect. We support education, culture and the practice of sports; conduct campaigns to promote health and environmental care and participate with the authorities to improve infrastructure.

Our personnel are a crucial part of Peñoles. In order to further our goal of zero disabling accidents and zero new occupational diseases, and achieve a cultural shift towards prevention, we continue to improve our safety and health systems by means of ongoing audits across all our business units, training programs and self-care campaigns for our personnel inside and outside the workplace.

Despite these measures, I regret to inform you that two of our employees died in work-related accidents, a situation that deeply saddens us for the loss and impact it has on their families.

We believe in creating an organizational culture based on leadership and self-development. We continue to evolve in the standardization of human resource processes and in the way we manage our human talent. We have reached maturity in objective evaluation and open and constructive dialogue with all our personnel, whose performance is measured to help them increase their skills and thus perform their functions optimally and within a supportive work environment. This year, that work environment was monitored by the Great Place to Work Institute, which conducted a survey across all company employees. Thus today, more than ever, Peñoles is “As great as our people.”



FURTHER TO THESE ACTIONS, THIS REPORT PRESENTS MORE EXAMPLES OF OUR SUSTAINABLE DEVELOPMENT STRATEGY, WHICH ENABLES US TO ENSURE BOTH THE VIABILITY AND LONGEVITY OF OUR COMPANY, AND THE CREATION OF ECONOMIC, ENVIRONMENTAL AND SOCIAL VALUE AMONG OUR STAKEHOLDER GROUPS. WE PROMISE TO CONTINUE WORKING TO MAXIMIZE THIS VALUE BY MEANS OF CREATIVE AND INNOVATIVE SOLUTIONS.

I appreciate the commitment, support and confidence of the Chairman and Board of Directors of Industrias Peñoles S.A.B. de C.V., of the Executive Committee and our shareholders, employees, community, suppliers and customers. They all made our 2014 achievements possible, achievements that demonstrate our commitment to sustainable development.



**Fernando Alanís Ortega**

Chief Executive Officer

Industrias Peñoles





Night view of the mining unit.  
Velardeña, Durango.

## ABOUT THIS REPORT

**G4-28, G4-29, G4-30** This 14th Annual Report, comprising the period from January 1 to December 31, 2014, serves to inform our stakeholder groups: shareholders, personnel, community, suppliers and customers, in a transparent and clear manner, of the main advances and achievements of Peñoles in matters of sustainability.

**G4-31** Please direct any comments regarding the content of this report to [penoles\\_sustentable@penoles.com.mx](mailto:penoles_sustentable@penoles.com.mx), where we promise to respond promptly.

The thirteen previous reports, as well as additional information on sustainability and our processes, products and financial performance, are available for consultation on our Internet page: [www.penoles.com.mx](http://www.penoles.com.mx)

**G4-20, G4-21** The data contained in this report are the result of a materiality analysis encompassing the key operations of Peñoles in Mexico: Exploration, Engineering and Projects, Mines, Metals, Chemicals and closure of mining operations. Some sections include subsidiary companies and other service areas which are described in the respective notes.

# MATERIAL ASPECTS AND SCOPE

**G4-32** For eleven consecutive years, we have presented our report under the principles of quality and content established in the Global Reporting Initiative (GRI) guidelines for preparing sustainability reports. This year for the first time, the report was prepared according to the essential core of the G4 version and the basic general content for the mining and metallurgy sector. This report differs in that the previous one was developed with version G3.1; this year we begin a transition towards the G4 Guidelines.

**G4-18** The definition of economic, environmental and social issues relevant to Peñoles was performed through a materiality analysis that considered the current context of sustainability, the key matters of the sector in which we develop and the opinion of our stakeholder groups. The said analysis is available for consultation in the sustainability section of our web page: [www.penoles.com.mx](http://www.penoles.com.mx).

**G4-19, G4-27** The material aspects for Peñoles are the result of the relationship of a threshold of “some”, “high” and “very high” importance of the economic, environmental and social impacts, both for the company and its stakeholders. They are as follows:

- Corporate governance: ethical behavior and values, stakeholder engagement and compliance with policies and procedures.
- Economic: economic development and direct and indirect economic impact.

- Suppliers and customers (responsibility over products): regulatory compliance
- Environment: materials and waste management, energy and climate change, water management, biodiversity, air emissions, spillages and environmental incidents, waste deposits with environmental risks, regulatory compliance and environmental management.
- Employment: general employment indicators, health and safety in the workplace, talent development (education and training), diversity and equality of opportunities, and work environment.
- Society: development programs with local communities, disputes regarding land use, mechanisms to resolve land disputes, closure plans, participation in public policies and lobbying, sites affected by operations and grievance mechanisms.

In addition, other aspects are reported, which although not material, are included as part of our ninth Communication on Progress of the Global Compact: human rights, work relations, non-discrimination, freedom of association, child and forced labor and anti-corruption.

The data presented are the result of direct measurements in each key operation and information calculated based on these measurements. All financial figures are expressed in pesos unless indicated otherwise.

**G4-32, G4-33** In order to provide reliability of the information reported and at the request of the senior management of the company, for the ninth consecutive occasion this report was verified by an independent third party, which for the second consecutive year was Deloitte (Galaz, Yamazaki, Ruiz Urquiza, S.C.); in addition, for the fourth occasion it was submitted for revision to GRI-check and for the first time to GRI ‘Materiality Matters’ Check.

At Peñoles we are fully convinced that sustainability is the best way to create value for our stakeholders.

## SOCIAL DEVELOPMENT:

**1,123** COMMUNITY ACTIONS  
WITH THE PARTICIPATION OF CLOSE TO **150,000** PEOPLE



## ECONOMIC BENEFIT:

**\$1,561.4**

MILLION PER MONTH

REINFORCEMENT OF ETHICS: MORE THAN 2,000 EMPLOYEES

**TRAINED**



## HUMAN RESOURCES.

Certified as

### **GREAT PLACE TO WORK:**

*Centro de Estudios Técnicos de Laguna del Rey, Magnelec, Servicios Administrativos Peñoles, Servicios Especializados Peñoles, Serviminas, Metalúrgica Met-Mex, Velardeña and Fertirey*

## ENVIRONMENT:

**10.8%**

REDUCTION IN FIRST-USE WATER CONSUMPTION



**50.2%**

INCREASE IN FORESTATION



SAFETY. STEADY IMPROVEMENT IN SAFETY RATES OVER THE LAST 9 YEARS

**ACCIDENT RATE** FROM 3.80 TO 1.76

**DAYS LOST** FROM 2.12 TO 0.63

**SINIESTRALITY RATE** FROM 6.46 TO 0.85

HEALTH: WE HAVE **14 MEDICAL PROFESSIONALS**

CERTIFIED IN WORKPLACE MEDICINE





A full-page background image featuring a male worker in the foreground on the left. He is wearing a white hard hat with a blue light, safety glasses, and a white respirator mask. He is also wearing a light blue button-down shirt and a red safety harness. The name 'MAGNELEC' is visible on his shirt. In the background, a large industrial facility, likely a refinery or chemical plant, is illuminated at night, with its lights reflecting in a body of water. The sky is a deep blue.

# SUSTAINABLE DEVELOPMENT, TRANSPARENCY, COMPLIANCE AND STAKEHOLDERS

PROUD TO BELONG TO A GREAT COMPANY.  
MAGNELEC, COAHUILA.





Mine shaft. Naica, Chihuahua.

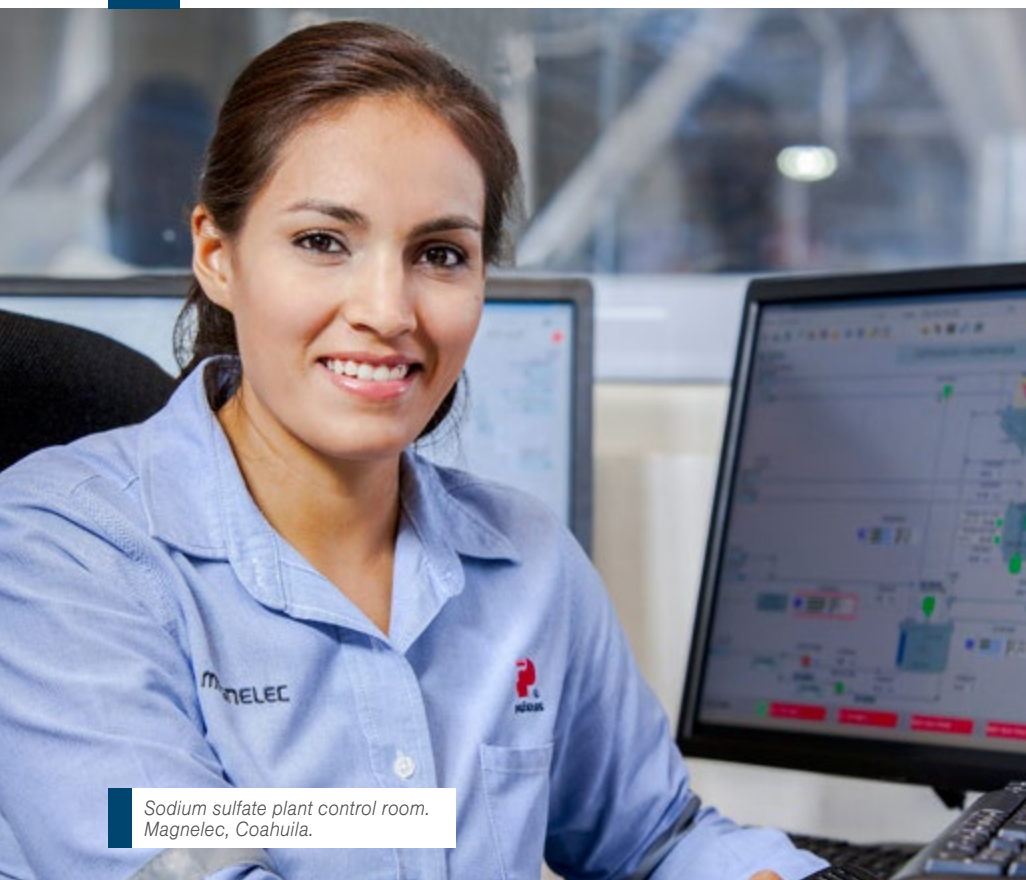
## Sustainability Management

**G4-1** Sustainability is pursued at Peñoles by integrating the objectives of environmental protection, self-development of neighboring communities and quality of life of our personnel with the economic objectives of the Company.

**G4-14** Our Sustainable Development Policy embraces the principle of precaution, establishing specific guidelines that ensure operations are productive, safe and respectful of the environment. The above based on a culture of prevention for the protection of life, health and ecosystems in harmony with the community and through a comprehensive management system for sustainable development and continuous improvement, which not only assures compliance with commitments to customers and other subscribers, but also with legal requirements.

We have institutional actions in each topic:

- Environment: meet and improve our environmental indicators by operating our processes under the best practices available and most demanding regulations, to ensure high environmental performance.
- Safety: guarantee the physical integrity of Peñoles personnel by not exposing them to uncontrolled risks, and by the design and safe operation of our processes and installations.
- Health: maintain the personnel free from occupational diseases and foster a culture of prevention of general diseases, to achieve optimum physical and mental health.
- Community: work in a respectful and coordinated manner with community and authorities to build harmonious relations.



Sodium sulfate plant control room.  
Magnelec, Coahuila.

## Transparency

**G4-56** Our Mission, Vision, Values (Confidence, Responsibility, Integrity and Loyalty) and Code of Conduct are the pillars that underpin the daily work of those who are part of this great Company and distinguish us as an outstanding, sustainable and socially responsible organization. The strengthening of our Vision deserves a special mention: To be the most recognized Mexican company in its sector worldwide, for its global focus, the quality of its processes, the excellence of its people and the ethical leading of its business.

**G4-57** In order to reinforce and be clear about our ethical conduct in the way we operate and do business, Peñoles has implemented a set of initiatives aimed at promoting across all personnel the conviction to act with principles and values that have a positive impact on society and the environment. These initiatives are part of a Compliance Program (hereafter “the Program”) coordinated and supervised by the Corporate Ethics and Values Committee, which has, among others, the following functions:

- Periodically review the effectiveness of the Program.
- Review risk mitigation procedures associated with undue behavior (fraud, money-laundering and corruption).
- Address cases concerning unethical behavior (relevant events).
- Define and monitor activities that promote ethical behavior within the organization.

In order to guarantee anonymity and confidentiality in cases involving unethical conduct, the Peñoles Plays Fair reporting line is managed by an independent company responsible for handling cases. This company has a protocol with the technological, physical and administrative measures necessary to protect and prevent the misuse of information and thereby comply with the current laws that protect the personal information of persons who file a report.

**G4-58** The Corporate Ethics and Values Committee comprises the CEO, Legal Director, Compliance Officer, Director of Human Resources, and the Internal Audit Director who receives and follows-up on the reports, and is responsible for taking steps regarding grievances. These are passed to the Internal Audit Department, which conducts an investigation and reports the outcomes to the Corporate Ethics and Values Committee.

There are procedures for the “receipt, handling and follow-up of unethical conduct reports” and for the “evaluation and investigation of unethical conduct reports”, which are published and available from the Grupo Peñoles Regulatory System.



“Peñoles Plays Fair” has an Internet page (<https://www.penolesjuegalimpio.com>) and provides the following means for filing a complaint:

- Email: [reporte@penolesjuegalimpio.com](mailto:reporte@penolesjuegalimpio.com)
- Fax: (55) 52 55 13 22
- Post office box: CON-080, 06401, in Mexico City
- Toll-free calls in Mexico: 01 800 002 84 77

Alternatively, the report can be sent directly to the General Directorate, to the Internal Audit Department, the Human Resources Department, the Compliance Officer or the immediate supervisor in the different areas of the Company.

**G4-SO3, G4-SO5, G4-HR3, G4-HR9, G4-HR12** In 2014, 58 cases were reported in the “Peñoles Plays Fair” program, which were grouped into 45 cases for follow-up and handling, since there were occasions when more than one report was filed on the same subject. This figure represents an increase over previous years due to the diffusion of the use of this means through our Code of Conduct. The status of these cases is as follows:

#### PROGRESS UNDER THE “PEÑOLES PLAYS FAIR” PROGRAM

since 2007 to December 2014

Status of cases	2014	Total to 2014
Resolved	26	109
In process	14	17
Discontinued	5	46
<b>Total</b>	<b>45</b>	<b>172</b>



Panoramic view of the mining unit.  
Bismark, Chihuahua



SAG milling. Madero, Zacatecas.

### DISTRIBUTION OF REPORTS

by type

Classification	2014		Total to 2014	
	Frequency	Dismissed	Frequency	Dismissed
Fraud	1		20	5
Environment, health and safety	1	1	3	1
Human resources (*)	32	3	112	30
Information security and industrial secrets			1	0
Bribery and/or corruption	11	1	36	10
<b>Total</b>	<b>45</b>	<b>5</b>	<b>172</b>	<b>46</b>

\* Work/sexual harassment, breach of trust, conflict of interest, among others

We have not conducted documented formal assessments in which performance criteria apply to human rights or corruption risks, however, Met-Mex Metallurgy has been evaluated for the Good Delivery certification issued by the London Bullion Market Association (LBMA). This certification accredits the high quality and purity of gold and silver bars under a process that includes compliance with international standards that ensure the respect for human rights, fight against money-laundering and terrorism financing, as well as maintaining a responsible supply chain that avoids the supply of products to areas of risk or conflict.

**NO INCIDENTS HAVE BEEN REPORTED CONCERNING EXTORTION, ABUSE, DISCRIMINATION, FORCED OR COMPULSORY LABOR, UNFAIR WORK PRACTICES, INDIGENOUS RIGHTS OR ANY OTHER GRIEVANCE RELATED TO HUMAN RIGHTS.**

In 2014, training sessions (workshops) were held with the aim, among others, of publicizing the renewed Vision of Peñoles and in particular its ethical conduct in terms of doing business; provide useful decision-making tools, such as the “Behavioral Compass”; reinforce the diffusion of the Code of Conduct; strengthen the understanding of our values; give orientation on the correct use of the “Peñoles Plays Fair” line; and publicize the organizational structure of Compliance. Over 2,000 employees were trained during the year.





Committed to the Company.  
Electrolytic Zinc Plant, Metalúrgica  
Met-Mex, Coahuila.

## Compliance and Development

**G4-DMA, G4-15, G4-56** Peñoles has an internal regulatory framework and adheres to an external national and international referential framework.

### Internal regulatory framework:

- **Mission.** To add value to non-renewable natural resources in a sustainable manner.
- **Vision.** To be the most recognized Mexican company in its sector worldwide, for its global focus, the quality of its processes, the excellence of its people and the ethical leading of its business.
- **CRIL Values.**  
**Confidence:** to firmly believe that all members of the Organization consistently act to the benefit of others.  
**Responsibility:** capacity to correctly respond to promises, commitments undertaken and personal and work challenges.  
**Integrity:** to act with truth, rectitude and honesty with oneself and others.  
**Loyalty:** to be faithful to our principles and those of the Organization.
- **Code of Conduct.**
- **Internal Regulatory System:** integrated by policies, procedures, management guidelines and standard practices.

### External regulatory framework:

- ISO and OHSAS management standards.
- Principles of the Global Reporting Initiative (GRI).
- Code of Best Corporate Practices of the Business Coordinating Council (CCE).
- Principles of internal control under the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- FM Global standards.
- Applicable official regulatory provisions: applicable laws, regulations and standards on diverse subjects.



In addition, we adhere to:

- United Nations Global Compact. This report is also the ninth Communication on Progress
- Decalogue of Corporate Social Responsibility of the CEMEFI.
- RedEAmérica.

**MM6, MM7** We have practices for making changes to land use, through which we respect the constituent rights of local communities. In regard to social disputes related to land use or customary rights of local and indigenous communities, we are currently responding to disputes with the El Bajío ejido to nullify prior occupation agreements and with the El Naranjo Bis ejido to nullify the assignment of rights to a water well in Minera Penmont, La Herradura; to nullify deeds to the Pilonos property in the Mesa de Guadalupe community in Minera Mexicana La Ciénega; and to nullify the occupation prior to expropriation agreement in the Padre ejido and annexed lands in Minera Fresnillo, San Julián project.

**G4-EC4, G4-SO6** Peñoles does not receive assistance of any kind from the government, nor does it give political contributions.

**G4-SO7, G4-SO8, G4-EN29** In 2014, there were no pronouncements against the company related to monopolistic practices or non-competitive practices. No significant fines or penalties were reported for failure to comply with regulations.

**G4-34** The Supreme Body of the Company is the General Meeting of Shareholders. The administration of the Company is the responsibility of the Board of Directors – elected by the General Meeting of Shareholders – and the CEO.

For more information regarding governance, please see our Annual Report 2014 and our web site: [www.penoles.com.mx](http://www.penoles.com.mx), corporate governance section.

