

WE INVEST  
SUSTAINABLE

IN A  
FUTURE

## SUSTAINABLE DEVELOPMENT REPORT 2021

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# INTRODUCTION

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## ABOUT THIS REPORT

**GRI 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56**

We present our sixteenth Sustainable Development Report, reaffirming our commitment to transparency. This report has been prepared according to the “Core” Standards option of the GRI (Global Reporting Initiative), as well as the “Mining and Metals” sector supplement.

In accordance with Grupo México's definition of materiality, for each material topic we have included the general management approach (GRI indicator 103) for Grupo México, as well as the particularities of each division, followed by the applicable GRI indicators for each of our three divisions: Mining, Transportation and Infrastructure. Additionally this report is also aligned with the Sustainability Accounting Standard Board (SASB) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

This report applies the principles for preparing reports in terms of defining the content and quality in reference to: Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness, as defined by GRI itself. The Principles of Inclusiveness, Relevance and Responsiveness defined by Accountability AA1000APS (2008) have also been applied.

The report includes the social, environmental, and economic performance of our three divisions in the three countries where we operate: Mexico, Peru, and the United States, for the period from January to December 2021. It also briefly incorporates some relevant events that have occurred in 2022. Throughout the document, mechanisms for measurement and calculations formulas are indicated, as well and where applicable, restated data from the previous Sustainable Development Report.

This report has undergone an external and independent validation process, according to the scope defined in the [verification letter](#).

Grupo México integrates the following sustainability indexes.

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA



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📷 Panoramic view of Cuacone Mine, Moquegua, Peru.

## LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

A business model focused on socially, economically and environmentally responsible and transparent management is essential to ensure sustainable development. Grupo México has been part of the DJSI Sustainability Index since 2018, with results 79% above the global mining and metals industry average of the Corporate Sustainability Assessment, and is one of the 10 Mexican companies listed in the Sustainability Yearbook 2022.

In 2021, we updated our institutional sustainability policies to include sustainable development, environment, occupational health and safety, community outreach, indigenous peoples' rights, and diversity and inclusion, in order to reassert our priorities for the three divisions, with a focus on prevention and continuous improvement.

Throughout the year, we strengthened our environmental and occupational health and safety systems of risk management and prevention, both for employees and contractors. We made progress toward our goal of certifying all business units in the Mining Division to the ISO 14001 and ISO 45001 standards by 2022; we made 20% and 50% progress in this process, respectively. Additionally, a third of the units in the Infrastructure Division have already been certified to both standards.

We recognize the vital importance of water in ensuring sustainable operations and in the development of neighboring communities. Between 2019 and 2021, we increased the efficiency of fresh water consumption by 4% in the Mining Division, and made investments of USD\$13.4 million for the execution of water infrastructure projects in favor of communities around our operations, which represents an increase of 174% in that category, compared to 2020.

In the Tacna region of Peru, we began the first phase of the Callazas Dam, which will benefit 2,288 families. In Mexico, we are collaborating with the authorities of Cananea, Nacozari and the state of Sonora to improve drinking water systems for the local population through an investment of US\$35 million.

We reaffirm our commitment to address the effects of climate change. Therefore, in 2021 we redoubled our actions to reduce greenhouse gas (GHG) emissions, that have been reduced by 9.6% over the last two years.

Our orderly management of climate risks has enabled us to increase our rating by two notches in the climate change assessment of CDP, which manages a global climate change disclosure system. In addition, we have invested USD\$250 million in the construction of the Fenicias wind farm, which will provide renewable electricity to our mining operations in Mexico and will significantly reduce our GHG emissions once it begins operations.

In addition, in our Transportation Division, we began testing new locomotives and natural gas tenders in order to reduce our carbon footprint. Entry into operation of these new 30 locomotives will allow us to avoid emissions of 46 thousand tons of CO<sub>2</sub> each year. In the long term, we plan to convert 150 locomotives in order to consolidate our transportation means as the most efficient and with the lowest environmental impact.

We support local economies and social and human capital in the regions where we operate. The strengthening of our Forjando Futuro (Shaping the Future) program in the Mining Division, created to promote capacity building in trades, entrepreneurship and business development, benefited 1,022 people in 2021. Our hiring of personnel benefits the countries and regions where we operate. 99% of our workers are natives of the country where they work and 40% are natives

of the states where we operate. The economic spillover we generate in the region is owing also to the fact that 86% of our purchases are of local or national origin. We are one of the companies that contributed the most taxes in Peru and the second largest in Mexico. We have doubled our contribution to national economies compared to 2020, providing governments with more resources for public works and policies that benefit society.

We allocated 10% of the company's net profits in 2021 to investments and operating expenses that support the fulfilment of the United Nations Sustainable Development Goals (SDGs), either directly or indirectly. Of particular note is the direct investment of US\$81 million to finance local community and philanthropic projects.

Grupo México's sustainability vision is comprehensive and long-term. We reaffirm our conviction that the immediate adoption of the best environmental and social practices is a necessary condition for the future in a possible world.

**Germán Larrea Mota Velasco**  
Chairman of the Board of Directors



Buenavista del Cobre Mine, Cananea, Sonora, Mexico.



## ABOUT GRUPO MEXICO

### Introduction to Grupo México

With a presence in Mexico, the United States, Peru and Spain, we have extensive experience in the mining sector, where we are a world leader in copper production. In the Transportation Division, we offer railroad freight transportation services throughout Mexico and in the states of Texas and Florida in the United States. In our Infrastructure Division, we provide specialized engineering, construction, power generation, exploration, onshore and offshore drilling, and oil platform leasing and operation services. We also operate fuel terminals and highway concessions in Mexico.

**Grupo México is the fourth largest company in Mexico in terms of market capitalization.**

We strive to maintain a financial balance that makes us a sustainable and reliable company for our partners, with the ability to generate shared value for the benefit of our stakeholders.

Since 1966, Grupo México (GMEXICO) has been listed on the Mexican Stock Exchange and since 2017 so has our Transportation Division (GMXT). In turn, our subsidiary Southern Copper Corporation (SCCO), of the Mining Division, is listed on the New York Stock Exchange and the Lima Stock Exchange.

All the information on the corporate structure and the subsidiaries that make up our company are available in the [Annual Report](#), on the website [www.gmexico.com](http://www.gmexico.com).

Our presence

The assets of the three divisions are distributed in Mexico, Peru, the United States, Argentina, Chile, Ecuador and Spain, as follows:

MINING

- 01

Ray

MINE
- 02

Hayden

PLANT
- 03

Mission

MINE
- 04

Silver Bell

MINE AND PLANT
- 05

Amarillo

PLANT
- 06

El Pilar

COPPER PROJECT
- 07

El Arco

COPPER PROJECT
- 08

Lime Plant

PLANT
- 09

Buenavista del Cobre

MINE
- 10

Metallurgical Complex

PLANT
- 11

La Caridad

MINE
- 12

Pilares

COPPER PROJECT
- 13

Santa Eulalia

UNDERGROUND POLYMETALLIC MINE
- 14

Buenavista Zinc

ZINC PROJECT
- 15

Hermosillo Offices

CORPORATE OFFICES
- 16

Guaymas Terminal

PLANT
- 17

Chihuahua Offices

CORPORATE OFFICES
- 18

Central Workshop

PLANT
- 19

Santa Bárbara

POLYMETALLIC UNDERGROUND MINE
- 20

Chalchihuites

UNDERGROUND POLYMETALLIC MINE PROJECT
- 21

San Martín

UNDERGROUND POLYMETALLIC MINE
- 22

Charcas

UNDERGROUND POLYMETALLIC MINE
- 23

Electrolytic Zinc Refinery

PLANT
- 24

Angangueo

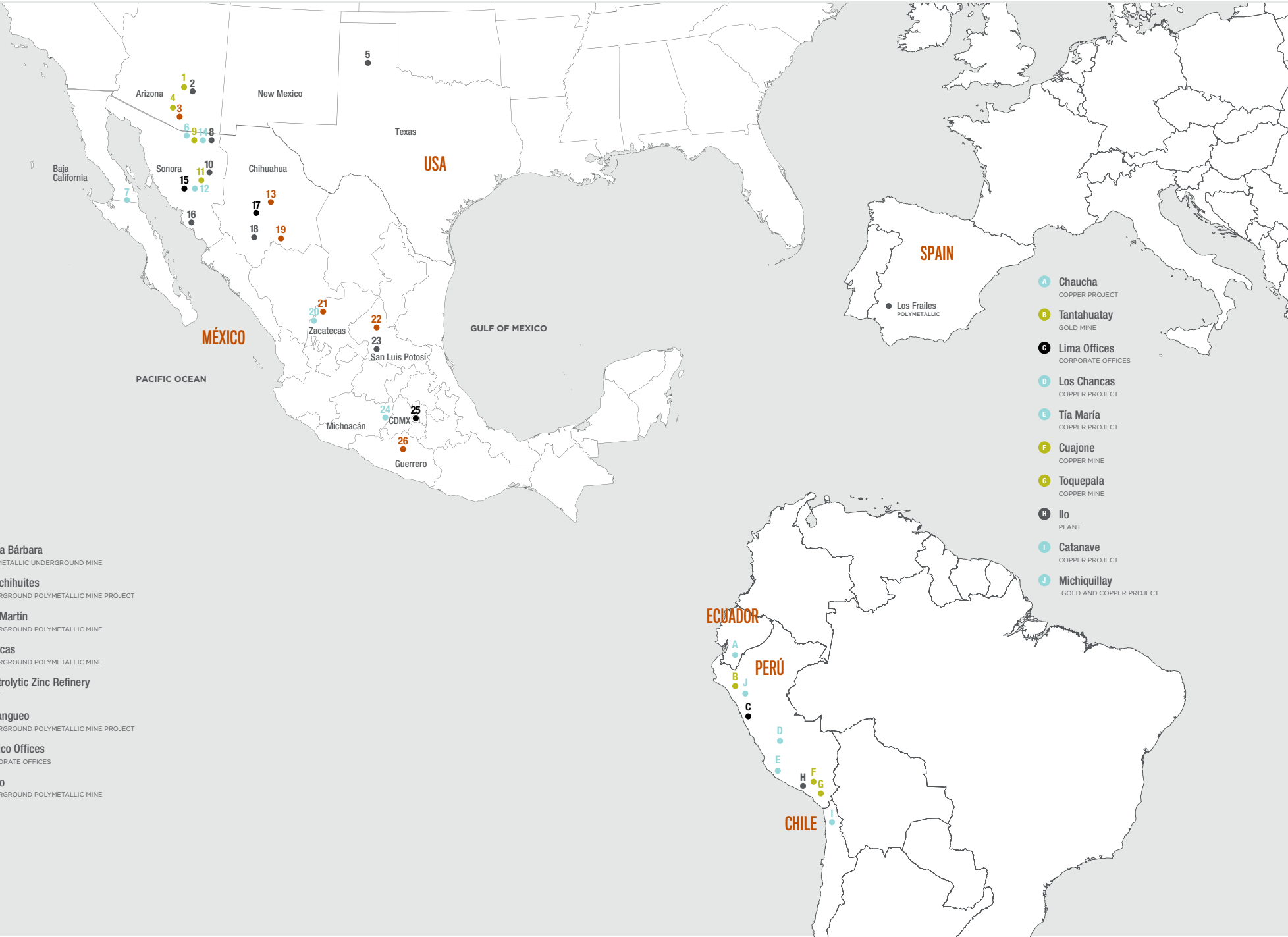
UNDERGROUND POLYMETALLIC MINE PROJECT
- 25

México Offices

CORPORATE OFFICES
- 26




Taxco

UNDERGROUND POLYMETALLIC MINE



INFRASTRUCTURE

SYMBOLGY

-  Combined Cycle Plant
-  Wind Farm
-  Highways
-  México Drilling Company
-  Fuel Storage Terminal



- 01 La Caridad Combined Cycle Plant  
NACÓZARI, SONORA
- 02 Guadalajara Fuel Terminal  
PROJECT UNDER DEVELOPMENT
- 03 Aguascalientes Fuel Terminal  
PROJECT UNDER DEVELOPMENT
- 04 Cadereyta Fuel Terminal  
NUEVO LEÓN
- 05 Monterrey Fuel Terminal  
PROJECT UNDER DEVELOPMENT
- 06 Fenicias Wind Farm  
NUEVO LEÓN
- 07 El Retiro Wind Farm  
JUCHITÁN, OAXACA
- 08 Salamanca-León Highway
- 09 Silao Bypass

- 10 Onshore Drilling Base  
POZA RICA, VERACRUZ
- 11 Offshore Drilling Base  
CIUDAD DEL CARMEN, CAMPECHE
- 12 Platform "Tamaulipas"
- 13 Platform "Veracruz"
- 14 Platform "Sonora"
- 15 Platform "Tabasco"
- 16 Platform "Zacatecas"
- 17 Platform "Campeche"
- 18 Platform "Chihuahua"

GMXT NETWORK

SYMBOLOLOGY

- Ferromex
- Ferrosur
- Florida East Coast
- Texas Pacific
- Fort Worth & Western
- Right of Way
- Intermodal Terminals
- Automotive Terminals
- Ports
- Connection with other railroads

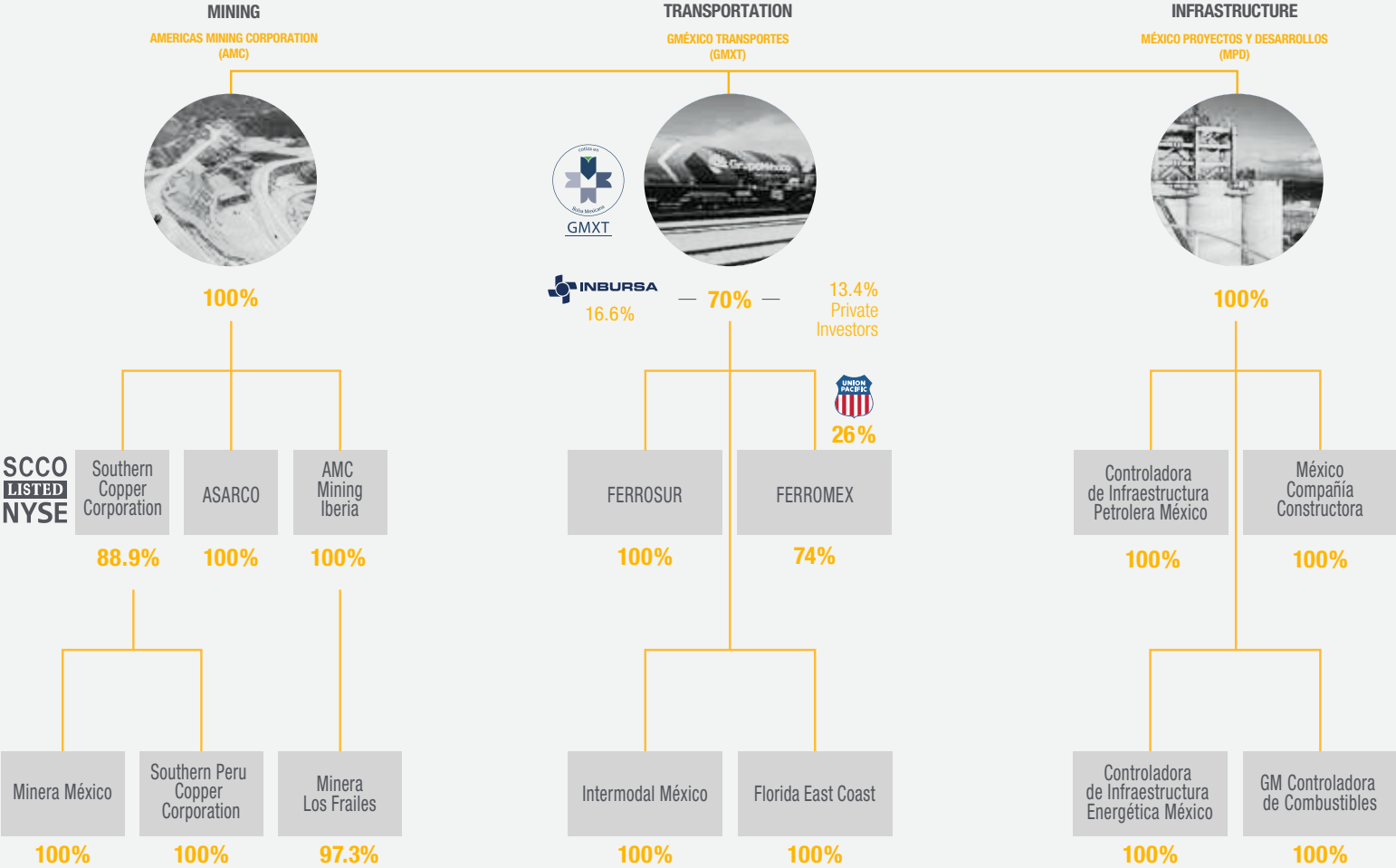


Corporate Structure

The percentage of ownership of the Company in each of its subsidiaries is included.



GRUPO MÉXICO SHARE HAS BEEN LISTED SINCE 1966.



## MINING DIVISION

**Number of employees 2021: 16,055**

### Operations:

- 14 open pit mines and underground.
- 52 industrial plants, among them smelters and refineries.
- 8 explorations.
- Mexico, Peru, United States, Argentina, Chile, Ecuador and Spain.

**Net sales:**

**US\$12,088 million**

## TRANSPORTATION DIVISION

**Number of employees 2021: 10,570**

### Operations:

- More than 11,136 kms rail network.
- Fleet of 809 locomotives and 32,803 railcars of different types.
- 8 port terminals.
- 5 border crossings in Mexico.

**Net Sales:**

**US\$2,523 million**

## INFRASTRUCTURE DIVISION

**Number of employees 2021: 2,465**

### Operations:

- 2 Modular rigs.
- 5 Jack-up rigs.
- Combined cycle power plants USA La Caridad (500 MW).
- El Retiro wind farm in Juchitán, Oaxaca (74 MW).
- High-specification highways (construction, operation and maintenance).
- 1 Fuel shipping terminal.

**Net Sales:**

**US\$558 million**



**RESPONSE TO  
THE PANDEMIC**

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Wellness Dialogue	_18

## COVID-19

In 2021, we face the second consecutive year of the COVID-19 pandemic. Daily life, as well as the workplace, had to undergo a rapid process of adaptation to increasingly precise health protocols and also to the confirmation of various vaccines, thanks to the progress of science and medicine.

**Due to the nature of our operations and our place in the value chains, our business units in the three divisions were categorized as “core activities”. As a result, we had valuable opportunities to access new forms of relationships.**

Responsibility, commitment and teamwork are among the main values needed to face this enormous challenge, in order to continue developing our operations, under the supervision of the highest level of the organization, which participates in a Health Committee.

This committee coordinated the efforts of different areas of the three Divisions, as well as with the Grupo México Foundation.

The committee's strategy focused its efforts on two objectives:

1. Protect the health of workers and their families.
2. Strengthen the capacities of public health services in the regions and communities where we operate.



Implementation of security protocols  
Mina La Caridad, Nacozari, Sonora.

Healthy Teams

Under this vision, it has been important to maintain strict control of hygiene protocols to ensure the health of our employees as the most important pillar of the company.

Protocols for collaborators in each division:  
Mining, Transportation and Infrastructure



Sanitary **filters** were **implemented at the entrance of our more than 45 operating sites** following the protocols of the health authorities of each country.



Symptom detection, **more than 20 thousand PCR/antigen tests** were conducted as well as timely isolation.



Vaccination campaigns to ensure that our employees are **fully vaccinated with a minimum of two doses.**

We implemented these actions so everyone feels safe from the moment they leave home to the moment they return.



Fever control on entering premises at la Caridad, Nacozari de García, Sonora, Mexico.

# Strategic Allies

As a private sector company, we worked hand in hand with governments and society in the context of the COVID-19 pandemic. The care of our employees and their families was extended to the care of neighboring communities, as a priority stakeholder in our business model.

The good relations between Grupo México and the federal, state, regional and municipal governments of Mexico, as well as their equivalents in Peru and the United States, favored the generation of dynamic and effective bridges of action to meet the urgent needs of the population. This alliance was achieved by strengthening the health system and front-line institutions, such as health professionals, firefighters and public security forces.

In 2021, we made an investment of US\$5.2 million in Mexico, Peru and the United States, highlighting the following items:

17,000 protection kits and biosafety implements for health personnel.



Installation and operation of the Molecular Laboratory in Cananea, Sonora with more than 5 thousand PCR (Polymerase Chain Reaction) tests.



Donation of 25 thousand shelter and food kits for vulnerable population, mainly children and elderly people living in poverty.



Logistical support and accompaniment in more than 30 communities for vaccination campaigns against COVID-19.



Through Grupo México Foundation, we work closely with the different levels of government in Mexico, Peru, and the United States to join forces to strengthen health and citizen care institutions.

## Distinguishable Actions

### Vaccination Strategy

As soon as the administration of the vaccine against COVID-19 was announced, we joined efforts with different logistical and infrastructure support, including: providing facilities, furniture, stationery, personal protective equipment, transportation, lodging, registration of the population and food for the vaccination brigades that the governments established throughout each country.

In Mexico, we were present in 12 communities under the coordination and leadership of the authorities of the health sector and the Secretariat of Welfare of the Federal Government, supporting the registration of people to be vaccinated on the website.



**In Peru, the Ministry of Health and our subsidiary, Southern Copper, managed to exceed the established goal of doses applied: the cooperation agreement signed in July 2021 specified 850 thousand doses to be applied, and thanks to the excellent coordination between medical personnel, the community and the company, it was possible to exceed one million people vaccinated in a period 50 days less than originally planned.**

**Grupo México had 42 vaccination centers in the five regions of Peru, where it provided logistical and medical service support.**

For these actions of social commitment, the Peruvian Ministry of Health awarded the “Medal of Merit” to our subsidiary, Southern Copper, for supporting the national response against the pandemic, making a special mention for the supply of doses for the benefit of Peruvians in the regions of Tacna, Moqueagua, Arequipa, Cajamarca and Apurímac.



Vaccination campaigns in Cajamarca, Peru. 

