

2017

SUSTAINABLE DEVELOPMENT REPORT

2017

УСТОЙЧИВОЕ РАЗВИТИЕ



ABOUT THIS REPORT

General parameters

G4-22, G4-28, G4-29, G4-30, G4-31, G4-32, G4-33

We offer our twelfth Sustainable Development Report fulfilling our annual commitment of transparency and disclosure.

This report was prepared according to the Global Reporting Initiative (GRI) G4 methodology, under the “core” compliance option, and also the “Mining and Metals” and “Construction and Real Estate” sector supplements.

The report also applies the Principles of Inclusivity, Materiality and Responsiveness defined by AccountAbility AA1000APS (2008).

The report covers the 2017 social, environmental and economic performance of our Mining Division, Transportation Division and Infrastructure Division in the four countries where we operate: Mexico, Peru, Spain and the United States.

We also report progress made on implementing the United Nations Global Compact’s 10 Principles, an initiative that we support.

Throughout the report, we have indicated the mechanisms to measure performance, calculation indicators, and also as applicable, information restated from the previous report. Giving continuity to the practice from previous years, and following the mandate given by the Board of Directors, the report has been verified independently, according to the scope set in the independent assurance report. The report also satisfies the Global Reporting Initiative (GRI) materiality disclosures service.

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LETTER FROM THE PRESIDENT

G4-1, G4-2

At Grupo México, sustainable development is at the core of our business model. Our work strategy is based on three pillars: GROW, PROMOTE and PROTECT. This means creating value, fostering wellbeing and protecting the environment.

For the last 12 years, we've reflected our vision of sustainability through our annual Sustainable Development Report prepared according to an internationally accepted methodology: Global Reporting Initiative. This report has served as a tool for transparency and self-assessment by which we are able to communicate our progress and identify areas of opportunity.

The results of the economic, environmental, social and corporate governance strengthening of our company are reflected in various assessment processes. For the seventh year, we are included in the Mexican Stock Exchange (BMV) IPC Sustainability Index and, for the first time this year, the S&P Dow Jones Sustainability MILA Pacific Alliance Index (DJSI MILA).

We have been mining and driving development for over a century, conscious that growth and technological advances depend on the metals that we mine. Since our origins, we've followed criteria of sustainability, which today we integrate into a common vision of sustainable development. We're committed to making this a safe and sustainable industry.

Safe families

People are our backbone. Their wellbeing and safety are our top priority. We know that a collaborator in a safe environment means a safe family. Because of this, our goal is ZERO ACCIDENTS. Four collaborators lost their lives on the job in 2017, three in the Mining Division as a result of accidents occurring in Mexico, Peru and the United States; and one in the Transportation Division, in a regrettable incident in Mexico.

These losses had a profound impact on families, friends, colleagues, and on all Grupo México. We share in the grief of their families and we affirm the commitment of our whole organization to prevent further fatalities. We need to ensure our people will get home safely. Nothing is more important.

There is still much to do to reach our goal of ZERO ACCIDENTS. However, we've made progress and our efforts have brought reduced occupational incident rates across the board in recent years. In all cases, we're below the industry averages in each of the countries where we have operations. Safety is the responsibility of everyone at Grupo México, therefore we continue the ongoing task of identifying risks and preventing accidents.

Strengthening partnerships

All our Mining Division investment projects, from the outset strive to create jobs and opportunities for people from our neighboring communities. With our program 'Forjando Futuros' (Forging Futures) in Peru, we offer training to residents in the places where we operate. We have trained nearly 500 people in different trades and over 400 youth have had the opportunity to gain work experience through professional practices with our affiliate, Southern Copper.

Together with our employees, communities, suppliers and government agencies, we continue to grow. In 2017, we completed major projects to boost the social and economic development of Mexico, Peru and the United States. These investments, added to those made in the last five years, total US\$13.80 billion. We have also made voluntary investments totaling US\$322 million in community development, health, training, infrastructure and services.

In the communities where we operate, we promote the development of social capital through a model that we call 'Casa Grande' to connect us with our people. Casa Grande are community centers where we offer various programs and promote the participation of charity organizations. Also, thanks to Grupo México Foundation with the support of the Transportation Division, we have been able to offer healthcare services through Dr. Vagón, a mobile clinic that serves communities along the railroad line free of charge. Dr. Vagón is a project without precedent in the Americas that has contributed significantly to improving the health and quality of life of people living in the most remote communities in Mexico. In 2017, we provided 266,440 comprehensive medical services.

Long term vision

We believe that sustainability must be present throughout the life of a project. In close coordination with the authorities, we dismantled a smelter in San Luis Potosi that had been in operation for more than a hundred years. This process involved in situ confinement of the waste and the removal of affected soils. The result was the remediation of 192 hectares of industrial land, which can now be zoned for urban developments and green spaces. This project is clear evidence as to how responsible mining can leave a positive mark.

For Grupo México, sustainable development is also the way to face climate change. Our strategy in this sense has three lines of action: using energy more efficiently, developing and consuming renewable energies, and fostering the capture of greenhouse gases. In the Mining Division, from 2014 to 2017, we reduced the emissions and the energy needed to produce a ton of copper. By consuming clean and renewable energy produced by our Infrastructure Division, we prevented the emission of 559,866 tons of CO₂eq, equal to taking 119,886 cars off the road for a year.

Facing these challenges has been possible thanks to the efforts, talent and dedication of our collaborators, as well as teamwork with authorities and various stakeholders. We have brought leadership, experience and values together to consolidate a vision that affirms our commitment to economic and social growth; and also to caring for the environment, the communities and the countries where we operate.

Regards



GERMÁN LARREA MOTA VELASCO
CHAIRMAN OF THE BOARD

ABOUT GRUPO MÉXICO

MEXICO

АБОУТ ГРУПО

INTRODUCTION TO GRUPO MÉXICO

G4-3, G4-4, G4-5, G4-7

We are a diverse group of companies, with mine operations in Mexico, Peru and the United States, positioning Grupo México as the fourth largest copper producer in the world. We operate the largest multimodal freight railroad service in Mexico, with increasingly greater presence in the United States. We also offer engineering and construction services, power generating, onshore and offshore drilling, including the leasing and operation of oil rigs. To this, we have added the operation of highways under concession.

The diversification of operations is achieved under a joint approach of cost efficiency and productivity to ensure financial balance so as to follow a sustainable path, in synergy with creating value for our stakeholders. We are committed to Development with Purpose, with which we contribute to the health and safety of our collaborators, to strengthening the communities that embrace us, and to caring for the environment.

We have been trading on the Mexican Stock Exchange since 1966 as Grupo México (GMEXICOB) and since 2017 through GMéxico Transportes (GMXT). Our subsidiary Southern Copper Corporation (SCC) trades on the New York Stock Exchange and the Lima Stock Exchange.

OUR PRESENCE

G4-6, G4-8

Our portfolio of products and services is delivered by three divisions: Mining Division, Transportation Division and Infrastructure Division. Our presence in Mexico, Peru, the United States, Argentina, Chile, Ecuador and Spain is shown following:

GEOGRAPHIC LOCATION

MINING DIVISION—GRUPO MÉXICO

LOCATION

ASARCO

- 1 RAY - SX/EW COPPER MINE
- 2 HAYDEN - COPPER SMELTER
- 3 AMARILLO - COPPER REFINERY
- 4 SILVER BELL - SX/EW AND MINE
- 5 TUCSON - US OFFICE
- 6 MISSION - COPPER MINE

MINERA MÉXICO

- 7 AGUA PRIETA - LIME PLANT
- 8 EL PILAR - SX/EW COPPER PROJECT
- 9 BUENAVISTA DEL COBRE - SX/EW AND MINE
- 10 BUENAVISTA ZINC - MINE
- 11 LA CARIDAD - MINE, SX/EW METALLURGIC COMPLEX
- 12 PILARES - COPPER PROJECT
- 13 SANTA EULALIA - POLYMETALLIC UNDERGROUND MINE
- 14 EL ARCO - SX/EW AND COPPER MINE PROJECT
- 15 SANTA BARBARA - POLYMETALLIC UNDERGROUND MINE
- 16 NUEVA ROSITA - COAL AND COKE
- 17 CHALCHIUITES - UNDERGROUND MINE PROJECT
- 18 SAN MARTIN - POLYMETALLIC UNDERGROUND MINE
- 19 CHARCAS - POLYMETALLIC UNDERGROUND MINE
- 20 SAN LUIS POTOSI - ZINC REFINERY
- 21 ANGANGUEO - UNDERGROUND MINE PROJECT
- 22 TAXCO - POLYMETALLIC UNDERGROUND MINE
- 23 MEXICO CITY - CORPORATE OFFICES

AMC

- 24 AZNALCOLLAR, SPAIN - POLYMETALLIC UNDERGROUND MINE

SPCC

- 25 CHAUCHA - COPPER PROJECT
- 26 TANTAHUATAY - GOLD MINE
- 27 LIMA - CORPORATE OFFICES
- 28 LOS CHANCAS - COPPER PROJECT
- 29 TIA MARIA - SX/EW COPPER PROJECT
- 30 CUAJONE - COPPER MINE
- 31 TOQUEPALA - SX/EW AND COPPER MINE
- 32 ILO - METALLURGIC COMPLEX
- 33 CATANAVE - COPPER PROJECT

LEGEND

- MINES
- PLANTS
- OFFICES
- FUTURE MINE PROJECTS

*SX/EW (Copper Solvent Extraction and Electrowinning plant)

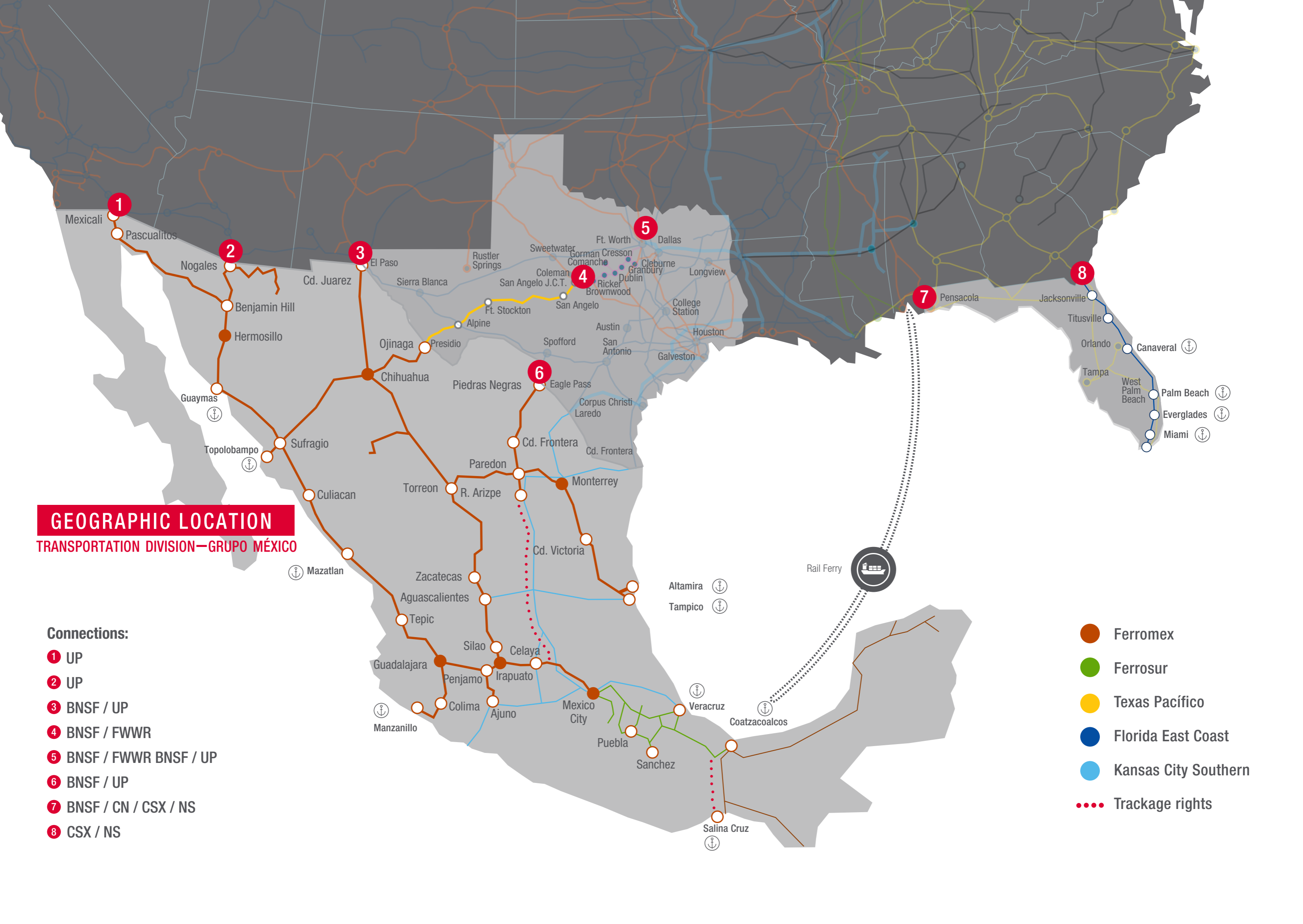
GEOGRAPHIC LOCATION

TRANSPORTATION DIVISION—GRUPO MÉXICO

Connections:

- 1 UP
- 2 UP
- 3 BNSF / UP
- 4 BNSF / FWWR
- 5 BNSF / FWWR BNSF / UP
- 6 BNSF / UP
- 7 BNSF / CN / CSX / NS
- 8 CSX / NS

- Ferromex
- Ferrosur
- Texas Pacífico
- Florida East Coast
- Kansas City Southern
- Trackage rights



GEOGRAPHIC LOCATION

INFRASTRUCTURE DIVISION—GRUPO MÉXICO

ASSETS

- 1 CANANEA
- 2 500 MW COMBINED CYCLE PLANTS
- 3 MONTERREY
- 4 GUADALAJARA
- 5 LEON-SALAMANCA HIGHWAY
- 6 IRAPUATO
- 7 ONSHORE DRILLING POZA RICA, VERACRUZ
- 8 CORPORATE OFFICES, MEXICO CITY
- 9 EL RETIRO, WIND FARM, 74 MW
- 10 "TAMAULIPAS" RIG
- 11 "VERACRUZ" RIG
- 12 "SONORA" RIG
- 13 "TABASCO" RIG
- 14 "ZACATECAS" RIG
- 15 "CAMPECHE" RIG
- 16 "CHIHUAHUA" RIG
- 17 OFFSHORE DRILLING CD. DEL CARMEN, CAMPECHE

PACIFIC OCEAN

GULF OF MEXICO

LEGEND

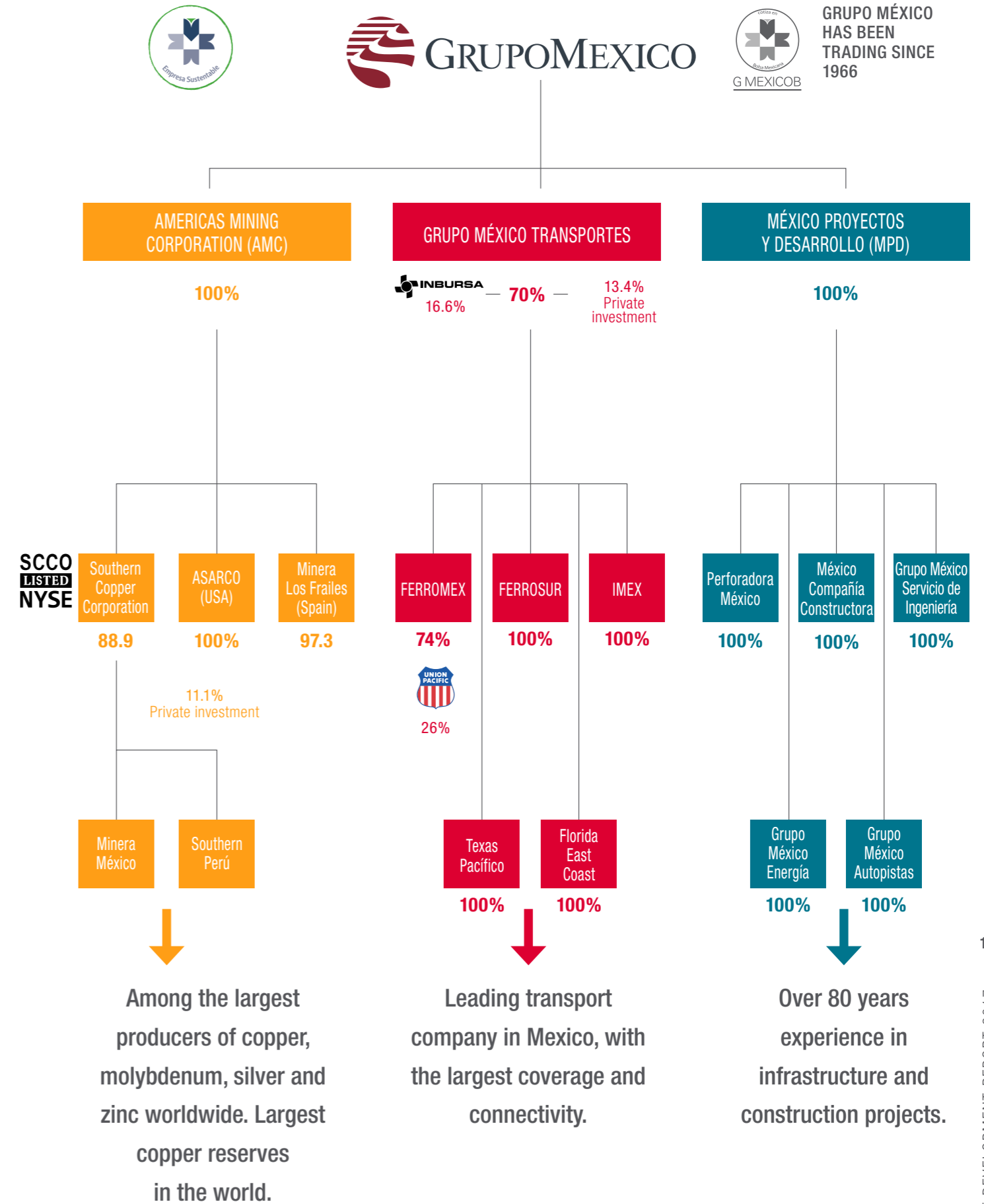
- PEMSA
- MGE
- MCC
- HIGHWAY

CORPORATE STRUCTURE

G4-17

The corporate structure of Grupo México is based primarily on three divisions: Mining, Transportation and Infrastructure:

DIVISION	SUBSIDIARIES & AFFILIATES	DIMENSIONES
MINING DIVISION - AMERICAS MINING CORPORATION (AMC)	Southern Copper Corporation - Minera México - Southern Peru ASARCO (USA) Minera Los Frailes (Spain)	- 15 underground and open pit mines - 52 smelters, refineries and other plants - 13 explorations - Mexico, Peru, USA, Argentina, Chile, Ecuador and Spain - 15,672 employees
TRANSPORTATION DIVISION - GMÉXICO TRANSPORTES, S.A.B. DE C.V. (GMXT)	Ferromex Ferrosur Intermodal México Florida East Coast Holding Corp. Texas Pacífico	- 2.7 million horsepower - 11,146 km rail network - Fleet of 862 locomotives and 34,380 cars - 11,230 employees
INFRASTRUCTURE DIVISION - MÉXICO PROYECTOS Y DESARROLLOS, S.A. DE C.V. (MPD)	México Compañía Constructora Grupo México Servicios de Ingeniería Perforadora México Grupo México Energía Grupo México Autopistas	- 2 modular rigs - 5 jack-up rigs - La Caridad combined cycle power plants (516 MW) - El Retiro wind farm (74 MW) - High-specification highways (construction, operation and maintenance) - 3,362 employees



MISSION, VISION AND VALUES

G4-42, G4-56

At Grupo México, we operate our business according to our Mission, Vision and Values, which establish the focus for our relationships with our stakeholders and are outlined in the corporate policies of Grupo México, approved by the Board of Directors.

Mission. To meet the needs of our markets through large scale and long term projects, staying on the cutting-edge in technology, and always committed to our people, the environment, our values and our social responsibility, maximizing the generation of value for our stockholders.

Vision. To be the world leader in efficiency and profitability in our areas of business, prioritizing people and their comprehensive development, guaranteeing the sustainability of our operations.

OUR VALUES

Honesty	Respect	Responsibility
Acting with integrity, professional ethics and ongoing improvement.	For all persons, laws and the environment.	Meeting our commitments with results.

CORPORATE
GOVERNANCE
CORPORATE GOVERNANCE
CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

G4-34, G4-35, G4-36, G4-37, G4-38, G4-39, G4-40, G4-42, G4-43, G4-44, G4-45, G4-46, G4-47, G4-49, G4-50, G4-51, G4-52, G4-53

The Grupo México corporate governance structure seeks to ensure that our procedure for strategic decision-making generates value for investors and all our stakeholders. This structure is characterized by its risk management processes, transparency and accountability.

GOVERNANCE BODIES

Board of Directors. The board of directors is the governing body of Grupo México, setting the corporate strategy and reviewing performance. Its functions include ensuring the efficient use of resources and available assets, monitoring the social and environmental performance of the company, and overseeing risk management.

In 2017, there were 15 members of the Grupo México Board of Directors, appointed by the General Stockholders' Meeting, 9 of which were independents. The chairman of the board also holds the position of Executive President of Grupo México.

The governance structure is defined according to the guidelines established in the Grupo México bylaws, approved by the stockholders' meeting, which is responsible for the final approval of the management reports presented by the board of directors. The holders of Grupo México shares are represented at the stockholders' meeting.

The Stockholders' Meeting also appoints the members of the Board of Directors, the Executive Committee, and the Audit and Corporate Practices Committee, considering their experience and the absence of conflicts of interest. The Meeting also sets the remunerations for board members.

The board of directors met four times in 2017. During these sessions, information was presented on the results of the company's principal financial and operational indicators, the status of the risk management, and the performance of the principal social and environmental indicators.

Committees. The Grupo México corporate governance structure has two committees: the Executive Committee and the Audit and Corporate Practices Committee. The members of these committees are appointed by the stockholders' meeting, considering absence of conflicts of interest and the experience of the board members.

Three of the four board members that sit on the Executive Committee are independents. This committee provides more frequent supervision and prepares the quarterly report presented to the board.

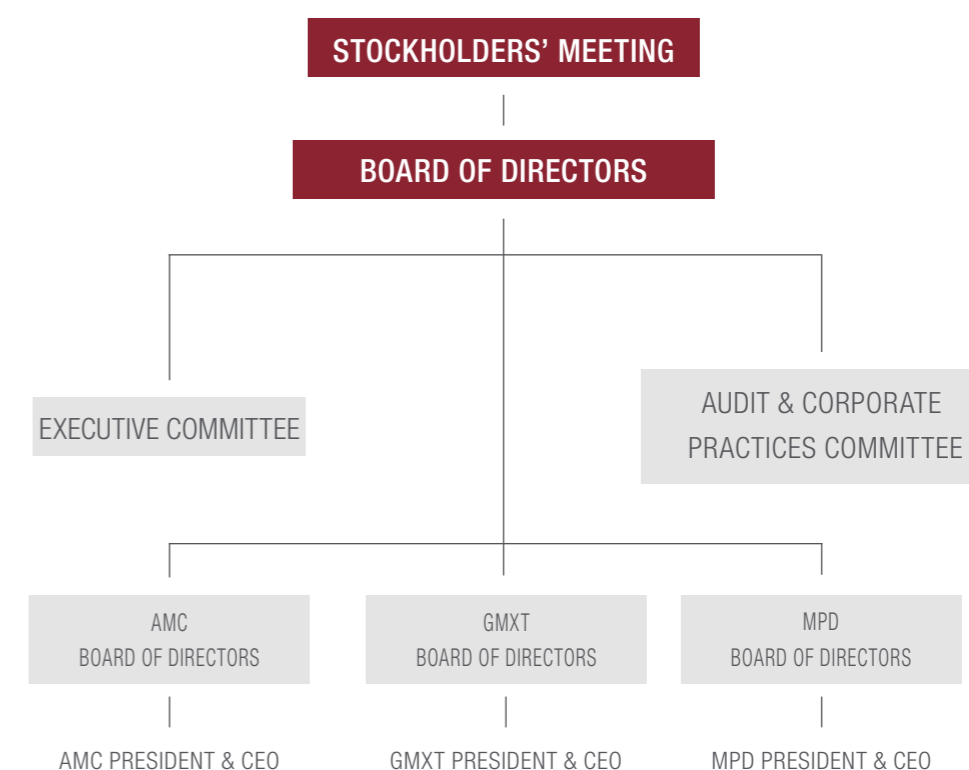
The Audit and Corporate Practices Committee is comprised of independent board members. This committee monitors the internal control and audit systems, conducting regular reviews, and is also responsible for due diligence on the implementation of and compliance with the ethical guidelines laid out in the Code of Ethics. This committee also sets the fixed salary policies for senior management, and the variable portion of these salaries based on performance.

Each subsidiary also has management committees, which address the different evaluation indicators and stakeholder concerns, raised by the executives in charge of relations. The committees and board members undergo an annual review through a self-assessment process.

It's important to note that our principal subsidiaries have their own boards of directors, which inform the Grupo México board. Their responsibilities include monitoring and assessing the social and environmental performance, the management of which falls to collaborators in the operational areas at the subsidiary level and also teams created for this purpose.

