

# **Sustainability Report**

## **Volcan**

### **2023**



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## Statement of Responsibility

[GRI 2-3] [GRI 2-11]

"This document contains accurate and sufficient information on the business activities conducted by Volcan Compañía Minera S.A.A. in 2023. Notwithstanding the issuer's liability, the undersigned are liable for the content herein, in accordance with applicable legal provisions."

Lima, March 26<sup>th</sup>, 2024

Victoria Soyer

Chairman of the Board of Directors

Luis Fernando Herrera

General Manager

## Letter to Shareholders

[GRI 2-1] [GRI 2-3]

Dear Shareholders,

I am very pleased to address you with the purpose of sharing a summary of the year 2023, a year that was not free of both local and international challenges, which Volcan, like many other companies in the sector, had to face. The year 2023 was particularly significant for the company as it celebrated 80 years since its founding; eight decades in which the company has positioned itself as one of the most emblematic in the mining sector, recognized both locally and internationally for its operational excellence and for being one of the world's leading producers of zinc, lead, and silver. We must also acknowledge that throughout these eight decades, despite numerous challenges, it has been the valuable entrepreneurial spirit, commitment, and steadfastness of its employees, in harmony with the communities and the environment, that has enabled Volcan to celebrate these years of history.

And precisely considering this long journey, I would like to take a moment in this letter to share some reflections on the lessons learned this year:

Company management is measured by costs: The sophistication of financial markets has distorted the correlation between metal prices and the laws of supply and demand. The exponential growth of the global money supply and the pursuit of short-term returns now mean that metals like zinc, which traditionally set their prices in specialized markets, are now subject to investment fund indexing, resulting in corresponding speculation and volatility. In this context, the primary indicator of a mine's management should be cost optimization. This is evidenced by stable production and the proper involvement of its workers to ensure that daily tasks are executed with minimal deviation from the plan.

A company without its own culture is a dying company: A company that does not instill a sense of connection among its workers through a collective identity is exposed to distractions with agendas that are foreign to the company's vision, ultimately undermining the achievement of objectives. A sense of belonging is a human need that transcends the social environment and affects the worker in all aspects. It is essential that every employee understands that their work is reflected in every step and, in turn, in every achievement generated by the company. A company without a shared culture is, in a literal sense, a broken company.

Planning a successful strategy not only takes time, but time is the most important factor in execution: Failures are often not due to poor strategies or lack of planning, but rather a mismatch with the appropriate timing for execution.

And now, returning to more concrete topics, with respect to the global economy, during the year 2023, it experienced a series of challenges, significantly impacted by restrictive monetary policies in most countries, increased interest rates aimed at counteracting inflationary pressures, and a decline in the growth of major economies, notably the lower-than-expected growth of China.

According to estimates by the World Bank, the global economy registered a 2.6% expansion in 2023, showing a slowdown for the second consecutive year. It is projected that the global economy will grow by 2.4% in 2024, at an even slower pace than in 2023.

On the geopolitical front, the polarization of opinions, protectionism, and the weakening of organizations traditionally responsible for maintaining world order have been exacerbated by the confrontation between Israel and the terrorist group Hamas based in the Palestinian bloc in the Gaza Strip. This conflict has reignited old tensions in the Middle East but, more importantly, has highlighted the relevance and increasing influence of social networks in propagating individual opinions, which in turn has increased media pressure on current rulers regarding these events. On the other hand, it is unfortunate that, at the time of reading these lines, we must mention that a solution has not yet been found to the Russian invasion of Ukraine, which began on February 24, 2022, more than two years ago.

Regarding our country, the Gross Domestic Product (GDP) contracted mainly due to social conflicts and unfavorable weather conditions during the first half of the year, which affected productive capacity, income, and private sector confidence. Social protests directly impacted primary activities such as mining, and to a lesser extent, non-primary activities such as trade, construction, and transportation.

In the primary sector, there was a 2.5% growth, driven by metallic mining with an 8.4% increase due to higher production of copper and molybdenum, including the start of operations at the Quellaveco mine, as well as increased production at Bambas, which operated without interruptions from the second half of the year. However, this growth was offset by the agricultural and fishing sectors, which experienced estimated declines of 3% and 17.6% respectively. In particular, the fishing sector recorded the most unfavorable result due to the absence of the first anchovy fishing season and anomalies in the temperature of the Peruvian sea.

In the non-primary sectors, there were negative results of 1.3%, mainly in manufacturing and construction, due to decreased production oriented to the external market and fewer private and self-construction projects.

Regarding metal prices, except for silver, there was a global decline explained by concerns about possible recessions in the United States and Europe, as well as a slowdown in demand from the heavy industry in China. During 2023, the price of zinc reached 3,289 USD/MT in January, dropping to a low of 2,368 USD/MT in June, and closing the year at 2,501 USD/MT, with an annual average of 2,649 USD/MT, representing a 23.9% decrease compared to the previous year.

The average annual price of lead decreased by 0.7% compared to the previous year, the price of copper decreased by 3.8%, from 8,815 USD/MT in 2022 to 8,483 USD/MT in 2023, while the price of silver increased by 7.5%.

Nationally, various mines were affected by the operational challenges of operating in an environment of unfavorable prices and inflationary pressures. Thus, Volcan temporarily suspended the Islay mining unit in July 2023, which represented 1.49% of total production at the end of the first half. Similarly, other companies in the sector suspended operations during the same period.

Given this complex international panorama for metal prices, all our mining units made significant efforts in operational improvements and process optimizations. This resulted in significant increases in the production of several key metals. Zinc production increased by 7.7%, from 224.7 thousand FMT in 2022 to 242.0 thousand FMT in 2023. Lead production increased by 10.8%, from 54.9 thousand FMT in 2022 to 60.8 thousand FMT in 2023. Copper production increased by 23.6%, from 4.3 thousand FMT in 2022 to 5.3 thousand FMT in 2023. Finally, silver production increased by 6.2%, from 14.3 million ounces in 2022 to 15.2 million ounces in 2023. These results reflect the ongoing efforts of the mining units to maximize efficiency and productivity in a context of economic and operational challenges.

It should be noted that despite the unfavorable price situation and the impact on the company's economic results, we have maintained strict health and safety protocols for workers, achieving three and a half years without fatal accidents by the end of 2023.

In the same vein, the Company maintained a strict cost control and reduction policy by implementing various initiatives such as the Volcan Avanza project, resulting in savings of USD 27.18 million during 2023. Other achievements include increases in Cu and Pb recoveries in Pb concentrates in Andaychagua, increased Zn, Pb, and Ag recovery at the Alpamarca plant, reactivation of the Copper circuit in Chungar, optimization of support in all mining units, increased treatment, and partial replacement of copper sulfate at the Victoria plant.

Regarding the financial results, the Company's net sales were USD 883.1 million, representing a 7.2% decrease compared to the previous year. The gross margin decreased from 20% in 2022 to 18% in 2023. EBITDA reached USD 276.9 million, compared to USD 298.6 million in 2022, and the net result before exceptional items was negative at USD 0.5 million, with negative exceptional adjustments of USD 9.5 million, resulting in a final net loss of USD 10 million in 2023.

It is important to highlight that the Company is exploring alternatives concerning its senior notes maturing in 2026 for an amount of USD 365 million and the syndicated term loan of USD 400 million. For this purpose, BofA Securities, Inc, Moelis & Company LLC, and Shearman & Sterling LLP have been hired as advisors to assist in the process and engage in constructive discussions with its lenders and bondholders. Additionally, management continued to actively engage in the mandate to divest non-mining assets, initiated in the first quarter of 2023. Management estimates that these divestitures will be completed during 2024 and the first quarter of 2025.

Regarding growth prospects, it is important to note that Volcan owns 355 thousand hectares of mining concessions for exploration activities and mining projects. The estimation of the company's total reserves is carried out according to industry best practices, following international standards established in the JORC code and adhering to the guidelines set by Glencore's technical area.

Within the concession area, on September 22, 2023, the subscription of two mining option and assignment contracts over copper potential concessions between the Company and Minera Anaconda Perú S.A. was approved, specifically for the Puy Puy project and the Pool Prospect.

Subsequently, on December 22, 2023, the Company announced that it had signed a concentrate sales contract and a commercial financing loan contract for a total value of USD 25.0 million with Glencore Lima Trading S.A.C.



The development of the Chancay port represents a great opportunity for Peru's economic growth. This will create a new network of connectivity composed of maritime and land economic corridors between China and the rest of the world. Its location, 80 km north of Lima, and its exceptional geographical features will allow it to become, in the medium term, the port and logistics operations center of the South Pacific region.

On August 24, 2023, at the General Shareholders' Meeting, the spin-off project was approved, comprising the separation of an equity block formed by 40% of the shares of Cosco Shipping Chancay Peru S.A. Additionally, the establishment of the company Inversiones Portuarias Chancay S.A.A. was approved, which will receive the equity block subject to the spin-off. As of the presentation date of this report, the registration and listing procedures on the Stock Exchange are in progress. It is estimated that this transaction will be successfully completed during the second quarter of this year.

Additionally, Volcan, through its subsidiary, Roquel Global S.A.C., plans to develop the Chancay Logistics and Industrial Complex on an area of 840 hectares that is 100% owned by the Company. This area is adjacent to the entrance complex of the Chancay Port and will benefit from the new trade routes that the Chancay Port will develop as the maritime hub of the South Pacific.

On February 15, 2023, Glencore International AG announced that it had begun exploring the possibility of disposing of 23.3% of its stake in the Company's capital stock. However, to date, there have been no further announcements from this shareholder regarding this matter.

I conclude this letter by expressing, on behalf of the Board of Directors, our profound gratitude to all members of the various production units for their tireless dedication, effort, and commitment to the company's objectives. Thanks to the hard work of each of our workers, we have successfully overcome challenges and obstacles, allowing this Company to be recognized both locally and internationally. Similarly, we extend our thanks to the shareholders for their continued trust, support, and interest in Volcan's activities. Without their support, the growth of this great company would not be possible.

## CHAPTER 1



# KEY INDICATORS

## Key Indicators 2023

[GRI 2-22]

In 2023, the executed sustainability management contributed to achieving the following results:

### Economic

- Net sales: USD 883.1 million
- EBITDA: USD 276.9 million
- Net profit before exceptional items: USD -0.5 million
- Net profit after exceptional items: USD -10.0 million
- Total Assets: USD 1,887.0 million

### Environmental

- Environmental Management:
  - 16% increase in environmental sustainability performance “*CleanWork*”.
- Management of Tailings Storage Facilities:
  - Disclosure of information about the classification of consequences of our tailings deposits according to the requirements of the GISTM.
  - Participation of nearby communities and strengthening of emergency response.
- Energy and Climate Change Management:
  - 6% reduction in CO<sub>2</sub>eq(t) generation per ton of treated material.
- Water Management:
  - 5% increase in water reuse in our operational activities.
- Waste Management:
  - Liability Elimination:
    - Cerro: 958,000 tons of stockpiles.
    - Alpamarca: 563,000 tons of old tailings.
  - 8% increase in the reuse of mining waste (tailings and overburden).
  - 53% increase in disused material donated for financing assistance to children affected by burns (ANIQUEM).
- Mine Closure Management
  - Operation of eight water treatment systems in non-operational units.
  - 32,000 square meters of rehabilitated land across all operations (excluding Cerro).
  - Closure of liabilities in Cerro de Pasco:
    - Yanamate Lagoon: Remediation of 4,000 m<sup>2</sup> of surface area.
    - Upamayo Delta: Revegetation of 140,000 m<sup>2</sup> of surface area.
    - Wishllamachay Liability: Remediation of 90,000 m<sup>2</sup> of surface area.
    - Stockpiles: Remediation of 15,000 m<sup>2</sup> of surface area and elimination of 5.1 million tons.

## Social

- Investment in communities: USD 5.6 million
- Volcan-Enseña Peru Partnership present in all units, with impact on more than 700 students directly in the Yauli, Chungar and Cerro units.
- Reduction of anemia prevalence by 38 percentage points in beneficiaries of the Pasco sin Anemia Program in alliance with the NGO Prisma.
- Third mining company with projects awarded under the Public Works Tax Credits mechanism (Obras por impuestos).

## CHAPTER 2



# OUR COMPANY

## Our Company

(GRI 2-1) (GRI 2-6)

A commitment that grows stronger over the years

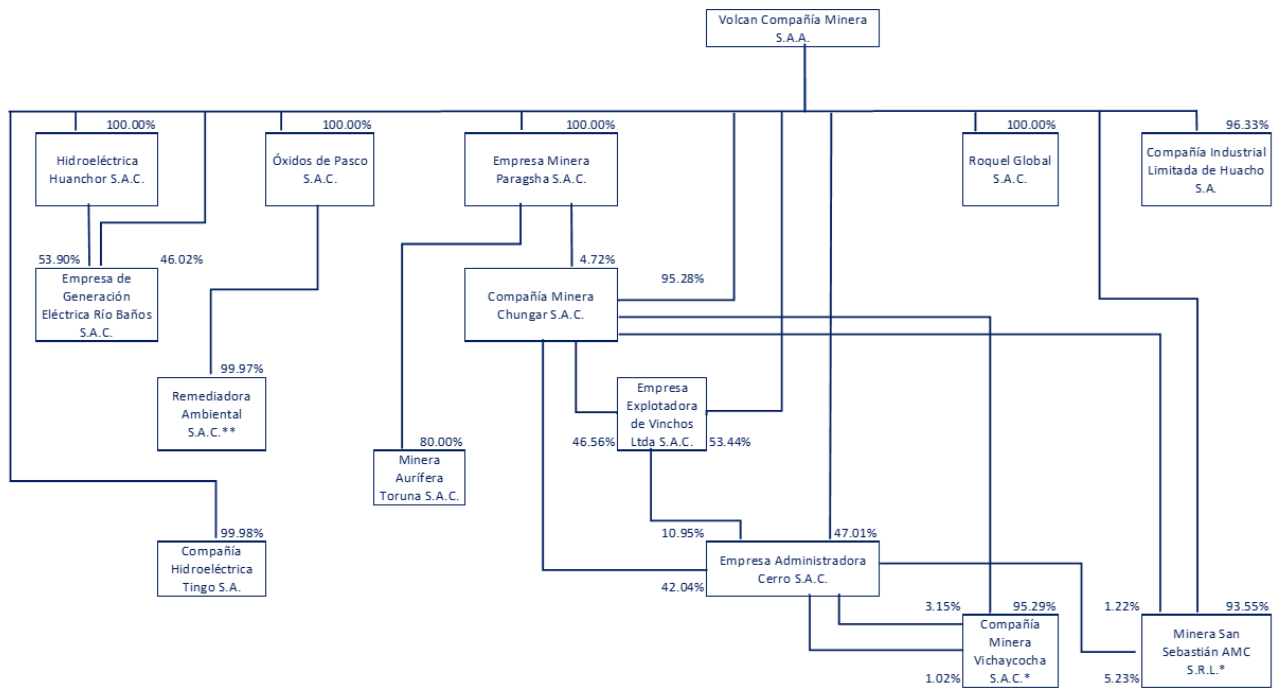
Volcan celebrated 80 years of activity in 2023 and, as it does every year, reinforced its commitment to the development of the sector, neighboring communities, the region and the country. Volcan is a Peruvian company that began its operations in 1943, dedicated to exploring and exploiting minerals.

Throughout its offices, plants and mines, generations of Peruvians have worked and thanks to their professionalism, effort and dedication, Volcan has become one of the main producers of silver, zinc and lead in Peru and the world. Volcan markets zinc, lead, copper and silver concentrates, as well as dore bars, in both the local and international markets. Additionally, it has hydroelectric plants that generate energy for its own consumption and for various companies neighboring its operations.

The company's activities are defined by the CIIU codes 1320 (extraction of non-ferrous metal ores) and 3510 (generation, transmission and distribution of electric energy).

The Company, resulting from the merger of Volcan Compañía Minera S.A. and Empresa Minera Mahr Tunel S.A., was established by public deed on February 1<sup>st</sup>, 1998, before Notary Dr. Abraham Velarde Álvarez. It is registered in the Public Mining Registry under entry 1, file 41074 and in entry 11363057 of the Registry of Legal Entities of Lima.

**Graph 1:  
Corporate Structure**



(\*) As of September 15, 2023, the establishment of Inversiones Portuarias Chancay S.A.A. came into effect.

## Our Operations

[GRI 2-1] [GRI 2-6]

Volcan's mining operations are located in the central highlands of Peru. This traditionally mining area is particularly advantageous for this sector due to its geological characteristics, proximity to Lima and easy access to major transportation routes.

Volcan has four operating units: Yauli, Chungar, Cerro de Pasco and Alpamarca; four underground mines in operation, two open pits, five concentrator plants operating with a treatment capacity of 25,650 tpd, a care & maintenance plant with a capacity of 2,750 tpd (Mahr Tunel) and a leaching plant of 2,500 tpd (Oxides).

**Table 1: Mining Units, Mines and Plants**

Mining Unit	Mines			Plants		Explorations and Mining Concessions	
	Name	Type	State	Name	Type	Number	Ha(000)
Yauli	Andaychagua	Underground	Active	Andaychagua	Concentrator	26	46
	San Cristóbal Carahuacra	Underground	Active	Victoria	Concentrator		
	Ticlio	Underground	Active	Mahr Túnel	Concentrator		
Chungar	Animón	Underground	Active	Animón	Concentrator	11	14
	Islay	Underground	Suspended				
Alpamarca	Alpamarca	Open pit	Active	Alpamarca	Concentrator	1	37
Cerro de Pasco	Mina Subterránea	Underground	Suspended	Paragsha-Ocroyoc	Concentrator	29	18
	Raúl Rojas	Open pit	Active	San Expedito	Concentrator		
	Vinchos	Underground	Suspended	Óxidos de Pasco	Leaching		
Greenfield Exploration						515	236
Total concessions						582	351

**Table 2: Mining Units and their Products**

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	Dore bars	Silver, gold



**Table 3: Mining Units Location**

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

**Table 4: Hydroelectric Plants Location**

Hydroelectric Plant	Region	Location
CH's Chungar*	Junín	170 Km from the city of Lima
CH Tingo	Lima / Pasco	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

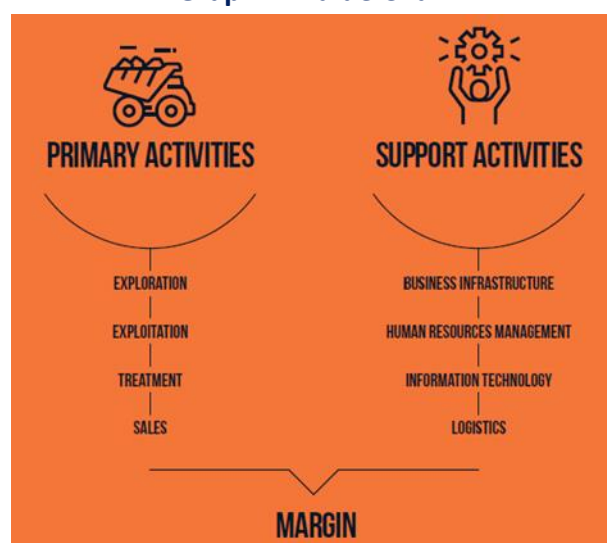
\* There are 10 hydroelectric plants: Baños I to V (5), Chicrin I to IV (4) and San José (1). Only CH San José is located in Pasco

## An Efficient Value Chain

[GRI 2-6]

Volcan's corporate value chain describes the development of its main strategic activities to generate value for the end customer.