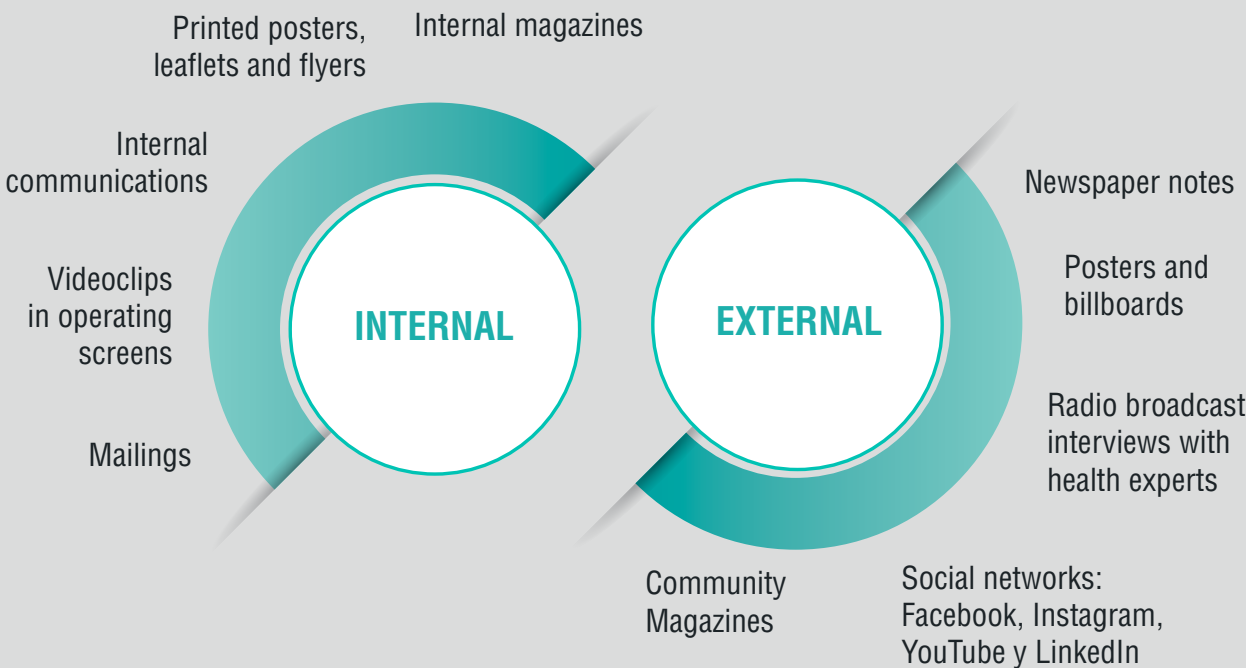
Wellness Dialogue

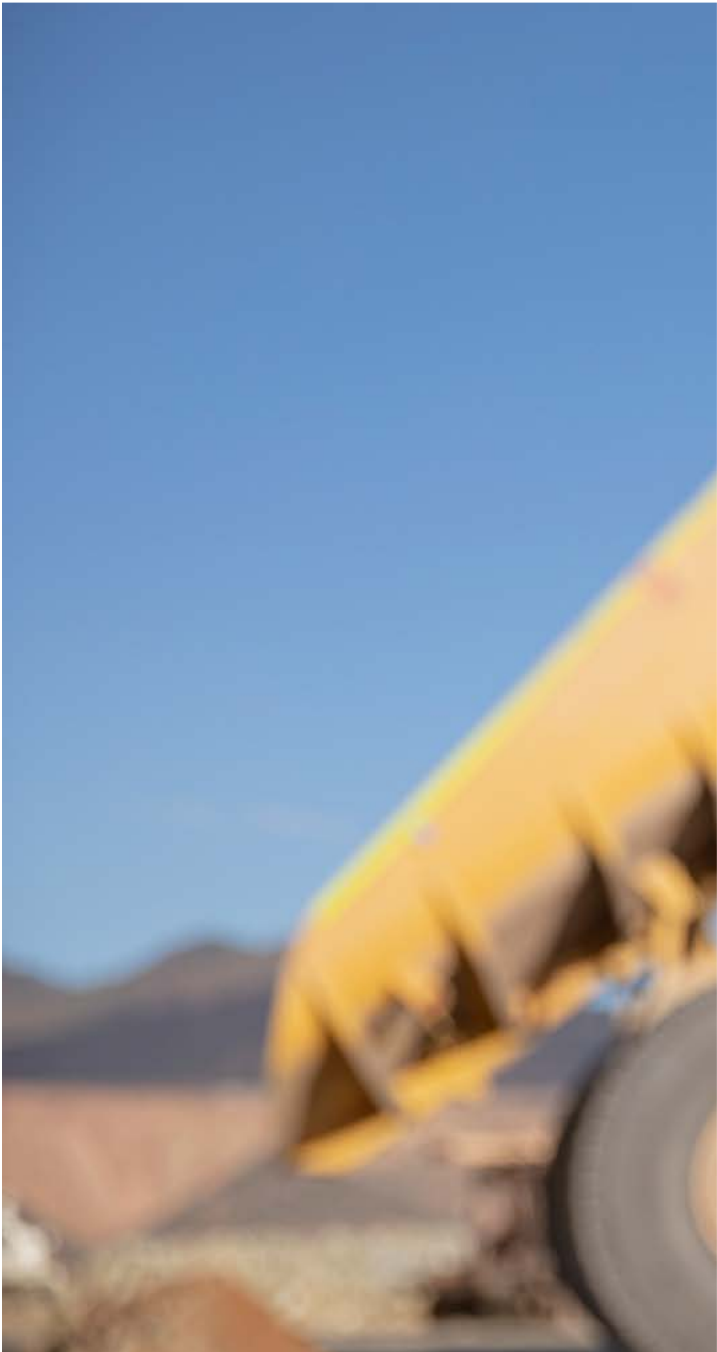
Since the beginning of the pandemic in Grupo México we have developed a communication strategy according to the information provided by the health authorities in each of the properties of the three divisions, as well as in the communities neighboring our operations.

From a preventive point of view, the key messages of the communication campaign were about the proper use of personal protective equipment, as well as the invitation to complete the vaccination schedule, in addition to pursuing the following objectives:

- 1. Contribute to the reduction of COVID-19 infection risks through timely and cross-cutting communication.
- 2. Complement the internal communication strategy to raise awareness of personal protection measures among workers and their families.
- 3. Include neighboring communities in the awareness campaign to strengthen local management.

During 2021, the outbound channels were expanded in order to position the messages addressed to the different audiences of interest with more than one thousand communication actions:





**CREATING  
SHARED  
VALUE**



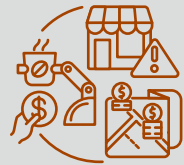
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Grupo Mexico Foundation	_38

## Economic Value Generated and Distributed

### GRI 201-1

The activities and projects Grupo México executes create value for its investors, employees, suppliers and contractors, while fostering the economic development and social wellbeing of communities in the vicinity of its operations.

This value is generated by:



**Directly strengthening the local economy, and the social and human capital of the communities** where we operate. For example, the economic value we create is distributed via the taxes we pay to the governments that represent these communities.



Continuously generating **quality jobs**, capacity building, promotion of talent, and demand for local suppliers.



Fostering better **economic, social and cultural opportunities** in remote rural settings, where most of our operations are located, by creating conditions that would be difficult to find in these places due to their remoteness and lack of connectivity with the main urban centers.



**Developing infrastructure** like the hospitals, roads and schools needed to improve quality of life in these communities.



Contributing to global goals for the reduction of emissions and more rational use of resources, with a view to **reducing the company's carbon footprint**.



Using **technology** to develop more efficient processes.

### In the last four years:

**We have generated revenues of over US\$ 35 billion.**

**Distributed more than US\$ 4.076 billion to our 30,000-plus employees in Mexico, Peru and the United States in the form of salaries and benefits above the industry average.**

**Invested US\$ 289 million in social projects and made donations that stimulate sustainable development and growth of the communities where we operate.**

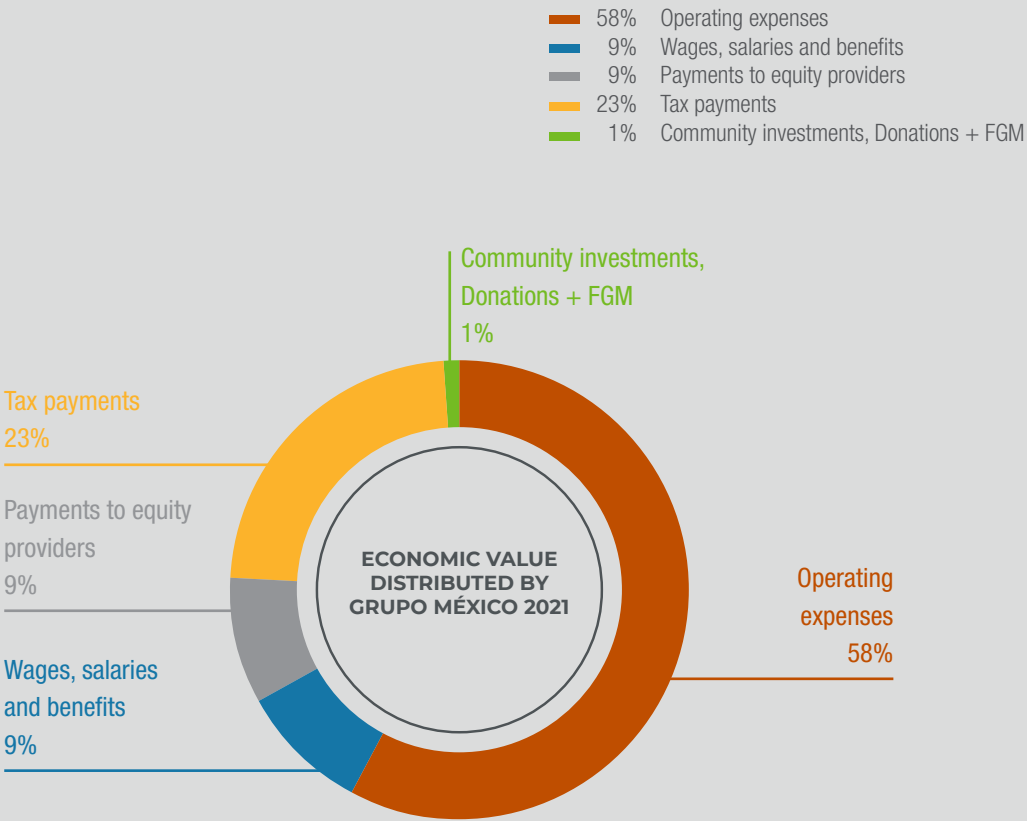
**Grupo Mexico has been one of the companies that has contributed the most in payment of taxes in Peru (the first in 2019 and 2020) and Mexico (the second in 2021). Payments doubled those of 2020, enabling governments to execute more public works and provide better services for their citizens.**

In 2021, the economic value distributed by the company increased 21% compared to 2020.

Grupo México’s operations were valued at US\$ 14.777 billion in 2021, which translates into growth of 31.3% over 2020. Of this figure, 68% (US\$ 10.182 billion) was distributed among the interested parties in the form of operating expenses, tax payments, payments to equity providers, wages, salaries and benefits.

Our value-generation capacity is constantly increasing:

	Grupo México			
US\$ millions	2021	2020	2019	2018
Economic Value Generated (EVG) - Revenues	14,777	11,252	11,021	10,495
Operating expenses¹	5,522	5,072	5,063	4,249
Wages, salaries and benefits	963	870	996	1,247
Financial institutions and stockholders	1,006	1,157	1,132	1,845
Tax payments²	2,612	1,249	1,437	975
Community investments	68	39	40	62
GM Foundation + Donations³	11	48	17	4
Economic Value Distributed (EVD)	10,182	8,435	8,685	8,382
Economic Value Retained (EVR) = EVA – EVD	4,594	2,820	2,336	2,113



1. Does not include wages, salaries or benefits extended to operating employees.

2. Grupo Mexico is obliged to pay taxes pursuant to local regulations in the countries where it has a presence. This is also mandatory for reasons of transparency, since the group is listed on several stock exchanges. This line item includes the payment of mining and concession rights and other taxes.

3. Since 2020, the “GM Foundation + Donations” line item was included to provide greater clarity as to contributions to health and efforts to combat the COVID-19 pandemic (these are independent of Community Development budgets).

The table below illustrates the distribution of economic value per division:

										US\$ millions
Division	No. of employees	Economic Value Generated (EVG)	Economic Value Distributed (EVD) 2021							Economic Value Retained
		Revenues	Operating expenses <sup>1</sup>	Wages, salaries and benefits <sup>2</sup>	Payments to equity providers	Tax payments <sup>3</sup>	Community investments	Donations + FGM	Total VED	
DMIN	16,055	12,088	4,111	545	394	2,199	66	6	7,321	4,766
SCC	14,755	10,903	3,622	421	380	2,177	66	6	6,673	4,231
MM (Mexico)	9,722	6,563	2,340	170	50	1,220	12	1	3,794	2,770
SPCC (Peru)	5,033	4,340	1,282	251	330	957	54	5	2,879	1,461
ASARCO (USA)	1,300	1,185	458	125	14	22	0.1	0.1	619	566
DTRA	10,570	2,481	1,008	371	284	311	1	1	1,976	547
DINFRA	2,465	208	403	47	327	103	0.3	-	881	(329)
FGM	-	-	-	-	-	-	-	4	4	-
Total GM 2021	29,090	14,777	5,522	963	1,006	2,612	68	11	10,182	4,981
2020	29,586	11,252	5,072	870	1,157	1,249	39	48	8,435	2,820
2019	30,474	11,021	5,063	996	1,132	1,437	40	17	8,685	2,336

Notes:

- Final amounts may differ to those published in our “2021 Financial Statements” in 2022.
  - Amounts in the “Revenue” column represent third-party sales. Do not include inter-company transactions.
- Total operating expenses include amounts corresponding to projects in Spain, Ecuador and Chile (US\$ 31 million), but are not broken down in the table because these are the only items in which said countries reported expenses.
  - The main activities of each division are:
- Mining: extraction and refining of copper, zinc, molybdenum, gold and silver.
  - Transport: logistics services for land freight transport.
  - Infrastructure: power generation, oil drilling activities, construction of public and private infrastructure projects, road concessions, terminals and fuel transfers.



### SUCCESS STORY

#### METALÚRGICA DE COBRE WINS 2021 NATIONAL EXPORT PRIZE


The Mexican Ministry of Economy awarded the 2021 National Export Prize in the Great Industrial Export Companies category to Metalúrgica de Cobre, a subsidiary of Grupo México's Mining Division.

This prize acknowledges companies that make an outstanding contribution to the development, promotion and diversification of Mexican exports. In the period under evaluation, Metalúrgica de Cobre was commended for its responsible production of essential inputs (copper wire rod is the company's main export product), in compliance with strict quality and environmental protection standards, and without production being affected by the COVID-19 pandemic. The company also excels in terms of the economic benefits and assistance it affords its workers and their families in the areas of health and wellbeing.

Exports account for 70% of Metalúrgica de Cobre's total sales and the company has clients in the United States, Nicaragua, Spain, Italy, Singapore, Switzerland, Canada, Colombia, Costa Rica and Hong Kong, among other countries.

Receiving this prize underscores our commitment to creating well-paid jobs, contributing to social wellbeing in Mexico and generating economic value in foreign trade through investment and new projects **in this segment.**



Worker at the Metalúrgica de Cobre wire rod plant in Sonora, Mexico. 

Expenditure on Suppliers

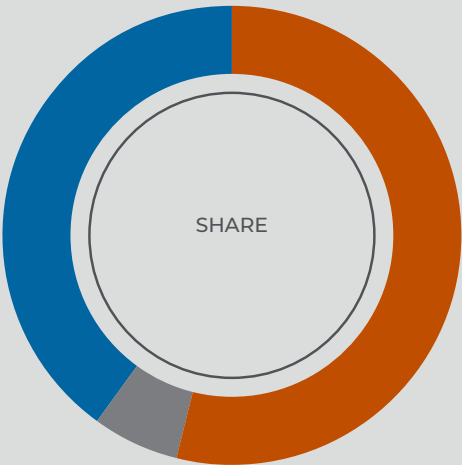
GRI 204-1

In 2021, 86% of total expenditure on suppliers at our three divisions—Mining, Transportation and Infrastructure—was distributed among local<sup>4</sup> and national<sup>5</sup> suppliers.

The acquisition of products and services generated revenues of US\$ 3.74 billion for our suppliers. Local suppliers benefited most, reporting revenue growth of 56% compared to the previous year.

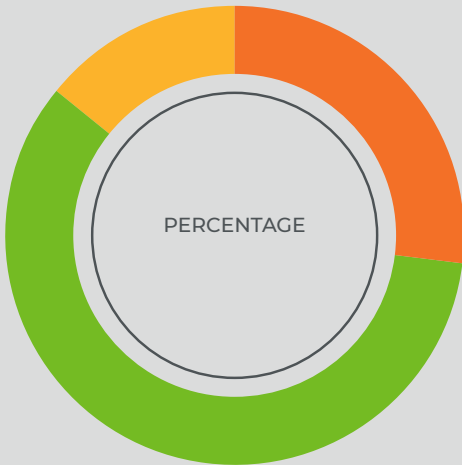
SHARE OF EXPENDITURE ON SUPPLIERS

- 54% Mining Division
- 6% Infrastructure Division
- 40% Transportation Division



PERCENTAGE OF EXPENDITURE ON LOCAL, NATIONAL AND INTERNATIONAL SUPPLIERS
















- 27% Local suppliers
- 59% National suppliers
- 14% International suppliers

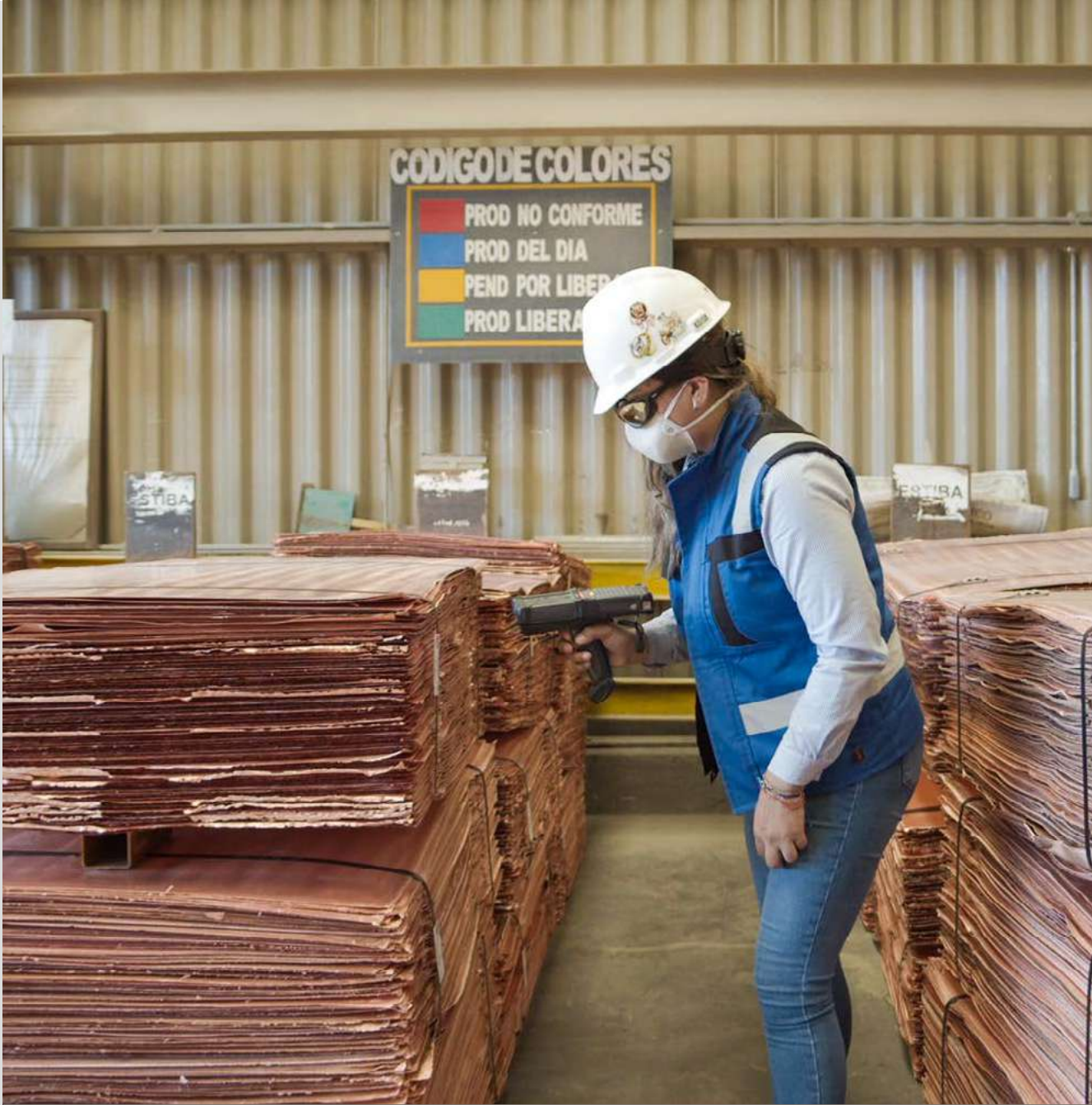


4. The term “local supplier” refers to all those suppliers that provide products or render services in the same state in which our operating units are located.

5. The term “national supplier” refers to suppliers that provide products or render services in the same country in which our operating units are located. Local suppliers are not included in the national supplier count.

Although the company operates in diverse sectors and requires a wide range of products and services, there are five main categories of acquisitions in each division that account for 39% (US\$ 1.457 billion) of the group’s expenditure.

	Mining	Transportation	Infrastructure
1	 Power	 Power	 Power
2	 Spare parts for equipment and vehicles	 Road-and-track machinery and signs	 Cement
3	 Chemicals	 General services for rail operations	 Chemicals
4	 Rod and ball grinding equipment	 Building contractors	 Spare parts for equipment and vehicles
5	 Explosives and accessories	 Spare parts for locomotives and railcars	 Building supplies



Worker scanning products at the La Caridad plant in Nacozari, Sonora, Mexico. 

The table below shows a breakdown of suppliers in each division:

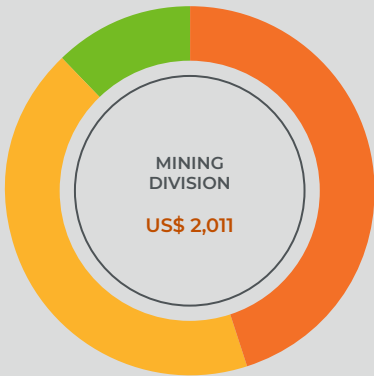
US\$ millones

Operating Region	Total Expenditure	Total No. of Suppliers	Local Suppliers		National Suppliers		International Suppliers	
			Total Expenditure	Total No.	Total Expenditure	Total No.	Total Expenditure	Total No.
DMIN	2,011	3,611	901	705	865	1,845	245	1,061
SCC	1,724	2,820	746	357	750	1,441	227	1,022
MM (Mexico)	983	1,451	392	300	437	535	154	616
SPCC (Peru)	741	1,369	354	57	313	906	73	406
ASARCO (USA)	288	791	156	348	115	404	18	39
DTRA	1,489	2,723	-	-	1,252	2,483	237	240
Mexico	1,466	1,919	-	-	1,229	1,679	237	240
USA	24	804	-	-	24	804	-	-
DINFRA	236	1,821	105	952	105	776	26	93
Total GM	3,737	8,155	1,006	1,657	2,223	5,104	508	1,394

Notes

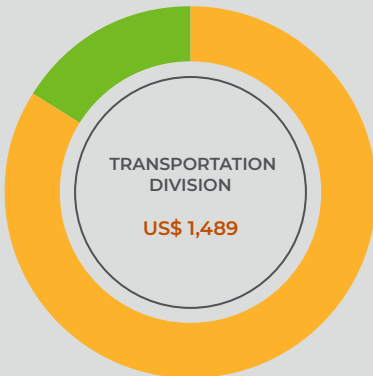
- In all three divisions, expenditure was higher on local and national suppliers in 2021.
- In the case of the United States, most of the goods and services required for our mining operations are available locally or nationally, reason why expenditure on international suppliers is minimal or negligible, as is also the case with the Transportation Division operating in the United States.
- The Transportation Division has yet to determine what percentage of local suppliers make up its national suppliers and will disclose this figure in future reports.

45% Local  
43% National  
12% International



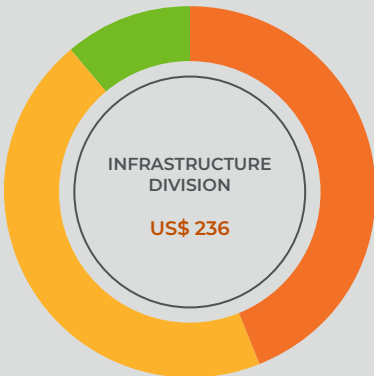
THE MINING DIVISION REPORTED A 14%-INCREASE IN EXPENDITURE ON SUPPLIERS (US\$ 2.01 BILLION).

84% National  
16% International



NATIONAL SUPPLIERS ACCOUNTED FOR 84% OF EXPENDITURE ON SUPPLIERS IN THE TRANSPORTATION DIVISION

44% Local  
45% National  
11% International



LOCAL SUPPLIERS ACCOUNTED FOR 45% OF EXPENDITURE ON SUPPLIERS IN THE INFRASTRUCTURE DIVISION

### *Forjando Futuro*

The *Forjando Futuro* program promotes local suppliers and training in mining work in the communities where we operate. In 2021, we organized 1,700 training sessions for safety supervisors, paramedics, civil construction works and heavy machinery operators. We also laid the foundations for 2022 supplier certifications.