## Stakeholder Groups

**G4-24** Peñoles maintains an open, honest, respectful, transparent, equitable and just relationship with its stakeholder groups (shareholders, employees, community, customers and suppliers) and always acts in accordance with the Code of Conduct and established policies, without violating business ethics or committing acts of corruption.

**G4-25** The principal basis for identifying these groups is their dependence on and influence over the Company.



**G4-26** The Company's interaction with the different stakeholder groups is described below:

Stakeholder	Means	Interaction	Mechanism
Shareholders	Being the best investment option in the medium and long term with growth and profitability.	<ul style="list-style-type: none"> <li>• Providing accurate information that mirrors the current situation of the operations and the business at any moment.</li> <li>• Guaranteeing that advancement and promotion are based on merit and the ability to perform.</li> <li>• Reporting, eliminating and sanctioning any behavior that violates good business practices, market freedom or fair business treatment.</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Committee Meetings.</li> <li>• Shareholders' Meeting.</li> <li>• Meetings of various committees.</li> <li>• Executive Meetings.</li> <li>• Annual reports: Finance and Sustainable Development.</li> <li>• Reports of General Management.</li> <li>• Presentation of projects for approval.</li> </ul>
Employees	To be a proud and dignified employment option that offers development opportunities, respect and recognition in a safe environment that promotes teamwork	<ul style="list-style-type: none"> <li>• Promote a healthy and productive workplace environment that contributes to developing the potential and creativity of each person.</li> <li>• Foster collaboration and multidisciplinary team work so that everyone contributes to process improvements.</li> <li>• Offer competitive compensation and benefits based on results without any type of discrimination.</li> <li>• Provide opportunities to update and develop professional skills with equality of gender.</li> <li>• Communicate plans, procedures, goals and indicators precisely that can be used to evaluate performance, achieve objectives and solicit feedback to assure that directions are understood and their impact on decisions are foreseen.</li> <li>• Grant recognition through mechanisms established for such purpose.</li> <li>• Hire, train and retain the most capable people.</li> <li>• Assure that advancement and promotion are based on performance capabilities and merit.</li> <li>• Promote and maintain a safe and healthy workplace and care for facilities and equipment.</li> <li>• Respect freedom of association.</li> </ul>	<ul style="list-style-type: none"> <li>• Management systems.</li> <li>• Code of Conduct.</li> <li>• Periodic meetings.</li> <li>• Talent Development System.</li> <li>• Performance Evaluation.</li> <li>• Internal communications procedures.</li> <li>• Annual reports: Finance and Sustainable Development.</li> <li>• "Peñoles Plays Fair" Program.</li> <li>• Training and development of administrative, human and technical competencies.</li> <li>• Opinion and labor climate survey.</li> </ul>
Communities	To be a socially responsible company, respectful of nature and the community, and a promoter of self-development.	<ul style="list-style-type: none"> <li>• Respect the culture and customs of the communities in which we operate with adherence to the legal order, morality and good customs.</li> <li>• Contribute in a committed manner to the autonomous development of the communities in which our business units are located.</li> <li>• Establish relations of mutual benefit and maintain an open channel of communication.</li> <li>• Maintain relations of respect, dignified treatment and collaboration in an impartial manner and according to institutional interests.</li> <li>• Eradicate any type of discrimination.</li> <li>• Investigate and respond in a sound, timely, clear and proper manner to concerns and complaints manifested by our stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Social Development System.</li> <li>• Media monitoring.</li> <li>• System for addressing complaints.</li> <li>• External communications procedures.</li> <li>• Meetings with social leaders.</li> <li>• Annual reports: Finance and Sustainable Development.</li> <li>• Socioeconomic diagnoses.</li> <li>• Perception surveys.</li> <li>• Resolution of complaints.</li> <li>• Training.</li> <li>• Promotion of self-development.</li> </ul>

(continue)

Stakeholder	Means	Interaction	Mechanism
Customers	To be the strategic partner that offers customers comprehensive solutions and inspires confidence to do business with over the long term.	<ul style="list-style-type: none"> <li>To provide the products and services requested with the highest quality and the timeliest delivery possible.</li> <li>To adhere at all times to the policies and procedures in effect in Peñoles.</li> <li>To maintain quality, confidence and improvement in our processes.</li> </ul>	<ul style="list-style-type: none"> <li>Customer Management System.</li> <li>Service and satisfaction surveys.</li> <li>Technical visits.</li> <li>Product catalogue.</li> <li>Annual reports: Finance and Sustainable Development.</li> <li>Certification of processes.</li> <li>Satisfaction results.</li> </ul>
Suppliers	To be a strategic partner that establishes relations of mutual benefit over the long term.	<ul style="list-style-type: none"> <li>To contract with suppliers and contractors using selection criteria of quality, profitability, service, technical capabilities, competitiveness and experience.</li> <li>To maintain absolute confidentiality with respect to information received from suppliers and contractors throughout the entire process of evaluating price quotations for assigning purchase orders and contracts.</li> <li>To abstain from requesting cooperation or patronage.</li> </ul>	<ul style="list-style-type: none"> <li>Catalogue of reliable suppliers.</li> <li>Visits and audits.</li> <li>Opinion surveys.</li> <li>Annual reports: Finance and Sustainable Development.</li> <li>Training workshops.</li> <li>Training and counseling.</li> </ul>



Concentrating Plants 1 and 2.  
Sabinas, Zacatecas.

**G4-26, G4-27** To conduct the materiality analysis, Peñoles first consulted the employees, who proposed topics of interest and key issues, all of which are considered in this report.



# ECONOMIC PERFORMANCE, SUPPLIERS AND CLIENTS



AT PEÑOLES, WE ARE ALL ONE.  
METALÚRGICA MET-MEX, COAHUILA.

## Economic Benefit

**G4-DMA** In Peñoles, we strive to be our shareholders' best option for long-term investment, with growth and profitability, so good economic development is essential. We constantly seek out and evaluate growth opportunities towards new clients, markets and applications that strengthen the Company's competitive position.

The management of economic resources at Peñoles is regulated internally by policies and procedures for administration and control.

**G4-9** The principal financial figures of the Organization appear in our 2014 Annual Report.

**G4-EC1, G4-EC7, G4-EC8** The following tables show the contributions made by the Company as a result of the responsible and sustainable commitment to its stakeholder groups. More information can be found in Peñoles Annual Report 2014.

**IN 2014, THE ECONOMIC BENEFIT IN THE STATES WHERE WE OPERATE WAS \$1,561.4 MILLION PER MONTH.\***

### ECONOMIC BENEFIT\*

State	Direct Jobs	Indirect Jobs	Local Suppliers	Economic Benefit (millions of pesos/month)
Sonora	3,783	3,972	490	469.7
Chihuahua	1,411	3,050	443	76.3
Coahuila	7,093	9,315	1,773	336.3
Durango	1,862	2,868	510	215.6
Zacatecas	3,691	5,515	627	307.5
State of Mexico	744	1,148	405	38.3
Mexico City	1,080	1,134	895	107.4
Oaxaca	79	83	54	10.3
Total	19,743	27,085	5,197	1,561.4

*Economic benefit = wages + salaries + local purchases + local taxes*

*Direct jobs: employees + unionized + contractors*

*These data include the operations of Industrias Peñoles and subsidiaries.*





Computer lab that was built by Peñoles, United Way and the Josefa Ortiz de Domínguez elementary school. Tizapa, State of Mexico.

The redistribution of value generated among stakeholders is calculated annually using the methodology of the annexed Fourth Financial Statement that in turn is derived from the Peñoles Financial Statements as of December 31, 2014.

#### VALUE GENERATED\*

(millions)

	2014	2013
<b>Net sales</b>	<b>61,555</b>	<b>66,551</b>
Domestic costs and expenses	27,844	31,602
Foreign costs and expenses	3,797	4,722
<b>Total costs and expenses</b>	<b>31,641</b>	<b>36,324</b>
<b>Total value generated</b>	<b>29,914</b>	<b>30,227</b>

\* These data include the operations of Industrias Peñoles and subsidiaries

#### VALUE DISTRIBUTED\*

(millions)

	2014	2013
<b>Employees</b>	<b>4,935</b>	<b>4,707</b>
Contractors	10,356	8,746
<b>Government</b>	<b>3,636</b>	<b>3,926</b>
Shareholders	1,231	8,625
<b>Community and Environment</b>	<b>693</b>	<b>762</b>
Reinvestment in the Company	7,316	3,184
<b>Interests</b>	<b>1,747</b>	<b>277</b>
<b>Total value distributed</b>	<b>29,914</b>	<b>30,227</b>

\* These data include the operations of Industrias Peñoles and subsidiaries

#### Technical Notes:

- The cost data reported include only tangible assets and services used in production.
- Domestic and foreign costs are differentiated depending upon whether the asset or service is purchased in Mexico or imported from another country.
- The heading "Retained in the Company" includes profits corresponding to fiscal year 2014 that will remain at the disposal of the Board of Directors in accordance with the powers delegated to it at the Annual Meeting of Shareholders.

The contributions to the community and environment are:

#### CONTRIBUTIONS TO COMMUNITIES AND THE ENVIRONMENT\*

(millions)

	2014	2013
<b>Communities</b>	<b>105</b>	<b>164</b>
Environment	47	28
<b>Depreciation of social assets</b>	<b>506</b>	<b>527</b>
Provision for ecological expenses	35	43
<b>Total</b>	<b>693</b>	<b>762</b>

\* These data include the operations of Industrias Peñoles and subsidiaries

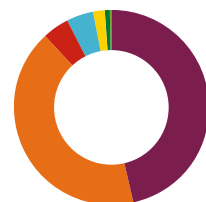
**G4-HR1** There are no contracts or agreements of significant investment undergoing human rights screening; however, the Code of Conduct requires that all those having a relationship with Peñoles respect human rights and safety conditions.





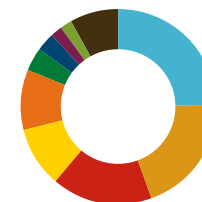
Magnesium oxide storage.  
Magnelec, Coahuila..

SUPPLIERS BY TYPE  
OF PURCHASE (%)\*  
2014



46.6	Services
41.5	Consumables
4.6	Transportation
4.4	Contractors
1.9	Concentrates
0.8	Custom agents
0.2	Fixed Assets

DOMESTIC  
REMITTERS (%)  
2014 DISTRIBUTED  
BY STATE



25	Durango
20	Chihuahua
17	Zacatecas
10	Sinaloa
10	Sonora
4	San Luis Potosí
3	Jalisco
2	State of Mexico
2	Aguascalientes
8	Others

REMITTERS  
OF IMPORTS (number)  
2014 DISTRIBUTION  
BY COUNTRY



3	Peru
2	USA
2	Turkey
1	Australia
1	Korea
1	Ivory Coast
1	Papua New Guinea

\* These data include Peñoles and its subsidiaries.

Source. Fourth Financial Statement

## SUPPLIERS

**G4-DMA, G4-12** The supply of materials (materials, machinery, equipment and raw materials with non-ferrous metal content subject to processing and recovery in our installations) and the administration of materials and spare parts are essential to the continuity of our operations.

We want to be a strategic partner in the value chain that establishes mutually beneficial, long-term relationships with its suppliers.

**G4-EC7, G4-EC8** In contribution to the development and benefit of the communities where Peñoles operates, our aim is to develop local suppliers and contractors. It should be noted, however, that our selection criteria for suppliers and contractors are based on principles of quality, profitability, service, technical capacity, competitiveness, experience and ethical profile.

We have a total register of 24,456 suppliers\*.



Panoramic night view.  
Milpillas, Sonora.

## Raw Material Suppliers: Remitters

In metallurgy operations we have a catalogue with specific information on each supplier of lead and zinc concentrates, doré and minerals. The Company worked with 113 remitters: 102 domestic and 11 foreign.

**G4-HR4, G4-HR5, G4-HR6, G4-HR10, G4-HR11** As a control measure, all our active remitters are submitted to Due Diligence, which includes review of the company name, its key personnel, customers and suppliers, government relations, investigations of money laundering, corruption, child exploitation and/or labor, discrimination, freedom of association or affiliation, relationships with subversive groups, working conditions, and review of codes of conduct, policies and procedures.

Our key remitters to Smelter, Refinery and Zinc plants also undergo quarterly assessments, which scores them on quantity, quality and timeliness of their deliveries in a given period. Each key remitter is sent a report which gives a breakdown of the criteria that most affect the performance score. They are also provided a template with a monthly actual versus budget comparison, so that a downgrade can be more accurately identified, putting the remitter in a position to take the appropriate preventive and corrective steps.

## Service Suppliers: Contractors

**G4-DMA** The contracting out of work and/or services and the more efficient channeling of our own resources are strategic to maximize the profitability of the business. It is the policy of Peñoles to hire those works and/or services which, by their nature, size and specialty requirements, convenience and cost, are the best option.

**G4-EC8 OF THE TOTAL PAYMENT FOR THIRD-PARTY SERVICES\* IN 2014, 56% WAS FOR DEVELOPMENT AND WORKS, 23% FOR MAINTENANCE, 10% FOR VARIOUS FEES, 6% FOR MAJOR REPAIRS AND 5% FOR OTHER SERVICES.**

*\* These data include the operations of Industrias Peñoles and its subsidiaries*

**G4-HR4, G4-HR5, G4-HR6, G4-HR10, HR11** In order to maintain a culture of ethics and respect for human rights, compliance with our Code of Conduct and our “Peñoles Play Fair” program extend to all our suppliers. We have information that all staff working for our suppliers are of legal age and monitor to ensure workers are not exposed to overly heavy work schedules.



## CUSTOMERS AND PRODUCTS

**G4-DMA** Peñoles seeks to be a strategic partner to our customers by ensuring the quality of our processes, products and services, and ethical conduct in the way we do business. We achieve this by efficiently operating our portfolio and having a supply chain free from ethical and legal disputes and with full respect for human rights.

**G4-4, G4-8, G4-9** Peñoles is the world's top producer of refined silver and the leader in metallic bismuth in the Americas; the leading Latin American producer of refined gold and primary lead, and among the major producers of refined zinc and sodium sulfate worldwide.

Our mines position us as Mexico's leading producer of zinc metal content and the second largest in lead. Nationwide, Madero, Tizapa, Velardeña and Bismark are among the eight most important zinc mines and Naica is the second biggest lead mine. Worldwide, Fresnillo is the biggest primary silver mine and Herradura the second biggest gold mine.

Met-Mex Metallurgy is the largest and most important metallurgy complex in the world and its expansion, Magnelec (Química del Rey), will be the leading sodium sulfate producing plant in the western world.

The Company supplies products and services to different industries around the world including construction, transport, pharmaceuticals, food and agriculture.



Gold ingot. Refinery, Metalúrgica Met-Mex, Coahuila.

### PEÑOLAS PRODUCTS

#### Applications

Product	Main applications
Gold	Jewelry, computer keyboards, CDs, phone switches, stereos
Silver	Jewelry, mirrors, catalyzers, stereos, blazons, chemical products
Zinc	Household appliances, chassis, roofs, pipes, cables, pigments, paint, anti-corrosives, catalyzers, coatings, tin and bronzes, ports, steel for structures and machinery, cosmetics, drugs
Lead	Car batteries, anti-corrosives, chemical products, iron works
Bismuth	Household appliances, glasses, pigments, chemical products, catalyzers, electric bulbs, TV screens, iron works, computers, fluorescent lamps, fuses, steel for structures and machinery, cosmetics, drugs
Cadmium	Pigments, fuses
Sulfuric acid	Car batteries, pigments, chemical products, waste water treatment, soil improvements, mineral benefit plants, mining operations effluent neutralization
Oleum	Soaps, industrial chemical processes
Sulfur dioxide	Food products, mineral benefit plants, mining operations effluent neutralization
Zamak	Car seats, computer keyboards, stereos, household appliances





Zinc products warehouse.  
Aleazin, Coahuila.

## PEÑOLES PRODUCTS

Applications (continue)

Product	Main applications
Antimony trioxide	Paint, catalyzers, electric bulbs, TV screens, computers, iron works
Zinc sulfate	Fertilizers, cattle food supplements, mineral benefit plants, mining operations effluent neutralization
Copper sulfate	Mineral benefit plants, mining operations effluent neutralization
Ammonium bisulfite	Food products, mineral benefit plants, mining operations effluent neutralization
Ammonium sulfate	Fertilizers, cattle food supplements
Ammonium trisulfate	Fertilizers, cattle food supplements
Salt blocks	Fertilizers, cattle food supplements, soil improvement
Sodium sulfate	Detergents, glass, car seats, chemical products, paper industry
Magnesium hydroxide	Detergents, car batteries, seats, roofs, cables, chemical products, waste water treatment, drugs, mineral benefit plants, mining operations effluent neutralization
Magnesium sulfate	Soaps, industrial chemical processes, fertilizers, cattle food supplements
Magnesium oxide	Household appliances, glasses, brakes, chemical products, waste water treatment, fertilizers, cattle food supplements, soil improvement, drugs, food products, mineral benefit plants, mining operations effluent neutralization
Calcium sulfate	Alkaline soil improvement and contributor of calcium and sulfur as essential nutrients
Dolomite	Acidic soil improvement and contributor of magnesium and calcium

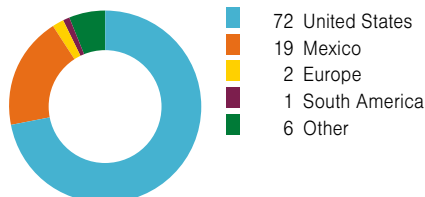


Product packing.  
Magnelec, Coahuila.

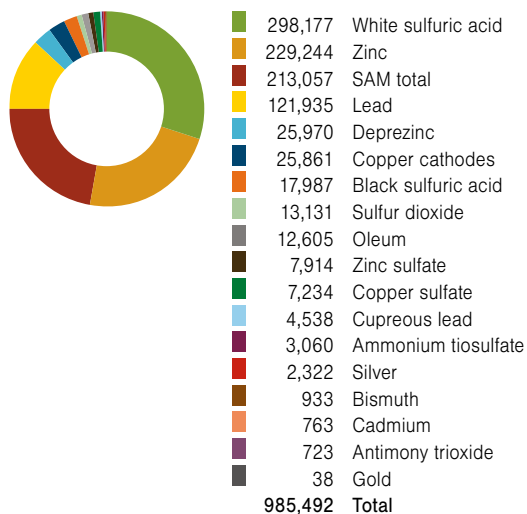
Our most important markets are: the United States, Mexico, Japan, Korea, England and China, and include others such as Luxemburg, Costa Rica, Venezuela, Germany, Australia, Austria, Belgium, Brazil, Canada, Chile, Colombia, Ecuador, El Salvador, Spain, France, Guatemala, India, Italy, Nicaragua, Panama, Peru, Poland, Rumania, Russia, Taiwan, Thailand and Turkey.

