



S U S T A I N A B I L I T Y R E P O R T
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▼ **DISCLAIMER** (103-1)

This document contains accurate and sufficient information about Volcan Compañía Minera S.A.A.'s business activities in 2018. Regardless of the issuer's liability, the undersigned are responsible for the content herein, in accordance with applicable laws.

Lima, March 20, 2019



José Picasso Salinas
Chairman of the board



**Juan Ignacio Rosado
Gómez de la Torre**
Chief executive officer

INDEX

6

LETTER TO THE
SHAREHOLDERS

16

IMPORTANT
INDICATORS AND
SIGNIFICANT
CHANGES IN 2018

20

OUR COMPANY

36

SUSTAINABILITY
MANAGEMENT

42

SHAREHOLDER
RELATIONS
MANAGEMENT

48

HEALTH AND SAFETY

58

HUMAN RESOURCE
MANAGEMENT

80

MANAGEMENT OF
SUBCONTRACTORS
AND SUPPLIERS

84

CUSTOMER
MANAGEMENT

86

COMMUNITY
RELATIONS
MANAGEMENT

104

RESPONSIBLE
ENVIRONMENTAL
MANAGEMENT

126

ABOUT THE
SUSTAINABILITY
REPORT

01.

LETTER TO SHAREHOLDERS (102-14)

DEAR SHAREHOLDERS,

In 2018, our country maintained growth rates above the average for the region despite facing an exceedingly complex internal political scenario and volatile international outlook. The most important events occurring in the international political scene included the North Korea-South Korea agreement to denuclearize the Korean peninsula and begin a definitive peace process, the US-China trade war, Brexit negotiations, victories of the regime of Bashar al Assad supported by Russia in Syria, the ceasefire in Yemen in December, the political and economic crisis in Venezuela, and the presidential elections in Brazil won by right-wing candidate Jair Bolsonaro, in Mexico by left-wing candidate Andrés Manuel López Obrador and in Colombia by right-center candidate Iván Duque. Meanwhile in Europe, Giuseppe Conte is sworn in as new head of the Italian government and socialist Pedro Sánchez assumes power in Spain after ousting conservative Mariano Rajoy with an unparalleled move to censor, supported by the radical left and Basque and Catalan independents and nationalists.

In this context, the global economy grew 3.7% in 2018, a rate slightly below the 3.8% growth the prior year. This decreased dynamism is associated with the lower growth in China as a result of the high levels of uncertainty generated in global markets through the promotion of US protectionist policies. This was such that the Chinese government announced the adoption of tax cuts and financial measures such as increased loans to Chinese companies to stimulate higher growth. The Eurozone showed a recessive growth rate, from 2.2% in 2017 to 1.8% in 2018, due to weakened macroeconomic conditions in the primary economies of the region during the second half of the year. Specifically, growth in Germany was affected by geopolitical turbulence and the adoption of new environmental standards that affected automobile production.

The US economy showed greater dynamism, with a 2.9% growth in 2018 in comparison with 2.2% in 2017, a reduction in unemployment at historically low levels (3.9%), greater public spending and expansion of private investments.

India reached a growth rate of 7.2% in 2018, in comparison with 6.7% in 2017, thanks to the strong expansion in consumption and investment in response to reforms implemented since 2014.

2018 showed a certain degree of volatility in financial markets, due to US-China trade tensions and the change in expectations in the adjusted US Federal Reserve policy interest rate. European markets were affected by Brexit and the EU approval of Italy's public budget.

The national political sphere in 2018 was marked by several important events. After Congress again sought to impeach President Pedro Pablo Kuczynski, he resigned the presidency in March. On March 23, 2018, Congress accepted

In 2018, our country maintained growth rates above the average for the region despite facing an exceedingly complex internal political scenario and volatile international outlook



The mining and hydrocarbon sector went from 3.2% growth in 2017 to a -1.3% contraction in 2018 as a result of lower gold production. Production of copper, silver and lead was lower on a national level

the president's resignation and, in accordance with the Constitution, the presidency was assumed by Martín Vizcarra, first Vice President of the Republic.

In July, media channels published audio recordings that revealed corruption in the justice system, which led to the resignation of Duberlí Rodríguez from the presidency of the Judicial Branch. President Martín Vizcarra addressed the nation on July 28 and announced four political and legal reforms to be submitted to referendum in December.

In October, the humanitarian pardon granted to Alberto Fujimori was annulled and Keiko Fujimori, leader of Fuerza Popular, was sentenced to 36 months of preventive detention for asset laundering. Regional and municipal elections were held in Peru, where Acción Popular candidate Mr. Jorge Muñoz was elected mayor of Lima and left-wing candidates triumphed in several parts of the country. In November, Congress approved the final report of the Lava Jato commission. Also in November, ex-President Alan García was ordered to remain in the country for 18 months for alleged crimes of collusion and asset laundering. The ex-President requested political asylum from the government of Uruguay, which was rejected days later. In December, the Supreme Court elected José Luis Lecaros as President of the Judicial Branch. Meanwhile the fiscal team and the ad hoc attorney's office culminated the negotiation of a plea bargain with Odebrecht, the company under investigation by the Lava Jato case, wherein the company agreed to provide proof to the Prosecutors' office and to pay the State for civil damages in the amount of 610 million Peruvian soles over 15 years.

By national referendum, the government approved the reform of the structure and duties of the National Justice Committee (Junta Nacional de Justicia), the no re-election of congresspeople, and the regulation of political party financing, while also rejecting the reform of a bicameral Congress. President Martín Vizcarra promoted the rejection of this last reform as this proposal was altered by Congress to include restrictions.

On December 31, 2018, national prosecutor Pedro Chávarry announced the removal of prosecutors Rafael Vela and José Domingo Pérez from the Lava Jato case. In light of this situation, President Vizcarra indicated that he would present a bill to Congress to declare the Public Ministry in a state of emergency. Finally, under pressure from all branches, national prosecutor Pedro Chavarry resigned from his position on January 8, 2019, and the special prosecutors assigned to the Lava Jato case were reinstated.

Despite this political situation in Peru, in 2018 the GDP showed a 4.0% expansion, an acceleration over the 2.5% growth rate from 2017. The increased growth is associated with greater dynamism in domestic demand, particularly

private consumption thanks to the recovery of the consumer confidence indexes and the accelerated growth of formal employment. Along these lines, investment also showed greater dynamism. Private investment went from 0.2% growth in 2017 to 4.4% growth in 2018 and public investment went from a 2.3% drop in 2017 to an 8.4% growth in 2018. In consequence, private investment went from representing 17.3% of the GDP in 2017 to representing 17.6% of the GDP in 2018, while public investment grew from 4.5% of the GDP in 2017 to 4.8% of the GDP in 2018.

Disaggregated by sector, the fishing sector grew 39.7%, thanks to greater extraction of anchovies (6.1 million MT), the highest level in the past seven years. Non-primary sectors grew 4.2%, greater than the 2.3% expansion in 2017, due to the greater dynamism in construction and manufacturing.

The mining and hydrocarbon sector went from 3.2% growth in 2017 to a -1.3% contraction in 2018 as a result of lower gold production. Production of copper, silver and lead was lower on a national level.

The current balance of payments had a deficit of -1.5% of the GDP, greater than the -1.2% deficit seen in 2017, however higher prices for raw materials, especially copper, gold and zinc enabled an increase in the balance of trade from USD 6,571 million in 2017 to USD 7,049 million in 2018. Because of the higher deficit, the Peruvian Sol depreciated 4.17%, closing 2018 at 3.37 PEN/USD. National inflation ended the year at 2.5%, within the target range of Peru's Central Bank (between 1.0% and 3.0%).

Metal prices during the early months of 2018 maintained the upward trend of the final months of 2017, both for precious metals and for base metals, which gave stability to the mining industry in general. Zinc prices reached 3,606 USD/MT in February 2018, reaching its historic high since July 2007. Lead followed suit, reaching a peak of 2,589 USD/MT. However, positive expectations were reverted both due to the uncertainty generated by the US-China trade war and the arrival of new productions on the supply end. In terms of precious metals, the US Federal Reserve continued its policy referential interest rate increase to normalize its monetary policy to the detriment of precious metal prices. Gold prices reached their lowest level in September 2018 at 1,198 USD/oz, breaking the 1,200 USD/oz barrier; followed by silver, which decreased to 14.26 USD/oz the same month.

The price of zinc decreased by 24.1% from 3,309 USD/MT at the end of 2017 to 2,511 USD/MT at the close of 2018. The price of lead decreased by -19.5% from 2,495 USD/MT at year-end 2017 to 2,009 USD/MT at the close of 2018, while copper saw a 16.7% decrease to 5,965 USD/MT, silver dropped 8.3% to 15.47 USD/oz and gold decreased by 1.1% to 1,280 USD/oz.

Metal prices during the early months of 2018 maintained the upward trend that were reverted both due to the uncertainty generated by the US-China trade war and the arrival of new productions on the supply end

As can be seen through our annual monitoring, according to the Fraser Institute's annual survey for 2018, this time Peru rose five positions in the ranking of attractiveness for mining investment, at 14 out of 83 jurisdictions evaluated. However, this annual ranking evaluates two factors: geological potential and political perception. In geological potential, Peru was ranked 8th, six positions above 2017. However, in terms of the perception of public policy and practices related to the sector, Peru was ranked a distant 43rd, an improvement of six positions, although we continue to be outranked by Botswana, Namibia and Chile, among others. Notably, our neighboring country Chile was ranked 6th, primarily due to better political perception and stability in the country, considering that in geological potential, this year it ranked 9th, one place below Peru. We need to place greater emphasis on promoting government policies to take advantage of Peru's mining potential, facilitate investment, and guarantee the start-up of important projects that continue to be stalled, including Tía María, Cuajone, Quellaveco, Conga, Río Blanco, Galeno, Michiquillay, and La Granja. Unfortunately, we must mention the case of Minera Las Bambas, permanently affected by social conflict and extremist leftist political interference which have gone so far as to halt operations.

Currently the mining sector represents 9% of the GDP and over 59% of total exports, which demands public policies that are stricter in the defense and promotion of this sector.

As we said years ago, it is our responsibility to stimulate the country's development, since opportunities don't come about every day, and we must remember that we have to compete around the world to attract new investments that ultimately go to countries offering the best conditions. We have observed that neighboring countries without a tradition of mining such as Ecuador, Colombia and Argentina are beginning to position themselves better to attract investors who will take advantage of their mining potential.

It is also important to reiterate that excessive pressure in terms of taxes and labor, environmental, and social issues has limited opportunities for developing the major potential of the country's mining industry. This, in addition to the damage caused by the Law of Prior Consultation and inefficient use of mining royalties, which should be distributed more efficiently in line with the needs of each region, has resulted in social conflicts that have yet to be resolved. The result is delayed private investment and higher costs faced by local mining companies. The executive branch has continued to attempt to carry out a series of reforms to reduce the excessive bureaucratic procedures that are currently required of the mining sector for exploration and project start-up, but with results that are yet to be seen.

CURRENTLY THE MINING SECTOR REPRESENTS 9% OF THE GDP AND OVER 59% OF TOTAL EXPORTS, WHICH DEMANDS PUBLIC POLICIES THAT ARE STRICTER IN THE DEFENSE AND PROMOTION OF THIS SECTOR



In 2018 production reached



Zinc
241,000 FMT

Silver
17 millions of ounces

Lead
47,000 FMT

In 2018, Volcan production reached 241,000 FMT of zinc, 17.0 million ounces of silver and 47,000 FMT of lead. These represent decreases of 5.5%, 1.7% and 7.9% respectively, compared to 2017. This is primarily explained by the stoppage of operations in the Chungar units for over three weeks and Yauli for two weeks to ensure compliance with the Company's high safety standards.

It is important to mention that the Company continues to focus on cost control and reduction in all operating units. The Company has identified specific opportunities for improvement related to the mine, supports, maintenance, transportation and administrative units, and these will be implemented in the coming months. As a result, unit cost in 2018 was 46.60 USD/MT, 2.6% less than the 47.90 USD/MT seen in 2017.

Investment in our operating units increased 2% from USD 172 million in 2017 to USD 175 million in 2018, mainly in local exploration and development. Meanwhile, investment in regional exploration was down 76.6%, from USD 14.8 million in 2017 to USD 3.5 million in 2018 and investment in the energy business rose 18.4% compared to the previous year, from USD 3.2 million in 2017 to USD 3 million in 2018. In total, Volcan invested USD 185 million in 2018, 4.2% less than the USD 193 million invested in 2017.

In 2018, net sales totaled USD 775 million, 9.5% lower than the USD 857 million in net sales in 2017. The Company's gross margin decreased from 34% in 2017 to 31% in 2018, as a result of the sales adjustments and negative final settlements due to the downward trend in metal prices, which were partially offset by the lower production cost and absence of third-party concentrate sales that generates a lower margin. EBITDA rose to USD 289 million, compared to USD 343 million in 2017, while net profits were USD 29 million.

Volcan holds 367,000 hectares of mining concessions for development of exploration activities and mining projects. An estimate of total reserves at Volcan was made using best industry practices and international standards established in the JORC CODE and also adapted to guidelines established by the technical area of Glencore (Glencore Technical Services). The estimation methodology for resources and reserves applied in this period shows some difference with those made previously. The resources listed also include resources that give rise to reserves. This reporting method differs from the method used in previous estimates, which did not include resources that gave rise to reserves.

In terms of mine development strategy, in 2018 Volcan concentrated its efforts on exploration at its current operations, with the aim of developing the value chain in mineral resources. For example, the diamond drilling program consisted of nearly 200,000 meters, primarily at the Yauli and Chungar units.

Volcan carried out exploration in three advanced projects: Romina, Carhuacayán, and Palma, as well as two projects in the initial stage: Zoraida and Shuco. In all, 54,211 meters of diamond-drilled boreholes were completed. At Romina, significant mineralization has been defined in the Puagjanca body with a significant zinc, lead and silver content. At Carhuacayán, significant mineralization has been defined in the La Tapada body with zinc, lead and silver. Both projects, Romina and Carhuacayán, will produce ore to be treated in the Alpamara plant, estimated to begin production in 2020. At Palma, a greenfield project, a significant mineralization of zinc, lead and silver has been defined, sufficient to begin a mining project separate from the other units. The pre-feasibility stage will be carried out in 2019, leaving a massive geological potential yet to be discovered.

In terms of the corporate safety policy, in 2018, the Company made improvements to the SSOMAC¹ Management System through the implementation of new safety tools such as the implementation of the SafeWork Program, proposed by Glencore. When Glencore merged with Volcan's SSOMAC system, it renewed and strengthened its thematic tools.

Even though we reduced the number of disabling accidents by 10% over 2017, we are deeply sorry to report an accident with a fatal outcome. Investigations were carried out to determine the causes of the incident and corrective measures were taken with an emphasis on supervision, training, and evaluation to strengthen oversight.

As of the close of 2018, Volcan's energy business consists of 13 hydroelectric plants, 350 km of transmission lines and 26 electrical substations. Energy generation in 2018 was 308 GWh, reflecting a 13% reduction over the prior year, explained by the lower production in the Chungar hydroelectric plants due to a lower availability of resources in water basins; and because the Rucuy hydroelectric plant was not in operation in 2018.

On the other hand, Company energy consumption rose to 712 GWh, with average power demand of 94 MW, up 1% over the previous year. This slight increase was primarily caused by greater vegetative demand from mining operations. Energy generation represented 43% of total energy consumption.

The Rucuy hydroelectric plant suffered damages to the penstock in March 2017, due to overflowing rivers and landslides, caused by the coastal El Niño phenomenon. This plant, with 20 MW, (120 GWh-year) began business operations in August 2016. Damages were promptly reported to the insurer to request recognition of the damages and lost profit. In 2018, repairs were made to the damaged penstock, which no longer crosses over the hillslope but rather through it with a raise borer. This new design minimizes the future risk

Volcan carried out exploration in three advanced projects: Romina, Carhuacayán, and Palma, as well as two projects in the initial stage: Zoraida and Shuco

¹ SSOMAC: Occupational Safety and Health, Environment and Quality Policy)

In 2018 the Company invested USD 5 million in agreements with 60 communities in their area of influence. In addition, different Volcan units provided work to 17 community enterprises with total billing around USD 3.4 million per month

of rockslide. The Company estimates that the hydroelectric plant will restart operations during the second half of 2019.

With respect to Volcan corporate social responsibility and care for its surroundings, the Company seeks to engage in dialog and strengthen its relations with community leaders, key authorities and social organizations to generate a positive impact on the development of the communities within its direct sphere of influence. Toward that end, in 2018 the Company invested USD 5 million in agreements with 60 communities in their area of influence. In addition, different Volcan units provided work to 17 community enterprises with total billing around USD 3.4 million per month for civil works, mining operations, and hauling services, among others. Through the Public Works and Tax Credit Program, the Company, at 2018 year-end, finalized the New Chancay Food Market Project, with more than 650 stands and a PEN 22 million investment. This is a very important project for the city of Chancay and will benefit 85,000 people.

In January 2019, in Davos (Switzerland), the Company signed agreements with the Chinese company Cosco Shipping Ports Limited (CSPL) for the development of the Chancay port, located 80 km north of Lima, through which, once operations are closed, this company will be incorporated as 60% shareholder of Terminales Portuarios Chancay (TPCH). Volcan will maintain 40% shares in TPCH.

CSPL is a subsidiary of Chinese company Cosco Shipping Corporation Ltd., the largest transnational company in the world in the integrated port, shipping and wood chip business, with USD 120 billion in assets. It holds first place globally in container management, with 104 million TEUs per year, and more than 60 ports operating in Asia, America, Europe and the Middle East. This group also owns the Company COSCO SHIPPING LINE, the largest shipping company in the world, with 1,285 vessels, forming the Ocean Alliance together with Evergreen, CMA-CMG and OOCL shipping companies.

The first stage of construction of the Chancay port, with an estimated investment of USD 1.3 billion includes the entrance complex, the underground viaduct tunnel and port operating zone, which also includes the container terminal with two docks and the bulk loading, general loading and mobile loading terminal with two more docks. This amount includes the contribution already made by Volcan and the CSPL contribution of USD 225 million for 60% of shares. The rest of the investment will be financed by debt.

The development of the Chancay port represents a major opportunity for economic development in Peru through a new network of connectivity made up of maritime and terrestrial economic trade routes between China and the rest of the world. The exceptional characteristics of the Chancay port will enable this to become the integrated port and logistical hub in the Pacific region in the medium term.

It is worthy of mention that during 2018, our company began a technological and mine practice integration process as a first year of joint venture with our main partner Glencore A.G., establishing the foundations for a lower cost mining operation with higher safety standards, environmental protection and sustainability policies and social responsibility.

Finally, I would like to take this opportunity, on behalf of our Board of Directors, to thank all of our employees, executives and partners for their hard work, dedication, and commitment to the Company's objectives. It's also important to mention that we now have a history of seven decades of investment in mining development in our country's central highlands, with a commitment to sustainable growth in harmony with surrounding communities and the environment. This hasn't been an easy undertaking, however. There have been numerous challenges, and thanks to the hard work of our founders and those who have enabled the Company to continue to grow—workers, engineers, executives and directors—we have successfully overcome them.

Finally, I would like to thank you, our shareholders, for your confidence, support and interest in Volcan's activities.



José Picasso Salinas
Chairman of the Board

The development of the Chancay port represents a major opportunity for economic development in Peru through a new network of connectivity made up of maritime and terrestrial economic trade routes between China and the rest of the world

02.

IMPORTANT INDICATORS AND SIGNIFICANT CHANGES IN 2018



FINANCIAL

Net sales:
USD 775 million
(102-7)

EBITDA:
USD 289 million

Net profit before exceptional items:
USD 30 million

Net profit:
USD 29 million

Total assets:
USD 2,225 million

ENVIRONMENTAL

- ✓ The Company started the implementation of the Environmental Performance Indicators, which draw from the values reported to Glencore's corporate practice website;
- ✓ In 2018, the environmental-legal audit was performed by an external consulting firm and the results exceeded expectations for the year by 5%



66% of Critical Environmental Risks (RCA) implemented

SOCIAL

3,011
direct employees: 2,836 men and 175 women (102-7, 102-8)

7,784
employees with specialized companies

293 suppliers **74** subcontractors

- ✓ 38% of our employees are union members (workers and employees) (102-8)
- ✓ Community investment: USD 5 million
- ✓ The partnership between Volcan and Enseña Perú had a direct impact on more than 600 students, and an indirect impact on 1500 students, across all operating units.
- ✓ Volcan ranked third among mining companies for projects awarded under the Public Works Tax Credit Program (Obras por Impuestos).

Currently, the 20 MW Rucuy hydroelectric plant's penstock is no longer located on the slope, a raise borer was used to make the penstock go through the hill

▼ SIGNIFICANT CHANGES (102-10)

OPERATIONAL ASPECTS

There have been no changes in the location of Volcan operations or its suppliers during 2018. The structure of the supply chain and aspects related to selection or termination of contracts have remained the same as the previous year.

The 20 MW Rucuy hydroelectric plant (120 GWh/year) began its commercial operations in August 2016. In March 2017, part of the hydroelectric plant's penstock was damaged as a consequence of river overflows and mudslides caused by the coastal El Niño. The claim, categorized as a Force Majeure by Osinergmin, was promptly notified to the insurance company in order to request the recognition of damages and loss of profit.

During 2018, works were carried out to repair the penstock. A raise borer was used to make the penstock go through the hill and it is no longer located on the slope. The new design minimizes any future risk caused by detachment of rocks. The hydroelectric plant is expected to start operations in the second quarter of 2019.

In January 2019, in the city of Davos (Switzerland), the Company executed agreements with China's Cosco Shipping Ports Limited (CSPL) to build the Chancay Port. Through this agreement, Cosco Shipping will join Terminales



Portuarios Chancay (TPCH) as a shareholder upon the operation's closure, owning 60% of representative shares of the capital stock. Volcan will own the remaining 40% of TPCH capital stock.

CSPL is a subsidiary of China's Cosco Shipping Corporation Ltd., which is the largest integrated port and freight transnational company in the world, ranking first among the top container management companies, with 104 million TEUs per year, in almost 55 ports in Asia, America, Europe and the Middle East. It is important to note that this group also owns COSCO SHIPPING LINE, the world's largest shipping company, which is part of Ocean Alliance together with Evergreen, CMA-CMG and OOCL.

The first stage of construction of the Chancay port with an estimate investment of USD 1,300 million includes the entrance facilities, the underground pipeline tunnel, and the port operational area, which in turn comprise the container terminal and its two docks, and the bulk, general and rolling cargo terminal with two additional docks. This amount includes the payment already made by Volcan and the USD 225 million paid by CSPL for a 60% share of the capital stock. The difference will be financed through a non-recourse loan and no further capital contributions will be needed.

The development of the Chancay port is a great opportunity to boost Peru's economic development through a new connectivity network of maritime and land economic corridors between China and the rest of the world. Owing to its exceptional characteristics, Chancay port will become an important integrated port and logistics hub in the Pacific region in the medium term.

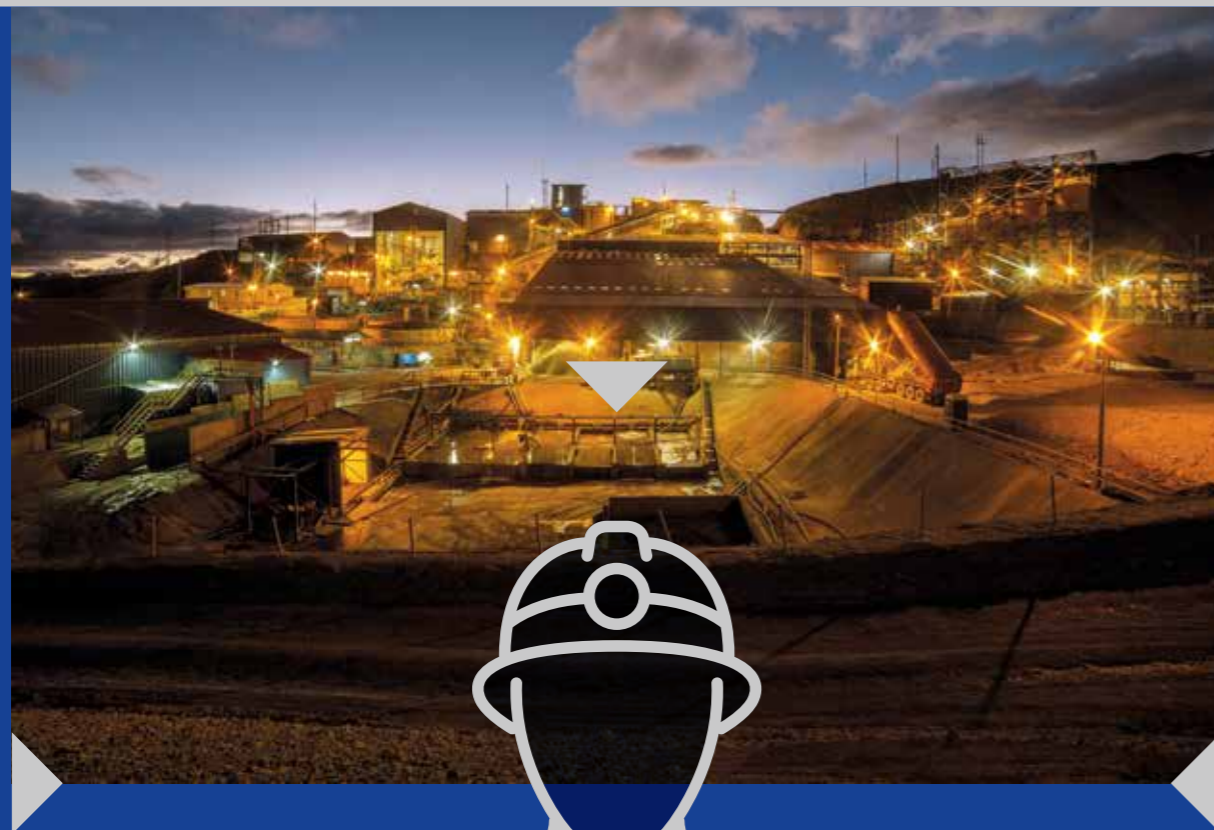
CORPORATE ASPECTS (102-7)

In November 2017, Glencore International AG acquired 55.028% of the Company's Class A shares and 23.29% of its capital stock. The Board of Directors was reorganized during that month, and subsequently ratified by the General Shareholders' Meeting held in March 2018. In January 2018, three Glencore officials joined Volcan: (i) Carlos Francisco Fernández Navarro, as Executive Vice President (ii) Aldo de la Cruz Peceros, as Vice President of Operations, and (iii) Jorge de Olazábal Angulo, as Deputy Manager of Corporate Environmental Affairs.