Beneficiaries of the program in Moquegua and Tacna, Peru. 

## Sustainable Development Investments

Sustainability investments include budgeted Sustainable Development projects of the areas reporting to the area of Sustainable Development and Grupo México Foundation efforts and programs in the following areas:

In 2021, US\$ 460 million was spent on health and safety in the workplace, the environment and community development, in addition to donations to social and environmental causes.



### STRENGTHENING OF HEALTH AND SAFETY IN THE WORKPLACE

- Health promotion and protection
- Detection and treatment of diseases
- Employee training and protection
- Industrial hygiene



### FOSTERING OF THE ECONOMIC, SOCIAL AND HUMAN DEVELOPMENT OF COMMUNITIES IN THE VICINITY OF COMPANY OPERATIONS

- Social programs
- Operation of education centers
- Services rendered by employees in Grupo México districts.
- Investment in infrastructure that benefits local communities.



### CONTINUOUS IMPROVEMENT IN ENVIRONMENTAL PERFORMANCE OF OPERATIONS

- Reduction in water consumption, water treatment and reuse
- Waste management
- Reduction in greenhouse gas (GHG) emissions
- Conservation of biodiversity
- Reforestation programs
- Prevention and mitigation of spills

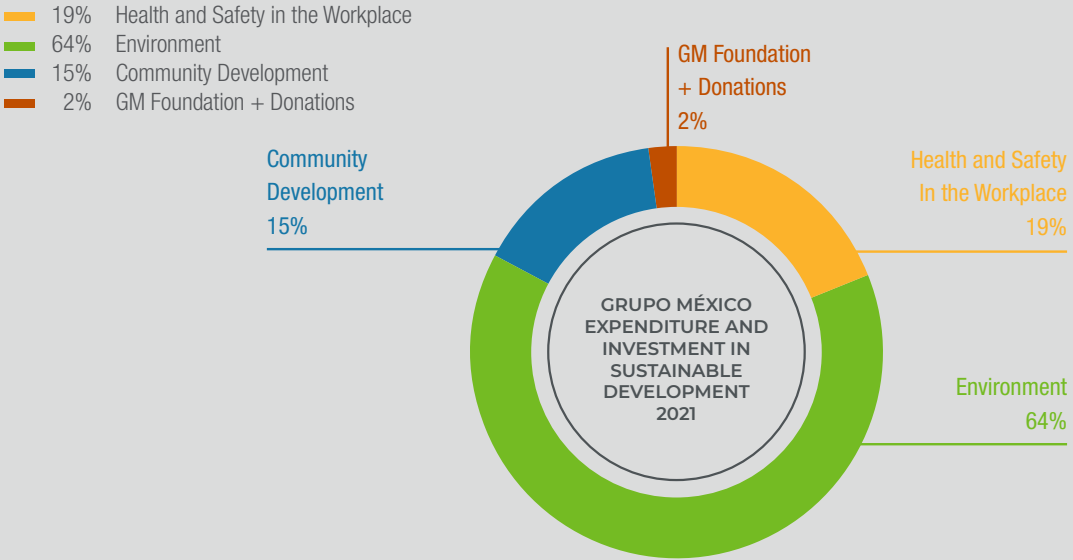


### DONATIONS AND PHILANTHROPIC PROGRAMS

- *Dr. Vagón* and *Escuchar Sin Fronteras* health programs
- Environmental programs
- Assistance, donations and humanitarian aid
- Development of institutions and associations

The table below shows a breakdown of expenditure and investments over the last four years and the graph shows the distribution of expenditure in 2021 among the four categories:

US\$ millions	2021	2020	2019	2018
Type of expenditure and Investment	460	463	510	446
Safety and Occupational Health	87	81	158	116
Environment	294	295	295	264
Community Development	68	39	40	62
GM Foundation and Donations	11	48	17	4



Notes on sustainable development investments in 2021:

- Financial assistance and donations to combat COVID-19 declined to the extent that progress was made combatting the pandemic in the countries where we operate. This explains the drop in investment compared to the previous period.
- As efforts to control the pandemic and its impact yielded results, we were able to gradually resume community activities and projects. This explains why investment in Community Development increased more than 40% compared to 2020.
- As part of our commitment to continuous improvement, in future reports we will identify investments in organizational management (human resources and strategic procurement) and operating practices (investment in machinery and equipment) that contribute to the company’s sustainable development.
- In the Transportation Division, the “Environment” line item increased compared to 2020 due to the inclusion of investments to convert locomotives to less polluting fuels.
  - A breakdown of investments and operating expenses can be found in the respective [Appendix](#) section.

6. Figures have been rounded up one decimal point.

Likewise, the table below shows a breakdown of investments for 2021 by division and category<sup>6</sup>:

US\$ millions

DIVISION	Occupational Health and Safety	Environment	Community Development	Donations	Total
DMIN	81.8	203.7	66.1	5.5	357.1
SCC	69.9	178.4	65.9	5.4	319.7
MM (Mexico)	59.9	143.7	12.3	0.8	216.7
SPCC (Peru)	10	34.7	53.7	4.6	103
ASARCO (USA)	11.8	25.3	0.2	0.1	37.3
DTRA	3.2	24.6	1.3	0.8	29.9
DINFRA	2.1	66.4	0.3	-	68.8
FGM	-	-	-	4.3	4.3
Total GM	87.1	294.7	67.7	10.6	460.1



Fenicias wind park in Nuevo León, Mexico.



CASE STUDY  
CORPORATE VOLUNTEER PROGRAM: SUSTAINABLE DEVELOPMENT EFFORTS

Grupo México’s commitment to community development is shored up by the participation of its employees in a series of corporate volunteer programs and initiatives organized by our Community Development areas in Mexico, Peru and the United States. In 2021, the [Grupo Mexico Foundation Corporate Volunteer Platform](#) was officially launched to promote the volunteer initiatives of civil society organizations (CSOs), foundations and universities in the areas of health, education, culture and environment. This digital tool will give greater exposure to social causes and encourage employees to join efforts that benefit Mexican society.

In 2021, Community Development and Grupo Mexico Foundation volunteer efforts included:

- 808 volunteers from all three divisions and Grupo México Foundation in Mexico, Peru and the United States
- 5,995 hours of community service

A breakdown of the number of volunteers and the estimated monetary value of the hours of volunteer work they put in can be consulted in the respective [Appendix](#).

## Contributions to the 2030 Sustainable Development Goals

Grupo México is committed to the Sustainable Development Goals (SDGs) established by the United Nations, as stated in its [Sustainable Development Policy](#). In 2018, in acknowledgment of the essential role companies play in achieving the SDGs, Grupo México decided to allocate 2.5% of its net earnings to this cause.

The recommendations set forth in “A Practical Guide to Integrating SDGs in Company Reports”<sup>7</sup> were used to identify and align our main contributions to the SDGs.

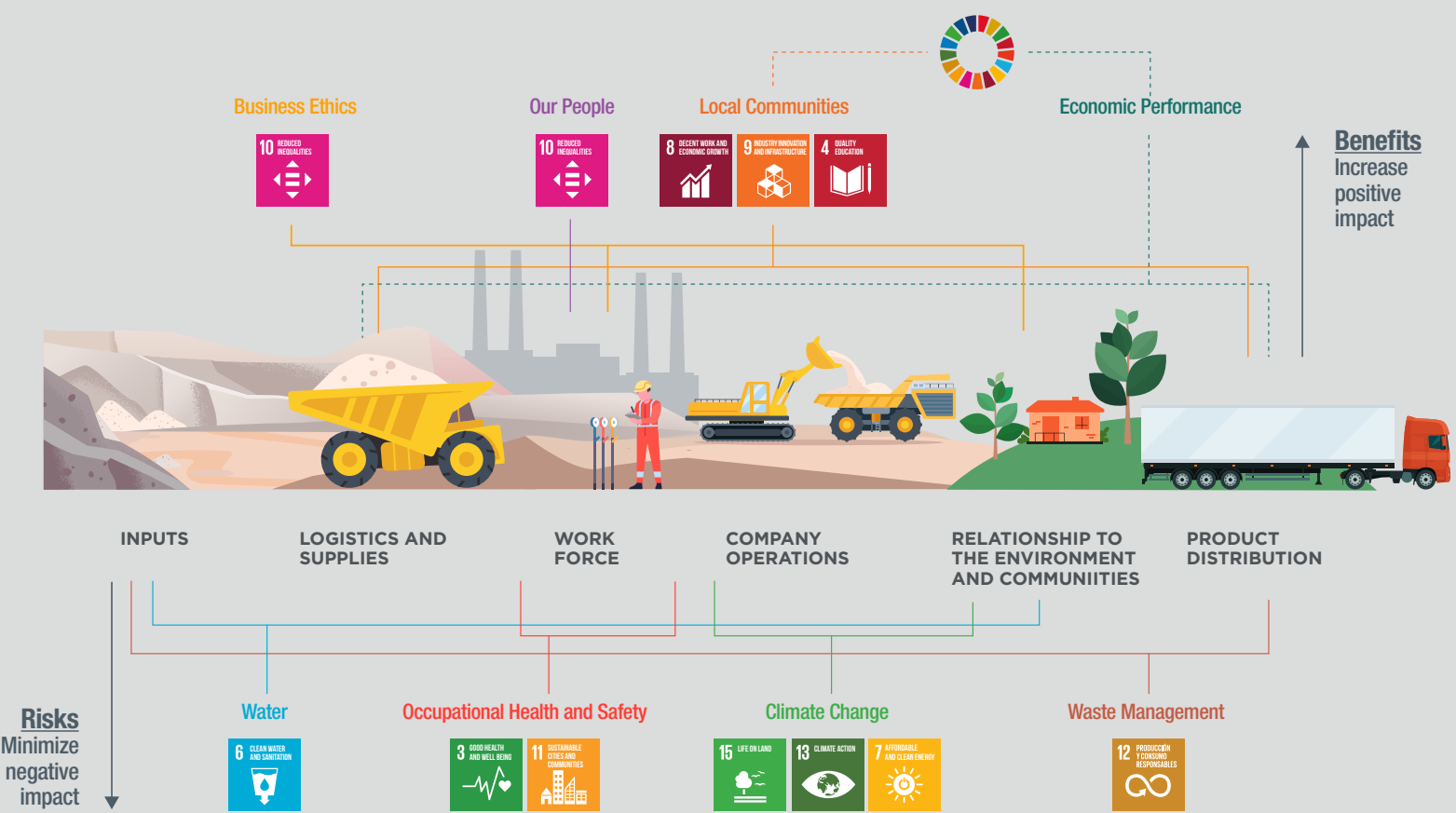
### 1. Defining of priority targets

In 2021, we updated our [Materiality Matrixes](#) so as to better identify and prioritize opportunities to address risks to people and the environment related to our operations, thereby maximizing our positive impact on society and the environment.

The main material issues identified in our three divisions were:

**occupational health and safety, climate change, business ethics, local communities, handling of mining waste, water and our people.** Also, the company’s economic performance creates value that we indirectly share with society.

An analysis of the material issues affecting the company and their relationship to society has enabled us to identify a series of risks and benefits, and prioritize actions that contribute to the SDGs:



7. Compiled by Pacto Mundial and the Global Reporting Initiative.



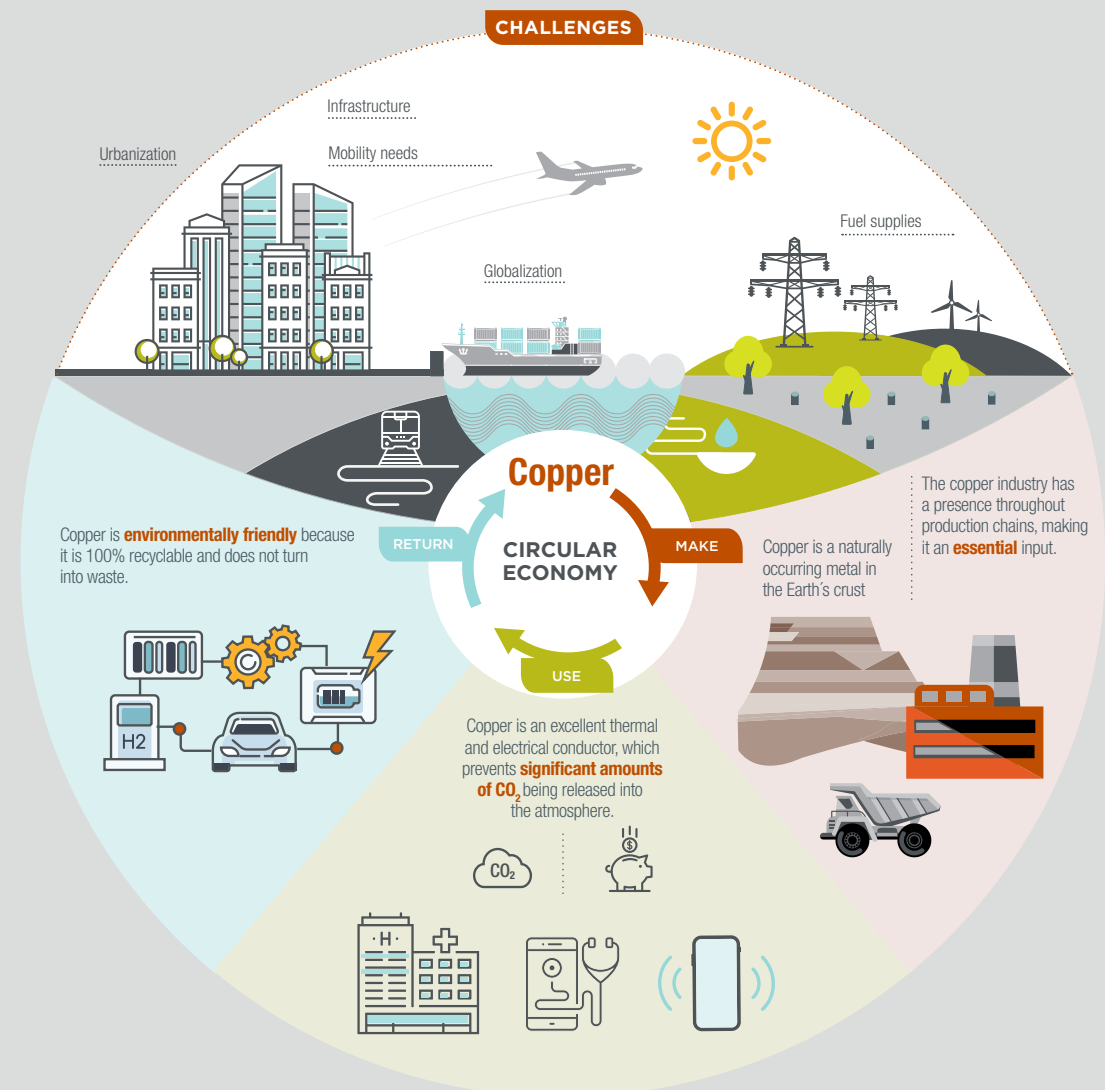
## CASE STUDY CONTRIBUTION OF COPPER TO THE CIRCULAR ECONOMY

Grupo México provides products and services that are of benefit society and that support the transition to low-carbon economies. We have taken concrete steps toward promoting economic development, based on the responsible exploitation of natural resources.

Our goal is to offer society an essential component in the transition to a circular economy: copper.

**In 2021, Grupo México produced more copper than any other mining company in Mexico or Peru, and was the third-largest producer in the United States.**

Grupo México also renders services related to the production of renewable energies and the transportation of freight by rail, which produces 3.5 times fewer emissions than road haulage services.<sup>9</sup>



9. Association of American Railroads, 2019, *The Environment Benefits of Moving Freight by Rail*.

1.2.1.2 Understanding of the SDGs and specific targets

An analysis of the risks and benefits of our operations has enabled us to identify 11 Sustainable Development Goals (SDGs) as having a bearing on the sustainable development commitments of Grupo México<sup>10</sup>, be it by reason of their targets or indicators.

Specifically, the shared value diagnoses we conduct every two years in communities where our operations are located help us identify concerns and issues of interest to locals. These diagnoses contribute to the [Community Materiality](#) analysis, which is aligned with the targets and indicators of the SDGs.

This analysis takes into account the risks associated with our operations and the benefits of substantial investments exclusively in terms of how these relate to the community.

10. The company’s sustainable development commitments can be consulted in our [Sustainable Development Policy](#).

1.3.1.3 SDG-related content

With a view to managing and systematizing our contributions to the SDGs, in 2018 Grupo México established 27 [Corporate Sustainable Development Targets](#) for the strengthening of our organizational performance. These are to be achieved by 2022 and are in alignment with various regulatory frameworks and international agreements, including the 2030 Agenda and the Sustainable Development Goals established by the United Nations.

No. of Targets	Related Issue	ODS
8	Occupational health and safety	 
3	Human rights	 
3	Community development	   
1	Environmental management	
3	Water	
2	Biodiversity	
4	Climate change	 
3	Management of mining waste	

Progress on these 27 [Corporate Sustainable Development Targets](#) as of 2021 can be consulted in the respective section of this report.

2 - Measuring and analysis

2.1 2.1 Goal-setting

For purposes of reporting contributions to the company’s target of **“Allocating at least 2.5% of net earnings to investment in projects that contribute to the Sustainable Development Goals (ODS) established by the United Nations”** and the progress we have made, in 2019 we began identifying investments and expenditure that translate into direct benefits for communities. These have been classified as follows:

a) Services and investments that translate into substantial positive benefits.

These include investments, programs and services that have direct positive benefits for the communities where Grupo México operates and can be grouped into two subcategories:



a.1 Philanthropy

The budgets of social programs, education centers, assistance and donations in all three divisions, including initiatives and programs supported by Grupo México Foundation.



a.2 Investment

Investment in the development of different types of community infrastructure.

b) Services and investments related to risks to people and the environment, based on issues material to the company.

As regards the company’s 26 remaining targets, investments to mitigate risks and substantial impacts on the various processes throughout the value chain can be divided into two subcategories:



b.1 Operating processes

Expenditure on continuous improvement in the areas of health and safety in the workplace, a reduction in water consumption, water treatment, waste management, emissions, gases, dust and particles, clean-up processes, biodiversity conservation, nurseries and reforestation programs.



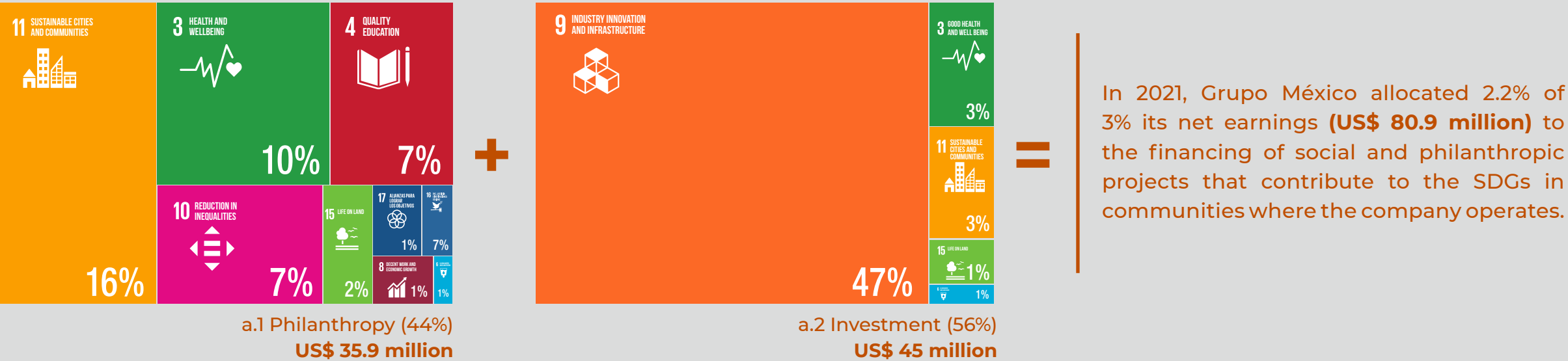
b.2 Organizational practices

Professional training and education initiatives for co-workers.

a) Services and investments that translate into substantial positive benefits.

The graph below shows a breakdown of investments made in 2021 as part of the company’s target of allocating at least 2.5 % of its net earnings to compliance with the SDGs, in view of their positive benefits:

BREAKDOWN OF CONTRIBUTIONS TO SDGS



A breakdown of investments and their correlation to the SDGs can be consulted on the next page.

b) Services and investments related to risks to people and the environment, based on issues of material concern to the company.

Grupo México also **contributes indirectly** to the SDGs in the form of internal investments in the production of renewable energy, safety and health in the workplace, a reduction in the water consumption and water treatment, the responsible handling of waste, the conservation of biodiversity, nurseries and reforestation programs, scholarships, etc.

In 2021, investment in the aforementioned categories stood at **US\$ 380 million**. This figure is twofold that of 2020 and includes the construction of the Fenicias wind park that will supply clean electricity for the company’s mining operations in Mexico.

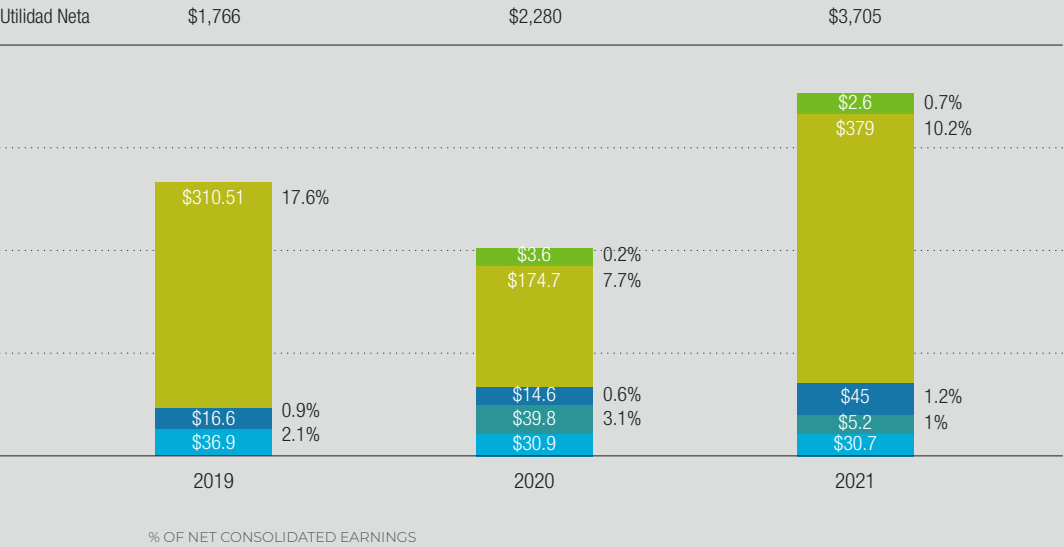
A.1 PHILANTHROPY		US\$ millions	
Benefits Identified	Investment Categories	35.9	
Access to housing and basic services, including the development of sustainable infrastructure in urban areas.	Services rendered in GM districts	11.6	12.5
	Assistance and donations for the development of 12.5 infrastructure by third parties	0.9	
Promotion of healthcare and sports, including assistance and donations to combat the COVID-19 pandemic.	COVID-19 assistance and donations	5.2	8
	Dr. Vagón program	0.9	
	Escuchar Sin Fronteras program	0.4	
	Assistance and donations (health)	0.1	
	Social programs (health)	1.4	
Access to quality basic educational services and the development of professional and technical capacities for young people and adults.	Operation of GM education centers	5.3	5.9
	Social programs (education)	0.5	
	Assistance and donations (education)	0.1	
Strengthening of social inclusion in communities.	Diverse social programs in communities	5.2	
Integration of conservation efforts and the sustainable stewardship of forests and landbased ecosystems.	Social programs (environmental)	1.7	
Creation and support for partnerships to strengthen social development.	FGM institutional programs	0.9	
Access to jobs and opportunities, including the development of productive activities and entrepreneurship.	Development of local suppliers (Forjando Futuro)	0.1	0.7
	Social programs (economic development)	0.6	
Promotion of volunteer work, inclusion, human rights and citizen participation.	Social programs (volunteer and social participation)	0.6	0.7
	Assistance and donations (volunteers and social participation)	0.1	
Access to drinking water via the participation of local communities in the improvement of water management and drainage systems.	Assistance and donations (water)	0.3	
A.2 INVESTMENTS		US\$ millions	
Benefits Identified	Investment Categories	45	
Development of regional infrastructure to support economic development and the wellbeing of communities.	Tax-financed works and mutual funds in Peru	38.6	
Infrastructure to reduce risks and accidents related to railway machinery.	Program for placing signs on railway crossings	2.6	
Development of sustainable infrastructure in urban zones, including the protection of cultural and natural heritage sites.	Infrastructure in GM districts	0.1	2.4
	Urban and cultural infrastructure	2.3	
Infrastructure for the conservation and sustainable management of land-based ecosystems.	Environmental infrastructure	1.0	
Assistance with the extraction, purification and distribution of drinking water in local communities.	Hydraulic infrastructure	0.4	

Notes on progress toward this target in 2021:

- Differences between 2021 and 2020 can be attributed mainly to the winding down of assistance and donations to combat the COVID-19 pandemic.
- This allowed for the resumption of infrastructure and community programs in Mexico, Peru and the United States, where investment in these categories doubled compared to 2020.
- An increase of 62.5% in the company’s consolidated net earnings in 2021 also had an impact on its contribution to the SDGs, not least the record hike in profits that year.
- This target takes into consideration SDGs additional to those identified as priorities for the company, based on the [Community Materiality](#) analysis on which the various Community Development programs are based, and the programs and initiatives supported by [Grupo México Foundation](#).

