



## “Communication on Progress” Presentation Template

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**Company Name: Minera Alumbrera**

**Presentation Title: Synergies Between the Mining Industry and Sustainable Development.**

**Global Compact Principle(s) / use(s) addressed in the example:**

In the example we illustrate below, we have prioritized Principles 1 and 9. In the first case, we work towards the protection of human rights by defending and promoting the right to dignified employment. We believe that the communities themselves should build up their current and future wellbeing. Offering them training so they can take on the responsibility of undertaking their own ventures, supporting them and guiding them with the right sort of advice, forms part of the company’s obligations.

Moreover, creating jobs in the communities influences social and moral development, as well as people’s financial prosperity. Likewise, a secondary outcome is obtained - belonging to a social group with similar objectives, in which each member is responsible for the role he or she plays in building this common wellbeing.

We also show the respect we have for Principle 9 due to the fact that the improvement in agricultural products and in the way the whole productive chain works is attained thanks to the use of technologies that protect the environment.

**1. What actions has your company undertaken to implement the Global Compact within its business?**

**What business does Minera Alumbrera engage in?**

Minera Alumbrera is a large scale mining company carrying out its industrial activities in Argentina’s northwest. The company, a Swiss-Canadian consortium, exploits the Bajo de la Alumbrera deposit, a copper and gold mine situated in the Province of Catamarca, 2,600 meters above sea level. The open cast mine works around the clock, 365 days a year. Currently 1100 employees work there directly and approximately another 9500, indirectly.

This mining venture contributes to Argentina’s growth through the social and

economic benefits enjoyed by the Province and the country: employment of skilled labour, payment of taxes and royalties, purchase of consumables and services and the external aspects of the project.

Minera Alumbrera's operator is Xstrata Plc (based in Switzerland), which owns 50% of the capital stock. The Canadian companies, Goldcorp and Northern Orion Resources own 37.5% and 12.5% of the capital stock, respectively.

The mining exploitation rights belong to Yacimientos Mineros Agua de Dionisio (YMAD), a corporation made up of representatives of the Catamarca provincial government, Universidad Nacional de Tucumán and the Argentine National Government. A joint venture (*Unión Transitoria de Empresas*) was created between the corporation and YMAD for the purpose of exploiting the mine.

### **Community Development Programme**

Minera Alumbrera aims at generating a partnership with the community based on ethics as well as on its social responsibility policy, in which the company's human and economic resources combine with the objectives of the institutions carrying out public and private administration tasks.

The company cooperates in the search for solutions to different social problems to contribute to improving the community quality of life. In this sense, the company supports the communities found in the project's impact area in Catamarca – Andalgalá, Belén and Santa María – through the Community Program that is based on three cornerstones: productive development, health and education.

#### **Objectives**

- To get involved with the society in which it operates in order to contribute to the improvement of the quality of life in populations living close to the deposit.
- To foster sustainable development, in the interest of the productive activities that are part of the region and that go beyond the mining activity.

#### **Beneficiaries**

- The Belén, Andalgalá and Santa María communities.
- Small producers, rural families, irrigation consortia and public institutions in the project's impact area.
- Over 200 schools, Universidad de Catamarca and Universidad de Tucumán, museums, libraries, cultural and recreational entities, atheneums.
- 30 students from Technical Schools, Universidad Nacional de

Catamarca and Universidad Nacional de Tucumán, besides 12 high-school-level trainees carry out practical activities at the Bajo de Alumbreira deposit.

- Over 80 health centres, 10 mini hospitals, 6 regional and inter-regional hospitals and intermediate organizations related to health care.

This time, we have decided to thoroughly develop our work with regard to productive development:

- **Optimizing cumin, anise and pepper crops**

Districts: Ciudad de Belén, Londres and Norte Chico de Belén

Participants: INTA Belén, Agronomía de Zona, Minera Alumbreira and the community

Beneficiaries: 213

432 hectares involved

Objectives

- Assist local producers to obtain products that meet market expectations and demands.
- Diversify and strengthen traditional production.
- Increase knowledge on aromatic crops in order to improve sustainability of the productive systems and the quality of life of the traditional producer and his family.
- Optimize aromatic crops, through an integrated handling of the soil, water, agrochemicals and fertilizers, and provide those producers with access to these essential consumables.