**Graph 2: Value Chain**



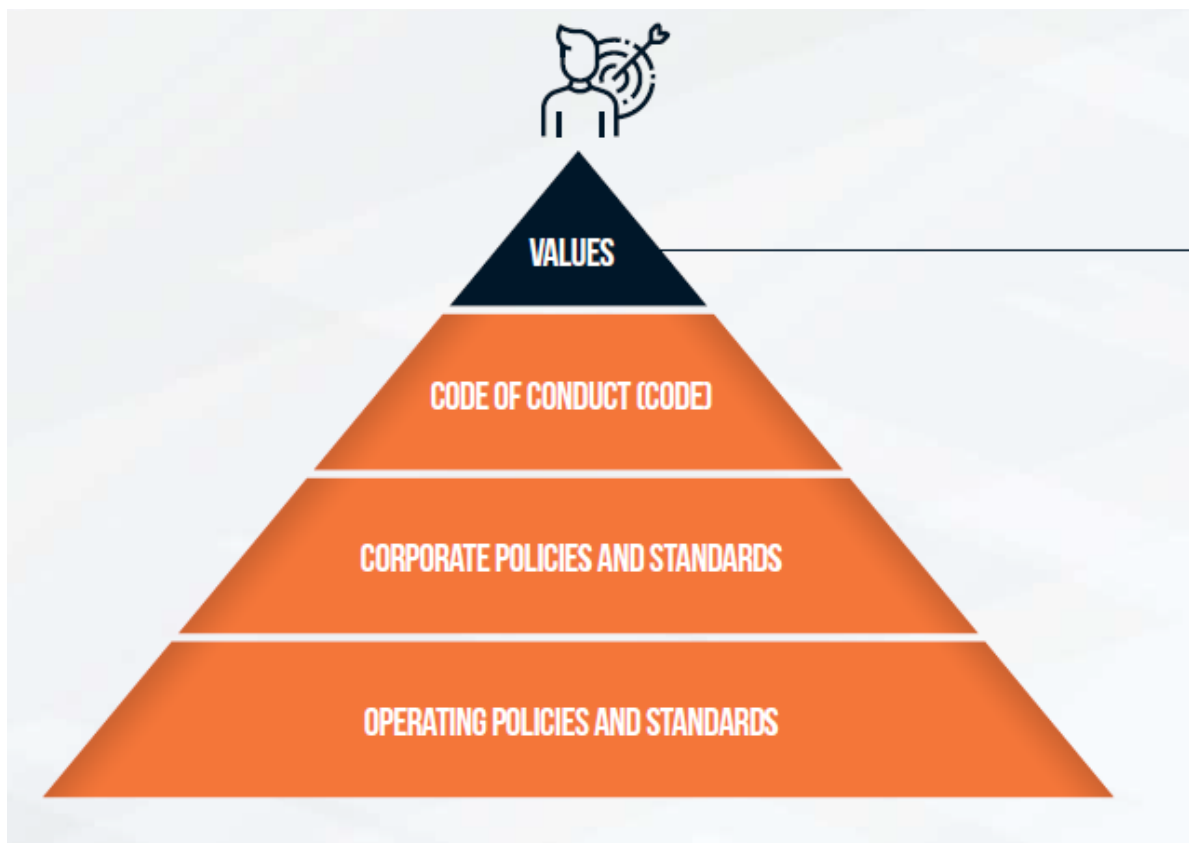
## Purpose of Volcan

To responsibly source the commodities that advance everyday life.

### Corporate Principles: The Essence of a Solid Identity

Corporate practice, within the framework of corporate governance, is based on values, the code of conduct and corporate and operational policies. It represents a commitment to corporate best practices, Volcan's standards and policies and external regulatory requirements, including the United Nations Global Compact and the requirements for adherence to the International Council on Mining & Metals (ICMM). This framework sets precise guidelines on social, environmental and compliance standards that must be respected by all who work for Volcan.

Graph 3: Corporate Practices



## Corporate Values

**Safety:** We never compromise on safety. We look out for each other and if the work is unsafe, we stop it.

**Integrity:** We dare to do what is right, however hard it might be. We keep our word and treat each other with fairness and respect.

**Simplicity:** We work efficiently and focus on what is important. We avoid complexity and look for simple and pragmatic solutions.

**Entrepreneurship:** We encourage new ideas and we adapt quickly to change. We are always looking for new opportunities to create value and ways to improve working in a safe manner.

**Responsibility:** We take responsibility for our actions. We talk and listen to others to understand what they expect from us. We work to improve our performance.

**Transparency:** We are honest and direct when we communicate. We strive to improve by sharing information and encouraging dialogue and feedback.

## Code of Conduct

[GRI 3-3] [GRI 2-27] [GRI 205-2]

Volcan's Code of Conduct aims not only to define a set of standards to guarantee compliance with laws and regulations, but also to maintain and develop a culture of compliance and ethical conduct within Volcan.

The Company seeks to ensure that all employees act with integrity and observe the applicable laws and regulations. It also seeks to prevent any personal advantage and to keep the Company's interests from being affected.

Volcan promotes full compliance with the Code of Conduct. If any employee becomes aware of any unethical behavior, they must report it to their manager or general auditor. They can also use the "Whistleblower Hotline", an open and anonymous communications channel.

An excerpt of the Code of Conduct is included below. The full document is available at [www.volcan.com.pe](http://www.volcan.com.pe).

### Compliance with the Code of Conduct

Everyone working for or providing services to Volcan, regardless of their location or role, must adhere to the Code of Conduct and Company policies. The Code aims to ensure

that the aspirations contained in the values are reflected in daily decisions and activities, as well as in the corporate culture.

If any worker fails to comply with the guidelines and specifications outlined in Volcan's Code of Conduct, the Company may impose disciplinary sanctions, including termination of employment or termination of the commercial contract, if applicable.

## **Health and Safety**

For Volcan, safety is the core value and top priority; therefore, it is everyone's responsibility to maintain a safe and healthy workplace.

The Company is committed to fostering a strong safety culture that demands visible leadership at all levels of the management hierarchy, a high degree of employee and contractor involvement and a focus on hazard identification, analysis and risk management. Employees receive training that enables them to perform their tasks safely and in accordance with health and safety procedures and policies.

## **Our People**

For Volcan, it is important to have a work environment of diversity, equity and equality, where its employees are an essential and fundamental part of achieving objectives.

In this sense, equality and respect are fundamental, ensuring opportunities for growth and professional development aligned with their potential. Likewise, the Company guarantees compliance with the fundamental principles and rights of workers established in the International Labor Organization Declaration.

## **Human Rights**

For Volcan, it is essential to respect and promote human rights in accordance with the Universal Declaration of Human Rights. We defend the dignity, freedoms and fundamental rights of employees, contractors and communities where we live and work, as well as other individuals related to the Company's activities. Likewise, the Company is firmly committed to ensuring that human rights awareness is present in internal risk assessment processes, our value chain, considering our workforce, communities and business partners.

### **Communities**

All operational units of Volcan are mindful of the positive impact that must be achieved in each of the surrounding communities where it operates. The main objective is to establish lasting relationships with the neighboring communities; therefore, Volcan identifies and addresses the concerns of the populations within its area of influence through transparent and bidirectional communication. Additionally, Volcan collaborates

with local authorities in community activities and implements sustainable programs to enhance their quality of life.

#### *Environment*

The Company is aware that its operations can have direct and indirect impacts on the environment. Therefore, we seek to minimize any negative impact on the environment in accordance with the precautionary principle.

We conserve and protect natural resources through a wide variety of proactive initiatives, including the efficient use of energy and water, waste and emission reduction and biodiversity protection.

#### *Taxes*

Volcan is committed to full compliance with relevant laws and requirements for internal and external reporting, including those related to disclosing information to tax authorities and reporting tax payments.

#### *Communications*

The Company recognizes the importance of maintaining an active dialogue and relationship with our stakeholders. We communicate periodically, openly and transparently with our employees, contractors, customers, suppliers, local communities and investors, as well as with relevant associations, governments and other stakeholders.

#### *Compliance*

Volcan is committed to operating with strong ethical principles. In this regard, we require all those who have a labor and/or commercial relationship with the Company to commit to maintaining behavior that aligns with these principles.

In this aspect, Volcan will not deliberately allow third parties to seek to break the law, nor will it engage in any criminal, fraudulent, or corrupt practices in any country. To prevent such offenses, the Company implements training programs, due diligence processes for its counterparts and demonstrates firm leadership, all of which are supported by internal controls, procedures and policies. This includes situations of conflicts of interest, bribery, political activities and contributions, competition, insider trading, government regulations, money laundering, terrorism financing, among others.

#### *Product Quality and Safety*

Volcan has management policies and detailed programs that ensure products meet regulatory requirements and quality standards, as well as customer needs.

#### *Protection and Maintenance of Assets*

Volcan is responsible for the assets of the group of companies under its control. These assets include business opportunities, funds, property, confidential information and

personal equipment such as mobile devices, computers and access rights to information technology infrastructure.

#### *Communication Channel – Whistleblower Hotline*

To provide an opportunity for any employee to anonymously report complaints, problems, or suggestions regarding compliance with any aspect of the business, Volcan has implemented the Whistleblower Hotline.

### **Participation in Associations and Organizations:**

[GRI 2-28]

- National Society of Mining, Oil and Energy: Active member.
- American Chamber of Commerce of Peru (AmCham): Member of the Sustainable Development Committee.
- Peruvian Foreign Trade Society (Comex).
- Enseña Peru: Member of Champions for Education, an alliance of companies committed to education, aiming to reduce the learning gaps in mathematics and reading comprehension. (G4-16) WIM Peru
- ANIQUEM: Association for the help of burned children.
- PRISMA: Prisma Benefic Association

### **Results 2023**

#### **Operative Results**

##### *Mining Production*

In 2023, the volume of ore processed increased by 4.8% due to operational improvements and process optimization, primarily at the Andaychagua, San Cristobal Carahuacra, Ticlio and Cerro de Pasco mines.

As a result of the increased ore processing, the production of zinc, lead, copper and silver increased by 7.7%, 10.8%, 23.6% and 6.2% respectively, while gold production decreased by 11.5%.

**Table 5: Consolidated Mining Production**

Consolidated Production	2022	2023	var %
<b>Mineral Treatment (000 MT)</b>	<b>8,996.9</b>	<b>9,428.8</b>	<b>4.8</b>
Concentration Plants	8,038.9	8,470.7	5.4
Oxides Plant	958.0	958.1	0.0
<b>Fines Content</b>			
Zinc (000 FMT)	224.7	242.0	7.7
Lead (000 FMT)	54.9	60.8	10.8
Copper (000 FMT)	4.3	5.3	23.6
Silver (MM Oz)	14.3	15.2	6.2
Gold (000 Oz)	20.8	18.4	-11.5

Source : Volcan Cia. Minera

### Energy Production

During 2023, Volcan's 13 hydroelectric plants generated 424.8 GWh, reflecting a 1.5% increase compared to the 418.6 GWh generated the previous year. This increase was primarily due to greater water resource availability at the Rucuy Hydroelectric Plant.

The energy from the Huanchor Hydroelectric Plant was allocated to meet commitments with third parties, while the energy from the Rucuy Hydroelectric Plant was used to fulfill the commitments established in its renewable energy contract with the Peruvian State. Consequently, to complete Volcan's total energy consumption, energy was purchased from Engie Energía Peru S.A.A. through the National Interconnected Electric System (SEIN), under a supply contract that began on January 1<sup>st</sup>, 2018, and ended on December 31<sup>st</sup>, 2023.

**Table 6: Volcan's Electrical Balance in GWh**

Electric Balance (GWh)	2022	2023	var %
<b>Energy Production</b>	<b>418.6</b>	<b>424.8</b>	<b>1.5</b>
CH's Chungar	143.1	141.6	-1.1
CH Tingo	6.7	6.7	0.0
CH Huanchor	149.3	142.5	-4.6
CH Rucuy	119.5	134.0	12.1
<b>Energy Consumption</b>	<b>819.5</b>	<b>843.2</b>	<b>2.9</b>
<b>Energy Purchase</b>	<b>669.7</b>	<b>694.9</b>	<b>3.8</b>

Source : Volcan Cia. Minera

### Financial Statements

**Table 7: Income Statement**

Income Statement (MM USD)	2022	2023	var %
Sales	951.3	883.1	-7.2
Cost of Goods Sold	-762.7	-725.5	-4.9
<b>Gross Profit</b>	<b>188.5</b>	<b>157.6</b>	<b>-16.4</b>
<i>Gross Margin</i>	<i>20%</i>	<i>18%</i>	<i>-2 pp</i>
<b>Net Profit before Exceptionals</b>	<b>16.6</b>	<b>-0.5</b>	<b>-102.7</b>
<i>Net Margin</i>	<i>2%</i>	<i>0%</i>	<i>-2 pp</i>
Exceptional adjustments <sup>1</sup>	-98.0	-9.5	-90.3
<b>Net Profit after Exceptionals</b>	<b>-81.4</b>	<b>-10.0</b>	
<b>EBITDA<sup>2</sup></b>	<b>298.6</b>	<b>276.9</b>	<b>-7.3</b>
<i>EBITDA Margin</i>	<i>31%</i>	<i>31%</i>	<i>0 pp</i>

<sup>1</sup> Impairment of long-lived assets in Cerro de Pasco

<sup>2</sup> Does not consider exceptional adjustments.

#### Mining Sales

In 2023, Volcan's mining sales totaled USD 883.1 million, representing a decrease of 7.2% compared to the previous year.

**Table 8: Detail of Mining Sales by Metal**

Sales (MM USD)	2022	2023	Var. %
Zinc	551.9	427.2	-22.6
Lead	98.9	113.9	15.2
Copper	26.7	29.1	9.0
Silver	257.7	290.1	12.6
Gold	34.7	30.1	-13.2
<b>Sales before adjust.</b>	<b>969.1</b>	<b>890.5</b>	<b>-8.1</b>
Adjustments <sup>1</sup>	-17.8	-7.4	-58.5
<b>Net sales</b>	<b>951.3</b>	<b>883.1</b>	<b>-7.2</b>

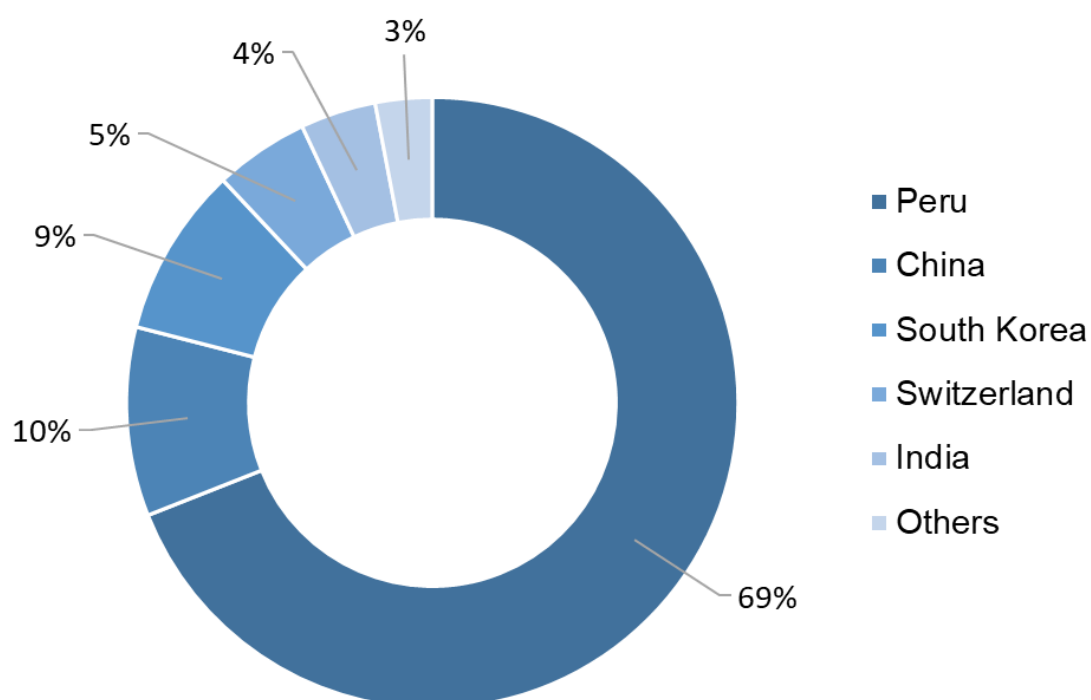
<sup>1</sup> Adjustments: i) final settlements of prior period shipments, ii) adjustments for open positions (implicit derivative and sales adjustment), iii) hedging result

Source: Volcan Cia. Minera

Volcan's main customers are domestic, accounting for 69% of the sales value in 2023. Following this, China accounts for 10%, South Korea 9%, Switzerland 5%, India 4% and other countries 3%.

**Graph 4: Percentage of Sales by Destination 2023**





#### Energy sales

In terms of the energy sector, net sales amounted to USD 23.1 million.

**Table 9: Energy Sales 2023**

Energy sales (MM USD)	Huanchor	Egerba	Tinto	Total
Free Clients	6.4	-	0.2	6.3
Regulated Clients	2.8	-	-	2.8
Spot Market	3.2	9.2	-	12.4
Transmission	-	0.3	1.4	1.7
<b>Total</b>	<b>12.0</b>	<b>9.5</b>	<b>1.6</b>	<b>23.1</b>

## CHAPTER 3



# SUSTAINABILITY MANAGEMENT

Sustainability Management

[GRI 3-3] [GRI 2-22]

Sustainability Strategy

Volcan recognizes that environmental care is one of the most crucial factors in its business model and is committed to respecting the environment to achieve sustainable environmental management.

Therefore, Volcan has established an Environmental Management Framework called “CleanWork” which includes sustainability strategies for environmental protection based on managing environmental risks with the application of tools to address challenges such as climate change, water stress, tailings management, soil and ecosystem degradation, effluent generation and treatment, waste management, socio-environmental aspects and human rights issues among the most relevant and important problems that need to be addressed.

This strategy allows for the development of actions to comply not only with national regulations but also with **ESG management criteria**.



“CleanWork” is aligned with:





**"CleanWork"**, is an environmental sustainability initiative of the company that reinforces our value of **"Responsibility,"** stating that we are accountable for our actions and work to improve our performance in business, social and environmental aspects.

## HSEC POLICY

Health, Safety, Environmental and Communities Policy

VOLCAN

At Volcan Compañía Minera S.A.A. and its subsidiaries, we are convinced that occupational diseases, as well as accidents and incidents with possible damage to assets, people or the environment, are foreseeable. Under this principle, Senior Management leads the management strategy in terms of Safety, Occupational Health, Environment and Communities in order to guarantee a sustainable operation over time.

Committing ourselves to comply with the following principles:

1	Manage HSEC risks, establishing preventive and emergency response controls that guarantee the safety and health of people, the integrity of assets, environmental protection and coexistence in harmony with the communities.	<div style="font-size: 0.6em; font-weight: bold; text-align: center;">PREVENCIÓN</div>
2	Manage and provide the entire organization with the necessary resources to achieve the established objectives in terms of safety, health, pollution prevention and respect for the communities, within the framework of national legislation and internal policies of the organization.	<div style="font-size: 0.6em; font-weight: bold; text-align: center;">PREVENCIÓN</div>
3	Promote environmental responsibility through the efficient use of resources, taking actions to mitigate and adapt to climate change and protect biodiversity and ecosystems.	<div style="font-size: 0.6em; font-weight: bold; text-align: center;">PREVENCIÓN</div>
4	Educate, qualify, raise awareness and sensitize all our collaborators in the understanding of the SSOMAC policy, the SSOMAC Management System and compliance with the standards, as well as the objectives and goals established by the company in relation to the management of Safety, Occupational Health, Environment and Communities in all its processes.	<div style="font-size: 0.6em; font-weight: bold; text-align: center;">SEGUIMIENTO Y CONTROL</div>
5	To permanently seek continuous improvement of its production processes and performance in Safety, Occupational Health, Environment and Communities by making decisions based on prevention, analysis of causes and monitoring of indicators of the SSOMAC Management System.	<div style="font-size: 0.6em; font-weight: bold; text-align: center;">SEGUIMIENTO Y CONTROL</div>
6	Comply with legal requirements, commitments and other applicable requirements in relation to the company's activities, for the prevention in Safety, Occupational Health, Environment and Communities.	<div style="font-size: 0.6em; font-weight: bold; text-align: center;">CUMPLIMIENTO LEGAL</div>
7	Promote the participation and consultation of all our collaborators including contractor personnel in all elements of the SSOMAC Management System.	<div style="font-size: 0.6em; font-weight: bold; text-align: center;">CUMPLIMIENTO LEGAL</div>
8	Know, respect and communicate the company's human rights policy within our value chain, taking into account labour, communities and business partners.	<div style="font-size: 0.6em; font-weight: bold; text-align: center;">CUMPLIMIENTO LEGAL</div>

Aldo De la Cruz  
Vicepresidente de Operaciones

Renzo Muelle  
Gerente Corporativo de Gestión Humana

Lima, January 2, 2024

In the same vein, aligned with our **"CleanWork"** strategy, in 2023, Principle No. 3 has been included in our **Safety, Health, Environment and Communities Policy (HSEC Policy)**:

***"Promoting environmental responsibility through efficient resource usage, taking mitigation and adaptation actions towards climate change, protecting biodiversity and ecosystems."***

Volcan firmly believes that with "CleanWork," our environmental culture will be strengthened among leaders and reflected in operational results, thus generating sustainable management that embeds environmental aspects into the business model.

**Contribution to the Sustainable Development Goals (SDGs)**

Volcan promotes harmonious relationships with its social environment. In this regard, to seek the development of communities within its direct sphere of influence, the Company has aligned its voluntary social responsibility initiatives with the United Nations' SDGs. Additionally, to achieve its goals, it has established partnerships with private entities and governmental and non-governmental organizations. Its social responsibility plans and actions are primarily focused on the following SDGs:

**Graph 5: SDGs to which we contributed to in 2023:**



Ensure healthy lives and promote well-being for all at all ages Volcan is committed to generating sustainable impacts and improvements in the health of its communities of influence. For this reason, in collaboration with the NGO Prisma, its strategic partner in health, it has designed a project aimed at monitoring diseases in each community and developing medical campaigns to address them.

**Ensure Healthy Lives and Promote Well-being For All At All Ages**

The collaboration with the NGO Teach Peru continued during 2023. This project involves the incorporation of teachers in various schools within Volcan's area of influence, with the aim of improving students' socio-emotional skills, leadership and change management. This has resulted in immediate improvements in the academic performance of 700 primary and secondary students, focusing on the units of Yauli, Chungar and Cerro de Pasco. Similarly, it included teacher training programs to provide courses and workshops. Additionally, the comprehensive scholarship program at Senati and Cetemin continued, directly benefiting young people from communities near Volcan.