### IN 2014 METALS HAD 486 CUSTOMERS AND CHEMICALS 267.

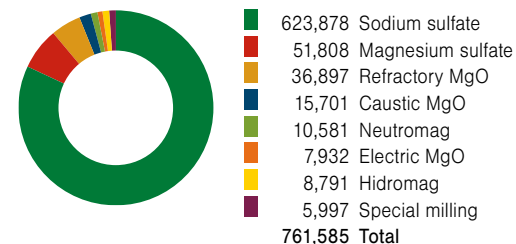
#### CONSOLIDATED SALES BY REGION (%) 2014\*



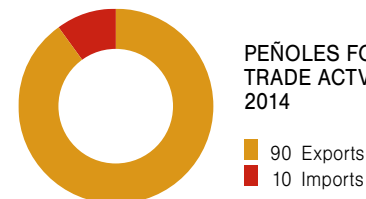
#### PEÑOLES SALES VOLUME 2014 METALS (metric tons)\*



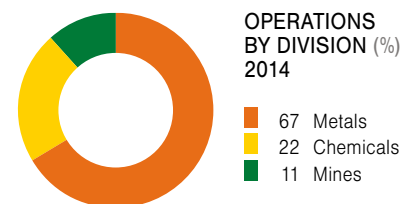
#### PEÑOLES SALES VOLUME 2014 CHEMICALS (metric tons)\*



#### PEÑOLES FOREIGN TRADE ACTIVITIES (%) 2014



#### OPERATIONS BY DIVISION (%) 2014



\* Does not include inter-company eliminations.



Peñoles handles the following brands in its chemical products: Remag, Remag WT, Remag AC, Remag AG, Nutrimag, Neutromag-TE, RY-99-AD, Sulmag, Hidromag D.T., Hidromag, Quirey.

There are no advertising regulations on Peñoles products; however, the following logotypes are used under authorization: Peñoles, IZA (International Zinc Association), LATI-ZA (*Asociación Latinoamericana de Zinc*), LME (London Metal Exchange) and those pertaining to certifications.

### OUR OPERATIONS ASSOCIATED WITH FINISHED PRODUCTS HAVE ISO 9001:2008 CERTIFICATION.

#### ISO 9001 CERTIFICATION

Unit	Expiration
Magnelec-Dolomita	June, 2015
Industrias Magnelec	September, 2016
Fertirey	March, 2016
Met-Mex-Smelter	March, 2016
Met-Mex-Refinery	March, 2016
Met-Mex-Zinc	March, 2016
Aleazin	March, 2016
Bermejillo	March, 2016

The Company's technical team carries out scheduled visits to customers to support them and provide advice on the application of certain test materials. The agro-industry technical service made 150 visits and the industrial metals service, 95.

Customer satisfaction surveys are applied periodically following the procedures established in ISO 9001:2008. In Metals, 107 surveys were issued to domestic and foreign customers of which 94 (88%) were returned. In Chemicals, 40 surveys of domestic and foreign customers were conducted. A total of 30 (75%) were received, with an average score of 9.37 on a 1 to 10 scale.

In 2014, 54,215 trips of different kinds were made, an average of 180 per day: 47,576 road trucking, 5,498 rail, 1,138 sea and 3 air. Of the total trips made, 27,076 correspond to Mines, 19,197 to Metals and 7,942 to Chemicals.

**G4-PR2, G4-PR4, G4-PR7, G4-PR8, G4-PR9** Peñoles consistently complies with the Mexican regulations applicable to its products and with those of the countries that are export destinations. All areas of the Company work together to revise and update process, handling, transport, labeling, packing and packaging procedures that are necessary for compliance. In 2014, there were no incidents or fines for the supply and use of products or failure to meet regulations or voluntary codes relating to information, labeling, marketing communications, or impact of products on health and safety during their life cycle. No complaints related to privacy or loss of personal customer data were filed. Peñoles does not market products that are prohibited or in litigation.

**AMONG OUR MOST NOTEWORTHY GROWTH PROJECTS IS THE FINISHED CONSTRUCTION OF THE NEW SODIUM SULFATE PLANT IN MAGNELEC (QUÍMICA DEL REY), COAHUILA, WHICH WILL INCREASE ANNUAL PRODUCTION CAPACITY BY 150,000 TONS AND ENABLE US TO FIRMLY ESTABLISH OUR LEADERSHIP IN THE DOMESTIC MARKET FOR THIS PRODUCT.**





*New sodium sulfate plant.  
Magnelec, Coahuila.*



# ENVIRONMENTAL PERFORMANCE



PEÑOLES IS A WORLD-CLASS COMPANY.  
NAICA, CHIHUAHUA.





Propagation activities in nurseries.  
Madero Unit, Zacatecas.

**G4-DMA, G4-14, G4-SO1** In Peñoles, the protection of ecosystems is a fundamental part of our sustainability policy. We have guidelines to guarantee that production processes are operated with best practices and in compliance with applicable domestic and international environmental regulations.

For the purposes of complying with environmental legislation, six of our operations have valid Clean Industry certificates granted by the Federal Environmental Protection Agency (PROFEPA), and five more are in the process of recertification. Twelve operations are ISO 14001:2004 certified.

**G4-EN24** In 2014, five tailings spills were reported: 66 m<sup>3</sup> in Madero, 142 m<sup>3</sup> in Naica, and 4,148 tons in three events in Sabinas. Milpillas had two sulfuric acid spill events of 60 m<sup>3</sup>. All these events were handled in a timely manner and the appropriate corrective and preventive actions taken without environmental consequences.



## Water Management

**G4-DMA** Water is vital for a wide array of mining activities, the reason for the industry's advancement in developing closed circuits that maximize water conservation. The most important use of water is in mineral processing while metallurgy and chemical processes use it for reactions and transport activities in processes and equipment cooling.

**G4-EN8, G4-EN9, G4-EN10** Fresh or first use water consumed in processes is determined based on the assignment of volumes according to resource availability; we seek to reduce these volumes by increasing the use of wastewater treated in our own plants, so our operations do not affect our supply sources. Most of our installations have flowmeters to measure water consumption, and we also measure pumping hours and calculate the material balance.

**IN 2014, WE CONSUMED 8.3 MILLION M<sup>3</sup> OF FIRST USE WATER, A REDUCTION OF 10.8% COMPARED TO THE PREVIOUS YEAR.**

Of total water consumed, 5.4 million m<sup>3</sup> (40%) was water treated in our own installations, 4.5 million m<sup>3</sup> (33%) from wells, springs and municipal networks, and 3.8 million m<sup>3</sup> (27%) was water from mines.

The treated water used in our installations instead of first use water is equivalent to the annual consumption of more than

**10,000**  
families



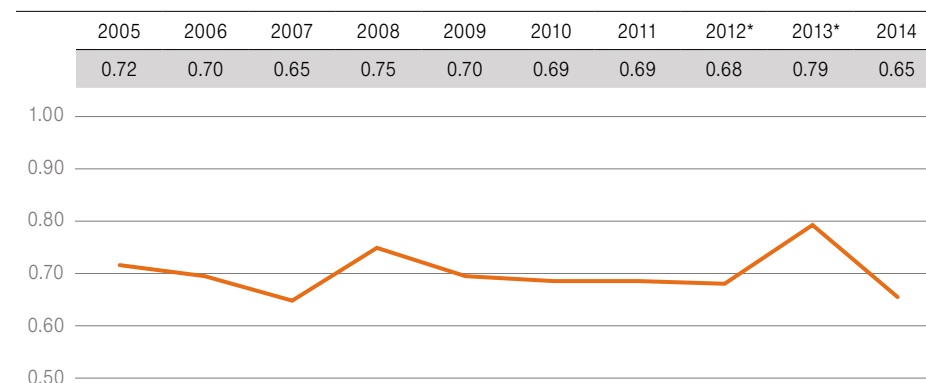


Thickener tank. Sabinas, Zacatecas.

The table below shows the eco-efficiency index for first use water consumption. This is a ratio of first use water per ton of the most important products from each business unit, in the case of mining, per ton of milled ore. The increase over 2013 was due to increased consumption in the Madero unit, which returned to normal in 2014.

#### ECO-EFFICIENCY INDEX IN WATER USE

First use water (m<sup>3</sup>)/Production (ton)



\* Corrected. The increase in 2013 is due to higher consumption in the Madero unit, which went back to normal in 2014.

**G4-EN22** Our business units do not discharge process wastewater into bodies of water and our sanitation discharges are within the limits established in current applicable regulations.

### Air Emissions

**G4-DMA** No process at Peñoles is operated if it does not have the necessary equipment to control air emissions that complies with applicable regulatory standards.

**G4-EN21, G4-SO2** The principal sources of the Company's emissions are from chemical and metallurgical processes and are calculated using the emission factors from the United States Environmental Protection Agency: *Emissions Factors & AP 42*, Compilation of Air Pollutant Emission Factors.





Mineral stockpile and transporting.  
Milpillas, Sonora.

## MAIN ATMOSPHERIC EMISSIONS BY BUSINESS UNIT

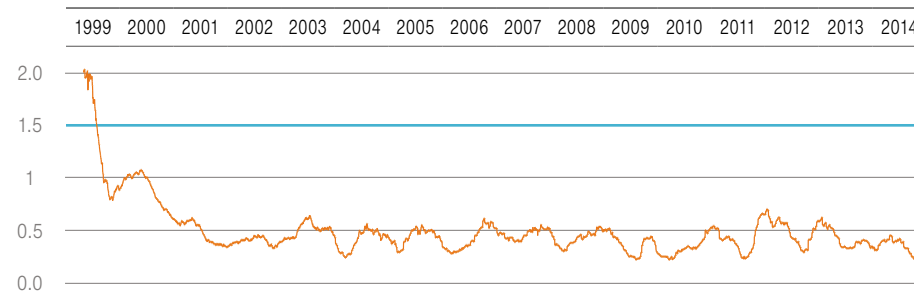
2013- 2014

Division	Source of direct emission	Year	Emissions (ton)				
			COV	HC	CO	Particles	
Chemicals	Magnelec, Industrias Magnelec, Salinas del Rey	2014	230	0	0	931	257
		2013	323	0	0	1,553	139
Metals	Smelter, Zinc, Refinery, Bermejillo, Aleazin, Fertirey	2014	491	3	21	7,282	210
		2013	546	3	24	7,926	141

In the community surrounding the Metalúrgica Met-Mex plants in Torreón, the lead concentration in the air is below  $1.5 \mu\text{g}/\text{m}^3$  based on a three-month average, which is the established limit in the standards for the protection of the health of the population.

## ANNUAL AVERAGE CONCENTRATION OF LEAD IN THE ENVIRONMENT. MET-MEX

( $\mu\text{g}/\text{m}^3$ ) 1999-2014.



■ Mexican Standard. Permissible maximum average limit per quarter according to NOM-026-SSA1-1993= 1.5

■ Moving 90-day average



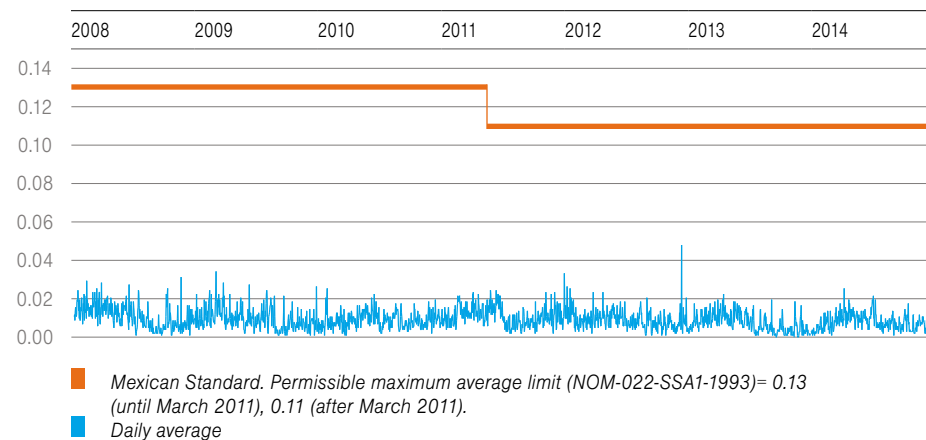


"Desert silhouettes" cactus garden before the Electrolytic Zinc Plant. Metalúrgica Met-Mex, Coahuila.

Emissions of sulfur dioxide ( $\text{SO}_2$ ) comply with the internal criteria established by the Company that are even stricter than the limits prescribed by PROFEPA. This has enabled us to remain well below the average permissible environmental air quality level of 0.11 ppm over a 24-hour period and 0.025 ppm annual average.

#### ANNUAL AVERAGE $\text{SO}_2$ CONCENTRATION IN METALÚRGICA MET-MEX

(ppm)



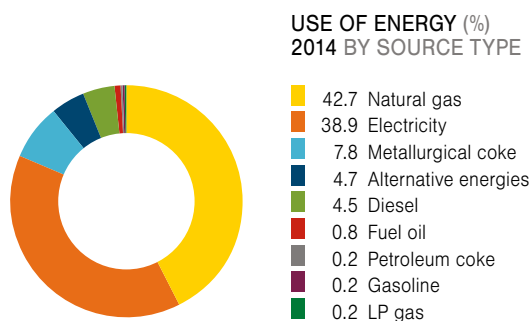
Emissions in these installations are permanently monitored in real time with an automatic, high technology network.

**G4-EN20** Peñoles does not emit ozone-depleting substances.

## Energy and Climate Change

**G4-DMA** Peñoles consumes non-renewable energy sources in its processes, such as natural gas, fuel oil, metallurgical coke and oil; for mobile equipment, gasoline and diesel; for services, gas L.P. and electrical energy from non-renewable sources (TEP and CFE), and from renewable sources (wind farm in Oaxaca and steam cogeneration in Magnelec and Metalúrgica Met-Mex). Remote signals in real time enable us to check and have better control over electricity consumption in each business unit, helping us to see trends and take action at peak times.

**G4-EN3** Total consumption of electrical energy and fuels was 15.7 million gigajoules (GJ).



The clean electrical energy generated by Peñoles in 2014 came from the wind farm and cogeneration, and was enough to supply more than

**70** thousand homes for one year.

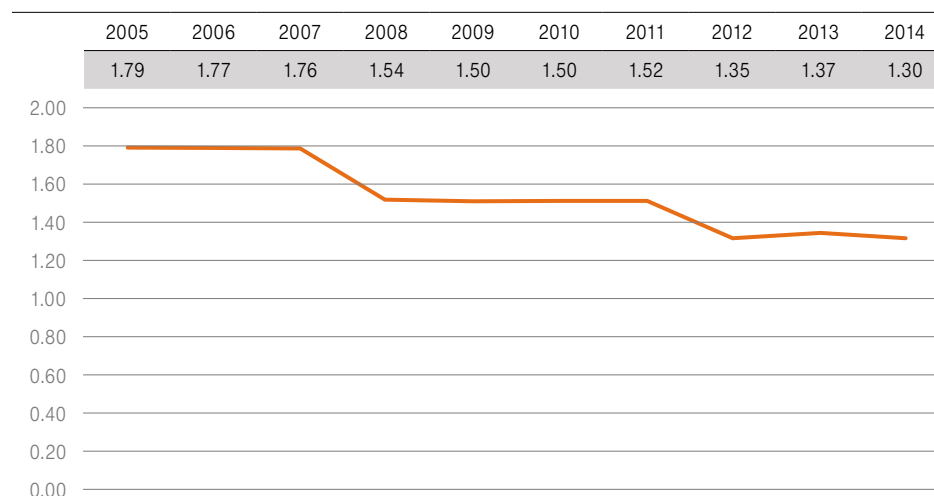


During the year, Peñoles required an average of 242 MW of electricity, of which 94.3% was obtained from self-supply and cogeneration: of this, 84.5% was obtained from Termoeléctrica Peñoles (TEP), 3.9% from cogeneration and 5.9% from the wind farm Fuerza Eólica del Istmo (FEI). The remaining 5.7% was purchased from the Federal Electricity Commission (CFE). The above is calculated by the Company's Shared Energy Services Center based on the direct measurement of electrical signals.

**G4-EN5** Overall, for each ton of the most important products, Peñoles consumed less electricity and fuels in the period from 2005 to 2014. Efforts have been made in fuel and electrical energy consumption.

### PEÑOLES ECO-EFFICIENCY INDEX. CONSUMPTION OF FUELS AND ELECTRIC ENERGY

Consumption of fuels and electric energy (GJ) / Production (ton) \*



\* Adjusted since 2009 due to energy factor update.





Termoeléctrica Peñoles,  
San Luis Potosí.

**G4-EN6** In optimizing electricity consumption, Peñoles focuses on self-supply, monitoring and demand control systems, and value creation equipment. Equipment in the different business units is operated under defined good practices to avoid starting up at peak times.

**G4-EN15, G4-EN16** Since 2005, our baseline year, we have had measurements and calculations of greenhouse gas (CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O) emissions, expressed in tons of carbon dioxide equivalent (CO<sub>2</sub>e) consolidated with a focus on operational control. In 2014, Peñoles' total GHG emissions rose by 5% in relation to the previous year.

The Company emitted a total of 2.4 million tons of CO<sub>2</sub>e. Of the total from direct sources, 21% was for heating and steam generation, 5% for calcining dolomite and 2% from mobile sources for the transport of material and personnel. From indirect sources, the Company emitted 72%, corresponding to the consumption of electricity.

### EMISSION OF GREENHOUSE GASES

2014 (ton CO<sub>2</sub>e)

Source		ton CO <sub>2</sub> e
Direct emissions		
Stationary sources	Heating and steam generation in production processes	504,557
	Calcination of dolomite	130,352
Mobile sources	Transport of materials and personnel (including railroad)	55,336
	Subtotal	690,245
Indirect emissions		
Purchase of electric energy		1,718,809
<b>Total</b>		<b>2,409,054</b>



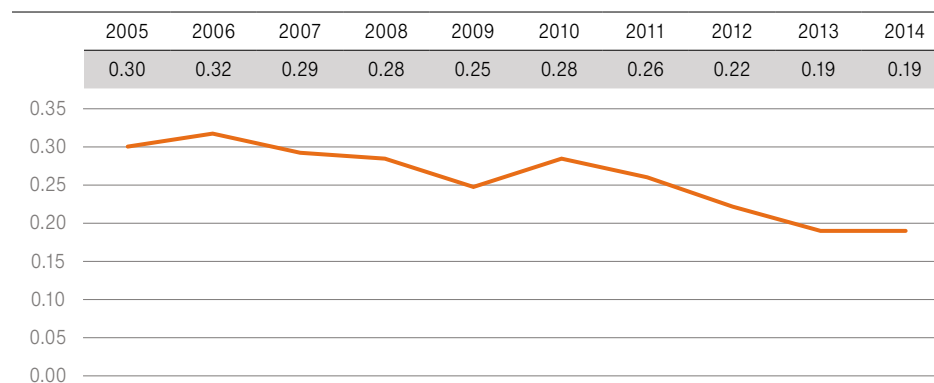


Wind farm. Oaxaca.