Internal control. Grupo México has an internal control system to ensure its corporate governance is managed appropriately. According to the guidelines of the Board of Directors, the company's administrative organization regularly and strictly measures and reviews the internal control system, covering budgetary, economic, financial, equity, regulatory and management aspects.

There is also an ongoing improvement process that strives to make the operational, financial and administrative processes more efficient, strengthen and making more transparent the disclosure of information to stockholders.



ETHICS AND INTEGRITY

G4-41, G4-56, G4-57, G4-58, G4-S03, G4-S04, G4-S05

Our values

Code of ethics. To maintain our high level of integrity, Grupo México has policies, procedures and a code of ethics in place that, together, outline and reflect the company's values, principles and rules of conduct.

The Code of Ethics is the guiding document that defines the guidelines of conduct under a framework of legality, professionalism, ethics and transparency for our activities as both individuals and as a team. The scope of the code of ethics guidelines includes our collaborators, representatives and any person who acts on behalf of Grupo México and its subsidiaries in Mexico and overseas. We also extend the Code of Ethics to our board members, suppliers of goods and services, and contractors, with recommendation for its implementation and observance, actions that become a criterion for selection and continuance in our supply chain.

The Grupo México Code of Ethics is a public document and may be consulted on the Grupo México website. Among other topics, the Code of Ethics covers preventing conflicts of interest, non-discriminatory and fair labor practices, protecting human rights, zero tolerance to harassment in any form, fair competition, protecting information, respecting the communities we join and the environment, among others.

Code of Ethics training. Our collaborators receive the Code of Ethics when they join the company and they are required to sign a letter of agreement confirming they have read and understood the document, making the commitment to observe it. Collaborators also receive training in the Code, when there are revisions or to reinforce their understanding. Code of Ethics training was given to 1,051 new Grupo México collaborators in 2017.

Reporting mechanisms. At Grupo México, we promote an environment of trust that facilitates reporting and taking action on illegal practices and infractions of our guidelines. We have established the following reporting mechanisms to promptly report any violation of the Code of Ethics:

- Direct communication with the corresponding immediate supervisor, manager or director, or through the Human Resources, Internal Audit or Legal departments at each subsidiary.
- Reporting line managed by a third party, which includes a telephone number, email and website.

The Ethics and Discipline Committee and/or audit departments corresponding review the reports received.

Conflicts of interest. Grupo México has a conflict of interest policy, approved by the Board of Directors, which

is also responsible for overseeing its enforcement. All Grupo México subsidiaries are subject to this policy.

Anticorruption. Regarding the prevention of acts of corruption, all our collaborators receive training to conduct themselves ethically. Guidelines for analysis and resolution are applied when any act of corruption is suspected, determining the corresponding actions to take. Any supplier or contractor suspected of engaging in illicit practices or corruption will be submitted to a review process to consider their continuation or to end our commercial relationship with them.

Five cases of practices contrary to our anticorruption and conflict of interest guidelines were reported this year. In the cases where breach of trust was proven, the employees involved were dismissed.

DILIGENCE IN HUMAN RIGHTS

G4-HR1, G4-HR2, G4-HR4, G4-HR5, G4-HR6, G4-HR7, G4-HR8, G4-HR9, MM5, MM6, MM7, MM8, MM9

Management. At Grupo México, we have a permanent commitment to our people, strengthening our organizational and labor culture, the environment and society. This commitment means respecting human rights as fundamental, according to the United Nations Universal Declaration of Human Rights, in compliance with the laws of the countries where we operate.

We base our activities on principles of respect and inclusion and we reject any form of violation of the rights of people, including child exploitation and forced labor, and also any form of discrimination. Grupo México is committed to equal opportunity and we do not discriminate on the basis of ethnic origin or nationality, gender, age, disability, social condition, political affiliation, health condition, religious beliefs, immigration status, personal opinion, sexual preference or marital status. All the above are covered in our Code of Ethics and we monitor due diligence in compliance within the company.

The Code of Ethics establishes reporting mechanisms and also that under no circumstance will retaliation be taken against anyone who, in good faith and honestly, raises, facilitates or addresses a concern or report involving compliance with the document or any other company policy.

At Grupo México, we not only work to ensure that respect for human rights is present in our decision making and in how we operate, we also promote awareness of these issues throughout our value chain, including customers, suppliers and contractors.

Human rights training. It's important to note that our collaborators receive training on the Code of Ethics every two years, including human rights topics. In 2017, a total of 2,673 training hours were provided in this area.

Of note are our efforts to train our in-house security personnel on the protection and defense of human rights. Also, the employees of all the private security firms with which we have relations receive training and refresher training in this area.

Respect for labor rights. Under the framework of respect for the rights of our collaborators, at Grupo México we adhere to the principles of the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. Therefore, we support freedom of association and adhere to the terms agreed to in the collective bargaining agreements.

All our collaborators are guaranteed access to social security, to receive a salary, ongoing training to increase productivity with shared benefits, and to optimal health and safety conditions to prevent workplace risks.

In Mexico, the requirements related to social security for our collaborators as set by the Federal Labor Law, the Social Security Law and the National Workers' Housing Fund Law, among others, are incorporated into our agreements.

Respect for human rights in the countries where we operate. To ensure respect for human rights extends throughout our value chain, meaning customers, suppliers and contractors, we have contract clauses in place requiring regulatory compliance in this area in the countries where we operate.

In Peru, our contracts contain clauses that define human rights acts and obligations for each of the parties involved, including non-discrimination and ensuring no child exploitation or forced labor.

In the United States, our Mission mine borders the Tohono O'dham Native American Reserve. We respect the rights of the people living on the reserve and as part of the lease, preference is given to hiring people from this indigenous community.

During 2017, no dispute was reported involving the use of indigenous lands, the rights of indigenous communities or peoples, in relation to the operations of Grupo México.

OUR SUSTAINABLE APPROACH

APPROACH
SUSTAINABLE
OUR

SUSTAINABILITY STRATEGY

At Grupo México, we've created a corporate strategy of sustainability, which permeates our divisions and subsidiaries. Our strategy, "Development with Purpose", stands on the following three key pillars:

DEVELOPMENT WITH PURPOSE

GROW	<p>We invest to generate opportunities and prosperity, therefore we are an engine for positive change for the economies in which we operate.</p> <ul style="list-style-type: none"> • We ensure our continuity, adapting to the needs of our surroundings. • We encourage communities to participate in the growth, promoting partnerships with suppliers, working with local suppliers as much as possible. • We operate with transparency, thanks to timely communication with our stakeholders. • Our structure is process and result-oriented.
PROMOTE	<p>We strive to be good neighbors, improving the quality of life of our people and that of our communities.</p> <ul style="list-style-type: none"> • Our teams are made up of capable, motivated people, in keeping with our values, putting the dignity of the individual at the center of all that we do. • We create safe work environments for our collaborators and we operate to the highest standards of occupational health and safety. • We are continually building a work environment where respect, non-discrimination and equality are the norm. • We are working to contribute to the common good of our neighbor communities, fostering collaboration and dialog.
PROTECT	<p>We care for and work to preserve the environment. To build shared value, we know that leaving positive footprints environmentally is the basis for sustainable progress.</p> <ul style="list-style-type: none"> • We mitigate our negative impacts to contribute to the national and international environmental goals. • We have established an ongoing improvement process that ensures efficiency and responsible usage in the consumption of raw materials, energy and water. • We manage our operations focusing on reducing waste and controlling emissions. • We respect and protect the biodiversity of the environment where we operate.

RECOGNITIONS

Sustainability index – DJSI MILA. There is increasing interest among investors in the current global trend of corporate sustainability. In this regard, Grupo México is proud to report that on October 18, 2017, Grupo México S.A.B. de C.V. was selected to join the S&P Dow Jones Sustainability Indices MILA Pacific Alliance (DJSI MILA). This regional sustainability index included, for 2017, 42 leading companies in sustainability from the countries that form part of the Pacific Alliance: Mexico, Chile, Colombia and Peru.

The DJSI MILA is part of a family of 8 Dow Jones sustainability indexes, which are recognized at the global level as the highest references used by investors who consider sustainability factors in their investment decisions.

IPC sustainable. In 2017 Grupo México remained on the list of the 30 companies that comprise the Mexican Stock Exchange (BMV) sustainability index. The IPC Sustainability Index is a financial indicator that recognizes companies committed to best practices in environmental, social and corporate governance aspects. This is the seventh year that Grupo México has been included in this index.

ESR Distinction. The five companies of our Infrastructure Division received for the 1st time in 2017, the distinction as socially responsible companies (ESR in Spanish), awarded by the Centro Mexicano para la Filantropía (CEMEFI), joining Ferromex and Ferrosur which

have been ESR recognized since 2015. This represents a recognition of our actions to improve the quality of life in the company, corporate ethics, linkage with the community, care and preservation of the environment, and social responsibility management.

RELATIONS WITH OUR STAKEHOLDERS

G4-24, G4-25, G4-26, G4-27

At Grupo México, we believe that generating value depends, to a large extent, on ongoing involvement with our stakeholders.

The participation of stakeholders makes our management approach better in terms of the most important issues for each of our sectors. Better initiatives and programs translate into more successful results in terms of economic, environmental and social performance.

To hear the concerns and expectations of our stakeholders, we have set up channels for dialog and communication, according to the needs of our communities, including them, directly or indirectly, in the decision-making for our Development with Purpose strategy.

Through various channels and mechanisms, we seek open and transparent communication with our stakeholders, particularly those that are most vulnerable, building a culture of collaboration and sustainability in benefit of everyone.

COMMUNICATION AND FEEDBACK WITH STAKEHOLDERS

G4-24, G4-25, G4-26, G4-27

Ongoing	Yearly or Semiannually	Bimonthly
Yearly	Quarterly	As necessary

COMMUNICATION CHANNELS OR MECHANISMS / STAKEHOLDERS	Customers	Employees	Unions	Investors	Suppliers	Contractors	Communities	Opinion Leaders Civil society Media	Financial institutions Government agencies Academic institutions Ratings agencies
Website									
E-Ferromex; E-Ferrosur									
Intranet									
Sustainable Development Report									
Annual financial report									
Quarterly financial reports									
News bulletins									
In-house company newsletters									
Publication of relevant events									
Press releases									
Stockholders' meetings									
In-person meetings									
CBA review									
Diagnostic studies									
Interviews									
Surveys									
Workplace climate survey									
Telephone consultations									
Ethics reporting line									
Guided tours									
Site visits									
Community committees									
Awareness days									
Community development centers									

STAKEHOLDERS	AREA OF INTEREST
Customers	<ul style="list-style-type: none"> Quality of products and services Operational continuity Market value of products Ethics and integrity
Employees	<ul style="list-style-type: none"> Salaries and benefits Occupational health and safety Internal communication and workplace climate Recognition Training and career development Ethics and integrity
Unions	<ul style="list-style-type: none"> Labor relations Ethics and integrity
Investors	<ul style="list-style-type: none"> Business strategies and models Financial results Share value Corporate governance practices Risk management Ethics and integrity
Suppliers Contractors	<ul style="list-style-type: none"> Contract conditions (payment, termination, etc.) Financial results Occupational health and safety (contractors)
Communities	<ul style="list-style-type: none"> Job creation Quality of life Operational risk management Environmental impacts Community development programs and initiatives
Opinion leaders Civil society Media	<ul style="list-style-type: none"> Ethics and integrity Social and environmental impacts Financial results
Financial institutions	<ul style="list-style-type: none"> Financial results Risk management
Government agencies	<ul style="list-style-type: none"> Risk management Legal compliance
Academic institutions	<ul style="list-style-type: none"> Social and environmental impacts Innovation
Ratings agencies	<ul style="list-style-type: none"> Business strategies and models Financial results Share value Corporate governance practices Risk management Ethics and integrity Transparency

SUPPORTING OUTSIDE INITIATIVES AND ASSOCIATIONS

G4-15, G4-16

Our commitment to sustainable development extends beyond our operations, backing organizations and initiatives seeking synergies between the efforts of the private and public sectors and the civil society, to determine the way forward together in the effort to improve the socioeconomic conditions of our communities and respect for the environment.

Division	Association
Mining Division: Global	<ul style="list-style-type: none"> • International Copper Association (ICA) • International Molybdenum Association (IMOA) • International Zinc Association (IZA)
Mining Division: United States of America	<ul style="list-style-type: none"> • Arizona Mining Association (AMA) • North American Metals Council (NAMC) • Society for Mining Metallurgy and Exploration (SME) • Tucson Metropolitan Chamber of Commerce
Mining Division: Mexico	<ul style="list-style-type: none"> • Cámara Minera de México (CAMIMEX) • Sociedad Minera de México • Asociación de Mineros de Sonora (AMSAC) • Comisión de Estudios del Sector Privado para el Desarrollo Sustentable (CESPEDES), Consejo Coordinador Empresarial (CCE)
Mining Division: Peru	<ul style="list-style-type: none"> • Sociedad Nacional de Minería, Petróleo y Energía de Perú (SNMPE) • Cámara de Comercio de Lima (CCL) • Asociación de Exportadores (ADEX) • Confederación Intersectorial de Empresas Privadas (CONFIEP) • Sociedad de Comercio Exterior del Perú (ComexPerú) • Instituto de Ingeniero de Minas de Perú (IIMP)
Transportation Division	<ul style="list-style-type: none"> • Asociación Mexicana de Ferrocarriles (AMF) • American Association of Railroads (AAR) • The Rail Transportation and Engineering Center (RailTEC) • Asociación de Proveedores de Productos Agropecuarios (APPAMEX) • Asociación mexicana de Transporte Intermodal (AMTI) • Consejo Nacional Agropecuario (CNA) • Asociación Nacional de la Industria Química (ANIQ) • Asociación Nacional del Plástico (ANIPAC) • Comisión Regional de Logística de Guanajuato (CORELOG)
Infrastructure Division	<ul style="list-style-type: none"> • Cámara Mexicana de la Industria de la Construcción (CMIC) • Asociación de Recursos Humanos de la Industria Petrolera (ARHIP) • Asociación Mexicana de Energía Eólica (AMDEE)

GENERATING SHARED VALUE

G4-12, G4-EC1, G4-EN31, G4-EN33

Our Development with Purpose strategy strives to generate direct and indirect positive impacts for our investors and our stakeholders. Our activities foster economic spillover, job creation and community development in the regions where we operate, improving the quality of life for these residents, including the members of indigenous and/or marginalized communities.

Supply chain

At Grupo México, we contribute to the development of auxiliary industries in the different activity sectors where we participate: mining, transportation, energy, construction, engineering and drilling.

When a commercial relationship is established with suppliers and contractors, their legal compliance is assessed in terms of environmental and labor history; and it's important they have the permits required.

We require contractors to have the technical expertise necessary to deliver services at our sites, which we reinforce with any knowledge that may be specific to our processes. The assessment of legal compliance with obligations in terms of our principles of sustainability is strengthened with the requirement to act according to our health and safety policies and procedures, and also the Grupo México Code of Ethics.

Also, we seek to strengthen the economy of the regions where we operate and contribute to their social development, by selecting local suppliers and contractors according to our criteria of quality, price, and environmental and labor compliance.

ECONOMIC VALUE GENERATED & DISTRIBUTED			
US\$ Millions			
	2015*	2016*	2017
Economic Value Generated (EVG)			
Sales	8,179	8,173	9,786
Economic Value Distributed (EVD)			
Operating costs ⁽¹⁾	3,667	3,653	3,911
Salaries, wages and benefits	953	1,004	1,103
Financial institutions and stockholders	845	677	1,125
Government (taxes)	1,077	983	1,648
Investments in community development	86	54	61
Total EVD	6,628	6,370	7,848

* Note: The G4-EC1 indicator for previous years is restated to improve adherence to the directives of the Global Reporting Initiative.

⁽¹⁾ Does not include personnel costs (salaries, wages and benefits).

ENVIRONMENTAL INVESTMENTS AND IN HEALTH AND SAFETY			
US\$ Millions			
	2015	2016	2017
Environmental investments and expenses	236	309	326
Health and safety investments and expenses	132	138	130

GRUPO MÉXICO
FOUNDATION
 FOUNDATION
 ГРУПО МЭХИКО

HEALTH TRAIN

In its three years of operation Dr. Vagón, the Health Train, has delivered 647,571 free comprehensive medical services to 156,951 patients in 122 communities in 22 Mexican states, traveling a total 50,896 kilometers.

In 2017 alone, the Health Train provided 266,440 free comprehensive medical services to 61,212 patients in 30 communities in 15 Mexican states, traveling a total 15,443 kilometers.

The states visited were: Sonora, Baja California, Chihuahua, Coahuila, Tamaulipas, Sinaloa, Nuevo Leon, Zacatecas, Nayarit, Jalisco, Michoacan, Guanajuato, Veracruz, Queretaro, Hidalgo, Estado de Mexico, Puebla, Tlaxcala, Oaxaca, Colima, and Aguascalientes.

Fundación Farmacias del Ahorro has been an essential partner since 2015, delivering 358,103 free medications, principally for patients with chronic degenerative, infectious-contagious and dermatological diseases to start timely medical treatment.

79,013 free medications were delivered in 2017.

In June 2016, we began a partnership with Fundación MVS Radio and the program “Ponte Oreja”, through which 37,175 audiology services have been provided, including

ear and hearing tests and speech therapy; delivering free hearing devices to 600 people.

In 2017 alone, 25,747 audiology services were provided and 300 hearing devices fitted.

With the collaboration of ESSILOR since 2015, our optometry service has conducted 49,992 visual assessments and diagnoses, fitting 18,506 people with prescription glasses. In 2017, the optometry service conducted 25,506 visual assessments and diagnoses, delivering 6,604 pairs of glasses to 8,502 people.

In parallel, in its 3 years of operation, the Health Train has offered 2,759 health education workshops to 95,685 participants. In 2017, we offered 1,028 health education workshops attended by 45,806 people, focusing on the following topics:

- Cancer in men and women
- Teenage pregnancy
- Sex education
- Healthy lifestyles
- Oral hygiene
- Family planning
- Vaccinations
- Respiratory diseases
- Health emergencies

In February 2017, we added chiropractic and physical therapy services, attending 5,760 patients who received 40,000 services, including neurological, chiropractic and orthopedic assessments, muscle-skeletal system diagnoses, manual and mechanical chiropractic adjustments, and physical therapy sessions.

In March 2017, we began a partnership with Laboratorios LAPI to include x-ray services, conducting 18,822 scans.

This year, we added a cervical cancer prevention service through our partnership with ONKO Solutions, conducting cervical screenings and colposcopies for the early detection of cervical cancer in 5,760 women.

Following the September 7, 2017 earthquake, Dr. Vagón traveled to the Oaxaca communities of Ixtepec and Juchitan, where the train stayed for 12 days providing 18,795 emergency services and medical attention to 5,200 local residents.

Thanks to our partnership with the Universidad Autónoma Metropolitana, we operated a training and refresher program on topics related to the illnesses detected in the states visited by the Health Train, to raise the curricular level for the Dr. Vagón doctors.

We set up a toll-free line at 01800 DRVAGON (3782466) to provide psychological counseling and support, to respond to demand from patients of the Health Train.

With the support of Cinemex and Ferromex, we created ‘Cine Vagón’, a unique free entertainment program, which consists of a train car fitted with screens, the best sound equipment, high definition projectors, comfortable seats and a concession stand. The goal is to take to magic of the movies to the communities that Dr. Vagón, the Health Train, visits.

We enhance the theater experience by handing out free popcorn and drinks at each showing, as well as healthy snacks and treats for children. With the support of partner distributors Sony and Videocine, we show movies portraying universal values and promote families spending time together.

During 2017, we held 108 showings, in 30 communities, and delivered 12,960 buckets of popcorn to 22,680 people who enjoyed the magic of the movies in the new ‘Cine Vagón’.

EDUCATION

EDUCATIONAL MATERIALS: EDUCACIÓN PARA LA SALUD Y LA VIDA

The educational materials produced by Grupo México Foundation are and have been the only such materials approved by the Sindicato Nacional de Trabajadores de la Educación (SNTE) (Mexican Educators Union), making us the only NGO

that has introduced social issues into basic education in Mexico to offer children and youth a more integral curricula. These materials have been provided to 220,000 elementary and middle schools throughout the country as part of the curriculum set by the Mexican Department of Education.

Our educational platform www.educacionsaludyvida.org was created so that our materials, contributions from experts, legal and psychological advice, and statistics on the topics covered (violence, sexuality, nutrition and addictions) can be read and used by more people. These materials can be viewed online or downloaded free of charge from anywhere in the world. There are currently 20,128 active users of the platform, 16,579 teachers and 3,549 parents and students.

We have logged 58,053 downloads of our materials:

Elementary

1. Como, me nutro y me divierto (nutrition) 5,284 downloads
2. Aprendo a cuidarme de la violencia (non-violence) 8,657 downloads
3. ¿Qué son las adicciones? Cómo decido (addictions) 7,566 downloads
4. ¡Mi cuerpo se respeta! (sexuality) 8,789 downloads

Middle school

1. Distingo la violencia y me protejo (non-violence) 5,622 downloads
2. ¿Adicciones? ¡Alerta máxima! (addictions) 6,235 downloads
3. Para comer mejor (nutrition) 4,851 downloads
4. En mi cuerpo, ¡yo decido! (sexuality) 6,201 downloads

General

1. Como, disfruto y me nutro (nutrition) 4,848 downloads

We visited 134 public and private elementary and middle schools this year (81 elementary schools and 53 middle schools) to offer training and to deliver our educational materials as support tools in schools that are not members of the Sindicato Nacional de Trabajadores de la Educación.

We have trained 4,278 teachers on using the platform and the materials in their classrooms.

1,381 legal and psychological consults have been provided on our two discussion forums, where our users exchange experiences on issues of violence, sexuality, addictions and nutrition.

Various experts collaborate with us on this project and have provided 22 articles for our educational platform.

EDUCATIONAL WORKSHOPS:

At the Grupo México Foundation, we're aware that all education must be comprehensive. In this regard, we've been working with Fundación Nemi for four years offering various educational workshops to more than 69,000 middle and high school students since the project started. This year, we began operations in Chihuahua and San Luis Potosi, while continuing the work in the states of Sonora, Zacatecas and Baja California Sur. During 2017, 261 workshops were held at 43 middle and high schools to educate 19,846 students on the principal social issues they face as teenagers. The topics we focus on are:

1. Violence
2. Sexuality
3. Nutrition
4. Addictions
5. Financial Education
6. Life Plan
7. Smart Communication
8. Self-Esteem
9. Entrepreneurship

HUMANITARIAN AID

With the support of Ferromex, 554.5 tons of dry goods were transported free of charge to five Mexican states: Chihuahua, Chiapas, Mexico City, Oaxaca and Morelos. These actions supported 59,781 people.

311 tons of dry goods were delivered in the state of Chihuahua, benefiting 24,412 people in four Tarahumara communities: Creel, Temoris, Cuauhtemoc and Bahuichivo.

As a result of the disasters following the September earthquakes, and for the first time, more than 243 tons of foodstuffs and personal hygiene items were transported to states other than Chihuahua, directly supporting 35,369 people.

WORLD FOOD DAY

There are 1.5 million children under 5 years of age suffering from chronic malnutrition in Mexico today, 13.6% of the total population of this age group (UNICEF). Because of this, it has been fundamental for us to develop a partnership with HSBC and Fundación CMR, through a "World Food Day" project, which raises funds for different NGO's working to eliminate child malnutrition. In 2017, this program benefited 2,300 children through nine organizations in six states.

1. Mundo Unitatis - purchase of nutritional supplements with high biological value proteins (250 children benefited in Chiapas)

2. Mazatlan Food Bank - distribution of high nutritional value foods (50 children benefited in Sinaloa)
3. Fondo para la Paz - construction of a community kitchen (294 children benefited in Chiapas)
4. AMEXTRA (Asociación Mexicana de Transformación Rural y Urbana) - training in producing traditional regional crops, backyard orchards (100 children benefited in Chiapas)
5. FAE (Fundación para la Asistencia Educativa) - meals for children of scavengers who live and work in Bordo de Xochiaca (300 children benefited in Estado de Mexico)
6. Niños de Santa Fe - medical supervision for children with advanced child malnutrition, purchase of dietary supplements (100 children in Michoacan)
7. ONL (Organismo de Nutrición Infantil) - monthly deliveries of nutritional supplements (300 children benefited in Jalisco)
8. Fundación Tarahumara José A. Llaguno - deliveries of fortified milk and nutritional supplements to Raramuri communities (816 children benefited in Chihuahua)
9. Fundación Nacional de Mujeres por la Salud Comunitaria - providing baby formula for infants exposed to perinatal transmission of HIV, from newborns up to 18 months (90 children benefited in Chiapas)

PLAZA MOVIL PARRAL

This project, supported by the Instituto Chihuahuense de Educación para los Adultos (ICHEA) and the Department of Education, began operations in 2016 and has supported 1,823 adults to complete their basic education.

Thanks to this bus adapted as a "mobile school", we've contributed to raising the level of education among adults over 15 years of age with no access to formal education, bringing to their communities the opportunity to complete their studies.

During 2017, students took 543 certification exams in basic education, in 40 Parral communities, where 73 students completed their elementary education and 27 continue to take classes with the mobile school to receive their middle school diploma.

THE ENVIRONMENT

REFORESTATION

Thanks to our partnerships with various local and state governments and institutions working to protect the environment, we reforested 839 hectares with 839,247 trees in 19 Mexican states this year. This achievement was largely due to the collaboration and commitment of 2,702 volunteers, mostly Grupo México employees and their families who participated in the tree planting days we held in different states where we operate. With these actions, we impacted 8,524,762 people.

