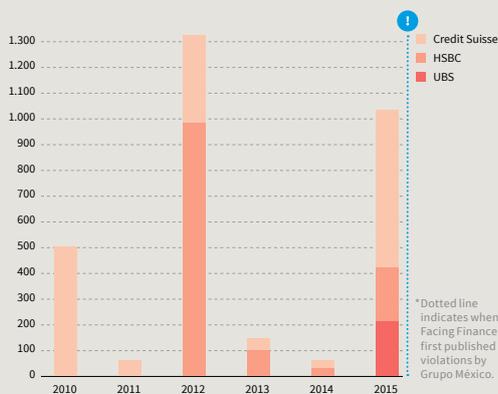


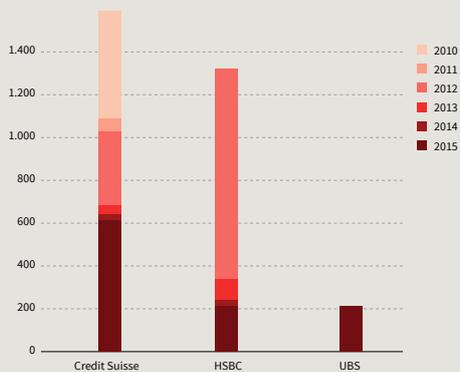
Company responded to allegations	No
Significant concern	Labour violations and severe toxic tailing spills.
Potential norm violations	OECD Guidelines on Multinational Companies, ILO, ICESCR, Guiding Principles on Business and Human Rights
Company ranking on CHRB	0–9% (Extremely Poor)
Voluntary commitments	None
Facing Finance category	The Pits: Extremely poor performers

# Grupo México SAB de C.V.

Capital provision by year — all loans and bond underwritings (€ Million)



Capital provision by bank — all loans and bond underwritings (€ Million)



Management of shares and bonds by top banks (in € Million):



## Digging for Justice: Progress on previously reported cases

Grupo México conducts its mining operations through a host of subsidiary companies, including the Southern Copper Corporation operating in the U.S.A, Mexico and Peru. In 2016, Grupo México was included in the Dirty Profits 4 report including the Tia Maria and Buenavista del Cobre mines. The Tia Maria mine, against which violent protests occurred in 2015, resulting in three civilian deaths, the suspension of the mine, and a state of emergency being declared in the region, is now reportedly expanding and reopening.<sup>227</sup> Construction licences are due to be issued, but there is still disagreement over whether they indeed have a social licence to operate.<sup>228</sup> Without a social licence there can be no FPIC for the project and moving forward would potentially violate human rights norms. Reportedly, protests by farmers in the region are continuing against the mine.<sup>229</sup>

Additionally, labour and freedom of association issues at Southern Copper operations in both Mexico and Peru have surfaced in the past, including anti-union behaviour. Disputes over wages, improved medical care, profit sharing and an end to the surveillance of mine workers continue to occur.<sup>230</sup> Labour violations and the violent suppression of protesters have also persisted at the Buenavista del Cobre mine (prev. Cananea mine) since 2007.<sup>231</sup> Most recently, after a month of protest to force the company to pay them what it has owed for ten years, striking workers and former workers who were blocking railway lines were brutally evicted by private security forces in August 2017.<sup>232</sup> Grupo México also refused to participate in an OECD remediation process in 2016 in relation to worker rights violations in the US.<sup>233</sup>

The Guiding Principles on Business and Human Rights include provisions committing businesses to incorporate a human rights policy and adhere to human rights norms and standards. Grupo México in its code of ethics mentions human rights, but it in no way embeds this in the organisation nor does it have an explicit human rights policy.<sup>234</sup> Grupo México is not a participant of the UN Global Compact nor the ICMM and scored the lowest possible ranking on the Corporate Human Rights Benchmark.<sup>235</sup> It has also been excluded by numerous investors, including Delta Lloyd and PGB, a Dutch Pension fund (See Appendix 1). While the Norwegian Govern-

ment Pension Fund has not divested, it has been pressured to do so due to Southern Copper's labour violations and, more recently, on the grounds of Grupo México and Southern Copper's carbon emissions.<sup>236</sup> The company not only fails to admit its responsibility with regard to human rights and environmental protection, and fails to develop policies and strategies to protect the rights of those impacted by mine activities, but actively seeks to evade its responsibilities and place the duty to respect and remedy firmly with national governments. Despite repeated attempts to contact both Grupo México and Southern Copper, no response was received. This has resulted in an overall categorisation of Grupo México in the worst category "The pits: Extremely poor performers".