**G4-EN18** The index relating direct and indirect GHG emissions to tons of the most important products has shown a downward trend over the last ten years.

#### PEÑOLES ECO-EFFICIENCY INDEX

GHG emissions (ton CO<sub>2</sub>e) / production (ton)



**G4-EN19** In 2014, there were no major projects to reduce GHG emissions. We continue to implement good practices in the efficient use of energy and fuels and follow-up by means of monitoring and demand control systems. The downward trend of the graph in recent years is mainly due to the use of electricity from renewable sources (wind).



Lateral view of the plant.  
Magnelec, Coahuila.

## Materials

**G4-DMA, G4-EN1** The operation of our processes sometimes requires non-renewable materials and inputs, which are exploited to the full. The table below shows the most significant:

### CONSUMPTION OF RAW MATERIALS, INPUTS AND MATERIALS

Division	P: Raw Materials; I: Inputs; M: Material		Unit
Chemicals	Brine	P	3,975,707 m <sup>3</sup>
	Dolomite	P	304,000 ton
	Common salt	P	12,665 ton
	Magnesium oxide	P	14,736 ton
Metals	Lead (concentrates)	P	312,648 ton
	Zinc (concentrates)	P	464,100 ton
	Oxygen	I	44,017 ton
	Lime for neutralization	I	10,099 ton
	Estabilical	I	83,381 ton
	Calcium carbonate (limestone)	I	54,698 ton
	Ammonium	I	55,950 ton
	Petroleum coke	I	912 ton
	Sodium carbonate	I	272 ton
	Limestone - nut size	I	1,321 ton
	Caustic soda	I	146 ton
Mines	Other inputs	I	4,674 ton
	Non-ferrous metallic minerals	P	10,157,606 ton
	Explosives	M	6,442 ton
	Blasting caps	M	1,493,173 pieces
	Cement	M	510,627 ton
	Sodium cyanide	I	235 ton
	Balls for milling	M	6,500 ton
	Lubricants	M	1,213 ton
	Drill steel	M	26,662 pieces



**G4-EN2** Due to the nature of the mining industry, the materials we recycle do not substitute inputs, materials or raw materials extracted from the earth; however, we do recycle some others in metallurgical processes.

#### MATERIALS WITH VALUE

2014 (ton)

Materials with value	ton
Aluminum	480
Scrap	73
Copper	22
Crucibles	45
Slags	3,131
Grease and cupels	18
Tailings	488,128
Wood	80
Sulfur muds	172
Magnesium oxide	2,231
Cleaning soil precipitates	126
Lead chloride	4,070
Dust fines	80,875

**IN 2014, RECYCLED MATERIALS REPRESENTED 5.5% OF THE TOTAL PRINCIPAL MATERIALS PROCESSED BY PEÑÓLES.**



Obtaining melted silver. Refinery, Metalúrgica Met-Mex, Coahuila.



## Waste

**G4-DMA** Waste generation in Peñoles is associated with the metallic content and impurities of the minerals we exploit, and are managed in accordance with applicable regulations and established management plans, so there are no associated risks; even so, there are strategies and procedures for the prevention and control of possible accidental substance spills.

The wastes generated in the Company are made use of internally as a first option, failing which they are recycled externally: wastes which cannot be exploited are confined in a safe and controlled manner.

**G4-EN23, G4-EN25, MM3** The total amount of waste generated in 2014 was 8,630,515 tons, of which 579,451 tons were recycled internally, 6,420 tons recycled through third parties and 8,044,644 tons sent for final disposal (8,033,082 tons of industrial waste the majority of which are tailings that are confined in our own tailings dams and 11,562 tons of hazardous waste).

### WASTE

2014 (%)

Type	%
Internally recycled	6.71
Recycled with third parties	0.08
Final disposition	93.21

The quantity of waste recycled through third parties and the waste materials with value – which avoids their dispersion into the environment – is equivalent to the amount generated in a year by

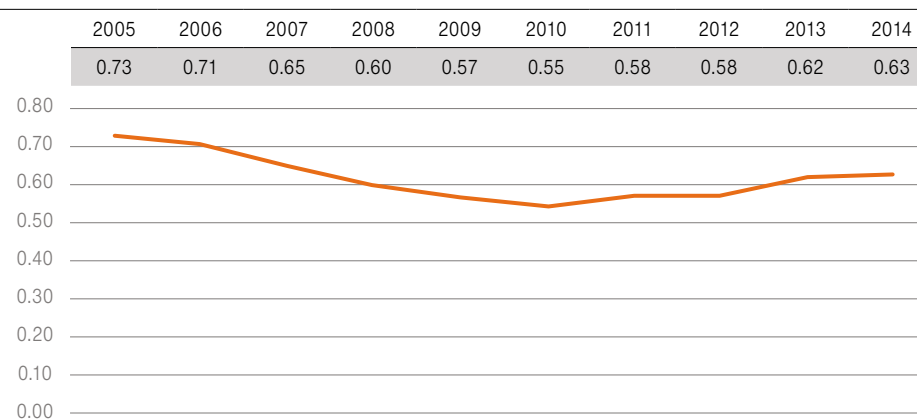
1.6 million inhabitants



Below is the eco-efficiency index related to the amount of waste generated per ton of the most important products between 2005 and 2014. The increase over the last two years is due to increased production of tailings, mainly as a result of the start-up of operations at Velardeña.

### PEÑOLES ECON-EFFICIENCY INDEX. WASTE GENERATED

Wastes confined (ton) / production (ton)



Peñoles checks that the suppliers it hires to handle and transport any kind of waste are authorized to do so. The Company does not export or import any kind of waste.



Protection and care of endangered species. Velardeña, Durango.

Peñoles performs forestation and reforestation activities with species typical of the places where it operates. In 2014, a total of 141,010 specimens were planted, 50.2% more than in 2013 thanks to forestation campaigns in Metalúrgica Met-Mex and the Naica tailings dams; 97,269 individual specimens were donated to communities and 43,741 more planted in surrounding areas and inside the business units.

The total planted area is equivalent to

# 490

soccer fields



## Biodiversity

**G4-DMA, G4-EN11, G4-EN12** Peñoles operations are located outside protected natural areas or areas of high biodiversity, so the impact on protected animal and plant species is null; however, we conduct wildlife protection and forestation campaigns within our installations and surrounding areas. This year, Minera Roble, S.A. de C.V. (Velardeña) obtained Semarnat registration as Facilities for Wildlife Handling in a confined way (PIMVS), to perform activities such as preservation, environmental education, reproduction, observation, filming, photography, tourism and recreation involving bison, elk deer, fallow deer, bighorn sheep, llama, ostrich, Ankole longhorn and water buffalo.

### FORESTATION

2014 (number of species)

Business Unit	number
Metalúrgica Met-Mex	96,244
Bismark	350
Madero	2,850
Milpillas	700
Naica	30,970
Sabinas	2,060
Tizapa	2,496
Magnelec	200
Velardeña	5,140

**MOST BUSINESS UNITS HAVE THEIR OWN PLANT NURSERIES. CURRENT PRODUCTION CAPACITY IS 245,500\* INDIVIDUAL PLANTS.**

*Note \*: Minera Madero corrected its production data from 2012.*

**MM1, MM2** In 2014, no new projects or installations were opened that have led to impacts on natural areas or required biodiversity management plans.



Forestation at a closed mine's tailings dam.  
Sultepec, State of Mexico.

## Closure of Mining Operations

**G4-DMA, MM10** In accordance with the Sustainable Development Policy, during 2014, the Company continued to provide maintenance to closed mines and attend to restored environmental liabilities such as the tailings dams and the former Sultepec and Cuale mines. In those units we carried out activities to preserve the vegetation, and cleaned and corrected ditches to divert rainwater. In Cuale, we also used machinery to maintain the access road from the town of Cuale.

In 2014, we conducted an internal audit to review the progress and control of such activities and took samples of soil and tailings and used geotechnical studies to determine the stability safety factor. In addition, in Zimapán we performed the engineering for the covering of the disused tailings dams known as 1, 2, 3 and 4 and selected a contractor for the work, to be done in 2015. As well as covering the dams, the project includes the construction of cemented ditches to divert rainwater and the stabilization of slopes. During 2014, around US\$ 400,000 was invested in these areas.





*Plant propagation and care. Nursery at  
Metalurgica Met-Mex Peñoles, Coahuila.*



# HEALTH AND SAFETY



WE LIVE SAFELY BOTH INSIDE  
AND OUTSIDE THE COMPANY.  
SABINAS, ZACATECAS.



## SAFETY

**G4-DMA, G4-14** Risk management in Peñoles is focused on business continuity and is based on the implementation of the Basic Elements of Safety and Health Management (the 12 Best Practices) and the Elements of Safety Philosophy for the design, maintenance and safe operation of our processes.

Peñoles has eleven (47%) operating units enrolled in the Self-management Program of the Ministry of Labor and Social Welfare (STPS): six (26%) are in the first level of the process, three (13%) in the second level, one (4%) in the third level and one (4%) in reevaluation of the third level.

An internal and external audit scheme has been implemented across all business units. In 2014, the sixth round of Corporate Health and Safety Audits of the business units was completed, with an average 54% rating, 10% lower compared to the fifth round.

**G4-LA5, G4-SO1** All business units have brigades for rescue, firefighting, first aid and emergency response to hazardous materials. We have a total of 57 brigades with the participation of 438 brigadiers. In some, the brigadiers are certified emergency medical technicians (EMTs), firefighters and paramedics.

In addition, each business unit has a Health and Safety Commission made up of union and non-union employees and which represent 100% of the personnel. The commissions make periodic inspections of the health and safety conditions in the processes based on the regulatory framework.

**G4-LA6** In the last nine years, the accident rate has dropped from 3.80 to 1.76, days lost from 2.12 to 0.63 and siniestrality rate from 6.46 to 0.85, a sharp decline in all three cases. However, we deeply regret two fatal accidents in 2014: one employee in the Tizapa mine was struck by an electric cable, and a contractor from Llama Obras Mineras y Tiros del Centro S.A. de C.V., who was doing work for Fresnillo plc on the Juanicipio project and was run over by heavy machinery. This indicates that there is still some way to go in this area.

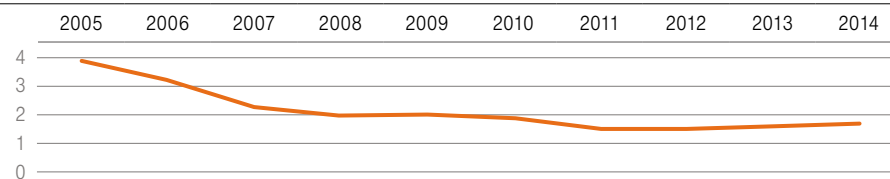


Accident assistance and mine rescue training activities. Bismark, Chihuahua.

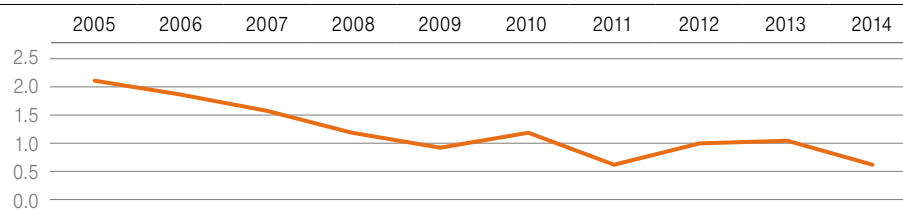
## SAFETY INDICATORS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of "A" accidents (type of accidents without lost time)	893	774	989	1,018	679	648	578	604	537	553
Number of "C," "D," "E" accidents (type of accidents without lost time)	283	240	203	190	200	208	201	208	219	245
Number of "F" accidents (type of fatal accidents)	6	4	4	5	2	5	0	5	4	1
Number of days lost	---	---	13,661	12,140	9,277	12,849	8,467	13,257	13,912	8,709
Index of Days Lost (IDP)	2.12	1.81	1.57	1.39	0.95	1.22	0.67	1.02	1.08	0.63
Accident Rate (IA)	3.80	3.24	2.33	2.03	2.05	1.94	1.58	1.64	1.72	1.76
Siniestrality Rate (IS)	6.46	4.72	2.94	2.26	1.50	1.90	0.84	1.35	1.49	0.85
Safe Act Index (IAS)	---	---	56.97	73.02	70.62	64.57	76.70	79.81	81.87	83.82

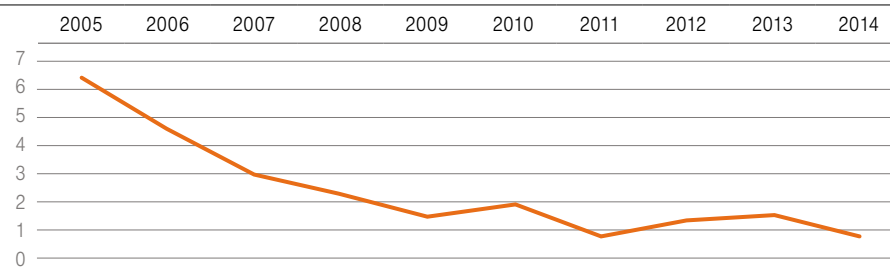
## ACCIDENT RATE (IA)



## INDEX OF DAYS LOST (IDP)



## SINIESTRALITY RATE (IS)



\* The days lost calculation considers calendar days from the day after the accident.

\*\* The calculations shown are based on official regulatory standards applicable in Mexico.



Prevention is a priority in our daily activities. Tizapa, State of Mexico.



## ADVANCES IN STPS-MANAGEMENT SYSTEMS

2014

Unit	Acknowledgement granted			
	Level 1	Level 2	Level 3	Level 3 rev.
Velardeña	In process	---	---	---
Naica	In process	---	---	---
Central Lab	In process	---	---	---
Salinas del Rey	In process	---	---	---
Aleazin	In process	---	---	---
Water Treatment	In process	---	---	---
Zinc Electrolytic	✓	In process	---	---
Smelter	✓	In process	---	---
Refinery	✓	In process	---	---
Bermejillo	✓	✓	In process	---
Fertirey	✓	✓	✓	Certificate to be delivered

TO REVERSE THE ACCIDENT RATE AND REDUCE RISKS TO PERSONNEL, IN 2014 WE CONTINUED TO WORK ON PROGRAMS TO STRENGTHEN THE CULTURE OF SAFETY WITH ACTIVITIES INCLUDING SAFETY WEEK, TRAINING, STAKEHOLDER ENGAGEMENT, MEETINGS AND ACTIVE INVOLVEMENT IN NATIONAL COMPETITION.

## NUMBER OF ACCIDENTS CLASSIFIED BY TYPE AND REGION

2014

	Chihuahua	Coahuila	Durango	State of Mexico	Guerrero	Oaxaca	San Luis Potosí	Sonora	Zacatecas
Number of "A" accidents (type of accidents without lost time)	74	246	65	23	12	1	0	27	105
Number of "C," "D," "E" accidents (type of accidents without lost time)	25	120	13	6	4	3	0	21	53
Number of "F" accidents (type of fatal accidents)	0	0	0	1	0	0	0	0	0

## CLASSIFIED BY TYPE AND GENDER

2014

	Men	Women
Number of "A" accidents (type of accidents without lost time)	536	17
Number of "C," "D," "E" accidents (type of accidents without lost time)	237	8
Number of "F" accidents (type of fatal accidents)	1	0

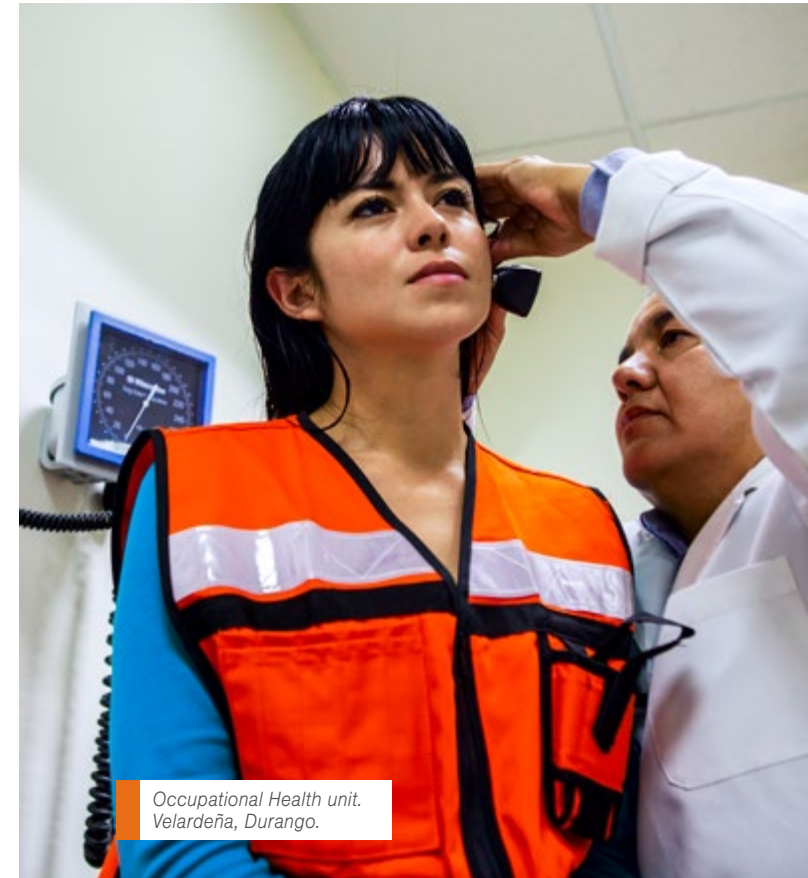
**G4-LA8** As part of the Organization's formal agreements with the unions, in 2014 the employees of the National Mining and Metallurgical Union Don Napoleón Gómez Sada (SNMM) received training. In the Third Symposium on Safety, Industrias Peñoles made a commitment to Carlos Pavón, General Secretary of the SNMM and Alejandro Alcántara, General Director of the Federal Labor Inspectorate of the Ministry of Labor and Social Welfare (STPS), to provide the following:

- Safety training for union leaders. 127 people were trained in collaboration with MSA de México on working at heights, gas detection, breathing protection, and head and eye protection.
- Certification course for the standard of competence EC0391 "Checking of Safety and Health Conditions in the Workplace." Some 55 members of the Safety and Health Commissions belonging to the different sections of the SNMM participated, as well as STPS inspectors and Industrias Peñoles personnel. The *Universidad Tecnológica de Torreón* (UTT) also participated to assist in the certification process. In short, 28 people were evaluated, of which 16 passed their certification.

## HEALTH

**G4-DMA** To reach our goal of zero new occupational diseases, we have integrated a culture of prevention to protect the life and health of our personnel.

