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## Safety, Environment, and Community Relations

In 2010, the accident rate dropped by 300% (from 10.1 to 3.0) even as the number of man hours worked increased by 80% compared to 2009.

### Awards and Certifications

In March, the UEA Ticlio was awarded the Plaque of Honor by the Mining Safety Institute (ISEM) in the Underground Mining Category of the XIII National Safety Contest for being among the seven safest operations in the country.

An independent audit was conducted in June by International Strategic Registrations (NSF), obtaining OHSAS 18001-2007 re-certification in Safety and Occupational Health and ISO 14001-2007 recertification in Environmental Matters for the Yauli, Chungar, and Cerro de Pasco mining units.

In October, the company earned an award at the 8th National Mining Congress for the best work performed with regard to safety. The theme was On-Going Improvements of the SSOMAC Integrated Management System - Yauli Unit.

### Rules and Regulations

Internal Safety and Occupational Health Internal Policies were updated. Joint Committees were formed by the mining units as per Supreme Decree No. 055-2010 EM (in effect since January 2011) and Supreme Decree No. 009-2005 TR.

### Emergency Response

The mining units' Emergency Plan was reviewed and improved. During the second half of the year, Rescue Brigades were reorganized and members attended new training sessions. Emergency drills were held in accordance with the established program.

## The Environment

In June 2010, the International Strategic Registrations (NSF) certification agency conducted a re-certification audit of the Safety, Occupational Health and Environmental Management System in accordance with the requirements of ISO Standard 14001:2004 and OHSAS Standard 18001:2007 at the Yauli, Cerro de Pasco, and Chungar mining units and the Lima offices.

Building permits were obtained in 2010 to expand the capacity of the following plants: Mahr Túnel to 2,750 MTPD; Paragsha to 12,500 MTPD; San Expedito to 1,800 MTPD; Animón beneficiation plant to 4,200 MTPD, and upgrade of the Andaychagua plant to 3,450 MTPD. Permits were also obtained from DREM for the operation of the Andaychagua Alto sludge pond and for the exploitation of the El Pilar and Toruna mines.

In addition, building permits were secured for the expansion of Ocroyoc and the Rumichaca and Animón sludge ponds.

There are eight environmental-impact studies still in the process of evaluation, the most relevant being the oxides beneficiation plant, the exploitation of the Zoraida mine, and the studies for the expansion of the Alparmarca mine and concentrator plant. Environmental studies of the Rondoní and Rio Pallanga river exploration projects were partially detailed.

### Health and Safety

The company carried out a review process identifying hazardous conduct and operational risks, and set forth a control program. Safety audits were conducted according to the established program. The four main SSOMAC management tools are presently being used: Written Safe Work Procedures (WSWP), Planned Job Observation (PJO), Inspections, Safety Training and Talks, and Accident Investigation.

Furthermore, improvements were made to the infrastructure of changing rooms, mess halls, and washrooms for the operating-units' personnel.

### Outlook

In 2011, management will focus on:

Reducing the accident rate by at least 50%.

- Obtaining OHSAS 18001 re-certification in Safety and Occupational Health for all mining units.
- Incorporating the provisions of Supreme Decree No. 055-2010-EM into Safety and Occupational Health management and implementing an Occupational Health program.
- Conducting 60 man-hours of training per annum per worker.
- Improving the Emergency Response System at all operational units in order to ensure autonomy in the management of calculated occurrences of events.
- Following up on and providing care for 100% of the occupational illnesses reported.
- Following up on compliance with control programs for hazardous conduct and significant risks of operational control.
- Improving and standardizing safety controls at all operational units.
- Reviewing the SSOMAC structure and expanding its coverage to all operational units in the company

It should be noted that DGAAM now requires that the EIS be filed together with an economic valuation of the impacts of environmental goods and services provided by the ecosystems in the project's area of influence.