## **Ensure Access to Affordable, Reliable, Sustainable and Modern Energy For All**

Volcan has hydroelectric generation plants and is committed to renewable energy projects for its own consumption and that of third parties; it also owns electricity transmission systems. In this way, it seeks to improve its cost structure, have greater availability of energy in its mining operations and reduce greenhouse gas emissions.

The current electricity supply contract expires in December 2023. For the electricity supply tender, which begins in January 2024, contracts with renewable energy certificates are expected to be signed.

## **Build Resilient Infrastructure, Promote Inclusive and Sustainable Industrialization and Foster Innovation**

Volcan continues to advance with the construction of the new first phase of the Multipurpose Port Terminal of Chancay, with an investment of USD 1.3 billion. It holds a 40% stake in the project, while its strategic partner, Cosco Shipping Group, holds the remaining 60%. The construction of the Chancay port represents a significant opportunity for Peru's economic development, forming a new connectivity network comprising maritime and land economic corridors between China and the rest of the world. Located 80 km north of Lima, its exceptional geographical features position it to become the future hub for port and integrated logistics operations in the South Pacific region.

Construction of the terminal's first phase commenced in 2021 under the oversight of the consortium consisting of China Harbor Engineering Company SAC / China Communications Construction Company Fourth Harbor Engineering Co. Ltd and China Railway N° 10 Engineering Group Co. Ltd. Peruvian Branch.

In relation to the construction of the Operational Zone (OZ), as of the end of 2023, the length of the breakwater is 2,630.00 meters up to elevation +4.8. Additionally, 15,063.00 accropodes have been installed on this breakwater, which are responsible for withstanding the impact of waves. Likewise, progress is being made with the construction of the protection wall along the primary breakwater. The Secondary Breakwater has been fully constructed. Soil improvement using the dynamic compaction technique has progressed by 83.2%. Dredging works resumed in December, specifically in the main basin (primary breakwater). The current cumulative progress for the basin and channel of docks 2, 3 and 4 is approximately 82% and for the entire project, 65%. Protection of El Puerto and Chorrillos beaches has been completed at 100% through the installation of geotubes. Works related to dock construction show sustained progress for transverse beams, installation of prefabricated and definitive slabs. Additionally, some structural changes have been implemented to install STS cranes. Installation of defenses and mooring bollards for the ship mooring system was completed at dock 1. At dock 2, all transverse beams have been emptied to a level that allows the installation

of prefabricated slabs, while at docks 3 and 4, the contractor has made significant progress in the construction of transverse beams and installation of prefabricated slabs; simultaneously, construction of the talus revetment continued in December. As planned, transverse beams will be fully constructed by the last week of January. In the Access Complex, the contractor is advancing with land formation using the vibro-flotation method, currently progressing with works in the following areas: parking area, empty and heavy container yard, rolling cargo storage zone and the main tunnel route.

Regarding the Tunnel and Access Roads, progress stands at 58.56% as of the year-end. Progress on the entrance portal side of the tunnel is 343.00 meters and in terms of lining, a total of 22 sections have been executed, totaling 260.50 meters. At the tunnel exit portal, on the OZ side, progress is 501.20 meters in the Left Gallery and 457.20 meters in the Right Gallery. Regarding lining, 31 cumulative sections have been executed, totaling 370.0 meters. Additionally, progress is being made on the construction of access roads within and outside the CI.

As for building construction, the contractor is working on 8 out of 9 buildings in the entrance complex. It is necessary to mention that work is concentrated in building 510, with a progress of 63.29% in the CI area. In the OZ, the contractor is currently working on 4 out of the 18 buildings. Currently, building construction in the OZ has a progress percentage of 27.35%.

Regarding the 220 kV transmission line and the substation, the construction stage has been completed 100%. Currently, final tests are being conducted in coordination with COES to request the incorporation of all components into the National Interconnected Electric System (COES). It is worth noting that the project has been rigorously complying with all socio-environmental obligations approved in the detailed environmental impact study and its modifications. There is an update on the start of operations initially scheduled for July 2024, which is now expected in November 2024, due to the need to reduce the productivity of controlled blasting and earthmoving programs to avoid social impacts on the project.

Through these types of projects, Volcan collaborates and continues to commit to reducing the country's infrastructure gap.

## **Transparent and Direct Communication**

Volcan has identified stakeholders directly or indirectly influenced by its operations and has considered those on whom it could have a positive or negative impact. Various communication channels are established with them to keep them informed about activities of their interest.

- Shareholders
- Employees

- Suppliers
- Communities
- Government and civil society
- Customers

## Management and Dialogue with Stakeholder

Volcan promotes and maintains strong and lasting relationships with its stakeholders. In this regard, to understand the expectations of stakeholders, surveys and interviews were conducted with employees, suppliers and contractors; qualitative studies were also developed with representatives of communities in direct influence areas. Additionally, Volcan has a comprehensive stakeholder engagement plan to establish guidelines and provide a clear understanding of our approach to planning and managing stakeholder engagement activities, to maintain our social license to operate.

It is important to mention that stakeholders participate in various stages of mining activity through dialogue processes, negotiations, informative and participatory workshops, information mechanisms, complaints and claims. In this sense, dialogue mechanisms allow for a more fluid understanding and management of the relationship with stakeholders.

**Table 10: Stakeholder Expectations by Category**

GRI Category	Expectation	Stakeholders Related to the Expectation
Economic	Value Generated (Revenue) and Distributed (Operating and Administrative Costs, Payroll, Investment in the Community, among others)	Shareholders, employees, suppliers and contractors, community, customers, government
	Indirect Economic Consequences (Investment in Infrastructure, Development of Economic Activities in the Area of Influence)	
Environmental	Water use and management	Employees, suppliers, contractors, community, authorities
	Biodiversity care	
	Management of effluents and waste	
	Investments for improved environmental performance	
	Fulfillment of commitments	
	Environmental permits management	



Social (labor)	Employment and labor practices (employee retention, turnover, social benefits, support for employees approaching retirement)	Community, employees, suppliers and contractors
	Employee training	Employees
	Occupational health and safety management	
	Diversity, equality of opportunity and respect for human rights	
Social (society)	Community impacts and their management	Employees, suppliers, contractors and community
	Information for customers and their satisfaction level	
	Strengthening the commercial capabilities of communities	
	Closure planning of operations	Employees

**Table 11: Main Mechanisms for Dialogue with Stakeholders**

Stakeholder	Mechanisms
Shareholders	General Shareholders' Meeting Informational meetings Website for the Securities Market of the Superintendency of Securities Market (SMV) Email and post Telephone Company web site
Employees	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 Community outreach through print and radio media Attendances and meetings held in the permanent information offices
Government and Civil Society	Requests and letters Email Telephone communications Information Office
Customers	Permanent interaction via email and telephone Incident and complaints areas Visits to plants
Suppliers and contractors	Permanent interaction Email Telephone

## CHAPTER 4



# INVESTOR RELATIONS MANAGEMENT

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## Investor Relations Management

[GRI 2-6] [GRI 2-9] [GRI 2-11] [GRI 2-13] [GRI 2-29] [GRI 3-3]

### Shareholding Structure

As of December 31<sup>st</sup>, 2023, the subscribed, paid and registered capital amounted to S/ 3,546,617,792, representing 1,633,414,553 class A common shares and 2,443,157,622 class B common shares; each share has a nominal value of S/. 0.66. The subsidiary, Empresa Minera Paragsha S.A.C., holds 182,994,435 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.

**Table 12: Major Shareholders - Class A Common Shares**

Main shareholders	%	Person/Entity	Nationality	Corporate group
Glencore International AG	41.91	Legal entity	Swiss	Glencore
Empresa Minera Paragsha S.A.C.	11.20	Legal entity	Peruvian	Volcan
De Romaña Letts José Ignacio	10.34	Individual	Peruvian	Does not apply
Letts Colmenares de De Romaña Irene Florencia	9.90	Individual	Peruvian	Does not apply
Blue Streak International N.V.	8.38	Legal entity	Netherlands Antilles	Does not apply
Sandown Resources S.A. <sup>1</sup>	7.81	Legal entity	Panamanian	Glencore

<sup>(1)</sup> The Glencore group, including all its subsidiaries, holds a 55.03% stake.

**Table 13: Major Shareholders - Class B Common Shares**

Main shareholders	%	Person/Entity	Nationality	Corporate group
Profuturo AFP-PR Fondo 3	9.00	Legal entity	Peruvian	Does not apply
RI - Fondo 2	8.19	Legal entity	Peruvian	Does not apply
Profuturo AFP-PR Fondo 2	8.19	Legal entity	Peruvian	Does not apply
IN - Fondo 3	6.81	Legal entity	Peruvian	Does not apply
IN - Fondo 2	6.49	Legal entity	Peruvian	Does not apply
HA - Fondo 3	6.06	Legal entity	Peruvian	Does not apply
RI - Fondo 3	5.72	Legal entity	Peruvian	Does not apply
HA - Fondo 2	4.63	Legal entity	Peruvian	Does not apply
Lopez De Romaña Dalmau Hernando Diego	4.32	Individual	Peruvian	Does not apply

### Participation in the Stock Market

Volcan's shares are traded on the Lima Stock Exchange, the Santiago de Chile Stock Exchange and the Madrid Stock Exchange (Latibex).

**Table 14: Stock Market**

Share	Lima Stock Exchange	Santiago de Chile Stock Exchange	Madrid Stock Exchange
Volcan Class "A" common share	VOLCAAC1	VCMAC1	
Volcan Class "B" common share	VOLCABC1	VCMB1	XVOLB.MC

## Strategic Committees

They are responsible for decision-making and managing economic, social and environmental aspects. The management committees are composed of directors.

**Table 15: Steering Committees**

Comitee	Duties
<b>Executive Committee</b>	Research and resolve matters entrusted to it by the Board of Directors, except for accountability 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.
<b>Audit Committee</b>	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. 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.
<b>Human Resources Committee</b>	Ensure that an organizational structure is maintained in accordance with business needs, promoting meritocracy and professional development of the company's executives. 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.
<b>Corporate Social Responsibility Committee</b>	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. Analyze and propose the assessment of specific topics that require a Board decision.

## Relationship with Investors

Volcan maintains ongoing communication with all stakeholders, beyond legal requirements. It is essential for current and potential investors to have timely, comprehensive, accessible and transparent information about key activities that may impact their decisions. In this regard, Volcan's key achievements during 2023 included:

- Preparation and development of the Annual Mandatory Shareholders' Meeting in a non-face-to-face format and three General Shareholders' Meetings in person.
- Virtual quarterly presentations of financial results to specialized analysts covering Volcan's securities, conducted by the General Manager or Vice President of Administration and Finance.
- Virtual attendance to queries from specialized analysts regarding financial results, conducted by the Vice President of Administration and Finance and the Financial Planning Sub-Management.
- Virtual or face-to-face assistance to shareholders, inquiries, sending of securities statements and dividend payments via bank transfers.
- Participation, virtual or face-to-face, in conferences with national and international investors to present the Company's operational and financial results.

## CHAPTER 5



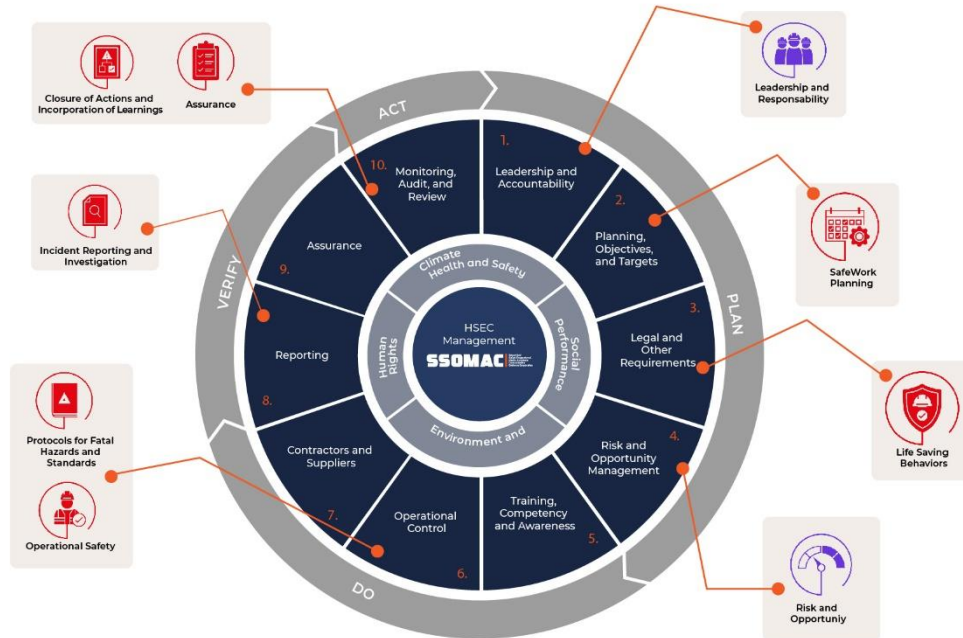
# HEALTH AND SAFETY

## Health and Safety

During 2023, the Company continued with the process of strengthening and integrating safety management, human resources, social responsibility and environmental management to harmonize, integrate and interconnect our processes, activities and tools to function together as an integrated management system with the aim of being a responsible operator. Efforts were directed towards incorporating the concept of a responsible operator into the DNA of all organization workers, which translates into the following aspects:

- Preserving the health and safety of our employees.
- Providing solid and consistent environmental and social performance.
- Being respected and trusted by our communities.
- Conducting business ethically and with integrity.

The HSEC management model is the central document that establishes 10 elements with mandatory requirements that apply throughout the entire lifecycle of our company. The SafeWork 2.0 fatal accident containment program has been integrated to strengthen the requirements and performance expectations that are part of the implementation of the new HSEC management model, which represents the new corporate management identity of the Company.



Through the leadership and responsibility element, the development of competencies is promoted so that each of the leaders in the operations multiplies the principles of the integrated HSEC management system, generating a commitment to safety as the first

value at all levels of the organization.

As part of the HSEC management model implementation plan, systemic actions have been developed aimed at fostering the safety culture within the organization. These include:

- Updating and disseminating the HSEC policy aimed at providing the direction and commitment guidelines related to the organization's performance in safety, occupational health, environment and communities, formally expressed by the Senior Management of the organization.



# HSEC POLICY

Health, Safety, Environmental and Communities Policy




At Volcan Compañía Minera S.A.A. and its subsidiaries, we are convinced that occupational diseases, as well as accidents and incidents with possible damage to assets, people or the environment, are foreseeable. Under this principle, Senior Management leads the management strategy in terms of Safety, Occupational Health, Environment and Communities in order to guarantee a sustainable operation over time.

Committing ourselves to comply with the following principles:

- 1 Manage HSEC risks, establishing preventive and emergency response controls that guarantee the safety and health of people, the integrity of assets, environmental protection and coexistence in harmony with the communities. 
- 2 Manage and provide the entire organization with the necessary resources to achieve the established objectives in terms of safety, health, pollution prevention and respect for the communities, within the framework of national legislation and internal policies of the organization. 
- 3 Promote environmental responsibility through the efficient use of resources, taking actions to mitigate and adapt to climate change and protect biodiversity and ecosystems. 
- 4 Educate, qualify, raise awareness and sensitize all our collaborators in the understanding of the SSOMAC policy, the SSOMAC Management System and compliance with the standards, as well as the objectives and goals established by the company in relation to the management of Safety, Occupational Health, Environment and Communities in all its processes. 
- 5 To permanently seek continuous improvement of its production processes and performance in Safety, Occupational Health, Environment and Communities by making decisions based on prevention, analysis of causes and monitoring of indicators of the SSOMAC Management System. 
- 6 Comply with legal requirements, commitments and other applicable requirements in relation to the company's activities, for the prevention in Safety, Occupational Health, Environment and Communities. 
- 7 Promote the participation and consultation of all our collaborators including contractor personnel in all elements of the SSOMAC Management System. 
- 8 Know, respect and communicate the company's human rights policy within our value chain, taking into account labour, communities and business partners. 

Lima, January 2, 2024

  
Aldo De la Cruz  
Vicepresidente de Operaciones

  
Renzo Fuente  
Gerente Corporativo de Gestión Humana

**SSOMAC** Corporación  
Seguros y Seguros  
Prestos de Seguro  
Compañías

- Optimization and strengthening of the Visible Leadership Matrix in the field aligned with the expectations of Element 1 "Leadership and responsibility," aimed at ensuring the best operational practices and verifying through a formal program directed at leaders to check behaviors, acts and conditions in the field through the execution of the following tools:

- Verification of GCOM quality

- Safe behavior audit
  - Planned Work Observation (PWO)
  - PWO quality
  - Quality of Hazard Identification, Risk Assessment and Control (IPERC)
  - Quality of Permit to Work for High-Risk Tasks (PETAR)
  - Inspection
  - Verification of Critical Control Checks of Safety Protocols and Standards
  - Verification of corrective actions
- 100% compliance with the Workshop on Visible Leadership Matrix Management Tools for General Operations Managers, Sub-managers, Corporate Heads and Resident Contractors.



- Development and implementation of communication programs to reinforce life-saving behaviors and critical controls of Fatal Hazard Protocols.



**HSEC** TR: B. J. SEGUR 2.0

## Aislamiento/ Bloqueo de Energía

**Trabajo con energía cero porque mi seguridad es primero**

- CSV 2. Siempre utilizo **equipamiento crítico de seguridad**.
- CSV 5. Siempre **aíso, bloqueo y realizo la prueba de energía cero**, antes de trabajar con fuentes de energía.

**VOLCAN**

**HSEC** TR: B. J. SEGUR 2.0

## Equipos Móviles

**Solo personal autorizado puede operar equipos y vehículos móviles dentro de las operaciones cumpliendo el RITRA (Reglamento interno de tránsito)**

- CSV1. Siempre voy a trabajar sin haber consumido **alcohol y drogas**.
- CSV 4. Solo opero equipos si estoy **capacitado y autorizado**.
- CSV7. Siempre solicito y obtengo una **aprobación clara** antes de ingresar a zonas de operación de equipos móviles.

**VOLCAN**

**Fatiga y Somnolencia**

## App Fatiga y Somnolencia Volcan

**App Fatiga y Somnolencia**

La App de Fatiga y Somnolencia es una forma de verificación del estado de alerta del conductor realizado mediante el aplicativo.

**Sus objetivos son...**

- > Conocer el estado de fatiga y somnolencia del trabajador antes de sus labores.
- > Tomar medidas de control de manera preventiva.
- > Evitar situaciones de inseguridad durante la conducción.

**¡La Seguridad es nuestro principal valor!**

**VOLCAN**

- Update of the Fatigue and Drowsiness Standard and incorporation of the Fatigue and



Drowsiness App aimed at preventing risks related to fatigue and drowsiness for all drivers of light and heavy vehicles.

- Promotion of the incident reporting culture as a preventive tool to ensure that all actual and potential incidents are reported and evaluated to identify relevant corrective actions and learnings for the organization, prioritizing High-Potential Risk Incidents (HPRI).



- Through safety leadership and visible commitment from the organization's management, the internal inspection program aligned with DS-024 was implemented, aimed at identifying findings and improvement opportunities in ventilation, geomechanics, infrastructure and plant areas.

Type	Unit	Compliant	Substantially Compliant	Partially Compliant	Not Compliant	Not Applicable
Ventilation	SC CAR	23	8	18	4	-
	Andaychagua	11	-	7	3	-
Geomechanics	SC CAR	14	4	12	-	2
	Animón	31	-	-	1	-
	Andaychagua	14	6	10	2	-
	Ticlio	29	-	-	2	1
Plants	SC CAR	13	11	4	3	2
	Animón	30	-	-	2	-
	Cerro de Pasco	26	5	12	1	-

The internal Assurance Program allowed for the identification of findings with partial compliance and non-compliances, for which corrective actions were developed to improve operational standards promoting safe working environments.

- Through leadership in safety and visible commitment from the organization's management line, compliance was achieved with Glencore's Assurance Program - HSEC Zinc, which aimed to verify critical controls of critical processes and generate cross-cutting actions to prevent accidents. The Assurance Program led to the development of 1012 actions to maintain a Preventive Culture that helps keep workplaces free from fatal and disabling incidents.



- The competency certification program for electricians was carried out, focusing on modules such as Energy Isolation and Restoration, Arc Flash Management and High Voltage Electrical Testing. This program aimed to strengthen the technical skills of 280 electrical technicians who support electrical maintenance activities in mining units.



- As part of the fulfillment of the annual training program, training was conducted on: PPM 01 "Energy Isolation and Lockout," PPM 03 "Confined Spaces," PPM 04 "Mobile Equipment," PPM 05 "Rock Mass Failure," PPM 08 "Lifting and Hoisting Loads and Crane Work." This involved the participation of workers from the Company's operational units.
- The Contractor Management Standard was optimized and simplified to provide a structured process with guidelines and controls to guide the stages of selection, hiring and administration of contractors and subcontractors, as well as the safety requirements aligned with the integrated HSEC management model.