The development of the Chancay port is a great opportunity to boost Peru's economic development through a new connectivity network of maritime and land economic corridors between China and the rest of the world

03.

OUR COMPANY, A HISTORY OF COMMITMENT



Volcan is a Peruvian mineral exploration, production, and processing company which began operations in 1943. In 2018, Volcan celebrated 75 years since it began mining operations. **(102-1)**

Through the constant hard work and dedication of its directors, management and employees, it has become one of the largest producers of silver, zinc, and lead in Peru and the world.

The Company sells concentrates of zinc, lead, copper and silver, as well as doré bars, in the domestic and international markets. In addition, Volcan generates electric power through hydroelectric plants for its own supply and also sells power to several companies located near its operations. **(102-2)**

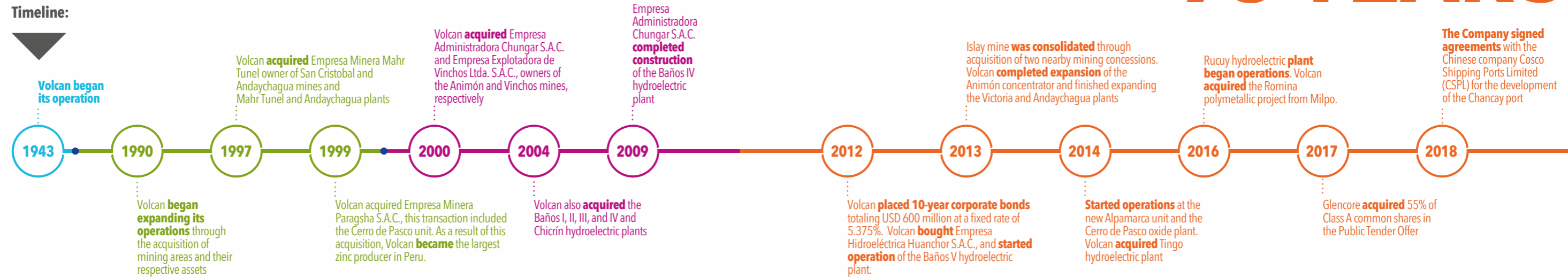
Its activities are classified under ISIC category 1320 (mining of non-ferrous metal ores) and ISIC 3510 (electric power generation, transmission and distribution). **(102-2)**

The Company, which resulted from a merger between Volcan Compañía Minera S.A. and Empresa Minera Mahr Túnel S.A., was incorporated on February 1, 1998, in a public deed executed before Notary Public Dr. Abraham Velarde Álvarez. Volcan is registered in the Public Mining Registry under Entry 1, Record 41074, and in Record 11363057 of the Registry of Legal Entities of Lima. **(102-5)**

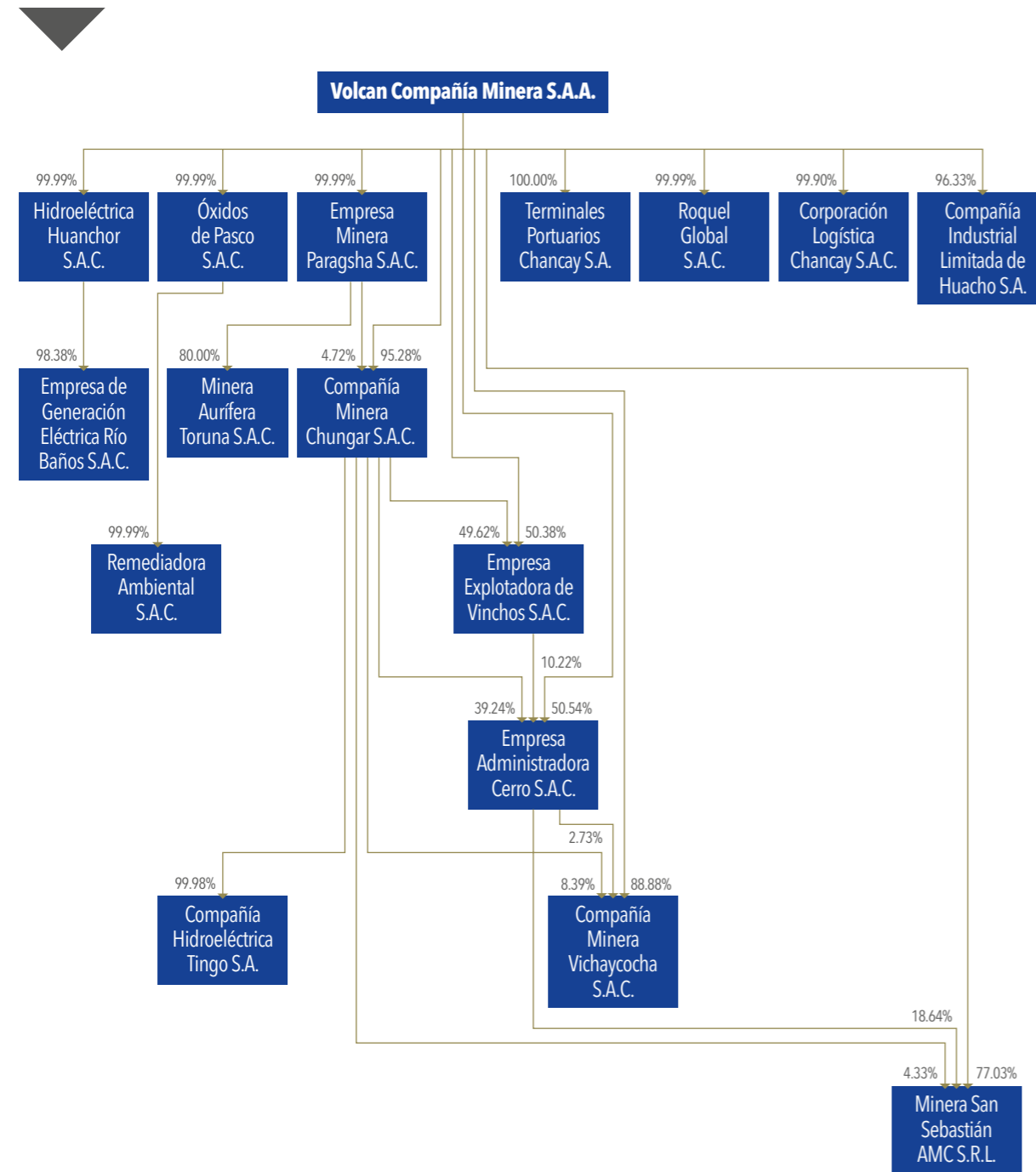
Volcan celebrated 75 years in mining industry, becoming one of the largest producers of silver, zinc, and lead in Peru and the world

75 YEARS

Timeline:



Corporate Structure (102-18 / 102-45)



▼ OUR OPERATIONS

Volcan carries out its activities in Peru, with operations in the regions of Lima, Pasco, and Junín. Its business address is Manuel Olguín N° 373, Santiago de Surco, Lima. The Company has five business units in Peru's Central Highlands: Yauli, Chungar, Cerro de Pasco, Alpamarca, and Óxidos de Pasco. Altogether, it has six underground mines, one open pit, seven concentrator plants, and a lixiviation plant. (102-3)(102-4)(102-7)

In addition, the Company owns 13 hydroelectric plants near its mining operations.



Volcan has five business units in Peru's Central Highlands: Yauli, Chungar, Cerro de Pasco, Alpamarca, and Óxidos de Pasco

Mining units, mines and plants					
UNIT	MINES			PLANTS	
	NAME	TYPE	STATUS	NAME	TYPE
Yauli	San Cristóbal	underground	active	Victoria	concentrator
	Andaychagua	underground	active	Mahr Tunel	concentrator
	Ticlio	underground	active	Andaychagua	concentrator
	Carahuacra	underground	active		
	Carahuacra Norte	open pit	suspended		
Chungar	Animón	underground	active	Animón	concentrator
	Islay	underground	active		
Cerro de Pasco	Mina Subterránea	underground	suspended	Paragsha	concentrator
	Raúl Rojas	open pit	suspended	San Expedito	concentrator
	Vinchos	underground	suspended		
Alpamarca	Río Pallanga	underground	suspended	Alpamarca	concentrator
	Alpamarca	open pit	active		
Óxidos de Pasco	Stockpiles	stockpiles	active	Óxidos	lixiviation

Mining units and their products (102-2)

UNIT	OBTAINED PRODUCTS	FINE CONTENTS
Yauli	Zinc concentrate	Zinc, silver
	Lead concentrate	Lead, silver
	Copper concentrate	Copper, silver, gold
Chungar	Zinc concentrate	Zinc, silver
	Bulk concentrate	Lead, copper, silver
Cerro de Pasco	Zinc concentrate	Zinc, silver
	Lead concentrate	Lead, silver
Alpamarca	Zinc concentrate	Zinc, silver
	Bulk concentrate	Lead, copper, silver
Óxidos de Pasco	Doré bars	Silver, gold

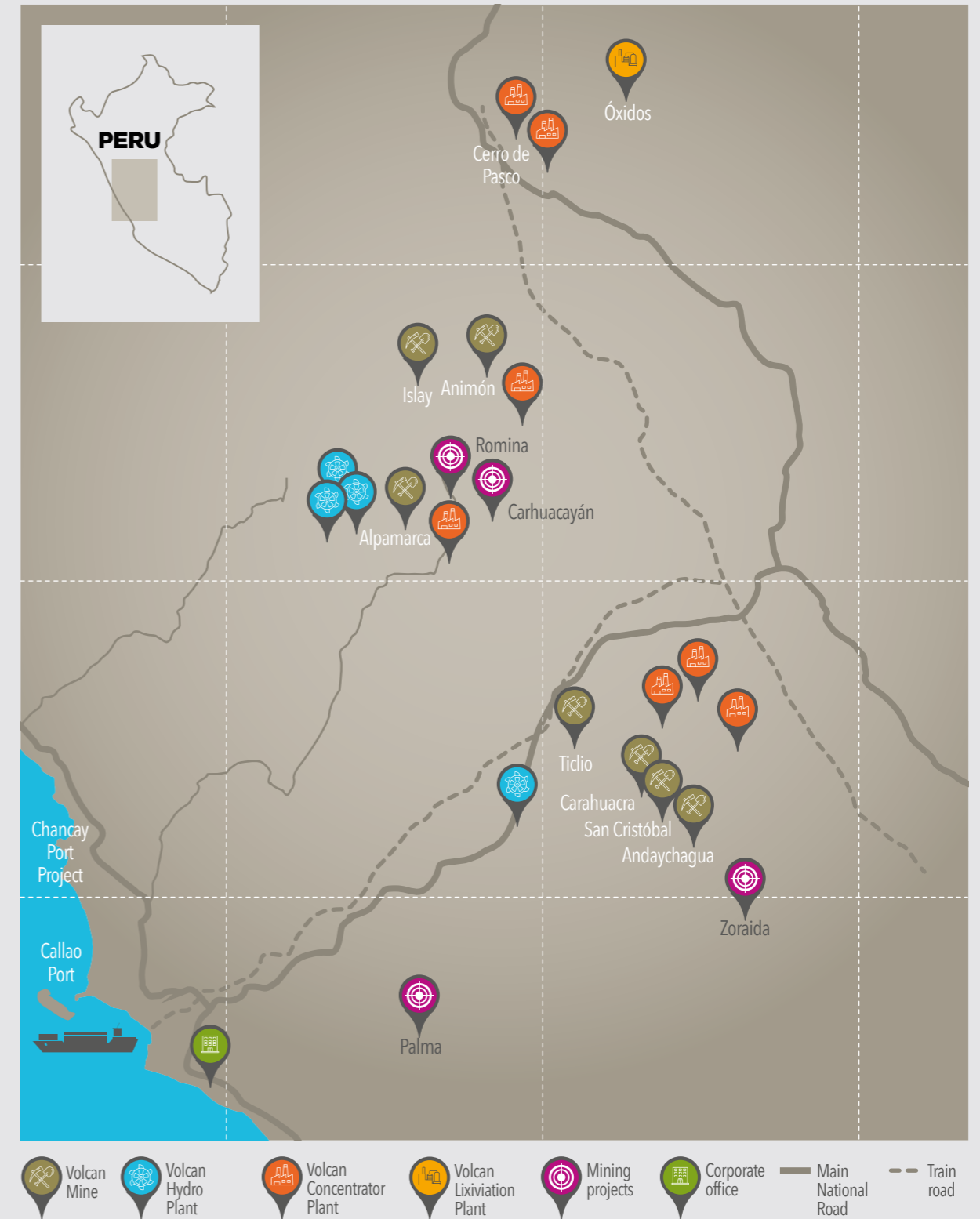
Location of mining units (102-4)

UNIT	REGION	LOCATION
Yauli	Junín	170 km from the city of Lima
Chungar	Pasco	219 km from the city of Lima
Cerro de Pasco	Pasco	295 km from the city of Lima
Alpamarca	Junín	182 km from the city of Lima
Óxidos de Pasco	Pasco	295 km from the city of Lima

Location of hydroelectric plants (102-4)

HYDROELECTRIC PLANT	REGION	LOCATION
CHS Chungar*	Lima / Pasco	170 km from the city of Lima
CH Tingo	Lima	130 km from the city of Lima
CH Huanchor	Lima	110 km from the city of Lima
CH Rucuy	Lima	142 km from the city of Lima

* There are 10 hydroelectric plants: Baños I to V (5), Chicrín I to IV (4) and San José (1). Only CH San José is located in Pasco.



Volcan Mine
 Volcan Hydro Plant
 Volcan Concentrator Plant
 Volcan Lixiviation Plant
 Mining projects
 Corporate office
 Main National Road
 Train road

In 2012, the Company's vision, mission and values were reviewed and adapted to the new challenges of the future (102-16)

▼ WORKING WITH SOLID CORPORATE PRINCIPLES

MISSION

Volcan is a mining company of Peruvian origin pursuing the maximization of shareholder value through operational excellence and the highest standards of workplace safety and environmental management, contributing to the development of its personnel and its community.

VISION

By 2021, Volcan aspires to be one of the principal mining companies diversified in the production of base and precious metals, a leader in growth and operational excellence, acting in a socially responsible manner with a dedicated and highly qualified workforce.

CORPORATE VALUES (102-16)

- ▼ **Safety:** Our actions are aimed at mitigating all risks in order to guarantee the health and safety of our employees in day-to-day operations.
- ▼ **Integrity:** Our conduct reflects an honest, just, ethical, and transparent attitude in all of our actions.
- ▼ **Commitment:** We are part of a larger corporate project in which we firmly believe and for which we give our best.
- ▼ **Excellence:** We strive to always meet the highest performance standards in our work to achieve outstanding results.
- ▼ **Respect:** Our actions are aimed at creating harmonious relationships with our employees, communities, environment, customers, and shareholders.

▼ OUR VALUE CHAIN

Volcan's business value chain describes how we carry out key strategic activities to generate value for the end customer.

Value Chain



The corporate principles and values and in its Code of Ethics and Conduct contribute to professional development and to generating a workplace climate of integrity and honesty

▼ WORKING WITH INTEGRITY

The Company has established a set of standards stipulated in corporate principles and values and in its Code of Ethics and Conduct, which contribute to professional development and to generating a workplace climate of integrity and honesty. These policies are followed by the employees, managers and directors of Volcan and its subcontractor companies.

The Company promotes full compliance with this code. If the employee is aware of any unethical behavior, they must report it to their manager or general auditor. They can also use the anonymous "Complaint Line", an anonymous communications channel that is open to every employee. (102-17)

The Code of Ethics and Conduct, approved by the Board of Directors and Senior Management, is provided to all employees for their acceptance and is also published on the Company's web site. Subcontractors are also provided with a copy of the orientation manual and the mission, vision, and values of the Company are explained to them.

CODE OF ETHICS AND CONDUCT

(102-16) (103-2)

Volcan Compañía Minera S.A.A. and its Subsidiaries adopt an ethical and equitable behavior through a non-sectarian, apolitical, socially and environmentally responsible corporate culture. For this, the Company abides by the following values and principles:

- Justice and integrity in business affairs, including the ethical settlement of actual or potential conflicts in personal and professional relationships;
- Respect to Human Rights and the dignity of all employees;
- Acceptance of several cultures, religions, races, genders and sexual orientations;
- Honest, transparent and responsible actions;
- Observance of the corporate government's honesty standards and the relevant laws.

The Company and people subject to this Code must meet the following principles, duties and rules:

1. CONFLICT OF INTERESTS

Conflicts between personal concerns and the Company's interests must be avoided.

2. GIFTS AND COURTESY GESTURES

The employee is not authorized to deliver or accept, directly or indirectly, favors, gifts or courtesy gestures that may compromise or give the impression that they compromise their professionalism or impartiality, or that may affect their capacity to act with integrity in the Company's best interest.

3. LEISURE ACTIVITIES

The Company recognizes that social activities are important for business relationships; however, employees must not become involved in activities that

may affect their integrity, professionalism or judgment regarding business decisions and relationships.

4. USE OF GOODS AND SERVICES

The employees cannot use the Company's goods and services for their personal benefit or other personal purposes (other than their duties or those scheduled by the Company), without written approval of their Manager.

5. RESPONSIBILITY

The employees are not authorized to give, offer, authorize or accept, directly or indirectly, any valuable (bribery) to achieve an undue personal or business advantage that may be deemed as an incorrect behavior.

6. WORKDAY AND VACATIONS

Negligence, dishonesty and abuse regarding the required working hours will be considered a noncompliance with the Code of Ethics, and may give rise to disciplinary measures.

7. PAYMENT ERRORS

Any payment in excess, or the irregular payment of amounts of money to the employee or to a third party not entitled to it, or due to a mistake, must be immediately notified to their Manager.

8. BUSINESS OPERATIONS

Purchase agreements and tenders must be awarded on the basis of quality, service, price and availability, within the parameters of the Company's policies and procedures and any law in effect.

All counsel and/or suppliers of goods or services must have good reputation and integrity if they intend to carry out business with the Company.

9. INTOXICATING SUBSTANCES

It is forbidden to consume, possess or distribute alcoholic beverages or illegal drugs within the Company, as well as to come to the workplace while under their influence.

10. INFORMATION OWNED BY THE COMPANY

The employees are obliged not to disclose, without the corresponding authorization, to any person within or outside the Company, who has no need to know the information, confidential data or information owned by the Company or belonging to their operations or properties, or to disclose it to a supplier, consultant, customer, competitor or business associate, current or potential, without prior authorization by their Manager, who, in turn, may ask the General Manager on how to proceed.

11. REPORTING NON-ETHICAL CONDUCTS

The Company does not excuse behaviors that are incompatible with the Code of Ethics and Conduct. If the employee is aware of any unethical behavior, they must report it to their Manager or General Auditor. (102-17)

If the employee is aware of any behavior incompatible with this Code by any member of Management, they must report it to the Audit Committee. Reports can be made confidentially.

12. DECLARATION OF HUMAN RIGHTS

The Company strives to ensure that every individual within the group respects the rights and freedoms enunciated below and to secure their effective recognition and observance throughout the group. Taking into account the health and safety parameters permitted by its line of business, the Company seeks to protect the right to: (102-16)

- Human dignity;
- Fair treatment (acknowledging the prior existence of disadvantaged groups);
- Liberty and security of individuals;
- Not be subjected to slavery, servitude and forced labor;
- Freedom of conscience, religion, thought, belief and opinion;
- Freedom of expression (subject to considerations of confidentiality and the prohibition of hate speech and incitement to cause harm);
- Freedom of association;
- Fair labor practices;
- Not to be employed if you are a child, except for exceptions stipulated by law;
- Not to be arbitrarily deprived of property or possessions;
- Freely participate in the cultural activities of your choice;
- Lawful, reasonable and fair action;
- Not to be subject to arbitrary arrest or detention.

Treated volume decreased by 2.8%, mainly due to suspended operations, explained by the implemented safety measures

▼ PARTICIPATION IN ASSOCIATIONS AND ORGANIZATIONS (102-13)

- National Society of Mining, Petroleum and Energy: Active member;
- American Chamber of Commerce of Peru (AmCham): Member of the Sustainable Development Committee;
- Peruvian Foreign Trade Association (Comex);
- Enseña Perú (Teach Peru): Member of Campeones por la Educación (Education Champions), a partnership among companies committed to education and whose goal is to close learning gaps in math and reading comprehension.

▼ AWARDS AND HONORS

Awards and honors received in 2018

DATE	AWARD/HONOR	INSTITUTION
April	Third Place - Ticlio Mine National Mining Safety Contest - Underground mine category	Mining Safety Institute of Peru (ISEM)
April	Fifth Place - Andaychagua Mine National Mining Safety Contest - Underground mine category	Mining Safety Institute of Peru (ISEM)

▼ 2018 RESULTS

OPERATING RESULTS

Mine Production

In 2018, treated volume decreased by 2.8%, mainly due to suspended operations at Animón (24 days), Islay (22 days), San Cristóbal (12 days), Carahuacra (15 days), Andaychagua (5 days) and Ticlio (5 days) explained by the implemented safety measures.

Zinc production fell by 5.5%, lead by 7.9%, and silver by 1.7%, relative to 2017, while gold production increased by 43.5%. The lower production of zinc, silver and lead is mainly explained by lower treated ore grades and the abovementioned suspension of operations.

Consolidated Mining Production (102-7)

	2017	2018	VAR %
Ore treatment (thousand MT)	8,312	8,077	-2.8
Concentrator plants	7,440	7,164	-3.7
Oxides plants	872	914	4.8
Fines content			
Zinc (thousand FMT)	255.1	241.1	-5.5
Plomo (thousand FMT)	51.3	47.2	-7.9
Cobre (thousand FMT)	5.4	4.6	-13.9
Plata (million Oz)	17.3	17.0	-1.7
Oro (thousand Oz)	8.1	11.6	43.5

Source: Volcan Cia Minera

Ore treatment (thousand MT):

8,312 2017 → **8,077** 2018

Energy Production

In 2018, Volcan's 13 hydroelectric plants generated 308 GWh, which represents 43% of the Company's total energy consumption.

Chungar's 10 hydroelectric plants generated 153 GWh of power altogether, 21% of the Company's total consumption. Moreover, the Tingo hydroelectric plant generated 9 GWh, which was sold directly to the Company. Volcan purchased 550 GWh from the Sistema Eléctrico Interconectado Nacional (National Interconnected Electric System) in order to meet its total consumption demand.

The Huanchor hydroelectric plant produced 146 GWh. This power was sold to third parties. By the closing date of this report, the operations at the Rucuy hydroelectric plant were still suspended due to the damage caused by the coastal El Niño in March 2017. The project to repair the penstock includes the construction of a tunnel and, subsequently, a shaft.

Volcan Electricity Balance in GWh (102-7)

	2017	2018	VAR %
Electricity Balance	352	308	-13
CH's Chungar	162	153	-6
CH Tingo	9	9	1
CH Huanchor	147	146	-1
CH Rucuy	35	0	-100
Energy consumption	707	712	1
Energy purchase	541	550	2

Source: Volcan Cia Minera

Energy production (GWh):

352 2017 → **308** 2018

Energy consumption (GWh):

707 2017 → **712** 2018

FINANCIAL RESULTS

Income Statement (MM USD) (201-1)

	2017	2018	VAR %
Sales before adjustments*	860.2	831.5	-3.3
Sales after adjustments	856.7	775.1	-9.5
Sales costs	-566.1	-534.1	-5.7
Gross profit	290.6	241.0	-17.1
Gross margin	34%	31%	-3pp
Net Profit before exceptional items	92.7	30.3	-67.3
Net margin	11%	4%	-7pp
Exceptional adjustments**	-570.2	-0.9	
Net profit after except.	-477.5	29.4	
EBITDA***	343.0	288.6	-17.9
EBITDA margin	40%	37%	-3pp

EBITDA (MM USD)

343.0 2017 → 288.6 2018

* Includes sales and sales costs of energy business.