- **Greenhouse Gardens and Community Farms.**

Districts: Belén, Andalgalá and Santa María

Participants: INTA, Minera Alumbreira and the school community

Beneficiaries: over 2300 direct beneficiaries

Objectives

The purpose of INTA's Pro-Huerta Programme is to support civil society organizations in order to train the communities (especially the educational communities) in the development of horticultural species, besides providing technical assistance and systematic guidance. This allows for an improvement in the diets of school-age children, while at the same time providing incentives to families to reproduce the project in their own homes. Undertaking these ventures is the best tool for fostering the growth of societies.

Involved Members:

- PRO HUERTA INTA CATAMARCA: provides technical assistance and training
- MINERA ALUMBRERA: finances the project with materials and consumables
- THE COMMUNITY: alongside the municipalities, the community is

responsible for the construction and subsequent maintenance of the crops.

The climatic conditions in many parts of Catamarca are hostile: intense colds, strong winds, roughly textured soils and scarce content of organic matter. These characteristics condition the production of horticultural species, which can only thrive under areas that are covered and controlled by man. This is the context in which the Argentine Institute for Farming Technology or INTA's (*Instituto Nacional de Tecnología Agropecuaria*) Pro-Huerta Programme emerged, for constructing greenhouses in mountain areas. The Pro-Huerta Programme consists of the delivery of consumables to build greenhouses, besides the permanent technical assistance and training, in order to produce food on a small scale. In this way, the communities' resources are used responsibly and efficiently. We must point out the fact that with this project the school can become an instrument of change, as it collaborates in adopting innovative technologies for the area, in the community's interest.

From the productive point of view, with the greenhouses and farms the people can count on having fresh vegetables during the winter and as well as having egg and meat provisions for school diners. The possibility of selling excess produce within the community itself is also contemplated, which at the same time produces two positive effects. On the one hand, that the families can rely on having fresh food. On the other hand, that the school can come by actual economic resources supplementary to the school diner budget, besides allowing for the upkeep of the greenhouses. We must also highlight the fact that a nutritious diet is directly associated to health and this, in turn, has a direct impact on the possibilities of taking better advantage of learning at school and of actively forming part of society. This project is an important educational teaching instrument within the school environment, given that the work carried out at the schools is regarded as the cross point at which all the different areas come together. We intend to collaborate with the teachers in their daily work educating the children, encouraging group work, a joint search for solutions and the appreciation of the exchange of ideas as a source of learning. It is also beneficial to show respect for differences and the willingness to accept and abide by the rules governing the activities within the project. On the other hand, the programme's intention is to provide an incentive for the school community to reproduce what they have learnt, at home.

▪ **Irrigation Water Improvement and Storage Infrastructure**

Districts: Santa María, Belén and Andalgalá

Participants: Catamarca Irrigation Department (*Dirección de Riego de Catamarca*), Minera Alumbraera and the community.

Beneficiaries: over 4,000 producers

Objectives

- Increase the cultivated surface area
- Improve the irrigation water storage and distribution capacity.

- Extend harvesting times.

In view of supporting the growth of agricultural schemes and complementing the projects undertaken by the company, we worked on infrastructure construction works together with irrigation consortia and the Catamarca Irrigation Department.

The company donates cement and provides the community with technical training to guide it in the construction of canals, using the rocks found in the region. The Municipality provides the labour.

- **Varietal Re-engineering**

This initiative seeks the social-economic improvement of small hold walnut and grapevine producers, who adapt already-existing crops to the market demands. In this way, the produce's quantity and quality is improved through the re-engineering of the varietal species.

Objectives:

- Create labour
- Increase cultivated surface area
- Optimize the region's grape quality
- Improve capacity for self management and collaboration.

Hualfín Strains

In the grapevine's case, the project was designed by INTA Belén. Twenty-three local grapevine producers and families with small pieces of land worked together to prepare 30 hectares of new grapevines and stone fruit trees.

According to the technical reports on the area's soil quality and water resources, Hualfín is in a position to increase the cultivated surface area to 100 hectares. This way, current production would be increased by 1.2 million additional kilos. Expectations are currently focused on the Malbec result. These producers are comparing its quality to that of the Luján de Cuyo region, in the province of Mendoza.

INTA provided the technical support and training, while the producers contributed with the land, labour and wooden struts needed to set up the grapevines. Over 120 locals worked on the land, pulling out weeds, levelling the soil, putting struts in place and digging holes. Minera Alumbreira provided 17,000 Malbec variety plants and also delivered over 2,000 rolls of wiring, with which to build the fences.