We have procedures to monitor, identify, prevent, control and track the health of our personnel. There are epidemiological surveillance programs for the detection of occupational and general diseases, which include periodic medical, check-ups, gynecological, entrance, change of post and special exams; emergency medical attention; outpatient visits; lead biological monitoring and respiratory and hearing protection sub-programs.



Occupational Health unit.  
Velardeña, Durango.

**G4-LA5** The medical services carried out activities in workplace medicine and medical care in healthcare units, including the responsibilities of the medical department to comply with general regulations and those based on the Company's line of business.

**G4-LA6, G4-LA7** The principal occupational diseases that have been reported in the Company's experience are pneumoconiosis (silicosis) and hearing loss, medical conditions which have been given follow-up and care, along with the after-effects of workplace accidents.



## TREND IN THE NUMBER OF PROFESSIONAL ILLNESS CASES \*

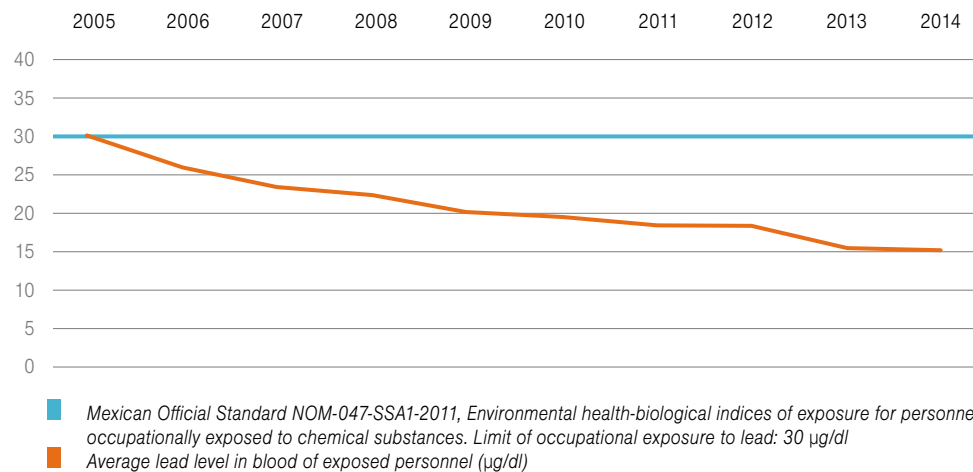
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Hearing loss	20	43	31	7	4	9	18	6	18	12
Silicosis	18	28	19	1	7	1	24	5	6	11
Accident after-effects	16	19	19	2	6	9	1	0	5	4

\* The data for 2012 were adjusted due to IMSS reassessments

## LEAD LEVEL IN BLOOD (LLB)

of occupationally exposed personnel

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Lead level in blood (cases exceeding 50 µg/dl)	40	24	22	9	0	3	1	0	0	0
Exposed workers	1,001	1,079	1,081	1,065	1,099	1,114	1,102	1,090	1,155	1,149
Disabling cases with NPS >50µg/dl	60	24	22	9	0	3	0	0	0	0
Resulting days of incapacity	4,048	1,451	1,303	472	0	166	0	0	0	0
Average lead level in blood of exposed personnel (µg/dl)	30.31	26.70	23.28	21.54	19.90	19.40	17.90	17.33	15.49	15.30



WE PERFORMED 8,531  
PERSONNEL BLOOD TESTS TO  
DETECT LEAD, OF WHICH 5,094  
WERE CONTRACTORS



A permanent seasonal flu vaccination campaign is in place, partially subsidized by the Company, and PRE-VENIMSS vaccination programs are promoted. In 2014, 2,519 seasonal flu vaccinations were distributed.

During the year, 7,201 medical exams were performed, divided as follows: 1,615 entrance exams, 246 gynecological exams, 4,834 periodic medical exams and 506 check-ups, to benefit workers and in compliance with applicable regulations.

Training was provided on topics related to work risks, general diseases, first aid, prevention of chronic degenerative diseases, nutrition, and noise and dust prevention, among others. In 2014, 28 Company doctors obtained Master's degrees in workplace medicine and environmental health. There are currently 21 doctors certified in hearing protection by the *Consejo Mexicano de Medicina del Trabajo, A.C. (CNMT)*. In addition, one doctor obtained recertification in workplace medicine and five others are soon to receive it, bringing our current total to fourteen certified professionals.



Medical check-up prior to shift.  
Metalúrgica Met-Mex, Coahuila.



# SOCIAL DEVELOPMENT



SOCIETY SHARES AND DISTINGUISHES US  
THROUGH OUR VALUES. YOUTH ORCHESTRA.  
SOMBRERETE, ZACATECAS.





Collaboration with schools in the community.  
Madero, Zacatecas.

**G4-DMA, G4-SO1** As an important member of the social fabric, Peñoles works in conjunction with the communities and authorities where it operates. We have ties with 47 communities with a total of approximately 770 thousand residents.

The Sustainable Development Policy, social development guidelines and manual and a virtual platform called the Social Development System (SIDESO) are tools that enable us to strategically manage our efforts. We have baseline socio-economic studies of new operations, as well as bi-annual image and reputation studies.

Each operating unit has an organizational structure to address social issues and a cooperative to ensure the fulfillment of linkage, programs and budgetary objectives.

In 2014, we carried out 1,123 community actions with the participation of 150 thousand people, through institutional and partnership programs along five lines of action:

### Social Actions 2014

#### Health and Family wellbeing

Life skills, sports and recreation



Education  
Improvement of education performance in science and culture



#### Productive Activities

Development of self-development skills



#### Social Infrastructure

Awareness, education and environmental campaigns



#### Environment

Shared vision and management of public services





In the Exploration Division, 30,418 people participated in 135 actions; in Engineering and Construction, 3,249 people in 16 actions; in Metals-Chemicals, 46,707 people in 402 actions, and in Mines, 73,705 people in 570 actions.

Among the highlights of the actions in 2014 were:

- Signing of the agreement and opening of four Santos-Peñoles academies in Zacatecas, Zacatecas; Velardeña, Durango; Laguna del Rey, Coahuila and Torreón, Coahuila, which will benefit 450 primary school children. The object of this initiative is to instill values in the children through the practice of football in the framework of the partnership between Club Santos Laguna and Peñoles.
- We celebrated the tenth anniversary of our partnership with the *Instituto Mexicano para la Excelencia Educativa A.C.*, to train the teachers and directors of the schools around our operating units. Sixteen units (including Fresnillo plc) have given courses to a total of 4,406 teachers and directors, as well as conferences to parents. Topics included development of faculty and director abilities, learning skills, coaching, human development, life skills, teacher and director excellence, and leadership.
- The II Peñoles-FUNAM Health Conference, aimed at vulnerable groups without access to medical service in the communities of Velardeña and outskirts. A total of 1,331 ophthalmic and dental consultations were given.



Girls at the community school.  
Milpillas, Sonora.

- A meeting was organized with members of the RedEAmérica network of mining companies from Peru and Mexico as part of the “Pathways of Learning and Knowledge” program, to share entrepreneurial experiences and productive activities.
- The Metals Museum reached seven years of close relations with its community through the “Educational Services” and “Disclosure of Science, Technology and Art” programs. Students, teachers, children, young people and adults participated in courses, competitions, exhibitions, conferences, workshops, book presentations and other activities.

- We celebrated the XII anniversary of the United Fund, a voluntary liaison program with United Fund I.A.P. established across all business units that supports projects with collective benefit. In 2014, 1,994 employees participated in various projects.
- The RedESR Laguna, to which Peñoles belongs and currently directs, organized the IV Regional Congress of Corporate Social Responsibility. At the Congress, experiences were shared and advice given on the forming of an ESR (Socially Responsible Company) network in Saltillo and Ramos Arizpe. The members are Cemex, Honda Torreón, Universidad Iberoamericana campus Torreón, Lala, Aeropuerto OMA Torreón, Promotora Ambiental S.A., Club Santos, Tyson and the *Universidad Tecnológica de Torreón*.



Peñoles-Fundación UNAM Second Health Day.  
Neighboring communities to Velardeña.



Promotion of sports.  
Bismark, Chihuahua.

**MM5, MM8, MM9** No Peñoles operations are adjacent to indigenous lands or where artisanal and/or small-scale mining is practiced. No communities have been re-settled or relocated because of the Company's operations.

**G4-SO11** The SIDESO handles any complaints with the assurance that they are dealt with and resolved. In 2014, eleven complaints from the operating units community were received and dealt with: one in Metalúrgica Met-Mex, eight in Sabinas, one in Madero and one in Milpillas. In addition, the mechanisms of the "Peñoles Plays Fair" program ensure that the community and other stakeholders can report any grievance or act of unethical conduct.





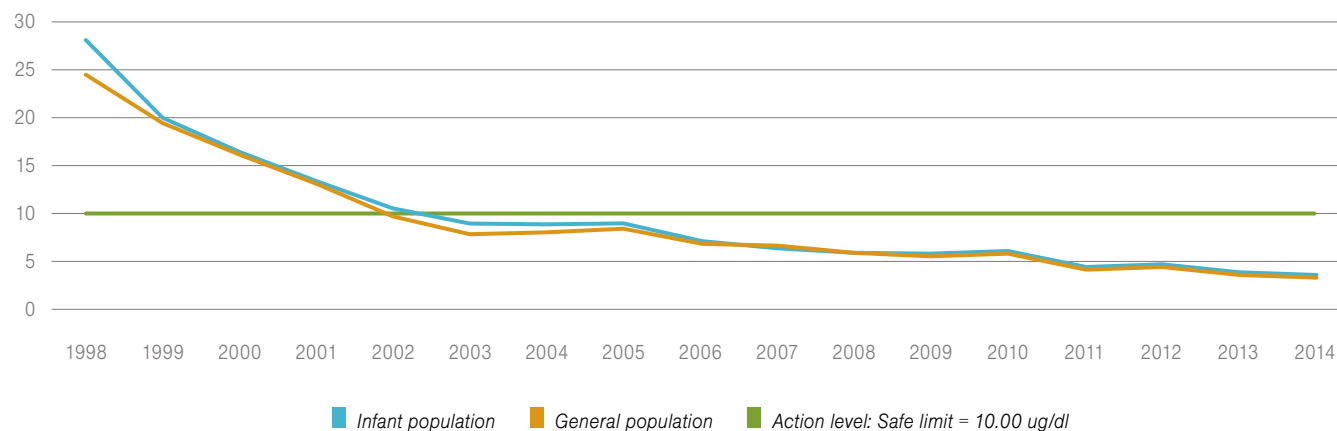
Promotion of values in children through soccer practice. Santos-Peñoles soccer school.

**G4-SO2** In Torreón, close to Metalúrgica Met-Mex, we are constantly monitoring lead emissions, which, although below regulatory limits, could cause concern among the population in the event of an environmental contingency. The graph below shows the downward trend in lead levels in blood in the neighboring population.

#### LEAD LEVEL IN BLOOD IN POPULATION SURROUNDING MET-MEX

Action level: Safe limit = 10.00 ug/dl

µg/dl	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Infant population	27.62	19.84	16.58	13.80	10.65	8.99	9.07	9.16	7.56	7.08	5.85	5.72	6.01	4.97	5.04	4.30	3.90
General population	24.61	19.50	16.15	13.41	9.91	7.84	8.42	8.74	7.41	6.86	5.67	5.57	5.82	4.76	4.87	4.13	3.75





# HUMAN RESOURCES



WE CONDUCT OURSELVES  
ETHICALLY AND RESPONSIVELY.  
BISMARK, CHIHUAHUA.



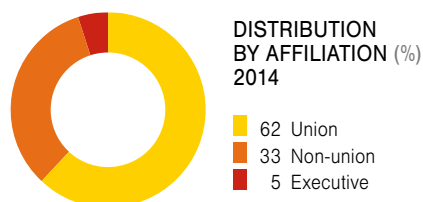
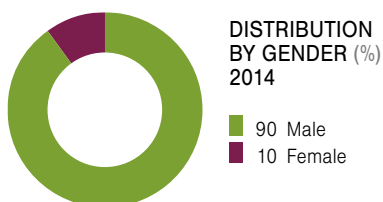
## Employment

**G4-DMA** Peñoles' wealth is its people, and so we have declared the objective of our human resources strategy as "Being the best employment option for all our personnel." Because of this, there can be no doubt that Peñoles is "As great as its people."

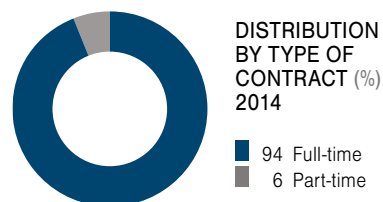
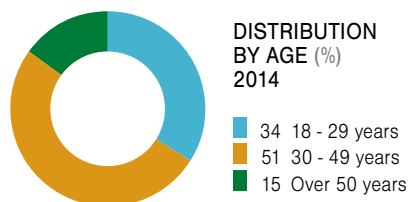
**G4-HR5** All the personnel working in the Company is of age in accordance with the applicable regulations and international principles of work ethics. To eliminate this risk and completely avoid the hiring of minors, the entry documents of each applicant coming into any of Peñoles' business units are checked and validated.

**G4-9, G4-10, G4-11** PEÑOLES' EMPLOYEES TOTALED 7,780\* IN 2014; IF INTERNATIONAL EMPLOYEES (115) AND FRESNILLO PLC (3,500) ARE INCLUDED, THE NUMBER REACHES 11,395.

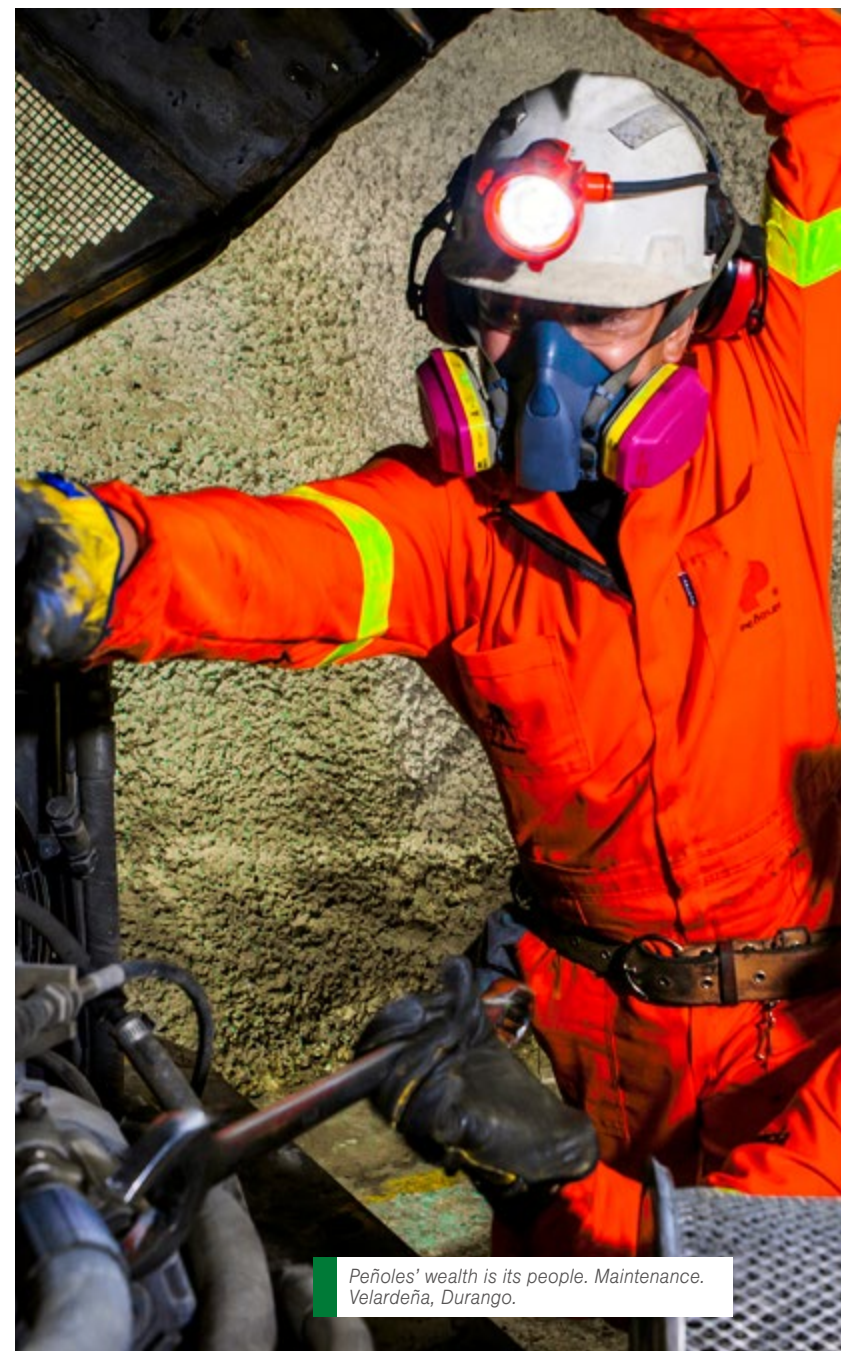
Peñoles' \* employees are classified as follows:



Of the non-unionized personnel, 19% are women and 81% men. Of the unionized personnel, 95% are men and 5% women.

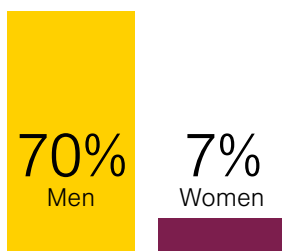


\* Note: These data exclusively include information from Peñoles operations.

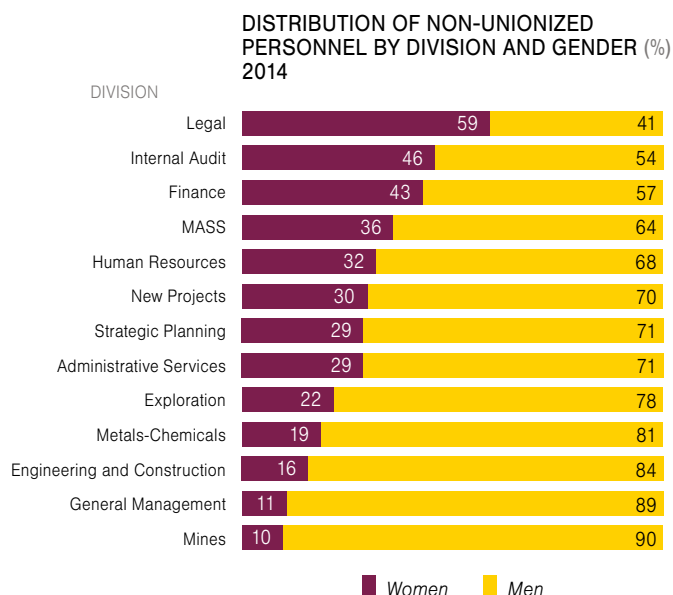
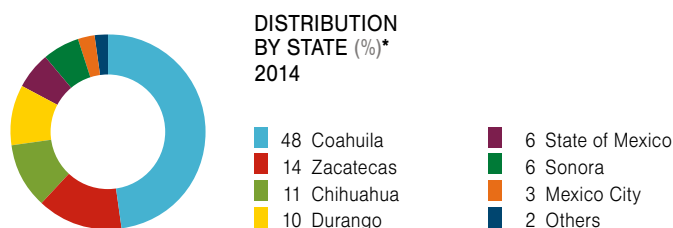


Peñoles' wealth is its people. Maintenance. Velardeña, Durango.