** In 2018, exceptional items were USD -12.3 MM in sales costs, USD 38.7 MM in other income (expenses) and USD -27.4 MM due to taxes, totaling USD -0.9 MM

*** Does not consider exceptional adjustments.

Source: Volcan Cía Minera



Mining Sales

Volcan mining sales totaled USD 775 million in 2018, a 9.5% decrease compared to the previous year. (102-7)

Detail of mining sales, by metal (201-1)

	2017	2018	VAR %
Zinc	484.5	488.6	0.8
Lead	96.5	92.5	-4.2
Copper	19.5	16.3	-16.4
Silver	252.7	220.7	-12.7
Gold	6.9	13.4	94.1
Sales before adjustments	860.2	831.5	-3.3
Final settlements	9.4	-34.5	
Prov. on open positions	-7.2	-8.0	10.6
Hedging	-5.6	-13.9	149.7
Sales after adjustments	856.7	775.1	-9.5

Source: Volcan Cía Minera

Volcan's main customers are domestic, accounting for 69% of sales value in 2018, followed by South Korea with 15%; China, with 7%; Italy, with 2%; the United States, with 2%, among others. (102-6)

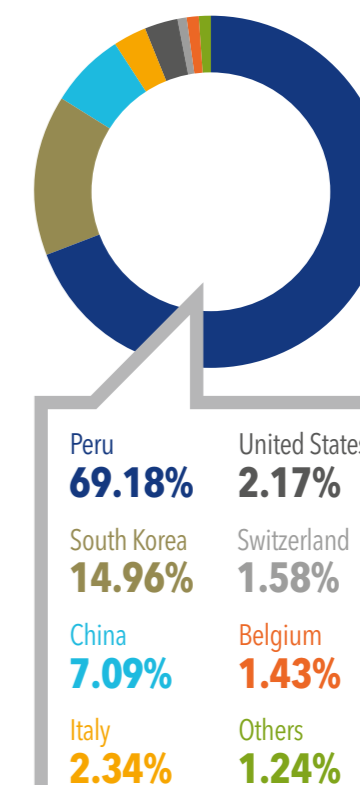
Energy Sales

In the energy sector, net sales totaled USD 6.8 million. (102-7)

Energy Sales (MM USD)

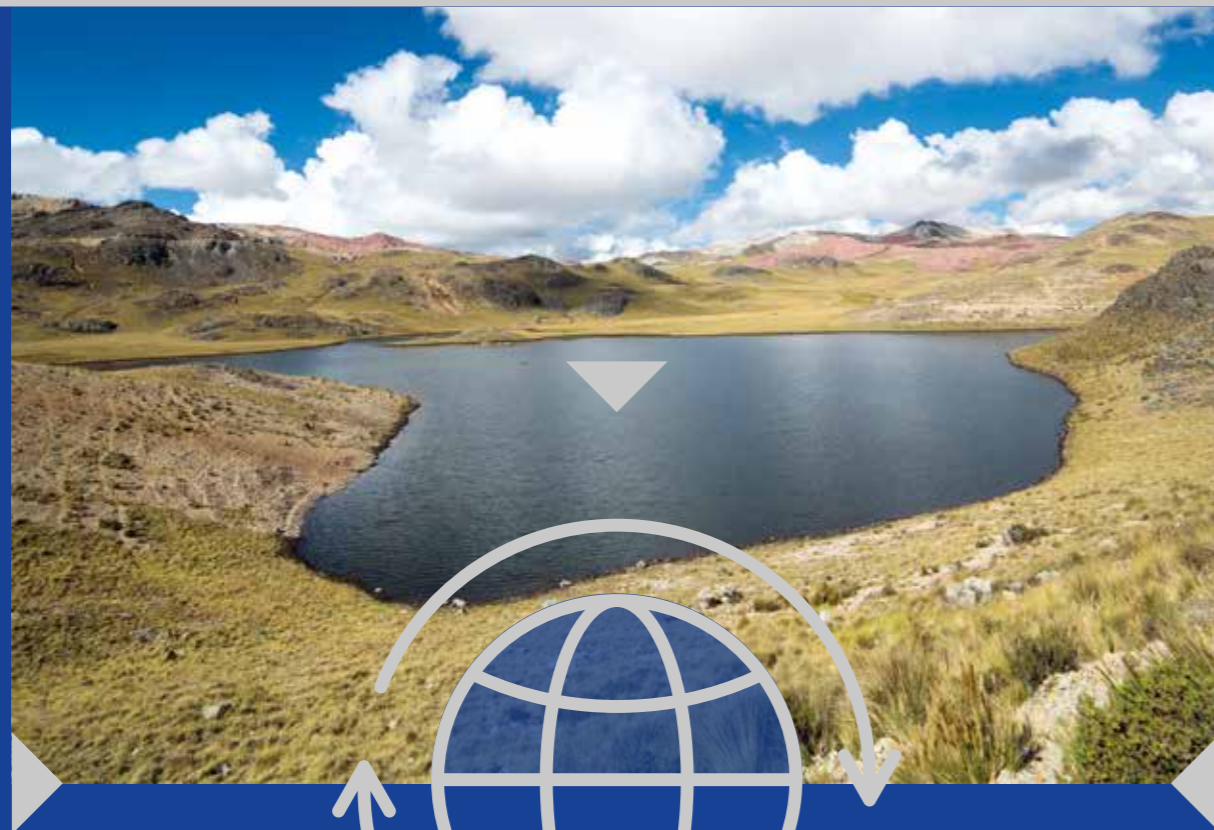
	HUANCHOR	EGERBA	TINGO	TOTAL
Free Clients	-0.61	0.00	0.00	-0.61
Regulated Clients	5.90	0.00	0.00	5.90
Spot Market	0.03	0.00	0.00	0.03
Transmission	0.00	0.24	1.23	1.47
Total	5.32	0.24	1.23	6.79

Percentage of sales by destination, 2018



04.

SUSTAINABILITY MANAGEMENT



▼ SUSTAINABLE DEVELOPMENT GOALS (SDG) (102-12)

Volcan believes it is extremely important to promote harmonious relations with the communities in the area of influence of its operations. In order to prioritize Volcan interventions in communities within its area of direct influence, the Company has aligned its voluntary corporate social responsibility initiatives with the United Nations Sustainable Development Goals (SDG). In addition, to achieve its goals Volcan has forged partnerships with private entities, government agencies, and non-governmental organizations. Its social responsibility plans and actions are focused mainly on the following objectives:

SDG to which we contributed in 2018:





Ensure healthy lives and promote well-being for all at all ages

Volcan has committed to generating material and sustainable improvements in community health standards within its area of influence. Therefore, in alliance with Prisma, a non-governmental organization and strategic health partner, the Company has designed a project to identify the principal diseases in each community, monitor their evolution over time, and develop medical campaigns to address them.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

In 2018, Volcan continued its multi-annual partnership with Enseña Perú to incorporate teachers from their organization into various schools within the Company's area of influence. This produced immediate results in terms of academic performance and soft skills improvement for more than 1,500 students. The intervention was focused on the Cerro de Pasco, Chungar and Yauli units. In addition, the Company continued with the SENATI and CETEMIN comprehensive scholarship program, which directly benefits youth from communities near its operations.



Ensure availability and sustainable management of water and sanitation for all

All Public Works Tax Credits projects contribute to reduce poverty (SDG 1), develop infrastructure (SDG 9) and create partnerships for development (SDG 17).

Since 2010, Volcan has committed PEN 126 million to finance 15 infrastructure and utilities project of great social impact. These education (SDG 4), water and sanitation (SDG 6), solid waste management and transport (SDG 11) projects, among others, benefit almost 500,000 people and incorporate sustainability and innovation components and comprehensive solutions.

In addition, the Water and Sanitation-Huaychao project was concluded. It benefits approximately 1600 people.



Ensure access to affordable, reliable, sustainable, and modern energy for all

Volcan owns hydroelectric plants and has chosen to invest in clean, renewable hydroelectric generation projects to supply its own operations and third parties. It has also invested in its own electricity transmission systems in an effort to better manage its cost structure, ensure greater availability of power for its mining operations, and contribute to reducing greenhouse gas emissions.

Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

In 2018, the Food Market of Chancay was built as part of the public works tax credit, and required an investment of approximately PEN 22 million. The market will enable 85,000 people to buy their products in a cleaner environment. This project will have a significant social impact and will foster the area's growth and economic development, improving the quality of life of Chancay residents. Through this type of works, Volcan continues contributing to reduce the country's infrastructure gap.



▼ SUSTAINABILITY STRATEGY

The business approach has shifted in recent years, aiming at improving the relation between profitability and responsibility. Modern and efficient companies make commitments to the comprehensive development of its economic, social and environmental area of influence. Volcan adheres to this concept, with the understanding that proper management of its environmental impacts has a positive effect on value generation and enables the Company to develop its operations in a sustainable manner. (102-11) It is important to emphasize that Volcan's internal policies are in compliance with Peruvian law.

Volcan's Environmental Management System (EMS) aids the Company in identifying and preventing environmental damage. The system optimizes water and energy consumption, controls waste production, and assists in evaluating the Company's commitments. Volcan updates, improves, and redesigns environmental measures as needed.

In addition, the Internal Auditing unit identifies opportunities for improvement and incorporates preventive and corrective actions throughout the different areas of the Company. The Company's permanent evaluation system contributes to the continuous improvement of procedures, adds value, and optimizes management of economic, social, and environmental risks.

Finally, the different areas of the Company are overseen and subject to enforcement by government regulatory entities that evaluate compliance with legal procedures and statutes. In this regard, the Company dedicates careful attention to the legal commitments made in the various environmental instruments it manages.

▼ INFORMING WITH TRANSPARENCY

Volcan conducted an evaluation to identify stakeholder groups that in one way or another are directly or indirectly influenced by its operations, taking into consideration both potential positive and negative impacts. (102-42)(102-40)



It is important to note that stakeholder participation occurs in the various stages of mining

▼ STAKEHOLDER MANAGEMENT AND DIALOGUE

Establishing solid, lasting relations with stakeholder groups is a strategic goal of Volcan's environmental management. The Company conducted surveys and interviews with employees, suppliers, and subcontractors, as well as focus groups with community representatives in its areas of direct influence. In addition, community relations specialists contributed quality information for understanding community expectations. **(102-43)**

It is important to note that stakeholder participation in the various stages of mining activity occurs through processes of dialogue, negotiations, participation in informational workshops, communication mechanisms, and complaint and grievance channels. These dialogue mechanisms enable the Company to understand and more closely manage its relations with stakeholder groups. **(102-43)**

Stakeholder group expectations, by GRI category (102-44)

GRI CATEGORY	EXPECTATIONS
Economic	Value generated (revenues) and distributed (operating and administrative costs, payroll, investment in the community, etc.) Indirect economic consequences (investment in infrastructure, development of economic activities in the area of influence)
Environmental	Water use and management Biodiversity protection Effluent and waste management Investments for improved environmental performance
Social (Labor)	Employment and work practices (staff retention, turnover, social benefits, support to employees approaching retirement) Employee training and education Occupational health and safety management Diversity and equal opportunities
Social (Society)	Impacts on communities and their management Information for customers and their satisfaction level Planning for operation closure

Principal mechanisms for dialogue with stakeholder groups (102-43)

STAKEHOLDER	MECHANISMS
Shareholders	General Shareholders' Meeting
	Informational meetings
	Website for the Securities Market of the Superintendency of Securities Market (SMV)
	Email and post
	Telephone
Employees	Company web site
	Frequent and interdepartmental meetings with teams.
	Bimonthly meetings with unions
	Response to complaints
	Virtual media, intranet and daily email and boards
	Occupational Health and Safety Committees in all Operating Units
	Activities with employees
Community	Daily interaction with community actors
	Weekly meetings with authorities
	Daily coordination with community groups
	Assemblies with active community participation
	Strategic meetings with thought leaders
Government and Civil Society	Community outreach through print and radio media
	Requests and letters
	Email
Customers	Telephone communications
	Information Office
	Permanent interaction via email and telephone
Suppliers and contractors	Incident and complaints areas
	Visits to plants
	Permanent interaction
	Email
	Telephone

05.

SHAREHOLDER RELATIONS MANAGEMENT



▼ SHARE STRUCTURE

Subscribed, paid-in and registered capital as of December 31, 2018 was PEN 3,546,617,792, comprised of 1,633,414,553 Class A common shares and 2,443,157,622 Class B common shares; the nominal value of each share is PEN 0.87. The subsidiary Empresa Minera Paragsha S.A.C. holds 182,920,322 Class A common shares and 12,234,901 Class B common shares. The subsidiary Compañía Minera Chungar S.A.C. holds 23,442,345 Class A common shares. The subsidiary Compañía Industrial Limitada de Huacho S.A. holds 306,283 Class A common shares.



Capital
PEN 3,546,617,792

Class A common shares
1,633,414,553

Class B common shares
2,443,157,622

Principal shareholders - Class A common shares

	%	TYPE OF PERSON	NATIONALITY	ECONOMIC GROUP
Glencore International AG	41.91	Legal	Switzerland	Glencore
Empresa Minera Paragsha S.A.C.	11.20	Legal	Peruvian	Volcan
De Romaña Letts José Ignacio	10.33	Natural	Peruvian	Not applicable
Letts Colmenares de De Romaña Irene Florencia	9.90	Natural	Peruvian	Not applicable
Blue Streak International N.V.	8.38	Legal	Netherlands Antilles	Not applicable
Sandown Resources S.A.	7.81	Legal	Panama	Glencore

(*) El grupo Glencore, incluyendo todas sus subsidiarias, alcanza el 55.03% de participación

Principal shareholders - Class B common shares

	%	TYPE OF PERSON	NATIONALITY	ECONOMIC GROUP
AFP Integra - Fondo 2	10.63	Legal	Peruvian	Not applicable
Prima AFP - Fondo 2	8.61	Legal	Peruvian	Not applicable
AFP Integra - Fondo 3	8.56	Legal	Peruvian	Not applicable
Prima AFP - Fondo 3	7.23	Legal	Peruvian	Not applicable
Profuturo AFP - Fondo 2	6.76	Legal	Peruvian	Not applicable
Profuturo AFP - Fondo 3	4.92	Legal	Peruvian	Not applicable
López de Romaña Dalmau Hernando Diego F.	4.08	Natural	Peruvian	Not applicable

▼ STOCK MARKET PARTICIPATION

Volcan shares are traded on the Lima Stock Exchange, the Santiago Stock Exchange, and the Latibex in Madrid.

Stock Market

SHARE	LIMA STOCK EXCHANGE	STOCK EXCHANGE	MADRID STOCK EXCHANGE LATIBEX
Volcan Class "A" common share	VOLCAAC1	VCMAC1	
Volcan Class "B" common share	VOLCABC1	VCMBC1	XVOLB.MC

▼ STRATEGIC COMMITTEES

These committees are responsible for decision-making and management of the following economic, social, and environmental aspects. Board committees are made up of Company directors, while operational committees are comprised of Company officials. (102-18)

Board Committees (102-20)

COMMITTEE	DUTIES
Executive Committee	Research and resolve matters entrusted to it by the Board of Directors, except for accounting matters, distribution of provisional dividends, submission of financial reports to the General Shareholders' Meeting, and the specific powers that the General Shareholders' Meeting concedes to the Board of Directors, in accordance with Article 38 of the bylaws.
Audit Committee	Support management to ensure compliance with the Company's Good Corporate Governance standards.
	Monitor compliance with the Company's Strategic Management of Corporate Risk.
	Guarantee the existence of a proper internal control system.
Human Resources Committee	Monitor the implementation of effective controls based on the cost/benefit evaluation.
	Although there is no formal Risk Committee, most of its duties are carried out by the Audit Committee.
	Ensure that an organizational structure is maintained in accordance with business needs, promoting meritocracy and professional development of the company's executives.
Corporate Social Responsibility Committee	Define guidelines for compensation plans (current and long-term) for management levels, to ensure alignment with company objectives and consistency with market conditions, to attract and retain the best talent available.
	Participate in determining annual bonuses for senior management based on performance.
Corporate Social Responsibility Committee	Define annual objectives and priority improvement initiatives in the areas of community, environment, and occupational health and safety.
	Monitor progress of implementation of priority initiatives, including progress of the Dupont project.
Corporate Social Responsibility Committee	Analyze and propose for assessment specific topics that require a Board decision.

Operational Committees (102-20)		
	COMMITTEE	DUTIES
LIMA	Management Committee- Occupational Health and Safety	Follow-up and enforcement of standards, procedures and management indicators on severity and accident rates.
	Environmental Affairs Committee	Control and follow-up to environmental licenses and certifications. Follow-up and control of environmental inspections to identify and prevent environmental impacts and potential deviations from the regulations.
UNITS	Management Committee- Health and Safety in the Workplace	Follow-up and control of the Safety Management System. Monitor Occupational Health, Safety, Environment, and Quality system (known as SSOMAC) committees. Participate in scheduled safety inspections.
	Human Resource Management Indicators Committee	Control and follow-up of human resource management indicators: overtime, absenteeism, vacations, selection, medical exams, etc.
	Environmental Services Management Committee	Responsible for implementing the Environmental Management System.
	Health Indicators Committee	Follow-up and control of occupational health indicators.
	Meeting on operational results, production indicators and costs	Follow-up and control of monthly budget compliance. Control of mine planning, production indicators, physical goals and costs.

▼ INVESTOR RELATIONS

Volcan strives to maintain constant communication with all stakeholders, above and beyond legal requirements. The Company believes it is essential that current and potential investors are provided with timely, complete, accessible, and transparent information about the key activities that could affect their decisions. In this area, the main achievements in 2018 were: **(102-43)**

- Preparation and organization of the required annual general shareholders meeting
- The CEO's or CFO's quarterly presentation of financial statements to specialized analysts who cover Volcan stock
- Participation in three non-deal road shows for institutional and individual investors
- Visits to leading stockbrokers in Peru to present the Company's results and outlook to their personnel and customers
- Guided visits to our mining units for analysts and investors seeking an in-depth understanding of our mining and metallurgy operations
- Participation in conferences with national and international investors, and presentation of the Company's operating and financial results
- Hiring a consultant specialized in corporate communications to achieve greater transparency with different stakeholder groups
- Rollout of Volcan's new corporate website layout, providing access to more detailed information through a modern web platform.

The Company believes it is essential that current and potential investors are provided with timely, complete, accessible, and transparent information about the key activities that could affect their decisions



06.

HEALTH AND SAFETY



Volcan understands that proper management of health and safety is vital for the sustainability of its operations. Therefore, it ensures careful hazard identification and evaluation of risks to health and safety in all of its activities, in order to minimize accidents and incidents for its direct employees as well as indirect employees. There are significant inherent risks in the mining sector, particularly in underground mining. (103-1)

Our strategy for ensuring appropriate management of occupational health and safety is defined as follows:



Management commitment and involvement through the Occupational Health and Safety, Environment, and Quality Policy.



Safety Management System based on four fundamental pillars:

- Risk evaluation
- Conditions
- Training
- Behavior

The Company understands that proper management of health and safety is vital for the sustainability of its operations

- Implementation of management tools:
 - Hazard identification
 - Risk evaluation
 - Definition of controls, inspections and critical risks
 - Training tailored to each position
 - Audit on safe behavior and compliance with internal work regulations, and internal occupational health and safety regulations.
 - Development of and training in standards and procedures.

- Subcontractors involvement in knowing and enforcing the Safety Management System.
- Occupational health management establishes standards, procedures, preventive programs and manuals, in order to standardize preventive topics. The main topics include occupational hygiene, ergonomics and occupational psychology, which aim to prevent occupational diseases. Additionally, health is promoted through occupational health and on-site health care, and social welfare is provided through insurances.

▼ EVALUATION OF OCCUPATIONAL HEALTH AND SAFETY (103-3)

- Safety Management System: Internal and corporate audits
- Conditions: Inspections focused on critical safety risks
- Legal: External enforcement (SUNAFIL and OSINERGMIN)
- Health: Monitoring of agents, risk factors and occupational studies

▼ OHS TRAINING, COMMUNICATION AND MOTIVATION

- Annual occupational health and safety training, approved by the joint committee at each operating unit.
- Annual training plan based on legal requirements for the sector.
- Supervisor Development Program focused on developing soft and technical skills.
- Amauta Minero program aimed at operators involved in critical mining operation activities, to develop their technical skills and understanding of the importance of following procedures.
- Training provided to direct employees and contractors.



- Communication campaigns aimed at employees exposed to risks, to prevent accidents.
- Monthly employee recognition and quarterly supervisor recognition on safest work practices, for direct and third-party employees.

▼ **ASSET SECURITY**

Volcan supports appropriate interaction of surveillance and security personnel with neighboring communities and stakeholders by sharing its corporate values: respect for individuals and fair treatment. The Company rejects all types of violence, abuse, and discrimination inside or outside its facilities. (103-1)

To promote compliance with principles in support of individual rights, Volcan trains, supervises, monitors, and evaluates the actions of surveillance and security personnel to prevent inappropriate conduct. (103-2)

Company Security coordinators monitor the behavior of surveillance personnel through controls implemented at each of the mining units. (103-3)

No complaints, reports or grievances were received in 2018 from communities or other stakeholders regarding treatment by Volcan surveillance and security staff.

No complaints, reports or grievances were received in 2018 from communities

HUMAN RIGHTS TRAINING FOR SECURITY AGENTS

In 2018, the surveillance personnel of all mining units received training in: (410-1)

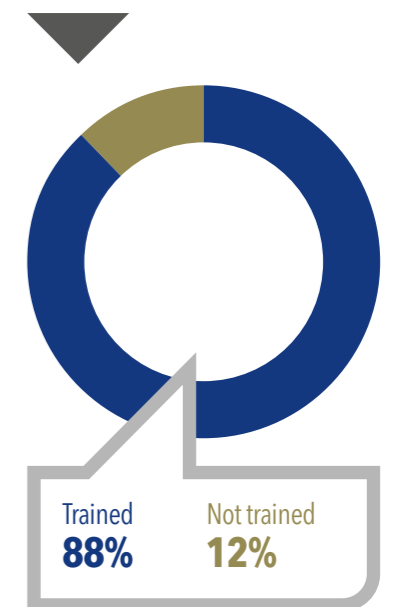
- **Emotional intelligence:** Surveillance personnel learn how to handle emotional situations when facing imminent aggression by third parties, and how to control occupational stress that may affect their activities and oversight duties.
- **Customer service and satisfaction:** Ensure that all people who visit the facilities receive a tailored service, focused on fair, friendly and respectful treatment.
- **Voluntary principles on security and human rights:** The purpose of this training is to maintain operational security within a framework that ensures respect for fundamental individual rights and freedoms.
- **Human rights:** Training focused on human values, the right of individuals to receive fair and equitable treatment, as well as non-discrimination on the basis of origin, age,

gender, sexual orientation, education, religion, customs, or socioeconomic status.

- **Citizen's arrest:** This course focused on the actions to be followed by surveillance personnel to detain a person found committing an illegal act. The arrest is made according to the legal framework and respecting the person's rights and physical integrity.

Human rights training for security personnel (410-1)			
UNIT	TRAINED	NOT TRAINED	TOTAL
Yauli	120	7	127
Chungar	63	5	68
Cerro de Pasco	75	30	105
Alpamarca	21	0	21
Hydroelectric plants	38	4	42
Lima office	12	0	12
Total	329	46	375

Percentage of security personnel, trained and not trained (410-1)



▼ **MANAGEMENT OF OCCUPATIONAL SAFETY**

In 2018, in coordination with Glencore's Corporate HSEC*, Volcan implemented the SafeWork Program. (103-2)

SAFework PROGRAM:

- Twelve fatal hazard protocols (FHP)
 - Replacing eight critical safety risks
 - Each FHP has three stages of implementation:
 - › Stage 1: Enforcement, goal for 2018
 - › Stage 2: Mature stage, goal for 2019 and 2020
 - › Stage 3: Advanced stage, goal for 2020 and 2021
- Ten behaviors that save lives
 - Replacement for the seven golden rules

The SafeWork Program aims at eliminating serious and fatal accidents.

* Corporativo HSEC (Health, Safety, Environment and Communities): Área Corporativa de Salud, Seguridad, Medio Ambiente y Comunidades

Through the implementation of the SafeWork Program, Volcan updated the Thematic Tools of the Occupational Health, Safety, Environment and Quality System (OHSEQ)

The program was launched in April 2018, with the attendance of corporate managers and the operations' general managers. The program was presented at Yauli Unit and, subsequently, at Chungar Unit, with personnel of Cerro de Pasco, Alpamarca and hydroelectric plants.

Similarly, in May, the program was presented to the subcontractors' managers, in meetings attended by Volcan's senior management.

At each event and each activity related to the program, the following SafeWork Program books were handed out.

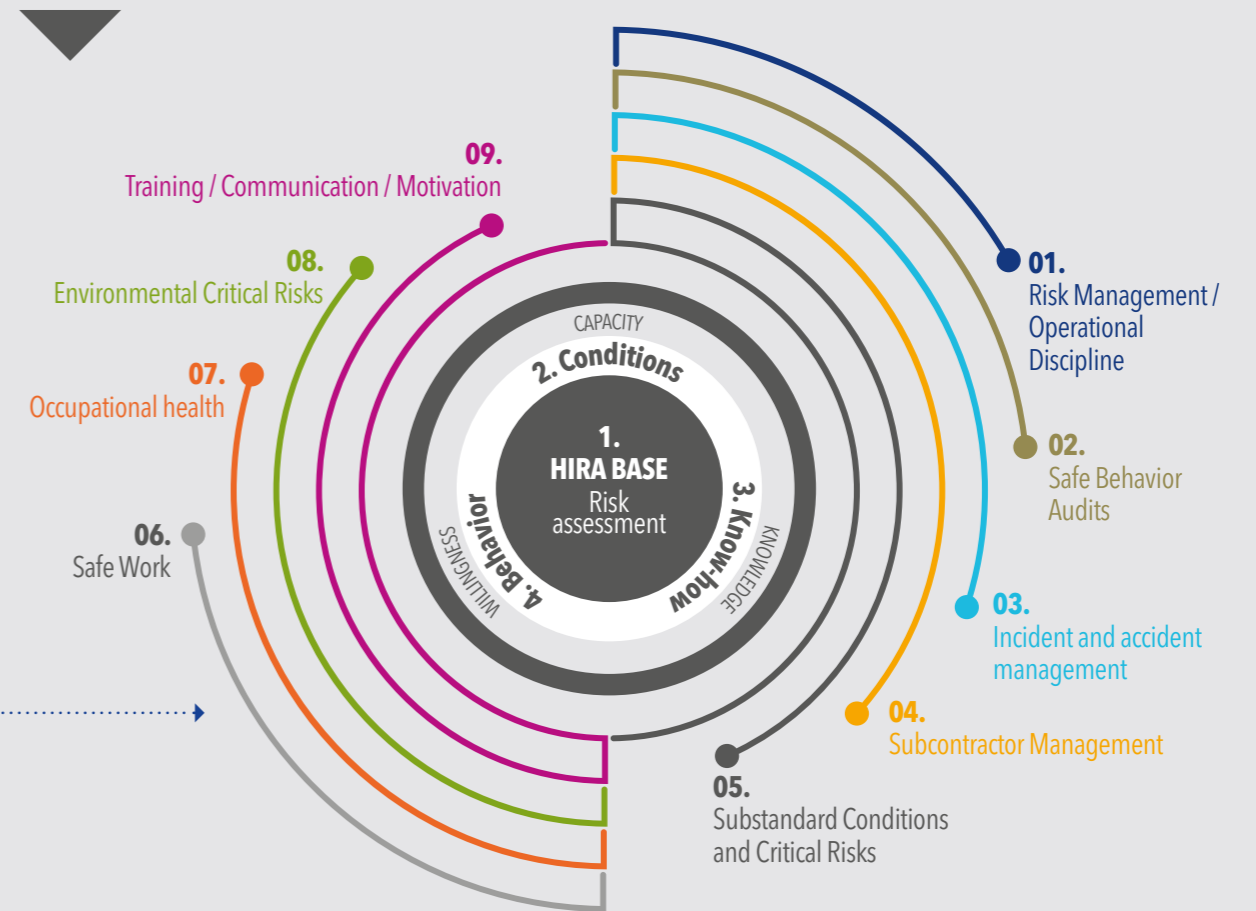
- Fatal Hazards Protocol Book (for supervision)
- Commitment Book (for all employees)

Through the implementation of the SafeWork Program, Volcan updated the Thematic Tools of the Occupational Health, Safety, Environment and Quality System (OHSEQ).

