

Community development programs

1. Strengthening human capital

Our main focuses of participation include technical training and the development of skills in sustainable business.

Mexico

2,184 people trained

Our Community Development Centers in Mexico provide training to women in trades and activities such as home nursing, dressmaking, cooking, and handicrafts.



398 cases advised

with production potential.



146 commercialization projects

for products and services were set up for restaurants, beauty salons, dressmaking, jewelry making, handicrafts, cake making, and home nursing, among others.

Peru

2,935 farmers

in the districts of Cairani, Cocachacra, Huanuara, and Quilahuani in Peru received technical training to improve the primary working of the soil.

380 young people

in the province of Islay, Arequipa region, were trained in the mechanical specialties of mounting and alignment, welding, and electricity.

278 families

incorporated into the family and community improvement process through production projections in Peru in the rural community of Higuera.

Production projects to further the development potential of 9 Peruvian communities

2,028 people in 9 Peruvian communities directly benefited, on developing the productive economic potential of the Tacna, Moquegua, and Arequipa regions

Strengthening of competitive skills for oregano producers for organic certification of their production

Association of alpaca farmers to produce handcrafted hats

Genetic improvement of sheep and cattle and camelid stock raising

Handcrafted spun alpaca fiber workshop

Building shared value in Cananea

CASE STUDY

“The city of copper with a heart of gold”

Cananea is situated in the mountains to the north of the state of Sonora, Mexico. With a population of over 30,000 inhabitants, this community has played an important role in the development of the region with the historical legacy of its mining tradition.

The 31 month strike at our operations damaged the social and economic environments of this community, and also caused family breakups, economic and community depression, increased crime, school dropouts, lower quality of life, and a lack of community safety.

In response to the needs identified, we designed a Social Liaison Program as a sustainable initiative to activate the economy and strengthen the community. Its innovative theoretical-practical methodology included participative diagnostics, preparation and support of local leaders, and the identification of projects arising from the community's needs.

The following actions were possible thanks to an investment of US \$1.1 million:

- » Projects under the program “Participemos por Cananea”, largely invested in local suppliers
- » Creation of a representative Community Committee, responsible for overseeing the process and the transparency of allocating resources
- » Creation of the Casa de Encuentro, community center
- » Completion of 35 educational infrastructure projects that includ-



ed: rehabilitation of sports and recreational facilities, security, quality, and learning development (support for libraries). A total of 13,397 people benefited -children, teachers, and families- in an innovative manner.

The relevant contributions on the 35 educational infrastructure projects are:

- » Construction of the COSAA Sports Facility at the “L.D. Colosio y Francisco Saavedra” school, that led to the first school olympics involving various events, with students from various Cananea schools participating, including physically challenged children.

Above
Cananea, Sonora. In two years, the company implemented social liaison programs to encourage local leaders and create community projects.



Top

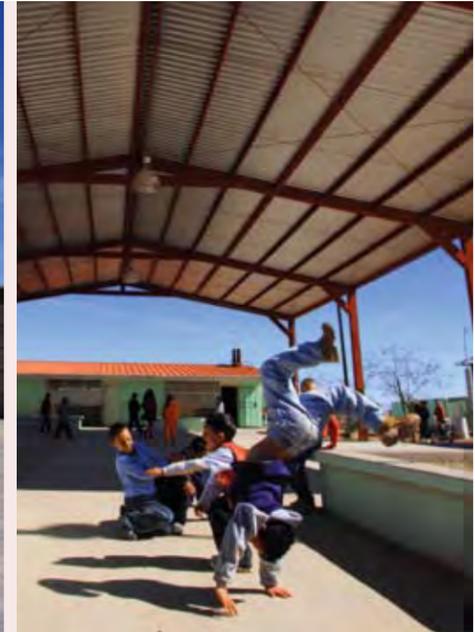
Young people are essential to the Grupo México program, developing local leaders and preparing project coordinators to benefit the community.

Bottom

"I have been working at the CBTIS for 31 years and I have never seen projects that involve young people so much; they find skills in themselves we sometimes didn't know they had". - Leticia Acosta, teacher.