The states reforested were:



No.	STATE	TREES PLANTED	HECTARES REFORESTED
1	Veracruz	20,000	20
2	Puebla	50,000	50
3	Aguascalientes	68,907	69
4	Guanajuato	60,000	60
5	Mexico State	76,541	77
6	Mexico City	7,000	7
7	Tlaxcala	7,000	7
8	Zacatecas	17,500	17
9	Michoacan	196,088	196
10	Tamaulipas	150,000	150
11	Hidalgo	20,000	20
12	Jalisco	45,450	45
13	Oaxaca	23,000	23
14	Sonora	50,000	50
15	Queretaro	7,000	7
16	Chihuahua	11,238	11
17	Durango	20,000	20
18	Baja California Sur	5,000	5
19	San Luis Potosi	4,523	5
	TOTAL	839,247	839

During our 7th Grupo México Foundation Tree Planting Day held in Huixquilucan, Estado de Mexico, we planted 16,000 pine trees on 16 hectares of forest. Grupo México, Intermodal, Ferromex, Ferrosur, Cinemex, Sura, Fundación Posadas, Hogan Lovells, KPMG, Laboratorios LAPI, Coparmex, Manpower and Nestlé employees and family members made up the 1,502 volunteers who participated, impacting 443,000 residents near the “Las Cruces” site. Of note is that more and more companies are joining our tree planting efforts, raising awareness among their employees on the importance of the environment, strengthening family and company ties through these actions.

A further 1,200 volunteers joined our reforestation efforts, planting 12,400 trees on 12 hectares of grasslands in the communities of Guerrero Negro, Esqueda, Nacoziari, Charcas and San Luis Potosí.

Parallel to working with our volunteers, we are collaborating with Ferromex on a project without precedent, ‘Vagón Verde’ (Ecology Train), which holds mass tree planting days in various communities near the rail lines to improve the physical appearance of public spaces, but more so to raise awareness among children and youth on damage to the environment. The trees planted are produced at our nurseries, donated by Grupo México Foundation and transported by Ferromex and Ferrosur on their rail lines.

LO HECHO EN MEXICO

For the fifth year, we supported the “Mexico in 1 image, 1 Photo = 1 tree” contest, the goal of which is for participants to express why they are proud to be Mexican, through a photograph. Participants are divided into three categories: professionals, amateurs and a special eye, which is reserved for people with Down syndrome.

In 2017, 19,889 photographs were submitted to the website and more than 1.7 million likes were recorded for the participating photographs. The top 50 photos are shown in a touring exhibition that travels internationally for a year.

The exhibition tour began at the Museo Soumaya in Mexico City, then moved to Tlaxcala, Estado de Mexico, Colima, Hidalgo, Nuevo Leon and Atlanta, and is currently in Toronto. The tour has been taken overseas thanks to the assistance of the Mexican consulates in the United States and Canada.

CONCIENCIA CINEMEX

BENEFIT PREMIERES

This program offers a fundraising tool for participating organizations. Grupo México Foundation supports the work of these organizations, matching the amount raised from ticket sales for their assigned premieres.

During 2017, Grupo México Foundation matched \$1,932,248 pesos through 31 premieres given to 24 different organizations, impacting 541,806 people.

We appreciate the support of distributors like Videocine, Mantarraya, Diamond, Corazon, Amarak, Zima, Conciencia Films and Casa de Arte, who support this program by providing the movies. We continue to look for new partnerships to increase the number of offerings and hold more premiere events. The confidence the distributors have in the program is due to our excellent handling of their films, and also the transparency and consistency with which we report the results of the work by the organizations benefited.

SOCIAL MARKETING CAMPAIGNS / FUNDRAISING

During 2017, we led three fundraising campaigns at the concession stands at various Cinemex movie theaters across the country. The money raised is donated to selected organizations to support their projects and social causes.

2017 Campaigns:

1. Fundación CMR
1,000 children benefited Cause: Nutrition
2. La Alegría de los Niños I.A.P.
70 children benefited Cause: Education
3. Animal Defense Heroes
1,550 people benefited Cause: Animal abuse

“CINEMINUTO” SOCIAL MESSAGES

It is a priority of Grupo México Foundation to showcase the work of those who care for the less privileged. In this regard, we donated airtime at Cinemex theaters across the country to educate the public on being generous and to raise awareness on the work of the different organizations we support with this program. In 2017, we showed 3,445 Cineminutos in 265 complexes, reaching more than 32 million moviegoers.

CINEMEX RUN

For the 8th year, this charity run took the Magic of the Movies to the streets of Mexico City. More than 6,000 runners participated with the goal of supporting an organization that we carefully selected to receive a donation collected from the registration fees.

42 In 2017, La Alegría de los Niños I.A.P. was chosen as the recipient from the run, to continue their project Corriendo por la Educación (Run for Education), where children victims of abandonment and abuse will receive quality education within a model of comprehensive care that ranges from physical and psychological rehabilitation, academic regularization, affection and attentive care within the shelter, until the children are placed with a family.

MARQUEE CAMPAIGN

This program, which has been in operation for 2 years, offers spaces on the marquees at our movie theaters for organizations to display their social message, to increase their visibility and to raise awareness for their work. Eleven campaigns were held in 220 complexes nationwide in 2017. We displayed 2,420 posters during the year, reaching approximately 30 million people.

The organizations benefited were:

1. ORT de México

Education in social responsibility

2. Animal Defense Heroes

Animal abuse

3. Expo Fundación y Congreso

Professionalization of charity organizations

4. La Alegría de los Niños

Education for abandoned children

5. Apoyo, Salud y Asistencia GIN

Developing Mexican talent

6. Congregación Marina Trinitaria

Support for underprivileged children

7. Fundación Lorena Ochoa

Education for underprivileged children

8. Museo Memoria y Tolerancia A.C.

Fostering tolerance and respect

9. Juguetón

Campaign to collect toys for underprivileged children

FUNDRAISING CAMPAIGNS 1x1 AND 1x3 FOLLOWING THE SEPTEMBER EARTHQUAKES

In response to the September earthquakes, Cinemex and Grupo México Foundation launched a fundraising campaign with the funds raised going to support the most

affected areas of the country. In the first stage, Grupo México Foundation matched peso for peso the money donated by the public, however because of the level of the disaster, a second stage was launched, where Grupo México Foundation tripled each peso donated, raising more than 37 million pesos.

Committed to everyone who made a donation placing their trust with us, Grupo México Foundation took on the task of seeking out a major project that would impact the most people possible, and so the decision was made to build a specialization hospital in the municipality of Juchitan de Zaragoza, Oaxaca. Given the magnitude of this project, Grupo México Foundation stepped in to make up the shortfall and contributed in excess of \$140 million pesos to ensure the project becomes a reality. The total investment for this project will be \$178 million pesos, which will benefit 255,315 residents of the Oaxaca Isthmus.

	DONATIONS RECEIVED	
	FROM THE GENERAL PUBLIC	GRUPO MÉXICO FOUNDATION CONTRIBUTION
First stage: Double	\$1,306,585	\$1,306,585
Second stage: Triple	\$8,778,982	\$26,336,947
Subtotals	\$10,085,567	\$27,643,532
Total Fundraising Campaign	\$37,729,099	
Grupo México Foundation Additional Investment	\$140,270,901	
TOTAL INVESTMENT	\$178,000,000	

SUPPORT FOR INSTITUTIONS**EFICINE 189 Support**

Committed to what Mexico does well, Grupo México Foundation received, reviewed and selected cinematographic projects with great potential and supported the successful projects through the EFICINE tax incentive program to complete their production.

In 2017, we supported 8 projects approved by the CIEFICINE:

1. Invisible
2. El Rey de la Fiesta
3. La Nave
4. Los Idealistas

2016-2017 COMPARATIVE

Dr. Vagón, the Health Train

Project	States		Increase	Patients		Increase
	2016	2017	2016 - 2017	2016	2017	2016 - 2017
Dr. Vagón, the Health Train	13	15	15%	45,573	61,212	34%
	Doctor's visits		Increase	Workshops held		Increase
	2016	2017	2016 - 2017	2016	2017	2016 - 2017
	184,928	266,440	44%	803	1,028	28%
Project	Workshop participants		Increase	Medications		Increase
	2016	2017	2016 - 2017	2016	2017	2016 - 2017
	22,925	45,806	100%	64,741	79,013	22%
Project	Kilometers		Increase			
	2016	2017	2016 - 2017			
	12,796	15,443	21%			

2016-2017 COMPARATIVE

Education

Project	States		People Impacted		Increase			
	2016	2017	2016	2017	2016 - 2017			
Humanitarian Aid	3	5	15,230 people	59,781 people	292%			
Project	States		People Impacted		Increase			
	2016	2017	2016	2017	2016 - 2017			
Educational Workshops	4	5	11,629 middle and high school students	19,846 middle and high school students	71%			
Project	States		People Impacted		Increase			
	2016	2017	2016	2017	2016 - 2017			
World Food Day	4	6	728 children	2,300 children	215%			
Project	States		Visits		Increase	Consults		Increase
	2016	2017	2016	2017	2016 - 2017	2016	2017	2016 - 2017
Health and Living Educational Materials	32	32	4,938	20,128	308%	496	1,381	178%

2016-2017 COMPARATIVE

Environment

Project	States		People Impacted		Increase	
	2016	2017	2016	2017	2016 - 2017	
Tree Planting	9	18	3,619,725	8,524,762	136%	
Project	Trees donated		Increase	Volunteers		Increase
	2016	2017	2016 - 2017	2016	2017	2016 - 2017
Tree Planting	412,159	839,247	104%	608	2,702	344%

2016-2017 COMPARATIVE

Conciencia Cinemex and Support for Institutions

Project	Events		States		Directly Impacted		Increase
	2016	2017	2016	2017	2016	2017	2016 - 2017
Benefit Premieres	29	31	6	10	53,498 24 Institutions	541,806 24 Institutions	913%
Project	Copies Shown		States		Directly Impacted		Increase
	2016	2017	2016	2017	2016	2017	2016 - 2017
Cineminutos Sociales	2,786	3,445	32	32	4,107,583 13 Institutions	23,723,351 13 Institutions	478%
Project	Events		States		Directly Impacted		Increase
	2015	2017	2016	2017	2016	2017	2015 - 2017
Expo Fundación y Congreso	1	1	1	1	200 174 Institutions	354 152 Institutions	77%
Project	Workshops		States		Directly Impacted		Increase
	2016	2017	2016	2017	2016	2017	2015 - 2016
CAI Monterrey	6	2	1	1	476 1 Institutions	674 1 Institutions	42%

2016-2017 COMPARATIVE

Red de Asociaciones y Fundaciones Empresariales

Project	States		Orgs. Benefited		Increase	Indirect Beneficiaries		Increase
	2016	2017	2016	2017	2016 - 2017	2016	2017	2016 - 2017
Red de Asociaciones y Fundaciones Empresariales	32	32	985	1,530	55%	49,250	76,500	55%

CAI MONTERREY

Since 2012, the stylist workshop offered at the Monterrey CAI has held courses on: hair stylist, nail care and art, barbering, coloring, and professional make-up, improving the quality of life of people with limited job opportunities. To date, 2,114 people have participated in this program to receive training for trades in demand and with the option of self-employment or entrepreneurship.

Expo Fundación y Congreso

We successfully held the fourth Expo Fundación y Congreso creating a space to train charity organizations and to strengthen social efforts in Mexico. The event was planned and organized to offer participants conferences and seminars rich in social content.

The inaugural event was led by Lorena Ochoa, Mexican professional golfer, who shared her story of success in raising awareness on the discipline and values needed to achieve any purpose in life. Our speakers filled the forum with innovative know-how and gave attendees practical tools to better manage their organizations. Marco Antonio Regil, Yordi Rosado and Odin Dupeyron addressed different topics to offer conference-goers essential techniques and know-how to improve their work.

Representatives from 152 NGO's attended the event, learning and sharing about social issues and forming alliances.

RED DE ASOCIACIONES Y FUNDACIONES EMPRESARIALES

After two years, the 'Red de Asociaciones y Fundaciones Empresariales' (Network of Organizations and Corporate Foundations) has 3,000 organizations and 91 companies and corporate foundations registered.

In 2017, the network expanded its presence across Mexico and into various countries in Latin America (Colombia, Venezuela, Chile, Argentina and Peru).

The network received recognition from INDESOL, participating in the annual regional meetings on strengthening charity organizations.

We also received recognition at the International Congress "Education and Culture of Peace" organized by SERCAP International (company that provides training services for the public and private sectors), Peru office, as the best innovative and socially responsible project in the category corporate social responsibility.

32 in-person workshops and 12 webinars were held, which translates into 192 hours of in-person training and 48 hours of online training, free of charge.

EDITORIAL GM

In 2017, Editorial Fundación Grupo México published its book Miel, Oro Líquido de México (Honey, Mexico's Liquid Gold).

As with each book, the funds raised from the sale of Miel will be given to a nonprofit organization. For this book,

we are supporting "La Voz del Buen Samaritano I.A.P.", which works in the state of Campeche offering support, food and temporary housing to patients and out-of-town family members who do not have the resources they need while their family member is in the hospital. Grupo México Foundation is proud to deliver, with each of its offerings, solid support for organizations with such noble goals.

The book Miel, Oro Líquido de México, is a finalist in the Gourmand World Cookbook Awards in the single-subject category. These awards will be delivered to the best in the world in Yantai, China, on May 26, 2018.

SOCIAL LINKAGE VOLUNTEER DAY GRUPO MÉXICO FOUNDATION

As we do each year, on the second Saturday in October, Grupo México Foundation held its annual Volunteer Day, bringing together employees from the companies of Grupo México and Cinemex to volunteer with their families, channeling their selfless work, joining forces and multiplying efforts to benefit those most in need in the communities where we operate. Building on the success and impact of this program, we again extended these social efforts this year to communities in Peru and the United States, through the participation of collaborators from the Grupo México companies in these countries, Southern Copper Corporation and ASARCO, respectively.

This year, 7,200 employees who, with their families, totaled more than 29,000 volunteers in Mexico, Peru and the United States to benefit schools, public spaces, social institutions, and immigrant centers.

During the Grupo México Foundation Volunteer Day, our efforts reached more than 95,000 people and 45 institutions in 32 communities in 14 Mexican states, two US states and two provinces in Peru.

VACATIONS WITH PURPOSE

In May 2017, we launched the 'Vacaciones con Sentido' (Vacations with Purpose) program in Peru, the goal of which is to offer Grupo México collaborators the opportunity participate in experiences of international cooperation contributing to the social development of communities in different countries, fostering respect for diversity and solidarity, through mutual support and commitment.

Our employees in Mexico, Peru and the United States gave 440 hours of volunteer service.

This program benefited 621 people and 7 institutions in five communities in Peru:

1. San Sebastián
2. Wanchaq
3. Yucay
4. Cusco
5. Huasao

MINING DIVISION

DIVISION MINING

GROW

STRUCTURE OF THE DIVISION AND PRINCIPAL SUBSIDIARIES

G4-7

The Mining Division of Grupo México is represented by our subsidiary Americas Mining Corporation (AMC), comprised of:

Southern Copper Corporation

Minera México, S.A. de C.V.

Southern Peru Copper Corporation

Asarco LLC

Minera los Frailes, S.L.

SIGNIFICANT CHANGES IN THE ORGANIZATION

G4-13

Nueva Rosita plant closure. In September 2017, we announced the conclusion of our operations in Nueva Rosita, Coahuila, consisting of a coal preparation plant with an annual production capacity of 900,000 tons of clean, high quality coal, and a coke plant with 21 furnaces with an annual production capacity of 100,000 tons of coke.

PRINCIPAL PRODUCTS AND MARKETS

G4-4, G4-8, G4-9

Products. The principal activities of our Mining Division are the exploration, exploitation (mining and extraction of raw materials), and production of minerals, metals and other byproducts.

PRODUCTS & CLIENTS
Mining Division, 2017

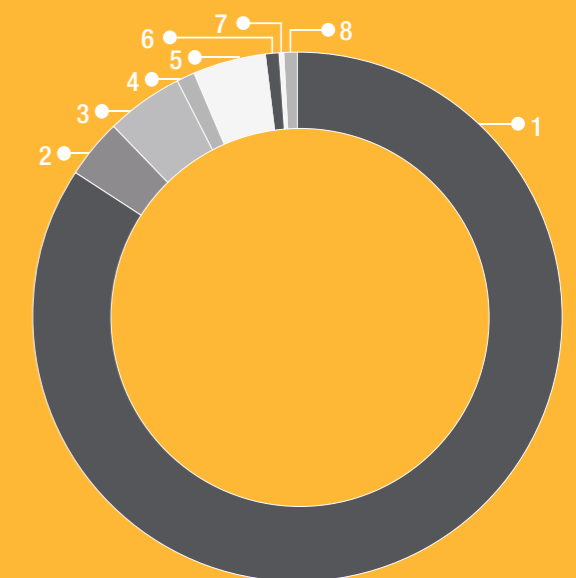
	Our products	Our customers
Copper	Copper is the third most used metal in the world and is a basic component for infrastructure and growth. It has exceptional chemical and physical properties, including high electrical conductivity and high resistance to corrosion. It also has excellent malleability and ductility.	Our customers work in construction, the manufacturing of electrical products and electronics, telecommunications, computers, mobile phones, industrial machinery and equipment, consumer products, and are also in the automotive and transportation sectors. Our customers also include metals sellers, smelters, and metal recovery and recycling companies.
Molybdenum	Molybdenum is used primarily to manufacture stainless and special steels. It is used to strengthen steel alloys and to soften tungsten alloys. It is also used as a catalyst in the oil and gas industry, and in fertilizers, dyes, paints, reagents and lubricants.	Our principal customers work in the transformation industry, treating and processing molybdenum, and its derivatives, including molybdenum oxide.
Zinc	Zinc is used primarily to galvanize iron and steel to protect against corrosion, in manufacturing batteries and for architectural purposes. It is also the base for zinc oxide, which is used in tires, paints and livestock feed, among other products.	Our customers are in the steel, electrical and cable industries, sellers of zinc alloy products, and pure metal supply companies.
Silver	Silver is used in photography, electrical products and electronics, and to a lesser degree, in traditional welding and welding alloys, jewelry, coins, silverwork and catalysts.	Our principal customers are in the hazardous waste treatment and recovery industry, manufacturers of specialty pieces that use metal alloys, and sellers of construction materials.
Gold	Gold is used in jewelry, in cancer treatments and for other diseases. It is also used in industrial welding, coloring in photography, and also in the aerospace sector, among other uses.	Our customers are active in many sectors, benefiting from the properties of this metal, such as its corrosion resistance, among others.

The Mining Division reported US\$7.555 billion in sales in 2017, a 22% increase over 2016, due to higher metals prices: copper +28%, zinc +38%, and molybdenum +28%. EBITDA was US\$3.457 billion, equal to 46% of sales, which represents a year-over-year growth of 51%, attributed to low-cost production and operating efficiencies, and also improved copper prices.

Contribution by metal to AMC's 2017 cumulative sales:

CONTRIBUTION BY METAL TO AMC'S CUMULATIVE SALES

	2017
1 Copper	84.2%
2 Silver	3.8%
3 Molybdenum	4.7%
4 Sulfuric Acid	1.1%
5 Zinc	4.3%
6 Gold	0.9%
7 Others	0.3%
8 Lead	0.7%



INVESTMENTS AND PROJECTS

G4-EC7, G4-EC8

The Mining Division of Grupo México has set as a goal to become one of the top copper producers in the world. We currently have the largest reserves in our sector and in the next 6 years, we anticipate increasing production to over 1.6 million tons of copper.

As part of this growth, in 2017 we invested US\$1.174 billion, of which US\$336 million was allocated to our projects in Mexico, US\$639 million to projects in Peru, and US\$199 million in the United States.

Principal Projects in Peru

Expansion Project in Toquepala, Tacna. Representing an investment of over US\$1.700 billion, we are modernizing our operation and building a new plant, which will increase our production capacity by 69%, to 250,000 tons of copper per year at this mine. This investment will modernize our mine equipment to build a fleet of more than 90 trucks, a new warehouse and shop for mine equipment, a new primary pit crushing plant, a concentrator with a capacity to process 60,000 tons of ore per day, and various investments in auxiliary infrastructure.

Using cutting-edge technology, we have installed high-capacity and more efficient equipment in terms of water and energy consumption. Efficiency in the use of resources and in our processes translates into a more

sustainable operation and a more compact plant, easier to supervise and maintain.

As part of the modernization project, we've replaced process equipment that will allow us to recover 10% more water from the industrial process, meaning 240 liters per second. These savings equal the daily water consumption of more than 172,800 people. Additionally, we're investing in infrastructure to recover water from our tailings dam to reintroduce this water into the process, resulting in a lower consumption of fresh water.

More than 8,000 direct jobs have been created during the project's construction phase in an area away from urban centers and where opportunities are scarce. Also, the supply chain for our operations in Peru has been strengthened, comprised of more than 1,900 suppliers, making a significant contribution to the region's economy.

At December 31, 2017, the project reported 87% completion and the concentrator is expected to start operations mid-2018.

Ore transportation and crushing project in Cuajone, Moquegua. The project consisted of replacing the rail transportation system with a conveyor belt and crushing system,

and a new crusher at the pit optimizing the haulage distances of the cargo trucks, resulting in operational savings of US\$23 million per year. The project represented an investment of US\$226 million and is fully completed and in operation.

Tailings Thickeners at the Toquepala and Cuajone Concentrators.

The thickeners allow us to capture more water from the metallurgical process by removing solids from our mine waste and recover more water from the industrial process. We've installed seven additional high-efficiency thickeners at our operations in Peru, with which we can recover 104,000 m³/day at Toquepala and 140,000 m³/day at Cuajone. This equipment will increase water recovery by 10%, meaning 240 liters per second, equal to the daily consumption of 172,800 people.

The investment in the installation of the thickeners at our Toquepala and Cuajone mines totaled US\$85 million.

Tia Maria. The engineering process for this project was completed in 2017, fulfilling the environmental requirements, and we finalized the environmental impact assessment. We will continue to work with the Peruvian government and expect to receive the construction permit during the first six months of 2018. This project will increase our annual metallic copper production by 120,000 tons.

Principal Projects in Mexico

Buenavista Zinc, Sonora. This project is located at the Buenavista deposit in Sonora and consists of the construction of a concentrator with a production capacity of 80,000 tons of zinc and an additional 20,000 tons of copper per year. The basic engineering has been completed and we have started to purchase the principal equipment. On completion, the project will double the zinc production of the Mining Division. This investment has a budget of US\$413 million and the project is expected to be completed in 2020.

Pilares, Sonora. This project is located in Sonora, 6 km from the La Caridad mine consists of an open pit mine with an annual production capacity of 35,000 tons of copper concentrate. The high-grade ore will be transported by the mine trucks to feed the primary crushers at the La Caridad copper concentrator, enriching the average grade. We are currently designing the mine plan and the new road has been charted. The budget for this investment is US\$159 million and the project is expected to be completed in 2019.

Principal Projects in the United States

Modernization of the Hayden Smelter. This modernization project includes replacing converter furnaces at the Hayden smelter, and optimizing the vapor and dust collection and management systems. With this, we will

increase our SO₂ capture rate from 95% to 99% and also improve our production efficiency to produce an additional 15,000 tons of copper per year. The project has an investment budget of US\$229 million, reports 73% progress, and will be completed in April 2018.

Principal Projects in Spain

Aznalcollar, Andalucía. This project is located 35 km from the city of Seville in Spain. After the project was awarded to Grupo México through an international public tender in 2015, in mid-2016 the regional authorities granted us permission to start exploratory activities. From July 2016 to April 2017, we conducted an intense exploratory campaign. The results so far confirm the initial information for the project and would suggest a promising potential to eventually increase the initial size of the ore bodies. We're working on a revised feasibility study, which will be completed by the end of the year. The permit process will continue and the detailed engineering is expected to begin at the end of 2018, with the mine starting operations in 2021.

The estimated investment for the project is budgeted at US\$290 million and will increase zinc production by 102,000 tons of zinc equivalent per year.

EXPLORATIONS

In our search for economic growth, we've conducted extensive exploratory projects to identify new mineral resources at our current sites and at new deposits in Peru, Mexico, Chile, Argentina, the United States and Ecuador.

CUSTOMER RELATIONS

G4-PR5

Quality Policy. The Mining Division's quality policy states that quality will be measured through customer satisfaction, based on understanding customer needs, and is reflected in the ongoing improvement of our production processes.

Customer Satisfaction. For all Mining Division subsidiaries, the satisfaction of our customers is essential to maintaining our operations and being recognized for the excellent quality of our products. Because of this, we conduct a customer satisfaction survey each year to identify opportunities for improvement. Products and/or services that receive a low rating are assessed and corrective measures are determined and monitored. The effectiveness of the corrective actions is supervised internally as a result of the interaction with the customer.

In 2017, we received a rating of 93%, a score that shows us that most of our products and services meet or exceed the expectations of our customers.

PRINCIPAL EXPLORATION PROJECTS

Country	Project	Country	Project
Mexico	• El Arco	Peru	• Los Chancas
	• El Pilar	Chile	• El Salado
	• Bella Union (La Caridad)	Ecuador	• Chaucha – Ruta del Cobre
	• Chalchihuites	Argentina	• Caldera Project
	• Alfareña Project (Santa Barbara)	United States	• Chilito (Arizona)

PROMOTE

WORKFORCE AND LABOR PRACTICES

Workforce

G4-9, G4-10

Our People. The Mining Division team was comprised of 15,672 collaborators in 2017, with 98% under permanent contract and 100% working full time. This means we can design career development plans, and also create a solid culture that permeates all our operations.