In addition to the Thematic Tools, new methodologies were included:

- **Tool No. 1:** Risk Management / Operational Discipline
 - Implementation of BowTie* methodology for Catastrophic Risk analysis
 - Relaunch of Change Management to be applied to any change made to the processes, equipment and personnel.
- **Tool No. 3:** Incident and accident management
 - Implementation of ICAM** methodology (Incident Cause Analysis Method)
 - Treatment of High Potential Risk Incident (HPRI***)
- **Tool No. 4:** Subcontractor Management
 - Improvement to subcontractor validation form, adapted to Glencore's format
 - Safety Assessment emphasizes the technical and economic aspects
 - Approval of TOR (Terms of Reference) by the Safety Team of the units and Corporate Deputy Management of Subcontractors Safety Management.
- **Tool No. 5:** Substandard Conditions and Critical Risks
 - Four Critical Risks are taken into account: Chemical substances, manual tools, pressurized gases and machine protection.
- **Tool No. 6:** Safe Work
 - It includes Fatal Hazards Protocols and Behaviors that Save Lives.

Thematic Tools of the OHSEQ System



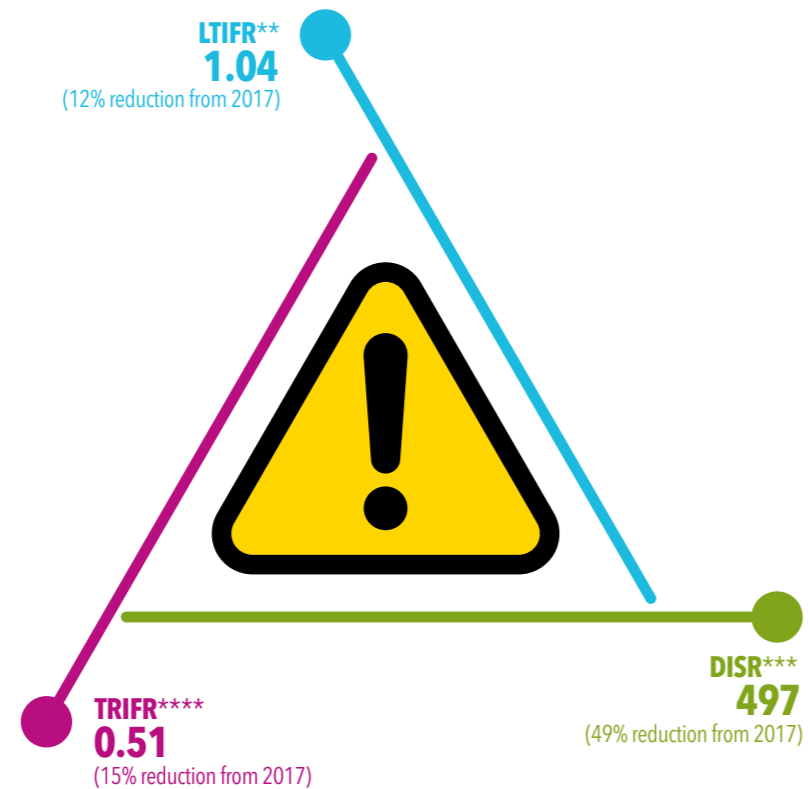
* BowTie: a risk evaluation method that can be used to analyze and demonstrate causal relationships in high risk scenarios
 ** ICAM: Incidents cause analysis method
 *** HPRI: High Potential Risk Incident

▼ **ACCIDENT REPORTING**

As in previous years, in 2018, Volcan focused on controlling events associated to rock mass faults, and protocols on vehicles and mobile equipment. By the end of the year, the following events had been recorded:

- One fatal accident at Carahuacra Mine
- 26 disabling accidents (10% reduction from 2017)
- 69 minor accidents (22% reduction from 2017)
- 34 property accidents (42% reduction from 2017)
- 27 HPRI's*, 16 of them related to rock mass faults

Safety indicators were the following: **(403-2)**

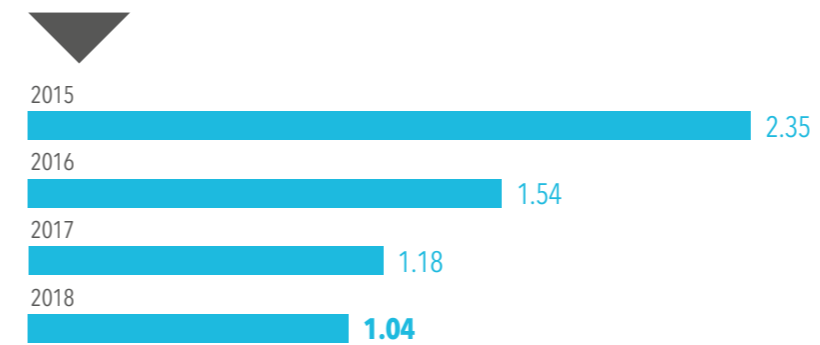


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 * HPRI: High Potential Risk Incident
 ** Frequency Rate
 *** Severity Rate
 **** Accident Rate

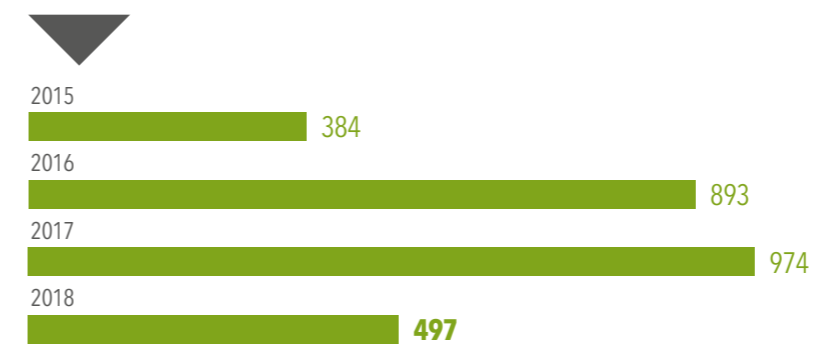
Volcan's main objective for 2019 is to guarantee zero fatal accidents, in line with the goal of building a safety culture. Volcan aims at reaching the independent stage in Bradley's Curve. This means that the leaders of each area will take on an active and more involved role in managing safety. They will be in charge of fully overseeing the controls. The Company continues the implementation of the SafeWork Program, through the strict enforcement of fatal hazards and operational discipline protocols.

Volcan's main objective for 2019 is to guarantee zero fatal accidents

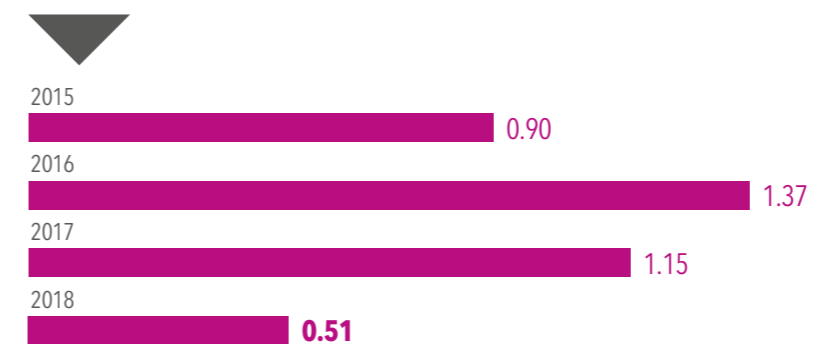
▼ **Frequency Rate (LTIFR)**



▼ **Severity Rate (DISR)**



▼ **Accident Rate (TRIFR) (403-2)**



07.

HUMAN RESOURCE MANAGEMENT

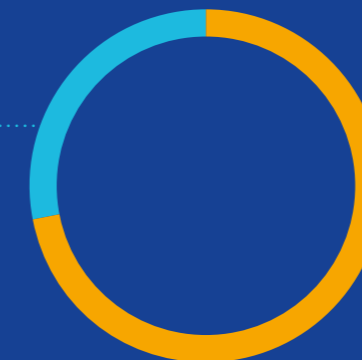


Volcan promotes adequate labor environment and conditions for all its employees. The Company is committed to enforce its values, Code of Ethics and Conduct, and corporate vision and mission. In addition, it provides the resources and tools employees need to carry out their activities. Moreover, the Company ensures respect for collective agreements with all of its unions. (103-2)

At year-end 2018, the Company had a total of 3,011 direct employees in Lima and its operating units. In addition, 7,784 employees work with Volcan subcontractor companies, representing 72% of the workforce. (102-7)

The Company is committed to enforce its values, Code of Ethics and Conduct, and corporate vision and mission

Direct employees
3,011



Volcan subcontractor
companies
7,784

Total employees by gender and employment category (102-8) (405-1)

COMPANY	FEMALE	MALE	TOTAL
Volcan Cía. Minera S.A.A.	116	1,586	1,702
Employees	3	29	32
Officials	84	407	491
Workers	25	712	737
Staff	4	438	442
Cía. Minera Chungar S.A.C.	31	896	927
Employees	-	3	3
Staff	25	223	248
Workers	4	306	310
Staff	2	364	366
Emp. Admin. Cerro S.A.C.	21	219	240
Officials	5	43	48
Workers	4	17	21
Staff	12	159	171
Óxidos de Pasco S.A.C.	6	114	120
Employees	4	41	45
Officials	-	1	1
Workers	1	38	39
Staff	1	34	35
Hidroeléctrica Huanchor S.A.C.	1	21	22
Officials	1	10	11
Workers	-	11	11
Total general	175	2,836	3,011
Employees	3	33	36
Officials	116	717	833
Workers	37	1,087	1,124
Staff	19	999	1,018

Total employees by type of contract (102-8) (405-1)

	PERMANENT STAFF		FIXED-TERM STAFF		TOTAL			
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	TOTAL	
Mining	Volcan Cía Minera S.A.A.	54	1,187	62	399	116	1,586	1,702
	Cía. Minera Chungar	14	687	17	209	31	896	927
	Emp. Admin. Cerro S.A.C.	3	150	18	69	21	219	240
	Óxidos de Pasco S.A.C.	3	69	3	45	6	114	120
Energy	Hidroeléctrica Huanchor	1	18	-	3	1	21	22
Total	75	2,111	100	725	175	2,836	3,011	



Staffing size by region and gender (102-8) (405-1)

	VOLCAN CÍA. MINERA S.A.A			CÍA. MINERA CHUNGAR S.A.C.			EMP. ADMIN. CERRO S.A.C.		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
Ancash	-	13	13	-	8	8	-	3	3
Arequipa	4	20	24	1	21	22	-	2	2
Ayacucho	-	2	2	-	3	3	-	-	-
Cajamarca	-	2	2	-	5	5	-	1	1
Callao	8	20	28	2	11	13	-	2	2
Cusco	-	3	3	2	-	2	-	-	-
Huancavelica	-	18	18	-	4	4	-	1	1
Huancayo	-	29	29	-	-	-	-	-	-
Huánuco	1	17	18	-	20	20	2	1	3
Ica	-	4	4	-	8	8	-	-	-
Junin	24	943	967	6	175	181	6	35	41
La Libertad	1	17	18	-	16	16	-	-	-
Lambayeque	-	2	2	-	1	1	-	-	-
Lima	76	403	479	13	156	169	2	32	34
Moquegua	-	-	-	-	-	-	1	4	5
Pasco	2	85	87	6	460	466	10	138	148
Piura	-	3	3	1	6	7	-	-	-
Puno	-	1	1	-	1	1	-	-	-
San Martin	-	1	1	-	-	-	-	-	-
Tacna	-	3	3	-	-	-	-	-	-
Ucayali	-	-	-	-	1	1	-	-	-
Total	116	1,586	1,702	31	896	927	21	219	240

	ÓXIDOS DE PASCO S.A.C.			HIDROELÉCTRICA HUANCHOR S.A.C.			CONSOLIDATED		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
Ancash	-	5	5	-	-	-	-	29	29
Arequipa	-	-	-	-	1	1	5	44	49
Ayacucho	-	-	-	-	-	-	-	5	5
Cajamarca	-	2	2	-	-	-	-	10	10
Callao	-	1	1	-	-	-	10	34	44
Cusco	-	-	-	-	-	-	2	3	5
Huancavelica	-	-	-	-	-	-	-	23	23
Huancayo	-	-	-	-	-	-	-	29	29
Huánuco	-	3	3	-	-	-	3	41	44
Ica	-	-	-	-	-	-	-	12	12
Junin	1	22	23	-	7	7	37	1,182	1,219
La Libertad	1	7	8	-	-	-	2	40	42
Lambayeque	-	-	-	-	1	1	-	4	4
Lima	-	19	19	1	12	13	92	622	714
Moquegua	-	1	1	-	-	-	1	5	6
Pasco	4	54	58	-	-	-	22	737	759
Piura	-	-	-	-	-	-	1	9	10
Puno	-	-	-	-	-	-	-	2	2
San Martin	-	-	-	-	-	-	-	1	1
Tacna	-	-	-	-	-	-	-	3	3
Ucayali	-	-	-	-	-	-	-	1	1
Total	6	114	120	1	21	22	175	2,836	3,011

Employees with specialized companies (102-8)

3,904	2,416	581	
Yauli	Chungar	Cerro de Pasco	
			7,784
488	9	386	Total
Alpamarca	Vinchos	Óxido de Pasco	

▼ TALENT RECRUITMENT AND RETENTION STRATEGY

Identifying talent and motivating performance improvement is a fundamental concept for Volcan. To achieve this goal, the Company has developed strategies to retain and manage talent through:



▼ TRAINING AND DEVELOPMENT

One of Volcan's main pillars is to achieve excellence in its processes. Therefore, the Company has developed annual training plans that enables it to achieve strategic objectives and meet operational and employee needs. This plan enables the Company to achieve exceptional results and ensure the availability of qualified labor for the different positions. **(103-2)**

The plan encompasses programs that help to close gaps in knowledge and employee capabilities. In addition, Volcan aims at preventing accidents and having personnel trained in new developments and skills to manage operations efficiently at the different mining units. Moreover, it promotes continuous improvement of employee and operation competitiveness and productivity. **(103-1)**

Volcan invests time and resources in internal and external training. In 2018, the Company invested 130,347 man-hours in training to reach an average of 43.3 hours of training per worker. **(404-1)**

In 2018, the Company invested 130,347 man-hours in training

THE PLAN ENCOMPASSES PROGRAMS THAT HELP TO CLOSE GAPS IN KNOWLEDGE AND EMPLOYEE CAPABILITIES



Average man-hours of employee training by professional category and gender (404-1)							
	BY PROFESSIONAL CATEGORY				BY GENDER		TOTAL
	OFFICIALS	STAFF	EMPLOYEES	WORKERS	FEMALE	MALE	
Number of workers	36	833	1,124	1,018	175	2,836	3,011
Training man-hours	2,249	59,675	35,133	33,290	10,775	119,572	130,347
Average training hours per worker	62.5	71.6	31.3	32.7	61.6	42.2	43.3

In 2018, notable internal training programs included Supervisor Development and Operator Training, coordinated by Volcan Training Center. (404-2)

The Supervisor Development Program trains mining unit supervisors, strengthening technical knowledge related to the SafeWork Program, and behaviors necessary to achieve excellence in relation to corporate competencies and work procedures. The program includes hours of classroom tutoring at the Training Center, and hours of field tutoring by instructors in the supervisors' work areas. Approximately 765 supervisors participated in this training in 2018.

The Operator Training Program trains heavy equipment (scoop and jumbo) operators at Volcan Training Center. The participants undergo 33 hours of training, including theoretical and in-person training, e-learning, practice in simulator and equipment, and field tutoring in their work areas.

In addition, in 2018, SafeWork Program training sessions were held for officers and staff that are team leaders. More than 130 members, including managers, deputy managers, superintendents and unit heads received training across all mining units. The goal was to strengthen leading teams risk management capabilities, investigation methodologies, and incident analysis to prevent accidents and encourage a prevention culture across all mining units.

The Company's performance in this area is evaluated using a set of indicators that includes the number of training man-hours and the number of participants in the programs. Other indicators related to workplace safety (reduction of workplace accidents), fulfillment of goals per mining unit, the results of the organizational climate survey, and evaluation of performance, are also taken into account. (103-3)

SafeWork Program training sessions were held for officers

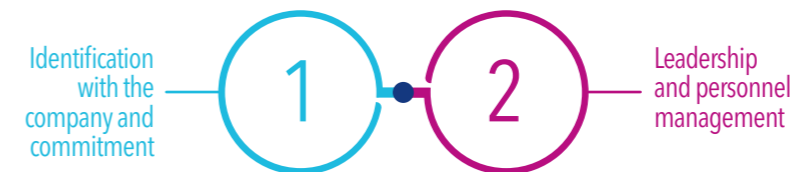
Training participants and man-hours in special programs (404-1)			
INDICATORS	SUPERVISOR DEVELOPMENT PROGRAMS	OPERATOR TRAINING PROGRAM	TOTAL
Participants	765	182	947
Training man-hours	28,614	2,676	31,290

Volcan's commitment to its employees is also manifested in other aspects. For example, the Company provides financial support for post-graduate studies (master's degrees or certificates) for personnel who have demonstrated excellent performance and high potential. (404-2)

EMPLOYEE WELL-BEING AND WORKING CONDITIONS

The Company strives to promote a good working environment and appropriate conditions for all of its employees. Towards that end, all areas of the Company are committed to complying with procedures established in the different operations, mainly collective bargaining agreements, code of ethics and conduct manual, anti-fraud policy, privilege information management manual and internal work rules. (103-2)

For Volcan, listening to the opinion of its employees is paramount, as it enables it to work on the continuous improvement of the organization. The Company fosters its employees' welfare and personal and occupational balance, and measures workplace climate indicators on personnel satisfaction levels through its Organizational Climate Survey, on the basis of a series of aspects that significantly influence the personnel's satisfaction and commitment levels. The Organizational Climate Survey is divided in two parts: (102-43)



For Volcan, listening to the opinion of its employees is paramount, as it enables it to work on the continuous improvement of the organization. The Company fosters its employees' welfare and personal and occupational balance

In accordance with the results, Volcan took the following actions, among others: Volcan's Olympics 2018, World Cup Betting, Volcan Marathon, Recognition to Safe Work Employees, leadership workshops, improved dining services, improved employee transportation, monthly birthday celebrations, holidays, contests, fairs, nutrition services, physical and mental health advisory, year-end celebrations, etc. General survey results showed a 62% satisfaction level.

In addition, labor relations committees receive reports on progress in compliance with commitments and management indicators. **(103-3)**

Dialog procedures and Volcan labor policies are evidence of the Company's interest in establishing closer connections with employees and union organizations. In addition, collective bargaining agreements and internal policies establish procedures for addressing, overseeing, and tracking commitments, which are carried out through regular meetings with the various unions and regular joint inspections of work areas.

Mechanisms for dialogue with employees (102-43)

MECHANISM	DESCRIPTION
Meetings on internal agreements	Collective complaints and observations on work and operational issues are received. Agreements recorded in minutes are monitored during periodical meetings and through indicators
Bi-monthly scheduled meetings between unions and labor relations areas	Labor, safety and operational complaints from units are solved. Items on the agenda are monitored through indicators and reviewed through a Monthly Workplace Relations Committee and sent to the Operations Management
Reception of individual complaints	Complaints are received as established in the internal work regulations and in the collective agreement. The immediate supervisor is responsible for handling these, or in his/her stead the head of Workplace Relations for the respective unit
Open Doors	Quarterly meeting to close the gaps between the CEO and staff, in both Lima and in the units. Its purpose is to communicate the current situation and Company prospects in terms of safety, operations, finance, projects, workplace climate and other relevant issues for the Company. This is a space that promotes open dialog in both directions to resolve any queries or concerns
Quarterly meeting	Meeting with the Metallurgical Mining Workers Federation of Volcan to present the Company's economic and financial position. The aim is to keep staff informed and committed to corporate goals

General labor relations management indicators measure operations stoppages by personnel due to complaints that have not been addressed or collective bargaining processes. In 2018 there were no strikes longer than one week or employee blockades **(MM4)**

Local employees (direct and subcontracted) (102-8)

UNIT	DETAIL
Yauli	120 employees who belong to the local community of 1,323 residents
Hydroelectric plants	31 employees who belong to the local community of 2,850 residents (11 communities)

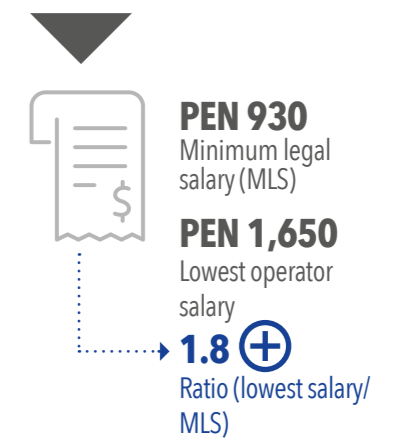
▼ ECONOMIC WELL-BEING

The majority of personnel is comprised of workers and employees at the Yauli, Cerro de Pasco, and Chungar units. Salaries are established in accordance with the provisions of the collective bargaining agreement; they are never based on minimum-wage laws. **(103-2)(202-1)**



In 2018 there were no strikes longer than one week or employee blockades

Relationship between lowest salary and minimum legal salary



▼ SOCIAL BENEFITS FOR EMPLOYEES

Volcan provides the following social benefits to all full-time employees. (401-2)

Social benefits	
BENEFIT	DETAILS
Medical Insurance (complex level) – ESSALUD	Medical insurance for all workers and dependents.
Life Insurance	To all workers from the first day they start working.
Accident Insurance (Mas Vida - ESSALUD)	Personal accident insurance that grants compensation in case of death or total or partial permanent disability.
Complementary high-risk work insurance (Health - Pensions)	Insurance that provides health and economic benefits for workers with occupational disease and / or high-risk work accidents.
Incapacity or disability coverage (medical services)	In case of disability (common accident, illness), the coverage of Rimac EPS or EsSalud is available. On the other hand, work accidents are covered by Rimac.
Incapacity or disability coverage (economic benefits)	In the case of temporary disability, it is covered by EsSalud, in the case of permanent disability and as a result of an accident at work, it is covered by the ONP or Mapfre.
Subsides for maternity / paternity	Rest for maternity is 98 days and for paternity is 4 days.
Pension fund	Benefit acquired by the worker for his contributions to the pension system. Each member has in their name an individual savings account managed by an AFP or the ONP.
Personal accident insurance	Benefit to managers, deputy managers and superintendents.
Health Insurance (EPS) for the employee and family	EPS medical insurance for staff workers, includes insurance for parents and children over 18 years. The group of workers and employees have EsSalud coverage.

▼ PERFORMANCE MANAGEMENT

The performance management process is part of Volcan's employee management cycle and is manifested through recognition of individual contributions in the period evaluated. (103-2)

In 2018, a Talent Management Plan was implemented. It includes performance

management and compensations. In addition, the talent retention plan continued through salary planning and prioritizing training activities for outstanding personnel.

▼ SIGNIFICANT CHANGES IN THE LABOR FORCE

The increase in personnel turnover in the market triggered a process of personnel reduction and Volcan was also affected by this global situation. In 2018, 426 employees were terminated, mainly due to resignation, mutual consent and expiration of contract. (102-8)

Annual employee turnover at Volcan was 14%; the majority of terminated employees were from Junín, Pasco, and Lima. (401-1)

Employees terminated in 2018

COMPANY	2018
Volcan Cía Minera S.A.A.	240
Cía. Minera Chungar	113
Emp. Admin. Cerro S.A.C.	54
Óxidos de Pasco S.A.C.	19
Hidroeléctrica Huanchor S.A.C.	0
Total	426

Employees terminated by cause

CAUSE	2018
Termination	2
Death	8
Gross misconduct	4
Mutual consent	109
Resignation	214
Contract expiration	82
Completion of test period	7
Total	426

In 2018, a Talent Management Plan was implemented. It includes performance management and compensations

Annual employee turnover by region

REGION	VOLCAN CÍA MINERA S.A.A.	CÍA. MINERA CHUNGAR S.A.C.	EMP. ADMIN. CERRO S.A.C.	ÓXIDO DE PASCO S.A.C.	HIDROELÉCTRICA HUANCHOR S.A.C.	CONSOLIDATED
Ancash	0.29%	0.11%		1.67%		0.27%
Apurímac	0.12%					0.07%
Arequipa	0.65%	0.54%	0.42%			0.56%
Cajamarca	0.06%	0.11%				0.07%
Callao	0.41%	0.66%				0.43%
Cusco	0.24%					0.13%
Huancayo	0.06%					0.03%
Huanuco	0.24%	0.22%				0.20%
Ica	0.12%					0.07%
Junín	3.70%	2.80%	2.08%	3.33%		3.25%
La Libertad	0.29%	0.65%		1.67%		0.43%
Lambayeque	0.06%					0.03%
Lima	7.23%	4.85%	4.17%	4.17%		6.08%
Pasco	0.53%	2.27%	15.42%	5.00%		2.42%
Piura	0.06%					0.03%
Puno	0.06%					0.03%
Total	14.10%	12.19%	22.08%	15.83%	0.00%	14.11%

IN 2018, MORE EMPLOYEES WERE HIRED IN LIMA, JUNÍN AND PASCO. MOST OF THESE HIRES ARE FROM THE LOCAL COMMUNITY OR SKILLED WORKERS WHO LIVE CLOSE TO VOLCAN'S OPERATIONS



491 new hires. All positions have been budgeted and authorized by Management in 2018.