The graph below shows a breakdown of direct and indirect contributions over the last three years:

DIRECT AND INDIRECT CONTRIBUTIONS TO THE SUSTAINABLE DEVELOPMENT GOALS (2019-2021)



Direct Contributions

Philanthropy

Includes budgets for:

- Community development programs
- The operation of education centers
- The development of local suppliers
- Assistance and donations
- Grupo México Foundation programs

COVID-19

Investment

- Infrastructure for Grupo México communities and districts
- Refurbishing and public works in communities
- Railway crossings

Indirect Contributions

Operating processes

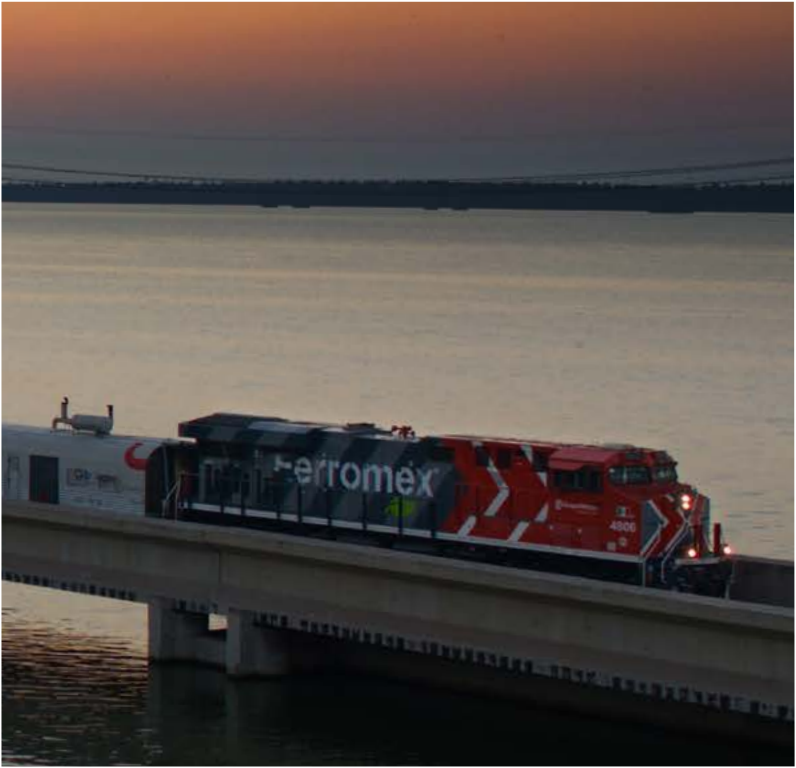
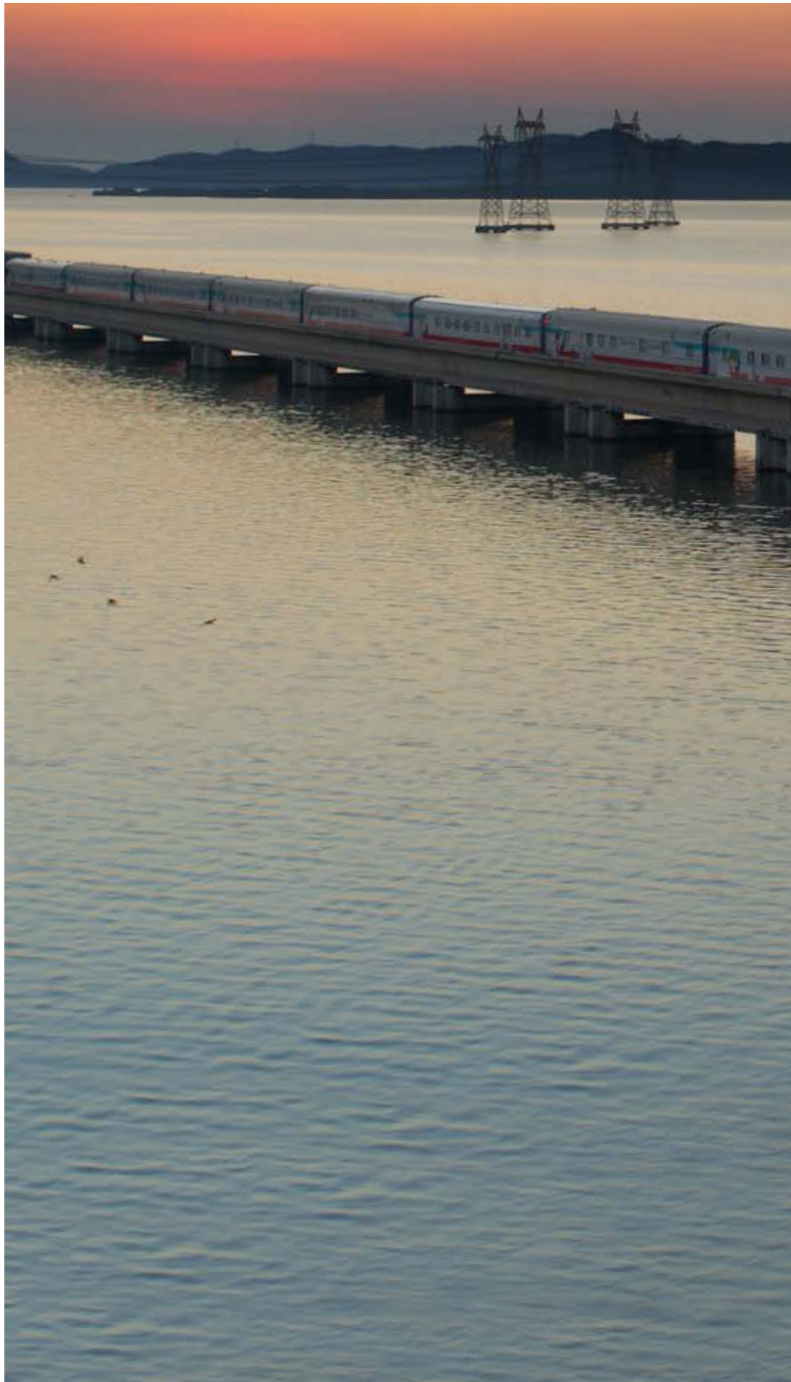
Includes expenditure on continuous improvements in:

- Health and safety in the workplace
- A reduction in water consumption and water treatment
- Waste management
- Emissions, gases, dust and particles
- Clean-up processes
- Conservation of biodiversity
- Nurseries and reforestation programs

Organizational practices

- Training and education
- Employee scholarships

For purposes of reporting progress on our 2018-2022 and 2023-2030 targets, we will apply the recommendations set forth in Business Reporting on the SDGs “A Practical Guide to Integrating SDGs in Company Reports.”



# GRUPO MÉXICO FOUNDATION

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Grupo México Foundation (GMF) is a business foundation whose mission is to develop **innovative and sustainable programs** that contribute to the strengthening of communities and civil society organizations, generating a high impact in diverse areas such as **health, environment, education and culture.**

We work in the following four areas that have a direct impact on the development and well-being of Mexico:



- **Health**



- **Support for Institutions**



- **Environment**



- **Education and Culture**

In 2021, the Foundation was recognized in several national and international spaces for its good practices, programs and social actions in favor of society. These include:

- First place in the contest “*Microcortos para cambiar el mundo*” (Short films to change the world) of Fundación Icloby España. It participated with the **Cineminuto del Dr. Vagón 2019** (Dr. Vagón’s One minute Film).
- Recognition in the framework of the “*XII Premios Corresponsables en México*” (XII Co-responsible Awards in Mexico”, as the **Network of Business Associations and Foundations** is one of the best sustainable initiatives among 17 Spanish-speaking countries.
- Presence of **Xocoyo Publishing** House -with the **Ahuacatl and Cacahuatl** editions- at the exhibition organized by the Gourmand Awards and Hallbars Sustainability Research Institute at the **Alfred Nobel House Museum in Sweden**, where the best 600 gastronomy books from 50 countries were exhibited.



Dr. Vagón, the Health Train, Atoyac, Veracruz, México. 📷

Health

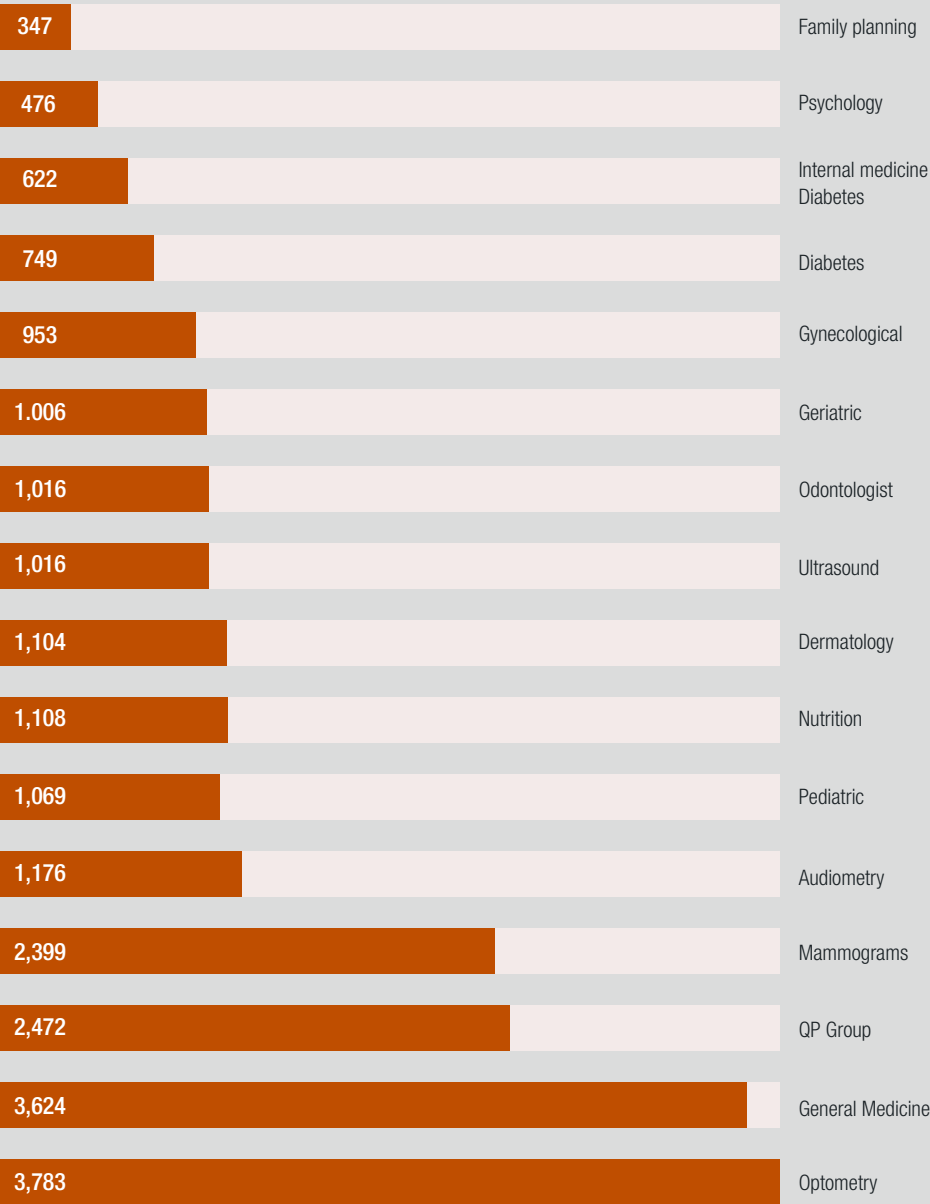


Dr. Vagón, El Tren de la Salud

Dr. Vagón, El Tren de la Salud (The Health Train), completed seven years of operation in 2021. Dr. Vagón resumed operations in the last quarter of this year due to the COVID-19 pandemic; attending a total of 22,940 patients, providing 137,877 free comprehensive medical services. In addition, 3,860 SARS CoV-2 antigen tests were performed, with the intention of contributing to the timely detection of positive cases and thus avoiding the spread of contagion; these services were provided in 13 communities of 6 states in the Mexican Republic.

- **States visited in 2021:**  
Mexico City, Hidalgo, State of Mexico, Guanajuato, Jalisco and Michoacan.
- **Communities visited in 2021:**  
Miguel Hidalgo, Teocalco, Xolox, Temascalapa, Apan, Leon, Silao, Celaya, Penjamo, Tlajomulco, Yurecuaro, Ocotlan y Zacoalco.

Doctor's Appointments



Results October – December 2021

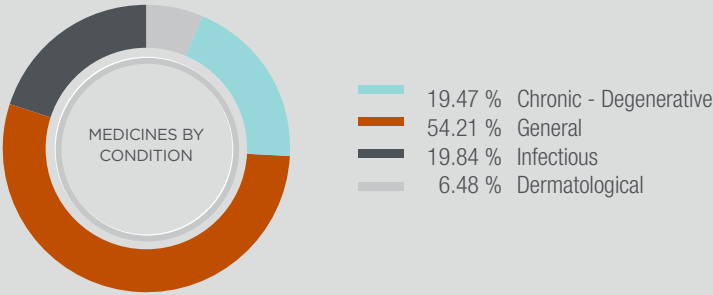
During the last quarter of 2021, the following items were granted free of charge:

- **Medicines:** 14,412
- **Programmed hearing aids:** 254 and 1 bone headband
- **Eyeglasses:** 3,304
- **Rehabilitation materials:** 1,389 pieces
- **Lab tests:** 61,591
- **Clinical studies:** 8,145
- **Mammograms:** 2,399, finding 41 suspected breast cancer cases by radiological diagnosis, equivalent to 1.7% of incidence.
- **Family Planning:** 142 IUD's, 38 vasectomies; representing 1,040 Couple Protection Years (PPA)
- 88 Health Education Workshops were organized with more than 2,000 attendees.

9,662 kilometers traveled.

APP: The estimated protection provided by family planning services during a one-year period, based on the volume of all contraceptive methods provided free of charge during the period.

Delivery of medicines by condition



During this year and through the hotline (800/DRVAGON) (37824669), managed by experts, the following cases were looked after:

- Emotional conditions
- Self-care
- Relationship with family
- Relationship with partner
- Bereavement
- COVID-19

We thank and acknowledge the great work done by our allies: Fundación Farmacias del Ahorro, Fundación MVS Radio, Audiotech, FUCAM, Laboratorios LAPI, Essilor and Grupo QP360, thus reaffirming our commitment to the health of all Mexicans.



A doctor's appointment on board Dr. Vagón, The Health Train.



### *Escuchar Sin Fronteras*

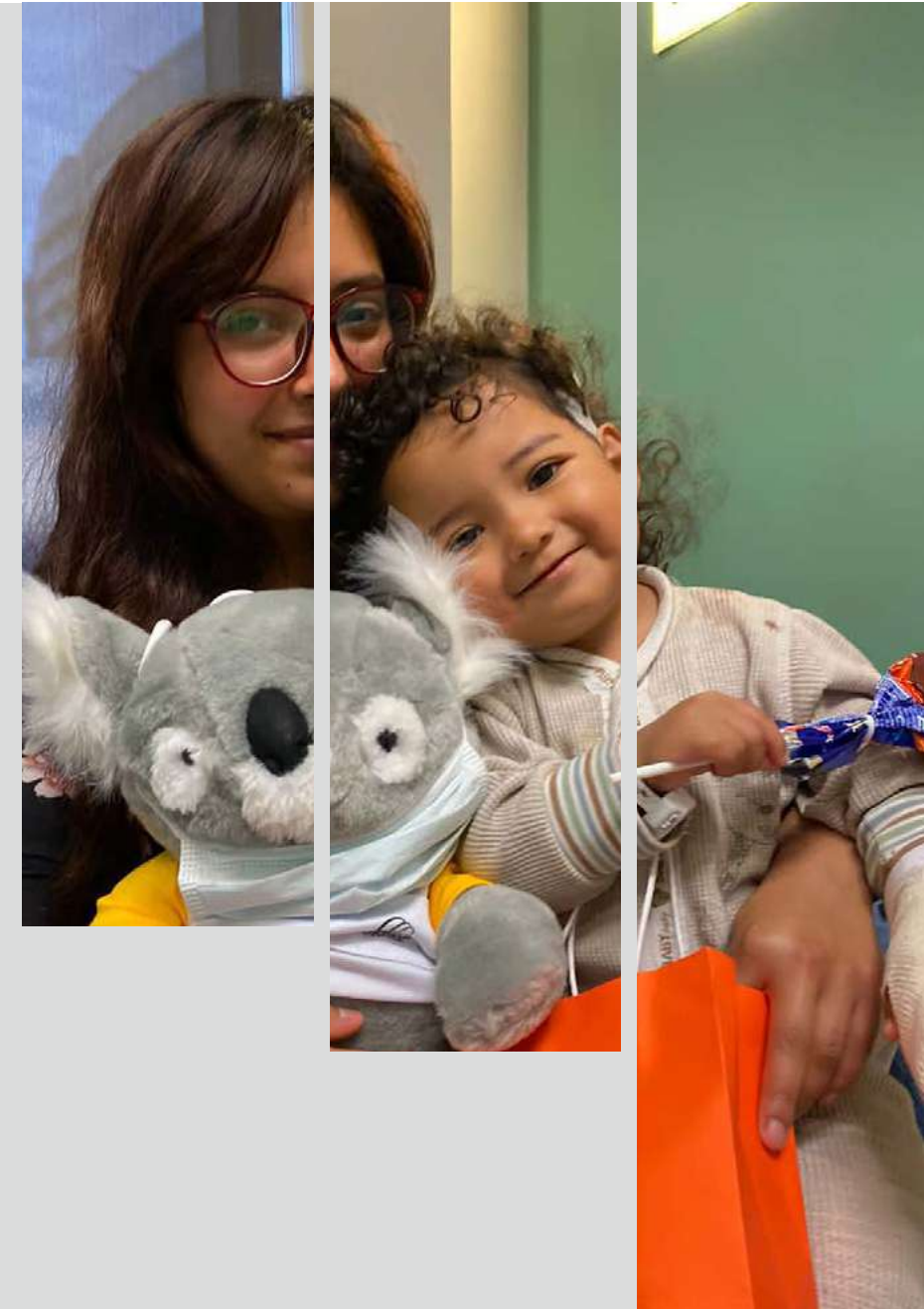
In 2021, through the Escuchar Sin Fronteras (Hearing Without Borders) program, we supported children up to 24 months of age, with severe and profound hypoacusis (hearing loss), to obtain a Bilateral Cochlear Implant. Once implanted, they are provided with Auditive Verbal Therapy (AVT) and calibration of the external processor, with the objective of reaching spoken language and achieving a better insertion in society. This is the result of the effort of a multidisciplinary team of the highest professional level and excellent human quality.

The members of this team are:

- 3 otolaryngologist surgeons
- 3 audiologists
- 1 pediatrician
- 2 ophthalmologists
- 1 cardiologist
- 1 geneticist
- 4 anaesthesiologists
- A team of more than 10 therapists specializing in HST
- 1 psychologist

Since the program began, we have been able to place implants in 10 children and we plan to donate 80 implants during 2022, as well as to provide each of the children with the possibility of continuing with their AVT, programming and corresponding audiological studies.

We are grateful for the invaluable support of our allies: Laboratorios LAPI, Fundación ABC, Cochlear, Aurea Lab and Doctores Especialistas.



Patient recovering after cochlear implant surgery. 📷

## Environment



### *Mexicanos Sembrando*

Grupo México **operates seven nurseries in the country**, located in **Sonora, Coahuila, Zacatecas and San Luis Potosí**. There, 102 different plant species are produced, which are used for forest restoration processes and thus contribute to mitigating the effects of climate change, helping to maintain the stability of ecosystems.

Our nurseries are the most productive in the private sector with an annual production capacity of more than 6 million trees.

Thanks to high-tech irrigation systems, shade nets, greenhouses (automatic ventilation walls, solar screens and misting mechanisms), we save 70% of the water required for production. Year after year, we invest in the infrastructure of our nurseries and this year was no exception:

- A 300 m<sup>2</sup> fully technified greenhouse was built at the San Martin, Zacatecas nursery.
- Construction began on a 1,056 m<sup>2</sup> greenhouse and a new 1-hectare shade house at the San Luis Potosí Forest Nursery.
- Work began on the project to create a new nursery in Juchitán, Oaxaca.

Thanks to this investment, we will have a production capacity of more than 7 million trees per year.



Facilities of the Forest Nursery, San Luis Potosí, Mexico. 📷

Through our allies, in 2021, we donated more than 2.95 million trees in 24 Mexican states and reforested 2,955 hectares.

In collaboration with our ally Pronatura México A.C., we contributed to the “Green Challenge of Mexico City” program of the Ministry of the Environment, with the donation of more than 29,000 plants and trees in six municipalities.

During 2021, the **10th Annual Reforestation Day** was held at Sierra Patlachique State Park, planting 2,500 plants of species native to the park: Huizache and Mezquite in more than two hectares with the support of more than 200 volunteers. This contributed to the preservation of the soil and the conservation of environmental services such as infiltration of rainwater into the subsoil, carbon sequestration and soil retention.

During the day, Grupo México Foundation’s nursery managers explained to the volunteers the plant production process, the planting process, the importance of reforestation and the relevance of preserving the environment.

It should be noted that all the necessary sanitary measures were taken in the context of the COVID-19 pandemic: the trucks that transported the volunteers were at half capacity and work was done in small groups and spaced out to maintain a healthy distance between attendees.