**ESTÁNDAR DE GESTIÓN DE CONTRATISTAS**

**Objetivo**  
Establecer los lineamientos y controles para una adecuada selección, contratación y administración de contratistas y subcontratistas, asegurando una oportuna gestión de riesgos evitando la ocurrencia de incidentes durante la prestación de los servicios.

**Alcance**  
El presente estándar aplica a todas las áreas donde se gestionen contratistas, por contrato u orden de compra de servicio, tanto para empresas permanentes como temporales.

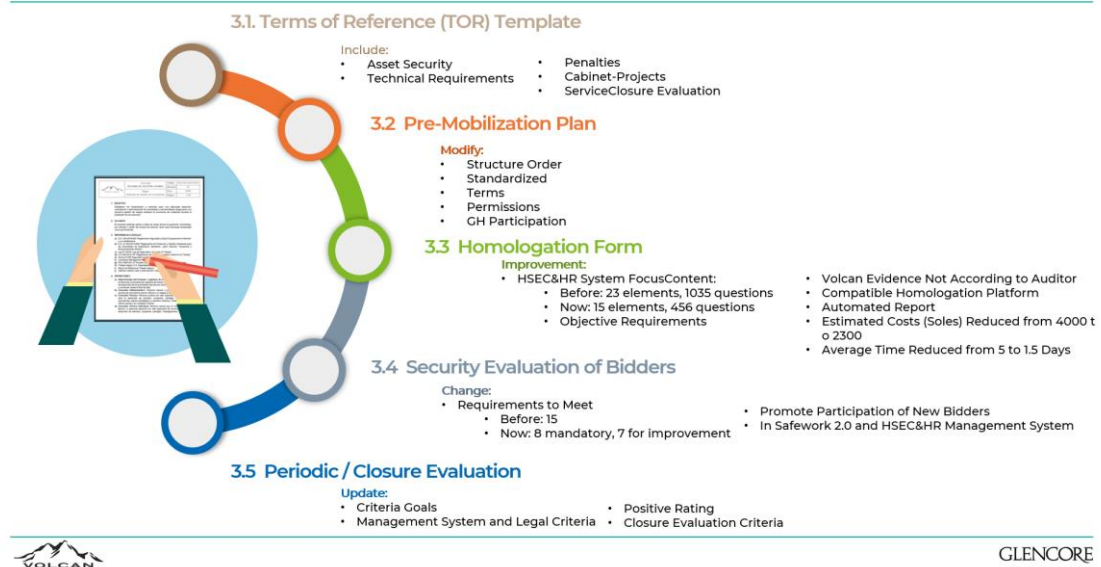
PARA MAYOR DETALLE Y CONOCIMIENTO Descarga el estándar **ADJUNTO**

También puedes encontrarlo en **Volcan al Día Intranet**

EN VOLCAN NO NOS DETENEMOS Y CUMPLIMOS NUESTRAS POLÍTICAS Y PROCEDIMIENTOS.

## Update of the Contractor Management Standard

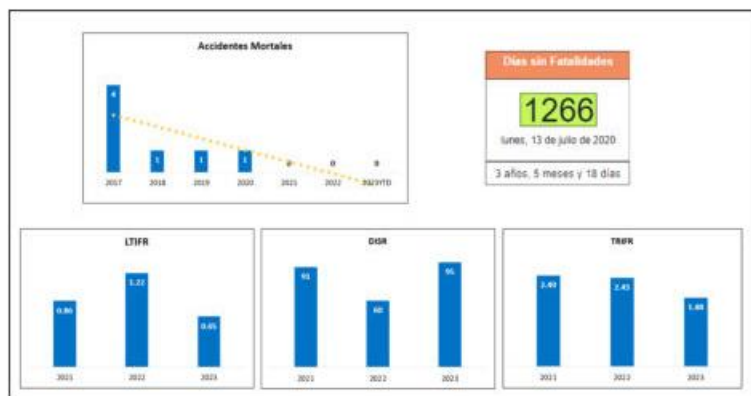
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- During 2023, the Institute of Mining Safety, through the National Mining Safety Contest, awarded the organization prizes in recognition of the best safety practices in the mining sector:
  - Winner in the Underground Mining Category: **Animon**
  - Honor Plaque for meeting all the requirements of the contest in the Underground Mining Category: **Andaychagua and San Cristobal – Carahuacra**
  - Honor Plaque for meeting all the requirements of the contest in the Open Pit Mining Category: **Alpamarca**



- At the end of 2023, we achieved 3 years, 5 months and 28 days without fatal accidents. Additionally, the reactive indicators show a reduction: the Total Recordable Injury Frequency Rate (TRIFR) decreased by 27% and the Lost Time Injury Frequency Rate (LTIFR) decreased by 49% compared to the results in 2022.



For the year 2024, the safety efforts will focus on the following key actions:

- Zero fatal accidents and a reduction in disabling and minor accidents. (Reduction in TRIFR, LTIFR, DISR).
- Relaunching the HSEC leadership program to strengthen the competencies of our leaders to ensure their active participation and commitment as process owners, driving the development of a Safety Culture.
- Developing a systemic training program for Bow Tie (ICMM)/ICAM/Visible Leadership Matrix.

- Developing and implementing transversal PPM/RCC standards (Red Book) and critical operational standards (Green Book).
- Reviewing and updating the Bow Ties and performance specifications for the critical controls of the PPMs.
- Quarterly verification of compliance with DS-024 (Osineergmin Oversight: Geomechanics, Geotechnics, Ventilation, Infrastructure and Plants) and recording for management in HSEC.
- Program for verifying the effectiveness of corrective actions from level 2 audits (Technical Management, Safety Management).



## CHAPTER 6



# HUMAN RESOURCE MANAGEMENT

## Human Resource Management

[GRI 2-27] [GRI 3-3] [GRI 404-1] [GRI 404-2] [GRI 404-3] [GRI 405-1]

Volcan began 2023 by defining objectives for each of its management teams to consolidate efforts towards achieving the organization's goals. Additionally, the Corporate Human Resources Management assumed the new challenge of leading the Corporate Security Management. In this regard, the Corporate Management took on the direction of Human Resources, Security - Operational Discipline, Security - Behavioral Leadership, Occupational Health and Safety and Asset Security areas.

The main challenges were as follows:

- Strengthening a solid culture of Safe Work.
- Reinforcing the organizational culture through purpose, values and a code of conduct.
- Strengthening performance management and continuous improvement.
- Implementing talent attraction strategy.
- Implementing Diversity, Equity and Inclusion action plan.
- Strengthening the employer brand program.
- Ensuring the key personnel retention strategy through internal promotions, salary planning, variable compensation and training programs.
- Optimizing Company's organizational structures to maximize operational and administrative efficiency.
- Implementing S/4 Hana (SAP) for payroll process management.
- Developing, redefining and communicating policies for key processes in line with new guidelines established by the Corporate Human Resources Management, such as: recruitment and selection, onboarding, conflicts of interest and management of public officials, vacation management, sanction directive and personnel movements.
- Promoting recognition of workers in safety, values and years of service matters.
- Continuing projects for automating key human resources processes.
- Continuing occupational disease prevention programs.
- Implementing monitoring plans for all physical, chemical, biological, ergonomic and psychosocial agents.
- Strengthening psychosocial risk prevention programs focused on self-care and mental health.

Despite the changing circumstances and scenarios during 2023, the Corporate Human Resources Management maintained all objectives in terms of people management to

achieve results. In this regard, interpersonal relationships with the internal team were strengthened, demonstrating effort and commitment to move processes forward.

By the end of 2023, Volcan directly employed 3,360 collaborators, both in Lima and in the Operating Units. Additionally, there were 6,556 collaborators from specialized companies, making a total workforce of 9,916 collaborators.

**Table 16: Total Employees by Gender and employment Category**

Company	Female	Male	Total
<b>Cia. Minera Chungar</b>	<b>42</b>	<b>990</b>	<b>1,032</b>
Officers		1	1
Staff	35	243	278
Employees	5	351	356
Workers	2	395	397
<b>Emp. Admin. Cerro SAC</b>	<b>34</b>	<b>343</b>	<b>377</b>
Officers		1	1
Staff	15	96	111
Employees	8	72	80
Workers	11	174	185
<b>Emp. Explotadora Vinchos</b>	<b>0</b>	<b>1</b>	<b>1</b>
Employees	0	1	1
<b>Hidroeléctrica Huanchor</b>	<b>2</b>	<b>20</b>	<b>22</b>
Staff	2	11	13
Employees		9	9
<b>Volcan Cía Minera S.A.A</b>	<b>130</b>	<b>1,798</b>	<b>1,928</b>
Officers	4	26	30
Staff	102	401	503
Employees	22	955	977
Workers	2	416	418
<b>Total general</b>	<b>208</b>	<b>3,152</b>	<b>3,360</b>
Officers	4	28	32
Staff	154	751	905
Employees	35	1,388	1,423
Workers	15	985	1,000

**Table 17: Total Employees by Type of Contract**

Division	Company	Unit	Stable personnel		Fixed term staff		Total		
			Female	Male	Female	Male	Female	Male	Total
Mining	Volcan Cía Minera S.A.A	Yauli and Lima	102	1,419	28	379	130	1,798	1928
	Cia. Minera Chungar S.A.C.	Chungar y Alpamarca	24	696	18	294	42	990	1032
	Emp. Admin. Cerro SAC	Cerro de Pasco	23	303	11	40	34	343	377
	Emp. Explotadora Vinchos	Vinchos		1			0	1	1
Energy	Hidroeléctrica Huanchor S.A.C.	C.H. Huanchor	1	19	1	1	2	20	22
<b>Total</b>			<b>150</b>	<b>2,438</b>	<b>58</b>	<b>714</b>	<b>208</b>	<b>3,152</b>	<b>3,360</b>

**Table 18: Payroll Size by Region and Gender**

Region	Volcan Cia. Minera S.A.A			Cía. Minera Chungar S.A.C.			Emp. Admin. Cerro S.A.C.			Hidroeléctrica Huanchor S.A.C.			Consolidado		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
ANCASH	2	20	22	1	10	11	0	8	8	0	0	0	3	38	41
APURIMAC	0	1	1	0	0	0	0	0	0	0	0	0	0	1	1
AREQUIPA	4	23	27	0	19	19	2	3	5	0	1	1	6	46	52
AYACUCHO	0	3	3	0	3	3	0	0	0	0	0	0	0	6	6
CAJAMARCA	0	5	5	0	2	2	0	2	2	0	0	0	0	9	9
CALLAO	6	16	22	3	11	14	1	2	3	0	0	0	10	29	39
CUSCO	2	1	3	0	3	3	0	1	1	0	0	0	2	5	7
HUANCANELICA	0	44	44	0	3	3	0	1	1	0	0	0	0	48	48
HUANCAYO	0	6	6	0	0	0	0	0	0	0	0	0	0	6	6
HUANUCO	1	26	27	0	48	48	0	6	6	0	0	0	1	80	81
ICA	1	9	10	1	10	11	0	2	2	0	0	0	2	21	23
JUNIN	26	1,055	1,081	6	249	255	6	67	73	0	7	7	38	1,378	1,416
LA LIBERTAD	3	24	27	1	13	14	0	6	6	0	0	0	4	43	47
LAMBAYEQUE	0	5	5	0	2	2	0	0	0	0	1	1	0	8	8
LIMA	81	408	489	22	215	237	11	64	75	2	11	13	116	698	814
MOQUEGUA	0	0	0	0	0	0	1	3	4	0	0	0	1	3	4
PASCO	3	135	138	7	393	400	12	179	191	0	0	0	22	707	729
PIURA	0	8	8	1	6	7	1	0	1	0	0	0	2	14	16
PUNO	0	5	5	0	2	2	0	0	0	0	0	0	0	7	7
TACNA	1	3	4	0	0	0	0	0	0	0	0	0	1	3	4
TUMBES	0	1	1	0	0	0	0	0	0	0	0	0	0	1	1
UCAYALI	0	0	0	0	1	1	0	0	0	0	0	0	0	1	1
<b>Total</b>	<b>130</b>	<b>1,798</b>	<b>1,928</b>	<b>42</b>	<b>990</b>	<b>1,032</b>	<b>34</b>	<b>344</b>	<b>378</b>	<b>2</b>	<b>20</b>	<b>22</b>	<b>208</b>	<b>3,152</b>	<b>3,360</b>

**Table 19: Employees of Specialized Companies**

Unit	2023
Yauli	4,050
Chungar	1,597
Alpamarca	227
Cerro de Pasco	633
Vinchos	12
Lima	37
<b>Total</b>	<b>6,556</b>

## Talent Recruitment and Retention Strategy

In 2023, Volcan focused on attracting a greater number of highly qualified professionals to ensure the hiring of the best available talent in the market. To achieve this, the implementation of the employer branding strategy was carried out, which strengthened our values and the opportunities we offer as a company.

Aware of the organizational changes within the Company, priority was given to the development and retention of internal talent, fostering the professional and personal growth of our employees, which contributed to the adaptability and competitiveness of the Company.

We will continue to focus on these strategic pillars to ensure a steady flow of talent and maintain a highly skilled and committed internal team.

In 2023, the following talent attraction plans were decided to be implemented:

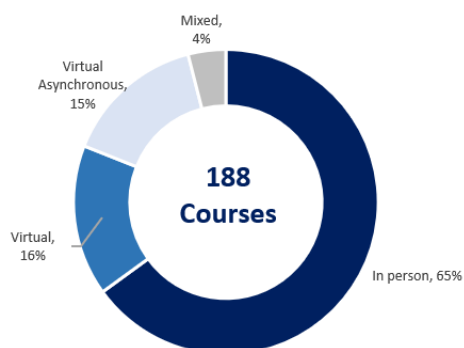
- Compensation strategy in accordance with salary studies, specifically associated with talent retention in critical areas of the business.

- Internal promotion plan based on meritocracy or internal competition.
- Successful launch of the first Professional Internship Program – Boost Your Talent, specifically for critical business areas of the mining units.
- Active participation in events and social networks, maximizing our visibility and attracting talent from various sources.
- Identification of new sources of external recruitment for critical business positions.
- Promotion of diversity in recruitment and selection processes.
- Development of a diagnosis on Diversity, Equity and Inclusion and implementation of the first stage of the Action Plan.

## Training and Development

In the framework of our commitment to the development of our employees, the Annual Training Plan for 2023 stands as a fundamental pillar for the sustainable growth of our company. Designed strategically, this plan addressed the specific needs of each area, focusing on the development and strengthening of competencies that directly contribute to our objectives in safety, environment, operations, legal matters and the continuous advancement of our employees; thus, ensuring comprehensive coverage that addresses both technical skills and behavioral aptitudes.

During 2023, a total of 188 training activities were conducted, accumulating a total of 329,908 man-hours of training, which translates to approximately 33.3 hours per capita.



Competence	In person	Virtual	Virtual Asynchronous	Mixed
SSOMAC	63%	15%	21%	1%
Technical	71%	17%	7%	6%
Behavioural	83%	17%	0%	0%
Compliance	0%	14%	86%	0%
<b>Total</b>	<b>65%</b>	<b>16%</b>	<b>15%</b>	<b>4%</b>

In terms of investment, we allocated a significant amount of \$472,343 during this period, reaffirming our belief that investment in training is fundamental for the long-term sustainability of our company.

In our ongoing effort towards operational excellence, continuous evaluation and improvement are essential principles in the Training area. We utilize specific indicators to assess each training program, considering the percentage of compliance in relation to the planned target audience. Careful interpretation of these indicators not only allows us to maintain high-quality standards but also drives our commitment to continuous improvement and excellence.

## Employee Well-being and Working Conditions

In 2023, Volcan worked collaboratively with various departments to prevent occupational diseases, completed the renewal of Occupational Health Examinations (EMO's) and conducted monitoring of all physical, chemical, biological, ergonomic and psychosocial agents in mining operations. Additionally, ergonomic studies were conducted to identify musculoskeletal disorder risks in workers with the highest number of medical leave days due to these diagnoses.

Furthermore, we continued with the thermal stress prevention program, aimed at preventing undesired events such as heatstroke in workers.

### Health Department

During 2023, activities were conducted in various areas:

- **Occupational:** 100% of workers underwent periodic medical evaluations and exposure of workers with various pathologies was eliminated through appropriate relocation. Various risk exposures were reviewed and adjusted as required by the SCTR Pensions for our workers.
- **Assistance:** Aimed at providing daily consultations at the medical posts. The nutrition program was implemented in the mining units, aimed at controlling metabolic diseases that may exist among our workers.

### Occupational Hygiene Department

Various activities were carried out for the prevention of occupational diseases, among the main ones:

- Implementation of technical criteria for the delivery of respiratory protection filters.
- Ergonomic study for the use of self-rescue devices to prevent possible musculoskeletal disorders in users.
- Monitoring of various physical and chemical agents according to Peruvian legal standards.

## **Occupational Psychology Department**

There has been satisfactory progress in the prevention of psychosocial risks, mainly focused on the self-care program aimed at detecting behavioral deviations in workers with exposure to complacency (overconfidence), with active participation from the psychology team within the operations.

Various control activities were also implemented following the application of the Psychosocial Risk Survey conducted in December 2022.

## **Social Well-being Department**

The purpose of the area is to contribute to improving the quality of life of employees and their families through the execution of activities such as:

- Planning and development of integration, recreational and holiday activities.
- Monitoring cases of employees with health problems and medical leave.
- Inspections and verifications in the dining areas at the mining units according to established standards.
- Assistance to family members of employees reported with health issues.
- Assistance to beneficiaries (deceased workers or immediate family members).
- Support and accompaniment in health emergencies.
- At mining units, activities from the organizational climate improvement work plan are carried out.

Additionally, the Welfare department is responsible for managing the recovery of subsidies paid to workers for health problems, with recovery reaching S/ 2,746,226 as of September 2023.

## **Organizational Climate and Commitment**

As in previous years and with the aim of identifying and managing the level of satisfaction and commitment in each of the operational units, Volcan conducted the Organizational Climate Survey (OCS) for all Company employees. The result of the OCS allows for the comprehensive monitoring of the well-being of Volcan's workers, designing and executing action plans that contribute to the improvement of the work environment, health and well-being.

In addition to the OCS, Volcan manages tools to improve the organizational climate, such as focus groups, surveys and exit interviews, which allow for the collection of workers' perceptions in three dimensions: identification and commitment, leadership and human resources management.

In 2023, 96% of workers responded to the OCS: 24 officials, 799 staff, 1,275 employees and 883 laborers. The satisfaction level obtained in the OCS was 76%, two percentage



points lower than in 2022. Based on these results, Climate Committees were formed, which proposed initiatives that are positively impacting workers' motivation.

Among the results, the best satisfaction indices in the 2023 OCS were in the sub-dimensions of:

- Teamwork and Inclusion: 82%
- Pride in Belonging: 81%

And regarding the highest increase among the surveyed sub-dimensions, it was recorded:

- Reward: 2% (66% in 2023 vs. 64% in 2022).

### **Recognition and Dialogue**

The culture at Volcan has been strengthened through recognition programs that are firmly established in the minds of the workers, as well as various initiatives that promote the company's purpose and values.

In 2023, nearly 600 recognitions were granted, distributed across the following programs implemented by the company:

- Safety Recognition: 339
- Values Recognition: 257
- Years of Service Recognition: 62
- Recognition for Outstanding Career: 1

**Table 20: Dialogue Mechanisms**

<b>Mechanism</b>	<b>Description</b>
Internal agreements meetings	Observations and collective labor and operational complaints are received. The agreements recorded in minutes are monitored during periodic meetings and through indicators.
Biweekly agenda meetings that the unions present to the Labor Relations areas	Labor, safety, and operational complaints originating from the Units are addressed. The agenda items are monitored through indicators and reviewed by a Monthly Labor Relations Committee, which reports to the General Operations Management.
Handling of individual complaints	Complaints are received according to the internal work regulations and the collective agreement. The immediate supervisor is responsible for addressing them, and, in the second instance, the Labor Relations management of the respective Unit. This management was carried out in person.

The dialogue procedures and labor policies demonstrate Volcan's interest in strengthening bonds between its employees and labor organizations. Additionally, collective agreements and internal policies establish procedures for addressing, controlling and monitoring commitments, which are carried out through regular virtual



and in-person meetings with various labor organizations and ongoing joint inspections of work areas.

**Table 21: Local Employees (Direct and Contractors)**

Unit	Detail
Yauli	182 employees who are part of the local community out of 1,356 community members.
Hydroelectric power plants	10 employees who are part of the local community out of 300 community members.