This level of turnover requires rapid, appropriate actions to cover positions and ensure that the Company's activities are not affected. During the year, the Company was able to fill positions vacated due to layoffs and other positions, for a total of 491 new hires. All positions have been budgeted and authorized by Management.

In 2018, more employees were hired in Lima, Junín and Pasco. Most of these hires are from the local community or skilled workers who live close to Volcan's operations.(103-1)

Hiring by place of origin

REGION	VOLCAN CÍA MINERA S.A.A.	CÍA. MINERA CHUNGAR S.A.C.	EMP. ADMIN. CERRO S.A.C.	ÓXIDO DE PASCO S.A.C.	HIDROELÉCTRICA HUANCHOR S.A.C.	CONSOLIDATED
Ancash	1	4	1	1	-	7
Arequipa	13	7	2	-	-	22
Ayacucho	1	1	-	-	-	2
Callao	7	4	-	-	-	11
Cajamarca	-	1	1	-	-	2
Cusco	1	1	-	-	-	2
Huancavelica	1	2	1	-	-	4
Huancayo	4	1	1	1	-	7
Huanuco	1	2	2	-	-	5
Ica	1	1	-	-	-	2
Junin	80	33	8	3	-	124
La Libertad	4	4	-	2	-	10
Lambayeque	1	-	-	-	-	1
Lima	128	53	14	4	-	199
Pasco	12	30	41	5	-	88
Piura	2	1	-	-	-	3
Puno	-	1	-	-	-	1
Tacna	1	-	-	-	-	1
Total	258	146	71	16	-	491

▼ LOCAL HIRING

Providing employment to trained personnel in the area is a key factor in promoting local development and strong community relations. In this aspect, Volcan has maintained its commitment, in conjunction with local communities, of giving priority to the members of the communities when hiring personnel for its operations. The number of local residents working at Volcan operations and the way they apply for employment varies in each community. (103-1)(103-2)

The local hiring process begins with identifying the position, then determining the worker profile and seeking candidates. The position requirements are communicated to the communal resident committee through the Corporate Social Responsibility office in each unit. The ultimate goal is to meet, in a reasonable manner, the demand for work in accordance with operating needs.

YAULI UNIT (EMPLOYMENT OFFERS SENT)

Yauli Community: 3 offers for positions at Volcan and 74 offers at subcontractors.

San Juan Bautista Pachachaca Community: 2 offers for positions at Volcan and 24 offers at subcontractors.

Pomacocha Community: 1 offer for positions at Volcan and 95 offers at subcontractors.



CHUNGAR UNIT

In 2018, Chungar continued the execution of the Local Employment Program through the procedure established in May 2017. The results of 2018 were as follows:

- Huayllay Community
 - 1,000 employment positions to foster local employment at specialized companies.
 - 250 applicants from the community
 - 142 profiles submitted to specialized companies, in accordance with the requirements.
- Huaychao Community
 - 134 employment positions to foster local employment at specialized companies.
 - 48 applicants from the community
 - 26 profiles submitted to specialized companies, in accordance with the requirements.



▼ FIRMLY RESPECTING HUMAN RIGHTS

Respect for human rights is a theme that Volcan promotes both inside and outside the Company, including suppliers and subcontractors. To promote compliance, the Company sponsors training talks on labor regulations and has a process for permanent oversight and supervision of subcontractor's personnel hiring. In addition, as part of their orientation when joining the Company, new employees receive a copy of the Code of Ethics and Conduct and sign a commitment to respect the corporate values and principles. **(103-2)**

To provide guarantees and prevent possible cases of human rights abuses, Volcan offers an anonymous "Complaint Line". In 2018 the Company did not receive any reports or become aware of any incidents of discrimination, forced labor, or child labor in its operating units. **(406-1) (408-1) (409-1)**

Volcan sponsors training talks on labor regulations and has a process for permanent oversight and supervision of subcontractor's personnel hiring

NON-DISCRIMINATION

Eradicating discrimination of any kind is important to Volcan, as managing this issue strengthens the Company's workplace climate. Towards that end, Volcan has programs to support employees, their families, and the community in general that are based on prevention, education, and advice. In addition, the Complaint Line is provided to detect cases of discrimination. Reports can be made confidentially and anonymously. **(103-1) (103-2)**

FORCED LABOR

Volcan condemns any form of forced labor in all of its operations. Compliance with measures to eliminate poor labor practices is an opportunity to improve workplace climate. **(103-1)**

The Company did not receive any forced labor reports in 2018. Volcan complies with labor laws and requires respect for recognition of employee overtime. The Company's Internal Workplace Regulation is aligned with the General Law on Workplace Inspection, the Internal Regulation on Workplace Health and Safety, the Code of Ethics and Conduct and the Policy on Safety, Occupational Health, Environment and Quality. Volcan also offers support programs for its employees and their families for the prevention of forced labor risks. **(103-2) (409-1)**

CHILD LABOR

Under the Code of Ethics and Conduct, Volcan has a Human Rights declaration (item 2.15) wherein it stipulates that no minor will be hired, except as provided by Law. **(103-1)**

Management: Under the agreement executed with the Huayllay and Huaychao communities, Volcan opens community employment positions for children of community members during the summer months of January, February and March. The participants are not forced or coerced to do the job, and the activities are coordinated and led by Community Boards, with the authorization of the minors' legal tutors. **(408-1)**

In addition, child labor is forbidden by the procedures, regulations and internal management controls in place for hiring personnel. **(103-2)**

To prevent the risk of child labor, Volcan is firmly committed to help communities grow by providing education, aiding the implementation of educational infrastructure, providing teachers and a psychologist, holding extracurricular workshops and a school for parents, among others.

▼ FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Volcan respects the right to collective bargaining, as established in the collective bargaining agreement and internal work regulations. These documents include commitments to improve working conditions and economic benefits the Company provides in agreement with eight unions to avoid the impact of labor strikes or stoppages. **(103-1)**

In addition, Volcan respects its employees' freedom to join unions and participate in collective bargaining, as established by both domestic and international law. Employees are completely free to meet and associate with one another in the entity or union of their choice. **(103-2)**

Collective bargaining with Volcan's unions is carried out through direct dialogue.

Toward that end, the Company signs collective bargaining accords or agreements with unions that represent the majority of its employees. During these negotiations, the parties evaluate salary increases and working conditions in the operating units. It should be noted that employees of subcontractor or supplier companies are not represented by unions. **(103-3)**

Under the Company's policy, benefits contained in collective bargaining agreements apply to all Volcan employees. It is important to note that 67% of workers and 29% of employees belong to some kind of union and their salary increases and working conditions are regulated through collective bargaining processes. **(102-41)**

As in other areas, the Company provides a "Complaint Line" for reporting cases of discrimination or infringement of the rights of unionized employees. The Company did not receive any reports in 2018. **(406-1)**

REGULATORY COMPLIANCE WITH UNIONS

Compliance with legal labor obligations and collective bargaining agreements improves relations with employees, strengthens the continuity of operations, and enables the Company to understand personnel concerns and needs. **(103-1)**

Volcan uses the following tools to manage labor relations and compliance with legal labor obligations and agreements: **(103-2)**

- Regular meetings with union representatives, as established by the Company and the unions. These meetings take place every two weeks or every month. They are an opportunity to hear grievances or contributions from the employees represented.
- Continuous improvement meetings, with the participation of Operations Management. The purpose of these meetings is to obtain regular feedback from employees through their unions, and follow up on implementation.
- Meetings with union representatives and the Financial and Accounting Management to provide regular updates on the economic and financial situation of the operations.

Finally, labor relations committees meet monthly to evaluate management indicators related to: **(103-3)**

- The number of items addressed in the bi-weekly or monthly agendas with different unions.
- Compliance with commitments made to unions arising from internal items (agendas).
- Number of workers who belong to unions, of total operations personnel.
- Number of days of labor stoppages due to union grievances.

To prevent the risk of child labor, Volcan is firmly committed to help communities grow by providing education, aiding the implementation of educational infrastructure

Volcan respects its employees' freedom to join unions and participate in collective bargaining

Volcan provides a "Complaint Line" for reporting cases of discrimination or infringement of the rights of unionized employees

08.

MANAGEMENT OF SUBCONTRACTORS AND SUPPLIERS



▼ EFFICIENT MANAGEMENT OF SUBCONTRACTORS AND SUPPLIERS

Subcontractors and suppliers are a fundamental part of the Volcan supply chain. They provide goods, services, information, and resources to meet the needs of all operating units. (103-1)

In 2018, Volcan disbursed USD 394 million to subcontractors and suppliers. Annual procurement of supplies and regular spare parts totaled USD 145 million and payments to subcontractors totaled USD 249 million.

To ensure appropriate economic, social, and environmental performance, Volcan supervises its subcontractors to ensure that they comply with labor laws and are aligned with Company principles, values, and corporate policies. Toward that end, the Company strictly controls compliance with regulations and obligations in the operating units. In addition, the subcontractor invoice payment procedure is subject to controls; payment is released only after the subcontractor submits evidence of compliance with labor obligations for the previous month to the Administrative area. Consequently, all subcontractor firms must work in accordance with the Volcan Occupational Health and Safety and Environment System, as well as best practices in social responsibility promoted by the Company. Each subcontractor worker is required to receive a minimum number of hours of training and actively participate in all programs and talks given each month. (103-2)

Subcontractors and suppliers payments



Regular Suppliers

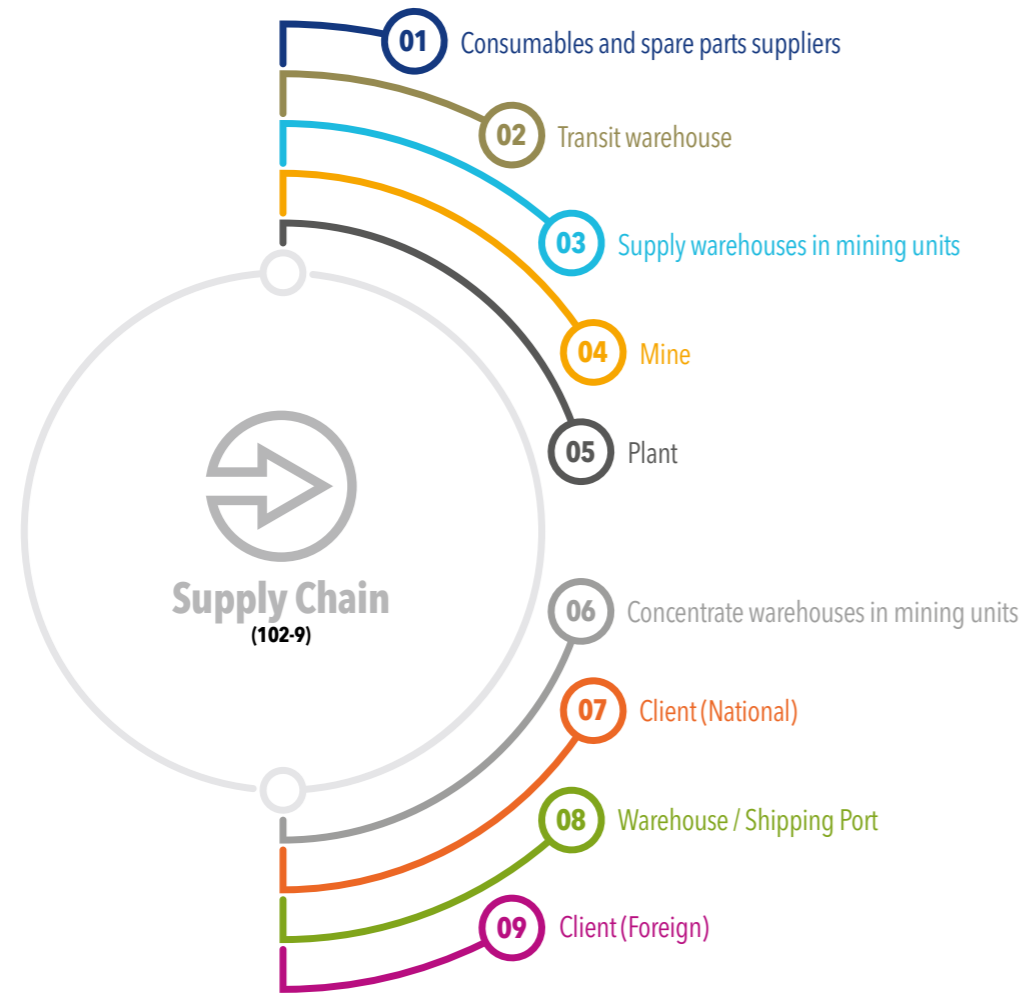
293	145
number of suppliers	Annual payments (MM USD)

Regular subcontractors

74	249
number of Subcontractors	Annual payments (MM USD)

Total

367	394
number of suppliers and subcontractors	Annual payments (MM USD)



Volcan’s procurement policy prioritizes local hiring for services and certain inputs

▼ PROCUREMENT PRACTICES

Volcan’s procurement policy prioritizes local hiring for services and certain inputs, as long as required quality conditions are met and goods and services are offered at competitive prices. The Company also encourages subcontractors or suppliers to hire personnel from the area of influence of the mining unit, mainly for positions requiring unskilled labor. (103-2)

In addition, Volcan has quality standards for the raw materials it purchases and makes periodic visits to its different suppliers. The Company also follows a procedure that establishes technical and financial mechanisms for procuring goods and services.

It is worth noting that, in 2018, 97% of materials and supplies were purchased from Peruvian suppliers. The remaining 3% were imports.

Volcan set aside a percentage of its annual budget for local suppliers to purchase products and services in the areas of its major operations. A local supplier is defined as any company that provides services or goods and is located within the area of influence of Volcan’s mine operations. (204-1)

- 17% of all service contracts are local
- 3.7% of all goods purchases were local

▼ PROPER PRODUCT MANAGEMENT

Correct handling and manipulation of Volcan products not only ensures efficient management but also appropriate environmental care throughout the logistics chain. Toward that end, the Company strives to work with partners who engage in transportation, storage, shipping, and other specialized services. In addition, the Company uses Material Safety Data Sheets (MSDS) for each of its products. The reports are available to all agents in the chain. This procedure enables the Company to ensure the transparency of information about the chemical composition, use, storage, handling, emergency procedures, and potential health effects of its products. As a result, customers, shipping companies, logistics agents, and warehouses are duly informed. All MSDS reports are reviewed and periodically updated to ensure their applicability. (103-1)(103-2)

97% of materials and supplies were purchased from Peruvian suppliers



09.

CUSTOMER MANAGEMENT



Meeting delivery and quality commitments agreed through business contracts during the year is part of the mission of Volcan's Commercial Management. To that end, after receiving the production budget from Operations Management, the Commercial Management is in charge of defining the annual delivery plan with the clients. **(103-2)**

Volcan has good relations with its customers, based on constant, fluid communication over time. The Commercial Management holds meetings and committees with the Operations Management and Logistics Management, to anticipate, evaluate, and promptly inform the customer about any deviation from planned deliveries caused by production, operational or logistic issues. **(102-43)**

Customer satisfaction evaluation includes analysis of annual delivery plan fulfillment in terms of the quantity and quality of concentrates delivered. **(103-3)**

Commercial Management evaluates the following indicators (102-44)



10.

COMMUNITY RELATIONS MANAGEMENT



Social responsibility is a strategic area of the Volcan corporate vision to reach its goal of becoming a leading mining company by 2021.

Toward that end, Volcan's social management is focused as a tool that enables us to carry out operations in a sustainable manner and have a positive impact on the development of communities within our area of direct influence. In this way, we strive to strengthen our relationship and dialogue with community leaders as well as important government authorities and social groups to generate a partnership committed to development and community well-being. (103-1)

Our sustainable management activities are established in Sustainable Development Plans, Community Relations Plans, and Public Works Tax Credits which are focused on collaboration through: (103-2)

- Productive development projects that involve diversification beyond mining itself
- Promoting local employment through formalization and growth of community enterprises that provide goods and services to the mining industry
- Strategic areas of development such as education, health, nutrition, institution-building, and infrastructure
- Public-private partnership mechanism to reduce the infrastructure and utilities gap.

Volcan strive to strengthen our relationship and dialogue with community leaders as well as important government authorities and social groups to generate a partnership committed to development and community well-being

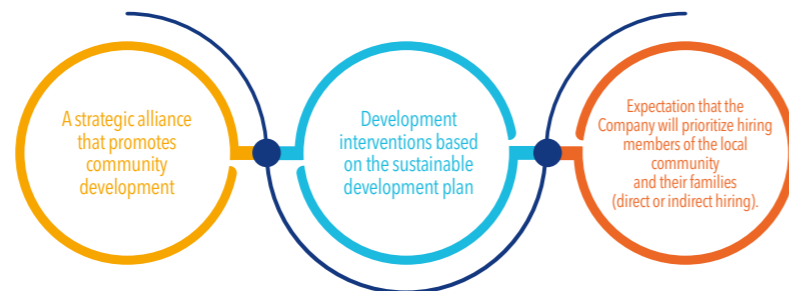
Volcan has Open Door Policies to receive all members from stakeholder groups

The basis of open and harmonious communication is respect for people, their customs, and their traditions. That is the essence of Volcan's relations with one of its main stakeholder groups: the communities within its area of influence. One of the pillars of community relations management is to support the communities' future expectations. (102-43)

In this aspect, Volcan has Open Door Policies to receive all members from stakeholder groups. The Company has procedures in place to address complaints and grievances, and inquiries directly related to the operations and environmental matters.

As part of its communication efforts, Volcan publishes a journal at each mining unit to explain what it does for the communities. These journals include relevant articles related to education, health, safety, environment, among others. In addition, public communications are made on local radio stations.

▼ KEY COMMUNITY EXPECTATIONS



Current law requires that companies conduct environmental and social studies before initiating any extractive activity. These instruments clearly establish the mechanisms for assessing and managing the impacts of operational activities on the surrounding population. This information enables Volcan to develop environmental and social baselines that describe the environmental and socioeconomic characteristics of the area prior to the start of activities. (103-1)

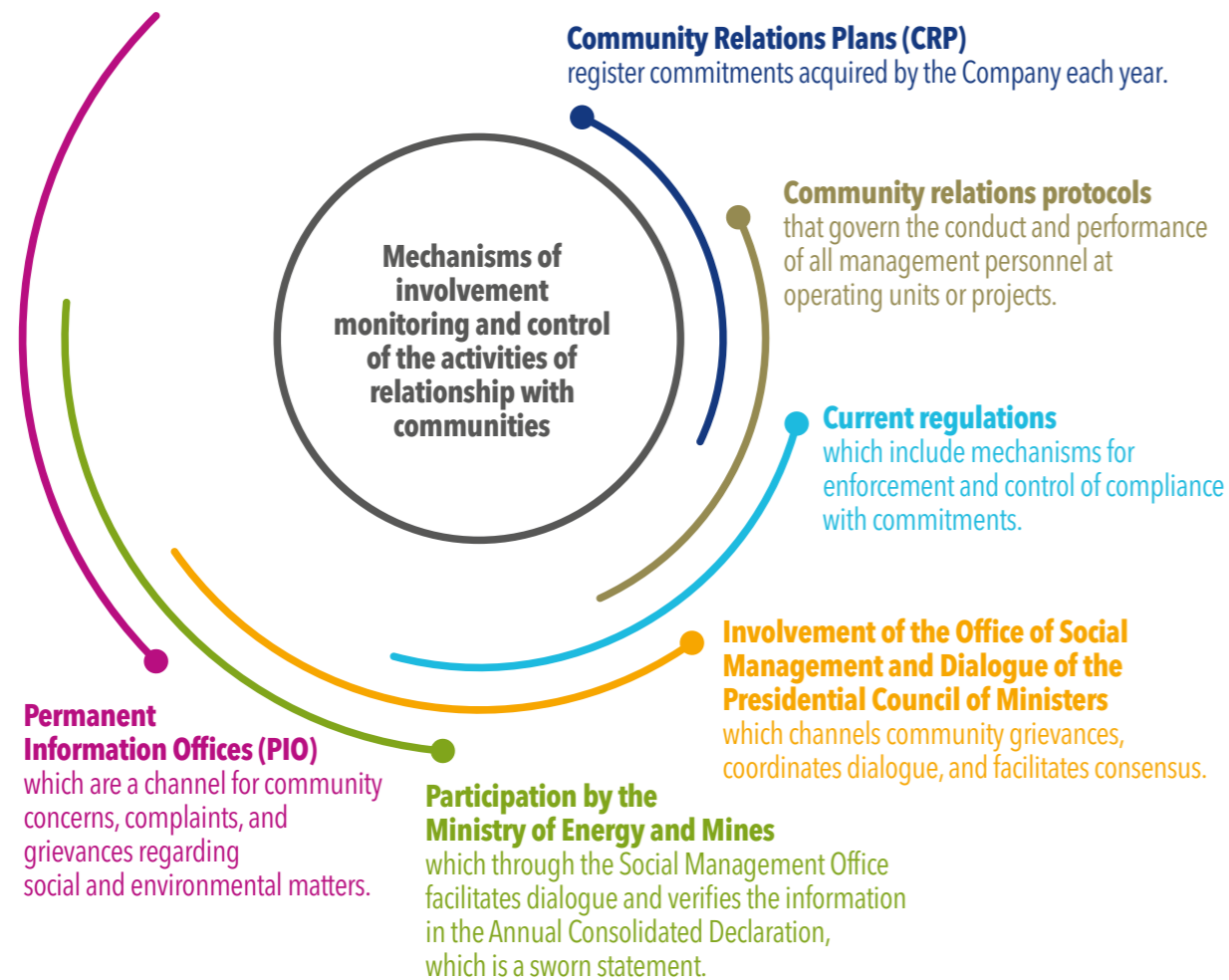
The baselines are used to determine the potential social impacts of the mining activity or future project and to develop measures to mitigate or control negative impacts and reinforce positive ones. These measures are set forth in the Community Relations Plan (CRP) which also documents the population's concerns and desires. (103-2)

Based on this analysis, the following programs were established: (413-1)



The baselines are used to determine the potential social impacts of the mining activity or future project and to develop measures to mitigate or control negative impacts and reinforce positive ones

Volcan manages mechanisms for involvement, follow-up, and control of the community relations activities contained in its policies, rules, and procedures, including: (103-3)



▼ **AREAS OF INFLUENCE** (413-1)(413-2)

Each Volcan mining unit has signed agreements with the communities in its area of direct influence. Shown below are the operating units and the communities within their areas of direct and indirect influence.

11 **YAULI**

- Huayhuay (Andaychagua)
- Pachachaca
- Yauli
- Pomacocha
- SuitucanCHA
- C.C. San Mateo de Huanchor
- C.C. San Francisco de Asís De Pucará
- San Antonio
- Colpa
- TincocanCHA
- Huari

4 **CHUNGAR**

- Huayllay
- Huaychao
- VichaycoCHA
- San José de Baños

27 **CERRO**

- C.C. San Antonio de Rancas
- C.C. de QuiulacoCHA
- C.C. YurajhuanCA
- C.C. Sacra Familia
- C.C. RacracanCHA
- C.C. Tingo Palca
- C.C. 8 de Mayo de Anasquizque
- C.C. Espíritu Santo de Chacayan
- C.C. Santa Ana de Tusi
- C.C. San Miguel
- C.C. La Candelaria
- C.C. Santa Rosa de Pitic
- C.C. La Quinua
- C.C. San Francisco de Asís de Yarusyacán
- C.C. San Miguel de Pallanchacra
- C.C. La Merced de Jarria
- Barrio de Santa Rosa
- C.U. Champamarca
- C.P. Paragsha
- Coop. Agraria de Producción Yanamate
- Ltda. N° 143
- Barrios de Buenos Aires
- Barrio de Uliachín
- Barrio de Ayapoto
- Coop. Agraria de Trabajadores Pucayacu
- AA.HH José Carlos Mariátegui sectores 1,3 y 4 y sector 2
- Anexo Yacutingo, Cochacharao, Junipalca

21 **BAÑOS**

- San José de Baños
- VichaycoCHA
- Santa Cruz
- Santa Catalina
- Chauca
- Viscas
- Ravira
- Pacaraos
- Pirca
- Pasac
- Huarquin
- Chisque
- Cormo
- Huascoy
- Uchucuanico
- Pampas La Florida
- Coto
- Huaychao
- Carhuacayán
- Chuquiquirpay
- Huayllay

21 **EXPLORATIONS**

- San Gregorio de Huamanmarca
- San Antonio de Rondoni
- Quio
- San Agustín de Huaychao
- San Miguel de VichaycoCHA
- Santa Catalina
- Carhuacayán
- Cochahuayco
- Siscaya
- Pacaraos
- La Merced de Jarria
- San José de Baños
- Pirca
- Huayhuay
- SuitucanCHA
- Rancas
- San Juan de Yanacachi
- Calango
- Uquirá
- San Miguel de Pallanchacra
- San Miguel

▼ BUILDING HARMONIOUS COMMUNITY RELATIONS

COMMITMENT TO EDUCATION

Students improved their math, language comprehension, physics, English, science and technology, and environment levels

Primary and secondary education

In 2018, the partnership between Volcan and Enseña Perú carried out its activities at the Yauli, Chungar and Cerro de Pasco units, and had a direct impact on more than 600 primary and secondary education students, and an indirect impact on more than 1,500 students. Students improved their math, language comprehension, physics, English, science and technology, and environment levels. This was possible thanks to the strengthening of Volcan's partnership with the Enseña Perú (Teach Peru) program, which promotes transformation in education. (203-1)

Areas of Enseña Peru's program intervention (203-1)

DEPARTMENT	UNIT	COMMUNITY	NO. OF PROGRAMS
Pasco	Cerro	Rancas	1
		Huayllay	5
	Chungar	Huaychao	2
Junín	Yauli	Huayhuay	2
		Suitucancha	2
		Yauli	3
Total			15

Higher Education

Yauli: The Company continued with the comprehensive scholarship program, through the National Service for Training in Industrial Work (SENATI), granting scholarships to youths from the Yauli rural community for specializations in heavy machinery mechanics and industrial electronics.