Forest Nursery, San Luis Potosí, México. 📷



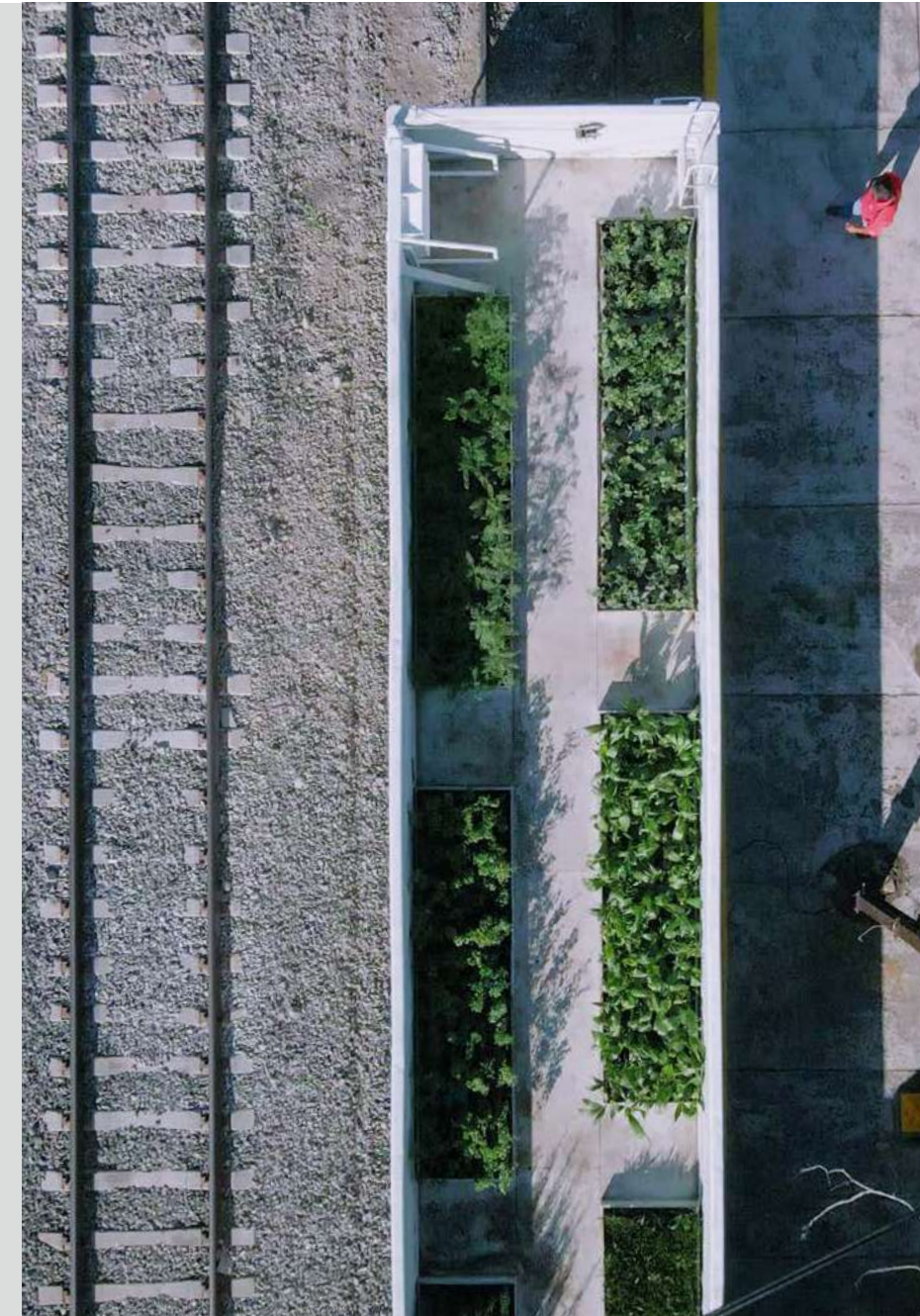
Participation of volunteers in the tenth annual reforestation day. 📷

## Vagón Verde

This year, Celaya, Guanajuato participated in the Vagón Verde program, receiving 8,000 plants of 11 different plant species to reforest different municipalities and raise awareness among children and young people about the importance of preserving the environment, reforestation and recycling activities. This is achieved through the exchange of recyclable material for plants of forest and ornamental species endemic to the region.



Participants in the program Vagón Verde. 📷



Aerial view Vagón Verde. 📷

## Support for Institutions



In the Institutional Support area, we have two programs: **Conciencia Cinemex** and **La Red de Asociaciones y Fundaciones Empresariales**, which aim to **provide tools to Civil Society Organizations (CSOs) to strengthen the social** work they carry out in order to achieve greater impact in their actions and in the country.

### Social Pitchers

Conciencia Cinemex and La Red de Asociaciones y Fundaciones Empresariales create synergy to launch **Pitchers Sociales**, a new experience of strengthening and strategic donations for Civil Society Organizations through a pitching contest in which social leaders present donors. This is a high impact project for the solution of social problems, seeking to add allies and resources.

In this first edition, we have the participation of several experts in the social sector such as Disruptivo TV, Tecnológico de Monterrey and Empresability. In addition, we have the support of Alboa and Cinemex as hosts of the event.

### Achievements:

- 20 organizations trained and three finalists who presented their project in the “Social Pitchers” program.
- Creative and innovative social content through a reality show-type competition program.
- 14 partners, including five donors, three evaluation specialists and four expert mentors from the social sector.
- More than \$1,000,0000 pesos in donations.
- 15 offers of support, in the form of cash donations, in-kind products, digital strategies, productions, fundraising options and a slot for Cineminuto Social in Cinemex in 2022.



Conciencia Cinemex

Conciencia Cinemex creates spaces for CSOs to publicize their causes, find fundraising options and in-kind donations through **five programs: Premier a Beneficio, Cineminuto Social, Carrera Cinemex, Palomitas con Causa and Campañas de Marquesinas.**

We also bring wholesome entertainment to various communities aboard the **Cine Vagón.**

Premier a Beneficio

In alliance with various film distributors, we donate movie screenings prior to their premiere, in which each benefited CSO makes a ticket sale and raises funds that are later duplicated by Grupo México Foundation.

- 15 premieres were held, both in-person and online modalities.
- GMF doubled the \$1,443,564 raised by 15 different CSOs.
- More than 364 thousands beneficiaries

Premier a Beneficio 2021	
Total premieres	15
Total beneficiary organizations	15
Total beneficiaries	364,277 people
Ticket sales revenues	\$1,443,564
Donations doubling income	\$1,443,564
Scope	3,466 attendees
Total Mexican states benefited	6 (CDMX, Edo. de México, Jalisco, Colima, Chihuahua, Nuevo León).
Total participating distribution partners	5 (Nueva Era, Mantícora, Cinemex, Diamond Films y Videocine).



Beneficiaries of Cine Vagón program. 📷

Cineminuto Social

Since 2010, we have benefited various causes, giving them national visibility and positioning through the projection of messages on Cinemex screens, donating airtime with nationwide advertising. This year, we launched the following calls for proposals:

1. *Cineminutos con Valor.* Initiative in collaboration with the Education and Culture area of GMF, where we invite young university students to submit their ideas for a cineminuto based on universal values. The winner obtains support to continue his/ her studies and the opportunity to produce his/ her cineminuto with the help of professionals and exhibit it in Cine Vagón during 2022.
2. **Cineminuto Social AMCI para OSC's.** Students of the BA of Film and Television Arts and Businesses from the Mexican Association of Independent Filmmakers (AMCI) supported Organizations to produce the winner's film for free, to be screened at Cinemex movie theaters nationwide.

Cineminuto Social	
Total calls	3
Total benefited organizations	21
Students benefited	3

Campaña en marquesinas

In 2021, we reinforced the marquee campaigns beyond the movie theater, with the objective of taking advantage of digital spaces in social networks and generating greater impact with the posters of the organizations that participated. We designed customized strategies with segmented network investment according to their personalized objectives (audience and cause) and thus, we spread their causes in the cinema and on social networks through their posters.

Marquesinas	
Total campaigns	7
Total organizations	7
Weeks posted	30
Scope	346,872 people
Interactions	15,999



Cine Vagón

In the month of October, we resumed the Cine Vagón screenings and brought the magic of cinema to the communities served by Dr. Vagón, the Health Train. To enrich the experience of our functions, in addition to the popcorn and drinks combos, we also gave away promotional items of characters and movies to the children attending.

- Over the course of three routes, 47 screenings were held, in which more than a thousand families spent moments of joy with our selection of films.
- A total of 5,450 promotional items were handed out.

Cine Vagón	
Number of shows	47
Total attendees	4,127
Total promotional items	5,450



Beneficiary of a show at Cine Vagón.

Donations in kind

We support various institutions, mainly benefiting children in vulnerable situations, with Cinemex promotional items such as glasses, popcorn dispensers and toys with the characters of the most popular movies, in order to share with them a little bit of the magic of cinema.

Cineminuto Social	
Donation sessions	21
Total benefited organizations	17
Total promotional items donated	173,454



Donation of promotional items.

Red de Asociaciones y Fundaciones Empresariales

It was created in 2014, with the purpose of generating a space for interaction, strengthening and synergy between Business Foundations and Socially Responsible Companies (SRC) and Civil Society Organizations (CSOs). At the same time, within this Network, CSOs participate in **trainings, forums, workshops, networking spaces, conferences and seminars free of charge.**

Currently, the Network is made up of **353 allies** among Corporate Foundations, Socially Responsible Companies, Social Agencies, academic and governmental institutions and more than **5,000 Civil Society Organizations** in Mexico, Latin America and Europe.

**Each month, 60 new CSOs** join the Network, mainly from Mexico, Colombia, Ecuador, Peru and the United States.

- In 2021, we increased the number of **strategic allies by 21%:**
- **176** Corporate Foundations and SRC
- **120** Social agencies and legal firms
- **20** Academic institutions
- **32** Alliances with Government and International Organizations

ACHIEVEMENTS OF THE NETWORK



**161 TRAININGS** IN VARIOUS FORMATS: **DIPLOMA COURSES, TRAININGS AND WORKSHOPS, ETC.**



**481 HOURS OF ONLINE CONTENT**



**+22,000 PEOPLE TRAINED** FROM ORGANIZATIONS COLLECTIVES, SRC'S AND FOUNDATIONS.



**120 CONSULTANTS AND SPECIALISTS** TOOK PART IN THE TRAINING PROCESS



**633 COUNSELING** ON HOW TO BECOME A MEMBER OF THE NETWORK AND LEGAL ADVICE



**56,000 VISITS** TO OUR PLATFORM: REDASOCIACIONES.COM AND **+40,000 VISITS** TO OUR SOCIAL NETWORKS

WITH THE POSSIBILITY TO ACCESS TO:

180 NEWS, ARTICLES

141 NATIONAL AND INTERNATIONAL ANNOUNCEMENTS DISSEMINATED

+300 TRAINING VIDEOS

- We promote inclusive and accessible training for all by using Mexican Sign Language Interpretation (ILSM) in our training sessions.

In 2021, in the area of generation of alliances, the Network achieved:

- Mobilize in-kind donations with a value of **+\$2,000,000 pesos** through the campaign *“Si puedes Dona, Si necesitas Toma”* (If you can, give, If you need, take)

### Prizes and participations:

- The Network is recognized as one of the best sustainability initiatives by the Spanish media Corresponsables.

In alliance with the Mexican Network for International Cooperation (REDECIM), we are promoting the creation of a CSO Best Practices Manual, which will be presented in February 2022 at the facilities of the Human Rights Commission of the State of Puebla (CNH Puebla).

### *Expo Red de Asociaciones 2021, edición virtual*

- The 2021 virtual edition was carried out in collaboration with the Conciencia Cinemex program, and this was the first year with an **Iberoamerican Agenda** with more **than 50 speakers from 13 countries**.
- More than 2,000 people from **17 countries** attended virtually: Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, France, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Spain and the United States of America.
- We have more than 58 global alliances, from different sectors: Universities, SRC, Business Foundations, Consultancies, Social Agencies and Government.
- The objective of this edition was to present **new and innovative** resource mobilization **strategies** as well as the importance of institutional positioning through digital marketing.
- In addition, as every year, **public figures** were present to share their experience in philanthropy: **Rebecca de Alba, Lolita Ayala, Emiliano Ruprah and Gala Montes**.



CSO of the Network in online governance and leadership training. 📷



Attendees to the events of the Red de Asociaciones. 📷

## Education and Culture



### Learning and Teaching Materials on Education, Health and Life

In 2016, the collection Materiales Educativos para la Salud y la Vida was created, with the participation of a multidisciplinary group of specialists in addictions, nutrition, sexuality, mental health and violence, whose mission is to reinforce the educational knowledge provided in primary and secondary schools in Mexico.

These materials are distributed free of charge online through the website: [www.educaciónsaludyvida.org](http://www.educaciónsaludyvida.org), in order to provide a space for teachers and parents to consult them.

**The content of these materials is suitable for consultation by adults; in the event that children and adolescents are interested in this information, an adult must accompany them.**

In 2021, we integrated the Educa y Aprende E-Learning digital platform into our website. In this space, parents, teachers and psychological teams from primary and secondary schools can find materials and courses where, through case studies and evaluations of the topics in the collection, they can learn in an easy, intuitive and free of charge way.

In order to continue aligned with current issues in the field of education, we added three new contents to the Collection: Culture of Legality, Cybersecurity and Inclusive Education, with Mexico United Against Crime (MUCD), the United Nations Office on Drugs and Crime (UNODC) and the Human Rights Commission of Mexico City (CDHCDMX) as allies.

#### Relevant actions:

- In 2021 we donated 110 printed Educational Materials to Civil Society Organizations, Educational Institutions and State Governments.
- We produced 17 educational capsules that address specific issues related to the themes of the Collection, which are disseminated through Grupo México Foundation's website and social networks.
- Attendance at the International Congress for the Prevention of Addictions "Creating a Better Future for Children and Adolescents", coordinated by Planet Youth and the Government of the State of Guanajuato.



## Xocoyo Collection

The 2021 edition was dedicated to Nopal for its relevance in Mexican cuisine and traditions. The book *Nopal, entre pencas, tunas y flores* will represent Mexico in the Single Subject category at the Gourmand World Cookbook Awards to be held in the summer of 2022.

The resources generated by the sale of this book will be donated to the **Centro de Cirugía Especial de México (CCEM)**, an institution that provides free surgeries to correct malformations in extremely vulnerable children throughout the country, with the aim of reintegrating them into society and improving their quality of life.

In recognition of the performance of the workers who have participated in Dr. Vagón, el **Tren de la Salud**, especially in this complicated year of pandemic, the train's kitchen became for a few days the setting for some of the photographs for most of the recipes in this book.

## Xocoyo Awards National Call for Entries

Committed to the search for young Mexican talent for the dissemination and promotion of their work, in 2021 we participated in the organization of the First National Xocoyo Call for Entries. Students and graduates of the Gastronomy degree were invited to participate by creating recipes for a three-course menu and drink, whose main ingredient was **Amaranth, an ingredient of the next book. With these recipes they will participate in the next issue of the Xocoyo Collection.**



Cover of the Book Nopal. 📷

## Corporate Volunteering

The participation of society in volunteering activities allows for the creation of more resilient and robust communities. At Grupo México Foundation we seek to involve the company's employees in activities that provide human and professional experience, new friendships, development of new skills and, above all, encourage commitment to various social causes.

### - Support for children and teen agers with cancer

In collaboration with Antes de Partir, A.C. we develop activities for the benefit of children and teen agers with cancer in palliative care, as well as their families in activities such as:

#### 1. Children's day

Employees from the different companies that make up Grupo México participate in the Children's Day toy drive.

#### 2. Mother's day

The program benefited mothers of patients that Antes de Partir, A.C. shelters. Through a virtual class, they were taught the technique to make handmade soaps, with the aim of creating a network of entrepreneurship, through which they can contribute financially to household expenses.

#### 3. Food Supplements and Diapers Drive

During August, employees of the companies of Grupo México were invited to donate supplies such as food supplements, as well as diapers for children and adults.

Through these three initiatives, **195 company's employees** participated and 555 supplies were collected, benefiting **160 children and adolescents**.



Delivery of toys on the occasion of Children's Day to Fundación Antes de Partir A.C. 📷



Mother's Day celebration for patients of Fundación Antes de Partir A.C. 📷

### ***Vacaciones con Sentido Social (Holidays with a Social Commitment)***

Grupo México employees use 5 days of their vacations to participate in experiences that allow them to interact with various social causes, while at the same time benefiting low-income people with their volunteer work.

In November 2021, two events were held simultaneously:

#### **Creel, Chihuahua**

The first event was carried out in collaboration with Habitat para la Humanidad México, A.C., in the municipality of Creel, Chihuahua. Twenty-five Grupo México employees participated in the event, which lasted seven days, building houses and installing water collection systems for the benefit of two families living in the Tarahumara mountain range.

#### **Mexico City (Xochimilco)**

The second event was carried out in collaboration with the organization TECHO, A.C., in the Xochimilco district of Mexico City. Twenty-three Grupo México employees participated and for two days they carried out activities to build houses and install water collection systems for the benefit of two families living in the La Conchita community.

Participation of 48 employees from the different companies that make up Grupo México, directly benefiting more than 50 people from two Mexican states.



Vacaciones con Sentido Social Program, Xochimilco, CDMX, México. 📷



Vacaciones con Sentido Social Program, Creel, Chihuahua, México. 📷

## Grupo México Foundation's Corporate Volunteers Platform

Every December 5<sup>th</sup>, the International Volunteer Day is celebrated, so on that day Grupo México Foundation Corporate Volunteer Platform was officially launched. It aims to promote and invite Grupo México's employees to be part of the social volunteer initiatives presented by Civil Society Organizations (CSOs), Foundations and Universities for the benefit of the social sector, focusing on the areas of: Health, Education, Culture and Environment.

This digital tool makes **social causes visible and invites** Grupo México's workers to join in to benefit Mexican society.

In the launch of the platform, the following registered:



759 Grupo México employees



187 volunteers signed up for 10 different initiatives  
in three states of Mexico

## EFICINE

Through Grupo México Companies, we financially support projects related to the film industry.

In 2021, we supported the production of four films:

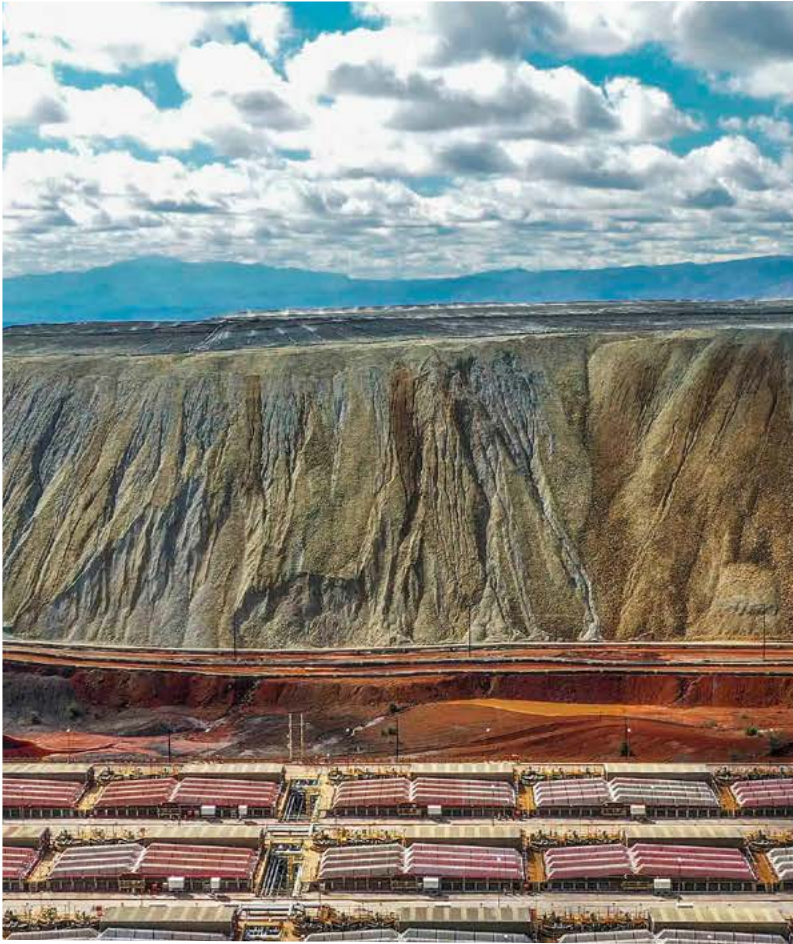
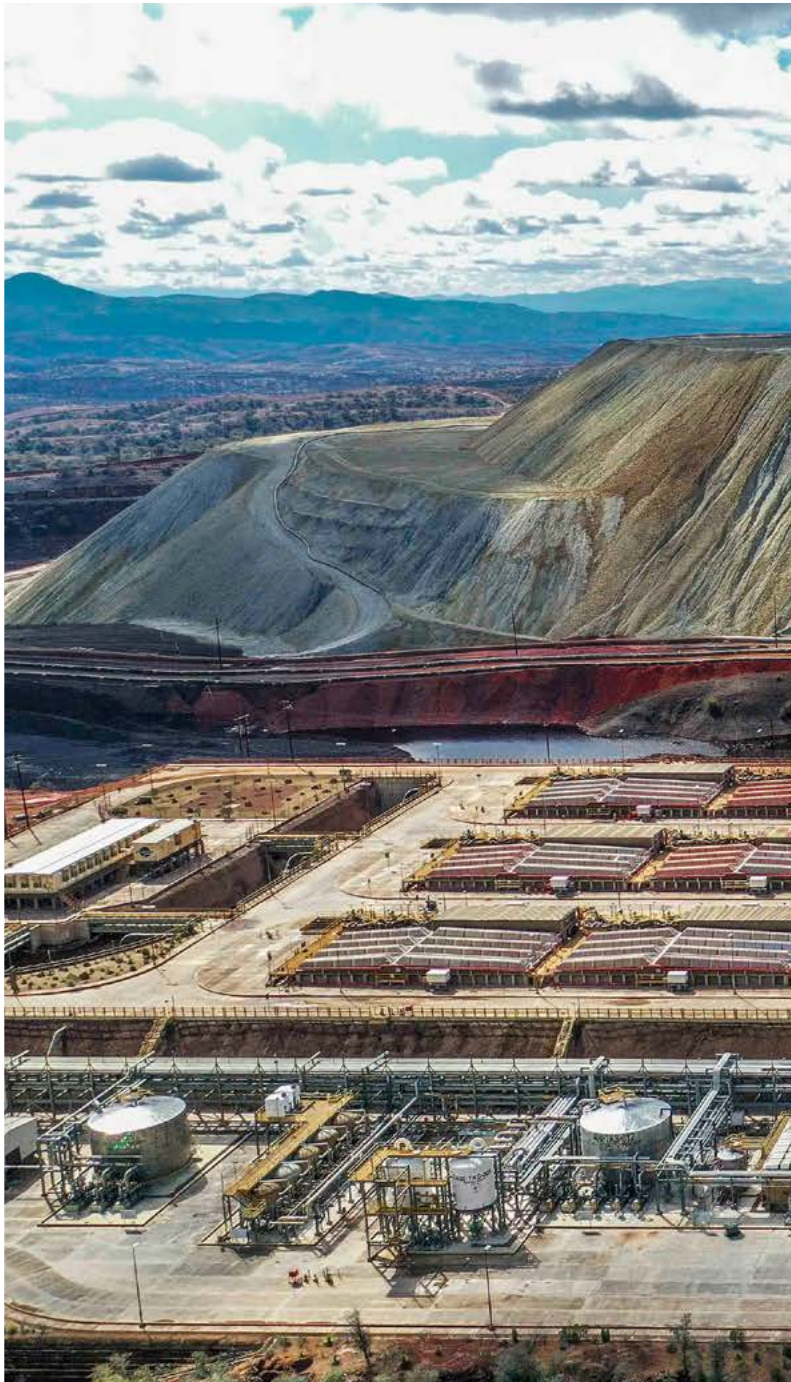
1. *Firma Aquí* (Sign here)
2. *Latido* (Beat)
3. *Hombres Íntegros* (Men of Integrity)
4. *Lupe*

## EFIARTE

Starting in 2021, Grupo México decided to participate in the **Tax Stimulus for the Arts (EFIARTES)**. Through the Education and Culture area, the organization managed the **selection process of projects** that are eligible for support according to their content, social strategy, theme and message to Mexican society.