77% of all personnel work in the state where they were born



The graph shows the distribution of personnel by state.



**G4-LA1, G4-LA6** There were 651 people hired (572 men and 79 women) and 520 people left (480 men and 40 women): 47 retired, 86 completed their contracts, 378 left voluntarily and 9 for other reasons.

Turnover rate of unionized and non-unionized personnel was 8.31% and 3.59%, respectively. Absenteeism index of unionized personnel was 3.34%.

#### DISTRIBUTION OF AVERAGE TURNOVER RATE AND ABSENTEEISM INDEX BY REGION AND CATEGORY.

2014

State	Turnover Rate (%)		Absenteeism Index (%)
	Unionized	Employees	Unionized
Chihuahua	13.11	4.49	3.83
Coahuila	3.86	2.77	3.80
Mexico City	---	8.26	---
Durango	12.24	0	2.80
State of Mexico	3.28	6.36	4.97
Sonora	16.61	3.08	4.25
Zacatecas	9.20	5.15	4.46
<b>Total</b>	<b>8.31</b>	<b>3.59</b>	<b>Average 3.34</b>

*Voluntary resignation and contract termination were considered in the turnover rate. It excludes part-time personnel.*

**G4-LA3** Of the 274 paternity cases reported, all returned and continue to work; there were 62 maternity cases, of which 100% returned to work and 95% are still working at the close of 2014.



Drilling activities. Sabinas, Zacatecas.





## Wages and Benefits

**G4-LA2** Full time personnel in all our business units have a competitive wage plan and a benefits package over and above the requirements of labor regulations, including savings fund plans; major medical expenses; death, disability and retirement benefits, and loyalty bonus. Financial remuneration is established based on market wage scales, level of responsibility of the position and the individual performance of each employee. It is important for the Company to have a fully objective compensation system, based on employee results, so gender, religion or any other personal trait is not considered in the calculation of their remuneration.

**G4-LA13** Peñoles makes no distinction between its employees based on gender; our policies and compensation procedures are based on the relative value of the position to the Organization and on the performance of the person who occupies it. The ratio between basic salary and remuneration among men and women is 1 to 1.

**G4-EC3** In 1980, a defined retirement benefit plan was created to complement the Mexican Social Security Institute (IMSS) retirement plan. In 2007, this plan was changed to a defined contribution plan called Planlibre®, which is administered by a trust with GNP Seguros, S.A.B and Casa de Bolsa Valmex, and has sufficient funds to cover its obligations.

There is no separate fund to cover the benefits awarded by the Company, but a monthly reserve is created to meet the cost.

**Annual bonus:** equivalent to fifteen days' basic salary; the Company absorbs the full cost of this benefit.

**Vacations and vacation pay:** above the provisions of the Federal Labor Law.

**Life insurance:** the Company covers the amount of the premium.

**Major medical expenses insurance:** the Company covers the cost of the premium, while the employee contributes a monthly fee based on salary and the number of dependents included in the policy; these fees enable the employee to be reimbursed for medical expenses that are not covered by the policy, such as eyeglasses, dental treatment and hearing devices.

**Grocery vouchers:** the Company grants its employees an additional 10% of their salary up to a maximum of one minimum monthly salary in grocery vouchers.

**IMSS worker's fee:** the Company pays this fee, which according to the IMSS Law would be payable by the employee.

**Savings fund:** consisting of a monthly contribution by the employee of 12.5% of his or her monthly salary and an equal contribution made by the Company.

Employees receive the following benefits:

- Personal life insurance with permanent job contract. Temporary personnel also have life insurance, but for a lesser amount.
- Medical insurance for permanent personnel.
- Maternity or paternity leave for permanent and temporary personnel.
- Pension fund for permanent personnel.
- Shares. The share system does not apply to executives or employees.

Others:

- Savings fund for permanent and temporary employees.

## Labor Climate

**G4-DMA** We want all personnel at Peñoles to feel that working at this Company is the best thing that has happened in their professional lives.

During 2014, we once again conducted our Labor Climate Survey through the Great Place to Work Institute, in which we reached 92% personnel participation, 7 points above last year. This result is very important because it clearly represents the feeling of the entire Peñoles family.

**THE GREAT PLACE TO WORK APPROACH CERTIFIES COMPANIES AS EXACTLY THAT. THIS YEAR, EIGHT OF THE GRUPO PEÑOLES COMPANIES, FIVE MORE THAN THE LAST SURVEY, WILL HAVE THE GREAT PLACE TO WORK CERTIFICATE: CENTRO DE ESTUDIOS TÉCNICOS LAGUNA DEL REY, MAGNELEC (QUÍMICA DEL REY) AND SERVICIOS ADMINISTRATIVOS PEÑOLES ENDORSED THE CERTIFICATE FOR THE SECOND CONSECUTIVE YEAR, WHILE SERVICIOS ESPECIALIZADOS PEÑOLES, SERVIMINAS, METALÚRGICA MET-MEX, VELARDEÑA AND FERTIREY WERE INTEGRATED FOR THE FIRST TIME.**

Satisfaction index increased to a 69 grade in 2014, five points over the 64 grade obtained in 2012. There was an 11-point increase in the unionized personnel segment (up from 55 to 66 points), and a 6-point increase in the non-unionized personnel segment (from 68 to 74 points).



**G4-HR3, G4-HR6, G4-HR8, G4-HR12** All Peñoles units respect the human and labor rights of our personnel, and race, gender, political affiliation and thinking differences, in compliance with the principles of the United Nations Global Compact to which we are signatories. Child, forced or compulsory labor is not permitted.

No incidents were reported of extortion, abuse, discrimination, forced or compulsory labor, unfair work practices, indigenous rights or any other human rights grievances. To prevent practices that go against our ethics, we apply the Code of Conduct and the “Peñoles Plays Fair” program.

## Talent Development

**G4-DMA** Our Talent Development System has been in effect since 2009 and we work year upon year to strengthen each of its processes.

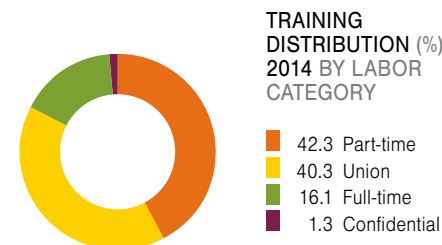


**G4-LA10, G4-LA11** For the sixth consecutive year, 100% of applicable personnel were given performance evaluations. In order to clearly see our progress, make timely adjustments to performance and achieve an objective evaluation at the end of the period, we encourage appropriate feedback and monitoring of the progress of objectives by immediate superiors. To formalize this feedback we have an internal electronic tool called “Performance Notes.”

Employee Performance Notes were made by 34% of supervisors during the year, to a total of 2,327 notes, 90% more than the previous year. Wage increases, the annual training program and development and retention plans are all determined based on the individual results of the Performance Evaluation.

**G4-LA9, G4-HR2, G4-HR7, G4-SO4** We maintain and constantly enhance the mechanisms to ensure the development and growth of our people:

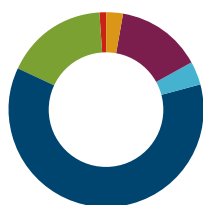
- Internal publication of vacancies, which during the year allowed the promotion of 197 employees, i.e. 69% of vacancies were covered internally.
- Organizational skills training: 757,586 training hours, equivalent to an average of 97 hours per employee. This included 8,218 man-hours on human rights, in which 3,894 people participated including union and non-union personnel, executives, security personnel and contractors.



### TRAINING DISTRIBUTION BY GENDER 2014

	man-hours average
Male	99
Female	84

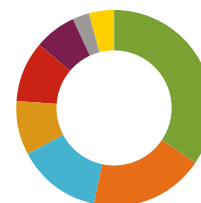
- Succession plans. Succession plans were defined for 95% of the Organization's 379 key positions, in which possible replacements for those positions were identified based on performance results and their potential.
- Retention plans. For the second consecutive year, the Gold Program enabled us to recognize 39 employees for outstanding performance and high potential.
- Career plans. A total of 164 career plans were established for executive and non-executive employees who are preparing to occupy a key position in the short and medium term.
- Financial recognition for extraordinary performance and academic achievement. This year, 182 employees who surpassed performance expectations or completed degree or post-graduate studies were awarded a bonus of between fifteen and sixty days' salary.
- Study grants for employees. During 2014, 206 study grants were authorized for upper-intermediate and post-graduate level.



LEVEL OF STUDIES (%)  
2014 OF NON-UNION  
PERSONNEL

0 Elementary	61 Bachelor's
3 Middle School	17 Master's
14 High School	1 Doctorate
4 Technical Career	

- Loyalty Awards. In 2014 1,048 employees received recognition for years of service:



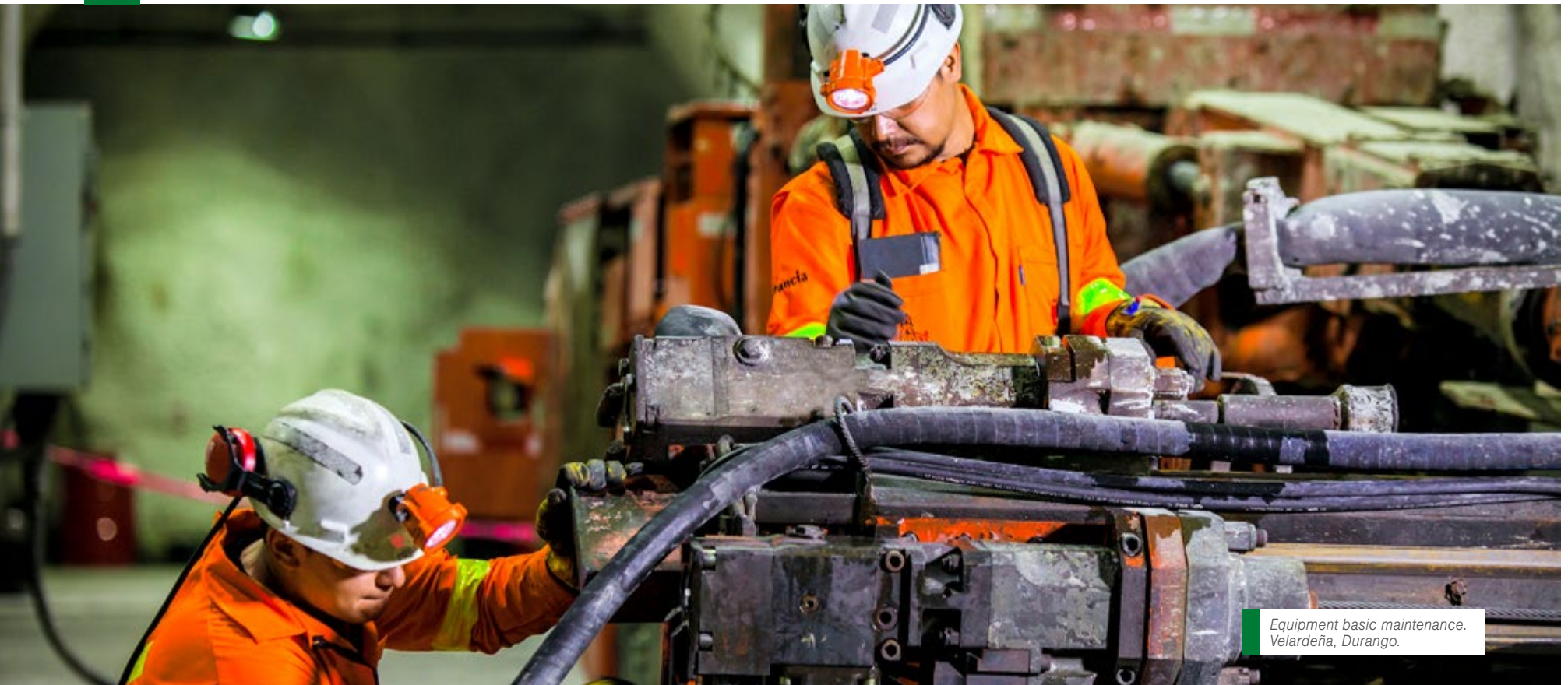
RECOGNITION  
FOR LOYALTY (number)  
2014

5 years: 362	30 years: 71
10 years: 197	35 years: 31
15 years: 143	40 years: 46
20 years: 91	45 years: 1
25 years: 106	

In Peñoles, we are constantly on the lookout for talent. Thus, based on personnel needs identified for 2020, we received 427 interns and 156 professionals in training from careers related to the requirements of the Company, in order to detect talents and ready them to fill arising vacancies.







Equipment basic maintenance.  
Velardeña, Durango.

## Labor Relations

**G4-DMA, G4-HR4, G4-11** All our employees are covered by a collective bargaining agreement. We maintain an honest and open relationship with the unions with which our work centers operate, with the commitment to focus our efforts towards improving processes and productivity.

Furthermore, special emphasis has been placed on the joint participation of the Company and Union to raise our employees' awareness of industrial safety.

**G4-LA4** We maintain a constant dialogue with the various union representations; we share business information transparently allowing us to meet the commitments to our stakeholders.

**G4-LA8, MM4** We have evaluation mechanisms and productivity incentive systems that keep us focused on our production, costs, safety and environmental protection goals.

In accordance with the parameters authorized by the General Management, in 2014 we reviewed wages, contracts and third party agreements with our contractors without stoppages or strikes, which shows the maturity of the parties involved.

# AWARDS AND DISTINCTIONS



The "Orgullo Peñolero" room was opened at the Metals Museum. Torreón, Coahuila.

In 2014, Peñoles received the following awards:

## In Social Responsibility:

- Ethics and Values in Industry for the tenth occasion, granted by the CON-CAMIN.
- Socially Responsible Company (ESR) for the thirteenth consecutive time, by the Mexican Philanthropy Center (CEMEFI).
- XIII International Recognition of Best Practices in Business Social Responsibility to Metalúrgica Met-Mex, granted by CEMEFI, in the Quality of Life category for the practice of the operational excellence system.

## In Safety and Health:

- Recognition for Highly Protected Risk (HPR) to Aleazin and Refinery, by FM Global.
- Internal recognition for zero accidents and for a year without accidents to Fertirey and Salinas del Rey, for achieving five years without accidents.
- Recognition to Velardeña for being the plant with the lowest accident rate, granted by the National Mining and Metallurgy Union (SNMM) Napoleón Gómez Sada.

## In relation to production processes:

- Fertirey obtained certification from the ANIQ for its Integrated Responsibility Management System (SARI).
- For the second consecutive year, Centro de Estudios Técnicos Laguna del Rey, Magnelec and Servicios Administrativos Peñoles were awarded the Great Place to Work certificate by the Great Place to Work Institute, while Servicios Especializados Peñoles, Serviminas, Metalúrgica Met-Mex, Velardeña and Fertirey obtained it for the first time.



## G4-16 ASSOCIATIONS

To which Peñoles belongs:

Related to products:

- International Zinc Association (IZA)
- The Silver Institute
- Latin American Zinc Association (LATIZA)
- Venezuelan Association of Galvanizers

Related to the business and operations:

- Mining Chamber of Mexico (CAMIMEX)
- National Chemical Industry Association (ANIQ)

Social Development:

- Interamerican Network of Foundation and Business Action for Basic Development (RedEAmérica)
- United Way
- Innovation in the Teaching of Science (INNOVEC)

Some Peñoles employees participate in:

- Commission for Private Sector Studies for Sustainable Development (CESPEDES)
- Business Coordinating Council (CCE)
- Mexican Center for Philanthropy (CEMEFI)
- Confederation of Industrial Chambers (CONCAMIN)
- Employers' Confederation of Mexico (COPARMEX)



Inspection and maintenance of mineral transporting conveyors. Milpillas, Sonora.

Professional Organizations:

- Association of Mining Engineers, Metallurgists and Geologists of Mexico (AIMMGM)
- National Association of Corporate Attorneys (ANADE)
- National Association of Executives in Finance (ANEFAC)
- Mexican Wind Energy Association (AMDEE)
- National Solar Energy Association (ANES)
- Mexican Institute of Internal Auditors (IMAI)
- Mexican Bar Association

G4-12, G4-EC1, G4-EC7, G4-EC8

# FOURTH FINANCIAL STATEMENT

Peñoles works with commitment, sustainability and for the long term with its stakeholder groups (shareholders, employees, community, customers and suppliers), a commitment shown in the value generated towards them.

The figures in the Fourth Financial Statement<sup>1</sup> are based on the Company's Financial Statements at December 31, 2014 and 2013 and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). They show the value generated by Peñoles as a contribution to the economic development of Mexico and the manner in which it was distributed among the different stakeholder groups.

The figures are presented in Mexican pesos.



Refined silver. Metalúrgica Met-Mex, Coahuila.