Chungar: Through SENATI agreement, two scholarship holders of Huaychao community and 12 scholarship holders of Huayllay community, finished the 2018-II period.

Cerro de Pasco: In San Antonio de Rancas, the Company awarded 22 scholarships for studies at Daniel Alcides Carrión National University (UNDAC) and 15 students received full scholarships at SENATI. In Quiulacocha, Volcan awarded Scholarships to three students for studies at UNDAC while one student received a full scholarship at SENATI.

IN 2018, THE PARTNERSHIP BETWEEN VOLCAN AND ENSEÑA PERÚ CARRIED OUT ITS ACTIVITIES AT THE YAULI, CHUNGAR AND CERRO DE PASCO UNITS, AND HAD A DIRECT IMPACT ON MORE THAN 600 PRIMARY AND SECONDARY EDUCATION STUDENTS



Volcan trained nine women of the Yauli rural community in the baking and fine pastry workshop, needed for the implementation of the community bakery

Alpamarca/CH's Chungar: Volcan awarded seven full scholarships for technical studies at SENATI to community members and youths of San José de Baños, and one full scholarship for the community of Santa Catalina.

TRAINING

Yauli

In 2018, Volcan trained nine women of the Yauli rural community in the baking and fine pastry workshop, needed for the implementation of the community bakery.

Cerro de Pasco

- Volcan provided training in the Code of Ethics and Conduct to its subcontractors and communities in its area of direct influence, in accordance with the Community Relations Plan Reporting Program.
- In coordination with DIRESA Pasco, the Company held educational sessions on health and nutrition, health of adolescents, healthy educational institutions and homes, aimed at communities in the area of influence.
- Volcan held talks about oral hygiene, sessions to raise awareness on environment protection and conservation, aimed at students of educational institutions in the communities.
- Moreover, it provided training in participatory social and environmental monitoring, aimed at communities and towns in the area of influence.
- Through Prisma NGO's cattle management services, modules were developed to provide occupational and technical education in the field of cattle techniques, shearing techniques, and slaughter and sale of animals. The objective of these activities was to promote the improvement of the community's occupational capabilities to enable them to join the employment market of the region and encourage the development of productive and commercial chains.

Chungar

- Volcan's Heavy Equipment Operator course was held at SENATI, aimed at Huayllay and Huaychao rural communities. Twenty students attended the course.
- During 2018, Volcan started the program on Continuous Improvement in Planning and Commercial Bakery in the rural community of Huayllay, with the objective of strengthening the business capabilities of women. Thirteen women entrepreneurs participated in the project.
- The Company provided training in textile crafts and occupational tools to 42 women enrolled in the rural community of San Agustín de Huaychao, district of Huayllay, Pasco. Moreover, over 58 students of Huayllay Community received training in computers, IT and English.

Baños

- Volcan carried out training workshops in vitamin dosages for cattle in the community of San José de Baños and Chuquirpay village.
- The Company provided training in cattle improvement (animal castration) in the community of Santa Cruz.
- Moreover, it started women empowerment workshops in the rural communities of Santa Cruz and San José de Baños in association with the Ministry of Women and Vulnerable Populations.

HEALTH

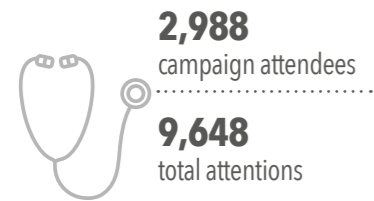
Volcan has committed to generating material and sustainable improvements in community health standards. Therefore, in alliance with Prisma, a non-governmental organization and strategic health partner, the Company has designed a corporate project.(203-1)

The aim of the project is to identify the principal diseases in each community, monitor their evolution over time, and develop medical campaigns to address

Volcan has committed to generating material and sustainable improvements in community health standards

Number of general health care interventions and by specialization (203-1)

DIVISION	UNIT	LOCATION (NO. OF PERSONS)	CAMPAIGN	MEDICAL ATTENTION CASES	SPECIALIZED MEDICINE CASES	
Mining	Yauli	Pachachaca	1º	214	721	
		Pomacocha	1º	94	430	
		Suitucancha	1º	203	727	
		Yauli	1º	281	718	
	Cerro			2º	334	876
			Quiulacocha	1º	197	623
				2º	243	880
			Yurajhuanca	1º	136	300
			Huaychao	1º	241	834
			Chungar	2º	203	888
	Huayllay	1º	665	1,999		
Total Mining				2,811	8,996	
Energy	CH Baños	Ravira	1º	76	275	
		Viscas	1º	101	377	
	Total energy				177	652
Total				2,988	9,648	



them. Another aspect of this work is prevention, which is carried out through advocacy meetings, raising awareness among authorities, and in-person educational sessions on key topics, which are determined by the community's needs. In addition, conscious of the important role played by the government in the project's sustainability, Volcan brought the corresponding public entities together to contribute to its implementation and management.

A total of 2,988 people were served during the campaigns and 9,648 services were provided in diverse specializations. The Company also held workshops on skin care and hand washing in all communities within the area of influence.

ECONOMIC DEVELOPMENT

Volcan believes that conservation, protection and development of traditional businesses are factors that have a positive impact on the economies of these local communities. With this perspective, Volcan and the NGO Prisma have designed an action strategy. (103-2)(203-1)

Conservation, protection and development of traditional businesses are factors that have a positive impact on the economies of these local communities

Farming development results in 2018 (203-1)

UNIT	CAMPAIGN	MANAGEMENT/ COMMUNITY	NO. OF HEAD OF CATTLE DOSED
Cerro	1°	Cooperativa Yanamate	11,929
	1°	Quiulacocha	13,613
	2°	Quiulacocha	13,613
Chungar	1°	Yurajhuanca	6,664
	1°	Huayllay	9,105
	1°	Huaychao	30,503
	1°	San José de Baños	1,890
	1°	Santa Cruz de Andamarca	2,200
Baños	1°	San Miguel de Vichaycocha	7,911
	1°	San Juan de Chauca	216
	1°	Santa Catalina	1,698
	1°	Viscas	758
	1°	Ravira (incluye Pacaraos)	1,927
Yauli	1°	Chauca	216
	1°	Pomacocha	7,784
	1°	Yauli	6,723
	1°	Suitucancho	25,926
Total			142,676

A TOTAL OF 2,988 PEOPLE WERE SERVED DURING THE CAMPAIGNS AND 9,648 SERVICES WERE PROVIDED IN DIVERSE SPECIALIZATIONS



At Chungar Unit a cattle deworming bath was carried out in the communities in the area of influence. In Huayllay community, 29,589 animals were dewormed and in Huaychao 64,018. The objective is to prevent and control external parasites in ovines, camelids, bovines and equines.

LOCAL EMPLOYMENT DEVELOPMENT

By encouraging local employment, Volcan contributed to reduce unemployment and increased the income of communities in its area of influence, promoting improvement of local personnel capabilities to contribute to their human and professional development.

Cerro de Pasco

In 2018, the Company worked with the following community companies: Empresa Comunal ECOSERM-Rancas, Empresa Comunal Tingo Palca, Empresa Comunidad Campesina Racracancha, Empresa Comunal de Servicios Múltiples Quiulacocha (ECSERM QUIULACOCHA) and Empresa Comunal de Servicios Múltiples Yurajhuanca (ECSERM YURAJHUANCA). Likewise, it carried out activities with the following companies: Empresa San Antonio de Rancas S.R.L. (EMSAR), Francar, ITRAN Cornelio & Muñoz SRL, Flores SCRL and Devall SAC.

Chungar

Volcan implemented a local employment procedure to meet the subcontractors' hiring needs and become a link between these companies and Huaychao and Huayllay communities. By December 2018, the Company registered 1,134 requests from subcontractors, 298 applicants and 168 hires.

Baños

In line with commitments, work opportunities were provided to the communities in the area of influence and 22 members of the Ravira and Viscas communities were hired.

INFRASTRUCTURE

Volcan promoted the development of infrastructure and generated a positive social impact on quality of life, in line with the commitments assumed by the Company and the needs of the communities within its area of direct influence. (203-1)

Volcan contributed to reduce unemployment and increased the income of communities in its area of influence

Volcan promoted the development of infrastructure and generated a positive social impact on quality of life, in line with the commitments assumed by the Company and the needs of the communities within its area of direct influence

Yauli

Volcan executed the first and second stage of CITE, for an amount of USD 239,678.41, at year-end 2018, in accordance with the Rumichaca Tailings Dam 24 ha Expansion agreement executed in 2012.

Similarly, Volcan started the leveling works for the stadium (progress at 20%) in accordance with the Rumichaca Tailings Dam 10.9 ha Expansion agreement executed in 2014.

Cerro de Pasco

Volcan carried out the Healthy Households Program with the objective of improving the quality of life of the community members of San Antonio de Rancas who reside in the surroundings of Ocroyoc tailings dam and other mining areas. Volcan provided them with a healthy living environment. The Company delivered solar panels to 13 identified families.

Annually, Volcan performs sustained maintenance of access roads to the channels, as stipulated in the agreement executed with Racracancha rural community.

Chungar

The works carried out in the communities includes:

- Construction of a mini sports field for Ricardo Palma school, which is currently under execution and will be delivered during 2019.
- Construction of two cattle sheds.
- Development of Huancohuaranga unpaved road.
- Construction of Quimacocha perimeter fence.

Baños Hydroelectric Plants Group

In May, June, July, August, September, October and November, the Company actively participated in the irrigation of the road section between Tingo bridge and San José de Baños community, as part of Volcan's commitment to environment protection.

One thousand meters of chain-link fence and 300 posts were delivered to San José de Baños community and 250 m of chain-link fence to Carhuacayan community to improve cattle production.

Volcan built the river bank containment in Baños Collpa in the community of Santa Catalina in accordance with the Agreement for the Use of 426.47 ha for Mining Purposes executed in 2017.

Company delivered solar panels to 13 identified families



Volcan's activities are supervised by government agencies that enforce fulfillment of commitments to communities and application of standards to prevent significant impact on the environment

Volcan remodeled the citizen security premises in the community of Ravira, in accordance with the Agreement on Surface and Easements Rights for the Development of Hydroelectric Plants, executed in 2013..

COMPLIANCE OVERSIGHT

Volcan's activities are supervised by government agencies that enforce fulfillment of commitments to communities and application of standards to prevent significant impact on the environment that could harm human health and lives. (103-3)

The Agency for Environmental Assessment and Enforcement (OEFA) assesses, oversees and, in some cases, sanctions Volcan's activities. OEFA is a specialized technical body attached to the Ministry of Environment, it enforces and ensures an adequate balance between private investment for economic activities and environmental protection. In addition, it controls the National System for Environmental Assessment and Enforcement (SINEFA). (103-3)

In 2018, agencies, such as OEFA, made oversight visits to the Company's operations.

Cerro de Pasco

OEFA assesses, supervises, oversees and, occasionally sanctions, the activities in Cerro de Pasco (PRC-EIA Óxidos and PRC-EIA Paragsha/San Expedito) and across Volcan.

In 2018, the visits of organizations such as OEFA were carried out smoothly.

FORMAL GRIEVANCE MECHANISMS

As part of its environmental policy and to comply with citizen engagement regulations (Supreme Decree No. 028-2008-EM, Regulation on Citizen Engagement in the Mining Subsector), Volcan implements citizen engagement mechanisms for the different stages of mining activity, such as exploration, production, or mine closure. In addition, the Company has a Permanent Information Office in all units that make approved environmental impact assessments available to the community and provide information about project and operational progress. (102-43)(103-2)(413-1)(MM7)

This office receives suggestions, comments, reports, and grievances from stakeholders in the areas of influence. The documentation is promptly processed and addressed. Depending on the type of grievance, Volcan organizes meetings to clarify questions; which are complemented by guided visits when necessary.

Cerro de Pasco

Cerro de Pasco Mining Unit has two permanent information offices focused on the Óxidos EIA and Paragsha/San Expedito EIA to receive the people who want to submit a complaint, grievance and/or inquiry. Their visit is recorded in a guestbook. The population's opinions on the project have been registered as indicators.

Moreover, the team at Cerro de Pasco holds frequent informative meetings with the participation of ADI representatives. This activity is carried out in line with the Community Relations Plan Reporting Program.

Chungar

During 2018, Volcan implemented the complaints and grievances procedure. Any community member can submit any type of complaint or grievance through the Community Relations area, which acts as a mediator between the complaint and the specialized company. The mechanism proposes a term of 10 days to seek for solutions to the satisfaction of both parties.

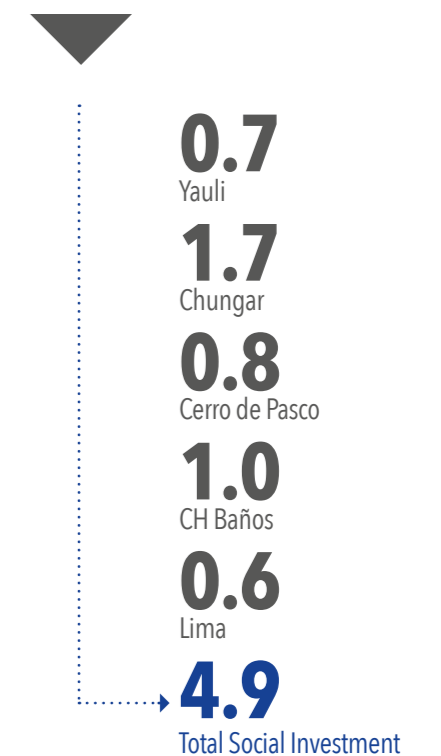
For the dissemination and training on the procedure, informative bulletins were handed out explaining the steps to be followed.

In 2018, the rate of complaints and grievances decreased exponentially. Likewise, 95% of complaints and grievances were satisfactorily resolved.

SOCIAL INVESTMENT

The goal of Volcan's social investment is to contribute to sustainable human development in the 38 communities in its area of direct influence. In 2018, Volcan invested USD 4.85 million in this area. The investment is primarily based on the Company's 84 agreements and commitments with rural communities, established in sustainable development and community relations plans arising out of environmental impact assessments. They are concentrated in three areas: education, health, and economic development. In addition, to strengthen the local economy, Volcan worked with 17 community enterprises with total billing around USD 3.4 million per month for civil works, mining operations, and hauling services, among others. (103-1)(103-2)(203-1)

Social investment by division and unit (203-1)



¹⁰ AID: Ámbito de Influencia Directa

Since 2010, Volcan has committed PEN 108.5 million to finance 14 infrastructure and utilities project of great social impact that have contributed to reduce the country's infrastructure

SIGNIFICANT INVESTMENTS IN SOCIAL INFRASTRUCTURE

Since 2010, Volcan has committed PEN 108.5 million to finance 14 infrastructure and utilities project of great social impact that have contributed to reduce the country's infrastructure gap in education, water and sanitation, solid waste management and transport, among others. These projects benefited 500,000 people. (103-1)

The PEN 17.5 million reduction as compared to the amount pledged in 2017 is explained by the resolution of the landfill agreement with the Province Municipality of Pasco. This followed a change of strategy in the organization. However, there are 15 new projects in the portfolio to work together with the new authorities.

Volcan is permanently participating and promoting the Public Works Tax Credits mechanism through new projects and by approaching the new local, regional and national authorities. The projects executed by the company benefited the closest populations and followed the internal strategy of investing in crucial sectors that allow greater social impact. (103-2)

Rankings of companies by investment amount and number of projects (MM PEN entre el periodo 2009-2018)

N°	COMPANY	TOTAL 2009-2018
1	Banco de Crédito del Perú-BCP	1,097.1
2	Southern Peru Copper Corporation	595.2
3	Compañía Minera Antamina S.A.	574.8
4	Telefónica del Perú S.A.A.	214.1
5	Banco Internacional del Perú S.A.A. - Interbank	179.1
6	Optical Technologies S.A.C.	160.9
7	Volcan Compañía Minera S.A.A.	108.5
8	Unión de Cervecerías Peruanas Backus y Johnston S.A.A. - BACKUS	97.0
9	Cementos Pacasmayo S.A.A.	84.3
10	Ferreyros S.A.	77.3

Source: Decentralized Investment Office - ProInversión

Year-end 2018, the New Food Market of Chancay project was concluded through the Public Works Tax Credits. It has more than 650 stalls and an investment in excess of PEN 22 million. This is a very important project for the city of Chancay and it will benefit 85 thousand people.

In addition, Volcan finished the recovery of the investment made in the Water and Sanitation project in the San Agustín de Huaychao settlement (Huayllay-Pasco), which amounted to PEN 8.1 million and was executed with Ferreyros and Unimaq.

Volcan ranks third among mining companies in terms of the number of Public Works Tax Credits projects won, and in terms of committed funding amount. Its indicators show a greater recovery rate (80%) as compared to the rest of the market. Moreover, the Company is a founding member of ALOXI, the Partnership for Public Works Tax Credits, which includes companies responsible for 80% of projects funded under this mechanism.

The New Food Market of Chancay project was concluded through the Public Works Tax Credits. It has more than 650 stalls and an investment in excess of PEN 22 million. This is a very important project for the city of Chancay and it will benefit 85 thousand people



11.

RESPONSIBLE ENVIRONMENTAL MANAGEMENT



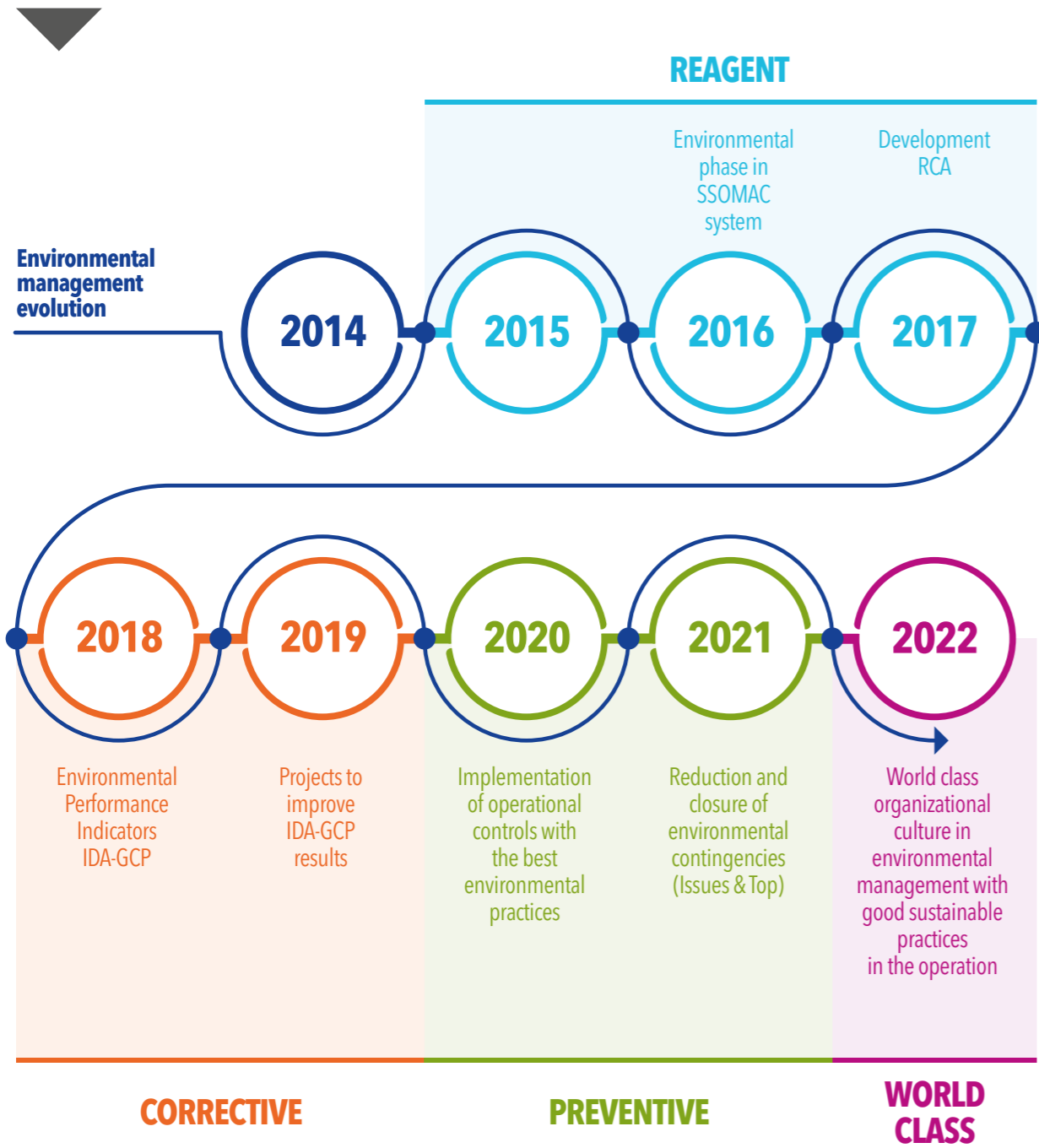
In line with its environmental management strategy, in 2018 Volcan continued implementing the Critical Environmental Risks management to focus efforts on prevention and control of main environmental risks, standardizing operational criteria based on the current status of each mining unit. (103-1/102-11)

The management and strategy of Critical Environmental Risks are shown in the Figure below:

Critical Environmental Risks

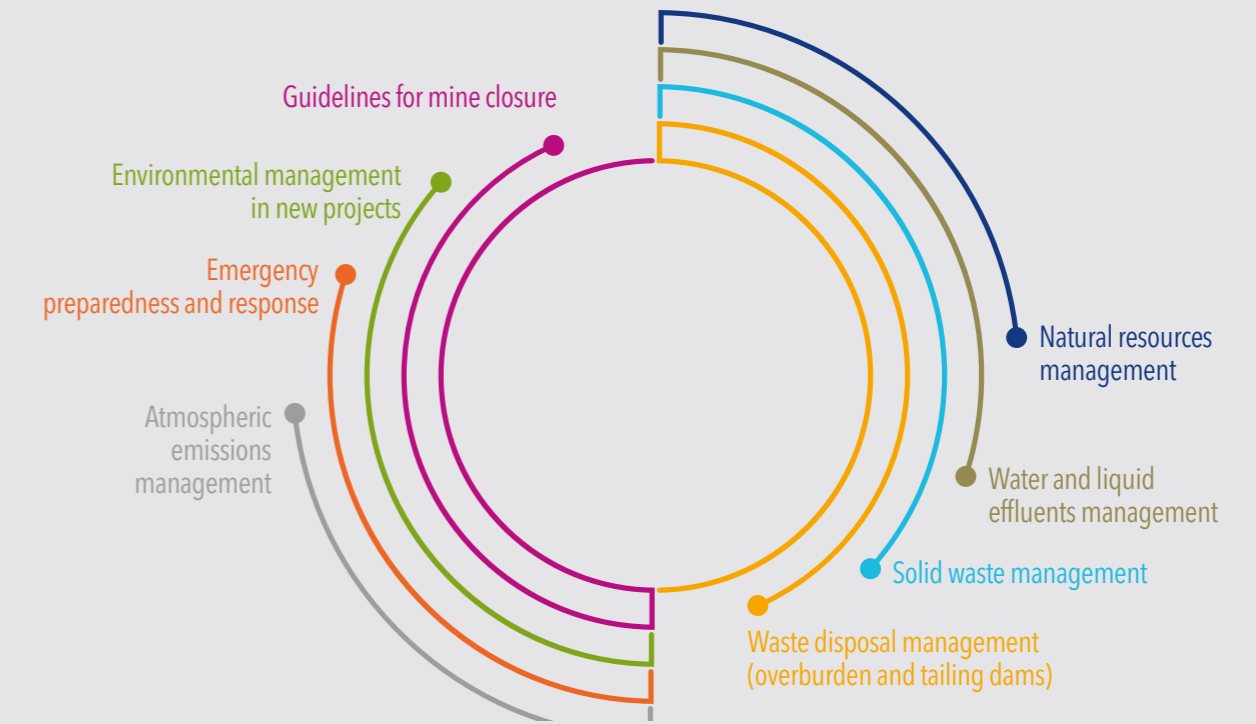


Planning and evolution of the environmental management system



In 2018, Volcan continued to disseminate its environmental management system through the corporate standards book as a tool to manage Critical Environmental Risks in the operation.