In 2021, the consolidation of four theater pieces was supported:

1. *Emilia y su Globo Rojo* (Emilia and her Red Balloon)
2. *La Hora de Todos* (Everyone's Hour)
3. *Odio que los abrazos no duren más de cuatro horas* (I hate that hugs don't last more than four hours).
4. *Virginia, La Muerte de la Polilla* (Virginia, The Death of the Moth)



**OUR  
APPROACH**

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## OUR APPROACH

### Sustainability as the axis of our transformation

#### GRI 103-1, 103-2, 102-11

Acting in a responsible and transparent manner in the social, economic and environmental spheres is essential to ensure sustainable development. At Grupo México, we are committed to the Sustainable Development Goals (SDGs) and the Paris Agreement, both United Nations initiatives. Care for the environment, the fight against climate change and respect for human rights are at the center of our sustainability strategy.

Grupo México's mission aims to satisfy the needs of the markets in which we participate, in addition to maintaining a permanent commitment to people, the environment, values of the company and social responsibility. All this feeds the vision of our company that poses the challenge of being a world leader in efficiency and profitability, with orientation towards the integral development of people, guaranteeing the sustainability of our operations.

[Our sustainability policies](#) take into account the principles of universal and sectoral initiatives, as well as the expectations of the company's stakeholders. Between 2020 and 2021, we carried out an exercise to update our sustainable development policies, which define the vision, commitments and objectives of the company. These policies guide our actions in environmental, social and governance (ESG) matters and apply to all employees, suppliers and contractors, in the three divisions of Grupo México:

- Sustainable Development Policy.
- Occupational Health and Safety Policy.
- Environmental Policy.
- General Human Rights Policy.
- Policy of Respect for the Rights of Communities and Indigenous Peoples.
- Community Development Policy.
- General Policy on Diversity, Inclusion and Non-Discrimination – No Harassment or Harassment at Work or of a Sexual Nature.
- General Policy for Tailings Systems.

In order to promote and measure the continuous improvement of our sustainability performance, as well as transparency and accountability actions, we established short-term ESG goals for the period 2018-2022, (see [Corporate Sustainable Development Goals](#) below in this section). Over the course of 2022, we are confident of achieving consensus and approval at the Board of Directors level, to publish new medium- and long-term sustainability goals.


We focus on preventing unwanted incidents and limiting, if it becomes necessary, the consequences. To achieve this task, we are developing a robust system for risk management in sustainability, through the implementation of a critical risk register (see the [Sustainability Risk Management](#) section in this same section), which allows us to prevent and address risks more efficiently and systematically, ensuring that the barriers or controls are measurable and auditable, with a specific performance and also the clear assignment of responsibilities in its execution, supervision and verification.

1. Honesty, respect and responsibility,

In line with a preventive approach to risk management, we are in the process of certifying all our mining units under the international standards ISO 14001 and ISO 45001 in relation to environmental management and security systems, respectively. Similarly, through a third party, we have started the certification process of responsible copper production under the Copper Mark standard in two of our mining units. (See section [Certifications](#) in this same section).

We have a comprehensive and long-term vision of sustainability that is aligned with the challenges of the present and the future.



Employees at the Combined Cycle Plant in Nacozari, Sonora, Mexico. 

Our sustainability management is driven by a development with purpose structure, which rests on the following axes:

GROW

Create and share value.

We invest to generate opportunities and prosperity, making us an engine for positive change for the economies in which we operate.

- We ensure continuity of the organization, adapting to the needs of the surroundings and the demands of responsible growth in accordance with the ESG (Environmental, Social and Governance) criteria.
- We strive to engage the communities in growth, promoting employment and local suppliers.
- We align our business activities to have a favorable impact on the United Nations Sustainable Development Goals (SDGs).



Expansion of the Toquepala Unit, Peru. 📷

PROMOTE

Promoting well-being and safety.

We strive to be good neighbors, to improve the quality of life of our people and the communities in which we operate.

- We create safe working environments for our employees.
- We place the individual at the center of all activities and build work environments in which respect, diversity, inclusion and non-discrimination prevail.
- We work to contribute to the common good of our neighboring communities, promoting listening, collaboration and dialogue.
- We respect and promote the human rights of our employees and the communities in which we operate.
- We are allies of communities and local governments in emergency situations.



Students at La Caridad educational center, Sonora, Mexico. 📷

PROTECT

Caring for, preserving and renewing the environment.

We believe that leaving a positive environmental footprint is the foundation of sustainable progress.

- We seek to provide products and services that accelerate the transition to inclusive, low-carbon economies.
- We focus on operating responsibly and with a preventive approach.
- We join national and international environmental goals.
- We have developed a process of continuous improvement to minimize our risks and to ensure efficiency and responsible use of raw materials, energy, and water.
- We contribute to the protection and conservation of the biodiversity of the environment in which we operate.



Ite Wetland, Tacna, Peru. 📷

Material topics for the three divisions

GRI 102-15, 102-47

The identification, analysis and prioritization of the material issues of the three divisions is a fundamental exercise to guide our sustainable development strategy. We are aligned with the Global Reporting Initiative (GRI) definition, which focuses on those topics that reflect the most significant economic, environmental and social impacts<sup>2</sup> of the company’s operations, or that influence the assessment or decisions of stakeholders. We also consider the SASB (Sustainability Accounting Standards Board) concept of materiality, which defines material sustainability issues as environmental, social, economic and institutional risks with potential economic effects on a given organization.

The materiality matrices of the three divisions were updated in 2021 in order to reflect the most recent changes in the global context and in the markets where we operate. The matrices of the Mining and Infrastructure divisions presented the most significant changes. As expected, health was a highly material issue due to the COVID-19 pandemic, which prompted the inclusion of a chapter in this report related to this item.

Process for Grupo México’s materiality analysis

IDENTIFICATION	PRIORITIZATION	ADJUSTMENTS AND VALIDATION
<p>Market and trend analysis to identify material issues in the sectors and regions in which the three divisions operate.</p> <p>Analysis of concerns of the internal and external stakeholder groups, including key sustainable development frameworks and trends relevant to the industries in which we operate.</p>	<p>Alignment and weighting of material topics, taking into account stakeholders and sectoral trends previously identified.</p> <p>Establishment of base values for the material issues.</p>	<p>Grouping of material topics.</p> <p>Senior management validation.</p>

2. The definition of impact used is that developed by GRI as “the effect an organization has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development”.

The 2021 materiality analysis **contemplates more coverage of the opinion of our internal and external stakeholders, as well as a detailed analysis of markets and trends in the sectors where we operate, represented by:**

- Materiality studies by S&P Global, the evaluation Corporate Sustainability Assessment (CSA) and the Global Reporting Initiative (GRI) disclosure standard.
- Leading rating agencies such as Sustainalytics, MSCI<sup>3</sup>, ISS (Institutional Shareholder Services), RMI (Responsible Mining Index).
- Frameworks that present and analyze relevant topics such as those of SASB (Sustainability Accounting Standards Board), The Copper Mark, among others.
- ICMM (International Council on Mining and Metals) principles and positions, the World Pact, among others.
- Specific frameworks such as CDP (Climate, Water and Forestry), CHRB (Corporate Human Rights Benchmarks), TCFD (Task Force on Climate-Related Financial Disclosures), EITI (Extractive Industries Transparency Initiative), among others.

In the Mining and Infrastructure divisions, we surveyed internal personnel, suppliers and contractors, customers and members of the communities near the operations. In the Transportation division, we conducted the internal study to identify key issues for the operation and external analysis of media and digital news, which monitored the most relevant issues for stakeholders. With the collation and overlapping of data, each material topic was assigned a weight according to its relevance in both analyses and the position they occupy within the materiality matrix.

**The results of the materiality analysis allow us to administer the environmental, social and governance (ESG) risk management systems in the company, as well as strategies for addressing gaps in priority areas and the establishment of corporate goals aimed at mitigating risks and fostering the continuous improvement of our performance.** In the [Corporate Sustainable Development Goals](#) caption of this same section progress on these aspects is analysed, in relation to the main material, economic, environmental and social issues.

3. MSCI Inc., previously Morgan Stanley Capital International and MSCI Barra.



Team member in the ESDE plant in Cananea, Sonora, Mexico. 

Materiality matrixes of the three divisions of Grupo México

The materiality matrixes of our three divisions: Mining<sup>4</sup>, Transportation and Infrastructure include both common and specific material issues for each sector in which they operate. The 2021 exercise shows the priority material issues for the organization and its stakeholders.

The most relevant topics in the materiality matrixes of the 3 divisions are distributed in the environmental, social and governance dimensions, respectively, as follows:

Environmental		Social		Governance	
WE	Water and effluents <sup>5</sup>	C	Communities <sup>7</sup>	RVC	Responsible Value Chain <sup>9</sup>
B	Biodiversity	HR	Human Rights	MP	Market Presence <sup>10</sup>
AQ	Air Quality	OP	Our People <sup>8</sup>	EP	Economic Performance
CC	Climate Change <sup>6</sup>	SHW	Workplace Health and Safety	BE	Business Ethics <sup>11</sup>
ERC	Environment Regulatory Compliance			CG	Corporate Governance
M	Materials			IE	Indirect Economic Impacts <sup>12</sup>
W	Waste			CP	Closure Plans <sup>13</sup>
MW	Mining Waste				

4. The Mining Division's materiality matrix is applicable in its entirety to the subsidiary SCC.

5. It includes the subtopics: (i) Water management and (ii) effluents.

6. Includes the subtopics: (i) GHG emissions and (ii) Energy.

7. Includes the sub-themes: (i) Local Communities; (ii) Indigenous Peoples' Rights, and (iii) Physical Security.

8. Includes the sub-themes: (i) Diversity, Inclusion and Non-Discrimination, (ii) Human Capital Development, (iii) Labor Practices, and (iv) Talent Attraction and Retention.

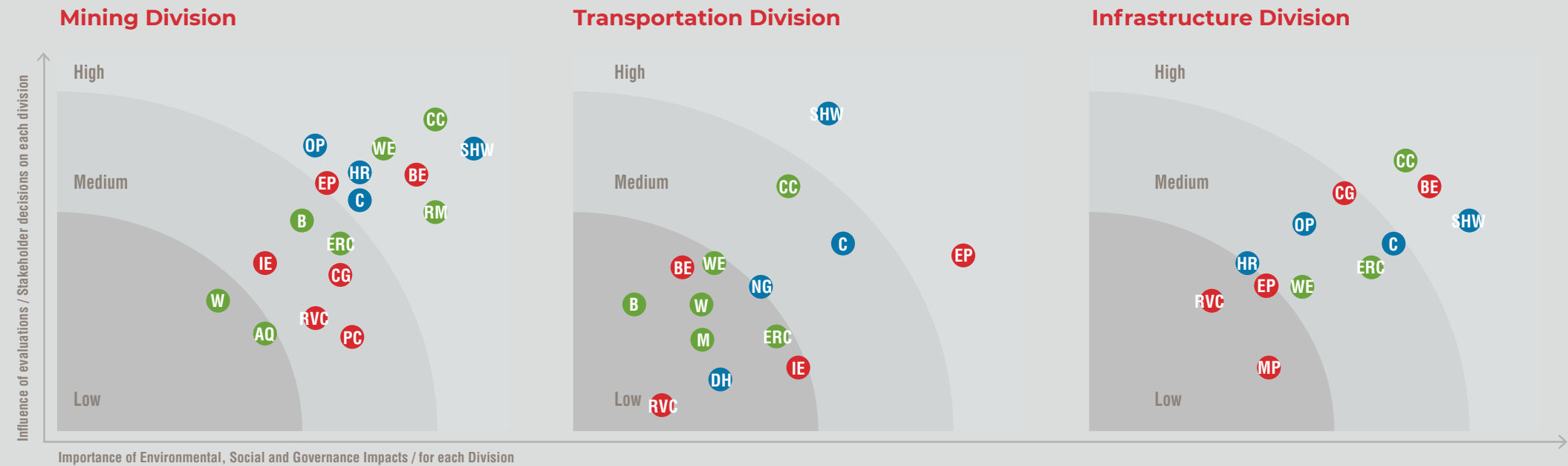
9. Includes the subtopic: (i) Supply Chain Management. For the Mining division it also includes the subtopic: (ii) Responsible Production, referring to the products we sell.

10. SRefers to the development and presence of local collaborators and suppliers.

11. Includes the subtopics: (i) Unfair Competition, (ii) Anti-Corruption, and (iii) Political Influence.

12. Refers to the creation of benefits in the regions where the company operates (for example: job opportunities, infrastructure development, etc.). In the case of the Mining division, it also includes the sub-theme: (i) Market Presence.

13. Material issue applicable only to the Mining Division.



## Priority material topics for Grupo México

The following topics were identified as material cross-cutting topics in our three divisions:

- Occupational Health and Safety
- Climate Change
- Local Communities
- Our People
- Economic Performance

We have adopted a corporate management approach to mitigate the risks associated with these topics. Thus, we unify the vision, commitments and goals of the company through Corporate Policies applicable across all Grupo México divisions and subsidiaries, resulting in specific procedures for our different activities.

**The execution of the sustainable development strategy is a result of the materiality matrices and its objective is to ensure the availability of the necessary information, resources and controls to manage the environmental, social and governance (ESG) risks in the organization and its stakeholders.**

The following section outlines the preventive approach the company implements to eliminate or mitigate risks.

Each chapter in this report presents the material topic from an overall perspective of Grupo México, outlining the particular characteristics for each division. The depth with which each material issue in each of the divisions is analyzed is proportional to its level of materiality (high, medium and low).



### CASE STUDY.

#### LOCAL COMMUNITIES: COMMUNITY MATERIALITY

Our shared value diagnostics help us to identify with greater certainty the concerns and issues of interest to the communities neighboring our operations. They are updated every two years and are part of our Community Development Model. We have the following material issues:

Regarding the Environment:

- Information on environmental management and perceptions of its impact (possible contamination).
- Water access and management.
- Development of energy projects for domestic use.

Regarding Social / Economic issues:

- Communication channels, attention to complaints and concerns.
- Health risks and impacts.
- Improving the quality of basic education.
- Public safety, risk and disaster prevention.
- Generation of opportunities (labor / supply).
- Infrastructure development in the communities.
- Equal opportunities between men and women.
- Training in topics of regional vocation (agriculture, tourism and others).

We will continue to update our diagnostics, aligning our corporate strategies and goals, in order to generate greater value for the company and our neighboring communities.

## Sustainability Risk Management

Effective environmental, social and governance (ESG) risk management is a fundamental part of Grupo México's business strategy. It is a commitment to our employees, communities near our operations and the environment, which allows for the creation and preservation of value in the company. At the Mining Division, we manage and communicate our enterprise risk management (ERM, Enterprise Risk Management), under an internal control environment COSO (Committee of Sponsoring Organizations of the Treadway). We follow the requirements of the Sarbanes Oxley Act<sup>14</sup> and the Security and Exchange Commission<sup>15</sup> for our subsidiary SCC, which is a publicly traded company listed on the New York Stock Exchange.

We also align ourselves with the main objectives of the COSO framework:

- Maintain efficiency and effectiveness in operations, regarding financial and operational goals, as well as safeguarding assets.
- Generate and maintain reliable financial and non-financial information for internal and external use.
- Comply with applicable rules and regulations.


We also identify, prioritize and classify risks based on the degree of significance of economic, environmental and social impacts, taking into account the influence of stakeholder assessments and decisions in each of our divisions. They are grouped into four segments: (i) business ethics and integrity; (ii) climate change; (iii) communities; and (iv) our people. The identification of deficiencies and opportunities allows us to maintain a process of continuous improvement and consequent learning to shape a culture focused on strategic risk management from Senior Management to the rest of the organization.

We follow the three lines of defense model for effective risk management and the control required to comprehensively mitigate the risks of the Mining Division, while at the same time enriching the way we communicate risk management and supervision. This model provides the basis for effective corporate governance through the accountability of the different governance bodies, the actions of Senior Management, and the assurance provided by the Internal Audit.

14. The U.S. Sarbanes Oxley Act aims to regulate corporate responsibility, improve the way in which financial information is distributed, and combat corporate and accounting fraud by establishing good corporate governance schemes.

15. SEC, Securities and Exchange Commission of the United States.



Concentrator Plant, Cuacone Unit, Peru. 

Lines of defense model

The first line of defense represents all those responsible for the functional areas that are occupied in the daily operation of business. For example: the Directors of areas such as Operations, Treasury, Comptroller, among others. At business units' level, management deals with operational risks and High Management\* monitors their performance.

The second line of defense represents the support areas for the first line. Example: the areas of Internal Control, Sustainability and Environment, Corporate Legal Office, among others. The Integrated Framework of Internal Control seeks to meet the risk management objectives mentioned above and helps meet expectations about the different supervisory bodies, the globalization of markets and operations, changes and greater complexity in the business, expectations on fraud prevention and detection, to name a few.

General	Government Bodies							External assurance Regulators, External Audit, Agencies	
	Accountability								
	Direction					Internal Audit			
	Actions to achieve the objectives of the organization					Independent assurance			
	1 <sup>st</sup> Line		2 <sup>nd</sup> Line			3 <sup>rd</sup> Line			
	<b>OPERATION</b> Products for clients		<b>REVISION</b> Specialized supervision and advice, risk assessment, risk management activities (monitoring, surveillance and testing), credibly challenging the front line.			<b>GUARANTEE AND SECURITY</b> How well the 2 <sup>nd</sup> line credibly challenges the 1 <sup>st</sup> line. Reports directly to the Audit Committee.			
	<b>ADMINISTRATION</b> Backing and necessary support								
Responsibilities on compliance	Operation Dir.		Administration Dir.		Internal control	Risks	Compliance	Sustainability	Internal Audit
	<ul style="list-style-type: none"><li>Compliance with laws, regulations, codes of conduct, policies and procedures when providing products and services.</li><li>Compliance is the responsibility of management.</li></ul>		<ul style="list-style-type: none"><li>Establish frameworks</li><li>Perform monitoring and surveillance</li><li>Provide advice and follow-up</li><li>Conduct tests (frontline challenges)</li><li>Operational decision making</li><li>Risk taking (acceptance of new products, approval of transactions, approval of excesses of limits, exceptions to policies, etc.)</li></ul>			<ul style="list-style-type: none"><li>Independent assurance on the effectiveness of management efforts to achieve compliance and on the work of the Compliance area to monitor oversight and risk management to ensure compliance.</li><li>IA does not make decisions or manage risk appetite.</li></ul>			



The lines must work effectively through the appropriate coordination, communication and collaboration to ensure that their activities are aligned appropriately without overlapping, duplication and gaps, and without conflict or incompatibility.

\* In the case of the Transportation Division, there is a Risk Committee where members of the Board of Directors, Senior Management, and members of the Internal Audit area participate.

The Control area: (i) maintains an agile and robust internal control system to achieve the organization's objectives; (ii) supports the identification and evaluation of risks; (iii) supports the design of key control activities that mitigate the risks to which the Mining Division is exposed; (iv) uses communication mechanisms to promote the importance of the internal control system and inform the different levels of the organization; (v) performs periodic reviews and evaluations on the effectiveness of the internal control system. For its part, the Sustainable Development area establishes the ESG risk strategy, develops the policies on the matter, supervises and provides advice to the operational and managerial areas, manages the register of critical risks, evaluates the transition risks and reports to the Audit and Corporate Practices Committee of Grupo México, among others.

**The third line of defense with an independent function is mainly Internal Audit**, whose main objective is to confirm adherence to policies and procedures, identify weaknesses and recommend improvements. The Internal Audit area proactively and continuously

evaluates the controls linked to the identified risks, which has allowed us to improve our management and meet the goals set. We follow the Risk-Based Methodology, aligned with the requirements of the International Standards for the professional practice of Internal Auditing, issued by The Institute of the Internal Auditors. This methodology considers the identification of risks based on the company's mission, vision, values and strategic objectives, as well as the risks identified by Senior Management and other departments such as Finance, Risks, Internal Control and Sustainability. Audits focused on covering ESG aspects are carried out in order to validate the information and disclosure requirements to show that they are documented. Also noteworthy is the incorporation of technological tools to carry out audits that substantially improve: the audit processes, the scope of each review and the depth of the monitoring that is carried out permanently. For these purposes, a training process was carried out with these tools that has materialized with the creation of friendly information boards. This has allowed greater efficiency through the achievement of better results in terms of quantity and quality of the reviews carried out.

**For its part, the Board of Directors is periodically informed and provides oversight, seeking to mitigate and, where appropriate, remedy the main environmental, social and governance risks, including those operational, labor, financial, accounting, legal, compliance, among others, including emerging risks<sup>16</sup>.**

**As a result of the risk assessment, it is possible to:**

- a) Manage in a more focused way the risks that represent obstacles to the achievement of the objectives.**
- b) Allocate resources more effectively to prevent risks from materializing.**
- c) Have a common language for prioritizing risks in the organization.**

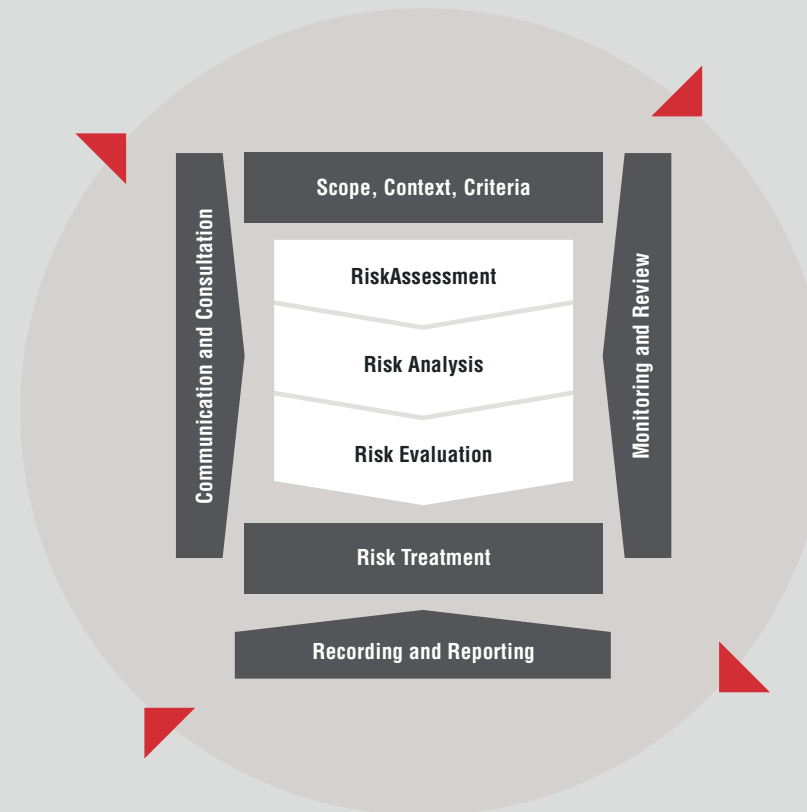
16. Based on the definition of the International Risk Governance Council (IRGC), emerging risks are defined as "new risks or familiar risks that become evident under new or unknown conditions".

We have a Corporate Risk Management Policy, which aims to establish the basic principles and general framework for action, oriented to identification, evaluation and response for the proper control and management of operational and sustainability risks. It includes environmental, social, industrial safety and occupational health risks. It is complemented by the ESG policies that have been published (see website).

These policies have allowed us to align the three divisions within a culture of responsibility with a focus on prevention and continuous improvement. It also strengthens our risk management systems for identification, classification, prioritization, monitoring and control. Additionally, in 2021, the Mining Division internally published its Corporate AMC Risk Control and Management Policy, which aims to create value and protect the organization through the following benefits:

- Provide competitive advantage.
- Preserve reputation.
- Improve the soundness of the decision-making process.
- Minimize impact and uncertainty on strategic objectives.
- Contribute to better decision making.