### Economic Well-being

Minimum Wage vs MLW	
Minimum legal wage (MLW)	PEN 1,025
Operator minimum salary	PEN 1,920
Relation (Minimum Wage/MLW)	1.87

## Employee Benefits

Benefit	Details
Life insurance	Statutory life insurance to all workers from the first day they start working.
Medican Insurance	Medical insurance (EPS) for all staff and officials. Workers and employees are covered by EsSalud.
Personal accident insurance	Benefit to managers and deputy managers.
Complementary high-risk work insurance (Health and Pensions)	Covered by Rimac EPS in case of death or disability arising from a work accident.
Economic benefits in case of temporary or permanent disability	In the case of temporary disability, it is covered by EsSalud; in the case of permanent disability, it is covered by the ONP or AFP.
Disability coverage (due to work accident)	In the case of temporary disability, it is covered by EsSalud; in the case of permanent disability, it is covered by the ONP or AFP.
Maternity/paternity leave	Maternity leave is 98 days and paternity leave is 10 days.
Leave for direct relative care	Leave when a relative has serious health or terminal conditions is 7 calendar days. If necessary, it can be extended by discounting days from the vacation period.
Pension fund	Benefit acquired by the worker for their contributions to the pension system. Each member has an individual savings account in their name, managed by an AFP or the ONP.

## Talent Management

Volcan has a Talent Management model based on 3 pillars:

- **Performance:** consisting of Goal and Competency Evaluation, which measures the achievement of established goals, as well as the level of development of corporate competencies of each worker.
- **Talent:** which measures each worker's contribution in terms of Performance and Potential to take on new challenges within the corporation.
- **Succession:** which identifies potential workers capable of occupying positions of greater responsibility, given their contribution and potential shown during the evaluated year.

These pillars have enabled Volcan to have a solid and reliable process for all workers, promoting meritocracy and recognition through the Performance Management Cycle. This process began with the Strategic Planning meeting at the end of 2022, where Volcan's leaders defined business objectives, which were deployed in 2023 to all staff workers of the Company. This first and important stage of the Cycle is accompanied by

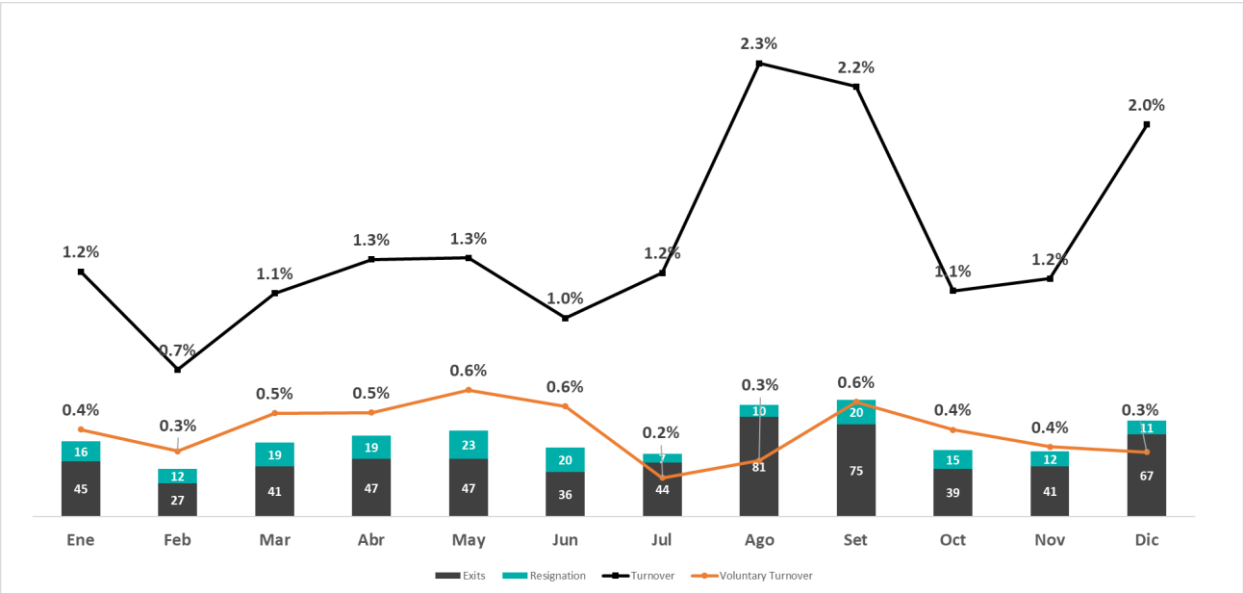
training sessions for all workers, with the aim of reinforcing topics such as the correct definition of individual objectives, consistent and fair execution of calibration sessions, timely and clear feedback process and the development of individual development plans and recovery plans to improve worker performance.

It is worth mentioning that a key point within the year 2023 was the incorporation of 17 former trainees from the 2022 Trainee Program, which aimed to develop future leaders who foster Volcan's culture. These young professionals are currently playing a role as individual contributors in critical areas of Volcan's various operational units.

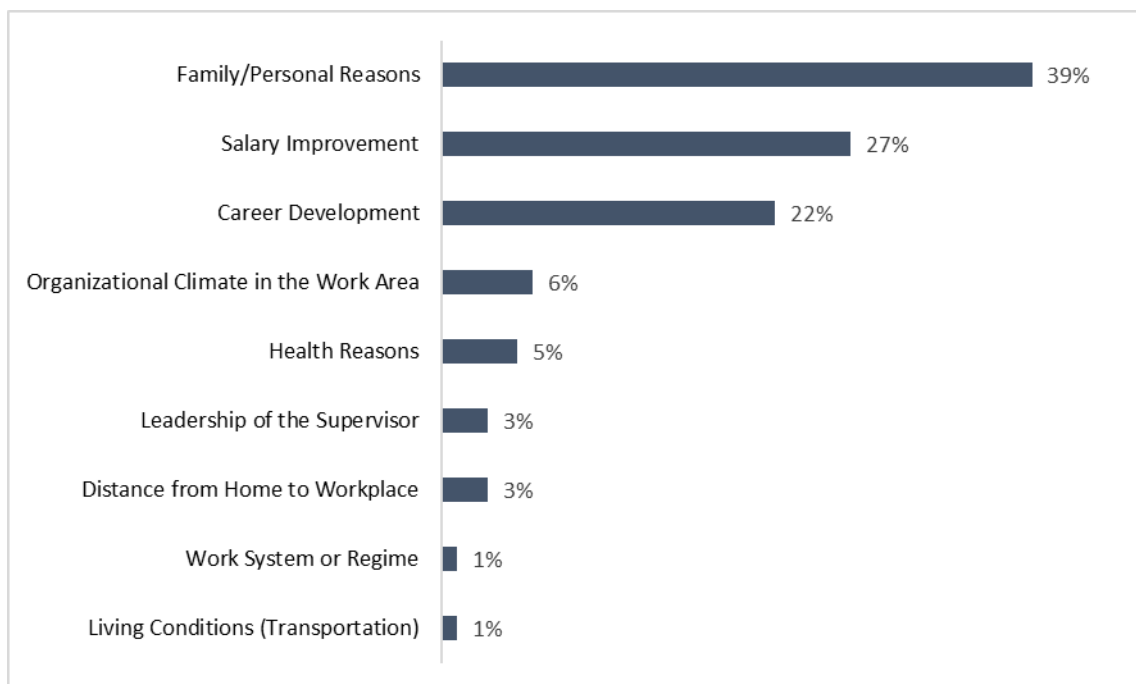
Finally, in order to manage talent within Volcan, indicators have been implemented to monitor employee turnover, which are mainly based on the results of surveys and interviews with former employees, providing clarity on the main reasons for resignation. Based on the results obtained, Volcan designed and developed different strategies for talent retention:

- Succession plans for critical positions.
- Retention plans for key personnel based on three approaches: remuneration, training and internal growth.
- Talent committees made up of general managers of operations and functional managers.

Graph 6: Personnel Ceased by Month



Graph 7: Reasons for Resignation



### Significant Workforce Changes

592 individuals ceased employment at Volcan during 2023, mainly due to resignation, contract termination and mutual agreement.

**Table 22: Dismissed Employees**

Corporation	2023
Volcan Cía Minera S.A.A	307
Cia. Minera Chungar	215
Emp. Admin. Cerro SAC	57
Oxidos de Pasco S.A.C.	11
Hidroeléctrica Huanchor S.A.C.	2
<b>Total</b>	<b>592</b>

**Table 23: Workers Dismissed by Reason**

Motive	2023
Dismissal	35
Death	3
Mutual dissent	232
Resignation	186
End of Internship Program	1
Mutual Disagreement	121
Resignation	12
Finished contract	1
Finished Trial Period	1
<b>Total</b>	<b>592</b>

Volcan's annual turnover rate was 17.6%, concentrated among collaborators from Junín, Pasco and Lima. This level of turnover demands swift and appropriate actions to fill the positions and not disrupt activities. In 2023, Volcan managed to fill the vacant positions due to dismissal and other roles, totaling 396 new hires. Additionally, more personnel were recruited in Lima, Junín and Pasco. Most of them were individuals from local communities or skilled workers residing near Volcan's operations. It's worth noting that all positions were budgeted and authorized by management.

**Table 24: Annual turnover of collaborators by age range and gender**

Division	Corporation	Unit	By age range (years)			By gender		Total
			18 - 29	30 - 50	50+	Female	Male	
Mining	Volcan Cía Minera S.A.A	Yauli and Lima	2.3%	11.0%	2.6%	2.2%	13.7%	15.9%
	Cía. Minera Chungar	Chungar and Alpamarca	1.8%	16.1%	2.7%	1.4%	19.3%	20.6%
	Emp. Admin. Cerro SAC	Cerro de Pasco	3.2%	11.4%	3.4%	3.7%	14.3%	18.0%
Energy	Hidroeléctrica Huanchor S.A.C.	C.H. Huanchor	4.5%	0.0%	4.5%	4.5%	4.5%	9.1%
<b>Total</b>			<b>2.3%</b>	<b>12.6%</b>	<b>2.7%</b>	<b>2.1%</b>	<b>15.4%</b>	<b>17.6%</b>

**Table 25: Annual turnover of collaborators by region**

Region	Volcan Cía Minera S.A.A	Cía. Minera Chungar S.A.C.	Emp. Admin. Cerro S.A.C.	Hidroeléctrica Huanchor S.A.C.	Consolidated
Ancash	9.1%	36.4%	12.5%	0.0%	17.1%
Arequipa	55.6%	26.3%	0.0%	0.0%	38.5%
Ayacucho	66.7%	66.7%	0.0%	0.0%	66.7%
Cajamarca	20.0%	150.0%	100.0%	0.0%	66.7%
Callao	40.9%	35.7%	0.0%	0.0%	35.9%
Cusco	100.0%	66.7%	0.0%	0.0%	71.4%
Huancavelica	2.3%	66.7%	0.0%	0.0%	6.3%
Huancayo	16.7%	0.0%	0.0%	0.0%	16.7%
Huanuco	25.9%	10.4%	16.7%	0.0%	16.0%
Ica	60.0%	9.1%	0.0%	0.0%	30.4%
Junin	7.6%	14.0%	20.5%	0.0%	9.4%
La Libertad	44.4%	50.0%	50.0%	0.0%	46.8%
Lambayeque	20.0%	50.0%	0.0%	0.0%	25.0%
Lima	30.1%	22.4%	20.0%	15.4%	26.7%
Moquegua	0.0%	0.0%	25.0%	0.0%	25.0%
Pasco	12.3%	21.5%	15.7%	0.0%	18.2%
Piura	0.0%	42.9%	0.0%	0.0%	18.8%
<b>Total</b>	<b>15.9%</b>	<b>20.6%</b>	<b>18.0%</b>	<b>9.1%</b>	<b>17.6%</b>

**Table 26: Hires by place of origin**

Region	Volcan Cía. Minera S.A.A	Cía. Minera Chungar S.A.C.	Emp. Admin. Cerro S.A.C.	Hidroeléctrica Huanchor S.A.C.	Consolidated
ANCASH	1	2	2		5
APURIMAC	1				1
AREQUIPA	10	6	1		17
AYACUCHO	1	1			2
CAJAMARCA	2	2	1		5
CALLAO	1				1
CALLAO	2	3	1		6
CUSCO	3				3
HUANCAVELICA	4				4
HUANUCO	3	1	1		5
ICA	2	2			4
JUNIN	91	20	9		120
LA LIBERTAD	6	6	2		14
LIMA	94	37	21	2	154
PASCO	10	7	25		42
PIURA	4				4
PUNO	3	1			4
TACNA	1				1
TRUJILLO	4				4
<b>Total</b>	<b>243</b>	<b>88</b>	<b>63</b>	<b>2</b>	<b>396</b>

## Local Hiring

Volcan fulfills its commitment, agreed upon with the communities, to provide employment to trained personnel from the area, as a key factor in promoting local development and good relations. The quantity of personnel and the way in which work is requested vary according to each community.

The process of local hiring begins with the identification of the position, followed by the definition of the profile and then the search for candidates. To do this, the requirements are communicated to the community board through the Social Responsibility office of the units. Finally, the objective was to reasonably meet the demand for work according to operational needs.

We are proud to inform that 53% of our payroll staff belongs to the local community in our direct influence area, reflecting our commitment to the economic development of our main stakeholders. Likewise, we have created opportunities by having 68% of local employees through contracted companies, further strengthening our ties with the communities.

## Freedom of Association and Collective Bargaining

[GRI 406-1]

The collective agreement and the internal work regulations ensure respect for and the right to collective bargaining. These documents include commitments to improve working conditions and economic benefits that the company fulfills with its twelve unions, in order to avoid any impact of strikes or stoppages.

Likewise, Volcan respects its employees' freedom of association with a union and their right to collective bargaining, as established by national and international standards. In other words, there is complete freedom for employees to gather and join any union or association they choose.

All collective negotiations with Volcan's various major unions are resolved through dialogue and directly. For this reason, the company has annual collective agreements or pacts signed with the union organizations that represent the majority of the employees. These agreements assess proposals for salary increases and working conditions in the mining units. It should be noted that employees of contractor companies and suppliers do not have unions.

As a company policy, the benefits agreed upon in the collective agreements include all Volcan employees. It is important to note that, as of the end of 2023, 70% of the workers and 65% of the employees were affiliated with a union.

Additionally, Volcan has a Whistleblower Hotline for cases of discrimination or violation of the rights of unionized personnel. In 2023, the company did not receive any complaints on this issue.

### **Regulatory Compliance with Unions**

[GRI 2-27]

To comply with the regulations governing labor legal obligations and collective agreements improves the relationship with employees and consolidates the continuity of operations. Additionally, it allows for understanding the concerns and requirements of the staff.

For managing labor relations and compliance with legal labor and collective agreement obligations, Volcan utilizes the following tools:

- Virtual agenda meetings with the union representatives established by the Company and the unions (held bi-weekly or monthly). During these meetings, complaints and contributions from the represented employees are received.
- Virtual continuous improvement meetings with the participation of the Operations Management. These meetings allow for the periodic receipt of contributions from employees through their union organizations and follow-up on their implementation.
- Meetings with union representatives involving the Finance and Accounting Management. These meetings, held quarterly, enable understanding the economic and financial situation during the fiscal year.

Finally, through labor relations committees, Volcan monthly evaluates management indicators related to the following aspects:

- Number of points addressed in bi-weekly or monthly agendas with different unions.
- Fulfillment of commitments made with union organizations, derived from internal points (agendas).
- Number of workers affiliated with unions as a percentage of the total workforce.
- Number of days of labor stoppage due to union claims.



## CHAPTER 7



# SUPPLIER AND CONTRACTOR MANAGEMENT

## Supplier and Contractor Management

[GRI 3-3]

Below is the supply chain graph of Volcan.

**Graph 8: Supply Chain**



### Efficient Management of Contractors and Suppliers

The supply chain, comprised of specialized companies and suppliers, is responsible for providing the necessary resources to meet the requirements of all operational units.

In 2023, contractors and suppliers billed Volcan USD 601.5 million. The annual purchase value of supplies and spare parts amounted to USD 181.5 million and the contractor valuation to USD 420 million.

For proper performance in economic, social and environmental aspects, Volcan ensures that its contractors comply with labor legislation and are aligned with corporate principles, values, policies and safety standards. To achieve this, the Company exercises strict control over compliance with regulations and obligations at the mining units. Likewise, it applies control measures in the invoice payment procedure for contractors, which are approved after presenting the previous month's labor obligations to the Administration department.

Consequently, every contractor must adhere to Volcan's safety, environmental and occupational health systems standards, as well as the good practices of social responsibility promoted by the Company. Each worker from contractor companies must fulfill a minimum of training hours and actively participate in all programs and talks held during the month.

In 2023, the processes with suppliers and contractors have been maintained in accordance with the Company's procedures and policies.

## **Procurement Practices**

Volcan's policy prioritizes local procurement for services and certain inputs, provided they meet the required safety and technical conditions, maintain an adequate standard of quality and offer competitive pricing. Additionally, Volcan encourages contractors or suppliers to hire personnel from the area of influence of its mining units, primarily unskilled labor.

Furthermore, Volcan applies quality standards to the raw materials it procures and conducts regular visits to its various suppliers. The company also has procedures in place that establish safety, technical and economic mechanisms for purchasing and contracting services.

It is worth noting that in 2023, 96% of material and supply purchases were made from Peruvian suppliers, with the remaining 4% being imports. To procure products and services in areas with significant operations, Volcan allocates a percentage of its annual budget to local suppliers. A local supplier is defined as any company that provides services or supplies goods and is located within the area of influence of Volcan's mining operations.

- 20% of the value of service contracts is sourced locally (from rural communities and communal enterprises).
- 3% of the value of supply purchases is sourced locally.

## **Proper Product Management**

Volcan ensures efficient management and proper environmental care in handling and manipulating its production throughout the logistics chain. To achieve this, it collaborates with specialized partners in transportation, storage, shipping and other related services. Additionally, it maintains Material Safety Data Sheets (MSDS) for each of its products, which are available to all stakeholders in the chain. This procedure ensures transparency of information regarding the chemical composition, use, storage, handling, emergency procedures and potential health effects of its products. In this way, its customers, shipping companies, logistics agents and warehouses are adequately informed. All MSDS reports are reviewed and updated periodically to ensure their validity.

## CHAPTER 8



# CLIENT MANAGEMENT

## Client Management

[GRI 3-3] [GRI 2-3]

The Commercial Management of Volcan has the mission of building a diversified portfolio of important and strategic clients, supported by a solid and long-term relationship. It is important to mention that all current clients undergo review and approval by the Compliance department.

The good commercial relationship is based on contractual compliance, which includes the delivery plan and agreed technical specifications. For this purpose, constant communication with the Operations Management and Logistics Management allows for anticipation, evaluation and immediate communication to clients of any deviations in delivery planning due to production, operational, or logistical issues.

The Commercial Management evaluates the following indicators:

- Concentrates delivered, according to the commercial contract of each client.
- Quality of concentrates, in accordance with the agreed technical specifications.

## CHAPTER 9



# COMMERCIAL MANAGEMENT

## Commercial Management

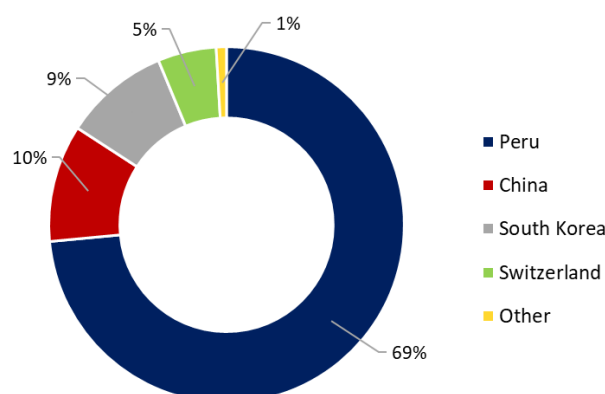
[GRI 3-3]

At the beginning of 2023, the commercial conditions for zinc concentrates became unfavorable for mining producers due to the macroeconomic situation of widespread inflation and the lower forecasted growth in the construction sector in China. However, from the third quarter of 2023, a significant improvement in commercial terms for mining producers was observed. This change is attributed to the closure of several mines due to high operating costs and the prolonged decrease in the price of zinc. Thus, the average spot treatment charge for zinc concentrates on a CIF basis for 2023 was \$181 per metric ton, compared to \$221 per metric ton in 2022, as published by Wood Mackenzie. Specifically, there is a reduction of \$195 per metric ton when comparing the spot treatment charge in January 2023 with the spot treatment charge in December of the same year, according to the same source.

Regarding lead concentrates, the terms in 2023 were favorable for mining producers as the balance between supply and demand was quite tight. This can be seen reflected in the average spot smelting charge, which decreased from \$103 per metric ton in 2022 to \$81 per metric ton in 2023.

Volcan maintained its commitment to market diversification and the constant pursuit of optimizing the value of concentrates, aiming to improve commercial conditions. In this context, efforts have been made to determine the optimal grade of concentrates, focusing on achieving higher recovery of payable elements and minimizing impurities in the concentrates resulting from its processes. Additionally, constant efforts have been made to reduce selling expenses. In this regard, new logistic strategies have been developed and implemented, aiming not only to optimize the supply chain but also to focus on operational efficiency and minimizing costs associated with product distribution and marketing.

**Graph 9: Sales by Destination  
(percentage of value in USD)**



Source: Volcan Cía. Minera



The sales volume of fine materials increased for all metals except gold, which decreased by 14.94%, mainly due to lower production during the year.