## Fourth Financial Statement

(Figures in thousand pesos)

### GENERATED VALUE\*

(Thousands \$)

	2014	%	2013	%
<b>Net sales</b>	<b>61,555,607</b>	<b>100.00</b>	<b>66,550,850</b>	<b>100.00</b>
Domestic costs and expenses	27,844,413	45.23	31,601,501	47.48
Foreign costs and expenses	3,796,965	6.17	4,722,063	7.10
<b>Total costs and expenses</b>	<b>31,641,378</b>	<b>51.40</b>	<b>36,323,564</b>	<b>54.58</b>
<b>Total value generated</b>	<b>29,914,229</b>	<b>100.00</b>	<b>30,227,286</b>	<b>100.00</b>

### DISTRIBUTED VALUE\*

(Thousands \$)

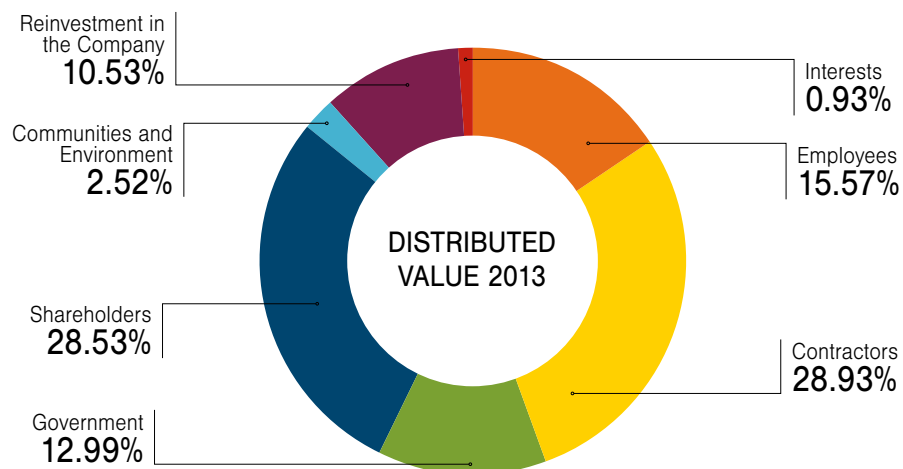
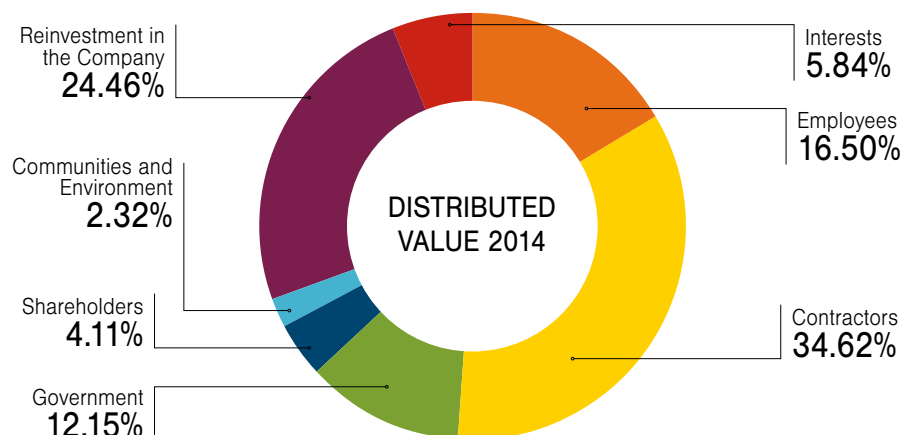
	2014	%	2013	%
Employees	4,935,198	16.50	4,707,085	15.57
Contractors	10,355,432	34.62	8,745,724	28.93
Government	3,636,272	12.15	3,926,239	12.99
Shareholders	1,230,444	4.11	8,624,784	28.53
Communities and Environment	693,278	2.32	762,260	2.52
Reinvestment in the Company	7,316,230	24.46	3,184,201	10.53
Interests	1,747,375	5.84	276,993	0.93
<b>Total value distributed</b>	<b>29,914,229</b>	<b>100.00</b>	<b>30,227,286</b>	<b>100.00</b>

\* These data include the operations of Industrias Peñoles and its subsidiaries.

<sup>1</sup> The Fourth Financial Statement is elaborated on the basis of the presentation principles set forth in the publication, "Social Report: a fourth basic financial statement on the social dimension of companies", by Luis Perera Aldama, edited by PricewaterhouseCoopers Chile, 2003.



The following charts give a graphic representation of distribution among our stakeholders groups for 2014 and 2013, respectively.



#### Technical Notes:

- The cost data reported include only tangible goods and services used in production.
- Domestic and foreign costs are differentiated depending on whether the good or service was purchased in Mexico or imported from another country.
- The heading "Retained in the Company," includes profits corresponding to 2014 that will remain at the disposal of the Board of Directors in accordance with the powers delegated to it by the Shareholders' Meeting.

The accompanying notes (1 to 4) are an integral part of the Fourth Financial Statement and explain our policies on corporate social responsibility and detailed information on the generation and distribution of value.

#### Note 1: Sustainable Development Policies

##### a) Corporate Governance

Peñoles has Corporate Governance policies and procedures that assure the transparency of management, the endurance of its organizational values and accountability to its stakeholders.

The Company adheres to the Code of Best Corporate Practices of the Business Coordinating Council. As a company listed on the Mexican Stock Exchange, Peñoles meets the requirements of the Stock Market Law and other related provisions. The supreme body of social authority is the Shareholders' Meeting which agrees and endorses all the Company's actions and operations, and meets with the frequency and under the terms required by applicable legislation and the bylaws. The governing structure of Peñoles consists of a Board of Directors, support committees and a CEO who reports to the Board and directs a group of executives who run the Company's operations and key functions. The committees meet regularly and report their activities to the Board. The reports and recommendations of the said committees are attached to the minutes of the Board of Directors meetings.

**b) Code of Conduct**

Strengthening the culture of ethics and values throughout the Company is very important to Peñoles. To this end, the Code of Conduct guides and rules the personnel and suppliers who interact with the Company in adherence to its Vision, Mission and Institutional Values; it reinforces transparency in accountability to our stakeholder groups, and promotes respect and the protection of human and labor rights to which we are bound by conviction and as signatories of the United Nations Global Compact.

Peñoles makes direct and confidential channels of communication available to its stakeholders to report any behavior in conflict with the Code of Conduct through the “Peñoles Plays Fair” program. As part of this commitment, Peñoles reinforced the culture of ethics in 2014 by revising its Vision and training personnel.

**c) Safety and Health**

We maintain a preventive safety and health culture as an integral part of our risk management program. The safety philosophy of the Company is based on the design, maintenance and safe operation of our processes with the objective of achieving zero disabling accidents and zero new occupational illnesses.

We have implemented a number of institutional safety programs, such as accident investigation, operating discipline, corporate audits, behavioral process, personalized training and reinforcement of the STOP® system.

In terms of health, we conduct vaccination and medical examination campaigns. All the business units have medical personnel who carry out health activities with a focus on prevention through counseling and monitoring all employees exposed to risks at work.

**d) Environment**

The Sustainable Development Policy includes key objectives for the protection of the Environment: to optimize water consumption and minimize waste discharge, reduce and control emissions into the air, minimize waste generation and properly manage-dispose of waste that is generated, and protect the flora and fauna in the places where we operate.

The Company is distinguished by consistent compliance with its legal environmental obligations by integrating its business units into the National Program of Environmental Auditing and obtaining Clean Industry certifications. In addition, the Company is working on the implementation of management systems that conform to ISO 14001.

**e) Community Development**

Social Responsibility at Peñoles is based on the Sustainable Development Policy and management guidelines for Social Development that establish the standards, principles and general guidelines that regulate actions on five pillars: environmental protection; promotion of education, sports and culture; care of family health and integration; shared development of social infrastructure, and the promotion of productive activities.

**f) Responsible Market and Consumer Protection Practices**

Peñoles provides comprehensive solutions to its clients and inspires their confidence to do long term business. The actions that we take meet regulatory requirements and are aligned with our policies. The business units dealing with end products have quality systems certified to ISO 9001:2008.

**g) Social Dialogue**

The Sustainable Development Policy strengthens interaction with the various stakeholder groups and reaffirms our commitment to them through transparency and dialogue.



**h) Social Investment**

Peñoles manages the Company's social participation with due attention to, and consideration of, its different stakeholder groups. Social and environmental impacts of our operations are addressed and measured through numerous indicators that are mentioned throughout this Fourth Financial Statement.

**i) Voluntary and Philanthropic Donations**

Peñoles takes actions of a philanthropic nature; nonetheless, the emphasis of its philosophy is on the self-development of skills, on which the Company acts selectively.

**j) Education**

The education policies of Peñoles extend to our employees and the communities near our operations, through ongoing and periodic plans and the measurement of management efficiency and effectiveness.

**Note 2: Principal Customers****a) Revenues**

This year we reached a total of \$61,555 million in ordinary sales revenues, 7.5% below 2013.

**Prices**

The prices of gold and silver, metals that represent more than half of our sales revenues, suffered steep falls of 10.3% and 20.1%, respectively, compared to the previous year. Of the industrial metals, zinc was the only one to increase in price (13.2%), while lead and copper fell by 2.2% and 6.4%.

**Production**

Performance in operations was solid. Mining production grew for the majority of metallic contents and cathode copper, with the exception of gold, and hit a new mark in silver production. In metallurgy operations, refined gold, silver and zinc grew. Refined lead was down due to less content in treated concentrates.

More information about the macro-economic environment and the factors that influence the prices of metals is included in the reports of the Chairman of the Board and the CEO in the 2014 Annual Report, and on the Internet page [www.penoles.com.mx](http://www.penoles.com.mx)

Shown below is the breakdown of revenues generated according to the different markets that we supply.

#### SALES BY MARKET

	2014		2013	
	(Thousands \$)	%	(Thousands \$)	%
Domestic	11,733,853	19	9,802,693	15
United Staes	44,488,249	72	48,840,009	73
Europe	1,168,963	2	3,972,984	6
South America	717,817	1	1,494,101	2
Other	3,446,725	6	2,441,063	4
<b>Total</b>	<b>61,555,607</b>	<b>100</b>	<b>66,550,850</b>	<b>100</b>

#### SALES BY PRODUCT

(%)	2014	2013
Silver	32	35
Gold	33	33
Zinc	12	10
Lead	6	6
Mineral concentrates	5	4
Copper	5	6
Sodium sulfate	2	2
Other products	5	4

### Note 3: Origin of Cost Components

#### a) Costs

Operating costs in 2014 decreased by 12.9% compared to the previous year.

The following table details the cost variation for 2014 and 2013, and distribution in percentage terms.

#### OPERATING COSTS

	2014		2013	
	(Thousands \$)	%	(Thousands \$)	%
Metal costs	20,720,901	65	22,516,738	62
Energy	4,426,732	14	3,709,568	10
Operating supplies	3,759,719	12	3,357,595	9
Raw materials	571,765	2	597,673	2
Other	2,162,261	7	6,141,990	17
<b>Total</b>	<b>31,641,378</b>	<b>100</b>	<b>36,323,564</b>	<b>100</b>

The following tables set forth the details of the fuels, operating material, and raw materials:

#### SOURCE OF ENERGY

(Thousands \$)	2014	2013
Electric energy	2,509,010	2,143,567
Natural gas	398,182	361,719
Coke	244,856	271,450
Diesel	1,048,749	738,203
Fuels and lubricants	225,935	194,629
<b>Total</b>	<b>4,426,732</b>	<b>3,709,568</b>



**COMPOSITION OF OPERATING MATERIALS**

(Thousands \$)	2014	2013
Explosives and blasting caps	636,583	519,389
Grinding balls and rods for milling	317,575	220,692
Tires and innertubes	281,374	173,522
Other materials	200,516	176,724
Sodium cyanide	238,631	257,178
Drill steel and bits	164,688	151,321
Hydrated lime	74,628	65,511
Cement	115,636	106,434
Safety equipment	129,304	122,723
Other reagents	154,131	153,449
Iron and steel	116,943	108,146
Hoses and general accessories	124,271	100,315
Construction materials	44,991	95,386
Magnesium calcium binder	59,059	60,466
Zinc	42,160	36,652
Other	1,059,229	1,009,687
<b>Total</b>	<b>3,759,719</b>	<b>3,357,595</b>

**COMPOSITION OF RAW MATERIALS**

(Thousands \$)	2014	2013
Ammonium	355,903	396,602
Copper cements	65,898	62,596
Magnesium oxide	85,465	69,103
Zinc soils	16,829	15,922
Sulfuric acid	1,144	1,142
Other	46,526	52,308
<b>Total</b>	<b>571,765</b>	<b>597,673</b>

**b) Purchases**

We have a total of 24,456 suppliers, compared to the 23,286 of last year. The breakdown of suppliers by purchase type for 2014 and 2013 is shown in the following table.

**NUMBER OF SUPPLIERS**

	2014	2013
Consumables	10,138	9,720
Transportation	1,122	1,099
Contractors	1,085	1,044
Customs agents	194	191
Services	11,406	10,722
Fixed assets	37	37
Concentrates	474	473
<b>Total</b>	<b>24,456</b>	<b>23,286</b>

Peñoles drives the country's development by generating job positions and business opportunities across several domestic industries. Our domestic suppliers are distributed nationwide.

The majority (62%) of our foreign suppliers are in the United States, followed by Canada with 9% and the remaining 30% in 62 other countries.

**NUMBER OF FOREIGN SUPPLIERS**

Country	2014	2013
United States	1,850	1,781
Canada	276	267
Other countries (62)	919	869
<b>Total</b>	<b>3,045</b>	<b>2,917</b>

Depending upon the type of purchase, Peñoles follows different supplier payment policies. Those policies remained constant in 2014 and 2013.

#### PAYMENT POLICY

	Días
Consumables	30
Transportation	14
Contractors	10
Customs agents	8
Services	15
Fixed assets	10
Concentrates	cash

#### Note 4: Distribution and Value Added Indicators

##### a) Employees

Peñoles is as great as its people. The greatest strength and fundamental pillar in our long-term growth strategy has been our personnel. We have, therefore, made substantial efforts to reinforce our human resources processes in order to capture, develop and retain talent, and to foster the best development of our employees within a favorable working environment.

During 2014, we paid a total of \$4,935 million to 11,395 direct employees and collaborators who worked in the Company.

#### COMPOSITION OF EMPLOYEE. COMPENSATION

(Thousands \$)	2014	2013
Wages	1,405,200	1,314,254
Other payments	742,333	696,824
Benefits	1,102,674	927,192
Subtotal	3,250,207	2,938,270
Overtime	107,740	92,731
Benefits	1,103,554	1,107,275
Share in profits	473,697	568,809
Total	4,935,198	4,707,085

##### b) Contractors

In 2014, we paid a total of \$10,355 million for third party services. The following table shows the different services received and the amounts paid:

#### COMPOSITION OF CONTRACTORS

(Thousands \$)	2014	2013
Development and works	5,822,455	4,526,856
Maintenance	2,348,197	2,044,660
Major overhauls	599,361	567,004
Fees	1,053,500	1,010,324
Other	531,919	596,880
Total	10,355,432	8,745,724

##### c) Government

The provision for income taxes at December 31, 2014 was \$3,067 million. We paid \$569 million in taxes on water rights, property and others. The total tax amount paid in 2014 was \$3,636 million.



#### d) Shareholders

Peñoles has been listed on the Mexican Stock Exchange since 1968, under the ticker PE&OLES.

#### DISTRIBUTION OF ORDINARY DIVIDENDS

(Thousands \$)	2014	2013
Shareholders - controlled entity	753,842	6,596,107
Non-controlled interests	476,602	2,028,677
<b>Total</b>	<b>1,230,444</b>	<b>8,624,784</b>

#### e) Community and Environment

Peñoles applies policies to protect the environment and avoid harmful actions. It is an objective of the Company to reduce any impact on the natural environment that might be generated by our operating processes.

Peñoles also contributes in different ways to the communities with which it interacts.

The table below shows the various contributions made by the Company as a result of its responsible and sustainable commitment to the environment and the communities to which it has ties.

#### CONTRIBUTIONS TO THE COMMUNITY AND THE ENVIRONMENT

(Thousands \$)	2014	2013
Communities	104,752	163,578
Environment	47,322	27,934
Depreciation of social assets	506,095	527,346
Provision of ecological expenses	35,109	43,402
<b>Total</b>	<b>693,278</b>	<b>762,260</b>

Fixed assets of \$3,756 million are maintained for social use or function.

Peñoles has a provision for ecological restoration which increased 17% in relation to the previous year. This provision is to dismantle and rehabilitate mining units when it is believed that their mineral reserves will be exhausted from the exploitation of non-renewable resources in accordance with the obligations established in the Mining Law and other applicable legal provisions and in accordance with Peñoles' Sustainable Development Policy.

#### ECOLOGICAL RESTORATION

(Thousands \$)	2014	2013
	3,635,148	3,106,381



Ecological restoration. Forestation in tailings dam. Naica, Chihuahua.

**f) Retained in the Company**

This heading includes items that envision the regeneration or maintenance of productive capacity, capital or corporate value - in essence, the profits for the fiscal period net of dividend distributions and depreciation for the period (including the results of a drop in fixed assets).

**REINVESTMENT IN THE COMPANY**

(Thousands \$)	2014	2013
Depreciation, amortization, depletion and other	7,347,546	7,048,279
Results of operations	1,199,128	4,760,706
Minus dividends to shareholders in the controlled entity and uncontrolled interests	-1,230,444	-8,624,784
<b>Total</b>	<b>7,316,230</b>	<b>3,184,201</b>

The profits retained remain at the disposal of the Board of Directors in accordance with the powers delegated to it by the Shareholders' Meeting.

**g) Interest**

In 2014 and 2013 we incurred \$1,747 million and \$277 million, respectively, in interest payments and exchange rate losses; this also takes into consideration the Company's obligations to financial institutions and other third-party suppliers of capital or financing.



# G4-33 LIMITED AND INDEPENDENT INSPECTION REPORT



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## Independent assurance report to Industrias Peñoles, S.A.B. de C.V. (Peñoles) Management on the Sustainable Development Report 2014

### Responsibilities of Peñoles and Independent Reviewer

The elaboration of the Sustainable Development Report 2014 (SDR), as well as its content, is responsibility of Peñoles, who is also responsible for defining, adapting and maintaining the management systems and internal controls from which the analysis information is obtained. Our responsibility is to issue an independent report based on the procedures applied during our review. This report has been prepared exclusively for the management of Peñoles in accordance with the terms of our letter of agreement dated December 1<sup>st</sup>, 2014 and is not intended to be nor should it be used by someone other than this.

### Scope of our work

The scope of our assurance was limited, and is substantially lower than a reasonable assurance work. Therefore the security provided is also lower. This report in no case can be understood as an audit report.

We conducted our review of the SDR under the following conditions and/or criteria:

- The adaptation of the contents of the SDR to the Global Reporting Initiative (GRI) Guidelines version 4 (G4) and according to the materiality study provided by Peñoles.
- The review of the sustainability performance indicators reported according to the option Core and specified in the GRI Index at the same report.
- The information contained in the SDR is consistent with supporting evidence provided by management.



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### Assurance standards and procedures

We have performed our work in accordance with the International Auditing Standard ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Boards (IAASB) of IFAC. As well, we have applied the AA1000 Assurance Standard.

Our review work included the formulation of questions to the management as well as various departments of Peñoles that have participated in the elaboration of the SDR and the application of certain analytical and sample screening tests that are described below.

- Meetings with staff of Peñoles to learn the principles, systems and applied management approaches.
- Analysis of the process to collect, validate and consolidate the data presented in the SDR.
- Analysis of scope, relevance and integrity of the information included in the SDR in terms of the understanding of Peñoles and of the requirements that stakeholders have identified as material aspects.
- Selected sample review from the evidence that supports the information included on the SDR.

The following table details the revised indicators.