### Buenavista del cobre: the worst ecological disaster in Mexico's history

On the 6th August 2014, the "worst ecological disaster in Mexico's history"<sup>237</sup> occurred at the Buenavista del Cobre mine when 40 million litres of acidified copper concentrate spilled into the Bacanuchi and Sonora rivers. The spill was found to be the result of negligence and the company and its subsidiary Southern Copper delayed reporting the spill and denied responsibility.<sup>238</sup> In October 2014 Grupo México claimed that it had completed the cleanup. However, three years after the spill, residents are still reliant on bottled water, river water still shows heavy metal pollution and there is severe economic hardship due to livestock loss and inability to sell produce from the region.<sup>239</sup> The polluted water also continues to affect the health of residents and livestock. In response, 11 legal procedures have been brought forward with the help of PODER by communities against the company and the government.<sup>240</sup> In particular, 10 local committees representing over 1000 affected individuals, have formed the group Comités de Cuenca Rio Sonora to push for social justice.

In July 2017, the UN Working Group on Business and Human Rights published its report on its visit to Mexico<sup>241</sup> and acknowledged the scale of the impacts showing Grupo México had not followed through on promised remediation. The remediation it had committed to in the wake of the catastrophe included the provision of 28 water treatment pumps with filtration technology and a clinic to treat those affected, among other commitments. The Working Group reported only one water pump, which was not functional, and that the clinic had never been completed. Since the spill, 381 residents to date have been treated for gastrointestinal and dermatological diseases in a temporary facility.<sup>242</sup> There is

evidence of new cases emerging. Grupo México also voluntarily contributed to a trust fund to assist those affected by the spill but there have been serious irregularities in distribution of the funds. When compared to the substantial profits made by Grupo México the paltry contributions and lack of delivery on remediation indicate an insufficient commitment to corporate responsibility.

The pollution of the river has prevented 22,000 people directly and 250,000 people indirectly from accessing safe drinking water, unequivocally affecting their most fundamental human rights.<sup>243</sup> It is apparent from the reports that the company has taken no steps to secure the communities' long-term access to water. This affects not only the communities' right to water, but also to health, adequate livelihood, and work as well as potentially violating the UN Guiding Principles on Business and Human Rights to "Avoid causing or contributing to adverse human rights impacts [...], and

address such impacts when they occur".<sup>244</sup> In addition the company does not appear to have in place "Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute." as required by the UN Guiding Principles on Business and Human Rights. Health issues

stemming from the water pollution, such as those described above, also potentially violate the International Covenant on Economic, Social and Cultural Rights, specifically the underlying determinants of health.<sup>245</sup> Southern Copper in its labour disputes shows a lack of regard for the conventions in the ILO and Article 22 of the ICCPR, including those for freedom of association and collective bargaining.<sup>246</sup>

→ PODER and Comités de Cuenca Rio Sonora

*"This is Mexico's worst mining disaster in recent history. The contamination covered almost 200 miles of river. People and animals have gotten sick, animals have died, and crops have failed. The affected communities need answers about the responsible parties and they need the situation remedied."*

*Benjamin Cokelet, executive director of PODER, a Latin American non-governmental organization that has represented the communities in Mexican court.<sup>247</sup>*



▲ Image of the Sonora River  
© Arizona Centre Investigative Journalism  
via Sonora Government



◀ Children and adults along the Rio Sonora have suffered numerous and serious health effects after the spill due to heavy metals and other toxins.  
© Richard Boren