Varietal Re-engineering of the Walnut

The project began in 2000. The objective is managing to have small walnut producers adapt the already-existing native or *criollo* crops to the market requirements. The variety obtained from the grafts, a more competitive variety, allows them to improve in product quality and increase in sales.

In the Belén district there were no means or necessary supplies in order to be able to develop activities such as varietal re-engineering. Therefore Minera Alumbraera donated a cold chamber, a necessary element to keep the grafts active. This way, the producers were able to begin programming their activities.

#### Project Characteristics

The type of nut that was grafted is American, in its Chandler, Howard y Sundlan varieties. Eighty percent of the grafted population, i.e. 4,000 plants, managed to improve production. The criollo variety produces 8 kg per plant, with a value of \$3.5 in the market. The grafted variety can produce up to 30 kg with a price of \$6.50 per kilo.

#### **Why is Minera Alumbraera working alongside the Argentine Institute for Farming Technology (INTA)?**

The Argentine Institute for Farming Technology (*Instituto Nacional de Tecnología Agropecuaria - INTA*) values interdisciplinary work in an interactive system that links scientific research and learning centres, promoting the development of farming. The Institute carries out its work as an agent of change, improving the quality of life of local producers', their families and the educational community.

The INTA promotes, advises and follows up on the regional producers, as reference centre concerning all agricultural and livestock activities. In Belén's specific case, the INTA's local office is the benchmark when it comes to enlightening any technical queries. At the same time, it brings the small producers together participating in associative activities for the training, transfer of technology and mutual collaboration in terms of soil preparation, sowing season, health campaigns and harvesting seasons.

Minera Alumbraera also works jointly with Agronomías de Zona, which depend on the Ministry of Production of the Province of Catamarca and, to a lesser extent, with the Farming Social Programme (*Programa Social Agropecuario - PSA*), which depends on the Argentine Secretariat of Farming, Livestock, Fisheries and Food.

In its support of the productive activities being carried out in its impact area, Minera Alumbraera interacts with Irrigation Consortia, Producers' Associations and Municipalities.

#### **Communication**

The progress made with the Community Program is reported at different levels:

**Internal:** Through communication tools available to the company:

- o Notice Boards: As of 2001, notice boards (gigantographies) were set

up containing information on the programs. They are situated in five key areas to ensure all employees have access to the information contained on these.

- Internal Magazine *A Cielo Abierto*: It has four yearly issues.
- Intranet: Offers information regarding the daily running of the company and also covers the company policies, statistics, articles of general interest; all internal communication notices are also posted in this communication tool

**External or Public Communication in General:** The purpose of this communication mode is focused on driving the execution of new undertakings based on the copying effect of the achievements that have been accomplished thus far, with the purpose of improving the quality of life of those involved.

- Personal / Face to Face: Through regional representatives responsible for the Program's execution.
- Mass Circulation: the company communicates by means of traditional communication tools: news pieces, press communications and its own materials such as special inserts, calendars, posters, etc.
- *NOA productivo*: a weekly insert, included inside the biggest-selling newspaper in the Province of Catamarca, aiming to impulse the enterprising spirit in the communities.
- Community Insert: Minera Alumbrera's communication campaign for neighbouring communities was streamlined in 2003 to include company inserts reporting on the activities carried out jointly by the company and the community under the three core areas of Minera Alumbrera's Community Programme. These inserts are distributed with *El Ancasti* newspaper, the biggest-selling local newspaper. A full colour brochure is also printed for distribution among the neighbouring communities of the impacted area. The topics covered in the inserts include the three core areas of the company's Community Program, through the gathering of cases on health, education and sustainable growth. The interviewees are representatives of the communities, who tell us how they work, what their needs are and what sort of support they receive from the company.
- Sustainability Report 2004: Sustainability Report 2004: This report, providing an overview of all of the company's community programs was published in 2005 (it is attached to this template).
- Web Site ([www.alumbrera.com.ar](http://www.alumbrera.com.ar)): contains a list of all projects undertaken by the company in the Social Responsibility section.
- Events: The Program makes the most of specific opportunities at Producers' Meetings, Conferences on Greenhouses in Mountain Areas, exhibitions in business and institutional circles such as the Agency for Economic Development in Catamarca (*Agencia para el desarrollo Económico de Catamarca*), talks and dissertations replying to special invitations, BSR Conferences, as well as at events hosted by national agencies: INTA Exhibits in Tucumán, National Poncho Festival, etc.
- Radio and TV: there are no specific spaces on the air, but the activities undertaken by Minera Alumbrera are covered by the media. Radios

cover both activities in the province's interior as well as those carried out in the Province's capital and generally produce their own reports when they participate personally. When activities involve areas of the government or other entities in a press context, communication takes the form of official press releases of these government offices.