Key corporate standards developed to manage critical environmental risks



Reactive key indicators (kpi) Productive (Sustainability):



Productive (Sustainability):

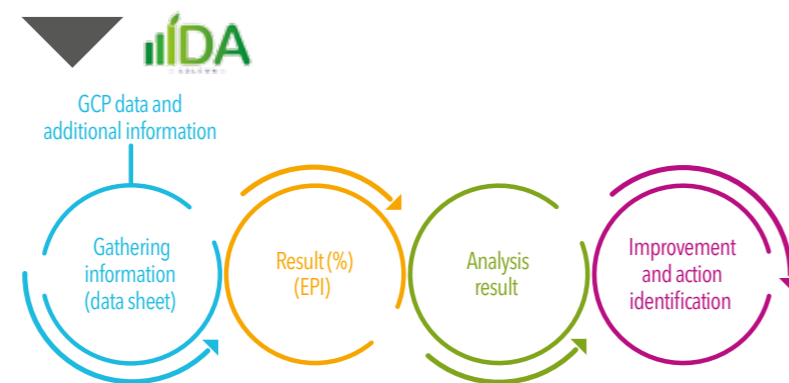
- Water
- Fuel
- Mineral waste
- Non-mineral waste
- Air emissions
- Electricity
- Mine closure
- Risk rating (in the future)

Reactive key indicators (kpi):

- Legal compliance
- Issues and tops
- Environmental events

In 2018, Volcan implemented the Environmental Performance Indicator (EPI) to measure the environmental performance of the operation's processes and activities, on the basis of operational variables and environmental variables. This indicator draws from the values reported to Glencore's corporate practice website and other results observed at the operation used to calculate the EPI.

Environmental Performance Indicator (EPI)



▼ EMISSIONS AND AIR QUALITY

Air quality and emissions are controlled through an Environmental Monitoring Program implemented across all mining units. (103-3)

In 2018, Volcan continued to implement and internalize the Air Emissions Standard, a crucial tool to manage the Critical Environmental Risk of atmospheric emissions.

Volcan has a network of air quality monitoring stations across all its mining units, which are located within the area of environmental and social influence. Monitoring is performed by a specialized company using inertial separation/filtration (gravimetric analysis) for 24 hours.

According to the 2018 results, emissions of particulate matter PM 10 and PM 2.5, measured in parts per million (ppm), showed values under the Environmental Quality Standard (EQS) regulated by Supreme Decree 003-2017-MINAM. (305-7)

Volcan performs monthly air monitoring which is reported on a quarterly basis to the Ministry of Energy and Mines.

In 2018, the emissions of particulate matter PM 10 and PM 2.5, measured in parts per million (ppm), showed values under the Environmental Quality Standard (EQS)

Quantity of PM ₁₀ y PM _{2.5} particulates by unit			
MINING COMPANIES	UNIT	PARTICULATE MATTER (PM) ANNUAL AVERAGE 2018	
		PM _{2.5}	PM ₁₀
Volcan Compañía Minera S.A.A.	Andaychagua	6.3	31.8
	San Cristóbal	7.6	36.3
	Carahuacra	7.0	29.6
	Ticlo	9.0	39.3
Compañía Minera Chungar S.A.C.	Alpamarca	2.0	9.7
	Animón - Islay	10.0	17.9
Empresa Administradora Cerro S.A.C.	Cerro de Pasco	10.3	20.9
Environmental Quality Standard (EQS)		25 ug/m³	50 ug/m³

▼ **BIODIVERSITY**

Biodiversity is an important aspect of Volcan's environment protection policy. However, it should be noted that none of Volcan's operations are located within protected natural areas that are part of the National System of Protected Natural Areas (SINANPE). **(103-1)**

Volcan has one mining project in the buffer zone of the Nor Yauyos Cochas Landscape Reserve. The results of the biannual biological monitoring of flora and fauna are reported to the Ministry of Energy and Mines and the Agency for Environmental Assessment and Enforcement. **(304-1/MM2)**

In addition, the Alpamarca unit has nine flora and fauna monitoring stations. Monitoring activities take place twice a year as established in commitments made in environmental management instruments. **(103-2)**

As part of mine closure activities, Volcan has implemented revegetation plans using native species for the recovery of disturbed areas.

The results of the biannual biological monitoring of flora and fauna are reported to the Ministry of Energy and Mines and the Agency for Environmental Assessment and Enforcement



▼ **TRANSPORT**

Volcan added transport management to its Environmental Management System. This system controls environmental risks through continuous assessment using the Company's hazard identification procedure, risk assessment and control, internal audits, and air quality measurement. **(103-1)**

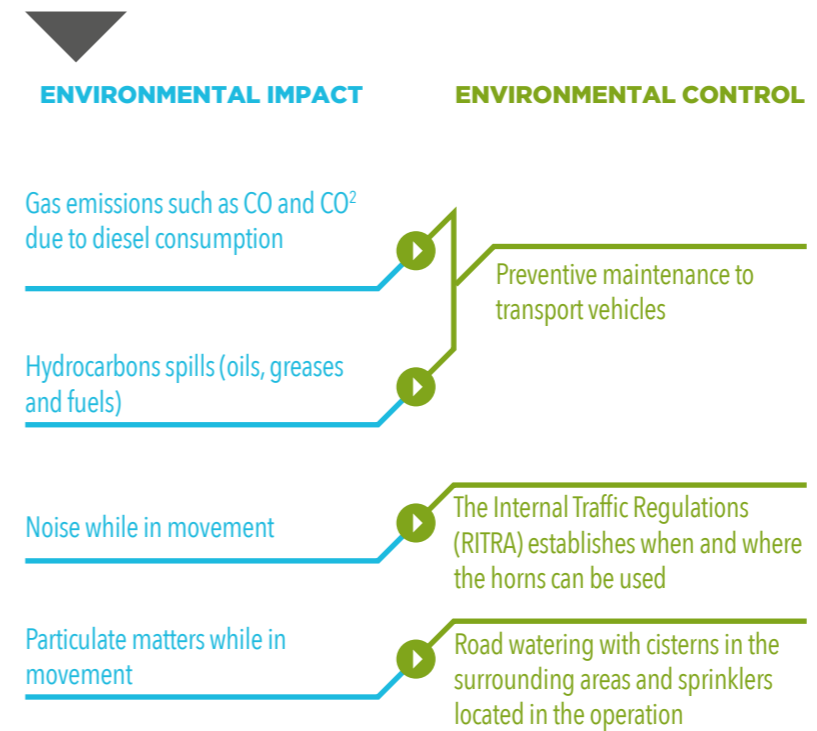
With respect to personnel, Volcan transports its employees to and from operations areas in its own 4WD trucks and also uses third-party bus transport services.

Mineral is transported in dump trucks, belts and/or shafts from underground extraction areas and pits to concentrate plants, while concentrates are transported from mining units to the port of Callao in enclosed trailers, containers and via the Central Andino Railway.

All transport vehicles are part of the Preventive and Predictive Maintenance Program to mitigate and control significant environmental impacts. **(103-2)**

Volcan added transport management to its Environmental Management System

Environmental impacts generated (103-1 / 103-2)



Main solid waste generated

Hazardous:

- Used oils
- EEAW* (batteries, used fluorescents, toner, etc.)
- Plastic waste (bags, bottles, PVC pipes)
- Waste with cyanide and sulfate
- Material with hydrocarbons
- Heavy metals (soldering waste)
- Explosives remains

Nonhazardous

- Organic waste
- Wood remains
- Plastic waste
- Paper and cardboard
- Metal waste (scrap)

* RAEE : Residuos de Aparatos Eléctricos y Electrónicos

▼ WASTE MANAGEMENT

In 2018, Volcan continued strengthening the solid waste management standards to implement the Critical Environmental Risks known as Inadequate Solid Waste Management, which allowed to identify and manage environmental risks, resulting in better environmental control. **(103-2)**

The Company plans to implement reduction, storage, reuse, sale, transport, recycling, and final disposal of waste indicators throughout the entire value chain by 2019. The Company is currently implementing Environmental Performance Indicators (EPI), which will allow it to align its objectives toward 2019.

All Volcan mining units have stockpile points at strategic locations for separating waste by color code. The units have temporary storage facilities for solid waste. A specialized company picks up the hazardous waste from the storage facilities. Non-hazardous waste is disposed of at landfills; one part is sold and/or reused.

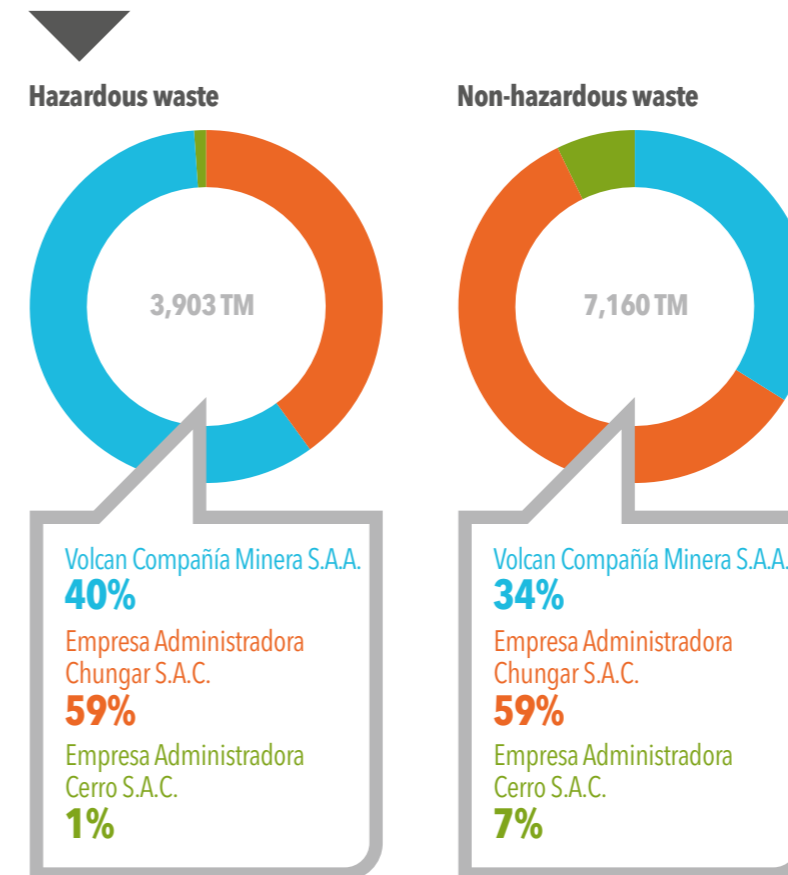
Waste management policies are aligned with current environmental regulations.

To comply with the regulatory provisions of the General Law on Solid Waste approved by Supreme Decree 014-2017-MINAM, Volcan submitted the Annual Declaration on minimization and management of non-municipal solid waste to the relevant authorities.

Hazardous solid waste manifests were reported on a quarterly basis to the Agency for Environmental Assessment and Enforcement. **(103-3)**

Out of the total amount of solid waste generated in 2018, hazardous solid waste accounted for 34%, and was disposed of at landfills. Meanwhile, 66% was non-hazardous and included domestic and industrial waste. Domestic waste was disposed of at the unit's landfill; industrial waste was sold, donated and reused. **(306-2)**

Percentage of hazardous and non-hazardous waste generation (MT) by Volcan mining units and subsidiaries (306-2)



The total amount of solid waste generated in 2018, hazardous solid waste accounted for 34%, and was disposed of at landfills

Waste generation (MT) by volcan mining units and subsidiaries				
COMPANY	UNIT	HAZARDOUS	NON-HAZARDOUS	TOTAL
Compañía Minera Volcan S.A.A.	Andaychagua	256	613	869
	San Cristóbal	842	873	1,715
	Carahuacra	419	803	1,222
	Ticlio	40	168	208
Compañía Minera Chungar S.A.C.	Animón - Islay	2,189	3,779	5,968
	Alpamarca	115	416	530
Empresa Adm. Cerro de Pasco/ Óxidos de Pasco	Cerro y Óxidos	43	509	551
Total		3,903	7,160	11,063

Volcan contracts service provider companies at each of its units for final disposal of hazardous and non-hazardous wastes. (103-2/306-2)

EPS-RS				
COMPANY	UNIT		EPS	SANITARY REGISTRY
Compañía Minera Volcan S.A.A.	Tidío	Hazardous	GSA-DISAL	EP-1501-067.17
			GSA-DISAL / GREEN CARE	EP - 1501-067.17 /EP-0701-007.18
		Non-Hazardous	GSA-DISAL	EP-1501-067.17
	San Cristóbal Mahr Túnel		GREEN CARE	EP-0701-007.18
		Hazardous	GSA-DISAL / GREEN CARE DEL PERU S.A	EP - 1501-067.17 /EP-0701-007.18
		Non-Hazardous	GSA-DISAL / GREEN CARE DEL PERU S.A	EP - 1501-067.17 /EP-0701-007.19
Andaychagua	Hazardous	GSA-DISAL / GREEN CARE	EO-RS-0021-18-150142/EP-0701-007.18	
	Non-Hazardous	GSA-DISAL / GREEN CARE	EO-RS-0021-18-150142/EP-0701-007.19	
Compañía Minera Chungar S.A.C.	Chungar	Hazardous	EMICONSATH S.A	EP-1901-088.16
			D&D	EPNA-968-14
			GSA-DISAL	EP-1501-067.17
	Alpamarca	Non-Hazardous	EMICONSATH S.A	EP - 1901-088.16
			D&D	EPNA-968-14
			GREENCARE	EP-0701-007.18
Empresa Adm. Cerro de Pasco/ Óxidos de Pasco	Cerro de Pasco	Hazardous	D&D	EPNA-968-14
		Non-Hazardous	Tingo Palca	EO-RS-0003-18-190113

▼ENERGY

Energy management at the Company has two fronts: (103-2)

- The generation of energy from renewable sources
- The optimization of energy use through operating efficiencies

With regard to renewable energy, the Company is developing hydraulic generation projects: the expansion of Tingo Hydroelectric Plant and Chancay 2 and 3 projects. Both projects are still in the permitting process.

To increase operational efficiency, Volcan created the Corporate Energy Efficiency Program aimed at maintaining energy costs at 8-10% of mineral production cost. This program seeks to minimize service interruptions, turning off equipment during peak hours and using condenser banks to efficiently compensate for reactive energy. (302-4)

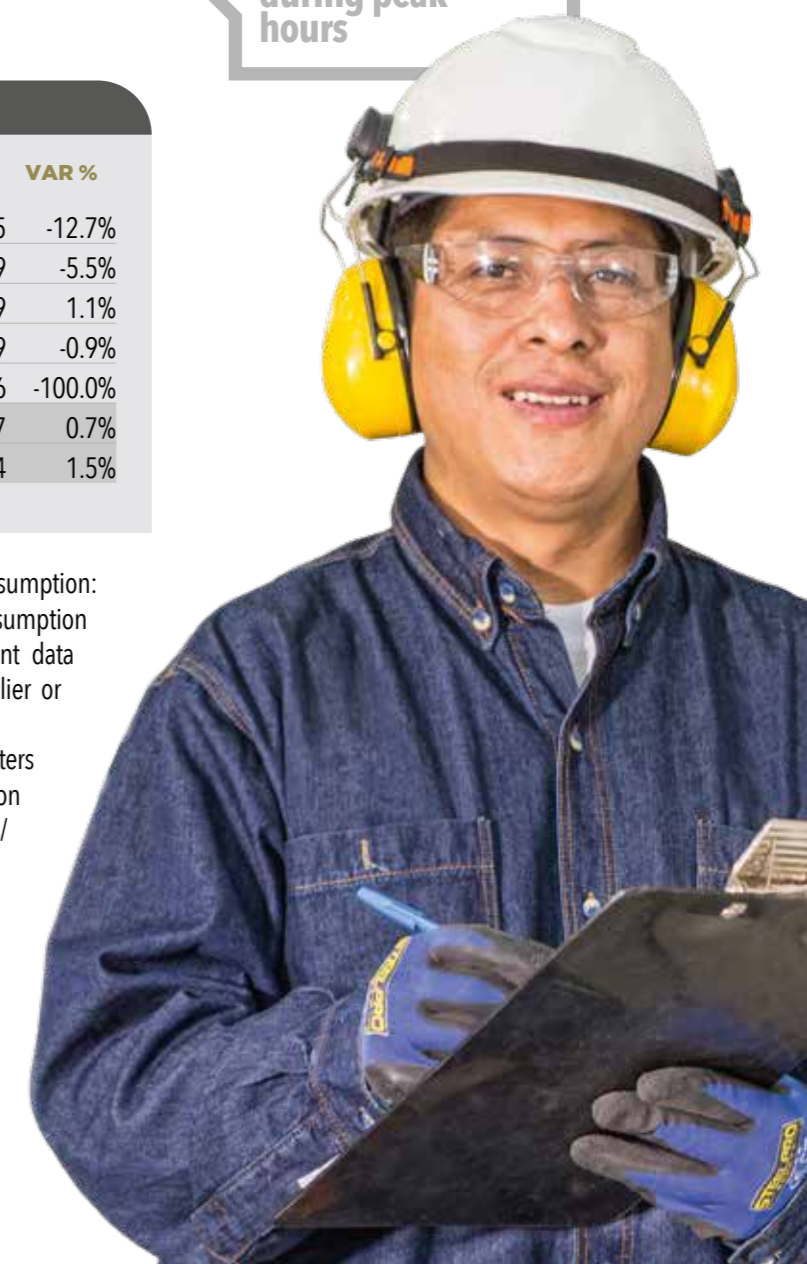
This program seeks to minimize service interruptions, turning off equipment during peak hours

Electricity consumption (302-1) (302-4)			
ELECTRICITY BALANCE (GWH)	2018	2017	VAR %
Energy Production	307.8	352.5	-12.7%
CH Chungar	153	161.9	-5.5%
CH Tingo	9.1	9	1.1%
CH Huanchor	145.6	146.9	-0.9%
CH Rucuy	-	34.6	-100.0%
Energy consumption	711.8	706.7	0.7%
Energy purchase	549.6	541.4	1.5%

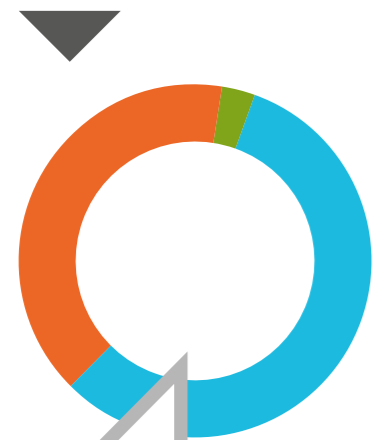
Source: Volcan Compañía Minera

Volcan applies the following reports when calculating energy consumption:

- Monthly readings from meters: Consolidated monthly consumption information from meters; they provide energy procurement data (MWh). The information is provided by the electricity supplier or monitoring center.
- Monthly generation reports: Information from terminal meters at Volcan's hydroelectric plants; they provide power generation data (MWh). The information is provided by the Operations/ Electric Maintenance Area and the Hydroelectric Operations Division.
- Metric tons processed monthly reports (MT): Tons processed at the mining units' concentrator plants.



Fuel consumption (diesel) by unit (302-1)



Volcan Compañía Minera S.A.A. **57%**
 Empresa Administradora Chungar S.A.C. **40%**
 Empresa Administradora Cerro S.A.C. **3%**

- Finally, energy consumption costs versus tons processed are registered and consolidated in a monthly report prepared by the Budget and Management Control Division*. (103-3)

At Volcan, non-renewable fuel sources are used for transport vehicles, machinery and equipment.

Recording a total of 6.6 million gallons of diesel in 2018.

In 2018, fuel consumption in Volcan's units decreased by 18% as compared to consumption in 2017. This was explained by the improved combustion process of equipment within the mine.

Consumo de combustible (petróleo diésel) por unidad (302-1)		
COMPANIES	UNITS	CONSUMPTION (THOUSAND GALLONS)
Volcan Compañía Minera S.A.A.	Andaychagua	973
Empresa Administradora Chungar S.A.C.	Carahuacra	2,385
Empresa Administradora Chungar S.A.C.	Tidlo	474
Empresa Administradora Cerro S.A.C.	Animón - Islay	1,889
Empresa Administradora Cerro S.A.C.	Alpamarca	787
Empresa Administradora Cerro S.A.C.	Cerro	178
Total		6,686



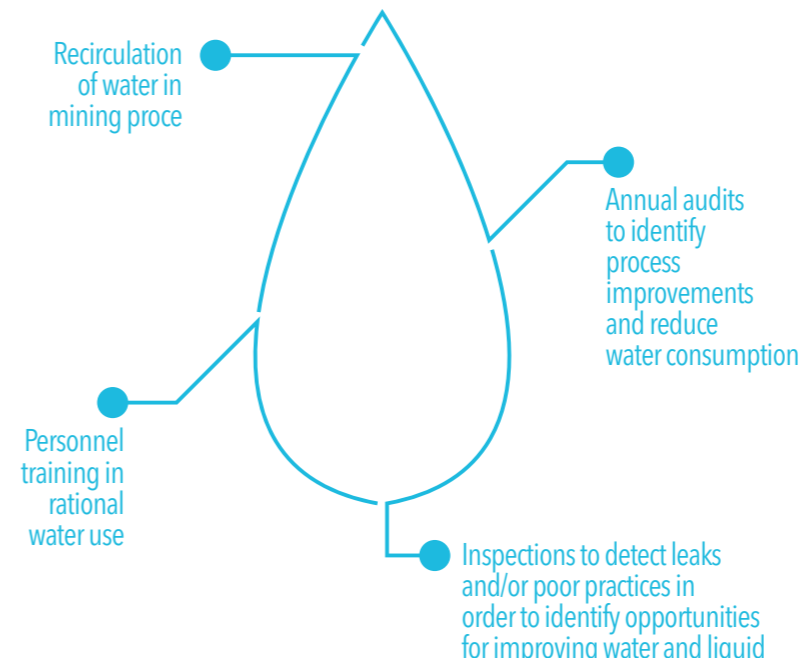
* The source used to calculate conversion reports can be found in the GRI G4 Guidelines for preparing Sustainability Reports.

▼ WATER MANAGEMENT

Water is an essential resource for mining that is used primarily in the mineral concentration process and to a lesser extent in auxiliary facilities and by the population. The main sources of supply are surface water and water from the interior of the mine. (103-1)

Volumes of water used by Volcan's operations are approved by licenses and permits granted by the National Water Authority. The usage rights fees were paid by year-end 2018.

The following water efficiency optimization measures are being implemented in the Company: (103-2)



Volumes of water used by Volcan's operations are approved by licenses and permits granted by the National Water Authority

Volcan controls water consumption by implementing hydrometric stations and, in some sectors, by using the conventional linograph method and the sections of the hydraulic structure implemented at each authorized water intake point. (303-1)

To improve water management in 2018, the Company carried out a water management diagnosis across all its mining units to identify improvement opportunities in the implementation of flow measurement equipment, improvement to hydraulic structures, use and optimization of authorized water intakes as compared to those used by the operation.

At year-end 2018, Volcan and its subsidiaries were authorized to use an annual flow of 48.5 million m³, of which 62% was for mining and 38% for domestic use. (303-1)

Authorized water volumes by unit				
COMPANIES	UNITS	ANNUAL VOLUME (THOUSAND M ³)		
		DOMESTIC	MINING	TOTAL
Volcan Compañía Minera S.A.A.	Andaychagua	111	2,332	2,443
	San Cristóbal-Marh Túnel	1,385	5,045	6,430
	Carahuacra	830	2,186	3,016
	Ticlio	134	513	647
Empresa Administradora Chungar S.A.C.	Animón	158	2,996	3,154
	Islay		158	158
	Alpamarca	156	1,983	2,140
Empresa Administradora Cerro S.A.C.	Cerro	15,768	14,822	30,590
Total		18,542	30,035	48,576

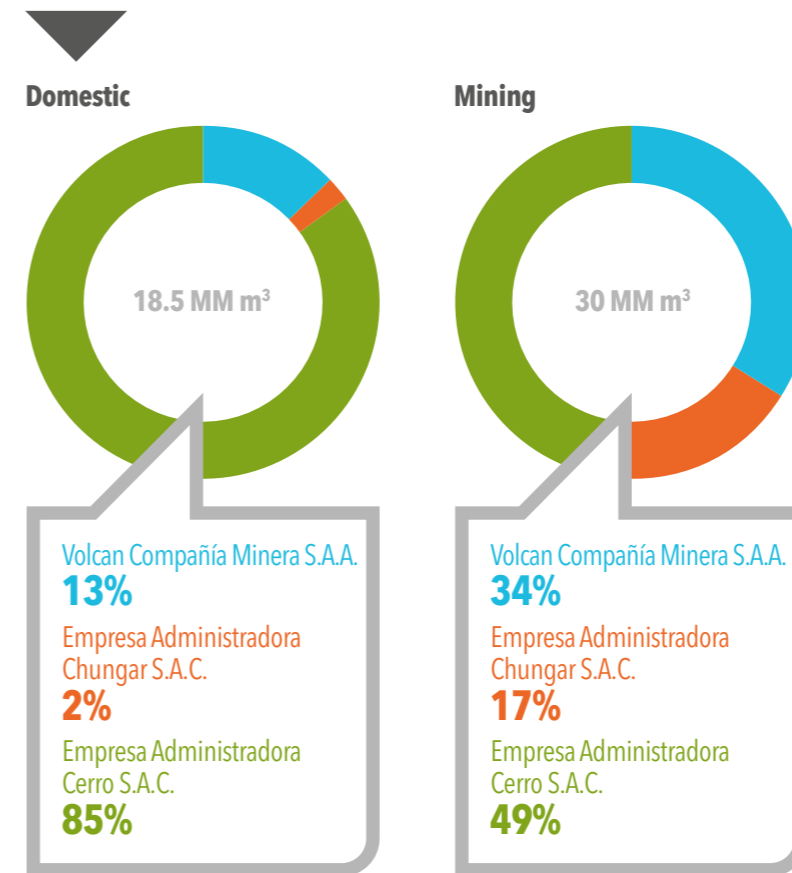
To safeguard, preserve, and protect water, Volcan conducts monthly environmental monitoring activities and submits the results each quarter to the Ministry of Energy and Mines and the National Water Authority. The Company also monitors water and effluent quality, not only at points approved by the authorities but at strategic locations to identify operational deviations that could put water at risk, in order to prevent, control, and mitigate such situations.