- » Equipping of the welding shop at "Escuela Secundaria Técnica N° 9", through the donation of work and safety materials for the overall preparation of the school's students.
- » Roofing over the Square at the "Manuel M. Diéguez" school which will protect the children during outdoor activities and qualify the school as a full-time institution. The lighting will also mean social and cultural events can be held at night.
- » Completion of 57 social development projects directed at children, youth, women, suppliers, physically challenged persons, the elderly, and other social groups (a total of 11,380 people benefited). The following programs are noteworthy:

- Jóvenes Encuentro - "Aldea Global" Summer Program, with the participation of 949 children and 70 young people trained as counselors.
- The "Decide tu futuro" project, designed by a youth group, creates spaces for communication between children and youth in Cananea, to share information to prevent teen pregnancy and sexually transmitted diseases, in alliance with the Sonora State Department of Health.
- "Unidos somos iguales en Cananea" Program aimed at the social integration of physically challenged persons through the participation of volunteer youth in the community. Joint effort with the Non-Governmental Organization "Unidos somos iguales".
- International program "Destination Imagination Cananea", for schools where groups of students worked in 64 teams to resolve various problems, using creativity, collaboration, and critical thinking, stimulating healthy competition.
- Event "Participemos por Cananea 2009", which joined current projects and business investments to stimulate the involvement of various groups and which was attended by 2,500 local residents.



The following groups are of note:

- » *Los Padrinos*. Company employees that act as direct liaisons with the community to follow up on the projects and investments of Grupo México, thus strengthening the new relationship with residents –which is no longer one of mere assistance and becomes participative- by promoting the development of a different work environment with the reopening of the mine.
- » *El Comité Comunitario por Cananea*. Community Committee formed by persons of recognized moral upstanding in the community, who, because of the sectors they represent - education, health, business, trade, culture, social, youth, among others- demonstrate legitimacy to the community in the liaison processes. The committee evaluates and follows up on investment projects and proposals.

For every 74 dollars invested in "Participemos por Cananea", an additional 157 dollars are generated in the community, from joint investment and community responsibility. These figures are averaged as of September 25, 2009 and consider all the infrastructure and social development projects (LM3 measuring tool). A total of 125 temporary jobs were created, according to the nature and needs of the projects.

Top left

The "L.D. Colosio y Francisco Saavedra" school encourages co-participation, commitment, and social liaison with the community of Cananea.

Top right

The roofing of the Square at the "Manuel M. Diéguez" school increases its quality of education and competitiveness.

Quilahuani Hospital (Tacna region, Peru).

The recent opening of this modern medical center will provide basic medical services to the residents of the High Andes region in Peru.



The construction of the COSAA sports facility led to the first olympics with the participation of children from various schools in Cananea.



2. Development of infrastructure and services

We are working on strategic projects to offer greater and better opportunities to access services that meet basic needs and improve quality of life.

Works projects and municipal services 2009

We invested over US \$9.5 million in Mexico in municipal works and services projects, construction, and maintenance in our neighboring communities, housing and services for our employees.

In Peru, we **equipped 7 medical centers** in the province of Candarave, Tacna region, and refurbished a slaughterhouse to assist the production of livestock in the community of Huaytire.

We implemented 12 projects to strengthen the management capacity and efficient use of water in the communities neighboring the Tía María project.

Educational infrastructure

In 2009, we invested **US \$4.3 million** to guarantee the optimal functioning of the schools in the neighborhoods where the children of our employees are educated.

Noteworthy is the equipping of 66 schools with ergonomic furnishings and computers, **benefiting 3,210 students in 6 provinces in the Tacna and Moquegua regions.**

Other Social assistance

We participate in humanitarian actions in response to natural disasters. We assisted 2,352 families, victims of Hurricane Jimena, which hit the community of Guaymas in Mexico, through community work days and clean-up actions, providing equipment and machinery to remove debris, among other actions.

We supported the equipping and relaunch of the Deán Valdivia Entomology Lab in the province of Islay, Peru, which will conduct processes on biological control and farm plagues, to improve the quality of the organic products farmed in the area.

Water sustainability for our neighboring communities in Cuajone and Toquepala



Efficient water use is a priority, for our operations and our neighboring communities.

We are making important efforts principally in those communities and areas located near the mines at Cuajone (Moquegua region) and Toquepala (Tacna region), which account for a large part of the production of Grupo México's Mining Division.

Through the construction of a water infrastructure (dams, collection sources, distribution lines, major and minor irrigation canals, landed and lateral channels, among others), we contributed to improving the collection, channeling, and distribution of water, which will improve efficiency in its usage for the farming activities of these communities.