Well aware of the fact that the main sort of communication is found in the actions themselves, in continuity, sustainability and credibility of the Program, communication is also dependant on the information spread by the beneficiaries and entities involved, who are provided with the appropriate communication tools.

## 2. What was the result of the actions described?

### ▪ **Optimizing cumin, anise and pepper crops.**

The average surface area sown with anise and cumin in the Belén area has reached 180 hectares. Nevertheless, as a consequence of growing demand, INTA and Minera Alumbreira embarked on a joint undertaking to increase production of these species in the region to reach 500 hectares.

The purpose of this undertaking was to improve the producer's income and create new jobs. The crop yield was proof of the potential of agricultural products, which involve the whole rural family in the work.

This project – which has also added the involvement of Irrigation Consortia - develops integrally: it improves the irrigation conditions, it trains its producers and provides products with which to fight plagues. The work includes training in productive technologies - plough sowing, phytosanitary controls and fertilization, among others – that are being incorporated progressively to the operation and allow yields to grow.

We must also highlight the formation of groups that-on some occasions- have begun marketing their products as a group. At present new opportunities regarding these productions stand out. For example, the return on capital invested is 5 to 1 in the case of cumin and 4 to 1 in the case of anise.

### ▪ **Greenhouse Gardens and Community Farms**

#### From a Social Viewpoint

The civil society has become aware of the fact that they have an active role in the decision-making, planning, execution and assessment of the community projects.

Relations among all participants have become stronger and a social fabric that had seemed lost has now been restored.

#### From a Corporate Viewpoint

The schools have committed space and the time of their heads of staff and teachers in order to carry off the projects, fully evidencing the school institutions' commitment with regard to the community's needs. These institutions have managed to enrich and strengthen their actions, which would have been impossible or extremely difficult to achieve individually.

#### From the Food and Productive Viewpoint

A change occurred regarding the eating habits within the school communities and this is being passed on to the community as a whole, especially through the children's influence, who are the true engines of fundamental transformations. We were able to extend the harvesting period of some of the vegetables and produce summer vegetables such as tomatoes, peppers, eggplant and cucurbit vegetable in areas where nothing had ever been accomplished before.

#### From a Technological Viewpoint

We analyzed the use of the resources and the changes that can be made on the environment to be able to produce fresh vegetables. The adoption and transfer of technology was a success. The families participating in the project are copying the greenhouse on a family level, which is interpreted as an assimilation and adoption of the productive system proposed by the School Greenhouses and Farms project.

- **Irrigation Water Improvement and Storage Infrastructure**

During 2004, 6 km of irrigation canals were built in Londres, Belén. This optimized productive conditions and increased use of the water resources.

- **Varietal Re-engineering: Hualfín Strains**

It is estimated that 30 new hectares of grapevines will provide jobs for over 200 people during the next three years until the grape production begins. After this, it is estimated that there will be an employment level of over 150 people, with this figure rising to 400 during harvesting and pruning times. The estimated Malbec grape production reaches 600 tonnes per harvest.

- **Walnut tree varietal re-engineering**

Among the most important achievements in the development of walnut production in Belén – the heart of the walnut region in Catamarca – was creating the basic infrastructure for the development of the production, through construction of irrigation canals, industrial driers and the incorporation of new methods that allowed for an increase in quality and quantity of the product

Through the transfer of technology and sustained training throughout the years, today over 500 producers re-engineered their plantations.

#### **Country(ies) in which the company's internal change took place:**

At a global level.

**5 search words or keywords that describe the presentation/account.**

Sustainable growth, greenhouses, INTA, Community Program.

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**URL links for the “*Progress Communication*”, for example, Annual Report / BSR Report, Websites, etc.:**

[www.alumbrera.com.ar](http://www.alumbrera.com.ar)