To improve water quality and usage, in 2018 the Company continued the implementation of water and liquid effluent management standards which enabled it to implement Environmental Performance Indicators for water (103-2 / 102-11). The database is currently being processed. The KPI* will be defined next, and action plans focused on the efficient use of water will be established.

In 2018, Volcan continued evaluating the updates to the Plan for Integral Adaptation to Water Quality Standards and Maximum Permissible Limits across all mining units. The studies have taken into account projects and activities aimed at comprehensive water management, such as separation of contact and non-contact water and water recirculation. The adaptation to Water Quality Standards and Maximum Permissible Limits require significant investments and will enable Volcan to improve water quality management, as well as to meet the environmental legislation in force.

* KPI: Key Performance Indicator.

Percentage of authorized discharge volumes of Volcan's and subsidiaries



EFFLUENT MANAGEMENT

To improve control of discharge volumes, in 2018 the Company continued the installation of flow measurement equipment located at domestic and industrial effluent discharge points.

Volcan has water permits and discharge authorizations granted by the National Water Authority.

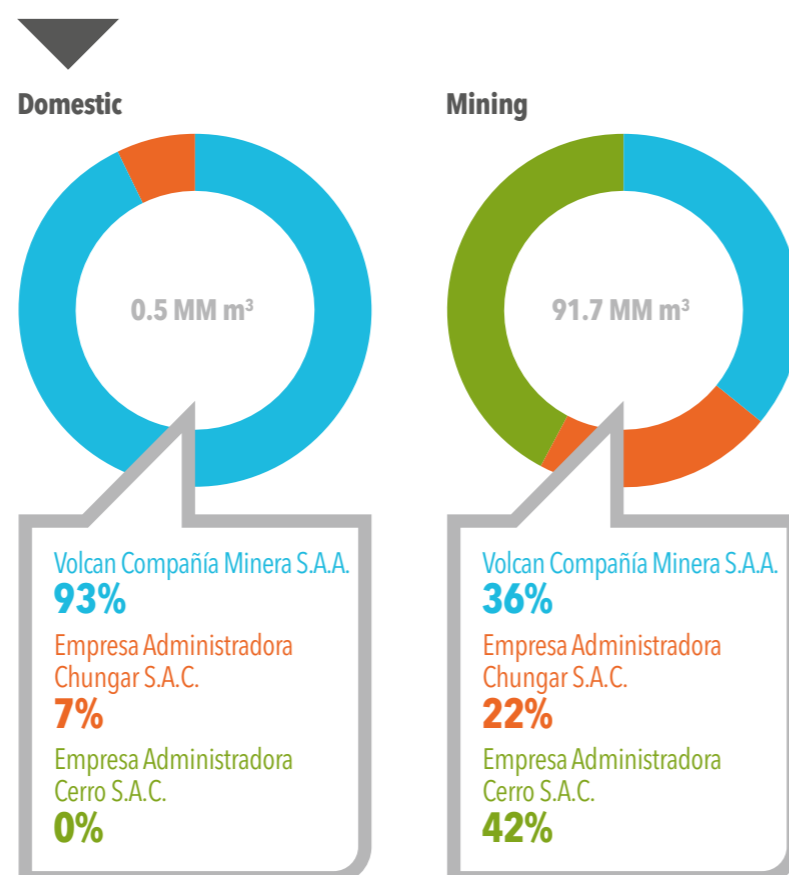
The results of the domestic and mining discharge monitoring reports showed values below the maximum permissible limits in force. These are submitted to the competent authority on a quarterly basis. (103-2)

At year-end 2018, Volcan had a total of 92,127 million m³ authorized for discharge, out of which 99% were mining discharges.



Authorized water volumes per mine (MM m ³): (306-1)	
Cerro de Pasco	38.7
Yauli	33.6
Chungar	17.1
Alpamarca	2.6

Percentage of authorized discharge volumes of Volcan's and subsidiaries



▼ TAILINGS DAM MANAGEMENT

Volcan has six tailings dams in operation. Each one has environmental certifications, and construction and operating permits in forces. (MM3)

Tailings dam management uses the SIGDERE tool (Waste Storage Management System for the Tailings Dam and Overburden) to perform the technical and environmental comprehensive planning. SIGDERE enables the Company to integrate several areas to enforce the monitoring programs, and empower operators at concentrator plants allowing them to make a critical analysis and follow up on compliance in a continuous improvement system.

SIGDERE's implementation started in 2016. It is a progressive process and, in 2018, Volcan focused on strengthening it.

The Company is aware that the implementation is a long-term effort, but it is committed to the process. It seeks not only to meet national standards, but also the highest international standards. As a first step, it started the situational diagnosis of tailings dams throughout the Company, in a process that will be completed in 2019.

The diagnosis includes a dam break analysis (information relevant for revealing the actual conditions of the operations), which will allow to prepare a risk management plan.

Volcan has also started preparing a tailings dam master plan, looking for long-term solutions in line with the ore reserves at each unit. (306-2)

Volcan has six tailings dams in operation. Each one has environmental certifications, and construction and operating permits in forces

Annual authorized discharge volume by unit (306-1)

MINING COMPANIES	UNITS	ANNUAL VOLUME (THOUSAND M ³)		
		DOMESTIC	MINING	TOTAL
Volcan Compañía Minera S.A.A.	Andaychagua	52	7,070	7,122
	San Cristóbal - Marh Túnel	210	2,551	2,761
	Carahuacra	163	15,704	15,867
	Tidlio	3	7,884	7,887
Compañía Minera Chungar S.A.C.	Animón - Islay	-	17,171	17,171
	Alpamarca	34	2,586	2,620
Empresa Administradora Cerro S.A.C.	Cerro/Óxidos	-	38,699	38,699
Total		462	91,665	92,127

Tailings Dams per mining unit (306-2 / MM3)

COMPANIES	UNITS	TAILINGS DAMS	TYPE OF DISPOSAL	ENVIRONMENTAL INSTRUMENT
Volcan Compañía Minera S.A.A.	San Cristóbal - Mahr Túnel	Mahr Túnel N° 06	Pulp	EIA/ITS
	Carahuacra	Rumichaca	Thickening	EIA
	Andaychagua	Andaychagua Alto	Pulp	EIA
Compañía Minera Chungar S.A.C.	Alpamarca	Alpamarca	Pulp	ITS
	Animón	Animón	Thickening	ITS
Empresa Administradora Cerro S.A.C.	Cerro de Pasco	Ocroyoc	Pulp	EIA

EIA: EEnvironmental Impact Assessment
ITS: Supporting Technical Report

The Environmental Management System includes strategic committees comprised of management and those responsible for each mining unit, charged with making decisions regarding environmental matters

▼ **REGULATIONS, FINES AND SANCTIONS**

Volcan manages its compliance with environmental regulations and the impacts generated by its operations through the following actions: (307-1)

- Dissemination of environmental obligations required under current regulations.
- Execution of internal audits in mining units to verify environmental obligations.
- Follow-up and verification of compliance with corrective measures imposed by the Agency for Environmental Assessment and Enforcement (OEFA).
- Follow-up through alerts to operations regarding compliance with the required periodic environmental reports.
- Environmental management system audits aimed at preventing, mitigating, and controlling environmental risks of the operation and therefore compliance with environmental obligations. (103-2)

The framework of the Environmental Management System includes strategic committees comprised of management and those responsible for each mining unit, charged with making decisions regarding environmental matters. In addition, there is a committee (Committee Level 2) comprised of superintendents for each operation, who share information on environmental situations and opportunities for improvement.

In 2018, Volcan recorded 21 environmental supervisions by OEFA, both special and regular, out of which 8 were performed on Volcan and 13 on its subsidiaries. Only one fine worth 28.41 UIT was applied by the oversight authority.

Likewise, regulatory compliance was evaluated through the following mechanisms:

- Correction of findings identified in environmental inspections.
- Reduction of findings detected during inspections conducted by the environmental authority.
- Decrease in fines imposed by the environmental authority.

▼ **COMPLIANCE WITH ENVIRONMENTAL REGULATIONS**

The Company meets all requirements of environmental regulations on mining. In addition, the Company submitted quarterly reports to the Ministry of Energy and Mines on water and air quality, and noise levels, meeting all environmental obligations required by the Peruvian Government. It also submitted quarterly reports to the National Water Authority on effluent and water quality in receiving water bodies.

Volcan also submitted reports on its environmental obligations to the Ministry of Energy and Mines as established by Supreme Decree No. 040-2014-EM, as well as the Environmental Sustainability Report, the Environmental Strategy Compliance Report, the Annual Report on Significant Impacts, and the Annual Report on Reagents and Operational Inputs.

Finally, environmental training was provided to personnel in all mining units in compliance with Article 153 of Supreme Decree No. 040-2014-MEM. One of the most important training topics was environmental obligations in the framework of approved environmental instruments.

▼ **MINE CLOSURE PLANS**

The final stage of a mine requires appropriate procedures to ensure that disturbed areas are able to recover both socially and environmentally and to avoid generating environmental liabilities that affect future generations. To date, all Volcan units have approved mine closure plans in place. The Company developed its first closure plans starting in 2009, under Law No. 28090 and its regulation, Supreme Decree No. 033-2005.

As part of the execution of government-approved mine closure plans, the re-vegetation and progressive restoration program has been implemented to recover areas affected by mining activities, to benefit communities in the area of influence. Progress in the activities executed and their results are reported to the Ministry of Energy and Mines; these are then enforced by the Agency for Environmental Assessment and Enforcement. (MM10)(103-1/103-2/103-3)

Commitments in mine closure plans in 2018 were centered on carrying out activities in relation to inoperative mine components and environmental liabilities incorporated in the mine closure plans. Closure activities were executed as part of the progressive closure program of Volcan.

▼ **ENVIRONMENTAL CERTIFICATIONS AND PERMITS GRANTED IN 2018**

In Volcan, the following environmental certificates and permits were relevant in 2018: (307-1)

Volcan submitted reports on its environmental obligations to the Ministry of Energy and Mines as established by Supreme Decree No. 040-2014-EM

In Volcan, the following environmental certificates and permits were relevant in 2018

COMPANY	MINING UNIT/ PROJECT	TYPE OF PERMIT	APPROVAL RESOLUTION	DESCRIPTION
Empresa Administradora Cerro S.A.C.	Cerro de Pasco	ITS	R.D.N° 027-2018-SENACE-JEF-DEAR	Improvement to the environmental management plan
		Operating authorization	R.D N° 0701-2018-MEM-DGM-V	Ocroyoc Tailings Dam up to elevation 4270, corresponding to stage II phase 1
		ITM	R.D N° 0227-2018-MEM-DGM-V	Project for the Modification of the Paragsha Ocroyoc Beneficiation Concession to increase the installed capacity of 12500 DMT to 17500 DMT (Sorting)
Compañía Minera Chungar S.A.C.	Islay	ITS	R.D.N°094-2018-SENACE-JEF-DEAR	Optimization of waste water system, expansion of camps, one raise
	Animón	ITS	R.D. N°087-2018-SENACE-JEF-DEAR	Implementation of raise, landfill expansion, relocation of piezometer network, camps expansion
	Alpamarca	ECAS Soil	R.D.°096-2018-MEM-DGAAM	Identification of Contaminated Sites (IISC)
	Palma	ITS	R.D 116-2018-MEM-DGAAM	First Supporting Technical Report - Exploring expansion of drilling platform
	Animón	Closure Plan	R.D N° 242-2018-MEM/DGAAM	2nd modification to the Closure Plan
	Animón	Operating authorization	R.D N° 0426-2018-MEM-DGM-V	Operating authorization of Alpamarca tailings dam at elevation 4676 masl - Stage II
	Romina	EIAsd	R.D N° 133-2018-MEM/DGAAM	Romina 2 Exploration Project - negative ramp 850, overburden, 45 drilling platforms
Compañía Minera Vichaycocha S.A.C.	Carhuacayán	ITS	R.D N° 042-2018-MEM-DGAAM	First Supporting Technical Report - Increase of 15 platforms
Empresa Explotadora de Vinchos	Vinchos	Closure Plan	R.D N° 007-2018-MEM/DGAAM	2nd modification to the Closure Plan
Volcan Compañía Minera S.A.A.	Andaychagua	ITS	R.D N° 115-2018-SENACE-JEF/DEAR	2 ITS - Add raise, remove the pipeline that goes through the tailings dam's main dike, optimize surveillance and environmental control
	Carahuacra	Operating authorization	RD N° 0913-2018-MEM-DGM-V	Rumichaca Tailings Dam at altitude 4224

THE REVEGETATION AND PROGRESSIVE RESTORATION PROGRAM HAS BEEN IMPLEMENTED TO RECOVER AREAS AFFECTED BY MINING ACTIVITIES, TO BENEFIT COMMUNITIES IN THE AREA OF INFLUENCE



12.

ABOUT THE SUSTAINABILITY REPORT



THIS DOCUMENT REPORTS ON ECONOMIC, SOCIAL, AND ENVIRONMENTAL MANAGEMENT BY VOLCAN COMPAÑÍA MINERA S.A.A. AND ITS SUBSIDIARIES IN PERU, INCLUDING MINE OPERATIONS, HYDROELECTRIC PLANTS, AND ADMINISTRATIVE OFFICES, FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2018. (102-1 / 102-45 / 102-50 / 102-51 / 102-52)

For the fourth consecutive year, it was prepared in accordance with the methodology and guidelines of the Global Reporting Initiative (GRI), in Essential Option, being the second version in accordance with the new GRI Standards. The periodicity of its publication is annual, the date of the previous report was on March 28, 2018, corresponding to the year 2017. (102-54)

To determine the contents, an internal and external documentary review was carried out, as well as the monitoring of indicators of performance in economic, environmental and social issues, which have followed the technical protocols established by the GRI. These contents were modified and expressed according to the tool "Mapping G4 to the GRI Standards - Disclosures - Full overview". (102-49)



▼ **MATERIALITY PROCESS**

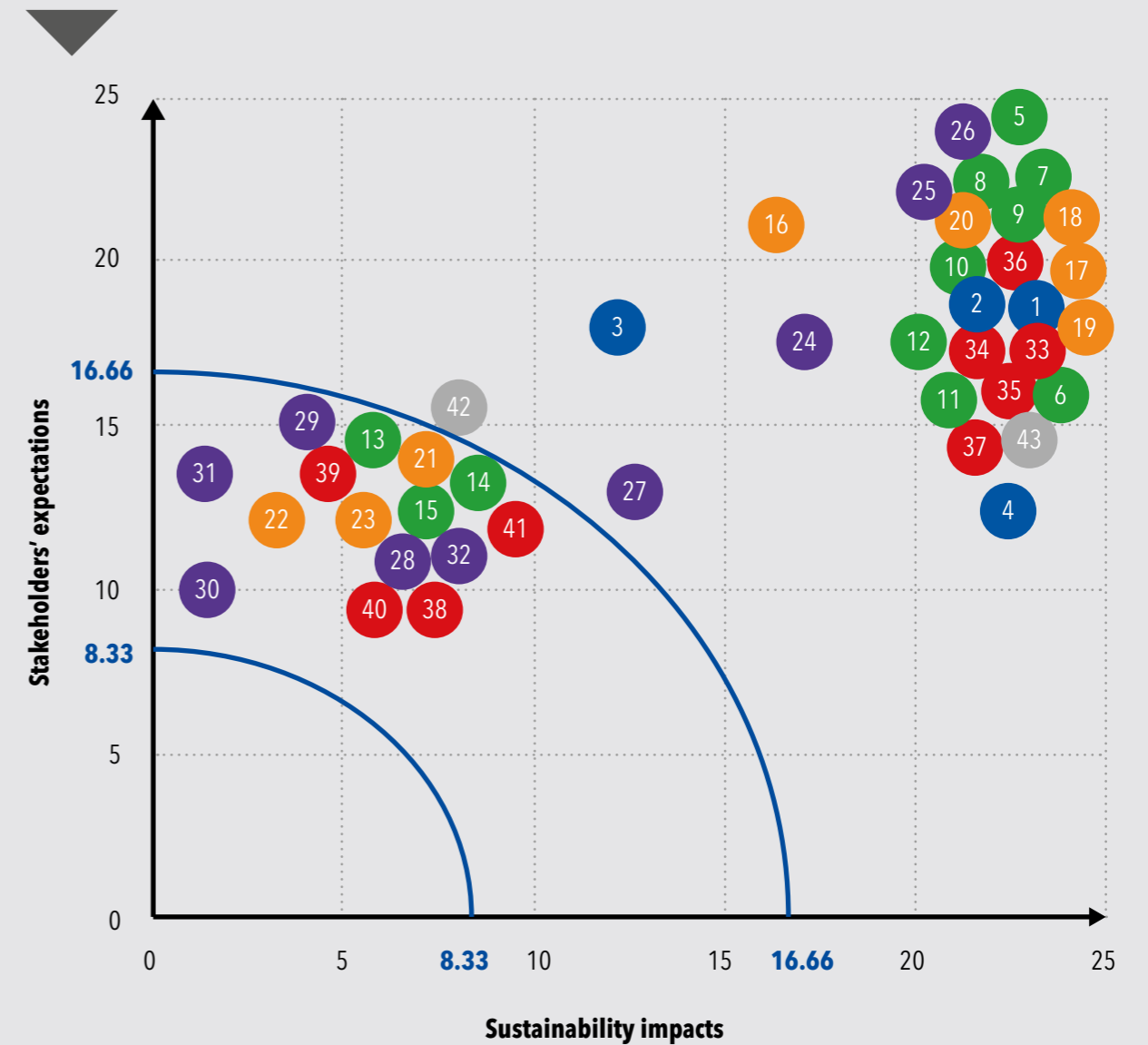
In 2015, Volcan carried out a preparatory cycle to prepare a sustainability report for the first time according to the GRI protocols. In June 2016 it commissioned a consultancy to identify and select the material issues that determine the contents of the reports, reflecting the expectations of its stakeholders and the management of potential impacts that could affect the sustainability of its operations. The identification of material issues were determined by the following process: (102-46)

Process stages



As a result of this process, a list of material issues that remain valid was prioritized. The level of coverage*, stakeholders and related business units are shown below: (102-46)

Prioritization of material aspects



* Coverage: Description of where impacts are generated.

Material aspects included (102-47)

CATEGORY GRI	N°	MATERIAL ASPECT	COVERAGE	RELATED STAKEHOLDERS	
Economy	1	Indirect economic consequences	External	Community	
	2	Economic performance	Internal	Shareholders, collaborators, government and civil society	
	3	Acquisition practices	External	Suppliers	
	4	Market presence			
Environment	5	Water	External	Community and environment	
	6	Biodiversity			
	7	Regulatory compliance (environmental)	External	Community and environment	
	8	Effluents and waste	External	Community and environment	
	9	Emissions			
	10	Energy	External	Clients, community and environment	
	11	Environmental grievance mechanisms			
	12	Transport	External	Clients, community and environment	
Social: labor practices and dignified work	13	Training and education	Internal	Employees	
	14	Employment	Internal and external	Collaborators and community	
	15	Evaluation of suppliers' labor practices	Internal and external	Collaborators and suppliers	
	16	Relations between workers and directors	Internal	Employees	
	17	Occupational health and safety	Internal and external	Collaborators and suppliers	
Social: Society	18	Local communities	External	Community	
	19	Regulatory compliance (society)	Internal and external	Collaborators, clients, suppliers, Government and community	
	20	Closure planning			
	21	Social impact grievance mechanisms	Internal and external		
	22	Freedom of association and collective bargaining	Internal and external	Collaborators and suppliers	
	23	Safety measures	Internal and external	Collaborators and suppliers	
	24	Non-discrimination	Internal and external	Collaborators, suppliers and community	
	25	Forced labor	Internal and external	Collaborators and suppliers	
	26	Child labor	External	Collaborators and suppliers	
	Social: Responsibility over products	27	Labeling of products and services	External	Customers
		28	Client confidentiality	External	Customers

GRI STANDARD INDEX

GRI STANDARD (102-55)

		PAGE	OBSERVATION
GRI 102: General Contents			
1. Organizational profile			
Content 102-1	Name of organization	21, 127, 138	
Content 102-2	Activities, brands, products and services	21, 26	
Content 102-3	Location of headquarters	25, 138	
Content 102-4	Location of operations	25, 26	
Content 102-5	Ownership and legal form	21, 138	
Content 102-6	Markets served	35	
Content 102-7	Scale of the organization	17, 19, 25, 33, 35, 59	
Content 102-8	Information on employees and other workers	17, 60, 61, 63, 69, 71	
Content 102-9	Supply Chain	82	
Content 102-10	Significant changes to the organization and its supply chain	18	
Content 102-11	Precautionary principle or approach	39, 105, 118	
Content 102-12	External initiatives	37	
Content 102-13	Membership of associations	32	
2. Strategy			
Content 102-14	Statement from senior decision-makers	6	
3. Ethics and integrity			
Content 102-16	Values, principles, standards and norms of behavior	28, 30, 31	
Content 102-17	Mechanisms for advice and concerns about ethics	31	
4. Governance			
Content 102-18	Governance structure	24, 45	
Content 102-20	Executive-level responsibility for economic, environmental, and social topics	45, 46	
5. Stakeholder engagement			
Content 102-40	List of stakeholder groups	39	
Content 102-41	Collective bargaining agreements	79	
Content 102-42	Identifying and selecting stakeholders	39	
Content 102-43	Approach to stakeholder engagement	40, 41, 47, 67, 68, 85, 88, 100	
Content 102-44	Key topics and concerns raised	40, 85	

GRI STANDARD (102-55)

		PAGE	OBSERVATION
6. Reporting practice			
Content 102-45	Entities included in the consolidated financial statements	24, 127	
Content 102-46	Defining report content and topic boundaries	128, 129	
Content 102-47	List of material topics	130	
Content 102-49	Changes in reporting	127	
Content 102-50	Reporting period	127	
Content 102-51	Date of most recent report	127	
Content 102-52	Reporting cycle	127	
Content 102-53	Contact for questions regarding the report	140	
Content 102-54	Claims of reporting in accordance with the GRI Standards	127	
Content 102-55	GRI content index	131-135	
GRI 103: Management Approach			
Content 103-1	Explanation of material topic and its boundary	3, 49, 52, 64, 74, 75, 77, 78, 79, 81, 83, 87, 88, 101, 104, 110, 111, 117, 123	
Content 103-2	The management approach and its components	30, 52, 53, 59, 64, 67, 69, 70, 75, 77, 78, 79, 81, 82, 83, 85, 87, 88, 96, 100, 101, 103, 110, 111, 112, 114, 115, 117, 118, 119, 122, 123	
Content 103-3	Evaluation of the management approach	50, 52, 67, 68, 78, 79, 85, 90, 100, 109, 112, 116, 123	
GRI 201: Economic performance			
Content 201-1	Direct economic value generated and distributed	34, 35	
GRI 202: Market presence			
Content 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	69	
GRI 203: Indirect economic impacts			
Content 203-1	Infrastructure investments and services supported	92, 95, 96, 98, 101, 102	
GRI 204: Procurement practices			
Content 204-1	Proportion of spending on local suppliers	83	
GRI 302: Energy			
Content 302-1	Energy consumption within the organization	115, 116	
Content 302-4	Reduction of energy consumption	115	

GRI STANDARD (102-55)

		PAGE	OBSERVATION
GRI 303: Water			
Content 303-1	Water withdrawal by source	116, 118	
GRI 304: Biodiversity			
Content 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	110	
GRI 305: Emissions			
Content 305-5	Reduction of GHG emissions	109	
GRI 306: Effluents and waste			
Content 306-1	Water discharge by quality and destination	119, 120	
Content 306-2	Waste by type and disposal method	112, 113, 114, 121	
GRI 307: Environmental compliance			
Content 307-1	Non-compliance with environmental laws and regulations	122, 123	
GRI 401: Employment			
Content 401-1	New employee hires and employee turnover	71	
Content 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	70	
GRI 403: Occupational health and safety			
Content 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities caused by occupational accidents or diseases	56, 57	
GRI 404: Training and education			
Content 404-1	Average hours of training per year per employee	64, 66, 67	
Content 404-2	Programs for upgrading employee skills and transition assistance programs	66, 67	
GRI 405: Diversity and equal opportunity			
Content 405-1	Diversity of governance bodies and employees	60, 61, 62	
GRI 406: Non-discrimination			
Content 406-1	Incidents of discrimination and corrective actions taken	77, 79	
GRI 408: Child labor			
Content 408-1	Operations and suppliers at significant risk for incidents of child labor	77, 78	
GRI 409: Forced or compulsory labor			
Content 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	77	

GRI STANDARD (102-55)

		PAGE	OBSERVATION
GRI 410: Security practices			
Content 410-1	Security personnel trained in human rights policies or procedures	52, 53	
GRI 413: Local communities			
Content 413-1	Operations with local community engagement, impact assessments, and development programs	89, 91, 100	
Content 413-2	Operations with significant actual and potential negative impacts on local communities	91	
MM2	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	110	
MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	121	
MM4	Number of strikes and lock-outs exceeding one week's duration, by country	69	
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	90, 100	
MM10	Number and percentage of operations with closure plans	123	



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.....
All communication concerning this 2018 Sustainability
Report should be sent to:
.....

Email (102-53): **sostenibilidad@volcan.com.pe**

Address: Avenida Manuel Olgúin N° 375,
Santiago de Surco, Lima - Perú

Web page: (102-3) **www.volcan.com.pe**