COLLABORATORS

Mining Division, 2015-2017

Year	Collaborators
2015	16,062
2016	15,883
2017	15,672

COLLABORATORS BY REGION

Mining Division, 2017

Subsidiary	Collaborators	%
Mexico	8,453	54%
Peru	4,869	31%
USA	2,350	15%

COLLABORATORS BY AGE GROUP

Mining Division, 2017

Age group	Collaborators	%
18-24	839	5.37
25-34	4,599	29.34
35-44	3,925	25.04
45+	6,309	40.25

Contractors. At Grupo México, our activities contribute indirectly to job creation. In 2017, 10,303 contractors delivered services at our Mining Division sites.

Freedom of association

G4-11, G4-LA4, G4-LA8

The companies that comprise the Mining Division of Grupo México guarantee freedom of association as a labor right. At 2017 close, 11,889 of our collaborators were unionized, representing 76% of the division's workforce.

We strive to strengthen trust between the company and our collaborators, including their union representatives, for which we maintain ongoing dialog through the human resources department. We communicate operational changes with the advance notice required under the collective bargaining agreements and we act according to legal requirements, as applicable. For example, in the United States, the Worker Adjustment and Retraining Notification Act (WARN) requires 60 days notice for mass layoffs and/or closures.

There were illegal 3 work stoppages at our operations in Peru this year, although the company signed agreements with the unions involved. There was no impact on the company's operations or activities.

Equal opportunity and non-discrimination

G4-LA12, G4-HR3

Although the mining operation's workforce remains primarily made up of men, we encourage the participation of women under our approach of inclusivity and equal opportunity. We would like to involve more women in the recruitment processes and we strive to always offer equal conditions. In 2017, 942 of our collaborators were women, representing 6% of the workforce.

WOMEN BY EMPLOYEE CATEGORY

Mining Division, 2017

Category	Number of collaborators	Number of collaborators that are women	% Women
Senior management and Department heads	166	21	12.65
Technicians	5,400	444	8.22
Specialists	552	98	17.75
Assistants	9,554	431	4.51

Non-discrimination. We adhere to the company's principles and values and in keeping with our commitment of respect for human rights, the Mining Division of Grupo México has zero tolerance for acts of discrimination. Our Code of Ethics expressly prohibits discrimination on the basis of ethnic origin or nationality, gender, age, disability, social condition, political affiliation, health condition, religious beliefs, immigration status, opinions, sexual preference, or marital status.

Any collaborator that is witness to or the victim of any form of discrimination is encouraged to report the incident via the Grupo México reporting line. This formal mechanism is operated by a third party and offers a phone number, email and website to report incidents.¹

Base salary and wage equality

G4-EC5, G4-LA13

During 2017, the average Base Salary in the Mining Division was equal to 8.07 times the local minimum wage.² The Base Salary includes the basic wage, productivity bonuses, cash benefits and profit sharing, where applicable.

We continue to work to ensure wage equality in all professional categories for women.

Attracting and retaining personnel

G4-LA1

During 2017, 2,114 collaborators joined our mine operations workforce in Mexico, Peru and the United States, and there were 1,506 separations. The turnover rate this year was 9.6%.

NEW HIRES

Mining Division, 2015-2017

Subsidiary	Age groups				Gender	
	18-24	25-34	35-44	45+	Male	Female
Mexico	556	800	183	73	1,465	147
Peru	31	166	76	20	278	15
USA	53	68	44	44	191	18

¹ For more information on our Code of Ethics and reporting procedures, see the section on Human Rights in the Corporate Governance chapter.

² Considering the Base Salary (BS) and the Minimum Wage (MW), the BS/MW average is calculated weighting the BS and MW for each country where we operate, based on the number of collaborators in the Mining Division in each territory.

SEPARATIONS BY REGION

Mining Division, 2017

Subsidiary	Collaborators
Mexico	1,068
Peru	202
USA	236

TURNOVER RATE

Mining Division, 2017

Subsidiary	Collaborators
Mexico	12.6%
Peru	4.1%
USA	10.0%

TURNOVER RATE

Mining Division, 2015-2017

Subsidiary	Collaborators
2015	6.72%
2016	10.31%
2017	9.61%

TURNOVER RATE BY GENDER

Mining Division, 2017

Gender	No. of Separations	Turnover rate
Male	1,418	9.61%
Female	88	9.54%

Employee Benefits

G4-LA2

To contribute to the employment stability of our Mining Division employees, we offer the following benefits above those required by law:

Salary-related

Life insurance

Major medical insurance

Family protection insurance

Savings fund

Grocery vouchers

Productivity bonus

Pension fund

Others

Housing assignment

Utilities (power, water, etc.)

Medical clinics

School (elementary and middle school) for children of employees

Employee cafeterias

Sports facilities

Scholarships for employees and their children

Share purchase plan for employees

Retirement plan

TRAINING AND CAREER DEVELOPMENT

Training

G4-LA9, G4-LA10

In 2017, we delivered a total of 413,158 training hours in the Mining Division, with an average 26.38 training hours per collaborator.

TOTAL TRAINING HOURS Mining Division, 2015-2017	
Year	No. of Hours
2015	595,426
2016	548,118
2017	413,158

The skills management and training programs we offer our collaborators in the Mining Division vary according to their activity and the country where they work.

TRAINING PROGRAMS Mining Division, 2017

Mexico

Programs are based on the Minera México Corporate, Administrative and Technical Competencies Model, which has a specific profile of required competencies for each position. These competencies are assessed to identify training needs and define the annual training programs. Detecting opportunities for training results from dialog between supervisor and collaborator, planning their professional development and training together

TRAINING PROGRAMS Mining Division, 2017

Peru

The competencies required are defined based on the position, considering the types of tasks performed, the technology available, and possible special projects. These competencies then provide essential input for the annual training plan. The principal programs are: (i) occupational health and safety, (ii) technical competencies, and (iii) behavioral skills (coaching, supervisor responsibilities and management skills).

United States

Programs are based on developing leadership skills, such as conflict resolution, mechanisms for employee feedback and adaptive leadership, among others. Management courses are offered on diversity, understanding policies and procedures, gender equality and discrimination. Additionally, courses are held at a creative leadership center, outside the ASARCO facilities, where we strive to maximize the management skills of our collaborators.

Mining requires highly specialized technical skills. As a result, it is a priority to develop talent in the communities where we operate, through education programs in collaboration with different organizations. In Mexico, we continue to collaborate with the INEA, Conalep, Instituto Sonorense de Educación and the Universidad Autónoma de San Luis Potosi, developing industry-related educational programs. Thanks to this, various collaborators and people from the communities where we work have received training.

Similarly, our mine operations in Peru support the professional development of the members of our neighbor communities.

Performance review

G4-LA11

In addition to training, and also relevant for professional development, we conduct a performance review for non-union employees, in which all employees who were with us throughout 2017 participated.

PERFORMANCE REVIEW PROCESSES

Mining Division, 2017

Mexico

Goals for our employees are defined based on the strategic goals of the business. Employee competencies and goals achieved are assessed annually. In the process, dialog is strengthened between the employee and their supervisor, and also alignment between projects and teamwork.

Peru

A Performance Review Tool is applied to employees that have been with the company for more than 6 months, and includes general criteria, such as: applying skills and knowledge, work planning and organization, interpersonal relationships, results, initiative, work attitude and creativity. Additionally, management with employees under their charge are assessed in: management skills, cost control and resource management, safety, problem analysis and decision making, and developing their team.

United States

Each employee and their supervisor set goals, which forms the basis for the annual review at the end of the year, using an online tool. Career planning sessions are held, where the employee and the supervisor set new goals and discuss skills and areas for improvement for the next performance review.

OCCUPATIONAL HEALTH AND SAFETY

Workplace health and safety

G4-LA5, G4-LA6, G4-LA7

Focus. For Grupo México, caring for the lives, health and wellbeing of our collaborators and their families is the top priority at all our operations. No other task is more important.

Our primary commitment is to creating optimal and safe work environments for our collaborators, which we do to the highest standards in occupational health and safety. **Our goal: ZERO accidents.**

The Mining Division's Comprehensive Workplace Health and Safety Management System helps us to implement effective processes and provide our collaborators with the knowledge and skills they need to manage risks, prioritize goals, and to prevent accidents.

Investment in Occupational Health and Safety. We invested US\$127 million in occupational health and safety in 2017.

INVESTMENT AND SPENDING IN WORKPLACE SAFETY

US\$ millions
Mining Division, 2017

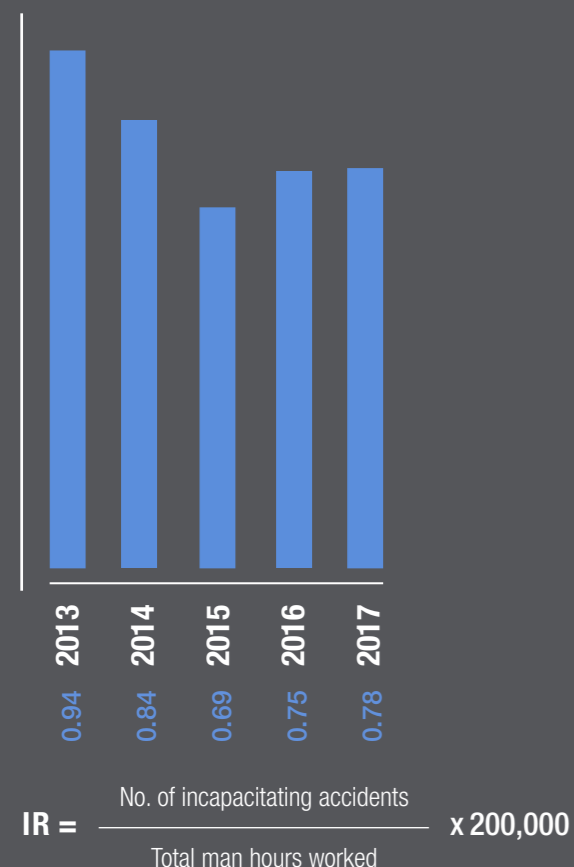
Category	Amount
Administrative costs	6.90
Training	1.02
Personal protective gear	12.14
Industrial hygiene studies	2.45
Engineering works	97.85
Total	120.36

INVESTMENT AND SPENDING IN HEALTH

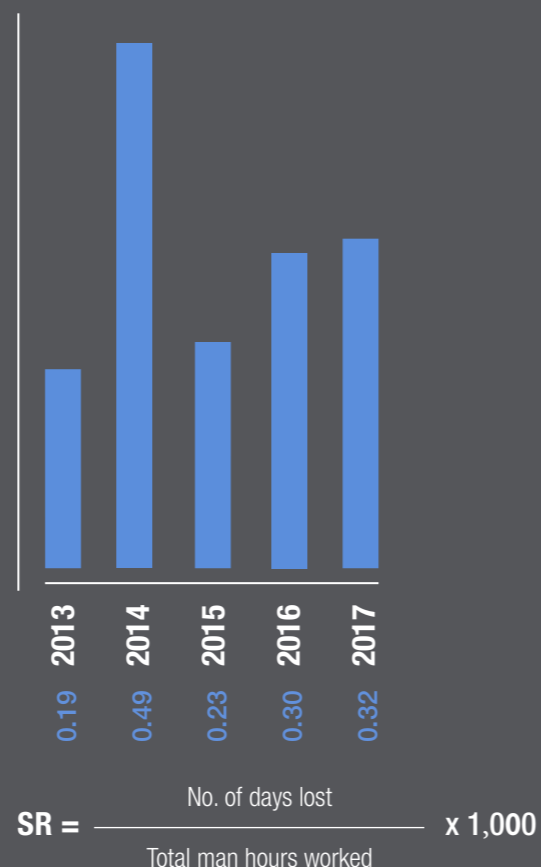
US\$ millions
Mining Division, 2017

Category	Amount
Health awareness promotion and protection	0.94
Detection and prevention	2.58
Treatment	2.60
Rehabilitation	0.04
Total	6.16

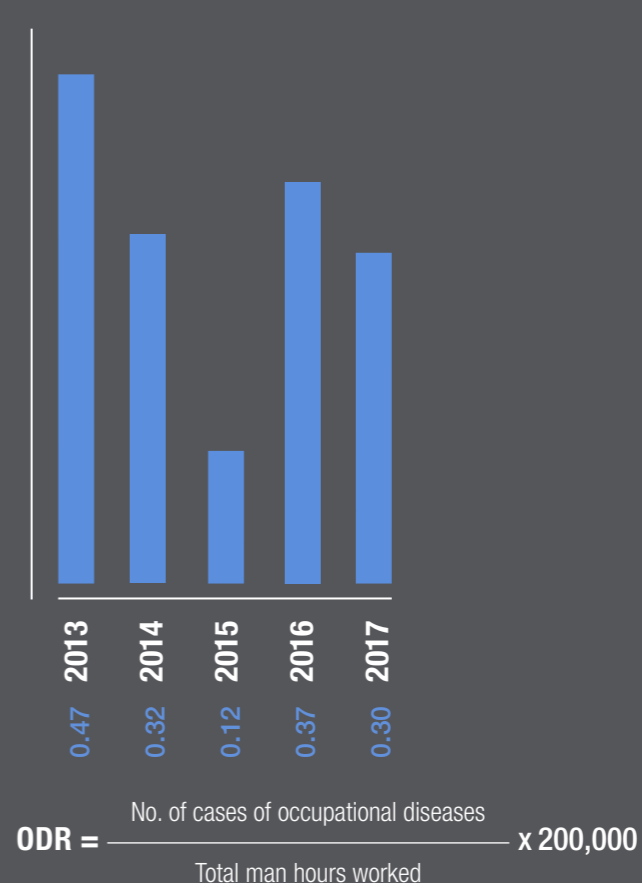
INCIDENT RATE (IR),
Mining Division, 2013-2017



SEVERITY RATE (SR),
Mining Division, 2013-2017



OCCUPATIONAL DISEASE RATE (ODR),
Mining Division, 2013-2017



Occupational Safety. Over the last 5 years, the Mining Division has reduced its incident rate by 28%, and its severity rate by 48%. Our occupational accident rate is 42% below the average for the mining industry in the United States, according to the Mine Health and Safety Administration.

In the United States, our mines again reported record low accident and severity rates, with an incident rate 59% below the regional average. At our operations in Mexico, thanks to teamwork, the accident rate is 53% below the industry average.

Over the last 5 years, we've reduced our occupational disease rate by 34%, as a result of different risk control

and prevention and educational programs, and also the treatment of diseases.

Despite all the efforts made in occupational safety, in 2017 we deeply regretted the loss of three collaborators as a result of accidents at our Mission (United States), Ilo Smelter (Peru) and Santa Eulalia (Mexico) operations. These losses impacted us deeply and motivate us to double our efforts. We will stop optimizing preventive measures to eliminate unsafe conditions and behaviors until we have reached our goal of "zero accidents".

Occupational Health and Safety Committees. Our guidelines to safeguard the safety of our employees include the creation and operation of our health and safety committees, where 7% of the total collaborators represent the entire workforce.

HEALTH AND SAFETY COMMISSIONS

Mining Division, 2017

Country	Description	% of the workforce represented
Mexico	Our operations in Mexico have a Central Safety Committee comprised of managers, directors and superintendents, which is responsible for ensuring compliance is met with regulations and the corrective measures defined from monitoring operations. Also, the Departmental Safety Committee reviews the work conditions within the Mining Division and is comprised of supervisors, and there is a Health and Safety Commission made up of management and collaborators.	100

HEALTH AND SAFETY COMMISSIONS
Mining Division, 2017

Peru	In Peru, we have a Joint Workplace Health and Safety Committee at all our operations, comprised of management and collaborators from all the different areas. This committee reviews the operating conditions to ensure these are optimal, analyzes risks, and follows up on health and safety plans and programs.	100
United States	Our mines in the United States also have a health committee at each operation, made up of management and collaborators, representing the entire workforce. In addition to participating in the design of the health and safety programs, the committees regularly inspect the working conditions, participate in accident investigations, and hear concerns from employees on health and safety issues.	100

Health and Safety Programs

- **Total Safety Culture (TSC).** In 2017, we started to implement this training program on occupational safety for the different supervisor levels, who in turn then share the training with the employees under their charge.

The sessions are delivered by the operations officers, mine managers and engineers, among others. Each 8-hour session addresses key safety principles.

This training was offered to personnel at Mission in 2017 and will be implemented at Hayden and Silver Bell in 2018.

- **Behavior-Based Safety (BBS).** In Peru, the behavior-based safety model is being consolidated. The goal of this program is to reinforce safe behaviors through observation and feedback during the day-to-day work, creating a positive environment that encourages participation and pride in efforts aimed at creating a safe work environment.

In 2017, we started to implement the program at the zinc electrolyte refinery in Mexico.

- **Safety Cells Forum.** For the seventh year, we facilitated this space for our collaborators to present their best initiatives in accident prevention to make their day-to-day tasks safer.

- **Mine Rescue Brigades.** All our mine operations have emergency brigades, formed by volunteer mine workers who assist their colleagues in the event of any emergency requiring immediate action. It is essential that these brigades receive proper training to know how to act. In the Mining Division, we train these brigades in the necessary skills in the event of a disaster.

- **“Bienestar” program.** In Mexico, we have implemented the program “Bienestar” (Wellbeing), focusing on preventing chronic degenerative diseases, such as diabetes, high blood pressure, dyslipidemias or obesity, through the detection of potential risk factors and recommending courses of action, with the support of nutritionists. Additionally, we continue working on the “Entornos Saludables” (Healthy Environments) program, maintaining recognition for 3 schools and 5 company neighborhoods as healthy and safe environments by the Department of Health.

- **Healthy lifestyle.** In addition to the actions mentioned above, we offer workshops on prevention and self-care for our collaborators, their families and the general public. The goal is to raise awareness on behaviors that help to live a healthy lifestyle.

- **Cuajone, Ilo and Toquepala hospitals.** In Peru, our collaborators and their families have 3 company hospitals available to them, in Cuajone, Ilo and Toquepala. Collaborators who perform higher risk activities receive regular medical examinations to assess their health and take any measures needed.

- **Certifications.** During 2017, we maintained various certifications in occupational health and safety and we also maintained units certified as healthy workplaces. We have also continued to work with the Mexican Department of Labor and Social Welfare, participating in the voluntary Workplace Health and Safety Self-Management Program.

This has been possible thanks to our internal management system, known as the Sistema Integral de Administración de Seguridad y Salud en el Trabajo (SIASST) (Comprehensive Workplace Health and Safety Management System), which covers monitoring risks and developing improvement plans as results are obtained, and also the responsibilities of our collaborators and contract employees.

HEALTH AND SAFETY CERTIFICATIONS AND RECOGNITIONS
Mining Division, 2017

Certification	Sites certified
OHSAS 18001:2007	<ul style="list-style-type: none"> • 12 units certified in Mexico and Peru
Workplace Health and Safety Self-Management Program	<ul style="list-style-type: none"> • 17 units accredited
The Mexican Mining Chamber (CAMIMEX) Casco de Plata “Jorge Rangel Zamorano” prize, for reporting the lowest incident rates in the industry.	<ul style="list-style-type: none"> • Mexicana del Cobre “La Caridad” Mine • Santa Eulalia Mine

COMMUNITY DEVELOPMENT

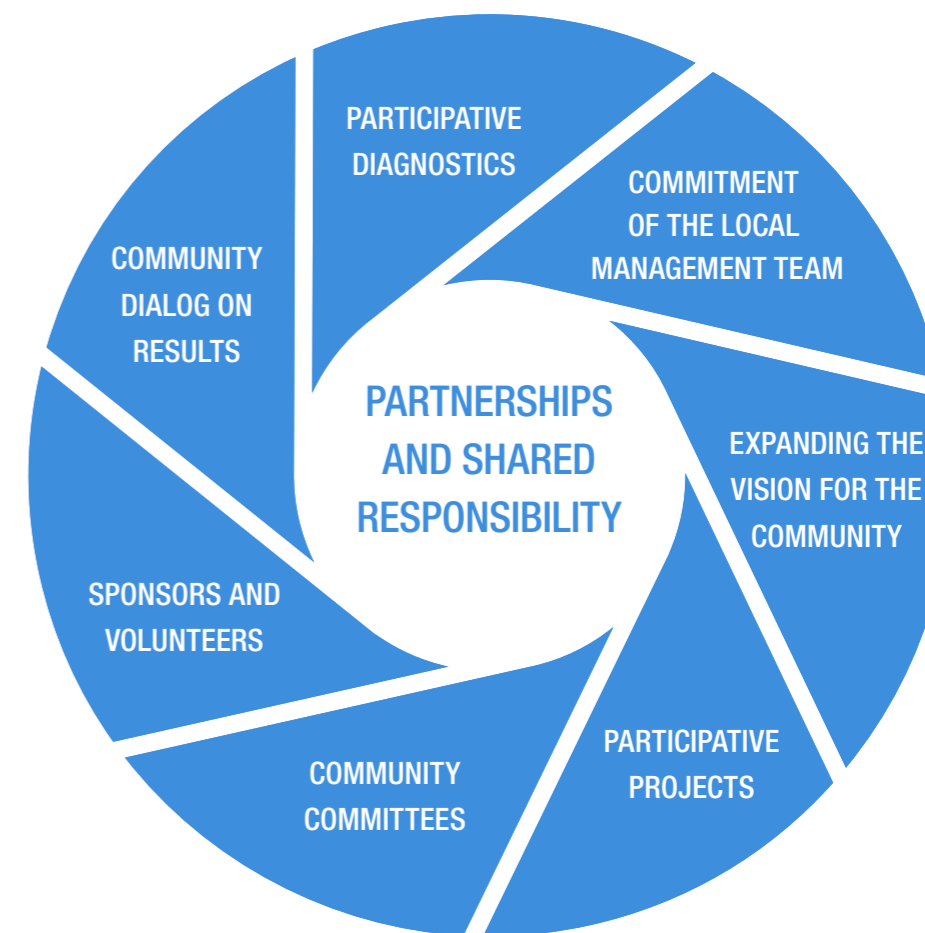
G4-S01, G4-S02, G4-S011

Community Development Model

Approach. The Grupo México Mining Division strives to foster the economic and social development of our communities through our Community Development Model. This model is implemented in the communities that neighbor our operations and is based on specific methodologies and procedures, which include the community immersion process to encourage citizen participation in designing their own programs, and also in preparing social diagnostics to help us to mutually understand -company and community-, the socioeconomic reality of each region to identify their needs.

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The eight phases of the social linkage process are structured to the company’s sustainable development model and are strategically designed to include the participation of all sectors and actors from the community, including educational institutions, government agencies and charity organizations and associations, under a framework of shared responsibility and collaborative efforts to expand the vision for the development of the community and the continuity of programs and projects for the common good of present and future generations.



“Casa Grande”

G4-S01, G4-EC7, G4-EC8

Approach. “Casa Grande” embodies our Community Development Model, the goal of which is to improve the quality of life of the residents in the communities where we operate. This model is put into practice as follows:

- **16 Community Development Centers** - These community spaces are located in all the places where we operate and offer programs, workshops and courses. These activities focus on culture, art, sports and overall education.
- **Participative Diagnostics** - We conduct participative diagnostics to listen to the community and ensure that decisions are made together.

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- **Community Committees** - Community committees are formed with volunteer community leaders and company representatives who work together to evaluate sustainable project proposals received from open calls to the community.

- **Seed Capital** - The company invites the community to submit projects, which are then evaluated and successful social projects receive seed capital to improve the quality of life of the community.

- **Productive Projects** - We develop projects that transform lives through training in productive skills. This promotes the strengthening of individual skills and opportunities, and the diversification of local economies.

In 2017, we conducted 1,743 activities, 374 programs and projects, with the participation of 12,303 community and corporate volunteers, benefiting 112,272 people through “seed capital” projects and productive projects. With these efforts, we promote the formation of agents for development and proactive leaders, strengthening wellbeing in their communities.

Education and entrepreneurship

Another way to contribute to development is through educational activities for children and youth in our neighbor communities, from their basic education through to university.

Our mine operations in Mexico and Peru contribute to education for our communities through 13 schools sustained or sponsored by the company, which we complement by awarding scholarships for different levels of study, extending this to our collaborators and their families.

We also continue to support the job training and selection program ‘Forjando Futuros’ (Forging Futures), created to respond, by strengthening skills, to the professional and employment needs of the residents in the areas around our operations in southern Peru, at the Cuajone and Toquepala mines and the Ilo Smelter. The initiative has been going since 2011, for youth in the Jorge Basadre and Candarave provinces in the department of Tacna, along the Chilean border; and also in the district of Torata, department of Moquegua.

The participants in the ‘Forjando Futuros’ program improve their skills to access jobs in sectors such as mining, construction and investment projects with public and private organizations. With initiatives like this, we are taking Development with Purpose to the communities in the areas where we operate. The program has three components: trades, education fund and professional practice.

Of note is the Moquegua ICT (Information and Communication Technologies) project, considered a pioneer in

its effort to reduce the technological gap in rural areas in Peru. This joint project between the Moquegua regional government and Grupo México seeks to adapt and incorporate the use of ICT’s in the teaching and learning process, benefiting 33,560 students and teachers in Mariscal Nieto, Ilo and Sanchez Cerro in the region of Moquegua, Peru.

To date, Grupo México has invested over US\$33 million in information and communication technologies for students and teachers in the Moquegua region, Peru.

We also support a scholarship program in the United States and participate in joint initiatives with charity organizations and the government. During 2017, we disbursed US\$163,496 in scholarships, sponsorships and community linkage. We participated in initiatives such as United Way, with direct contributions from the company and also from our collaborators. United Way is a national organization, involving volunteers, donors and nonprofits, which fundraises for community projects, promoting sustainable solutions through education, financial stability and healthy lifestyles.