**Table 27: Volume of fine materials sold**

Fines Sales	2022	2023	Var. %
Zinc (thousands FMT)	223.7	244.2	9.1
Lead (thousands FMT)	56.9	60.8	6.9
Copper (thousands FMT)	5.1	5.6	8.8
Silver (millions Oz)	14.4	15.3	6.7
Gold (thousands Oz)	22.7	19.3	-15.0

Source: Volcan Cía. Minera

The average selling price of zinc decreased from 3,449 USD/MT in 2022 to 2,642 USD/MT in 2023 (-23.4%), while that of lead increased slightly from 2,116 USD/MT to 2,132 USD/MT (+0.8%) and that of silver increased from 21.8 USD/Oz to 23.2 USD/Oz (+6.4%).

**Table 28: Sales Prices Detail by Metal**

Sales Prices	2022	2023	Var. %
Zinc (USD/MT)	3,449	2,641	-23.4
Lead (USD/MT)	2,116	2,132	0.8
Copper (USD/MT)	8,434	8,428	-0.1
Silver (USD/Oz)	21.8	23.2	6.5
Gold (USD/Oz)	1,822	1,943	6.6

Source: Volcan Cía. Minera



## CHAPTER 10



# COMMUNITY MANAGEMENT

## Community Management

[GRI 2-29] [GRI 3-3]

Volcan has integrated Corporate Social Responsibility as a key part of its strategy to drive development, sustainability and establish itself as one of the leading mining companies.

Volcan's focus on social management is centered on ensuring the optimal progress of communities within its direct sphere of influence. This is considered essential for strengthening relationships and dialogue with community leaders, authorities and social actors, ensuring their commitment to positive impact, development and community well-being.

Volcan's sustainable management is based on development plans, community relations programs and the use of the Works for Taxes mechanism, all aimed at various aspects such as:

- Productive development projects to diversify beyond mining activities.
- Support for the formalization and growth of local businesses.
- Promotion of strategic axes such as education, health, nutrition, environmental protection, institutional strengthening and infrastructure.
- Public-private collaboration mechanisms to reduce gaps in infrastructure and public services.

Volcan recognizes that respecting customs and traditions is fundamental to maintaining open and harmonious communication with local communities, which are one of its main stakeholders. In this regard, Volcan adopts open-door policies for all members of this group and promotes transparency in communication and operational activities through addressing inquiries and participating in complaint processes. Similarly, through the availability of its permanent information offices in communities, where people can come to learn about Volcan's activities, express their opinions and concerns and participate in campaigns and promotional activities.

With the aim of maintaining constant communication, Volcan shares articles in its community-oriented magazines, addressing topics such as human rights, health, education, safety, commitment fulfillment and information about mining, traditions, among others. These magazines are distributed directly to the population, local

authorities and commercial establishments frequented by the community. These messages are reinforced through mass communications broadcasted by local radios.

### **Main Expectations of the Communities**

- Establishment of a strategic alliance to drive community development.
- Intervention in development through the sustainable development plan.
- Creation of employment opportunities with a priority focus on hiring community members and their families, either directly or indirectly.

To assess and manage potential social impacts stemming from mining activities, tools such as environmental and social studies are employed, which are regulatory requirements conducted before commencing any extractive activity. This information allows for the development of environmental and social baseline studies, which describe the environmental and socioeconomic characteristics of the area before the start of activities.

The Community Relations Plan (CRP) consolidates measures to mitigate or control negative impacts while promoting actions to strengthen positive impacts and reflects the concerns and aspirations of the population.

Based on this analysis, the following programs are established:

- Communication and Information Programs
- Education Programs
- Health Programs
- Employment Promotion Programs
- Local Procurement Programs
- Cultural Promotion Programs, among others

The following norms, policies and procedures establish guidelines for the development of social management, monitoring and control of activities, as well as mechanisms for engagement with communities.

- Annual Community Relations Plans (CRPs) that record the commitments made by the company.
- Relationship protocols that govern the conduct and performance of all personnel assigned to an operational unit or project.
- Current regulations, which establish a series of mechanisms for monitoring and controlling compliance with commitments.
- Intervention by the Office of Social Management and Dialogue of the Office of the Presidency of the Council of Ministers, which channels the population's complaints, coordinates dialogue and facilitates consensus.

- Involvement of the Ministry of Energy and Mines, which through the Office of Social Management, facilitates dialogue and audits the veracity of the information recorded in the Consolidated Annual Declaration (CAD), which has the status of a Sworn Declaration.
- Permanent Information Offices (PIOs) channel the concerns, complaints and grievances of the population regarding social and environmental matters.
- The complaints and grievances procedure to address the main concerns and worries of the communities.
- The Declaration of Human Rights, which establishes the guidelines for the behaviors and activities to be carried out.
- The Social Responsibility Expectations Manual, which outlines the guidance for community management.

### **Areas of Influence**

Each Mining Unit has agreements signed with the communities in its direct area of influence.

**Table 29: Direct Influence Area by Mining Unit**

Rural Communities in Areas of Direct Impact							
Baños	Cerro	Romina Alpamarca	Chungar	San Cristobal Carahuacra	Andaychagua	Ticlio	Explorations
12	12	5	2	3	2	2	5
Carhuacayán	Ayapoto	Carhuacayán	San Juan de Huayllay	Pomacocha	Huayhuay	San Francisco de Asís de Pucará	Carhuacayán
Chauca	Buenos Aires	Chiquiquirpay	San Agustín de Huaychao	San Juan Bautista de Pachachaca	Suitucancho	San Mateo de Huanchor	Cochahuayco
Chiquiquirpay	Champamarca	San José de Baños		Yauli			Sisicaya
Huascoy	La Merced de Jarria	Santa Catalina					Suitucancho
Pirca	Paragsha	Vichaycocha					Vichaycocha
San José de Baños	Quiulacocha						
San Juan de Uchucuanico	Racracancho						
San Juan de Viscas	San Antonio de Rancas						
San Miguel de Vichaycocha	San Miguel						
San Salvador de Pampas	San Miguel de Pallanchacra						
Santa Catalina	Uliachín						
Santa Cruz de Andamarca	Yurajhuanca						

(\*): Rural communities located in more than one area of direct impact are counted only once for the total count.

## Strong and Constructive Relationships with the Communities

### Commitment to Education

#### *Primary and Secondary Education*

In 2023, the alliance with the NGO Enseña Peru, an organization driving a movement of professionals to transform education, remained active. This partnership, present in the units of Yauli, Chungar and Cerro de Pasco, included 10 professionals from Enseña Peru, directly impacting over 700 primary and secondary students. As a result, improvements were achieved in mathematics, language comprehension, English, science, technology and environment, as well as in the reinforcement of soft skills, according to the Ministry of Education (MINEDU).

Unlike previous years, after listening to the demands of educational institutions and evaluating local issues and opportunities for improvement in education, 2023 saw the launch of a pilot teacher training program in Cerro de Pasco. In collaboration with Enseña Peru, we designed and facilitated two virtual training courses for teachers and school principals in the areas of influence in the district of Simón Bolívar, the Community of Rancas and the Community of Huayllay in the Province of Pasco. These courses were endorsed by UGEL PASCO and the eighty (80) teachers who successfully complete the tests will receive a certificate for more than 120 hours of coursework.

The project's four modules are fully aligned with the national curriculum and the needs identified by the teachers. The modules focused on improving teachers' formative assessment and socio-emotional skills, promoting competency-based education and enhancing their leadership as change agents in their community through their students.

**Table 30: Intervention Areas of the Enseña Peru Program**

Departament	Unit	Community
Pasco	Cerro	Rancas
	Chungar	Huayllay
Junín	Yauli	Suitucancha
		Huay-Huay
		Morococha
		Yauli

Furthermore, in the interest of promoting quality education, a school campaign was carried out in the communities of direct influence during the months of March and April. A total of 8,048 school kits were distributed across the initial, primary and secondary

levels. These kits included backpacks, notebooks, pencil cases and writing materials, amounting to a total of 78,302 supplies delivered.

### Useful Vacation Workshops

At the Alpamarca Unit – Romina Project, in coordination with local authorities from the directly impacted rural communities, useful vacation workshops have been held at the beginning of each year. These workshops feature specialized teachers in language, mathematics and soft skills for various levels (initial, primary and secondary), with 75 participants, including children and adolescents.

As part of the company's Social Responsibility policy, within the educational axis, the Useful Vacation Program was developed in the communities of Santa Cruz de Andamarca and San Miguel de Vichaycocha. Thanks to the program, a total of 36 primary and secondary level students were able to enhance their knowledge in courses such as mathematics, communication, English, verbal reasoning and mathematical reasoning, as well as improve their soft skills.

### *Superior Education*

#### **Alpamarca Unit**

An extensive program of technical and vocational training is currently being developed, targeting community members and their children within the influence area of the Alpamarca Mining Unit – Romina Project. The program aims primarily to enhance their academic and technical skills, enabling them to eventually enter the job market. During the year 2023, funding was provided for (8) student scholarships at the SENATI Higher Technological Institute, (1) at SENCICO and (1) at CETEMIN.

#### **Yauli Unit**

As part of the agreements within the agreement with the Yauli Community, 5 full scholarships were granted at SENATI, benefiting the children of community members who pursued technical careers.

Similarly, in the Rural Community of San Francisco de Asís de Pucará, one full scholarship was granted at TECSUP and one at SENATI.

#### **Chungar Unit**

In 2023, 10 young individuals from the Huayllay Community were successfully awarded scholarships at SENATI, while in the Huaychao Community, 2 scholarships were granted at SENATI, 2 at TECSUP, 2 at CETEMIN and 2 at UNDAC, totaling 18 scholarships for the year.



## **Cerro Unit**

In 2023, full scholarships were provided to 32 students at the National University Daniel Alcides Carrión (UNDAC), 15 students at the National Training Service in Industrial Work (SENATI) and 1 student at the Higher Education Institution TECSUP. All recipients belonged to the Rural Communities of San Antonio de Rancas, Yurajhuanca and Quiulacocha.

## **Hydroelectric Plants**

In 2023, in the Community of San José de Baños, 3 students benefited from full scholarships at SENATI in the technical fields of Industrial Administration, Industrial Mechatronics and Graphic Design. Additionally, through coordinated efforts between the company and SENATI, 100% of the scholarship recipients participated in webinars and virtual workshops aimed at developing their personal and social competencies, thus enhancing their employability.

## **Trainings**

### **Yauli Unit**

- In compliance with the commitments made in agreements with the communities of Yauli, Pomacocha and Pachachaca and in fulfillment of commitments made in the economic reactivation dialogue with the District Municipality of Yauli, training in drone operation was provided to residents of the Yauli District.
- In coordination with the District Municipality of Yauli, the following 2 talks were held to enhance the professional development of young people in the community: Tools for crafting a curriculum vitae and Midot assessment training, aiming to provide residents with better opportunities in selection and hiring processes.
- Training sessions were conducted at our Training and Learning Center (ARAPA) for members of the Huayhuay Community, who received training in Fronton Jumbo Operator and Low-Profile Loader Operator (Scoop), with the participation of 14 community members.
- Training sessions were conducted for mothers in the Huayhuay Community on: Family conflicts, parenting styles, healthy use of technology, how to talk about sexuality with children and prevention of alcohol and drugs in adolescents, with the participation of 45 mothers from the community.
- Climate organizational training was conducted in educational institutions of the Rural Community of San Mateo de Huanchor and social skills training at the educational institution of the Rural Community of San Francisco de Asís de Pucará.



- As part of the Early Warning System (SAT), brigades from the districts of Yauli, Santa Rosa de Sacco and La Oroya were trained by the Rapid LA team to be the best leaders in prevention and action during natural disasters.
- As part of the training required for SAT brigades, 70 brigades were trained in the communities of Huayhuay, Huari and the annex of Colpa, to achieve an assertive response to scheduled drills.
- Technical assistance was provided to the Conservation Committee of the Rural Community of Yauli for the production and sale of trees, based on theoretical and practical activities related to quinoa production.
- A livestock training workshop was held in the Pomacocha community, where community members received tools to strengthen their knowledge of technical management and trout breeding. Topics covered included trout breeding and production, water quality analysis, cleaning, selection for trout harvesting, spawning, incubation, cleaning of dead eggs, feeding and health.
- A workshop on bovine genetic improvement was conducted for the Pachachaca community, aiming to enhance the capacities of cattle breeders in the community.

### **Cerro Unit**

- Educational sessions on "Proper Water Usage," "Importance of Recycling," and "Appropriate Waste Disposal" were conducted for students from preschool, primary and secondary educational institutions in the Rural Communities of San Antonio de Rancas, Quiulacocha, Yurajhuanca, Sacra Familia, the Urban Community of Champamarca, the Buenos Aires Human Settlement and the populated center of Paragsha. Additionally, training on environmental care and conservation was provided to tour operators from the Mining Interpretation Museum of the Pasco Regional Directorate of Energy, Mines and Hydrocarbons, in the Yurajhuanca Rural Community, the Uliachín Human Settlement and the Santa Rosa Sector 2 Human Settlement. Informative materials on the importance of recycling and recommendations to reduce plastic use were distributed, reaching 287 attendees.
- In coordination with Bureau Veritas Peru and Volcan's Environmental Affairs department, two training workshops on Participatory Environmental Monitoring were conducted with residents from the communities of Quiulacocha, Yurajhuanca, Champamarca Urban Community, Uliachín Human Settlements, José Carlos Mariátegui and Buenos Aires, Paragsha Populated Center and the Pasco Regional Directorate of Energy, Mines and Hydrocarbons. This activity was part of the Participatory Socio-Environmental Monitoring Program for monitoring water, air, noise and vibrations.

- Training on community relations, code of ethics and conduct were provided to 196 workers from specialized companies and communal entities in the direct influence area according to the Information and Communication Program of the Community Relations Plan.
- The "360° Teacher" Program was implemented, which was a formative experience for 50 teachers from the Simón Bolívar district and 8 specialists from UGEL and the Pasco Regional Directorate of Education with 120 teaching hours. The training covered topics such as Competency-Based Education (Course 1) and Formative Assessment (Course 2).

### **Chungar Unit**

- Heavy machinery operator training was conducted, granting 17 scholarships to students from the Huayllay community and 20 scholarships to students from the Huaychao community.
- Basic English courses were provided in the Huayllay Community, with the participation of 21 students.
- Throughout the year, training for Awaski Warmi weavers was conducted, with 20 female students participating.
- Parenting school sessions were held in the Huaychao Community for all three levels (preschool, primary and secondary), with enthusiastic participation from parents.

### **Unidad Alpamarca – Proyecto Romina**

- Environmental care, solid waste management and wetland conservation training sessions were conducted with the support of Volcan's Environmental Affairs and Mine Closure departments. These sessions were aimed at residents of the San José de Baños, Carhuacayán communities and primary school students from the N° 20377 "San José de Baños" Educational Institution.
- Training on Invierte.pe was provided to administrative personnel (20) of the Municipality of Santa Bárbara de Carhuacayán to enhance their technical knowledge and contribute to the institutional strengthening of the district.
- Workshops on "Curriculum Vitae Writing and Midot Evaluations" were conducted for communities within the direct influence area of the Alpamarca Unit: San José de Baños and Santa Bárbara de Carhuacayán, aiming to facilitate residents' access to job opportunities.
- Training on local labor hiring was provided to administrators of contractor companies and a talk on the code of ethics and conduct was given to workers of specialized companies, aiming to comply with the Community Relations Plan and maintain order and respect for the customs of the communities.

- Workshops on resource identification, healthy eating, leadership and affectivity were conducted in the Rural Communities of Santa Catalina and San Juan de Chauca in coordination with the National University of Trujillo and the social responsibility team.
- Training for proper waste segregation for recycling was provided in coordination with the Romina project's environmental area and the educational center of the Santa Cruz de Andamarca district, involving children and teachers from the primary and secondary sectors of the educational community.
- Throughout the year, code of ethics and conduct and customs and traditions training were provided to all contractor companies of the Romina project to promote good practices and respect for the Rural Community of Santa Catalina, as part of our commitment to our communities of direct and indirect influence.

### **Hydroelectric Plants**

- Face-to-face training sessions were conducted for members of the Viscas Rural Community. Topics covered included safe work practices, basic electricity principles, equipment operation using generators, emergency conditions, soft skills and code of conduct. These sessions aimed to instruct community members and enhance their employability for possible employment at the Hydroelectric Plants.
- Workshops were held in the communities of Santa Catalina, Vichaycocha and Chauca in collaboration with the Social Work Professional School of the National University of Trujillo. Topics included leadership, community organization and identity, resource identification, soft skills and healthy habits, benefitting approximately 100 individuals, including children, youth and adults.
- In strategic partnership with the Women's Emergency Center (CEM - Huaral), workshops on preventing violence against women and family members were conducted for the educational community and the general population of the San Miguel de Vichaycocha Rural Community.
- A responsible pet ownership talk was conducted in coordination with representatives from the Chauca and Ravira communities, covering topics such as pet nutrition, health, grooming and zoonotic diseases. Following the talks, 50 pets, including dogs and cats, were orally dewormed.
- To raise awareness about environmental conservation among the population, teachers and students of the Divino Maestro Educational Institution in the Ravira community, workshops and recycling contests were organized in collaboration with the company's Environmental Affairs department.

## Promoting Health

The strategic partnership with the NGO Prisma has been maintained, aiming to sustain the improvement of health standards and continue making a positive impact on the quality of life in communities.

The project has been identifying prevalent diseases across more than nine specialties, including respiratory, musculoskeletal and gastrointestinal conditions, through progress indicators and monitoring. Additionally, prevention efforts have been undertaken through advocacy meetings, engagement with authorities and experiential educational sessions on prioritized topics aligned with community needs such as personal hygiene, healthy nutrition and anemia prevention, among others. In 2023, campaigns spanned a total of 31 days, providing 7,321 medical consultations in our localities. On average, medical services were satisfactorily accepted, reaching a 93% approval rate.

Given the fundamental role of state-provided services in ensuring project sustainability, Volcan aims to engage in the implementation and execution of these initiatives. Consequently, upon identifying patients in need of immediate attention, arrangements are made to facilitate their receipt of appropriate treatment at public healthcare institutions.

**Table 31: Medical Campaigns by Community**

Division	Unit	Location	Campaign
Mining	Yauli (Carahuacra-San Cristobal, Ticlio)	Pachachaca	1
		Pomacocha	1
		Pucará	1
		San Mateo	1
		Yauli	1
	Cerro	Quiulacocha	2
		Yurajhuanca	1
		Paragsha	1
	Chungar	Huaychao	2
		Huayllay	1
		Santa Catalina	2
		Carhuacayán	2
Total mining			14
Energy	HPP Baños	Ravira	1
		Viscas	1
	Total energy		
Total	18		

#### *Alpamarca Unit –Romina Project*

A dental campaign was conducted, during which 47 individuals, including children, women and elderly persons, received dental care. The campaign also offered services such as fluoridation, fillings and extractions. Additionally, necessary medications were provided to patients according to their needs.

#### *Campaign against anemia*

As a parallel intervention and through the same alliance, since 2018, the NGO Prisma in coordination with the Regional Health Directorate of Pasco has been addressing the incidence of anemia syndrome in children under 5 years of age and pregnant mothers in the communities of Cerro de Pasco (Paragsha and Quiulacocha) and Chungar (Huaychao). As part of the plan, efforts include the identification of children's nutritional status, their consumption of iron-rich foods or supplementation, processing of necessary micronutrients and, if identified, addressing the anemia situation. In 2022, the prevalence of anemia was reduced by 8 percentage points through screening activities, delivery of iron-rich supplements, training on good practices, cooking workshops, among others. The beneficiaries in this second year of intervention were 460 children under 5 years of age and 40 pregnant mothers.

After the three years of intervention allocated to the project, a total reduction of 38 percentage points was achieved. The program started in 2019 with a diagnosis of 74% prevalence of anemia among project beneficiaries and concluded in 2023 at 36%. Additionally, more than 15,000 accompanying visits were conducted by community assistants, over 10,000 packs of iron-rich foods were distributed to families and more than a thousand awareness sessions were held.

### **Economic Development**

#### *Agricultural and Livestock Development*

As part of the economic development axis, Volcan and the NGO Prisma designed a joint action strategy to preserve and nurture traditional businesses while fostering their industry through innovative ideas. The agricultural and livestock campaigns conducted aimed to enhance the production chain through technical assistance and monitoring of progress in the influence areas. In 2023, 315 community members from surrounding areas benefited from the care and dosing of 141,167 head of livestock.

**Table 32: Services by Location**

Division	Unit	Location	Campaign
Mining	Cerro	Quiulacocha	1
		Yurajhuanca	1
		Yanacancha	1
	Chungar	Huayllay	1
		Huaychao	2
	Alpamarca	San José de Baños	1
		Catalina	1
		Lote 18	1
	Yauli	Huayhuay	1
		Pomacocha	2
		Suitucancha	1
		Yauli	2
Total mining			15
Energy	CH Baños	Santa Cruz de Andamarca	1
		San Miguel de Vichaycocha	1
		San Juan de Chauca	1
		Ravira	1
		Pacaraos	1
		Huascoy	1
	Total energy		
Total	21		

#### *Promotion of Local Employment*

Volcan contributed to the increase in income and reduction of unemployment in the communities within its sphere of influence. Additionally, efforts were made to promote the enhancement of local personnel's skills, aiming to contribute to their human and professional development.