#### FRAMEWORK FOR RISK MANAGEMENT



In ESG, we have complemented the COSO framework with the ISO 31000 international standard focused on risk management. The purpose of sustainability risk management is to optimize the organization's ability to identify, analyze and evaluate environmental, social and governance risks and opportunities. It also allows the selection and implementation of controls and, in addition, to keep them operational, preventing risks from materializing, averting and/or mitigating their consequences.

In 2020, we reformulated our environmental, social and governance risk strategy to standardize its management across the company. In 2021, we drove the consolidation of this standardization process and the achievement of our objectives, which benefited us with the identification of threats in a timely manner. Currently, we continue to consult and communicate our risks within the organization with a proactive approach based on barrier thinking, to ensure understanding of their operation, as well as accountability for each of the active controls. Meanwhile, we continue to strengthen monitoring and reporting at the highest level to contribute to informed and timely decision making, both at the operational level and at the management and board level.

In the Mining Division, during 2021, we continued to standardize the registration of critical risks throughout the operations, from a group of 20 critical risks identified in environmental and occupational health and safety matters, in accordance with the Good Practice Guide for the Management of Critical Controls for Health and Safety, proposed by the International Council on Mining and Metals (ICMM). This management tool, focused on the critical controls of our priority risks, is considered the best practice in the sector and strengthens sustainability risk

management by focusing efforts and intelligently allocating resources to controls that, due to their critical nature, remain functional at all times in accordance with their assigned objective and function.

In 2022, we will continue to strengthen operational risk management through the digitization of the Corporate Critical Risk Register and its respective controls, for more effective management with precise monitoring of controls, responsible parties, timing, reminders and notification, escalation in the chain of command, pending or corrective actions. In addition, this way we ensure that the barriers or controls are measurable and auditable, with a specific performance, and there is a defined assignment of responsibilities in the execution, supervision and verification processes.

**Grupo México seeks to adopt best practices in sustainability risk management and consolidate a culture of prevention.**

In this line, management systems significantly help to improve our performance, reduce gaps in risk management, apply and disseminate corporate policies, and standardize procedures.

In the Mining Division, we have implemented environmental and occupational health and safety management systems in accordance with ISO (International Organization for Standardization) international standards. We have established the goal of having our systems certified to ISO 14001 and ISO 45001 standards for all our units by 2022 (see progress in the [Corporate Sustainable Development Goals](#) section):



- ISO 45001 Standard - Occupational Health and Safety Management Systems



- ISO 14001 Standard - Environmental Management Systems

In this publication we include the disclosure of sustainability-related risks, following the Sustainability Accounting Standards Board (SASB) reporting standard, which considers those material ESG issues with

potential financial impact on the company, operational continuity and asset value. In this regard, we consider the topics established by the SASB standard in mining, transportation, energy and construction. We have reviewed the material issues and indicators according to the risk prevention approach and their impact on the company's finances and sustainability over time (see [SASB indicator index](#) in the appendices).

We continue to align our internal practices to manage climate risks. We report climate risks and opportunities at Grupo México level, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For more information, see the [Climate Change](#) section, subsection TCFD-RM, TCFD indicator index in the annexes.



In terms of human rights, we have a due diligence process, which is part of our risk assessment processes for the identification, prevention, mitigation and, if necessary, remediation of possible adverse impacts on the human rights of both our employees and the communities near the company's operations.

At Grupo México, we lay the foundations for the timely identification of risks to the human rights of employees or communities, based on a preventive approach, considering five levels to determine the degree of severity and probability of occurrence. For more information, see the [Human Rights](#) section.

In this report, the management of risks associated with each of the material topics is addressed in their respective sections, including internal and external risks, with special attention to the utmost respect for human rights.<sup>17</sup>

### Cybersecurity

### Corporate structure

In relation to cybersecurity management within the organization, Grupo México's Audit and Corporate Practices Committee is responsible for overseeing the group's cybersecurity strategy. Progress on the cybersecurity plan of the three divisions is reviewed quarterly, while the implementation of

17. In addition, a list of the main risks faced by Grupo México can be found in our report to the [Mexican Stock Exchange](#): (starting on page 30) and, another list of the specific risks for the Mining Division can be found in our 10-K report: <https://southerncoppercorp.com/wp-content/uploads/2022/05/10K2021eng.pdf> (page 14).



the strategy and organizational priorities are reviewed semi-annually. At the executive level, the Chief Information Security Officer (CISO) is in charge of monitoring the implementation of the strategy and overseeing the group's cybersecurity action plans.

Recently, a Corporate Information Security Policy has been developed to standardize expectations in this area with an institutional approach. In addition, each of the Group's divisions has its own information security policy, which has been published and disseminated internally.

### Information security culture

In the three divisions of the group, training on information security is carried out, including virtual workshops, periodic articles and internal dissemination. These workshops also present the main risks that employees may face, as well as the processes to be followed in the event of suspicious events.

### Information security management systems

We have information security policies, processes, controls and systems in place in our three divisions, which design and architecture

are based on the NIST (National Institute for Standards and Technology) reference framework and ISO 27000 information security management system guidelines. We also have a full-time, 365-day-a-year monitoring and incident response service (SOC) provided by a specialized external company.

### Closing of operations

Abandoned sites where mining has occurred have a high potential for significant environmental impacts, primarily to water and air. That is why we work to ensure that at the end of the useful life of our facilities, the closure of operations is safe for people and ecosystems. We secure the financial resources required for demolition and dismantling of structures, landscape restoration, and monitoring of environmental and safety conditions after abandonment. Whenever possible, we encourage the incorporation of the land formerly occupied by our facilities into new sustainable economic activities, increasing its value for the benefit of the surrounding communities. We strive to consider, from design and during operations, a variety of measures to prevent and mitigate potential negative environmental impacts, as well as to facilitate and reduce the cost of closure. One of the priorities we have set for ourselves is concurrent remediation, whereby it is not necessary to wait until the end of a mine's life to close and restore parts of it.

For each of our operations, we are working to update the social closure plan, which outlines strategies for stakeholder engagement, the establishment of a social baseline, as well as the evaluation of impacts, risk management, the design of programs that promote economic development through financial workshops, relocation opportunities, job fairs, and entrepreneurship courses specially designed for employees and contractors. Also considered is support for the moment in which closure occurs, such as the Community Development Centers that operate for a specific period of time in the communities where the company is present.

## Sustainable development corporate goals

### TCFD MYO-C

A central axis in our sustainable development strategy is to establish and communicate the main goals and metrics used in the company, to evaluate progress and promote continuous improvement of our ESG performance, in line with best practices, standards and sustainable development initiatives relevant to the sectors in which we operate.

**The materiality analysis guides us in setting corporate goals and allows us to promote some risk mitigation initiatives that are being implemented.**

Grupo México's sustainable development goals support the United Nations Sustainable Development Goals (SDGs). We aim to achieve these goals by 2022. The work carried out in 2018 served as the basis for reporting progress in 2021 (except when the company set a new target because the initially proposed target was achieved).



Aerial view of the Toquepala Unit, Tacna, Peru. 

Progress Report:

- ✔

Goal was achieved.
- Annual progress towards meeting the target on or before 2022.
- Deviation from course to meet the goal.
- The goal was not met or performance is off track to meet the goal on time.

YEAR	STATUS	PERFORMANCE DESCRIPTION
Occupational Safety and Health		
Cero fatal accidents*		
2019	●	The Infrastructure Division met the target.
2020	●	The goal was achieved in the Mining and Infrastructure Divisions.
2021	●	The Infrastructure Division met the target.
Reduce the lost-time injury frequency rate** of our employees and contractors by 25% in the <b>Mining Division</b> .		
2019	●	• Employees: Rate increased 16% compared to 2018 (0.83 vs. 0.72). • Contractors: Rate increased 32% compared to 2018 (0.60 vs. 0.45).
2020	●	• Employees: Rate decreased 34% compared to 2018 (0.48 vs. 0.72). • Contractors: Rate decreased 7% compared to 2018 (0.42 vs. 0.45).
2021	●	• Employees: Rate increased 9.5% compared to 2018 (0.77 vs. 0.72). • Contractors: Rate decreased 27% compared to 2018 (0.34 vs. 0.45).
Reduce the lost-time injury frequency rate of our employees 15% in the <b>Transportation Division</b> .		
2019	●	The rate decreased 1.8% in 2019 compared to 2018 (2.72 vs. 2.77) <sup>18</sup> .
2020	●	The rate in 2020 was 31% lower than 2018 (1.91 vs. 2.77), thus exceeding the established target.
2021	●	The rate was 30% lower in 2021 compared to 2018 data.

YEAR	STATUS	PERFORMANCE DESCRIPTION
Occupational Safety and Health		
Implement the Behavior Based Safety System (BBS) in 75% of the Mining Division's business units.		
2019	●	It was implemented in 6 of the 18 units (33%).
2020	●	The number of units with BBS implemented increased to 10.
2021	●	The BBS is implemented and operating in 12 units and 40% in 1 unit at the AMC level (69% in total).
Obtain certification***ISO 45001 in all business units in the Mining Division.		
2019	●	Implementation started in all units.
2020	●	Three units were certified in Mexico (La Caridad, Metallurgical Complex, Lime Plant). The other units are in the process of implementation.
2021	●	The Charcas unit was certified. The Santa Barbara, San Martin, Guaymas Terminal and Central Workshop units are awaiting certification. Including those previously mentioned, 8 units have been certified out of the 16 units expected to be certified by 2021 (50%).
Integrate 100% of the Mining Division's personnel exposed to health risks (non-occupational) to preventive programs.		
2019	●	We integrated 83% of our personnel into preventive health programs, thus meeting the initial goal of 75%. Our NEW GOAL for 2022 is to integrate 100% of our personnel.
2020	●	Health activities focused on addressing the challenges caused by the COVID-19 pandemic.
2021	●	The successful implementation of the health protocols for COVID-19 containment allowed the continuity of the personnel disease prevention program to advance, achieving 61% coverage by the end of 2021.

\* For more information regarding this indicator, please refer to the corresponding section in [Occupational Safety and Health](#).

\*\* Refers to the number of lost-time injuries per 1,000,000 man-hours worked.

\*\*\* For more information, please refer to the [Certifications](#) section in this same section.

18. The reduction in accidents recorded between 2018 and 2019, presents a restatement due to an adjustment of criteria in the calculation of man-hours worked. Organizational changes have allowed us to improve our data management to have more representative numbers of the company's performance.

Progress Report:

- ✔ Goal was achieved.
- Annual progress towards meeting the target on or before 2022.

YEAR	STATUS	PERFORMANCE DESCRIPTION
Occupational health and safety		
Implement a comprehensive traffic management plan in all open-pit mining units.		
2019	●	Implementation of traffic management plans began in all open-pit units, with an overall progress of 56%.
2020	✔	All 8 open pit mining units have a traffic management plan in place. No disabling traffic accidents were recorded. The <b>NEW GOAL</b> is to review and update these plans every 2 years.
2021	●	In 2022, the overall traffic management plan for AMC will be updated and management plans will be reviewed with each unit.
Install equipment at <b>40 level crossings</b> to prevent rail accidents in urban agglomerations and rural settlements.		
2019	✔	The initial goal of signaling 25 grade crossings was achieved. We continue working to make our railroad network the safest in Mexico, which is why we have set a <b>NEW GOAL</b> of signaling 40 additional crossings by 2022.
2020	●	Fourteen level crossings were signaled.
2021	●	Fourteen at-grade crossings were signaled, with an investment of US\$ 2.6 million. Currently, we have 62 crossings with automatic barriers, as a result of the work started in 2018, to rehabilitate the most dangerous crossings on the network.
Human Rights		
Develop initiatives to promote respect for human rights* in our company and with our main suppliers.		
2019	●	Grupo México published its General Human Rights Policy and initiated an analysis of internal policies and processes related to the protection of human rights, to identify and processes related to the protection of human rights to identify gaps and design initiatives to address them gaps and design initiatives to address them.
2020	●	A diagnosis and a strategic plan on Diversity and Inclusion was prepared for the Mining Division, to be implemented by 2020. The Policy on Diversity and Inclusion, Non-Discrimination - No Harassment, No Workplace or Sexual Harassment -, applicable to the 3 divisions was published.

- Deviation from course to meet the goal.
- The goal was not met or performance is off track to meet the goal on time.

YEAR	STATUS	PERFORMANCE DESCRIPTION
Human Rights		
A diagnosis of diversity and inclusion in Peru was carried out. The Policy on Diversity and Inclusion, Non-Discrimination, No Workplace Harassment or Sexual Harassment- was published at the AMC level. Awareness-raising and training sessions on these issues were also held for different groups of employees. The content of the Opinion Survey was updated to integrate the diversity, equity and inclusion perspective in the Mining Division.		
Institutionalize the process of identifying and assisting indigenous communities near the operations of the mining and infrastructure divisions.		
2019	●	We identified and mapped the indigenous communities near the business units of the Mining Division in Mexico.
2020	●	The Policy on Respect for the Human Rights of Indigenous Peoples and Communities, applicable to the 3 divisions, was published. In the Mining and Infrastructure divisions, we developed the Protocol to relate with Indigenous Communities for Mexico. We also identified such communities and adapted the Protocol in Peru and the United States.
2021	●	We identified and characterized the communities near our operations in Mexico, Peru and the United States. This is an important step in the establishment of procedures that will allow us to establish a channel for dialogue and participation with the communities where we operate.
Implement a complaints system for external stakeholders closeto the operations of the Mining and Infrastructure divisions.		
2019	●	The Community Attention Service (SAC) was implemented in 14 communities of the Mining Division in Mexico and 4 other communities in Peru to address complaints and concerns of the local population.
2020	●	The SAC operates in 100% of the sites of the Mining and Infrastructure divisions in Mexico and Peru and in 20% of the sites located in the United States. During the COVID-19 pandemic, free medical, psychological, and labor counseling services were provided free of charge to employees, families and the community in the 3 divisions.

\* For further information please visit the [Human Rights](#) section.

Progress Report:

- ✔ Goal was achieved.
- Annual progress towards meeting the target on or before 2022.

YEAR	STATUS	PERFORMANCE DESCRIPTION
Human Rights		
Implement a system to receive and follow up complaints for external stakeholders close to the operations of the Mining and Infrastructure divisions.		
2021	●	Attention to 100% of the operating sites of the Mining Division in Mexico continues. SAC is implemented at the Michiquillay and Los Chancas exploration sites, both in Peru, as well as in the United States. For the Infrastructure Division, the SAC is implemented during the development of the Constructora y Combustibles projects.
Community Development		
Dedicate at least 2.5% of net profits to investments in projects that contribute to the Sustainable Development Goals (SDG*).		
2019	●	Close to 3% of Grupo México's net profits were used to make corporate social responsibility investments, which contributed to the Sustainable Development Goals (SDG), in the communities' surrounding operations.
2020	●	3.8% of net profits were used to support the SDGs, with a particular focus on SDG 3 "Health and Wellness" in the context of the COVID-19 pandemic.
2021	●	2.2% of net earnings were allocated to fund community and philanthropic projects. Following the needs generated by COVID-19, community investments and programs were reactivated. The change in the percentage is a result of the proportionality effect of the 62.5% increase in Consolidated Net Income in 2021.
The goal is that all schools sponsored by the company obtain academic results above the respective national averages.		
2019	●	All schools sponsored by the organization in Mexico and Peru obtained academic results above the national average.
2020	●	All schools sponsored by the organization obtained results above the national average. The academic average in the areas of mathematics and communication increased by 10%, according to official tests.
2021	●	100% of the schools supported by the company in Mexico and Peru continue above state and national averages in communication and mathematics, reaching satisfactory levels in their averages.

- Deviation from course to meet the goal.
- The goal was not met or performance is off track to meet the goal on time.

YEAR	STATUS	PERFORMANCE DESCRIPTION
Community Development		
Implement an institutional program for the development of small and medium-sized local suppliers in the Mining Division in Mexico and Peru.		
2019	●	The Entrepreneurship School in Sonora, Mexico was launched. 80 local suppliers were trained to include them into the company's value chain.
2020	●	In the context of the COVID-19 pandemic, we trained more than 2,750 small and medium-sized companies in the Mining and Infrastructure divisions in Mexico and Peru. Biosafety courses were given, focused on promoting economic reactivation. In addition, 193 people were trained in mining trades in the communities of both countries.
2021	●	In Mexico and Peru, in alliance with the Sonora Mining Cluster and the Andean Mining Cluster SAMMI and the National University of San Agustín (UNSA), respectively, we designed the supplier certification program that is part of our Forjando Futuro program, which objective is to strengthen local capacities for employment and supply. In Mexico and Peru and through this initiative, more than 1,020 people have been trained in various trades for our mining and metallurgical operations, in conjunction with prestigious educational institutions.
Environmental management		
Obtain ISO 14001 certification in 100% of the Mining Division's business units.		
2019	●	4 business units are certified. A plan was also launched to certify the rest of the units.
2020	●	The number of ISO 14001 certifications obtained increased to 6.
2021	●	3 units are fully certified (La Caridad Mine, Lime Plant and METCO) and 3 others are partially certified (in the process level). The 3 units of Southern Peru Copper Corporation (Cuajone, Ilo and Toquepala), and 3 units of Mexico (Charcas, Central Workshop and Guaymas) will be in condition to be fully certified in the second quarter of 2022, and the remaining ones, before the end of the year.

\* For more information, see the [Contributions to Sustainable Development Goals 2030](#) section.

Progress Report:

- ✔ Goal was achieved.
- Annual progress towards meeting the target on or before 2022.

YEAR	STATUS	PERFORMANCE DESCRIPTION
Water		
Update the baseline analysis <sup>19</sup> of water in all business units of the Mining Division.		
2019	●	Systematic recording of water input and output volumes in all operations is performed, so this goal will be met on an ongoing basis.
2020	●	
2021	●	
Systematically monitor operations and impacts on watersheds and aquifers located in areas of high-water stress supplied by Mining Division operations. <sup>20</sup>		
2019	●	According to the Aqueduct Water Risk Atlas tool, 14 of our Mining Division operations are located in high water stress zones in Mexico, Peru and the United States. Systematic monitoring of aquifer groundwater levels and discharge quality is conducted at these operations and all others, so this goal will be met on an ongoing basis.
2020	●	
2021	●	
NEW GOAL by 2022: To have a gap analysis on ICMM best practices in water management at all operations.		
2021	●	Preliminary work completed as planned at all mining operations.
Biodiversity		
Have biodiversity management plans implemented at each of the mining operations.		
2019	●	Established the basis for a gap analysis between biodiversity management and the International Council on Mining and Metals (ICMM) Biodiversity Good Practice Guidance, with the objective of determining the next actions to be implemented.

- Deviation from course to meet the goal.
- The goal was not met or performance is off track to meet the goal on time.

YEAR	STATUS	PERFORMANCE DESCRIPTION
Biodiversity		
2020	●	Baseline analysis started in Mexico operations and will begin in 2021 for the U.S. and Peru operations.
2021	●	Biodiversity assessment completed in Mexico and will be completed in the U.S. and Peru operations in 2022. Based on this assessment, biodiversity management plans compliant with the ICMM Good Practice Guidance are in place at all Mexican operations. Plans for Peru and the United States are under review.
Guarantee our production of 5 million trees per year and join efforts with the entities in charge of reforestation.		
2019	●	More than 5.8 million trees were produced in the company's nurseries. 207.35 hectares were reforested in the operations' properties (mainly in Sonora and Coahuila) and 2,200 hectares in 25 states of the Mexican Republic, through the <i>Mexicanos Sembrando</i> program of Grupo México Foundation.
2020	●	Tree production decreased to 4.3 million plants in 2020, due to the COVID-19 pandemic, in 7 company nurseries. 296 hectares were reforested in our operations and more than 1,900 hectares in 26 Mexican states.
2021	●	Plant production was very close to target (4,955,922 plants), despite the impact of the COVID-19 pandemic. 75% of the plants produced in the nurseries are native and there is also a plan to produce, in the coming years, endemic species and species with protection status in increasing proportion.
Certify at least one biodiversity conservation project with a net positive impact.		
2021	●	Through an independent and internationally recognized certification system, we will have an objective assessment of a comprehensive biodiversity enhancement project. The aim is for such an initiative to go beyond our regulatory obligations and to have a net positive impact on the improvement and not just the compensation of environmental conditions in the sites where we operate.

19. Our definition of baseline is as follows: Determination of water inflows and outflows at each operation throughout the year.  
20. Se refiere al comportamiento del nivel freático de los acuíferos.

Progress Report:

- ✔

Goal was achieved.
- Annual progress towards meeting the target on or before 2022.
- Deviation from course to meet the goal.
- The goal was not met or performance is off track to meet the goal on time.

YEAR	STATUS	PERFORMANCE DESCRIPTION
Climate Change		
Update the analysis of risks and opportunities resultant of climate change.		
2019	●	For the first time, Scope 3 greenhouse gas emissions were calculated for the three divisions of Grupo México. The objective was to incorporate this information into the analysis of risks and opportunities related to climate change.
2020	●	A summary of this analysis is reported in the Climate Change chapter, in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).
2021	●	The main conclusions of this analysis are reported in the Climate Change chapter, in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) where the analysis of transition risks was updated.
Increase the use of renewable electricity in the organization to 25%.		
2019	✔	18.6% of electricity consumption came from renewable sources in 2019, exceeding our initial target of 10% by 2022. A <b>NEW GOAL</b> was set to reach 25%, also by 2022.
2020	●	The company's use of renewable electricity increased to 19.8%.
2021	●	The company's use of renewable electricity increased to 22.6%. We will surpass our goal with the start-up of the new Fenicias Wind Farm in northern Mexico, which has already undergone successful pre-start-up tests.
Reduce the intensity of greenhouse gas emissions from the Mining Division by 5%.		
2019	✔	The initial goal of reducing emissions intensity by 5% was exceeded compared to the 2018 goal. A <b>NEW TARGET</b> was established for 2022 to reduce emissions intensity by 5%, taking 2019 as the baseline year.
2020	●	The 2020 emissions intensity was reduced by 8% compared to that recorded in 2019 <sup>21</sup> .
2021	●	Reduced emissions intensity by 5.4% between 2019 and 2021.

We set as a NEW TARGET to publish new Greenhouse Gas emissions reduction targets.

YEAR	STATUS	PERFORMANCE DESCRIPTION
Mining waste		
Implement a policy and standards for the safe management of mining waste deposits.		
2019	●	The General Policy for Management of Tailings Systems was published, which establishes the need to have an OMS (Operation, Maintenance and Oversight) Manual, as well as a closure plan, for all of the company's tailings systems.
2020	✔	A system for monitoring the provisions of the Policy was implemented for all active tailings dams in the Mining Division, so the goal was met.
2021		
Update the safety assessment of all operating tailings dams.		
2019	●	A total of 8 of our 9 operating tailings dams have a general safety condition review in place.
2020	●	Safety assessments of the missing U.S. operations will be initiated in 2021.
2021	●	Manuals are homologated, in accordance with ICMM requirements. Mexico's underground operations (IMMSA) have updated manuals in line with ICMM requirements.
Standardize operation, maintenance and monitoring manuals for all mine waste repositories.		
2019	●	Standardized manuals are in place for mining waste dumps at operations in Peru and the United States.
2020	●	Started the process of standardizing manuals at all operations in Mexico.
2021	●	Designed a governance system for tailings systems in accordance with the requirements of the standard and began to align organizational practices with the guidelines of the standard. The homologation of the manuals to the requirements of the standard began.

21. Due to a change in the methodology used in 2020 for calculating emissions intensity, which allows for more accurate data, the historical intensity values reported in the 2019 report were adjusted slightly. The emission intensities per tonne of copper produced for 2018, 2019 and 2020, were respectively 4.3; 3.7; and 3.4 tCO2 e/tCu, as reported in the 2020 report.