Infrastructure and services

Our mine operations in Peru are located in a remote area in the south of the country in a rural environment, and we are contributing to the development of the region in close partnership with the authorities and representative local organizations. Our commitment to the community

manifests in the following tracks: education and strengthening skills, health, nutrition, infrastructure and support for the farming sector. In this regard, the Mining Division contributes to the expansion of the water supply infrastructure and irrigation technification infrastructure in the provinces where we operate. An example of this is the work to improve the irrigation infrastructure in Torata, in the Moquegua region. This includes improving the water reservoirs, installing pipelines, building support walls and other water infrastructure maintenance works.

We also promote development and improve the quality of life in our communities by constructing communication routes opening access to different sources of income and wellbeing. We supported the mobility of more than 4,000 people, fostering trade, education and the economic diversification of our people.

With the construction of the Ilabaya - Cambaya highway we increased the connectivity of High-Andean communities. This road infrastructure project is considered the largest investment nationally under the Works for Taxes program. This project was promoted by the district municipality of Ilabaya and financed by Grupo México. Representing an investment of more than US\$39 million, we supported local trade, road safety and regional tourism to benefit 4 communities in Tacna, Peru.

Humanitarian Aid

The Mining Division joined the efforts to aid those affected by the earthquakes that hit the state of Oaxaca and Mexico City in September 2017. We supported the communities of Juchitan and La Ventosa in Oaxaca, with demolition, removal of debris, delivering foodstuffs, structural assessments, providing temporary spaces, and offering the community psychological and emotional support.

We also contributed supplies and human capital. We sent backhoes with operators and we made donations to the Mexican Red Cross to provide immediate assistance to the injured. We collected foodstuffs, household items and clothing at the 20 collection depots we opened at our “Casa Grande” community development centers, where 250 volunteers gave more than 4,200 hours of their time.

In Mexico City, 24 of our expert mine rescue brigade members supported search and rescue efforts in coordination with the Mexican Department of Defense and the state civil protection. On September 20, our “Coyotes” and “Nahuales” brigades arrived at a textile factory in the Obrera neighborhood of Mexico City. They immediately joined the rescue efforts among the debris and helped to locate various bodies, managing to rescue two people alive.

Responding to community complaints and concerns

We have a mechanism in place to respond to complaints and concerns in the community in relation to our industrial processes, our staff ethics, and issues involving our activities. Through transparency and effective response to complaints, we strive to foster a relationship of trust and dialog between the company and the community.

Through this mechanism, we responded to three reports involving staff ethics and the impact of company activities this year. These matters were addressed and concluded to the satisfaction of both parties.

Social investments

In 2017, the Mining Division collaborated with a social investment and spending of US\$60 million to contribute to economic development and creating opportunities for our communities.

VOLUNTARY SOCIAL INVESTMENT AND SPENDING	
US\$	
Mining Division, 2017	
Community development programs, social linkage and productive projects	\$ 4,995,021
Infrastructure, works projects and equipping neighbor communities	\$ 37,558,049
Infrastructure in SCC neighborhoods	\$ 17,944,493
Total	\$ 60,497,563

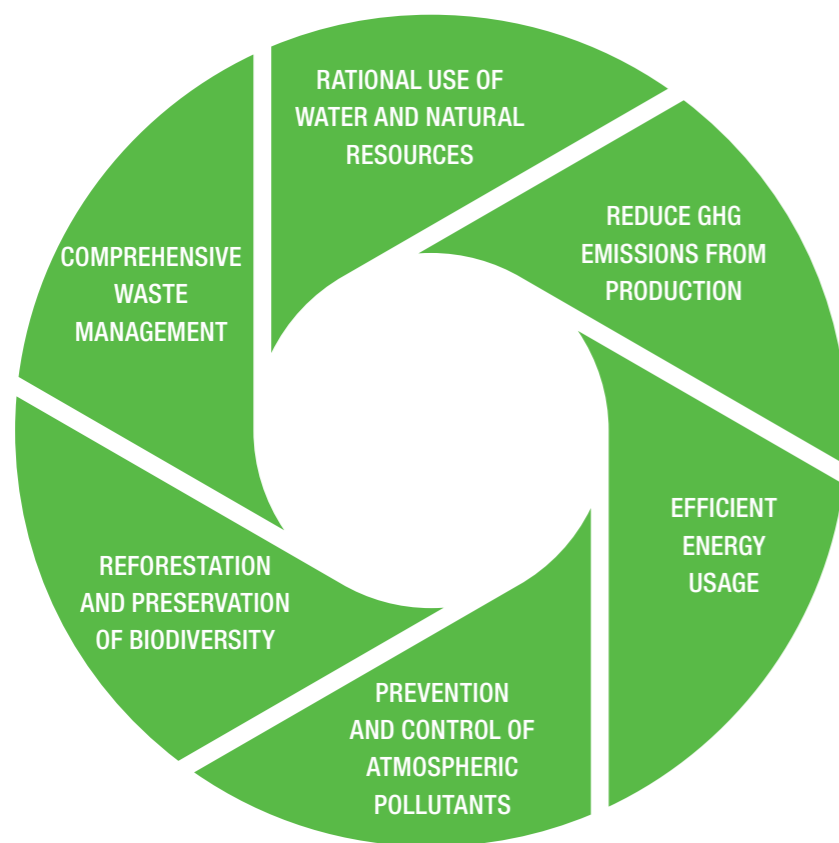
PROTECT

MANAGEMENT APPROACH

Environmental management system

Caring for the environment is one of the pillars of our sustainability strategy. Measuring our results and taking appropriate actions, we've implemented management systems to properly manage the resources that form part of the environment in which we operate.

Our environmental performance looks at different areas that cover the whole of the lifecycle of our activities, classified into the following six lines of action:



Environmental investment

G4-EN31

The Mining Division invested US\$325 million in environmental projects in 2017, an 18% increase over the previous year.

ENVIRONMENTAL INVESTMENTS Mining Division, 2017	
Area	Amount
Water	29.68
Air	184.13
Soil	58.35
Waste	37.29
Biodiversity & reforestation	3.27
Management	12.41
Total	325.13

ENVIRONMENTAL MANAGEMENT AND PERFORMANCE

Water

G4-EN8, G4-EN9, G4-EN10, G4-EN22, G4-EN26

Approach. Water is the most important input in the operation of our extractive processes. Therefore, the Mining Division installs the latest technologies to increase the reuse and recycling of process and wastewater.

To ensure we are managing water appropriately, our mine operations incorporate the following actions to maximize the efficient use and reuse of water:

- **Installation of Closed Circuits** - We install closed circuits in the mine processes and operations as possible, for continual recycling and total usage of process water. This involves maintenance for recovered water pumping systems at tailings dams.
- **Thickeners for water recovery** - Thickeners help to recover more water from the metallurgical process through a process to remove solids. We're installing an additional seven high-efficiency thickeners at our Peru operations with which we will be able to recover 104,000 m³/day at Toquepala and 140,000 m³/day at Cuajone. This equipment will increase water recovery by 10%, meaning, 240 liters per second, equal to the daily water usage of 172,800 people.
- **Wastewater treatment plants** - Treating wastewater supports the sustainability of the water cycle, and avoids the overexploitation of aquifers and the contamination of ecosystems. Our wastewater treatment plants in Cananea and San Luis Potosi collect untreated municipal wastewater to then treat this water and reuse it in our operations, nurseries and to indirectly benefit 70,500 residents of these cities, through urban sanitation and increased availability of clean water.

Water consumption and recovery. In 2017, 71.83% of the total water consumed at our mine operations was

recovered water. We consumed 146.66 million m³ of first use water and 370.87 million m³ of recovered water.

In 2017, water discharges totaled 1.94 million m³ for the whole of the Mining Division. These discharges were managed according to federal regulations and requirements.

WATER CONSUMPTION BY SOURCE AND USAGE

(m³ millions)
Mining Division, 2015-2017

Consumption of first use water by source	2015	2016	2017
Underground	71.3	99.58	99.08
Surface	56.24	50.5	46.92
Desalinated	0.86	0.85	0.66
Subtotal	128.4	150.93	146.66
Recovered water	291.14	358.57	370.87
Total	419.54	509.5	517.53
Percentage of usage	69%	70%	72%

Energy and energy efficiency

G4-EN3, G4-EN6

Energy consumption. In 2017, the Mining Division's energy mix was comprised of 51.59% fuel, primarily diesel and natural gas, and the remainder is supplied power generated by third parties or other subsidiaries of Grupo México, as part of the self-supply strategy. The total consumption of energy this year remained stable in terms of 2016, reporting an increase of a mere 0.5%.

FUEL CONSUMPTION

Mining Division, 2015-2017

Year	Petajoules
2015	24.76
2016	25.68
2017	26.34

ELECTRICITY CONSUMPTION

Mining Division, 2015-2017

Year	Petajoules
2015	22.31
2016	24.98
2017	24.65

ENERGY CONSUMPTION

Mining Division, 2017

Year	Percentage
Fuel	51.59%
Electricity	48.41%

FUEL CONSUMPTION DETAILED

Mining Division, 2015-2017

Type	Percentage
Diesel	64.74%
Natural Gas	27.71%
Fuel Oil	3.94%
Coal Coke	1.94%
LP Gas	0.93%
Gasoline	0.74%

Energy Efficiency. One of the principles of our environmental strategy is energy efficiency, meaning the Mining Division is constantly striving to produce more with less. To fulfill this commitment, we are working on redesigning, converting and adapting equipment, improving and reorganizing processes, and training our collaborators to optimize energy usage, making significant investments in these areas.

Our principal projects include transporting ore over a belt system in Cuajone, optimizing the haulage process by replacing the rail system to reduce the energy required and minimize our use of fossil fuels. Also, the high-pressure grinding rolls (HPGR) system in Toquepala will significantly increase the energy efficiency of our milling processes.

Over the last 3 years, we've reduced our energy usage in copper production by 8%, which means we are requiring less and less energy to produce a ton of copper in the Mining Division.

Climate change

G4-EN15, G4-EN16, G4-EN19, G4-EC2

Effects of climate change. Our efforts in the fight against climate change are focused on minimizing the effects and risks on our operations, guaranteeing the safety of our collaborators and our neighbor communities.

The risks associated with climate change include intense rains and droughts, and in this area we are developing engineering projects to reinforce our water management systems and improve water reuse in our production chain.

Climate change represents a series of risks for our organization which we are prepared to face.

The three principal types of risk that affect us are regulatory, physical and financial risks which, through our actions and projects, we have converted into challenges and opportunities for the business.

Emissions. The Mining Division is proactive in adopting good practices in managing GHG inventories. We participate in different national and international programs, such as the GEI Mexico Program and the Carbon Disclosure Project.

Also, in compliance with the National Emissions Register under the 2012 Mexican Climate Change Law, our GHG inventories are verified independently, action that we have been taking since before this was mandatory, preparing us to face the regulatory risks associated with climate change.

In the United States, our emissions are regulated by the Environmental Protection Agency (EPA), which requires us to report emissions from fixed combustion sources. In Peru, we are not yet required to report our emissions. However, we have a consolidated inventory of greenhouse gas emissions, which we present annually in this Sustainable Development Report and to the Carbon Disclosure Project.

In 2017, our Scope 1 emissions were equivalent to 1,836,792 tons of CO₂eq, and for Scope 2, we report 3,475,070 tons of CO₂eq. This means that nearly 35% of our GHG emissions come from the direct consumption of fuels and 65% are indirect emissions from energy consumption in our Mining Division.

GREENHOUSE GAS EMISSIONS	
Mining Division, 2017 (Millions of tons CO ₂ eq)	
Type	Percentage
Direct Emissions ³	1.84
Indirect Emissions ⁴	3.48

In 2017, our mine operations in Mexico generated 1,508 tons of nitrogen oxide (NOx) and 17,208 tons of sulfur oxide (SOx); meanwhile in Peru, we generated 32,784 tons of SOx and the emissions we generated in the United States were 186 tons of NOx and 17,238 tons of SOx.

Mitigating Greenhouse Gases.

We are working to mitigate emissions, taking actions aimed at: (i) more efficient energy use; (ii) developing

and consuming energy from clean and renewable sources, and (iii) promoting the capture of greenhouse gases, including reforestation projects to increase carbon absorption. Our mine operations have mitigated the indirect GHG emissions by consuming clean energy supplied by our Infrastructure Division affiliates that generate electrical power through high-efficiency combined cycle power plants and the “El Retiro” wind farm. By replacing traditional energy sources with more efficient and renewable sources, in 2017 we reduced our emissions by over 552,000 tons of CO₂eq.

During the year, we also capitalized on the power generated from our own energy sources. In Mexico, we capture smelter gases from the heat recovery boiler to generate energy. In Peru, we generate power from renewable sources with two hydroelectric plants, with a joint capacity of 9 MW.

Materials

G4-EN1, G4-EN2

Given the nature of our operations, we primarily process ore from deposits. Using pyrometallurgical and hydrometallurgical processes, we extract copper, zinc, silver, gold and molybdenum for sale. In 2017, we processed a total 489,070,000 tons of ore in three countries.

PROCESSED ORE	
Mining Division, 2015-2017	
Year	Millions of tons
2015	418.03
2016	447.10
2017	489.07

In 2017, we produced 16,271 tons of non-mine hazardous waste, 76% of which was recycled, reused or treated by third parties.

In our efforts to optimize resources, we try to reincorporate into our production processes the waste we generate, through reuse and recycling. Such is the case of anodic muds from the electrowinning process, which we reincorporate as raw materials to recover lead and precious metals.

Also, we give value to other waste, such as byproducts that can be used by third parties. In our quest for efficiency, we use a portion of the byproducts we generate, such as sulfuric acid, which we incorporate into the hydrometallurgical processes.

³ Direct Emissions: Include emissions from direct energy consumption, calculated according to the 2017 CRE emission factors and the 2017 CONUEE combustion factors.

⁴ Indirect Emissions: Include emissions from power consumption, calculated according to the 2017 Mexican Power Board power consumption emission factors (0.582 tons of CO₂/MWh), published by the CRE.

Waste management and spills

G4-EN23, G4-EN24, G4-EN25, G4-MM3

Waste management. The majority of the waste produced by the Mining Division is characterized as inert or low toxicity and of minimum risk to the environment. A large portion of this waste (72%) is overburden, the material generated when the deposit is opened, on removing the layers of earth to reach the ore we process. This waste is considered sterile material, therefore its impact on the environment is minimal.

Mine waste is disposed of in situ at our facilities, in waste-rock heaps, tailings dams and slag heaps. These infrastructure and engineering works adhere to the design and operation set by environmental regulations. At the end of their operating life, the leaching systems will be converted into heaps which will be treated according to environmental regulations.

Also, our smelting and refining processes include a comprehensive waste management system, by which we can recover a portion of our metallurgic waste.

We produced 16,271 tons of non-mine hazardous waste, 76% of which was recycled, reused and/or treated by third parties.

A total of 3,939 tons of non-mine hazardous waste were transported from our operations to treatment centers or sent for disposal by certified specialists, complying with local regulations. Additionally, no non-mine hazardous waste was exported this year out of the countries where we operate.

We also produce waste that is recycled and requires special handling, such as scrap metal and tires. Similarly, the degraded organic waste produced during the hydrometallurgical process is mixed with used oil and is used as fuel for blasting or sold to a third party as an alternative fuel.

Spills. We have infrastructure and procedures in place at our operations to ensure the safe storage and handling of materials, products and byproducts. We have emergency response plans that are immediately activated in the event of accidental spills, to reduce impacts.

In 2017, there was no spill having significant adverse impact on the environment.

Soil management and biodiversity

G4-EN11, G4-EN12, G4-EN13, G4-EN14, G4-MM1, G4-MM2

Management. The Grupo México Mining Division is committed to identifying, understanding and managing the impacts on the sites or species in the areas where we operate.

1. Prevent and identify potential environmental impacts, according to local regulations.
2. Proper handling of large volume waste, disposing of this in waste-rock heaps, tailings dams and slag heaps.
3. Mitigate environmental impacts through compensation measures, such as the rescue and relocation of species, soil conservation, restoration and reforestation.
4. Develop closure plans to restore and recover the environmental conditions after our mining rights are exhausted.
5. Leave the areas where we had operations in the best conditions possible, monitoring water bodies and implementing ongoing improvement actions according to local regulations.

The protected land at our operations totaled 485 km² in 2017. Some of our operations are near or adjacent to ecosystems with high biodiversity value or conservation areas for some species. We have specific actions and/or biodiversity management programs in Mexico and the United States, for regulatory reasons and also as part of our commitment to sustainability.

Restoration. The Grupo México Mining Division is committed to restoring the inactive lands at our sites in order to guarantee the preservation of their ecological value. In 2017, the Mining Division restored 109 km² of lands.

Biodiversity management in Mexico. Our Buenavista del Cobre is adjacent to the Sierra La Elenita, part of the West Sierra Madre range, which has high biodiversity value, and within the Bird Conservation Area. We have implemented plans to protect these areas and created the “El Mosco” Conservation Area and the Buenavista del Cobre Environmental Management Unit, which has an eco-path that offers educational and recreational activities along its 1.8 km trail, receiving approximately 5,000 visitors each year.

As part of our biodiversity conservation efforts, our Environmental Management Unit has 5.7 hectares of enclosures, which have been conditioned to replicate the natural habitats of threatened species or in danger of extinction, including the Mexican Gray Wolf and the Gould Turkey.

MINE WASTE Mining Division, 2017	
Material	Tons
Overburden	341,529,187
Tailings	151,756,292
Slag	1,816,658

The strategy of the Environmental Management Unit focuses on reproduction and release, and also regenerating ecosystems. This project clearly reflects our efforts to involve the community in the common challenge of protecting our environment, and particularly the biodiversity of Sonora.

Biodiversity management in Peru. At our operations in Peru, we continue to make important investments and maintenance actions as part of our Ite Bay remediation program in Tacna.

Over a 12 kilometer by 1,500 meter stretch of land, this successful contaminant removal program has created the largest wetland with the greatest diversity of water birds along the country's coastline, and has also become a tourist attraction contributing to the local economy. In 2017, the zone had more than 120 species of water birds and is home to an average 76,000 migratory and local birds.

Biodiversity management in the United States. Silver Bell is one of our sites that has biodiversity conservation programs, like the Ironwood Forest National Monument.

We have also been working to develop a wetland and mesquite forest, characteristic of the arid and semi-arid climates where we operate. Certain species of flora and

fauna have been identified at our operations and in the surrounding areas that we want to help protect, respecting the environmental conditions and, where necessary, we relocate the flora and fauna that would be affected with the expansion of our work areas.

Examples of this are our Mission mine (USA), where we relocated specimens of Pima Pineapple Cactus, and our Silver Bell mine (USA) with the Sonoran Desert Tortoise.

Protected species

PROTECTED SPECIES UNDER IUCN CLASSIFICATION Mining Division, 2017	
Category	No. of Species
Vulnerable	1
Low concern	42
Insufficient information	1

NOM-059-SEMARNAT CLASSIFICATION Mining Division, 2017	
Category	No. of Species
In danger of extinction	0
Threatened	11
Subject to special protection	10

Reforestation. We have the largest tree production capacity in the mining industry in Mexico, producing 4,966,200 trees in 2017. Over the last 5 years, we've increased our annual tree production by 187%.

We have 6 tree nurseries and greenhouses, producing local species for the reforestation and rehabilitation of ecosystems, including areas beyond our operations. On the one hand, these nurseries contribute to biodiversity and to enriching the flora and fauna, and on the other, they are natural carbon sinks, capturing CO₂ from the environment.

MINE CLOSURES

MM10

Approach. Mining is a cycle. When the exploitation of a deposit reaches its end, we have closure plans in place to manage the operation. Also, these plans contain financial provisions to guarantee the preservation and restoration of the sites. These are additional elements to our fulfillment of environmental regulations and our corporate responsibility.

Closure plans are prepared taking into account both environmental and social goals. In this regard, Grupo México surpasses the existing standards, executing closure plans that are in keeping with our sustainability strategy. In total, we have 19 closure plans for our Mining Division.

An example of the above are the efforts made at the old copper plant in San Luis Potosi, for which a remediation and urban reintegration plan was developed, following the highest standards of quality.

This confinement, which has been carried out in partnership with the local authorities, will create a space for urban reintegration projects and real estate development for commercial and residential zoning and recreation for the benefit of the community.

COMPLIANCE

Environmental certifications

In 2017, we maintained ISO 14001:2004 for four of our mines, 12 Clean Industry and 4 environmental quality certifications given by the Mexican Environmental Protection Agency (PROFEPA).

ENVIRONMENTAL QUALITY AND CLEAN INDUSTRY CERTIFIED FACILITIES

Mining Division, 2017

Facility	Certification
Light Smelter Equipment Shop	Environmental Quality
Central Smelter Maintenance Shop	Clean Industry
Smelter auxiliary services	Environmental Quality
Dust and effluent treatment plant	Clean Industry
Precious Metals plant	Clean Industry
Oxygen plant 1	Clean Industry
Oxygen plant 2	Clean Industry
Oxygen plant 3	Clean Industry
Supply Maintenance Shop	Environmental Quality
Lime Plant	Clean Industry
Guaymas Ocean Terminal	Environmental Quality
Cooper rod continuous casting plant	Environmental Quality
Hydrometallurgical plant - La Caridad	Clean Industry
Mine concentrator services - La Caridad	Clean Industry
Concentrator - La Caridad	Clean Industry
Industrial Minera México - central shop	Environmental Quality

Fines and sanctions

G4-EN29

No Mining Division subsidiary received any significant fine or sanction in 2017 for violations of environmental regulations in the regions where we operate.

TRANSPORTATION DIVISION

DIVISION

TRANSPORTATION

GROW

The Transportation Division has three guiding principles: Safety, Service and Productivity. Safety is a precondition that prevails at all levels, with the goal of zero accidents. Regarding service, our commitment is to improve the experience of our customers and to go beyond their expectations. This conviction is directly tied to the goal of being more productive, maximizing our efficiency in every process.

STRUCTURE OF THE DIVISION AND PRINCIPAL SUBSIDIARIES

G4-7

The Transportation Division of Grupo México is represented by its subsidiary GMéxico Transportes S.A.B. de C.V. (GMXT), comprised of:

Ferrocarril Mexicano, S.A. de C.V. (Ferromex)

Ferrosur, S.A. de C.V. (Ferrosur)

Intermodal México, S.A. de C.V. (IMEX)

Texas Pacifico LP, Inc. (TXP)

Florida East Coast Holdings Corp. (FEC)

Raven Transport, Inc.

SIGNIFICANT CHANGES IN THE ORGANIZATION

G4-13

Grupo México Transportes initial public offering. In November 2017, Grupo México Transportes announced the release of an initial public offering on the Mexican Stock Exchange under listing code GMXT. The offering was over-subscribed 2.5 times the base offering, reflecting the company's solid financials and growth potential. This transaction was a major milestone for GMXT, being the largest Mexican public offering in the last 5 years, and the largest transportation offering in Latin America, which will help to drive the long term growth strategy of the Transportation Division and will strengthen our presence in the local capital markets.

Acquisition of the Florida East Coast Railway (FEC). The Grupo México Transportation Division continues to expand its presence in the United States with the acquisition of the Florida East Coast Railway (FEC) covering the east coast of Florida, which represents the fourth largest economy in the United States with a GDP of US\$800 billion. The US\$2.100 billion purchase is an important strategic addition to the offering of transportation services in North America. This transaction will strengthen the Transportation Division in terms of the diversification of products transported and markets served.

PRINCIPAL SERVICES AND MARKETS

G4-4, G4-8, G4-9

Services. Grupo México delivers railroad freight transportation, multimodal and auxiliary services through its Transportation Division.

RAILROAD TRANSPORTATION	MULTIMODAL AND AUXILIARY SERVICES
<ul style="list-style-type: none"> • Presence in 24 Mexican states and 2 US states • Coverage of more than 80% of the Mexican GDP • 11,146 km rail network • Fleet of 862 locomotives and 34, 380 cars 	<ul style="list-style-type: none"> • Door to door freight services • Coverage in 12 Mexican states • 10 terminals • 502 trucks, 3,850 container trailers • 1,222 chassis and 33 cranes

The Transportation Division connects to five border points with the United States, with nine ocean terminals connecting to the rest of the world. There is also a rail ferry service that runs between Coatzacoalcos, Veracruz and Mobile, Alabama.

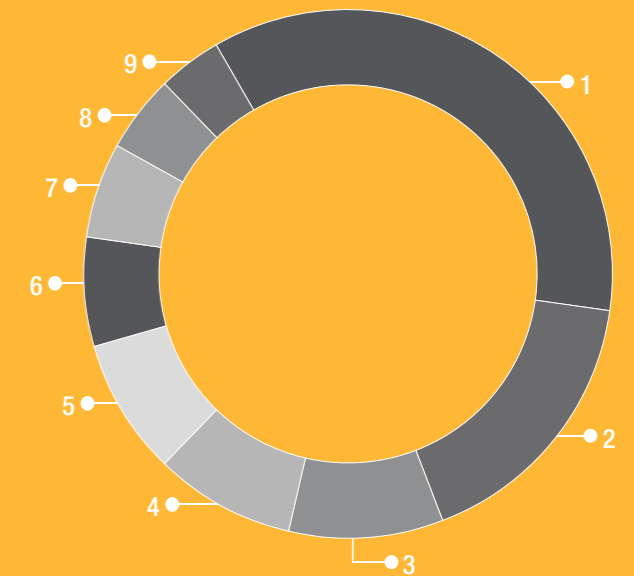
Markets served. The customers served by the Transportation Division are active in the agricultural, automotive, cement, energy, mining, steel, chemical, intermodal and consumer goods industries.