Volcan remains committed to its policy of hiring local companies. In 2023, the total revenue generated by communal enterprises amounted to approximately USD 64.3 million annually.

#### *Infrastructure*

The purpose of Volcan is to promote the development of infrastructure that generates a positive social impact on the quality of life of the communities within its sphere of influence. Therefore, during 2023, in accordance with the commitments made with the communities in its direct sphere of influence and based on identified needs, the following projects were executed:

## **Chungar Unit**

During 2023, in the community of Huayllay, five hamlets implemented their productive projects.

- Andacancha: Continued with the development of the project "construction of a synthetic grass sports field."
- Huarimarcán: Continued with the development of the project "construction of shelters for animals" and initiated their second project of the year named "construction of a synthetic grass sports field."
- Condorcayan: Continued with the development of the project "conditioning and improvement of their industrial laundry."
- León Pata: Continued with the development of the productive project "improvement and maintenance of their livestock bathing area."
- San Carlos: Updated the technical dossier of their productive project "construction of a gas station."

## **Unit Alpamarca - Romina Project**

In the district of Santa Bárbara de Carhuacayán, support was provided for road improvement in the Huancamachay area through the loan of a motor grader, as part of an institutional cooperation agreement with the municipality. Grading works were carried out, ditches were opened and accessible tracks were cleared in remote areas. Additionally, road improvement was also supported in the Chuquiquirpay annex.

Funding was allocated for the construction of a sheep stable with high-quality materials, located in the Cacray area of the Santa Catalina Rural Community, benefiting the community's livestock industry. This initiative aims to reduce mortality rates and respiratory diseases in sheep due to low temperatures.

In order to ensure the safety of animals in remote estates belonging to rural communities, funding was provided for the construction and installation of 3 vehicle gates. These gates will enable the control and regulation of private vehicles and pedestrian access to the lands of the Santa Catalina and San Miguel de Vichaycocha Rural Communities, thereby safeguarding communal assets.

## **Cerro Unit**

In the San Antonio de Rancas Rural Community, the delivery of eucalyptus round poles, barbed wire rolls, livestock mesh, buckets and 1 m<sup>3</sup> capacity water storage tanks were carried out to improve livestock breeding conditions. This initiative benefited two hundred landholders located around the Ocroyoc tailings dam and community members

engaged in agricultural and livestock activities, in accordance with livestock support programs and commitments as per agreement.

As part of the educational infrastructure support activities under the Education Support Program, solar panel-powered lighting was installed in the educational institutions of Yurajhuanca and Quiulacocha. Additionally, a prefabricated room was installed at the Simón Bolívar Early Childhood Education Institution in the San Antonio de Rancas rural community and 02 prefabricated rooms were installed in the Yurajhuanca rural community for the operation of Early Childhood Education Services (S.E.T).

Lastly, 3,000 Quinual seedlings were distributed to communities in the Social Influence Area, the National Forest and Wildlife Service - SERFOR and the Rural Agrarian Productive Development Program - AGRO RURAL and to the Pasco Provincial Municipality for reforestation activities during the first week of November in celebration of Forestry Week.

### **Yauli Unit**

In the Pomacocha Rural Community, maintenance was carried out on the Victoria-Pomacocha Road to improve vehicular traffic. Similarly, maintenance was performed on the road to the cooperative of the Yauli Rural Community, covering approximately 2,580 km, including the improvement of ditches. Finally, maintenance was conducted on the Mahr Tunnel-Chumpe Road, spanning approximately 16 kilometers.

At the Andaychagua Unit, two periodic maintenance operations were conducted on the JU-102 road section covering Huari-Huayhuay-Andaychagua, totaling approximately 34 kilometers. This maintenance aims to ensure that the road remains at an optimal level of service.

### **Hydroelectric power plants**

As part of support for productive infrastructure, the company financed the silvopastoral reforestation work with its respective irrigation system in the Cancay and Shupuy areas of the Viscas rural community with a sum of S/ 120,776.00. This support was aimed at improving the community's economy through the reactivation of one of its main productive activities, such as agriculture and livestock farming. Additionally, community organization was strengthened as the execution was carried out by the community members themselves under the supervision of an agricultural technician. It is estimated that the number of beneficiaries amounts to 150 residents.

Furthermore, as part of the company's social responsibility policies and with the aim of contributing to the reduction of cattle rustling in the Andacancha hamlet, the delivery



of 20 bags of cement was made. This material was requested by the hamlet authorities for the preparation and installation of a gate at the hamlet's entrance.

Similarly, financial support was provided to the Santa Catalina rural community for the purchase of materials and subsequent construction of a gate in the area bordering the Vichaycocha community. This support was carried out with the aim of reducing cattle rustling and maintaining better control over access to the community.

### **Compliance Supervision**

Volcan's activities are supervised by government agencies that oversee compliance with commitments to communities and the implementation of standards aimed at preventing significant environmental impacts that could harm people's health and lives.

The Environmental Evaluation and Enforcement Agency (OEFA) evaluates, supervises, oversees and, in some cases, sanctions activities. OEFA is a specialized public technical body, attached to the Ministry of the Environment, responsible for environmental oversight and ensuring the appropriate balance between private investment in economic activities and environmental protection. Additionally, it is the governing body of the National Environmental Evaluation and Enforcement System (Sinefa).

### **Formal Complaint Mechanisms**

Volcan implements various mechanisms for citizen participation in all phases of its activity, whether during exploration, exploitation, or mine closure. These mechanisms are in line with its environmental policy and comply with established regulations for citizen participation, such as the Regulation of Citizen Participation in the Mining Subsector (D.S. No. 028-2008-EM). Additionally, each unit of Volcan has a permanent information office that provides the population with access to approved environmental studies and updates on project progress and operations.

These offices serve as reception points for contributions, comments, complaints and grievances from stakeholders in the areas of influence. With the aim of maintaining optimal relationships and efficiently addressing these complaints, Volcan promotes the development of a formal procedure for managing community complaints and grievances. Management focuses on transparency and bidirectional communication with stakeholders, using physical, virtual and anonymous channels. The company also commits to addressing any type of complaint or grievance from its stakeholders, establishing a response period to coordinate comprehensive and efficient solutions.

In 2023, concerns mainly addressed operational issues (52%) and environmental matters (26%), as well as social commitments (3%), labor and/or commercial matters (12%) and others (6%).

## Social Investment

Volcan's social investment contributes to the sustainable human development of the 39 communities within its direct sphere of influence. In 2023, USD 5.6 million were invested, primarily focused on the 76 agreements and commitments made with rural communities, sustainable development plans and community relations plans outlined in environmental impact studies. This investment is concentrated on three pillars: education, health and economic development. Additionally, to enhance the local economy, Volcan collaborated with 13 communal enterprises that generated approximately USD 64.3 million annually through services such as heavy machinery rental for earthmoving, mineral transportation, waste removal and concentrate transportation, tailings dam raising, treatment plant operation, civil works and personnel transportation.

**Table 33: Social Investment by Unit**

Social Investment	(USD)
Alpamarca	188,633
Andaychagua	496,096
Animon	1,638,511
Cerro and Oxides	733,786
Explorations	140,671
Islay	498,756
Romina	515,903
Rucuy	278,455
San Cristobal - Carahuacra	218,145
Ticlio	25,438
Hydroelectric Power Plants	764,474
Central Office	162,524
Total	5,661,392

To optimize its interventions, Volcan plans to conduct impact evaluations of its main projects and investments, including establishing a baseline for analyzing the current situation. In 2023, data collection was carried out for the social baseline and Human Rights study in the communities within the influence area of the Cerro unit. Additionally, updates were made to the Sustainable Development Plans focused on our influence communities, considering an intervention horizon until 2027. These studies enable us to understand the landscape of our communities to identify better development projects according to their needs.

## Closing Gaps in Social Infrastructure

In its aim to contribute to closing the infrastructure gap in the country, since 2010, Volcan and its subsidiary Chungar have financed projects worth S/ 126.6 million. Sixteen infrastructure and public service projects of significant social impact have been executed in the sectors of education, water and sanitation, environment, transportation, commerce, culture and sports. These projects have benefited approximately 530,000 people.

In the same vein, Volcan continues to actively participate in and promote the Works for Taxes mechanism through new projects and engagement with local, regional and national authorities. The executed projects primarily benefit nearby populations and align with an internal strategy to invest in key sectors that allow for greater social impact.

It is worth noting that Volcan ranks third among mining companies in the Works for Taxes ranking by the committed investment amount. Additionally, it is a founding member of ALOXI (Alliance for Works for Taxes), which brings together companies responsible for over 80% of the investment under this mechanism.

**Table 34: Ranking of Companies by Investment Amount (in Millions of Soles) during the period 2009-2023**

N°	Company	Total 2009-2023
1	Compañía Minera Antamina S.A.	1,715.4
2	Banco de Crédito del Peru S.A.A. – BCP	1,132.6
3	Southern Peru Copper Corporation	1,120.5
4	Optical Technologies S.A.C.	437.2
5	Telefónica del Peru S.A.A.	233.5
6	Banco Internacional del Peru S.A.A. – Interbank	229.7
7	Sheridan Enterprises S.A.C.	209.4
8	Volcan Compañía Minera S.A.A.*	126.6
9	Ferreyros S.A.	124.8
10	Unión de Cervecerías Peruanas Backus y Johnston S.A.A.-Backus	123.3

(\*) Volcan Compañía Minera S.A.A. and Compañía Minera Chungar S.A.C (Volcan S/112.9 MM - Chungar S/13.7 MM)

Source: Decentralized Investment Directorate - ProInversión dated 11/14/23

Volcan aims to continue community development through the investment in new Works for Taxes projects. Accordingly, in 2023, construction continued on the "Improvement

and expansion of sports services at the municipal sports complex on 1<sup>st</sup> of May Avenue" project in the district of Chancay, province of Lima, department of Lima, alongside the Regional Government of Lima, with an investment of S/ 13,700,000. Additionally, work continued on the "Improvement of comprehensive municipal solid waste management in the district of Huayllay", province and department of Pasco, alongside the District Municipality of Huayllay, with an investment of S/ 4,878,047.

## CHAPTER 11



# RESPONSIBLE ENVIRONMENT MANAGEMENT

Responsible Environmental Management

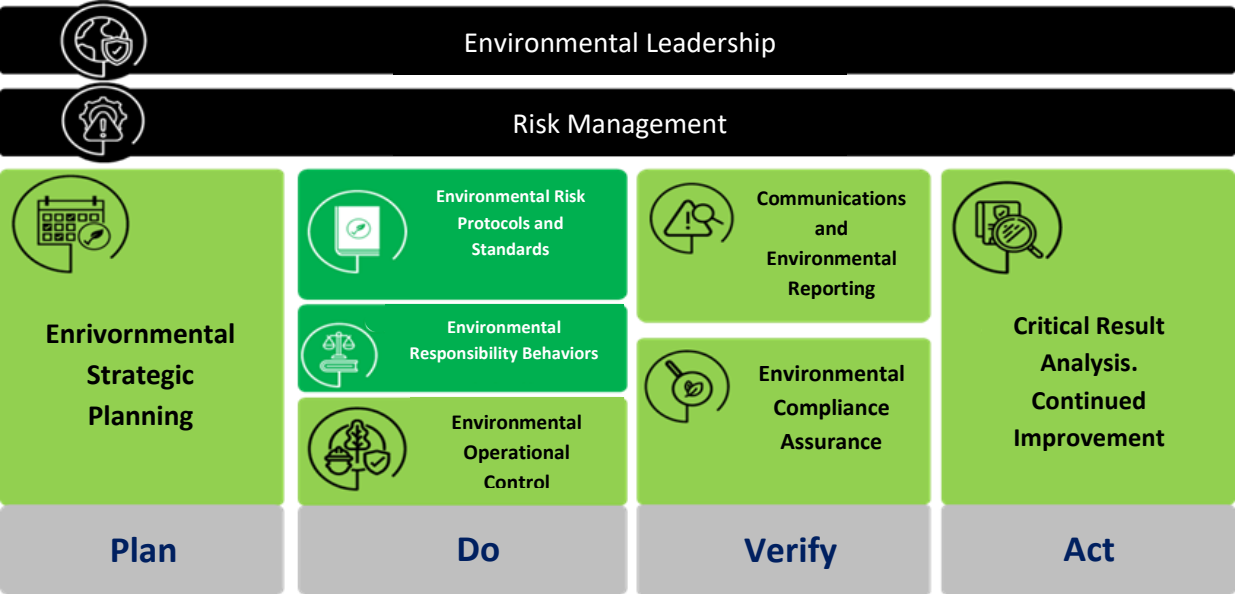
Environmental Management System

[GRI 3-3]



Our **Environmental Management Framework**, '*CleanWork*', establishes sustainability strategies through the development of management plans and standardization of tools for the administration of environmental risks. Continuously evaluating the sustainable environmental performance of the operation.

The *CleanWork* defines performance expectations and environmental sustainability based on the management of 9 essential Management elements.



Purpose

To contribute to **reinforcing our environmental culture** among leaders and to see it reflected in operational results, **achieving sustainable management** that incorporates the environmental aspect into the business model

The management of these elements is described in the **Environmental Performance Expectations Manual**, which specifies that **Environmental Hazard Protocols** and **Environmental Responsibility Behaviors** are the central elements that complement and reinforce the **CleanWork** framework.

The robust structure of **CleanWork** enables a constant analysis of sustainable **environmental performance expectations**, focused on achieving the following objectives:





## CleanWork Objectives:



To manage environmental risks through Environmental Hazard Protocols, Operational Environmental Control and Environmental Responsibility Behaviors.



Promote the standardization of good environmental practices in operations.



Strengthen our environmental culture among leaders, which is reflected in operational results.



Ensure that the environmental aspect is sustainable in the business model, considering ESG criteria.



Manage the continuous improvement of environmental performance, generating shared value.





## Water Management

[GRI 303-1] [GRI 303-2] [GRI 303-5]

Water is an essential resource in our activities, primarily used for power generation, mining production and to a lesser extent, for domestic use in camps. The main sources of supply are surface waters (rivers, springs) and groundwater intercepted during mining operations, which have been previously identified and evaluated in the corresponding environmental certifications.

At Volcan, as part of the Environmental Standard, short, medium and long-term actions are being established, addressing not only national regulations but also adopting best practices included in the ICMM Guidelines for responsible water management and reporting. The assessment of water risks is maintained and actions are developed in the Water Management Plan, focusing on the main findings identified in the 2022 audit, implementing measures to optimize the efficient use of water resources, including:



**Development of predictive water balance models that consider water recirculation in mining processes.**



**Detection of leaks or improper practices in order to identify improvement opportunities.**

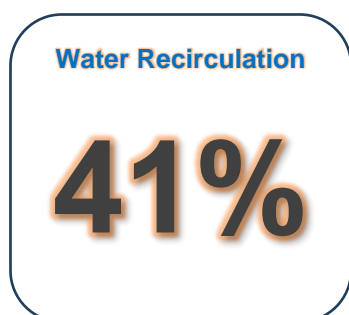


**Identification of process improvements and reduction in water consumption.**



**Training of personnel on the rational use and consumption of water resources.**

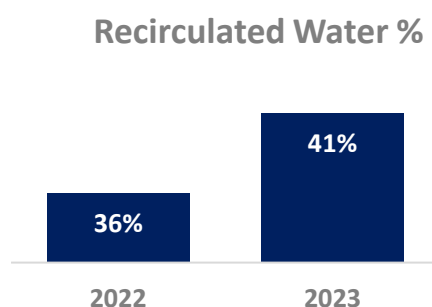
## Main Results:



In 2023, there was a 5% increase in the recirculation of water used in the process, reaching **41%**. As a result, Volcan ceased to use **9.6 million m<sup>3</sup> of fresh water in its operations**. The mining operations that recycle water are: **Cerro de Pasco, Alpamarca and San Cristobal - Carahuacra**.

Table 35: Water Consumption Volumes (m3)

Units	Recirculated Water	Utilized Water
Alpamarca	2,288,344	2,366,656
Andaychagua	-	3,434,764
Chungar	-	4,651,570
Cerro	5,316,317	7,129,606
San Cristobal - Carahuacra	2,024,927	5,538,831
Ticlio	-	116,521
<b>Total</b>	<b>9,629,637</b>	<b>23,237,948</b>



## Wastewater Treatment

Volcan, as part of its strategies for preventing water risk, maintains 20 mining effluent treatment systems (PTARIs) in its operations. These systems receive effluents from the process, drainage from stockpiles, drainage from waste dumps (contact water), mine acid drainage and water from its tailings pond. These waters are treated to meet national regulations for discharges of mining-metallurgical effluents (D.S. 010-2010-EM)

and are discharged at authorized discharge points. These discharge points are equipped with monitoring stations for sampling and water quality analysis, which are conducted by certified laboratories accredited by INACAL (National Institute of Quality). The analysis results are sent to the authorities for evaluation.



The management of the treatment plants is constantly optimized as part of the continuous improvement process.

## Climate Change and Emissions

[GRI 305-1] [GRI 305-2] [GRI 302-4] [GRI 302-5] [GRI 302-7]

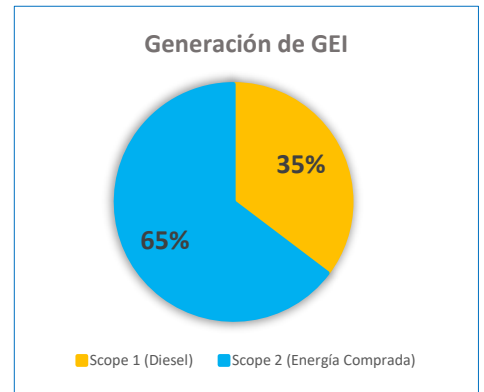
In 2023, Principle No. 3 was included in the Safety, Health, Environment and Communities Policy (HSEC), which states: "**Promote environmental responsibility through the efficient use of resources, taking actions to mitigate and adapt to climate change and protecting biodiversity and ecosystems.**" With this, Volcan reaffirms its commitment to responsibility in contributing to the global effort to achieve the goals of the Paris Agreement by taking actions to reduce Volcan's operational carbon footprint and establishing a strategy for Energy Management and Climate Change.



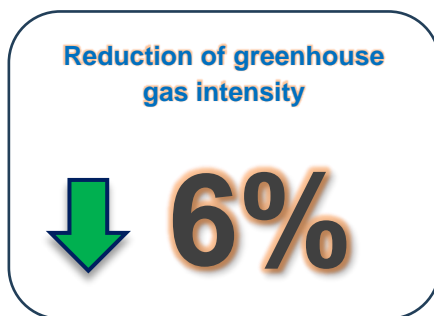
The CleanWork maintains the development of the Energy Management and Climate Change Standard, which includes initiatives to contribute to SDG No. 13.

The Climate Change Management strategies primarily involved the following activities:

- Annual Carbon Footprint Measurement
- Update of emissions inventory and databases.
- Climate Change Risk Assessment (Physical and Transition).
- Identification of emissions reduction initiatives.
- Carbon emissions registration in the Carbon Footprint Peru platform.



### Main Results:



Despite the increase in mineral processing, Volcan achieved a 6% reduction in CO<sub>2</sub>eq (t) emissions per ton of processed mineral (Intensity) in 2023. This reduction was attributed to activities aimed at optimizing the use of electrical energy in operations.

The corporate carbon footprint of Volcan is developed according to the methodology of the Greenhouse Gas Protocol Corporate Standard (GHG Protocol) and the guidelines and principles of ISO 14064 standard. In 2023, the following results were obtained:

**Table 36: Volcan GHG Emissions 2023**

Units	GHG (tCO <sub>2</sub> e)		Total
	Scope 1	Scope 2	
Alpamarca	4,082	6,195	10,278
Andaychagua	9,415	18,076	27,491
Chungar	16,020	7,231	23,251
Cerro de Pasco/Oxides	1,007	43,382	44,382
San Cristobal -Carahuacra	22,485	56,105	78,589
Ticlio	6,725	17,963	24,688
Hydroelectric power plants	194	1,969	2,163
<b>Total</b>	<b>59,927</b>	<b>150,921</b>	<b>210,842</b>

The ratio of GHG emissions intensity per ton of mineral processed at Volcan is indicated in the following table:

**Table 37: Volcan GHG Emissions Intensity**

Units	Intensity of GHG Emissions (t CO <sub>2</sub> eq/t)
Alpamarca	0.08
Andaychagua	0.03
Chungar	0.02
Cerro	0.01
San Cristobal -Carahuacra	0.01
Ticlio	0.03

---

**Average Annual Intensity Indicator (2018 – 2022)**

**0.00345 (t)CO<sub>2</sub>eq/ (t) treated mineral**

### **Air Quality**

Volcan's operations do not cause contamination through the dispersion of heavy metal pollutants into the environment. As part of the strategies to prevent this risk, operational controls are implemented across all its mining operations, including:

- Enclosed warehouses for storing and dispatching zinc, lead and silver concentrates.
- Cleaning of concentrate transport vehicles before they leave the operation facilities (trucks and wagons).
- Transportation of concentrate in encapsulated (airtight) trucks.
- Sprinkling of roads within the operation.
- Moistening of stockpiles before hauling.
- Barriers to control dust dispersion.
- Dust mitigation in the beneficiation plant processes.