G4 - 1	G4 - 16	G4 - 30	G4-EN2	G4-EN21	G4-LA9	G4-HR11	G4-PR8
G4 - 3	G4 - 17	G4 - 31	G4-EN3	G4-EN22	G4-LA10	G4-HR12	G4-PR9
G4 - 4	G4 - 18	G4 - 32	G4-EN5	G4-EN23	G4-LA11	G4-SO1	MM1
G4 - 5	G4 - 19	G4 - 33	G4-EN6	G4-EN24	G4-LA13	G4-SO2	MM2
G4 - 6	G4 - 20	G4 - 34	G4-EN8	G4-EN25	G4-HR1	G4-SO3	MM3
G4 - 7	G4 - 21	G4 - 56	G4-EN9	G4-EN29	G4-HR2	G4-SO4	MM4
G4 - 8	G4 - 22	G4 - 57	G4-EN10	G4-LA1	G4-HR3	G4-SO5	MM5
G4 - 9	G4 - 23	G4 - 58	G4-EN11	G4-LA2	G4-HR4	G4-SO6	MM6
G4 - 10	G4 - 24	G4-EC1	G4-EN12	G4-LA3	G4-HR5	G4-SO7	MM7
G4 - 11	G4 - 25	G4-EC3	G4-EN15	G4-LA4	G4-HR6	G4-SO8	MM8
G4 - 12	G4 - 26	G4-EC4	G4-EN16	G4-LA5	G4-HR7	G4-SO11	MM9
G4 - 13	G4 - 27	G4-EC7	G4-EN18	G4-LA6	G4-HR8	G4-PR2	MM10
G4 - 14	G4 - 28	G4-EC8	G4-EN19	G4-LA7	G4-HR9	G4-PR4	
G4 - 15	G4 - 29	G4-EN1	G4-EN20	G4-LA8	G4-HR10	G4-PR7	



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#### Disclosure management approach:

Economic performance
Materials
Energy
Water
Biodiversity
Emissions
Effluents and waste
Environmental management
Employment
Labor/Management Relations
Occupational Health and Safety
Training and education
Transparency (Non-discrimination)
Employment (Child labor)
Employment (Forced or compulsory labor)
Talent development management (Security Practices)
Social development (Indigenous rights)
Assessment (Human rights)
Social development (Local communities)
Transparency (Anti-corruption)
Closure planning

#### Conclusion

The SDR considers the application of the GRI Guidelines G4, and is elaborated according to the principles of inclusivity, materiality and responsiveness of the AA1000APS Standard.

Based on the performance of our work described in this report, nothing comes to our attention that could make us believe that the SDR contains significant errors or has not been prepared in accordance with the Core option established in the GRI Guidelines G4.

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#### Recommendations

Peñoles has processes in which its stakeholders participate to identify material issues for the business and a sustainability strategy consistent with its different sectors. The SDR includes those issues with more relevance and impact. It is important to update the materiality analysis, in case of relevant changes, requirements and expectations demanded by the stakeholders. This practice will help identify opportunity areas for the organization and a better understanding of the stakeholders and vice versa.

The areas involved in the data gathering for the SDR have a solid compilation process and strong internal communication: Social Development, Environment, Health and Security, Operation, among others.

As a complement to this letter a detailed report with additional recommendations was presented to Peñoles in order to leverage the process of the SDR, which does not modify the conclusions expressed in this report.

- Consider integrating other studies, analysis and relevant information generated and available from the different departments to the SDR.
- Align stakeholder studies in order to analyze, monitor and improve the company's performance.
- Establish a periodical monitoring process to manage and strengthen strategic indicators.

Galaz, Yamazaki, Ruiz Urquiza, S.C.  
Member of Deloitte Touche Tohmatsu Limited

*Rocio Canal*

Rocio Canal Garrido  
Sustainability Partner  
March 3rd, 2015



**AA1000**  
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Metalúrgica Met-Mex, Coahuila.



# GRI INDICATORS

**G4-32** The Company has decided to prepare the Sustainability Report 2014 in compliance with the GRI G4 Guidelines, core compliance option, and based on its materiality analysis.

The following index contains the core and material indicators; also included are those from the mining-metallurgy sector and those required for compliance with the CoP of the Global Compact.



INDICATOR	DESCRIPTION	PAGE	ASSURANCE
<b>STRATEGY AND ANALYSIS</b>			
<b>G4-1</b>	Statement from the CEO	03, 10	Yes
<b>CORPORATE PROFILE</b>			
<b>G4-3</b>	Name of the company	01	Yes
<b>G4-4</b>	Primary brands, products and/or services	23	Yes
<b>G4-5</b>	Location of the organization's headquarters	01	Yes
<b>G4-6</b>	Number of countries where the organization operates	01	Yes
<b>G4-7</b>	Nature of ownership and legal form	01	Yes
<b>G4-8</b>	Markets served	23	Yes
<b>G4-9</b>	Scale of the Organization	01, 19, 23, 56, 81	Yes
<b>G4-10</b>			
<b>G4-11</b>	Percentage of total employees covered by collective bargaining agreements	81, 62	Yes
<b>G4-12</b>	Description of the supply chain	02, 21, 65	Yes
<b>G4-13</b>	Significant changes during the reporting period regarding the organization's size, structure and ownership	02	Yes
<b>G4-14</b>	Precautionary principle	10, 29, 44	Yes
<b>G4-15</b>	Endorsement of voluntary initiatives	14	Yes
<b>G4-16</b>	Associations to which the company belongs		Yes
<b>MATERIAL ASPECTS AND BOUNDARIES</b>			
<b>G4-17</b>	Main financial figures	01	<a href="#">Inspection Report</a> Yes
<b>G4-18</b>	Process for defining the report content and the Aspect Boundaries	07	<a href="#">Inspection Report</a> Yes
<b>G4-19</b>	List of material aspects	07	<a href="#">Inspection Report</a> Yes
<b>G4-20</b>	Boundary of each aspect within the organization	06	<a href="#">Inspection Report</a> Yes
<b>G4-21</b>	Boundary of each aspect outside the organization	06	<a href="#">Inspection Report</a> Yes
<b>G4-22</b>	Description of the effect of any restatements of information provided in previous reports	02	<a href="#">Inspection Report</a> Yes
<b>G4-23</b>	Significant changes from previous reporting periods in the Scope and Aspect Boundaries or evaluation methods applied in the report	02	<a href="#">Inspection Report</a> Yes



INDICATOR	DESCRIPTION	PAGE	ASSURANCE
<b>STAKEHOLDER ENGAGEMENT</b>			
<b>G4-24</b>	List of stakeholder groups	15	<a href="#">Inspection Report</a> Yes
<b>G4-25</b>	Basis for selection of stakeholder groups	15	<a href="#">Inspection Report</a> Yes
<b>G4-26</b>	Company's approach to stakeholder engagement	16, 17	<a href="#">Inspection Report</a> Yes
<b>G4-27</b>	Evaluation by stakeholder groups	07, 17	<a href="#">Inspection Report</a> Yes
<b>ABOUT THIS REPORT</b>			
<b>G4-28</b>	Reporting period for information provided	06	Yes
<b>G4-29</b>	Date of most recent previous report	06	Yes
<b>G4-30</b>	Reporting cycle	06	Yes
<b>G4-31</b>	Contact point for questions regarding the report or its contents	06, 83	Yes
<b>G4-32</b>	In accordance option	07, 77, 82	Yes
<b>G4-33</b>	Assurance	07, 74	Yes
<b>GOVERNANCE</b>			
<b>GOVERNANCE STRUCTURE AND ITS COMPOSITION</b>			
<b>G4-34</b>	Governance structure of the organization	15	Yes
<b>ETHICS AND INTEGRITY</b>			
<b>G4-56</b>	Values, principles, standards and ethical norms	11, 14	Yes
<b>G4-57</b>	mechanisms for seeking advice on ethical behavior	11	Yes
<b>G4-58</b>	Internal and external mechanisms for reporting concerns about unethical behavior	11	Yes
<b>ECONOMIC PERFORMANCE</b>			
<b>G4-DMA</b>	Economic Performance	19, 21, 22	Yes
<b>G4-EC1</b>	Direct economic value generated and distributed	19, 65	Yes
<b>G4-EC3</b>	Coverage of the organization's defined benefit plan obligations	58	Yes
<b>G4-EC4</b>	Financial assistance received from government	15	Yes

INDICATOR	DESCRIPTION	PAGE	ASSURANCE
<b>INDIRECT ECONOMIC IMPACTS</b>			
<b>G4-EC7</b>	Development and impact of infrastructure investments and services supported	19, 21, 65	Yes
<b>G4-EC8</b>	Indirect economic impacts	19, 21, 22, 65	Yes
<b>ENVIRONMENT</b>			
<b>MATERIALS</b>			
<b>G4-DMA</b>	Materials management	37	Yes
<b>G4-EN1</b>	Materials used by weight or volume	37	Yes
<b>G4-EN2</b>	Percentage of materials used that are recycled input materials	38	Yes
<b>ENERGY</b>			
<b>G4-DMA</b>	Energy Management	34	Yes
<b>G4-EN3</b>	Internal energy consumption	34	Yes
<b>G4-EN5</b>	Energy intensity	34	Yes
<b>G4-EN6</b>	Reduction of energy consumption	35	Yes
<b>WATER</b>			
<b>G4-DMA</b>	Water management	30	Yes
<b>G4-EN8</b>	Total water withdrawal by source	30	Yes
<b>G4-EN9</b>	Water sources significantly affected by withdrawal of water	30	Yes
<b>G4-EN10</b>	Percentage and total volume of water recycled and reused	30	Yes

INDICATOR	DESCRIPTION	PAGE	ASSURANCE
<b>BIODIVERSITY</b>			
<b>G4-DMA</b>	Gestión de la biodiversidad	40	Yes
<b>G4-EN11</b>	Operational sites in or adjacent to protected areas or areas of high biodiversity outside protected areas.	40	Yes
<b>G4-EN12</b>	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	40	Yes
<b>MM1</b>	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	40	Yes
<b>MM2</b>	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place.	40	Yes
<b>EMISSIONS</b>			
<b>G4-DMA</b>	Emissions management	31	Yes
<b>G4-EN15</b>	Direct GHG emissions (scope 1)	35	Yes
<b>G4-EN16</b>	Indirect GHG emissions (scope 2)	35	Yes
<b>G4-EN18</b>	GHG emissions intensity	36	Yes
<b>G4-EN19</b>	Reduction of GHG emissions	36	Yes
<b>G4-EN20</b>	Emissions of ozone-depleting substances	33	Yes
<b>G4-EN21</b>	NOx, SOx and other significant air emissions	31	Yes
<b>EFFLUENTS AND WASTES</b>			
<b>G4-DMA</b>	Management of effluents and wastes	39	Yes
<b>G4-EN22</b>	Total water discharge by quality and destination	31	Yes
<b>G4-EN23</b>	Total weight of waste by type and disposal method	39	Yes
<b>G4-EN24</b>	Total number and volume of significant spills	29	Yes
<b>MM3</b>	Total amounts of overburden, rock, tailings, and sludges and their associated risks.	39	Yes
<b>G4-EN25</b>	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention and percentage of transported waste shipped internationally	39	Yes

INDICATOR	DESCRIPTION	PAGE	ASSURANCE
<b>REGULATORY COMPLIANCE</b>			
<b>G4-DMA</b>	Environmental management	29	Yes
<b>G4-EN29</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	15	Yes
<b>SOCIAL PERFORMANCE</b>			
<b>LABOR PRACTICES AND DECENT WORK</b>			
<b>EMPLOYMENT</b>			
<b>G4-DMA</b>	Labor management	56	Yes
<b>G4-LA1</b>	Total number and rates of new employee hires and employee turnover by age group, gender and region	57	Yes
<b>G4-LA2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	58	Yes
<b>G4-LA3</b>	Return to work and retention rates after parental leave, by gender	57	Yes
<b>PERSONNEL-MANAGEMENT RELATIONS</b>			
<b>G4-DMA</b>	Management of labor relations	62	Yes
<b>G4-LA4</b>	Minimum notice periods regarding operational changes	62	Yes
<b>MM4</b>	Number of strikes and stoppages that exceed one week in length, by country	62	Yes
<b>HEALTH AND SAFETY AT WORK</b>			
<b>G4-DMA</b>	Health and Safety Management	44, 47	Yes
<b>G4-LA5</b>	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	44, 47	Yes
<b>G4-LA6</b>	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	44, 47, 57	Yes
<b>G4-LA7</b>	Workers with high incidence or high risk of diseases related to their occupation	47	Yes
<b>G4-LA8</b>	Health and safety topics covered in formal agreements with trade unions	47, 62	Yes



INDICATOR	DESCRIPTION	PAGE	ASSURANCE
<b>TRAINING AND EDUCATION</b>			
<b>G4-DMA</b>	Talent Development Management	60	Yes
<b>G4-LA9</b>	Average hours of training per year per employee by gender, and by employee category	60	Yes
<b>G4-LA10</b>	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	60	Yes
<b>G4-LA11</b>	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	60	Yes
<b>G4-LA13</b>	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	58	Yes
<b>HUMAN RIGHTS</b>			
<b>INVESTMENT</b>			
<b>G4-DMA</b>	Economic Performance Management	19, 21, 22	Yes
<b>G4-HR1</b>	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	20	Yes
<b>G4-HR2</b>	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	60	Yes
<b>NON-DISCRIMINATION</b>			
<b>G4-DMA</b>	Transparency	14	Yes
<b>G4-HR3</b>	total number of incidents of discrimination and corrective actions taken	12, 60	Yes
<b>G4-HR4</b>	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	22, 62	Yes
<b>CHILD LABOR</b>			
<b>G4-DMA</b>	Labor Management	56, 59	Yes
<b>G4-HR5</b>	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	22, 56	Yes

INDICATOR	DESCRIPTION	PAGE	ASSURANCE
<b>FORCED LABOR</b>			
<b>G4-DMA</b>	Labor Management	56, 59	Yes
<b>G4-HR6</b>	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	22, 60	Yes
<b>SECURITY PRACTICES</b>			
<b>G4-DMA</b>	Talent Development Management	60	Yes
<b>G4-HR7</b>	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	60	Yes
<b>INDIGENOUS RIGHTS</b>			
<b>G4-DMA</b>	Social Development	51	Yes
<b>G4-HR8</b>	Total number of incidents of violations involving rights of indigenous peoples and actions taken	60	Yes
<b>G4-MM5</b>	Total number of sites that are established or adjacent to indigenous lands, and number and percentage of sites where there are formal agreements with indigenous communities	53	Yes
<b>ASSESSMENT</b>			
<b>G4-DMA</b>	Transparency	14	Yes
<b>G4-HR9</b>	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	12	Yes
<b>SUPPLIER HUMAN RIGHTS ASSESSMENT</b>			
<b>G4-HR10</b>	Percentage of new suppliers that were screened using human rights criteria	22	Yes
<b>G4-HR11</b>	Significant actual and potential negative human rights impacts in the supply chain and actions taken	22	Yes
<b>HUMAN RIGHTS GRIEVANCE MECHANISMS</b>			
<b>G4-HR12</b>	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	12, 60	Yes

INDICATOR	DESCRIPTION	PAGE	ASSURANCE
<b>SOCIETY</b>			
<b>LOCAL COMMUNITIES</b>			
<b>G4-DMA</b>	Social Development	51	Yes
<b>G4-SO1</b>	Percentage of operations with implemented local community engagement, impact assessments, and development programs	29, 44, 51	Yes
<b>G4-SO2</b>	Operations with significant actual and potential negative impacts on local communities	31, 54	Yes
<b>MM6</b>	Number and description of significant disputes related to land use, habitual rights of local and indigenous communities	15	Yes
<b>MM7</b>	Extent to which grievance mechanisms are used to resolve disputes related to land use, habitual rights of local and indigenous communities and responses	15	Yes
<b>ANTI-CORRUPTION</b>			
<b>G4-DMA</b>	Transparency	14	Yes
<b>G4-SO3</b>	Total number and percentage of operations assessed for risks related to corruption	12	Yes
<b>G4-SO4</b>	Communication and training on anti-corruption policies and procedures	60	Yes
<b>G4-SO5</b>	Confirmed incidents of corruption and actions taken	12	Yes
<b>PUBLIC POLICY</b>			
<b>G4-SO6</b>	Total value of political contributions by country and recipient/beneficiary	15	Yes
<b>ANTI-COMPETITIVE BEHAVIOR</b>			
<b>G4-SO7</b>	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	15	Yes
<b>COMPLIANCE</b>			
<b>G4-SO8</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	15	Yes
<b>ARTISANAL AND SMALL-SCALE MINING</b>			
<b>MM8</b>	Number (and percentage) of sites that operate or are adjacent to the site where artisanal or small-scale mining (ASM) takes place; associated risks and actions taken to address and mitigate those risks	53	Yes

INDICATOR	DESCRIPTION	PAGE	ASSURANCE
<b>RESETTLEMENT</b>			
<b>MM9</b>	Resettlement sites, number of resettled communities in each on and impact on neighbors in this process	53	Yes
<b>CLOSURE PLANS</b>			
<b>G4-DMA</b>	Closure of Mining Operations	41	Yes
<b>MM10</b>	Number and percentage of operations with closure plans	41	Yes
<b>GRIEVANCE MECHANISMS FOR IMPACT ON SOCIETY</b>			
<b>G4-DMA</b>	Social Development	51	Yes
<b>G4-SO11</b>	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	53	Yes
<b>PRODUCT RESPONSIBILITY</b>			
<b>CUSTOMER HEALTH AND SAFETY</b>			
<b>G4-DMA</b>	Customers and Products	23	Yes
<b>G4-PR2</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	26	Yes
<b>G4-PR4</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	26	Yes
<b>MARKETING AND COMMUNICATIONS</b>			
<b>G4-PR7</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	26	Yes
<b>CUSTOMER PRIVACY</b>			
<b>G4-PR8</b>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	26	Yes
<b>COMPLIANCE</b>			
<b>G4-PR9</b>	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and service	26	Yes



G4-32

# GRI - GLOBAL COMPACT



Flotation processes at beneficiation plant.  
Tizapa, State of Mexico..

## PRINCIPLES OF THE GLOBAL COMPACT

## EQUIVALENT GRI INDICATORS

1. Businesses should support and respect the protection of internationally proclaimed human rights.	Sub-category: Human rights Sub-category: Society. Local communities.
2. Businesses should make sure they are not complicit in human rights abuses.	Sub-category: Human rights
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	G4-11 Sub-category: Labor practices and decent work. Worker-management relations. Sub-category: Human rights. Freedom of association and collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	Sub-category: Human rights. Forced labor.
5. Businesses should uphold the effective abolition of child labour.	Sub-category: Human rights. Child labor.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	G4-10 Sub-category: Labor practices and decent work. Sub-category: Human rights. Non-discrimination
7. Businesses should support a precautionary approach to environmental challenges	Category: Environment
8. Businesses should undertake initiatives to promote greater environmental responsibility.	Category: Environment
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	Category: Environment
10. Businesses should work against corruption in all its forms, including extortion and bribery.	Sub-category: Society. Anti-corruption. Public policy.

G4-31

## CONTACT DATA



*To be a peñolero is to act ethically.  
Velardeña, Zacatecas.*

Additional information about our processes, products and financial performance, as well as past sustainability reports are available on our website: [www.penoles.com.mx](http://www.penoles.com.mx)

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*Panoramic view of the concentrating plant.  
Madero, Zacatecas.*





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