» **Agreement with the Universidad Nacional de Ingeniería (UNI)** to conduct a Feasibility Study on the Callazas Dam in Candarave, completed in 2009, representing US \$170,999 of the total US \$927,137 budgeted for this purpose. The purpose of this project is the rational and optimal use of water resources during the rainy months by storing 10 million cubic meters of water per year for farmers.

» **Agreement between Southern Peru Copper Corporation** –who will contribute US \$668,440– and the **Fondo Nacional de Cooperación para el Desarrollo (FONCODES)** –who will contribute US \$2.6 million–, to execute the water and basic drainage infrastructure works that will contribute to the socioeconomic development of Candarave:

- Treatment plants
- Construction and rehabilitation of canals
- Reservoirs

» The **Marisol Distributor** started operating in the first quarter of 2009, a hydraulic works project that will benefit the Water Commissions of Cairani, Candarave, Huanuara, and Quilahuani, through the equal distribution of water drawn from the Callazas River. Total investment: US \$303,049.

» Infrastructure projects for **minor irrigation**, with the collaboration of Candarave farmers and an investment of US \$53,882.

» Final phase of the improvement of 4.8 kilometers of **irrigation infrastructure** –hydraulic canals– in the community of Ilubaya (Moquegua region), through an investment of US \$557,216.

» The Skills Development for an **Efficient Water Management Project in Torata** –which for the second year joins efforts with farmers in this community in the Moquegua region–, achieved 48.26% in the collection of water rates and economic benefit, higher than in previous years.

» Construction of the **Tacalaya-Camilaca canal**, phases 1 and 2, to benefit 8,272 farmers in Candarave, representing an investment of US \$665,114.



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The rehabilitation and/or construction of water infrastructure aids in efficient water use to benefit farming and the local economy.

Above
The Marisol Distributor, Tacna Region, Peru.



3. Creating opportunities

Education and culture

	Programs	People Benefited
Mexico	Open education programs and community activities to assist the adult population with literacy and basic education. These programs earned us the "Company committed to Education" award given by the Mexican government.	2,416
Peru	Teacher training in the Moqgua region to improve academic skills focusing on computer technology (e-learning) and covering the infrastructure requirements applicable.	5,460
Mexico	Informal environmental education to promote the formation of environmental leaders among students and train them to become promoters and facilitators of the Environmental Culture for Sustainable Development program at their schools and in their communities. We have Ecology School Brigades in Coahuila, San Luis Potosí, and Sonora whose members participated in 82 workshops, forestation campaigns, and environmental workdays.	4,020
Mexico	Human Development Program, under which we conducted 196 activities including conferences and workshops on self-esteem, leadership, values, and human rights; social advisement workdays and community services; orientation and psychological therapy; assistance for youth groups and the elderly, among others.	20,817
Mexico	First Regional Festival <i>Culture is...</i> in the neighboring community to La Caridad in Nacozari, Sonora.	3,000

Population benefited **35,713**

Health, sports, and recreation

We have developed health education plans, the promotion of health through sport and cultural and recreational activities; spaces that we use to encourage a culture of responsibility in terms of health, the optimal use of free time, and healthy interaction among our personnel and neighbor communities.

Health education	Sports and recreation	Over 17,400 people benefited
<ul style="list-style-type: none"> » 121 conferences, talks on health, day campaigns on the multiple detection of chronic-degenerative illnesses and dental health, fairs on primary care emphasizing cervical and breast cancer prevention, vaccination and nutrition; and campaigns and day fairs on preventing epidemics as a result of the AH1N1 influenza virus, in Mexican communities » Nutritional assistance for children under 5 and pregnant mothers in the Peruvian province of Candarave, Tacna region; in addition to other health-related actions and improving kitchens 	<ul style="list-style-type: none"> » 129 sports tournaments and clinics, physical activation courses and physiotherapy, artistic workshops, and recreational events » IMMSA children's soccer league, founded in 1995, for which we organize 8 tournaments each year for over 50 teams of low-income children and youth from the community neighboring our operation in San Luis Potosí » Strengthening of Peruvian traditions through distribution of chocolatadas (hot chocolate) in the province of Islay 	<ul style="list-style-type: none"> » Plans for health self-care and healthy interaction between our personnel and neighboring communities to our operations in Mexico and Peru