Volcan has 89 air quality monitoring stations to verify compliance with the air quality standard (Supreme Decree 003-2017-MINAM) throughout the direct influence area of its operations. The results are reported to the Environmental Oversight Authority (OEFA) on a monthly and quarterly basis.



**Table 38: Air Quality Monitoring Points 2023**

Unit	Monitoring Points	Monitoring Frequency
Alpamarca	11	Quarterly
Chungar	11	Monthly and Quarterly
Cerro - Oxides	29	Monthly and Quarterly
San Cristobal - Carahuacra	17	Monthly
Andaychagua	05	Monthly
Ticlio	06	Monthly
HPPs	04	Quarterly
Vinchos	08	Quarterly
San Sebastian	02	Quarterly
<b>Total</b>	<b>89</b>	

For the case of mining operations in Cerro de Pasco, there are 29 air quality monitoring stations distributed in the operations and in the city. Likewise, the environmental oversight authority OEFA maintains a continuous air quality monitoring station in the city and the results can be viewed on the website <https://pifa.oefa.gob.pe/VigilanciaAmbiental/> (Station Paragsha CA-SB-01).

## Energy

[GRI 302-1 / GRI 302-2 / GRI 302-3 / GRI 302-4]

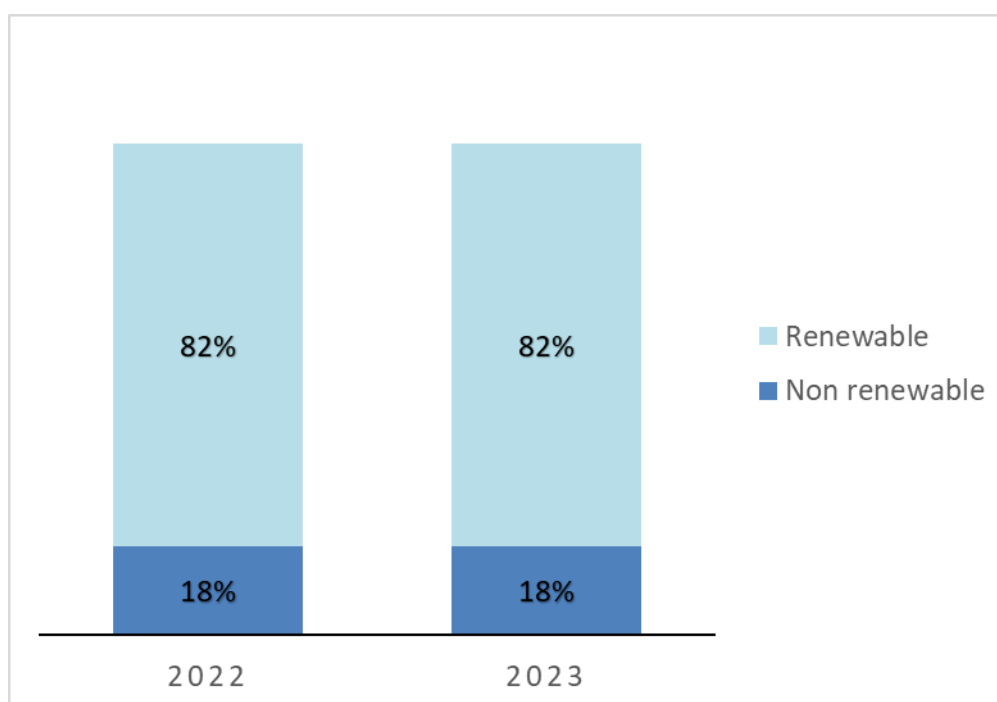
Volcan utilizes energy from both renewable and non-renewable sources. The energy from renewable sources comes from the hydroelectric power plants owned by Volcan: Chungar Hydroelectric Plant and Tingo Hydroelectric Plant, which accounted for 18% of the total energy consumption in 2023. The remaining 82% is purchased from the

national interconnected electrical system (SEIN) and is considered non-renewable energy.

**Table 39: Energy Consumption 2023**

Unit	Energy Consumption (GWh)		Total
	Nonrenewable	Renewable	
Alpamarca	25.3		25.3
Andaychagua	118.0		118.0
Chungar	87.9	148.3	236.2
Cerro - Oxides	176.5		176.5
San Cristobal-Carahuacra	197.3		197.3
Ticlio	90.2		90.2
Vinchos	0.4		0.4
<b>Total</b>	<b>695.7</b>	<b>148.3</b>	<b>844.0</b>

**Graph 10: Energy Consumption**



Regarding operational efficiency, the Corporate Energy Efficiency Program was established to optimize energy consumption with the aim of keeping the cost below 12% of the mineral production cost.

## Waste Management

[GRI 306-1] [GRI 306-2] [GRI 306-2] [GRI 306-3] [GRI 306-4] [GRI 306-5]

The solid waste management at Volcan is handled by grouping them into:

- Mineral waste
- Non-mineral waste

**Table 40: Waste Generation at Volcan 2023**

Units	Mineral Waste (tons)	Non-Mineral Waste (tons)	Total
Alpamarca	2,228,219	211	2,228,430
Andaychagua	1,201,805	621	1,202,426
Chungar	1,493,313	2,168	1,495,481
Cerro	6,999,264	1,975	7,001,239
San Cristobal - Carahuacra	2,036,277	5,762	2,042,039
Ticlio	231,903	300	232,203
Powerplants	0	68	68
<b>Total</b>	<b>14,190,780</b>	<b>11,106</b>	<b>14,201,886</b>

### Mineral Waste Reuse

**16%**

Implementing good Circular Economy practices, in 2023 Volcan managed to reuse 16% of **mineral waste** (tailings, overburden), using this material as input for filling and supporting underground operations.

### Non-Mineral Waste Reuse

**30%**

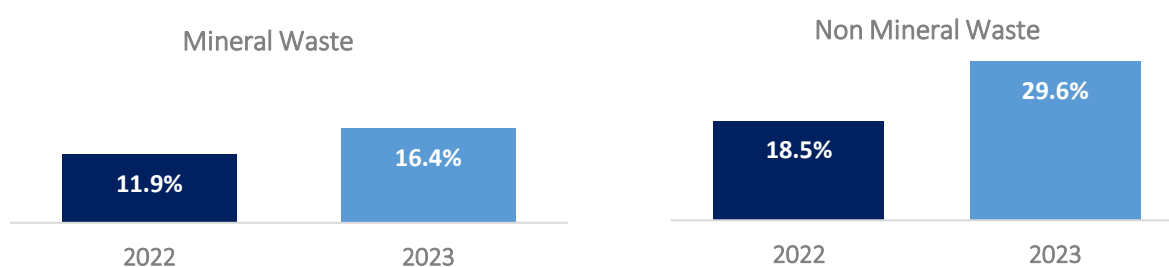
Regarding **non-mineral waste**, a reuse/recycling (valorization) rate of **30%** was achieved for the waste generated in the operation.



**Table 41: Reused/Recycled Waste Volcan 2023**

Units	Mineral Waste (tons)	Non-Mineral Waste (tons)	Total
Alpamarca	0	68	68
Andaychagua	0	450	450
Chungar	564,183	67	564,250
Cerro	0	817	817
San Cristobal - Carahuacra	1,580,271	1,795	1,582,065
Ticlio	180,285	93	180,378
Powerplants	0	0	0
<b>Total</b>	<b>2,324,738</b>	<b>3,288</b>	<b>2,328,027</b>

**Graph 11: Reused/Recycled Waste**



The non-mineral waste is subdivided into:

- Hazardous waste
- Non-hazardous waste

The **non-mineral hazardous waste** is transported and disposed of in secure landfills located outside the Units, managed by waste service providers accredited and authorized by the competent authorities.

The **non-mineral non-hazardous waste** is either sold or disposed of in landfills established within the Unit or in authorized landfills.

## Sustainability Projects in Waste Management:

Committed to generating shared value and following the strategies outlined in 'CleanWork,' Volcan has developed sustainable projects yielding social, environmental and economic benefits. The main achievements of these projects include:

- **Remediation of Mining Environmental Liabilities:**

These projects aim to reduce and mitigate the environmental risk posed by mining liabilities, obtaining an economic benefit through their reprocessing and also generating employment in the surrounding area.

- **Cerro de Pasco Unit**

- Reprocessing of Stockpiles**

- As of 2023, 5.1 million tons of stockpiles have been processed at the Oxides Beneficiation Plant.

Reprocessed  
Liabilities

5.1

Millions of Tons

- **Alpamarca Unit**

- Reprocessing of Tailings**

- As of 2023, 562,500 tons of old tailings from Aguascocha have been eliminated through processing at the Alpamarca concentrator plant.

Reprocessed  
Liabilities

562.5

Thousand Tons

- **Recycling of Disused Material:**

In 2023, Volcan launched its Disused Material Recycling project through mass collection campaigns in the "RECICLATÓN", as part of the agreement with our strategic partners at the NGO ANIQUEM.

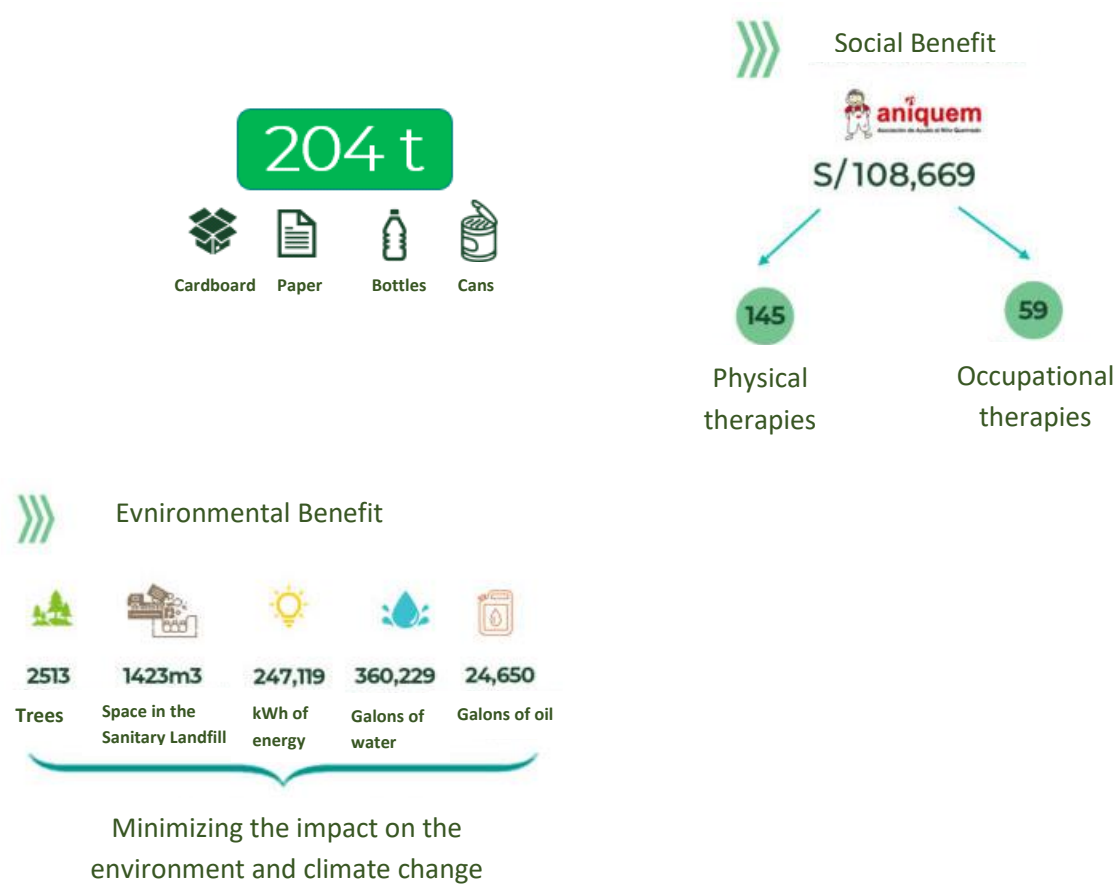
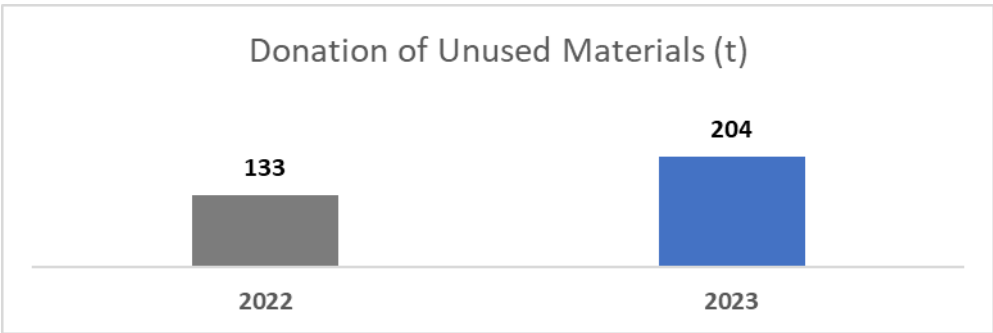


This project aims to reduce waste generation in the operation, resulting in savings for Volcan and providing social and economic benefits to ANIQUEM, enabling comprehensive therapies for children with burn injuries.



In 2023, 204 tons of disused materials were donated, representing a 53% increase compared to the results achieved in 2022.

**Graph 12: Donation of Disused Material (tons)**



**Biodiversity**

[GRI 304-2] [GRI 304-4]

The development of the Biodiversity Management Plan continued in accordance with the commitments established in our environmental certifications, national regulations

and the requirements of the Glencore Group. It is also confirmed that in 2023, none of Volcan's operations are located within a protected natural area designated in the National System of Protected Natural Areas by the State (SINANPE).

As part of the environmental monitoring plan, periodic monitoring of flora, fauna and hydrobiology is maintained.

## Closure Planning Management

[GRI 3-3]

As part of the "CleanWork" strategies to control and prevent risks associated with closure components, activities are maintained to comply with the closure planning standard (aligned with ICMM principles) and the regulations of Law No. 28090 and its regulation DS No. 033-2005 and subsequent amendments.

Volcan, in all its operations, has its Mine Closure Plans (MCPs) approved, prepared at the feasibility level to ensure the physical, geochemical and hydrological stability of disturbed areas.

The closure activities carried out and their results are reported to the Ministry of Energy and Mines for subsequent oversight by OEFA. The areas rehabilitated by Volcan in the last 2 years were:

**Table 42: Rehabilitated Areas by Volcan**

Units	Rehabilitated Lands (Ha)
	2023
Alpamarca	0.03
Andaychagua	2.26
Chungar	0.003
Cerro/Oxides	0.40
San Cristobal -Carahuacra	-
Ticlio	0.10
Explorations	0.45
<b>Total</b>	<b>3.24</b>

In Cerro de Pasco, the main completed activities by 2023 are:

- Yanamate Lagoon: Halting the discharge of acid mine waters and remediating 4,000 m<sup>2</sup> of surface.

- Upamayo Delta: Revegetation of 140,000 m<sup>2</sup> of surface (Co-financed with other mining companies).
- Wishllamachay Liability: Remediation and geochemical stabilization of 90,000 m<sup>2</sup> of surface.
- Stockpiles: Remediation of 15,000 m<sup>2</sup> of surface and elimination of 5.1 million tons.

## Tailings Storage Facilities Management

[GRI 3-3]

This management is developed under the guidelines of the Tailings Storage Facilities standard, which adopts the principles of the Global Industry Standard on Tailings Management (GISTM), where the main activities have been developed:

- Implementation of emergency response plans, working with our communities and completion of the Early Warning System (EWS) infrastructure.
- Drills with communities and authorities for dam breach scenarios, putting emergency response plans into practice.
- Ongoing engineering efforts to align our tailings storage facilities (TSF) with our standards with guidance from global experts, reporting to the Company's senior management.
- Management of key risk indicators (KRI) to monitor performance against business risk.
- Satellite monitoring (InSAR) of all our TSFs to enhance our geotechnical stability risk management.

In Table No. 43, the operational tailings deposits per Mining Unit are shown.

**Table 43: Tailings Deposits by Mining Unit**

Company	Units	Tailings Deposit	Type of Disposal
Volcan Compañía Minera S.A.A.	Carahuacra	Rumichaca	Thickened
	Andaychagua	Andaychagua Alto	Cycloned slurry
Compañía Minera Chungar S.A.C.	Alpamarca	Alpamarca	Thickened
	Animon	Animon	Filtered
Empresa Administradora Cerro S.A.C.	Cerro de Pasco	Ocroyoc	Slurry

## **Disclosure of Consequences of Tailings Storage Facilities (GISTM)**

According to the disclosure guidelines and requirements of the GISTM and the ICMM, Glencore and Volcan have published information about the consequence classification in the fact sheets which can be accessed through the following links:

- [Fact Sheet](#): Mahr Tunnel TSF
- [Fact Sheet](#): Ocroyoc TSF
- [Fact Sheet](#): Rumichaca TSF

## **The Early Warning System**

The Early Warning System (EWS) in Volcan's areas of influence aims to inform, promote participation, train and prepare neighboring populations on how to act proactively in the event of a potential failure of our tailings storage facilities, thereby avoiding or reducing loss of human lives.

As part of the Emergency Preparedness and Response Plan (EPRP), the Early Warning System (EWS) has been implemented in alignment with Principles 13 and 14 of the GISTM.

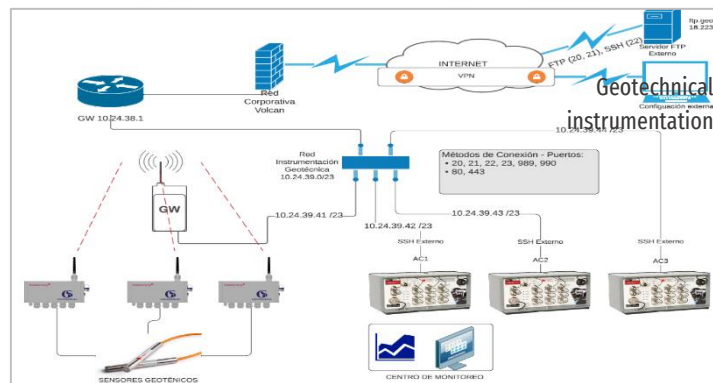






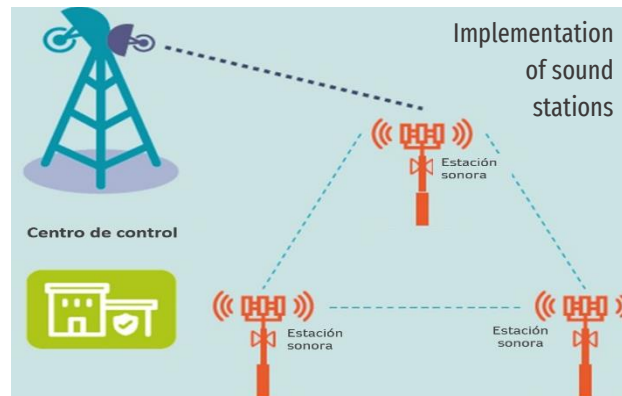
## Monitoring System

- Control Center
- Geotechnical Monitoring Software
- Data Collection Scheme
- INSAR Satellite Monitoring
- Radar Monitoring



### Communication System (Sound Stations)

- Meetings with authorities were held to explain the importance of the system.
- Site inspections were conducted with the authorities to determine the locations.
- Permits for the construction stage were requested.
- The installation was carried out by a specialized company.



### Signage, evacuation routes and safe zones

- In coordination with the authorities, the location of the sound stations, safe zones, temporary shelters and signage was confirmed.
- Construction permits were requested from the authorities.
- The construction (civil work) was carried out by community companies.



- A communication plan was developed with a specialized company.
- The designs helped present the project in simple language and with easy-to-identify cartoons. Two characters, a young person and their pet (Prudencio and Seguirolas), were created to raise awareness among residents about the risk and how to act to prevent loss of life.
- Flyers, brochures, banners, panels, as well as social media dissemination, were produced.
- Radio spots and short programs featuring the adventures of Prudencio and Seguirolas were prepared and broadcast on local radio stations.
- All materials were reviewed by the authorities and approval of the final design was given collaboratively.
- The graphic materials were displayed in the communities, with permission obtained from municipal authorities and community leaders for the use of public spaces.

Simulated  
drills with  
communities

3

In 2023, 03 Multi-Hazard Drills were conducted with the participation of communities in the influence area, in the months of May, August and November.

## Compliance with Environmental Commitments and Legal Requirements

[GRI 2-27]

As part of the "CleanWork" strategies regarding the assurance of compliance with environmental regulations and commitments outlined in approved environmental management instruments by the authorities, Volcan has implemented the environmental management tool called the "RELOC" Matrix (Legal Requirements and Other Commitments). This tool allows for continuous evaluation of environmental legal compliance and the identification of deviations for immediate correction.