The volumes transported in 2017, in tons-kilometer, were 7% higher than in 2016. This growth was primarily driven by the intermodal, agriculture and mineral segments.

CONTRIBUTION BY SEGMENT

TONS-KILOMETER

	2017
1 Agriculture	21,081
2 Minerals	9,964
3 Intermodal	5,731
4 Chemical	5,058
5 Steel products	4,865
6 Energy	3,996
7 Cement	3,458
8 Automotive	2,678
9 Industrial	2,275



In 2017, Transportation Division sales were US\$2.049 billion, a 16% increase over 2016, with record EBITDA of US\$880 million, 14% higher than the year before.

INVESTMENTS AND PROJECTS

G4-EC7, G4-EC8

In the 19 years Ferromex has been in operation, we have invested US\$6.455 billion in the Transportation Division. These investments have been used for capacity development of the railroad infrastructure, to increase the fleet and for track maintenance, among other projects. Among other things, 80% of the concessioned lines have been reconstructed, doubling the volume of freight transported, making Mexico more competitive.

We invested US\$2.386 billion in 2017, which includes the purchase of the FEC and various infrastructure projects and operations, highlighting the following:

Tunnel gauge expansion. The tunnel gauge expansion project in the Tepic zone of the Guadalajara-Nogales corridor and Mexicali was completed in 2017, with double-stack container trains beginning

to pass through this Pacific region starting October 2017. This project represented a challenge because of its technical complexity and it was completed without major interruption of the rail service.

Piedras Negras South yard expansion. The construction of the Piedras Negras South yard was completed, increasing capacity 230% to receive, classify and dispatch trains, facilitating the growth in border traffics at this crossing.

Intensive refurbishment of track and bridges. In 2017, the overhaul of the “TA” line on the Nogales - El Tajo corridor was completed, giving the line the capacity to move longer and heavier trains, with higher-powered locomotives and better fuel performance, and with this, increasing the volume of traffic in the Cananea and El Tajo zone.

Bypasses. We began construction of the Celaya (24.5 km) and Monterrey (36 km) bypasses, which will reduce greenhouse gas emissions in these urban areas and will also reduce accidents at level crossings and improve the urban mobility, while increasing train speeds, decreasing fuel consumption and reducing vandalism in the urban areas.

Reconfiguration of the Monterrey yard. The reconfiguration of the Monterrey yard was started, which will double the capacity to receive, classify and dispatch trains.

PRINCIPAL RESULTS OF THE INFRASTRUCTURE PROJECTS AND OPERATIONS:

- Fuel savings (8%)
- Reduced risk of accidents
- 20.8% increase in train speed, delivering freight in shorter times
- Strengthening strategies to combat the theft of goods and train vandalism
- Decreased theft of goods and damage to equipment and facilities

CUSTOMER RELATIONS

G4-PR5

Quality Policy. We work under the mission to deliver a safe, efficient and reliable transportation service, contributing to strengthening the connectivity and competitiveness of the markets we serve. We have the vision of being the best option for transporting freight.

Our philosophy and values follow the guiding principles of Safety, Service and Productivity.

Customer Satisfaction. We conduct a monthly customer satisfaction review of our principle variables, including transit time, meeting delivery times for cars, car interchanges, and follow-up on complaints, among others. This information is reviewed quarterly with customers. The Customer Satisfaction Index (CSI) in December 2017 was 89.2%, which reflects ongoing improvement and is our motivation to perform better.

PROMOTE

WORKFORCE AND LABOR PRACTICES

Workforce

G4-9, G4-10

We closed 2017 with a workforce of 11,230 collaborators distributed through the Northern, Pacific and South-Central regions of Mexico, and also the subsidiaries IMEX, Texas Pacífico and Florida East Coast.

95% of our collaborators hold permanent contracts, which gives our workforce stability.

Transportation Division, 2015-2017

Year	Collaborators
2015	9,769
2016	10,077
2017	11,230

COLLABORATORS BY REGION Transportation Division, 2017

Region	Collaborators
Corporate	403
Field	8,928
Intermodal	610
Texas Pacífico	62
Florida East Coast	1,256
Total	11,230

COLLABORATORS BY AGE GROUP

Transportation Division, 2017

Age group	Collaborators
18-24	505
25-34	3,403
35-44	2,572
45+	4,750
Total	11,230

Freedom of association

G4-11, G4-LA4, G4-LA8

We have 8,586 unionized employees in the Transportation Division, representing 76% of the workforce. We guarantee freedom of association and maintain ongoing dialog with our collaborators and union representatives, discussing issues of labor conditions and workplace health and safety, which are reviewed regularly.

Equal opportunity and non-discrimination

G4-LA12, G4-HR3

Equal opportunity

The Transportation Division promotes labor inclusion and continuation of employment without discrimination and under equal opportunity. There is a cross-disciplinary approach to gender, where both men and women have access to well-paid positions, in decent and safe working conditions.

The activities of the railroad transportation sector are predominantly performed by men. In 2017, 96% of our workforce were men. However, at the corporate level, 33% of collaborators were women.

PARTICIPATION OF WOMEN BY COLLABORATOR CATEGORY

Transportation Division, 2017

Organizational Level	Total Collaborators	No. of Collaborators that are Women	% Women
Senior Management & Supervisors	390	64	16.41
Senior Technicians	374	71	18.98
Junior Technicians	982	183	18.64
Specialists	898	157	17.48
Assistants	8,586	28	0.33
Total	11,230	503	4.48

Non-discrimination. In the Transportation Division, and throughout Grupo México, we respect the rights of our collaborators. We fight discrimination, respecting the principles under which the company operates. The most important instrument is our Code of Ethics, which establishes respect for human dignity and the rejection of any type of discrimination. We do not discriminate on the basis of ethnic origin, gender, age, disability, social condition, political affiliation, health condition, religious beliefs, immigration status, opinions, sexual preference or marital status.

Reporting and suggestions line. The Transportation Division has an online mechanism for suggestions and reporting known as “ayúdanos a ser mejores” (help us improve),¹ where people can send us their comments and questions.

It should be noted that this mechanism is not exclusive to employees, it is also open to customers, suppliers and to the general public. The internal audit department receives firsthand all the information submitted and channels this to the appropriate area for attention.

Base salary and wage equality

G4-EC5, G4-LA13

The Base Salary includes the basic wage, productivity bonuses, cash benefits and profit sharing, where applicable. During 2017, the average Base Salary in the Transportation Division was equal to more than 12 times the local minimum wage.

There is no difference in base salary between men and women. The company follows a technical assessment system that looks at functions and responsibilities, not the person. Also, there is a salary table that reviews performance without distinction of gender.

BASE SALARY WOMEN TO MEN RATIO

Region	Senior Management & Supervisors	Senior Technicians	Junior Technicians	Specialists	Assistants
Corporate	0.95	0.98	1.00	1.00	NA
Field	1.00	0.86	0.95	0.89	1.00
Intermodal	1.00	0.62	1.12	NA	1.00
*Texas Pacifico	1.00	1.00	0.94	NA	NA
*Florida East Coast	1.00	0.97	0.95	1.00	1.00

*Salaries in US\$

Attracting and retaining personnel

G4-LA1

In an environment where there are different reasons for changing jobs, we've been working to reduce our turnover rate, offering benefits above those required by law, training and career development plans.

In 2017, there were 375 new hires in the Transportation Division.

NEW HIRES

Transportation Division, 2015-2017

Region	Age groups				Gender	
	18-24	25-34	35-44	45+	Male	Female
Corporate	7	37	5	7	29	27
Field	24	150	22	3	178	21
Intermodal	15	75	27	3	113	7
Texas Pacifico	7	5	3	2	15	2
Florida East Coast	4	14	13	13	37	7

TURNOVER RATE*

Transportation Division, 2015-2017

Year	Percentage
2015	7.2%
2016**	11.2%
2017	7.17 %

*The turnover rate includes dismissals, retirements and deaths.

**426 people were laid off during an organizational restructuring and they were not replaced.

TURNOVER RATE BY GENDER*

Transportation Division, 2015-2017

Gender	Separations	Turnover Rate
Male	719	6.7%
Female	86	17.1%

*This indicator should be read taking into account that most collaborators are men.

TURNOVER RATE BY AGE GROUP

Transportation Division, 2017

Age Group	Percentage
18-24	6.3%
25-34	6.9%
35-44	4.8%
45+*	8.7%

*This figure includes retirements.

¹ <https://www.ferromex.com.mx/contacto/denuncias.jsp>

Employee benefits

G4-LA2

We offer the following benefits above those required by law to contribute to the wellbeing of our collaborators:

Unionized personnel	Administrative personnel
- Savings fund	- Life insurance
- Assistance for school supplies	- Grocery vouchers
- Vouchers for basic foodstuffs	- Savings fund
- Life insurance	- Major medical insurance
- Incentives to get involved in sports	- Pension plan
- Sports facilities for railroad employees	- Cafeteria service
- Travel expenses, where applicable	- Transportation service
- Holidays according to the union calendar	- Personal loans
- Assistance for funeral expenses	- Loan for computer equipment
- Transportation service	- Parking

TRAINING AND CAREER DEVELOPMENT

Training

G4-LA9, G4-LA10

The railroad transportation sector demands a highly specialized type of training for personnel. Because of this, the Transportation Division offers a comprehensive training program that seeks to continually improve the performance of our collaborators.

In 2017, we provided 386,505 training hours, with an average 34 hours per collaborator.

TRAINING HOURS Transportation Division, 2015-2017	
Year	Thousands of hours
2015	309
2016	310
2017	387

Performance review

G4-LA11

In 2017, all non-unionized personnel were reviewed. This process aims to assess the performance of employees during the year, to identify areas of opportunity and training needs to then set goals for the next year.

STAGES OF THE PERFORMANCE REVIEW Transportation Division	
Definition of goals	Carried out at the beginning of the year, based on criteria known to the collaborator and their supervisor.
Follow-up on goals	Supervisors follow up with each collaborator during the year.
Annual performance review	The collaborator is reviewed at the end of the year and asked for written comments on weaknesses and areas of opportunity.

WORKPLACE HEALTH AND SAFETY

Occupational Safety

G4-LA5, G4-LA6

Approach. One of the greatest challenges in our industry is fostering a culture of accident prevention and leadership in workplace safety. The Grupo México Transportation Division is committed to dedicating resources and efforts to create safe workplace environments for our 11,230 collaborators.

As part of this strategy, we have health and safety committees in the different levels of the organization, which ensure the improvement of all work areas. 11% of our personnel participate directly in these committees, representing 100% of our collaborators. The types of health and safety committees that were active in 2017 were:

- Safety Committee
- Safety Subcommittee
- Health and Safety Commission

In addition to the operation of these committees, at the end of 2017, we started the implementation of a Zero Tolerance Program, a behavior system that seeks to establish best practices in workplace safety to generate a culture of prevention in the company. This plan was developed following a review of accidents in recent years to identify their causes and establish control measures. The initiative will be audited to measure its effectiveness.

We run an ongoing awareness campaign on safety measures among employees via corporate screens and screen savers on staff computers.

Performance: The accident rate was reduced 27% in 2017, compared with 2016.

100 Also of note is that 3, 683 collaborators were trained in occupational health and safety, providing a total 34,594 man/hours of training on these topics in 2017.

INCIDENT RATE (IR)

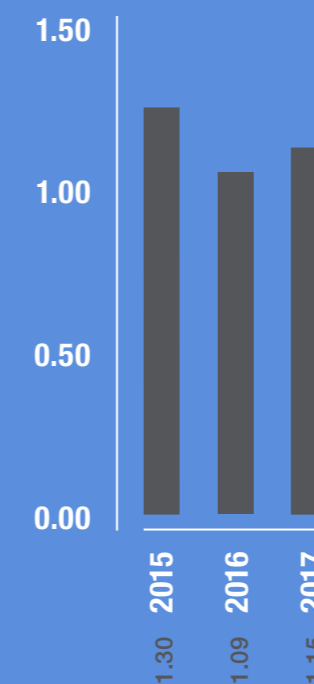
Transportation Division, 2015-2017



$$IR = \frac{\text{No. of incapacitating accidents} \times 200,000}{\text{Total man hours worked}}$$

SEVERITY RATE (SR)

Transportation Division, 2015-2017



$$SR = \frac{\text{No. of days lost} \times 1,000}{\text{Total man hours worked}}$$

The safety of our personnel is our top priority, therefore we deeply regret the loss of one collaborator in 2017. In response to this incident, the company supported the collaborator's family, offering assistance to expedite the processing of the life insurance, and also covered the funeral expenses. Initiatives aimed at guaranteeing a safe workplace have been strengthened, through training and safety programs.

2018 Goals. Our goal is to complete the year with no fatalities and to reduce our occupational accident rate to below 1.80.

Occupational health

G4-LA7

Approach. To foster a healthy workplace and to change risky behaviors and conducts observed in our collaborators, we have developed occupational health programs and we continually monitor our indicators in this area.

OCCUPATIONAL HEALTH PROGRAMS FOR COLLABORATORS

Comprehensive health monitoring programs. Periodical medical examinations.

Monitoring and prevention programs for illnesses related to exposure to agents in the workplace (noise, vibration, welding smoke).

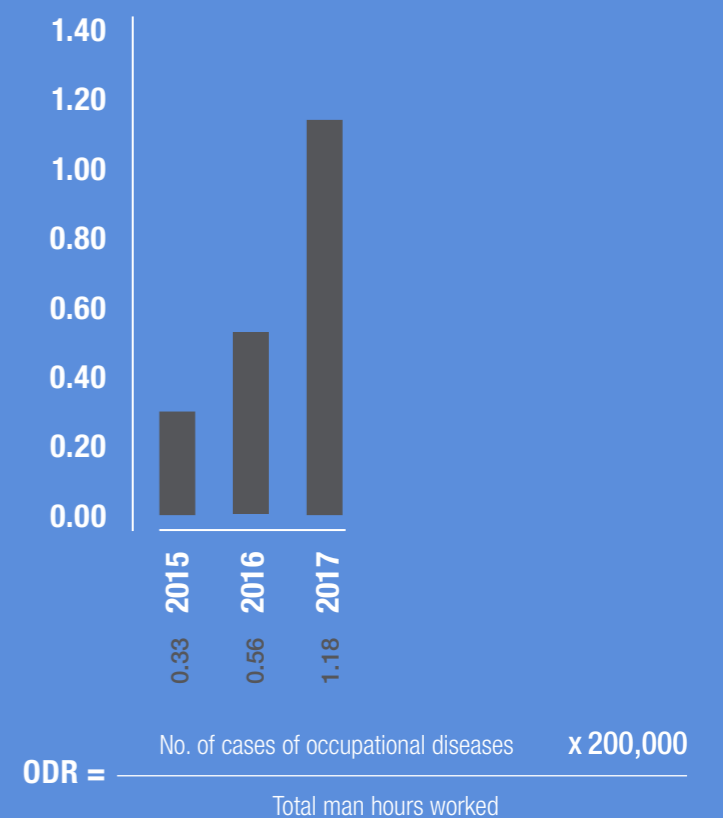
Health promotion and education programs (high blood pressure, diabetes, nutrition, obesity, etc.).

Vaccination campaigns (tetanus, hepatitis, influenza).

Aptitude monitoring (physicals, alcohol and drug testing, fatigue).

Performance. In 2017, we experienced an increase in the number of occupational diseases, principally deafness and back problems, associated with the seniority and

OCCUPATIONAL DISEASE RATE (ODR) Transportation Division, 2015-2017



age of our train personnel. We are working on strengthening in-house campaigns on the correct use of personal protective equipment and the correct performance of duties, preventing health risks.

2018 Goals. Our goal for 2018 is to reduce our occupational disease rate by 10%.

COMMUNITY LINKAGE

G4-S01, G4-S02

For the Grupo México Transportation Division it is essential that we maintain a relationship of respect and linkage with the residents of the communities through which our trains pass. To achieve this, we invest financial, technical and human resources in community projects.

In keeping with this vision, Ferromex, Ferrosur and Intermodal México were recognized in 2017 as Socially Responsible Companies. This distinction recognizes our ongoing efforts to achieve specific goals in sustainable development responsibility to the community, customers and collaborators.

LINES OF ACTION IN OUR COMMUNITY LINKAGE

1. Solidarity

Dr. Vagón: “The Health Train”. Offers free medical services in remote communities where the train travels.

Donations. Deliver and mobilize support in emergency situations following natural disasters.

Ferromex Community Centers. Create spaces for recreation and the development of the communities through which the train passes.

2. Support for Indigenous Communities

Community transportation. Making passenger transportation services on the Chihuahua-Pacific (Chepe) railroad available to communities in Chihuahua and Sinaloa, contributing to the economic and social development of these communities.

Free transportation of goods. Transporting foodstuffs and supplies free of charge to vulnerable groups in the Sierra Tarahumara and anywhere else in the country in cases of emergencies due to natural disasters.

3. Interaction of the railroad with the community

Roadworks. Projection and completion of works projects to improve roadways, with safety as a priority.

Campaigns and workshops. Promote road safety at level crossings, and also through radio and television spots, and social networks.

4. Fostering tourism

Fostering tourism and job creation in the Sierra Tarahumara through the Chepe tourist train.

Solidarity

Doctor Vagón. The Health Train celebrated three years in operation in 2017, delivering 266,440 free comprehensive medical services to 61,212 patients in 30 communities in 15 Mexican states, traveling a total 15,443 kilometers.

Dr. Vagón is a train equipped with a mobile clinic. It has 13 cars with doctor’s offices, labs, specialization offices, pharmacy (audiometry, hearing devices and eyeglasses), dormitories and a cafeteria for the doctors that travel to these remote communities, delivering free health services.

The Health Train is a project that involves a large number of people at Ferromex and Ferrosur to prepare the infrastructure and operations for the train to reach remote areas, for which special works projects are undertaken to accommodate the train.

Of note are the efforts of Dr. Vagón from September 14 to 26 in the municipalities of Ixtepec and Juchitan in Oaxaca in response to the state of emergency following the earthquakes. For this special project, the train was urgently mobilized from the north of the country, we provided 5,200 doctor’s visits and delivered 6,980 medications and 24 hearing devices. Also, the train served as a first response center due to the damage caused to various medical clinics in the state.

Donations. In response to the state of emergency that Mexico experienced after the September 2017 earthquakes, the Grupo México Transportation Division used the rail network to transport foodstuffs, supplies and construction materials to the affected communities. We also transported heavy machinery and equipment to remove debris, and donated specialized material for precision cuts, equipment that was very useful in accelerating the search and rescue efforts in various of the zones most affected in Mexico City.

In 2017, more than 243 tons of foodstuffs and personal hygiene items were transported to benefit 35,369 people.

Additionally, computers were delivered to schools near the train lines in Puebla, Tlaxcala and Queretaro. These initiatives endeavor to aid youth to improve their quality of life and to have access to modern equipment to continue their learning.

In December, the FEC runs the Santa Train to the Florida communities through which the train passes. In 2017, the train delivered 16,000 toys and books to children. Also, employees donated US\$98,000 to the United Way, which supports education, financial stability and health programs.

The Texas Pacifico railroad donated US\$25,000 to the Red Cross to support efforts in Texas following Hurricane Harvey.

Ferromex Community Centers. In 2017, Ferromex opened spaces for community activities, known as Centros de Integración Ferromex, in: Penjamo, Guajuato and Cañada Morelos, Puebla, which were delivered to the municipalities for their operation. The municipal authorities are using these centers to offer different courses and workshops.

Supporting indigenous communities

Community transportation. In 2017, we affirmed our commitment to the community by continuing to issue reduced rate cards to isolated low-income communities, whose only means of transportation is the train. With these cards, users pay only 20% of the ticket price to travel in economy class. This program operates in collaboration with the State Commission on Indigenous Peoples and the Chihuahua State Department of Social Development, and local agencies along the rail route.

REDUCED RATE PROGRAM 2017		
New reduced rate cards delivered	Valid reduced rate cards	Passengers transported
1,300	33,958	51,574 people

The program will continue in 2018 and we expect to deliver 10,000 new reduced rate cards.

This effort helps passenger train users to access medical services, educational institutions, commercial areas, in addition to arriving on time for their jobs outside of the Sierra.

Free transportation of goods. As part of our social commitment in support of the communities of the Sierra Tarahumara, we offer free transportation of goods, which consists of basic foodstuffs and supplies donated by government agencies and charity organizations.

In the state of Chihuahua, 311 tons of goods were transported, impacting 24,412 people in four Tarahumara communities: Creel, Temoris, Cuauhtemoc and Bahuichivo.

Organizations benefited from the transportation of goods and supplies:

- Mexican Red Cross
- Casa del Migrante Santa María de Guadalupe
- Consejo Asistencial Clínica Santa Teresita
- Banco de Alimentos Cuauhtémoc
- Parishes
- Banco de Alimentos de Cuauhtémoc A.C.
- DIF Mexicali

Interaction of the railroad with the community

Infrastructure development. In Mexico, we are working on projects aimed at improving road safety in the communities through which the train passes.

In 2017, construction began on split-level vehicle crossings and pedestrian crossings in Guanajuato, Veracruz, Coahuila, Sonora, Jalisco, Hidalgo, Puebla, Nayarit, Durango and Michoacan. These projects will increase road and pedestrian safety, modernize the urban infrastructure, and reduce traffic congestion.

Of the projects mentioned, the construction of a vehicle overpass in Piedras Negras has been completed, representing an investment of US\$1,057,083.

We also began the construction of two bypasses, one in Celaya and another in Monterrey, which will improve safety in the nearby areas, reducing the risk of accidents and ease traffic. The budgeted investment for the bypass projects is US\$148 million.

These efforts, among others, are aimed at reducing the accident rates. The figures show we're on the right path.

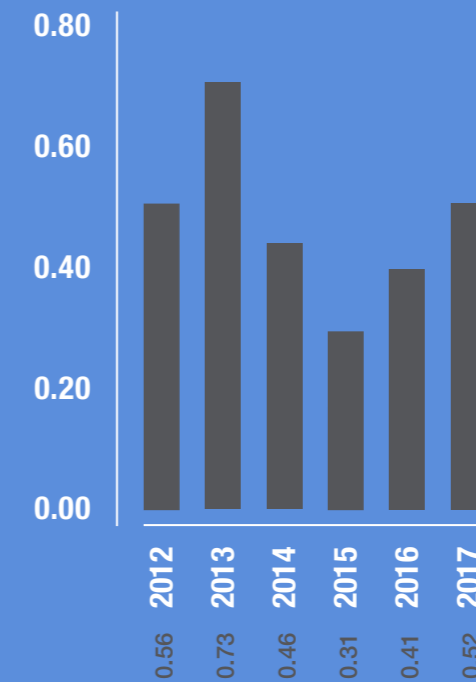
2018 Goals. Our goal this year is to maintain an accident rate below 0.30 for both companies.

Training on accident prevention at level crossings. We are continually working with different groups and sectors to raise awareness on the importance of respecting the rules of the road at level crossings to prevent accidents. A radio and television campaign was conducted in cities in the states of Chihuahua, Guanajuato and Sinaloa, where we have high accident rates. Also, informational talks were held with truck drivers in Jalisco, Durango, Guanajuato, Coahuila and Sonora, to discuss the Official Mexican Standards on signaling, to foster respect for level crossings, and to reduce accidents.

In partnership with the Mexican Railroad Association and the Mexican Red Cross, "Cuidado con el Tren" (Watch Out for the Train) workshops were held in schools in areas near the train routes in states where we have higher accident rates. In

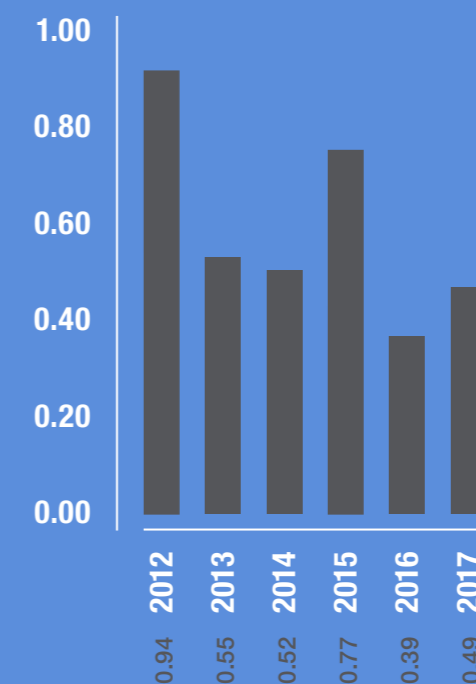
FERROMEX ACCIDENT RATE (ACCIDENTS / BGTK)

Transportation Division, 2012-2017



FERROSUR ACCIDENT RATE (ACCIDENTS / BGTK)

Transportation Division, 2012-2017



2017, 36 schools were visited in seven states (Sinaloa, Chihuahua, Guanajuato, Queretaro, Michoacan, Tamaulipas, Estado de Mexico), directly impacting 7,750 children.

The Texas Pacifico and the FEC work closely with the organization “Operation Life-saver” on prevention campaigns and projects to eliminate accidents and incidents at level crossings.

Fostering tourism

Chepe and Chepe Express. The Transportation Division continues to support tourism in the Chihuahua-Pacific region through a diversification of services, in synergy with the state and federal authorities.

The Chepe provides a tourism service through the copper canyons, offering visitors the opportunity to experience the Tarahumara culture and enjoy the natural resources of this region. The train supports the regional economy and creates direct and indirect jobs.

