

PUBLIC REPORT

Local economic development and employment: capacity building and local sourcing

The presence of Grupo Mexico's mining operations generates a demand for skilled labor and goods/services. Through the Community Outreach Policy, Grupo México is committed to promoting initiatives that foster the growth of employment residents and encourage economic diversification in communities near our operations. The **Forjando Futuro** and **Provee** programs are direct initiatives of the Mining Division designed to respond to these needs and, at the same time, promote local development:

Strengthening the **capacities of people for employment**

Forjando Futuro program

The implementation of the **Forjando Futuro** program in Mexico includes the sites of Cananea, Nacozari, Esqueda (Sonora), Guerrero Negro (Baja California Sur), San Luis Potosí, SLP; Charcas, SLP. and San Martín, Zac. In Peru, includes Moquegua, Cajamarca and Jorge Basadre, Tacna.

The **Forjando Futuro** program is made up of members of local communities (including individuals seeking employment, people who want to certify trades, high school/university students looking for internships, adults seeking to complete their secondary education).

Strengthening the **capacities of small local businesses** for integration into **GM's value chain**

Provee program

The implementation of the **Provee** program in Grupo Mexico's Mining Division includes initial locations in Cananea and San Martín, Mexico, with expansion plans to Nacozari (Mexico), Tía María (Peru) and ASARCO (United States). Interconnection with the operational needs of the unit and the regional vocation is considered.

The **Provee** program is made up of local entrepreneurs and small businesses (up to 50 employees and/or annual sales of US\$500,000) in the areas of influence of the operations. It also includes artisanal and small-scale mining groups that operate legally.

Capacity building and employment are crucial to improving the quality of life and economic resilience of communities. By training people on *in-demand* trades and facilitating the integration of local companies as suppliers, Grupo Mexico not only meets its own needs, but also creates a more robust and diversified economic ecosystem. This reduces dependence on a single economic source (the mining operation) and prepares communities for a more sustainable future, even in the event of a closure process.

Through these programs, we aim to develop skills and capacities within the communities, offering the following courses:

a) Employment

- Trade Certification: heavy machinery operator, heavy equipment – CAT 330 Hydraulic excavator, heavy equipment – CAT 950 Front loader, electricity, plumbing, carpentry, masonry, boiler making and TIG-MIG welding.
- Professional Internships: social service and internships for high school or university students.
- Academic Leveling: high school education for adults.

b) Economic Diversification

We offer various alternatives for economic diversification of the site, regardless of the mining industry:

- Productive Projects: wildlife control and prevention, fruit fly control and prevention, irrigation system, agri-food, poultry farming, and family gardens.
- Productive Skills: Huichol art, dairy product manufacturing, knitting, cooking, baking, hairdressing, crochet, sewing, acrylic nail application, and makeup.
- Indirect Value Chain: marketing.

c) Strengthening Suppliers

We provide training for company suppliers, as well as for entrepreneurs and SMEs (small and medium-sized enterprises), enabling them to become direct value chain suppliers in the mining sector.

This component includes entrepreneurship courses and organizational training for local suppliers, as well as the development of ESG commitments (regarding environmental, social, and governance matters) to strengthen local suppliers and the value chain of the operating unit.

Implementation

The development of the programs at each site considers the needs identified in participatory assessments conducted by the Community Development department, as well as the perspectives of Community Committees, local associations, and institutions, along with specific profile and competency requirements from the operational areas of the unit.

To establish the workshops and courses offered, connections are made with specialized institutions:

- In Mexico, these institutions must be endorsed by the Ministry of Labor or the Ministry of Public Education and have the capacity to provide certified trade training, issuing a skills certificate or a certificate of studies with official validity.
- In Peru, the institutions must have an established agreement with the company, ensuring registration and recognition by state bodies responsible for supervising and regulating their activity.

These controls ensure that the competence certifications issued meet quality standards and hold national recognition for employment applications.

At Grupo México, we acknowledge and respect the presence of artisanal and small-scale mining when it adheres to the regulatory frameworks of each country in which we operate, operating legally and without contributing to conflicts or crimes. All programs and services of the Community Development area are open to these groups, as well as to the general community, with the Community Attention Service standing out as a relationship mechanism, and the *Forjando Futuro* program, which includes technical training in mining-related trades among its components.

Results and Progress

The *Forjando Futuro* program was initiated in Peru in 2014 and in Mexico in 2020 and *Provee* was started in 2022. As of 2024, 13,823 individuals have been trained, with 45% of them being women. The main results over the last year are summarized below:

- 654 beneficiaries in mining and metallurgical trades, professional internships and academic leveling, of which 77% have obtained formal employment
- 776 people trained in regional economic diversification
- 110 small local companies trained in the *Provee* program, of which 29% are within Grupo México's supply chain
- From 30 to 120 Hours of training provided per beneficiary to local businesses

With this perspective, *Forjando Futuro* and *Provee* contributes to strengthening local institutions and promoting regional economic development, with a focus on ensuring the sustainability of the operations, including the closure and post-closure stages. Grupo México reiterates its commitment to building a positive legacy for future generations in each community.

Media Coverage

The progress and impact of the *Forjando Futuro* program have also been recognized through recent coverage in external media outlets. These publications highlight both the program's capacity-building initiatives and the achievements of its participants. Notable examples include an article in Mundo Minero featuring the launch of professional certifications and training in Cananea¹, and a report in Soy Cobre showcasing the graduation ceremony of high school students supported by the program².

¹ <https://mundominero.mx/gmex-ofrece-certificaciones-en-cananea-con-forjando-futuro/>

² <https://www.facebook.com/periodicosoycobre/videos/1689656665223214>