In regard to plans for the eventual closing of the Cerro de Pasco, Ticlio, Andaychagua, Animón, and Vinchos mining units, the respective guaranties were established in early 2010. The plan to close the San Cristóbal, Mahr Túnel, and Carahuacra units were approved in 2010; thus, the respective annual guaranties will be set up in 2011.

The Mining Agency (DGM) of the Ministry of Energy & Mines approved the plans to close the mines of Empresa Administradora Chungar and Empresa Explotadora de Vinchos. Following the end of 2010, the preparation of the EIS began for the following projects: Rondoní, Chumpe sludge pond, Animón drainage tunnel, and others.

Regarding operations, effluents from the beneficiation concessions will be progressively adapted to the new regulations set forth in the Maximum Permissible Limits for Mining and Metallurgical Activities.

projects were partially detailed.

## Community Relations

Volcan knows that community relations are a key factor in the creation of sustained value. As such, the company aims to bolster the development of the communities located in the ambit of its mining units through permanent dialogue within an environment of openness, trust, and mutual respect.

Volcan and its subsidiaries maintain relations with more than 55 farming communities and various institutions located in the Departments of Pasco, Junín, Lima, and Huánuco. Consequently, as of this year, 80 agreements were negotiated and signed, mainly regarding the use of community land.

As a result of our efforts in supporting communities, approximately 100,000 residents throughout the company’s area of influence benefitted from the development of various activities and projects. The most important activities and projects are detailed below.

### Development and Strengthening of Sustainable Production Skills

- Training and technical assistance in animal sanitation, genetic improvement and artificial insemination, and management of livestock and cultivated pastures in the communities of Lima and Cerro de Pasco.
- Central Highlands Sustainable Farming Development
- Project (CICCA), Universidad Nacional Agraria La Molina, for 31 community organizations in Cerro de Pasco.
- Project for the construction of a fabrics-and woolprocessing plant in the community of Huayllay, Cerro de Pasco.
- Construction of veterinary hospitals and clinics in the farming communities of Cerro

de Pasco and Lima.

- Assistance with livestock restocking in the farming communities of Cerro de Pasco and Lima.
- Construction of a fish farm with floating cages in the communities of Huayllay (Cerro de Pasco) and Vichaycocha (Lima).
- Guinea-pig production in the communities of Huaychao (Cerro de Pasco) and Yauli (Junín).
- Household–pet-sanitation programs in the communities of Huayhuay, Suitcancha, Pomacocha, District of Yauli, Junín.
- Dosing programs (vitamins and vaccination) for cattle, sheep, and camelids in the communities of Lima, Junín, and Cerro de Pasco.

- Cultivation of improved pastures in the communities of Huari, Pomacocha, Yauli, and Pachachaca, in Junín.
- Distribution of Junín cattle to the communities of Yauli and Pachachaca in Junín.

### Education and Healthcare Assistance

- School-breakfast-program in the rural community of Huayllay, in Cerro de Pasco.
- Granting of professional practices and technicalprofessional development scholarships at institutions such as SENATI, CETEMIN, CETCO, etc., for community youth in the Districts of Yauli (Junín), Huayllay, and Daniel Alcides Carrión (Pasco).
- Medical, vaccination, and humanitarian-medical-care campaigns in the districts of Cerro de Pasco and the communities of Junín.
- Construction of washrooms in various communities of Lima and Cerro de Pasco.

### Promotion of Local Employment

- Hiring of community residents through 13 community companies belonging to an equal number of farming communities.
- Training courses in textiles and the operation of industrial sewing machines in the communities of Lima and Cerro de Pasco.
- Promotion of management skills among the population.
- Annual support for the Rural Tour tourism event developed by the Municipality of

Huayllay in Cerro de Pasco.

- Training of community residents in Junín and Cerro de Pasco in matters relating to environmental monitoring and community legislation.

### Infrastructure Support for Roads and Public Utilities

- Road maintenance and improvement in the districts of Cerro de Pasco, Junín, and Lima.
- Supply and maintenance of potable water systems in Cerro de Pasco and Junín.
- Hotel-infrastructure support in the community of Huayllay (Cerro de Pasco).

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