Due to the increased traffic and demand for passenger train services in recent years, a new service will be launched in 2018, Chepe Express, which will offer national and international tourists a unique luxury travel experience.

PROTECT

ENVIRONMENTAL MANAGEMENT AND PERFORMANCE

Energy and energy efficiency

G4-EN3, G4-EN6, G4-EN27

Energy consumption. Our energy supply is primarily fuels, particularly diesel, which we use to operate the locomotives. Diesel represents 96% of the total energy consumed by our transportation operations.

Fuel savings. The Automatic Engine Start Stop (AESS) system controls the engine start/stop system, reducing fuel consumption when trains are stopped. This technology saved us 16,873,810 m³ of diesel, 38% more than in 2016.

FUEL CONSUMPTION Transportation Division, 2017	
Year	Terajoules
2015	18,552
2016	16,794
2017	19,908

DIESEL SAVINGS (AESS System & Manual Operation Millions of liters saved) Transportation Division, 2017	
Year	Millions of liters
2015	15.13
2016	12.25
2017	16.87

POWER CONSUMPTION Transportation Division, 2017	
Year	Terajoules
2015	107
2016	107
2017	127

Energy efficiency. Our Transportation Division strives to move more with less, with initiatives that contribute to improving energy efficiency by perfecting operating processes, which has improved fuel performance by 6% for Ferromex and 3% for Ferrosur.

FUEL PERFORMANCE (L/TGTK) Transportation Division, 2017

Year	L/TGTK
2015	4.35
2016	4.2
2017	3.94

FERROMEX Transportation Division, 2017

Year	L/TGTK
2015	6.24
2016	6.25
2017	6.08

In 2017 we started testing a trip optimizer system. This tool performs calculations to determine the optimal ton/liter and horsepower required per ton-Km/liter. From the analysis of the data, the system can automatically control aspects such as the regulator and dynamic brake, to reduce fuel consumption, increase speed, and improve handling.

Climate Change

G4-EN15, G4-EN16, G4-EN19, G4-EC2

Effects of climate change. Climate change is a growing risk, particularly for the operations of our

Transportation Division, for which we have prepared action plans.

At Grupo México, we identify the risks, and monitor and implement initiatives to be better prepared to address damages to our facilities, from damages to the signaling systems to landslides and floods that could interrupt the railroad operation.

We have specific action plans for different scenarios, aimed at minimizing the impact:

- Action plans and dissemination of the measures to be used in the event of any natural phenomena.
- Multi-year program to reinforce bridges, unpaved and paved roads, and drainage and natural water channels.
- Adjustments to train scheduling.

All our infrastructure construction and expansion projects are designed according to technical criteria set by the Mexican Water Board (CONAGUA) and the International Boundary and Water Commission (IBWC), to support and reduce the impacts of meteorological phenomena and the surface water flows in the railroad infrastructure and operation.

Greenhouse Gas Emissions (GHG). The railroad releases only a quarter of the greenhouse gas emissions (GHG) that trucks release, per ton-kilometer transported, measured in millions of CO₂ equivalents. In 2017, we emitted a total of 1,502,130 tons of CO₂eq, 1.4% of which come from power consumption and the remaining 98.6% from the use of fossil fuels.

GREENHOUSE GAS EMISSIONS (Millions of tons CO₂eq) Transportation Division, 2017

Direct emissions ²	1.48
Indirect emissions ³	0.02

Mitigation of Greenhouse Gases. The Transportation Division has taken various important actions to reduce the consumption of diesel, including purchasing AC locomotives, installing operating and fuel optimization devices in locomotives, and improving operating practices. This, together with the use of renewable energy sources, led in 2017 to the mitigation of 51,998 tons of CO₂eq, equal to taking 11,134 cars off the road for a year.

MITIGATION ACTIONS Transportation Division, 2017

Initiatives	Tons CO ₂ eq
Savings of 16,873,810 m ³ of fuel due to the Automatic Engine Start Stop (AESS) systems	45,064
Consumption of 11,913,923 KWh of renewable electricity from the Infrastructure Division's "El Retiro" Wind Farm	6,934
Total	51,998

² Direct Emissions: Include emissions from direct energy consumption, calculated according to the 2017 SEMARNAT emission factors and the 2017 CONUEE combustion factors.

³ Indirect Emissions: Include emissions from power consumption, calculated according to the 2017 Mexican Power Board power consumption emission factors (0.582 tons of CO₂/MWh), published by the CRE.

Half of the Florida East Coast Holdings Corp. (FEC) locomotives have the flexibility to operate with diesel or LP gas, which helps us to optimize operating costs and reduce our environmental impact by producing less greenhouse gas emissions.

The railroad continues to be an excellent option for transporting freight, being four times more efficient in fuel consumption than trucks. This means that a single train, equal to 300 freight trucks, releases 75% less greenhouse gas emissions. In this manner, we are contributing to considerably reducing pollution and the effects of climate change.

Materials

G4-EN1, G4-EN2

The railroad operations of our Transportation Division use primarily track, sleepers and ballast. Of note is that we have a smelter slag reuse project, as a substitute for ballast.

MATERIALS Transportation Division, 2017			
Material	2015	2016	2017
Ballast (m ³)	451,414	337,016	352,992
Sleepers (pieces)	489,593	664,814	338,637
Track (tons)	29,947	33,788	28,564
Smelter slag used as ballast (m ³)	147,024	110,878	87,776

Waste management and incidents involving hazardous chemical products

G4-EN23, G4-EN24, G4-EN25

Waste management. We generated 1,059 tons of hazardous waste, which we manage in strict adherence to regulations for handling, storage and sending for recycling and/or final disposal.

A large portion of this waste is reused by authorized third parties and the rest is sent for controlled confinement. This waste includes lubricant oil (58% of the total hazardous waste) which is used to

produce alternative fuels, and lead batteries are used to make new accumulators. The Transportation Division does not generate significant waste requiring special handling.

HAZARDOUS WASTE Transportation Division, 2017	
Waste	Tons
Oil	586.75
Muds (water treatment plant)	186.56
Alkaline batteries	8.54
Other solid hazardous waste	277.12

Our approach is the same with waste requiring special handling, some of which is reused and/or recycled, such as scrap steel, obsolete vehicles or machinery, and wood sleepers.

Incidents with hazardous chemicals. We have mechanisms and procedures in place to prevent and take action in emergency situations involving hazardous chemical products.

There are safety committees in place in nine Mexican states for the transportation of hazardous materials. Firefighters, civil protection and local industrial sectors serve on these committees, which, among other things, conduct chemical drills and develop response mechanisms to protect the first responders (fire and/or civil protection) to accidents involving hazardous materials.

We also have a contingency program, which defines the guidelines to prevent chemical accidents, restoration of environmental impacts, and return to normal operations.

ACTION PROTOCOL IN CASE OF CHEMICAL SPILLS

Prevention	The prevention actions the safety committee will take are defined.
Response	On the occurrence of an incident, the chemical emergency contingency plan is activated.
Remediation	With the emergency under control, the track is reported as clear and the damages to the track and surrounding areas are surveyed.
	The damages to equipment and infrastructure are assessed and quantified, as well as the environmental restoration at the scene of the accident (as applicable).

Spills. In 2017, we had a spill of 500 tons of copper concentrate in the Pacific region (PKT 183+800). The spill response protocol was activated immediately, removing and disposing of the concentrate in an environmentally safe way, without affecting the environment or the nearby communities.

Water*

G4-EN8, G4-EN9, G4-EN10, G4-EN22, G4-EN26

Water is primarily used in the Transportation Division for washing locomotives and cars, and also for the cooling systems. In 2017, we consumed 252,603 m³ of water.

74% of first use water came from underground sources, 23% from the city water supply and 4% from water trucks. There was a 16% decrease in water consumption this year, representing savings of 47,176 m³. We also have an awareness program to promote the efficient use of water among our collaborators.

WATER CONSUMPTION - UNDERGROUND
Transportation Division, 2017

Year	m ³
2015	148,568
2016	163,661
2017	185,777

* The water consumption reported considers only the operations of Ferromex, Ferrosur and IMEX. We are working on consolidating the water consumptions in the United States.

WATER CONSUMPTION - SURFACE
Transportation Division, 2017

Year	m ³
2015	105,663
2016	136,118
2017	66,826

Biodiversity

G4-EN11, G4-EN12, G4-EN13, G4-EN14

Most of our Transportation Division operations are not located in protected areas, with the exception of 25 kilometers of track that cross an area that was declared protected after the track was built.⁴

When our operations could impact the biodiversity by passing through zones declared protected, we comply with the requirements of the environmental authorities from the design stage, construction, to operation. We also have monitoring mechanisms in place for clearing vegetation and soil erosion and compaction.

We routinely monitor and assess potential impacts, to establish preventive and corrective measures. In this regard, we have restoration plans in place that include reforestation and subsequent maintenance to ensure the survival of specimens that are relocated. Also, fauna that may be effected are rescued and relocated.

No protected species, according to the NOM-059-SEMAR-NAT-2010 or International Union for the Conservation of

⁴ The protected zones are located in the states of Baja California, Sonora, Sinaloa, Colima, Coahuila and Veracruz.

Nature (IUCN) classifications, have been found around our rail operations and projects.

COMPLIANCE

Environmental certifications

In 2017, five of our sites maintained environmental quality certifications given by the Mexican Environmental Protection Agency (PROFEPA) under this voluntary program that requires an environmental audit to review the company's environmental risk processes and regulatory compliance.

SITES CERTIFIED IN ENVIRONMENTAL QUALITY
Transportation Division, 2017

Shop and Fueling Zone in Tierra Blanca
Shop and Fueling Zone in Veracruz
Railcar Shop in Coatzacoalcos
Shop and Fueling Zone in Orizaba
Fueling Zone in Puebla

Fines and sanctions

G4-EN29

Fines and sanctions. In 2017, no Transportation Division subsidiary received any significant fine or sanction for violations of environmental regulations in the regions where we operate.

INFRASTRUCTURE DIVISION

DIVISION INFRASTRUCTURE

GROW

STRUCTURE OF THE DIVISION AND PRINCIPAL SUBSIDIARIES

G4-7

The Infrastructure Division of Grupo México is represented by its subsidiary México Proyectos y Desarrollos, S.A. de C.V. (MPD), comprised of:

México Compañía Constructora, S.A. de C.V. (MCC)

Grupo México Servicios de Ingeniería, S.A. de C.V. (GMSI)

Controladora de Infraestructura Petrolera México, S.A. de C.V. (PEMSA)

Controladora de Infraestructura Energética México, S.A. de C.V. (CIEM)

Concesionaria de Infraestructura del Bajío, S.A. de C.V. (CIBSA)

PRINCIPAL SERVICES AND MARKETS

G4-4, G4-8, G4-9

Customers and services. Through the Infrastructure Division of Grupo México, we offer engineering and construction services, power generation, and also onshore and offshore drilling as well as the leasing and operation of oil rigs; we also operate and maintain highways under concession.

The Grupo México Infrastructure Division has more than 80 years experience and over 200 major projects completed in 24 Mexican states.

Construction	Engineering Services
<ul style="list-style-type: none"> Public and private infrastructure projects, including: hydroelectric and storage dams, highways, thermoelectric plants, railroad projects, mining projects, manufacturing plants, petrochemical plants, and residential projects. 	<ul style="list-style-type: none"> Comprehensive engineering services for industrial projects, principally in the mining, metals, chemical, petrochemical and oil sectors.

Drilling	Power Generation
<ul style="list-style-type: none"> • Drilling for the exploration of oil, water and geothermal energy, including related services, such as directional drilling, cementation and drilling fluids. • Onshore and offshore drilling equipment leasing (5 jack-up and 2 modular rigs). 	<ul style="list-style-type: none"> • Power generation through two natural gas combined cycle power plants (La Caridad I and La Caridad II), with an installed capacity of 516 MW, and a 74 MW wind farm (El Retiro) with 37 wind turbines.
Highway infrastructure operation	
<ul style="list-style-type: none"> • Operation and maintenance of the Salamanca-Leon highway, with an average daily traffic of 11,970 vehicles (2017). 	

Results. Infrastructure Division sales were US\$582 million in 2017, 4% less than in 2016. EBITDA was US\$233 million, representing a year-over-year decrease of 16%, principally attributed to the reduced usage of the PEMSA equipment due to the suspension of various contracts and the reduction of the rig rates by PEMEX.

México Compañía Constructora sales were US\$138 million, a 13% increase over 2016, while Grupo México Servicios de Ingeniería reported an 8% year-over-year increase with sales of US\$18 million.

In 2017, Controladora de Infraestructura Petrolera México reported sales of US\$111 million, with EBITDA of US\$47 million. The weighted operating efficiency for the rigs this year was 95.8%.

In terms of production and sales, 2017 was a record year for Controladora de Infraestructura Energética México. The increased operation of the generating plant in Nacozari, Sonora, due to increased demand from our self-supply partners, resulted

in sales of US\$302 million. This represents an 18% increase over 2016. The subsidiary also reported EBITDA of US\$108 million.

Grupo México Autopistas reported a record US\$35 million in revenue from the Salamanca-Leon highway, and an average weighted daily traffic of 11,970 vehicles, representing a 23% increase in revenue over 2016. Traffic was also 39% above the figure committed to the Department of Transport and Communications.

INVESTMENTS AND PROJECTS

G4-13, G4-EC7, G4-EC8, G4-EN27

The Infrastructure Division has been contributing to the development of the infrastructure in Mexico for over eighty years. In 2017, we invested US\$27 million in projects. Some of our principal projects are described following:

New Mexico City Airport. For the new Mexico City airport, México Compañía Constructora built a 14 km access rail line to carry the construction materials and part of the basic infrastructure for this megaproject.

Highway infrastructure. Regarding the Salamanca-Leon highway, México Compañía Constructora completed construction of the Leon access route and the inland port in Silao, Guanajuato.

Mining sector projects. México Compañía Constructora worked on the reinforcement and maintenance of the containment walls of Tailings Dam No. 3 at the Mining Division's Buenavista del Cobre site and also continued the work in phase 2 of a new tailings dam, guaranteeing a 10-meter dam wall. This year, we completed work on the Quebalix IV dam, the construction of a contingency dam and a recovered water reservoir.

We also worked on the construction to raise the dam wall on Tailings Dam No. 7 at the Mining Division's La Caridad mine in Nacozari de García, Sonora.

During 2017, Grupo México Servicios de Ingeniería completed the detailed engineering for the Toquepala mine in Peru.

Railroad sector projects. México Compañía Constructora continued to work on projects for the railroad industry, expanding all the tunnels along the "Plan de Barrancas" which will allow double-stack trains to travel on the Guadalajara-Tepic line. Construction is complete on the expansion of the automotive terminal at Monterrey, which included reconfiguring the tracks in the main yard and a fueling zone was constructed at Rio Escondido, Coahuila.

Grupo México Servicios de Ingeniería was awarded the Ferromex tender for the Celaya bypass project, a project that will be two years in development.

Maintenance of the combined cycle power plant.

In 2017, we made modifications to the “La Caridad I” combined cycle power plant as part of a scheduled maintenance program, to improve the productivity and profitability of the plant. “La Caridad II” will receive maintenance in 2018.

CUSTOMER RELATIONS

G4-PR5

Quality Management. In the Infrastructure Division, we are continually striving to deliver our services to the highest standards of quality. To achieve this, we maintain

close contact with our customers, listening to their opinions through logs, notices, meeting minutes, complaint and suggestion boxes, website, email, among other media. The information we gather is analyzed and used to develop strategies to enhance our experience and to improve the satisfaction of our customers and users.

During its 11 years, México Compañía Constructora has maintained ISO 9001 quality management certification. PEMSA also holds ISO 9001 certification for its Carmen Sector administrative offices, cement plant and Sonora rig. Also, Concesionaria de Infraestructura del Bajío, as operator of the Salamanca-Leon highway, celebrates its second year with an ISO 9001 certified quality management system.

PROMOTE

WORKFORCE AND LABOR PRACTICES

Workforce

G4-9, G4-10

COLLABORATORS BY SUBSIDIARY
Infrastructure Division, 2017

Subsidiary	Collaborators
MCC	2,159
GMSI	382
CIEM	75
PEMSA	531
CIBSA	215
Total	3,362

In 2017, we had an average total workforce of 3,362 collaborators in our 5 principal subsidiaries. 84% of these collaborators have a permanent contract, which gives our personnel stability in their employment.

COLLABORATORS
Infrastructure Division, 2015 – 2017

Year	Collaborators
2015	2,556
2016	3,292
2017	3,362

COLLABORATORS BY AGE GROUP
Infrastructure Division, 2017

Age Group	Collaborators
18-24	531
25-34	1,058
35-44	1,121
45+	652
Total	3,362

Freedom of association

G4-11, G4-LA4, G4-LA8

We have 2,229 unionized employees in the Infrastructure Division, representing 66% of the workforce. We guarantee freedom of association and have mechanisms in place for ongoing dialog with our collaborators and their union representatives, discussing issues of labor conditions and workplace health and safety, which are reviewed regularly.

Equal opportunity and non-discrimination

G4-LA12, G4-HR3

Equal opportunity. As with the Mining and Transportation divisions, the workforce of the Infrastructure Division is made up of mostly men. However, we are continually promoting a greater participation of women. In 2017, 11% of our workforce were women.

PARTICIPATION OF WOMEN BY COLLABORATOR CATEGORY

Infrastructure Division, 2017

Category	Collaborators	No. of Collaborators that are Women	% Women
Senior Management & Department Heads	150	15	10
Technicians	823	179	22
Specialists	313	66	21
Assistants	2,076	102	5
Total	3,362	362	11

Non-discrimination. At Grupo México, including the Infrastructure Division, we respect the rights of our collaborators. The Code of Ethics is our guiding reference, fighting discrimination and operating with principles and values. Our companies have zero tolerance for discrimination on the basis of ethnic origin, race, gender, age, disability, social condition, political affiliation, health condition, religious beliefs, immigration status, opinions, sexual preference or marital status.

Any collaborator that is witness to or the victim of any form of discrimination is encouraged to report the incident via the Grupo México reporting line. This formal mechanism is operated by a third party and offers a phone number, email and website to report incidents.¹ No case of discrimination was reported in the Infrastructure Division in 2017.

Base salary and wage equality

G4-EC5, G4-LA13

The Base Salary includes the basic wage, productivity bonuses, cash benefits and profit sharing, where applicable. During 2017, the average Base Salary in the Infrastructure Division was equal to more than 6.7 times the local minimum wage.²

In terms of the base salary and the men to women ratio, we continue working to ensure equal pay across all professional categories.

Attracting and retaining personnel

G4-LA1

During 2017, the average workforce of the Infrastructure Division was 3,362 collaborators, representing a 36% increase over 2016 and a turnover rate of 21%.³ This turnover rate is due to the nature of the sectors in which the division is active, as our hiring is based on the demand and temporality of our projects.

NEW HIRES

Infrastructure Division, 2017

Subsidiary	Age groups				Gender	
	18-24	25-34	35-44	45+	Male	Female
MCC	138	243	151	201	687	46
GMSI	2	14	5	9	20	10
CIEM	1	2	2	1	5	1
PEMSA	7	28	22	13	56	14
CIBSA	8	26	10	13	40	17

TURNOVER RATE

Infrastructure Division, 2015-2017

Year	Percentage
2015	16.2
2016	15.4
2017	21

³ This rate does not include layoffs following the completion of short and medium term projects.

¹ For more information on our Code of Ethics and reporting procedure, see the section on Human Rights in the Corporate Governance chapter.

² Considering the Base Salary (BS) and the Minimum Wage (MW), the BS/MW average is calculated weighting the BS and MW published in the Official Federal Gazette, based on the number of Infrastructure Division collaborators in each territory. The base Salary includes the basic wage, productivity bonuses, cash benefits and profit sharing, where applicable.

Benefits for collaborators

G4-LA2

The Grupo México Infrastructure Division contributes to the wellbeing of our collaborators offering the following benefits above those required by law:

Salary-related	Others
Life insurance	Assistance for funeral expenses
Major medical insurance	Transportation service
Family protection insurance	Cafeterias for collaborators
Savings fund	Scholarships for employees and their children
Grocery vouchers	Share purchase plan for employees
Productivity bonus	
Pension fund	
Retirement plan	

TRAINING AND CAREER DEVELOPMENT

G4-LA9, G4-LA10

Achieving a high level of quality through our broad range of services requires constant learning and training to develop a high degree of specialization. In 2017, we delivered a total of 25,105⁴ training hours, which translates into an average 22.15 training hours per collaborator.

We also helped our collaborators to develop their professional training, offering them financial assistance to pursue outside training or education. Additionally, we offer consulting to our personnel who are ending their professional careers, through in-house training and planning sessions for retirement.

⁴ These training hours are delivered over the digital platform "Universidad I"; during this first phase only non-unionized personnel and middle management who had access to a computer participated. Unionized personnel will be included soon.

Universidad I. The Universidad I project was launched in 2017, a virtual campus of the Infrastructure Division that started to be developed in 2016. With the creation of this platform, we will institutionalize the processes to professionalize the workforce, through useful content according to the needs of each subsidiary.

The goal of Universidad I is to promote a culture of self-training, focusing content on the needs of the sectors in which we participate and generating didactic models that ensure the effectiveness of the learning and its application in the real world.

This virtual university has three areas to achieve its strategic goals:

- **Institutional programs** – covers the personal development programs on institutional competencies, and also training in the use of institutional tools as well as occupational health and safety.
- **Technical programs** – offers training programs on general technical topics, specific technical skills for each sector in which we operate, and also the development of highly specialized skills and competencies.
- **Special programs** – furthering career plans and succession plans, and also support to complete bachelor and master's degrees and diploma courses, in special cases.

During this first year, we launched Universidad I with training and certification on the Code of Ethics, as part of the institutional programs track. We also proposed adding 700 collaborators. At December close, we had 501 students, including both unionized and administrative personnel. Our goal for 2018 is to reach 1,000 students.

Success Factors. We've implemented the Success Factors model to unify a framework of competencies for all the industries in which the Infrastructure Division operates, considering our broad spectrum of activities. This model includes modules to manage remuneration processes, recruitment and performance.

Performance review

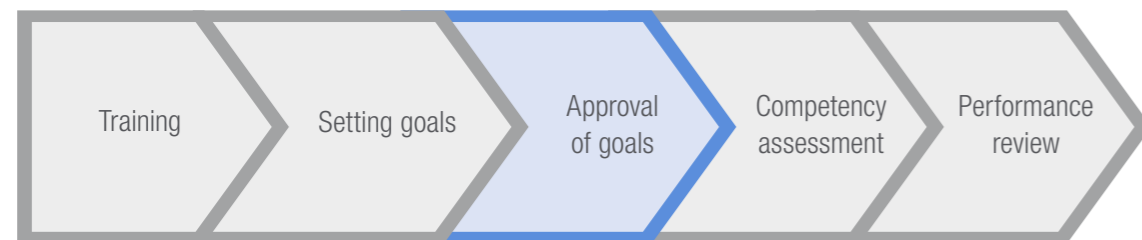
G4-LA11

We have a talent development plan in the Infrastructure Division, which culminates with a personnel review process. This plan arose in 2016 to open opportunities for our collaborators, and also to increase productivity, estimate potential, and to detect training needs and recognize talent.

The talent development plan is comprised of the following elements:

TALENT DEVELOPMENT PLAN Infrastructure Division	
Strategic Map for the Infrastructure Division	We plan the goals for the company, identifying the cause-effect relationship between the components of the strategy.
Competencies Model	Based on the structure used in the Mining Division, but adapted to the needs of the Infrastructure Division.
Talent Platform	SAP Success Factors and KHOR.

During 2017, we made progress on the authorization of goals. In 2018, we will complete the evaluation phases:



OCCUPATIONAL HEALTH AND SAFETY

Occupational safety

G4-LA5, G4-LA6, CRE6

Approach. For all Grupo México, including the Infrastructure Division, workplace safety is our highest priority. In keeping with this level of commitment, we have established actions to guarantee the physical safety of our personnel and our contractors.

Our Infrastructure Division has health and safety committees to ensure our worksites do not put our collaborators at risk.

All our workforce is represented by 2% of collaborators, who serve on the health and safety commissions. Additionally, all our contractors are covered by the Health and Safety Management System.

Certifications and Programs. In 2017, México Compañía Constructora maintained its OHSAS 18001 management systems certification for the eleventh consecutive year. Also, the PEMSA Carmen Sector administrative offices, cement plant and Sonora rig maintained their certification. We also maintained Ship and Port Facility Protection Certifications under the International Ship and Port Facility Code (ISPS Code) and Safety Management Certificates under the International Safety of Life at Sea Convention (SOLAS), accrediting our safety management in compliance with the Guidelines on Implementation of the International Safety Management (ISM). Additionally, we adhere to the Workplace Health and Safety Self-Management Program (PASST 1st level).

Our Institutional Safety and Protection On Board Program fosters and strengthens a culture of safety on oil rigs. The core areas the program covers are fire evacuation and general rig evacuation procedures, handling spills, and also the procedure to follow in cases of man overboard.

Performance. In 2017, our accident rate was 34% lower than in 2016, reporting only 11 incapacitating accidents. Also of note is that we closed 2017 with more than 1,557 days without an incapacitating accident at our “La Caridad I” and “La Caridad II” combined cycle power plants.

2018 Goals. In 2018, our goal is to maintain zero fatal accidents and to reduce our incapacitating accident rate by 10%.

Occupational Health

G4-LA7

Approach. In the Infrastructure Division, we're committed to protecting the health of our personnel. We are also constantly looking to extend the culture of health prevention and safety to the families of our collaborators and to the community through education programs, consulting, risk control and prevention, and also the treatment of diseases and illnesses.

COMMUNITY LINKAGE

G4-S01, G4-S02, CRE7, G4-EC8

Casa Grande⁵

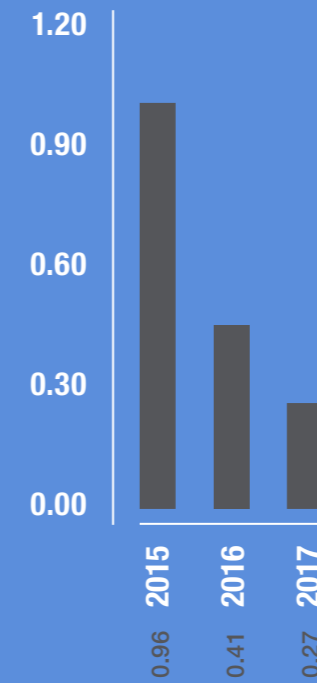
The Infrastructure Division strives to maintain strong ties with the community, identifying together needs and opportunities to improve the quality of life of local residents. To achieve this, we've adopted and put into practice the Mining Division's Casa Grande community development model.

Social Inclusion and Impact Assessment. It's important for the Infrastructure Division that our actions in the community be supported by studies, direct consultations and reliable sources of information to contribute to the sustainable development of the communities that neighbor the operations of our subsidiaries.

⁵ For more information on the Casa Grande model and its management tools, see page 70 in the Mining Division chapter.

INCIDENT RATE (IR)

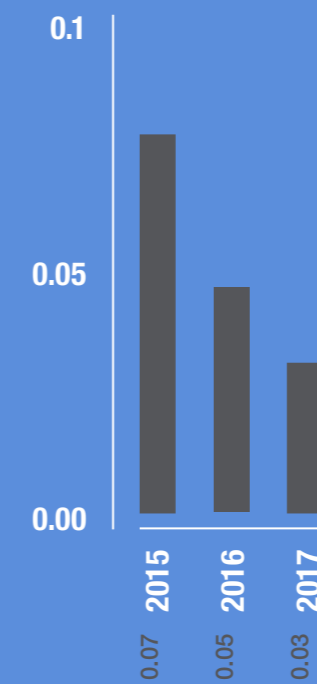
Infrastructure Division, 2015 – 2017



$$IR = \frac{\text{No. of incapacitating accidents}}{\text{Total man hours worked}} \times 200,000$$

SEVERITY RATE (SR)

Infrastructure Division, 2015 – 2017



$$SR = \frac{\text{No. of days lost}}{\text{Total man hours worked}} \times 1,000$$

We prepare social viability studies, shared value diagnostics and social impact assessments for our energy sector projects, as required by the Mexican Department of Energy for energy and hydrocarbon projects. The goal is to identify the social and environmental impacts in the area of influence of a project, considering the identification, characterization, prediction, and valuation of the potential consequences resulting from the project, to take mitigation measures and develop social management plans.

These types of studies are prepared considering our principal stakeholders in the areas impacted by the project, which may include recognized community leaders, charity organizations, government agencies, community associations and organized groups, among others.

Community committees were formed from these activities and are key to developing a community linkage model. Through them, we can establish mechanisms for social participation, such as our invitations to submit project proposals to receive funding.

In this manner, we ensure different sectors of the community are involved in decision making to favor their economic, social and cultural development.

Also, as part of our actions to positively impact community development, the subsidiaries of the Infrastructure

Division endeavor to contract local personnel and purchase products and services from local suppliers, to generate economic spillover in the regions where we operate.

Principal actions 2017. We launched calls for social projects in the neighbor communities to our Salamanca-Leon Highway (OIBSA) and Ciudad del Carmen, Campeche (PEMSA) operations. The projects received were reviewed by the community committees, the members of which are volunteers from the community and the company. The successful projects received seed capital from the company and also support and consulting for their implementation. The committees approved 6 projects for the Salamanca-Leon region and 7 for Ciudad del Carmen, 6 of which were launched this year.

Additionally, 9,240 people participated in 54 landmark and other productive projects at our community development centers in Juchitan de Zaragoza, Oaxaca and Ciudad del Carmen, Campeche this year.

Through Operadora de Infraestructura del Bajío (OIBSA), in 2017 we supported the *Mujeres Productivas* (Productive Women) project, the goal of which is to improve unfavorable conditions such as low education levels, lack of sources of employment, and various cultural aspects

that women face in the region. The *Mujeres Productivas* project offers alternatives through workshops and programs to develop skills for self-employment. Also, in 2017 in the Bajío region, we launched a sustainable school orchard project, which created linkage with government agencies.

Through México Compañía Constructora, we implemented a program that fosters the participation of contract companies in Cananea to establish a fund of in-kind resources, the goal of which is to recover public spaces under an approach of company-community co-responsibility.

Humanitarian aid

Donations and response to earthquakes. In response to the earthquakes occurring in Mexico in September 2017, the Infrastructure Division activated volunteer and socioemotional plans and put into operation donation collection centers, to receive basic needs items to deliver these to affected families in the state of Oaxaca.

PROTECT

ENVIRONMENTAL MANAGEMENT AND PERFORMANCE

Energy and energy efficiency

G4-EN3, G4-EN6

Energy consumption. During 2017, we consumed 27,820 terajoules of fossil fuels and 4 terajoules of electricity. 96% of the energy consumed by the Infrastructure Division is the natural gas needed for our Controladora de Infraestructura Energética México (CIEM) combined cycle power plants.

FUEL CONSUMPTION Infrastructure Division, 2015 – 2017

Year	Terajoules
2015	21,681
2016	24,731
2017	27,820

FUEL CONSUMPTION Infrastructure Division, 2017

Company	Terajoules
MCC	406.35
CIEM	26,776
PEMSA	624.15
CIBSA	13.49

POWER CONSUMPTION Infrastructure Division, 2015 - 2017

Year	Terajoules
2015	3.43
2016	7.24
2017	4.38

Energy efficiency. We report a 3% year-over-year efficiency improvement in producing electrical power, reflecting the decreased heat rate of our “La Caridad I” and “La Caridad II” combined cycle power plants. This means we have optimized the fuel consumption needed to generate each MWh of electricity.

Energy generation. During 2017, CIEM reported a new record in generating energy from its combined cycle power plants, generating 3,630 GWh. This represents a 14% increase over 2016.

The “El Retiro” wind farm in Juchitan de Zaragoza, Oaxaca, reported a lower output this year due to decreased winds and the effects of the September earthquakes, which meant the power could not be discharged for a month, dropping from 206 GWh in 2016 to 177 GWh in 2017.

Climate change

G4-EC2, G4-EN15, G4-EN16, G4-EN19, G4-EN21, G4-EN27

Risks of climate change. The activity of the Infrastructure Division is subject to different risks, including

unusual or unexpected climatological conditions. Such events can also damage or destroy the assets or production facilities, and cause personal injury and damages to the environment. Because of this, we have plans in place to respond to these types of events.

Climate change is a global challenge. Added to this we are experiencing intensified weather phenomena, such as hurricanes, droughts and rains, which generate risks to our Infrastructure Division operations. The accumulation of greenhouse gases (GHG) is triggering transformations in the weather and in response, we are working to reduce the emissions from our activities.

Given the above, we’re looking at the viability of participating in different generation projects using renewable energies, principally solar and hydroelectric power.

Greenhouse Gas Emissions (GHG). In 2017, the GHG emissions of the Infrastructure Division totaled 1,585,675 tons of CO₂eq.

GREENHOUSE GAS EMISSIONS

Infrastructure Division, 2017
(Millions of tons CO₂eq)

Direct Emissions ⁶	1.58
Indirect Emissions ⁷	0.0007

The Infrastructure Division has continual monitoring systems in place for fixed-source NOx emissions. This system ensures our emissions fall within the permitted limits. We reported 1,109 tons of these compounds in 2017.

Mitigation of Greenhouse Gases. We contributed to reducing CO₂ emissions thanks to the diversification of our energy mix. The “El Retiro” wind farm, which started operations in 2014, has 37 wind turbines and most of the power produced feeds other Grupo México subsidiaries. In 2017, the wind farm produced 177,473 MWh, preventing the release of 103,268 tons of CO₂eq, equal to taking 22,113 cars off the road for a year.

We also have two combined cycle power plants, “La Caridad I” and “La Caridad II”, which produced 3,630 GWh to supply power to various Grupo México subsidiaries, achieving an emission intensity of 0.4143 tons of CO₂eq per MWh, which is below the National Power Sector’s Emissions Factor, set by the power regulatory board at 0.582 tons of CO₂eq per MWh.

⁶ Direct Emissions: Include emissions from direct energy consumption, calculated according to the 2017 CRE emission factors and the 2017 CONUEE combustion factors.

⁷ Indirect Emissions: Include emissions from power consumption, calculated according to the 2017 Mexican Power Board power consumption factors (0.582 tons of CO₂/MWh), published by the CRE.

Water

G4-EN8, G4-EN9, G4-EN10, G4-EN22, G4-EN26

In 2017, our total water consumption was 4,973,093 m³, 86% of which was from underground sources. Most of this consumption is used in the operation of the cooling process of our combined cycle power plants.

TOTAL WATER DRAWN

Infraestructura Division, 2017

Source	m ³
Underground	4,255,188
Surface (fresh water)	39,753
Surface (salt water)	39,689
City water supply	26,663
Water trucks	611,800
TOTAL	4,973,093

WATER CONSUMPTION

Infraestructura Division, 2017

Subsidiary	m ³
CIEM	4,296,755
PEMSA	671,538
CIBSA	4,800
TOTAL	4,973,093

In 2017, water discharges totaled 637,981 m³ for the whole of the Infrastructure Division. These discharges were handled according to federal regulations.

Materials

G4-EN1

The many projects of the Infrastructure Division, particularly our well drilling and construction activities, require materials primarily for the construction and maintenance of work equipment.

MATERIALS⁸

División Infraestructura, 2017

Material	Unit	Quantity
Inert rock	m ³	8,098,895
Industrial products	ton	174.63
	m ³	121.03
Drilling products	ton	618.20
	m ³	30.22

Waste management and spills

G4-EN23, G4-EN24

Waste management. In 2017 we disposed of a total 342 tons of solid hazardous waste and 454 m³ hazardous liquids, which were managed in strict adherence of regulations during the phases of handling, storage and sending for recycling or final disposal. We also produced 6,520 tons of non-hazardous solid waste, some of which was reused or recycled by third parties.

WASTE

Infraestructura Division, 2017

Material	Unit	Quantity
Hazardous waste	Solids (ton)	342.46
	Liquids (m ³)	454.05
Muds (water treatment plant)	Solids (ton)	6,080.99
Non-hazardous waste	Solids (ton)	278.38
Waste requiring special handling	Solids (ton)	161.11

Spills. During 2017, an area of 434 m² was impacted by spills due to accidents involving highway users. The spill response procedures were activated, taking appropriate actions and cleaning to prevent any environmental impact.

⁸ "Industrial products" includes maintenance supplies, such as oils, antifreeze, degreasing agents, grease, paint, solvents, and does not include replacement parts. "Drilling products" include cements, additives and other chemicals needed for well drilling cementation.

Biodiversity

G4-EN11, G4-EN12, G4-EN13, G4-EN14

The operations of the Infrastructure Division are generally situated in areas with little biodiversity value. In addition to holding all required permits, we ensure our operations have no impact on the local flora and fauna. Only the administrative offices of our drilling subsidiary in Ciudad del Carmen are located in a protected area, without any significant effect due to the type of activity conducted there.

All Infrastructure Division projects adhere to regulations, preparing environmental impact assessments as necessary. This means conducting a complete analysis of our planned worksites, and also acknowledging our impacts and identifying the species with which we share the space, and setting an action plan.

PROTECTED SPECIES NOM-059-SEMARNAT CLASSIFICATION Infrastructure Division, 2017

Category	No. of Species
In danger of extinction	0
Threatened	5
Subject to special protection	15

In 2017, we had no project in areas where there are protected species, according to the International Union for the Conservation of Nature (IUCN) classification.

COMPLIANCE

Environmental certifications

During 2017, México Compañía Constructora maintained its ISO 14001 management system certification for the eleventh year. The Carmen Sector administrative offices, cement plant and the Sonora rig, of the subsidiary PEMSA, also maintained their certification.

PEMSA also has 8 Clean Industry certifications and the “La Caridad” combined cycle power plant received this certification for the first time. These certifications are given by the Mexican Environmental Protection Agency (PROFEPA), under this voluntary program that requires an environmental audit to review the company’s environmental risk processes and regulatory compliance.

CLEAN INDUSTRY CERTIFICATIONS Infrastructure Division, 2017

“La Caridad” combined cycle power plant
“Zacatecas” jack-up rig
“Campeche” jack-up rig
“Chihuahua” jack-up rig
“Sonora” jack-up rig
“Tabasco” jack-up rig
“Veracruz” jack-up rig
Cement plant
Carmen Sector offices

Fines and sanctions

G4-EN29

No Infrastructure Division subsidiary received any significant fine or sanction from the environmental authorities in 2017.

INDEPENDENT ASSURANCE REPORT



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Informe de Revisión Independiente del Informe de Desarrollo Sustentable 2017 de Grupo México, S.A.B. de C.V., para la Administración de Grupo México

Responsabilidades de Grupo México y del revisor independiente

La Administración de Grupo México es responsable de la preparación del Informe de Desarrollo Sustentable 2017 (IDS 2017), que comprende el periodo del 1º de enero al 31 de diciembre de 2017, así como el contenido del mismo, asegurando definir, adaptar y mantener los sistemas de gestión y control interno de los que se obtiene la información, y que éstos a su vez estén libres de error material debido a fraude o error. Nuestra responsabilidad es emitir un informe independiente basado en los procedimientos aplicados en nuestra revisión.

Este informe ha sido preparado exclusivamente en interés de Grupo México de acuerdo con los términos de nuestra carta arreglo de fecha 19 de enero de 2017, por lo que no asumimos responsabilidad alguna frente a terceros distintos a la Dirección de Grupo México y no tiene la intención de ser ni debe ser utilizado por alguien distinto a ésta.

Alcance de nuestro trabajo

El alcance de nuestra revisión independiente fue limitado, es sustancialmente inferior al de un trabajo de seguridad razonable, por lo tanto la seguridad proporcionada es también menor. El presente informe en ningún caso puede entenderse como un informe de auditoría.

Hemos realizado la revisión del IDS 2017 conforme a los siguientes aspectos y/o criterios:

- a) La adaptación de los contenidos del IS 2016 a la guía para la elaboración de Memorias de Sustentabilidad del *Global Reporting Initiative* (GRI) versión 4 (G4) y de acuerdo al estudio de materialidad proporcionado por Grupo México.
- b) La revisión de los indicadores de desempeño en sustentabilidad reportados de acuerdo a la opción de Conformidad Esencial y señalado en el Índice de Contenido GRI del IDS 2017 y los indicadores de desempeño del Suplemento Sectorial.
- c) La consistencia entre la información contenida en el IDS 2017 y la evidencia de respaldo proporcionada por la administración.

Hemos cumplido con los requerimientos de independencia y ética del Código de Ética Profesional para Contadores Públicos, emitido por el Consejo de Normas Internacionales de Ética para Contadores (IESBA), el cual se fundamenta en los principios de integridad, objetividad, competencia profesional y con la debida diligencia, confidencialidad y comportamiento profesional.

Estándares y procesos de revisión independiente

Hemos llevado a cabo nuestro trabajo de acuerdo con la norma internacional de auditoría ISAE 3000 *Revised Assurance Engagements other than Audits or Reviews of Historical Financial Information* emitida por el *International Auditing and Assurance Standards Board* (IAASB) del *International Federation of Accountants* (IFAC).

Deloitte se refiere a Deloitte Touche Tohmatsu Limited, sociedad privada de responsabilidad limitada en el Reino Unido, y a su red de firmas miembro, cada una de ellas como una entidad legal única e independiente. Conozca en www.deloitte.com/mx/conozcanos la descripción detallada de la estructura legal de Deloitte Touche Tohmatsu Limited y sus firmas miembro.

CARTA DE VERIFICACIÓN

VERIFICACIÓN

CARTA DE

INDEPENDENT ASSURANCE REPORT

Nuestro trabajo de revisión ha consistido en la formulación de preguntas a la Dirección, así como a las diversas áreas de Grupo México que han participado en la elaboración de los indicadores y en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

- Reuniones con el personal de Grupo México para conocer los principios, sistemas y enfoques de gestión aplicados.
- Análisis de los procesos para recopilar, validar y consolidar los datos presentados en el IDS 2017.
- Análisis de la cobertura, relevancia e integridad de la información incluida en el IDS 2017 en función del entendimiento de Grupo México, de los requerimientos de los grupos de interés sobre los aspectos materiales identificados.
- Revisión con base en muestras seleccionadas de la evidencia que respalda la información incluida en el IDS 2017.
- Revisión de calidad por un socio independiente al proyecto que verifique la congruencia de este entregable con la propuesta de trabajo, así como la calidad del proceso de trabajo y su producto final.

La siguiente tabla detalla los indicadores de desempeño en sustentabilidad revisados conforme a lo establecido en la Guía GRI versión G4:

G4 - 2	G4 - EN3	G4 - EN16	G4 - LA5	G4 - SO1	G4 - PR5
G4 - 11	G4 - EN8	G4 - EN23	G4 - LA6	G4 - SO3	G4 - MM3
G4 - 56	G4 - EN11	G4 - EN24	G4 - LA8	G4 - SO4	G4 - MM4
G4 - EC2	G4 - EN13	G4 - LA1	G4 - LA9	G4 - SO5	G4 - MM6
G4 - EC7	G4 - EN15	G4 - LA2	G4 - HR2	G4 - SO11	G4 - MM10

Estos indicadores fueron seleccionados para su revisión independiente con base en los siguientes criterios:

- Materialidad de Grupo México referenciada en este IDS 2017.
- Información contenida en la publicación de este IDS 2017.
- Información proporcionada durante reuniones con el personal entrevistado.
- Revisión de las evidencias proporcionadas por los participantes de Grupo México en este proyecto.

Conclusiones

Con base en el trabajo efectuado, descrito en este informe, los procedimientos llevados a cabo y la evidencia obtenida, no se ha puesto de manifiesto algún aspecto que nos haga creer que el IDS 2017 contiene errores significativos relacionados con los indicadores revisados o que no ha sido preparado de acuerdo a la opción de Conformidad Esencial, detallada en la guía para la elaboración de Memorias de Sustentabilidad del GRI versión G4. Para aquellos indicadores GRI G4 en donde Grupo México no reportó de forma cuantitativa (cifras) se revisó únicamente la información cualitativa que incluye procedimientos, políticas, evidencia de actividades realizadas, entre otros.

INDEPENDENT ASSURANCE REPORT

Alternativas de acción

A continuación se resumen las alternativas de acción más significativas para la elaboración futura de Informes, las cuales no modifican las conclusiones expresadas en el presente informe:

- Gestionar la información material de las tres divisiones de Grupo México de forma periódica para facilitar su recopilación, análisis y evaluación durante el desarrollo del IDS.
- Durante el 2018, realizar una materialidad para las tres divisiones y así identificar temas que deben ser reportados y tener un IDS con resultados más robustos.
- Involucrar y capacitar a los poseedores de la información durante todo el proceso de elaboración del IDS con la finalidad de homologar la información de las tres divisiones.
- Revisar a detalle la metodología GRI Standards e informar al personal involucrado sobre el cambio de GRI-G4 a GRI Standards.

Inclusión y relevancia

Durante 2017 Grupo México mantuvo su materialidad para cada uno de los sectores considerando a todos sus grupos de interés.

Se recomienda que a través de los ejercicios continuos de comunicación directa con los grupos de interés, se vaya profundizando en temas de mayor relevancia y transparencia para los mismos, materializando los riesgos y oportunidades que permitan fortalecer la estrategia de sustentabilidad de Grupo México y generar un proceso de mejora continua.

Capacidad de respuesta

El Informe de Desarrollo Sustentable 2017 de Grupo México permite a los grupos de interés el desempeño de la organización en cuanto a los aspectos no financieros y también comunica las herramientas que conforman el sistema de política interna de la organización. Se sugiere continuar trabajando en robustecer dichas herramientas así como el rol del poseedor de información en cuanto a las responsabilidades que involucran el reporte y gestión de la información.

Deloitte Sustentabilidad, S.C.

Miembro de Deloitte Touche Tohmatsu Limited



Rocío Canal Garrido
Directora General de Deloitte Sustentabilidad
31 de mayo de 2018



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Specific Standard Disclosures				
Material Aspect	DMA / Indicators	Description	Pages	Independent verification
Water	DMA	Management approach	76, 116, 136	
	G4-EN8	Total water consumption by source	76, 116, 136	•
	G4-EN9	Water sources significantly affected by drawing water	76, 116, 136	
	G4-EN10	Percentage and total volume of water recycled and reused	76, 116, 136	
Biodiversity & the environment	DMA	Management approach		
	G4-EN11	Operational sites owned, leased, managed, adjacent to, covering or located in or outside protected areas of high biodiversity	83, 117, 138	•
	G4-EN12	Description of the most significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	83, 117, 138	
	G4-EN13	Protected or restored habitats	83, 117, 138	•
	G4-EN14	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	83, 117, 138	
	MM1	Size of land (owned or leased and managed for production or extraction activities) affected or restored	83	
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	G4-LA10	Skills management and ongoing training programs that support the employability of employees and assist them in managing their career ending	62, 98, 126	
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Commitment & workplace climate	DMA	Management approach	56, 94, 123	
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	G4-LA1	Total number of new hires and employee turnover by age group, gender and region	59, 97, 125	•
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	G4-LA4	Minimum notice periods for operational changes and possible inclusion of these in collective bargaining agreements	57, 94, 123	
	G4-LA12	Composition of governance bodies and breakdown of employees by employee category, gender, age group, minority group membership and other indicators of diversity	58, 95, 123	
	G4-LA13	Ratio of basic salary of women to men, by category and significant locations of operation	59, 96, 124	
	G4-HR3	Number of incidents of discrimination and corrective actions taken	58, 95, 123	
	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or threatened, and measures taken to support these rights	23	
	MM4	Number of strikes and closures lasting over one week, by country	No strikes in 2017	•

Human rights	DMA	Management approach	56, 94, 123	
	G4-HR1	Number and percentage of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening	23	
	G4-HR2	Employee training hours on policies and procedures on aspects of human rights that are relevant to operations, including the percentage of employees trained	23	•
	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	23	
	G4-HR6	Operations and suppliers at significant risk of incidents of forced labor, and measures taken to contribute to the elimination of all forms of forced labor	23	
	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	23	
	G4-HR8	Number of incidents of violations involving rights of indigenous peoples and actions taken	23	
	G4-HR9	Number and percentage of operations that have undergone human rights screening	23	
	MM5	Total operations located at or near indigenous communities	23	
	Economic performance	DMA	Management approach	31
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G4-EN31		Details of environmental expenditures and investments	31, 77	

Effluents & waste	DMA	Management approach	82, 114, 137	
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	G4-S03	Number and percentage of operations assessed for risks related to corruption and significant risks identified	22	•
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Innovation, continuity and operational efficiency	DMA	Management approach	76, 109, 132	
	G4-EN1	Materials used by weight or volume	81, 114, 136	
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	G4-EN27	Mitigation of the environmental impact of products and services	121, 134	

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	G4-EC7	Development and impact of infrastructure investments and services supported	52, 71, 91, 121	•
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	G4-S02	Operations with significant actual and potential negative impacts on local communities	70, 104, 130	
	G4-S011	Número de reclamaciones sobre impactos sociales que se han presentado, abordado y resuelto mediante mecanismos formales de reclamación.	75	•
	MM6	Number and description of significant disputes over the use of lands, and local community and indigenous community rights	23	•
	MM7	Use of grievance mechanisms to resolve disputes	23	
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CRE7	Number of people voluntarily and involuntarily displaced and/or relocated due to the development and end result of works, by project	130		
Customer relations	DMA	Management approach	55, 93, 122	
	G4-PR5	Results of surveys measuring customer satisfaction	55, 93, 122	•
Occupational health & safety	DMA	Management approach	65, 99, 128	
	G4-LA5	Percentage of employees represented in formal joint management-worker health and safety committees, established to help monitor and advise on occupational health and safety programs	65, 99, 128	•
	G4-LA6	Type and rates of injury, occupational diseases, days lost and absenteeism, and total number of work-related fatalities, by region and gender	65, 99, 128	•
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Our material aspects

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The indicators covered in the Grupo México 2017 Sustainable Development Report were selected based on the results of our revised materiality analysis.

The material aspects of Grupo México identified for each of the principal sectors in which we operate (mining, transportation, engineering and construction, energy and drilling) are:

Material Aspect	Internal Limits						External Limits
	Mining Sector	Transportation Sector	Construction Sector	Energy Sector	Drilling Sector	Engineering Sector	
Water							Local communities
Biodiversity and the environment							
Training and career development							
Commitment and workplace climate							
Human rights							Local communities
Economic performance							Local communities
Effluents and waste							
Emissions							
Ethics and integrity							Authorities
Management of the supply chain							Suppliers and contractors Local communities
Local communities							Authorities Local communities
Corporate governance							
Innovation, continuity and operational efficiency							Customers
Community relations							Local communities
Customer relations							Customers
Occupational health and safety							Contract employees

GRUPO MÉXICO S.A.B. DE C.V.

G4-5

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