## Stakeholders Engagement

### GRI 102-13, 102-40, 102-42, 102-43, 102-44

Grupo México has a presence in Mexico, Peru and the United States. Due to the nature of the businesses and industries in which we participate, it is **necessary to establish transparent and efficient communication with our shareholders, investors, employees, unions, communities, customers, suppliers, business partners, sector and industry chambers, governments** and the media. In this way, we generate appropriate conditions for accountability and co-responsibility.

Our business strategy is based on social, environmental and economic sustainability. We take into account the needs, circumstances, and concerns of our stakeholders.

In all of the company's divisions, we conduct stakeholder mappings according to the industries in which we participate.

This allows us to establish a precise understanding of the stakeholders with whom we interact, with the objective of generating positive relationships that offer benefits to our stakeholders and our company.

The materiality studies we conduct on a regular basis have helped us to delineate our sustainability management priorities for the analysis of risks that may have a material impact on our company. All materiality studies have involved Grupo México's direct and indirect approach to external stakeholders. They are held in management focus interviews and discussions. This has enabled us to contextualize the risk analysis and complement our materiality analyses with feedback from experts in different topics and sectors.

**During the COVID-19 pandemic, we incorporated free medical, psychological and labor counseling services to our Community Attention Service (SAC) for the benefit of our employees, families and the community in general.**

We are also committed to communicate and listen to our stakeholders, through various communication channels such as: Annual Report, Sustainable Development Report, Shareholders' Meeting (quarterly calls

for investors), Community Committees, forums, interviews, presence in social networks, community development centers, Community Attention Service (SAC), press releases and newsletters. We use these media on a regular basis to communicate efficiently with our stakeholders. We are always open to listen and discuss concerns related to the company, so our communication channels are always open.

The Community Attention Service (SAC) is the communication channel directed to the communities where we operate, to address their complaints and concerns. See the [Local communities'](#) section to learn more about this valuable communication tool with the communities.

### **Regarding our relations with political organizations and causes, we comply with the following:**

- Grupo México does not contribute to political parties or political organizations in any of the countries in which it operates.
- Its contributions to industrial and commercial chambers of commerce are limited to membership fees. The company does not seek to influence the electoral agenda.

- The actions of communication and connection with the environment are focused solely on promoting what refers to its business objectives, social development, care for the environment and interests of the industrial sectors in which we participate.
- Promotes the recommendations of the OECD (Organization for Economic Cooperation and Development) on principles of transparency, integrity, so that the governments of the countries where we have a presence promote and guarantee accountability, transparency, fair and competitive access to the market.
- Takes into account in its relationship with interest groups the general principles of the OECD guidelines for multinational companies. In particular, it points to general principle number 15, since it refrains from any interference in local political activities.

We perform in accordance with our Mission, Vision and Values, which consolidate and reaffirm the approach to interact with stakeholders, from the perspective of creating value in the short, medium and long term. We are committed to corporate sustainability as a guarantee of that contribution. We encourage our actions to include integrity and respect, contributing to the development of those who are part of the team and also of the communities in which we work. The satisfaction of our clients, the protection of the interests of our shareholders and the strengthening of our suppliers and contractors are also of vital

importance. Strictly adhering to the law, we seek to go further through internal guidelines that turn risks into opportunities for improvement, based on prevention.

In all our divisions, we have identified organizations, institutions, or individuals as company stakeholders who are concerned about the company's economic, environmental, and social performance. We also consider as an important actor, any entity or individual that may be impacted by our activities. At Grupo México, we have the Investor Relations Department, which determines the relevance of stakeholders through internal selection mechanisms, and, in addition, the Institutional Relations and Communication Department, in which a team of specialists internally determines to the priority actors for the company and the best way to communicate with them. In a complementary manner, the Community Development Directorate of the Mining and Infrastructure divisions prepare specific protocols for the relationship of interest groups in the communities where we have a presence, such as the Community Assistance Service (SAC). Communication with internal actors, such as employees and unions, is determined by the different Human Resources departments of each division.

**Below are the stakeholders with whom the company has active and constant communication:**

STAKEHOLDERS  CHANNELS OR MECHANISMS OF COMMUNICATION												
	Customers	Employees	Unions	Investors	Suppliers	Contractors	Communities	Opinion leaders Civil society Media	Financial Institutions Government Agencies Academic Institutions	Rating Agencies		
Website	●	●	●	●	●	●	●	●		●		
E-Ferromex; E-Ferrosur	●											
Intranet		●										
Sustainable Development Report	●	●	●	●	●	●	●	●	●	●		
Annual financial report				●				●		●		
Quarterly financial reports				●				●		●		
Newsletters							●	●		●		
Internal magazines and newsletters		●	●									
Publication of relevant events				●						●		
Press releases								●				
Shareholders meetings				●								
In-person meetings			●				●			●		
CBA review			●									
Diagnostic studies							●					
Interviews							●					
Surveys	●						●					
Workplace climate survey		●										
Telephone consultations	●			●	●	●		●		●		
Ethics reporting Line	●	●		●	●	●						
Guided industrial tours							●	●		●		
Site visits							●					
Community committees							●					
Awareness days							●					
Community development centers							●					
Community care service							●					

● Permanent

● Annual

● Annual or biennial

● Quarterly

● Bimonthly


● As required

Associations and initiatives with which we collaborate and support:

Associations and initiatives with which we collaborate and support		
Mining División	International Copper Association (ICA)	Asociación Mexicana de Ferrocarriles (AMF)
	International Molybdenum Association (IMOA)	Association of American Railroads (ARR)
	Arizona Mining Association (AMA)	Asociación de Proveedores de Productos Agropecuarios (APPAMEX)
	North American Metals Council (NAMC)	Asociación Mexicana del Transporte Intermodal (AMTI)
	Society for Mining Metallurgy and Exploration (SME)	Rail Transportation and Engineering Center (RailTEC)
	Metropolitan Tucson Chamber of Commerce (MTCC)	Asociación Nacional de la Industria Química (ANIQ)
	Cámara Minera de México (CAMIMEX)	Asociación Nacional del Plástico (ANIPAC)
	Sociedad Minera de México (SMM) Asociación de Mineros de Sonora (AMSAC)	SmartWay Transport Partner FEC
	Comisión de Estudios del Sector Privado para el Desarrollo Sustentable (CESPEDES)	Customs Trade Partnership Against Terrorism (CTPAT)
	Sociedad Nacional de Minería, Petróleo y Energía del Perú (SNMPE)	Consejo Coordinador Empresarial (CCE)
	Cámara de Comercio de Lima (CCL)	Cámara Mexicana de la Industria de la Construcción (CMIC)
	Asociación de Exportadores (ADEX)	Confederación Patronal de la República Mexicana (COPARMEX)
	Confederación Intersectorial de Empresas Privadas (CONFIEP)	Asociación Mexicana de Empresas de Servicios Petroleros (AMESPAC)
	Sociedad de Comercio Exterior del Perú (COMEX  SINIA)	Asociación Mexicana de Empresas de Hidrocarburos (AMEXHI)
	Iniciativa para la Transparencia de las Industrias Extractivas (EITI)	Asociación Mexicana de Energía Eólica (AMDEE)
Transportation Division	Instituto de Ingenieros de Minas del Perú (IIMP)	Asociación Mexicana de Energía Eléctrica (AME)
		Asociación Mexicana de Ingeniería de vías Terrestres (AMIVTAC)
Infrastructure Division		

Our commitment to sustainable development goes beyond our operations. We support organizations and initiatives that foster meaningful development through economic growth and respect for the environment.



Forest Nursery in San Luis Potosi, San Luis Potosi, Mexico. 

The stakeholders mentioned in the table above include associations in which Grupo México, its divisions and/or subsidiaries have regular participation. In this way, they remain at the forefront of market trends in the lines of business of the organization, as well as with the expectations of our stakeholders at the local, regional, national or international level. They also become spokespersons for the organization, in relation to its participation in society, within a framework of sustainable development.

The following is a breakdown of spending on memberships in the associations to which Grupo México and its 3 divisions belong in 2021, with reference to the three previous years:

US\$ Thousands				
Division / Subsidiary	2018	2019	2020	2021
<b>Total DMIN</b>	<b>4,925</b>	<b>5,487</b>	<b>2,467</b>	<b>3,465</b>
SCC	4,814	5,476	2,406	3,460
MM (Mexico)	2,885	3,408	975	1,916
SPCC (Peru)	1,928	2,068	1,431	1,543
ASARCO (USA)	111	11	61	6
<b>Total DTRA</b>	<b>623</b>	<b>557</b>	<b>554</b>	<b>618</b>
<b>Total DINFRA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109</b>
<b>Total Grupo México</b>	<b>5,548</b>	<b>6,044</b>	<b>3,021</b>	<b>4,192</b>

The amounts reflect contributions from the company's operations in the corresponding country. These contributions include organizations in foreign countries, such as the International Copper Association.

The associations to which Grupo México offered the largest contribution during 2021 are:

- International Copper Association - US\$ 2,869,768.
- Mexican Association of Railroads - US\$ 356,109
- International Molybdenum Association - US\$ 354,123

For a more detailed breakdown by country and division, see here for [contributions](#).

## Supply Chain Management

### Organizational Management GRI 102-9

At Grupo México, we are committed to generating sustainable supply chains. For this reason, we promote improvement actions in all **our processes and seek to be more efficient, environmentally friendly and inclusive with the communities near our operations.**

Therefore, in 2021 we published the [Code of Conduct for Suppliers, Contractors and Relevant Business Partners](#), which aims to formalize the minimum requirements expected from our value chain in terms of:

- Ethics and Integrity
- Human Rights
- Labor aspects
- Occupational health and safety
- Community relations
- Environmental issues
- Product Quality
- Risk management

Compliance with this code applies to suppliers and contractors that provide goods and/or services to the Mining Division, or on its behalf. It includes its affiliates, subsidiaries and business units, in each and every one of the jurisdictions where it operates.

As part of the contracting processes set forth in the code itself, all our suppliers must adhere to the following requirements:

- Sign the Grupo México Code of Ethics.
- Be aware of Grupo México's General Human Rights Policy.
- Register contractor personnel with the social security applicable in the countries where we operate.
- Certify tax compliance with the applicable governmental tax entity.
- Adapt to the COVID-19 protocols established by governmental and organizational entities.
- Sign the Privacy Notice for Data Protection, Letter of Consent and Declaration of Related Parties documents.

Through the commitment of our suppliers, we have developed a Zero Tolerance culture, which avoids establishing commercial relationships with suppliers that do not adhere to the previously established criteria. This culture allows us to promote and respect best practices in our value chain:



- Compliance with fundamental labor rights (decent conditions, freedom of association, elimination of harassment, discrimination, child and forced labor).



- Quality and safety of services and products provided.



- Safe and healthy workplaces.



- Ethics and integrity in all business relationships (legal compliance, anti-corruption practices, unfair competition and money laundering).



- Protection of communities and the environment where the company has operating units.

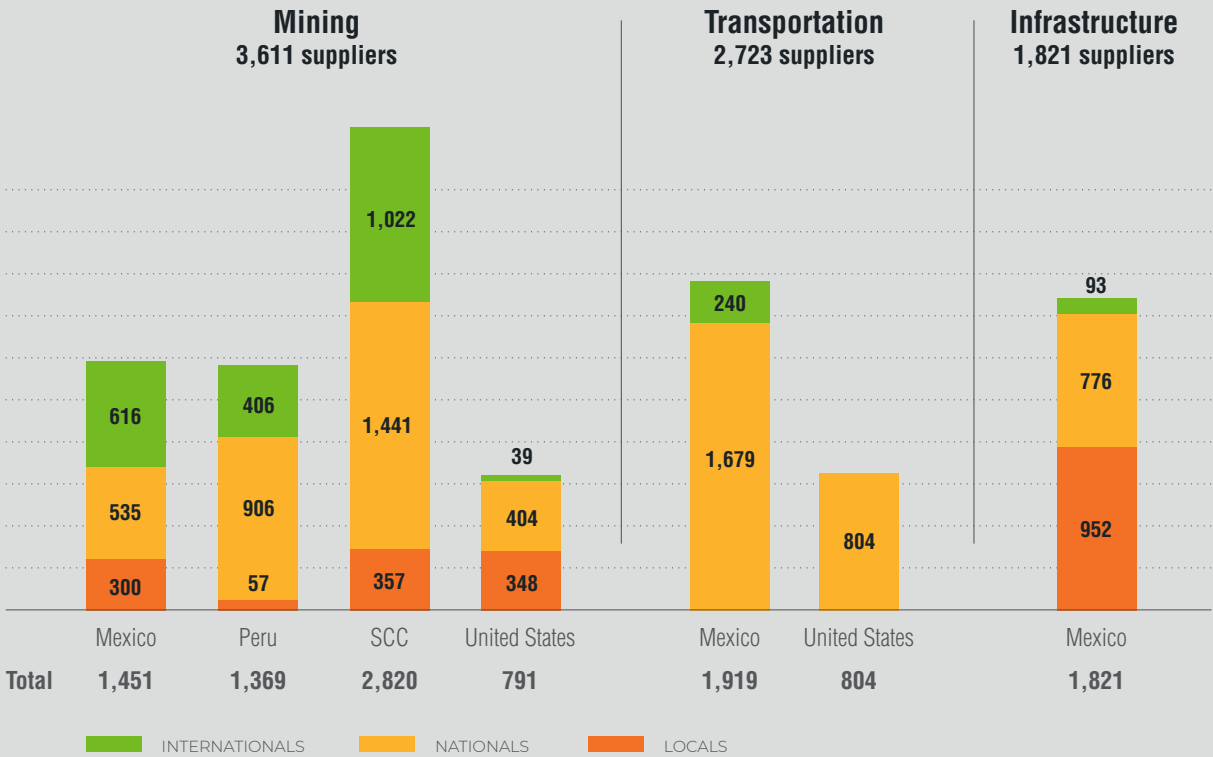


- Human Rights

In the event of any situation related to our operations or commercial relations, we have reporting mechanisms available to our suppliers for the formulation of observations, claims, complaints or reports. If we become aware of any conduct prohibited by the Code of Conduct, an investigation is initiated by a Working Group appointed by the Integrity Committee in each division.

Suppliers in supply chains

In 2021, we worked with 8,155 suppliers, geographically distributed in the 3 divisions of Grupo México as follows:



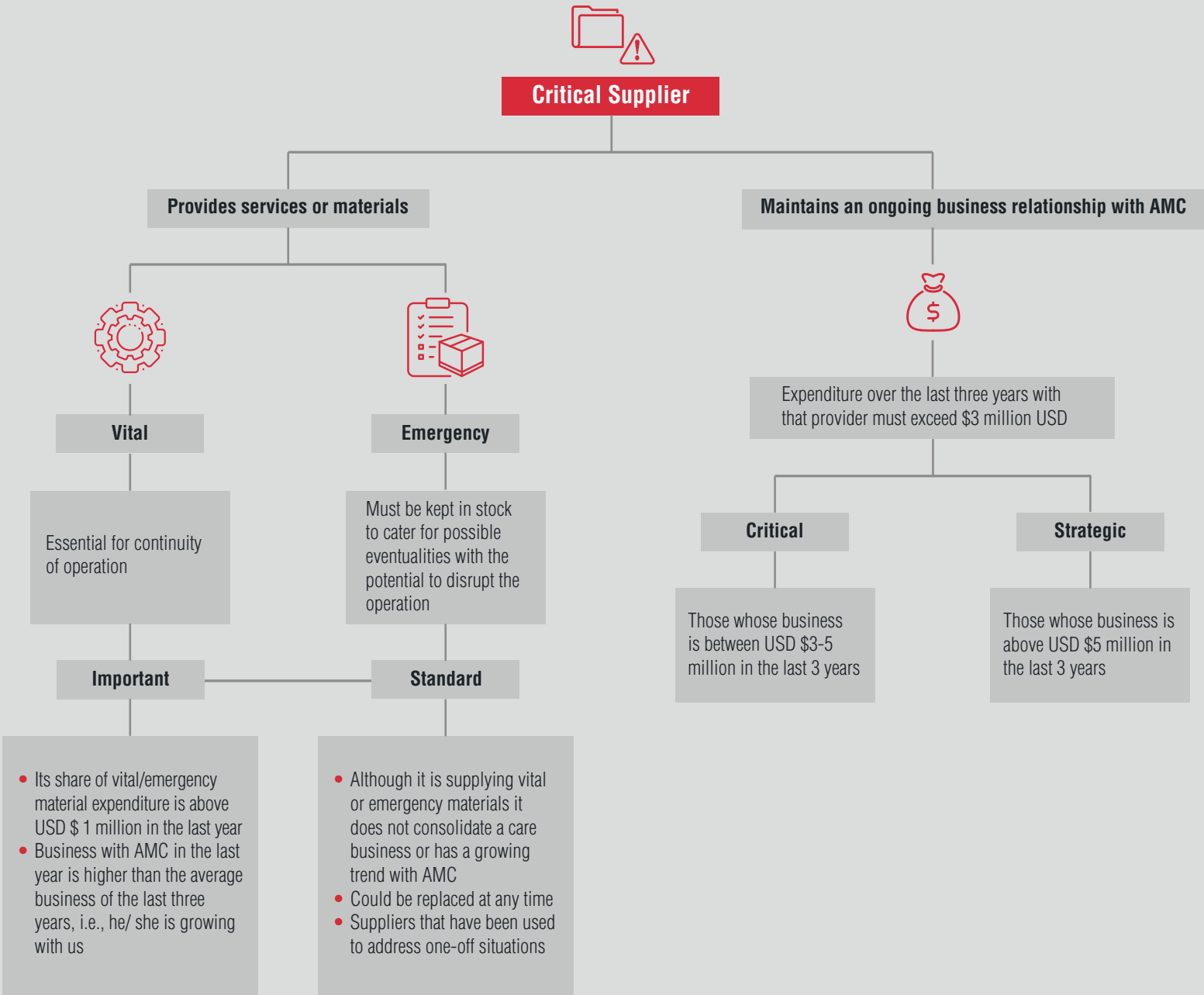
Compared to the previous year, we increased our total payments to suppliers by 14%. [Click here to learn more about economic spillover to suppliers.](#)

Critical suppliers

In 2021, we have established parameters for identifying critical suppliers in our supply chains, which we classify according to the following characteristics:

According to these classifications:

- **Mining Division:** In AMC we identified 145 critical suppliers, representing 4% of the total number of suppliers with participation in 2021.
- **Transportation Division:** We closed 2021 with 230 critical suppliers, representing 8% of the total base. These suppliers cover fundamental links in our supply chain for our operation.
- **Infrastructure Division:** We have 245 critical suppliers, which is equivalent to 13.45% of the total number of suppliers and which spending is 62% per year.





**CASE STUDY**  
**ESG ASSESSMENT EXERCISES**  
**FOR CRITICAL SUPPLIERS**

During 2021, we conducted a survey in the Infrastructure Division of our critical suppliers to identify their progress in environmental, social and governance (ESG) issues.

We invited 310 suppliers and contractors, of which there were 179 participants. The survey included 37 questions, divided into 5 pillars. **The following results indicate the areas in which these suppliers have ESG-related actions or initiatives:**

**LABOR**  
**RIGHTS**

**92%**



**BUSINESS ETHICS**  
**AND GOVERNANCE**

**91%**



**QUALITY, HEALTH**  
**AND SAFETY**  
**AT WORK**

**73%**



**ENVIRONMENT**

**47%**



**COMMUNITIES**

**38%**



The average compliance value was 68%.  
Based on these results, we have defined the following actions:

**The pillars where the greatest areas of opportunity were identified were the environment and communities.**

- Training and dissemination
  - a) ISO 14 001 management systems.
  - b) Environmental legal compliance.
- Advice on community outreach
  - a) Advice on the need to engage with communities.
  - b) Strategies for the implementation of improvement actions.
- Verification and audit validated by a third party.  
With these actions we favor the compliance and competitiveness of suppliers, with us and their different clients.

Esg assessments and recognitions

GRI 102-12

**GrupoMéxico**

**COMMITTED  
WITH SUSTAINABLE  
DEVELOPMENT**

Grupo México has improved its performance in environmental, social and governance assessments year after year.

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

**Sustainability Yearbook  
Member 2022**  
**S&P Global**

Robust and constant progress in:

Climate change strategy

Water resource management

Business ethics

Labor practices

Human rights

Environmental and social management

Philanthropy

**Orderly management  
of climate change**

For an orderly management of climate change-related risks, Grupo México moved **up two levels in 2021 in the annual CDP Climate assessment.**

**Responsible  
Copper Production**

In 2022, we initiated our adherence to the **Copper Mark** as a commitment to transparency and responsible production best practices in favor of the **United Nations Sustainable Development Goals.**

With our Fenicias wind farm, more than 25% of our electricity consumption will come from responsible sources.

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

**Sustainability Yearbook**  
Member 2022  
**S&P Global**

Grupo México and Southern Copper Corporation **have progressively improved their performance in the environmental, social and governance (ESG)** assessments in which they participate. Both companies have been part of the Dow Jones Sustainability Index MILA Pacific Alliance<sup>22</sup> since 2017 and 2019, respectively, being the only two companies in the Mining and Metals sector to be part of that region in the index. Both Grupo México and Southern Copper Corporation scored 61 points in the 2021 S&P Corporate Sustainability Assessment (CSA), 17% and 24% higher than the scores they obtained in 2019.

In the last year, our performance in the Corporate Sustainability Assessment was 79% above the Mining and Metals industry average. This allowed us to be part of the Sustainability Yearbook.

22. MILA - Latin American Integrated Market: includes the companies with the best performance in the CSA evaluation from the member countries of the Pacific Alliance.



In addition to being part of the DJSI and Sustainability Yearbook 2022 of S&P Global, Grupo México is also part of two sustainability indexes of the FTSE Russell organization since 2019: FTSE4Good Emerging Latin America and FTSE4Good BIVA<sup>24</sup>.

Being part of the most relevant international sustainability indexes is a recognition that we align our operations with ethical, responsible and sustainable business practices in environmental, social and governance issues. It also reflects our institutional commitment to operate in a transparent manner and publish quality information so that our stakeholders can objectively evaluate our commitment and performance in sustainable development.

For example, this Sustainable Development Report, like the 2020 report, includes indicators aligned with GRI<sup>25</sup> standards, as well as those of SASB<sup>26</sup> and TCFD<sup>27</sup>. In addition, the Company has updated a series of corporate sustainable development policies, which are published on its website. See [Sustainable Development Policies](#) here.

## S&P Global

Each year we participate in the Corporate Sustainability Assessment (CSA) of the S&P Global agency. In 2021, Grupo México and Southern Copper Corporation obtained a score of 61 points in their respective assessments (9% and 22% improvement, respectively, compared to 2020). **These ratings place both companies in the top 15% of the Mining and Metals industry**, which is why they were included in S&P Global's Sustainability Yearbook 2022<sup>28</sup>. Also, Grupo México Transportation obtained a 40-point rating in the second edition, when responding to this evaluation (5 points more than in 2020).

23. Comprises the best performing public companies in the Latin American market, according to the FTSE4Good Russell ESG criteria.

24. Recognizes the companies with the best ESG performance in the Mexican market.

25. Global Reporting Initiative.

26. Sustainability Accounting Standard Board.

27. Task Force on Climate-Related Financial Disclosure.

28. The S&P Global Sustainability Yearbook 2022 was published in February 2022 on the official S&P website. It includes companies that were in the top 15% of their industry and achieved a score in a range within the top 30% of the best performing companies in their industry.



Since 2016, Grupo México has responded annually to the Carbon Disclosure Project (CDP) questionnaire on climate change. The assessment is answered only at the group level, including all its divisions and subsidiaries, given that climate change is an issue that is addressed from an integral perspective, considering the positive and complementary synergies between divisions. In the 2021 assessment, **Grupo México increased its rating by two levels** (obtaining "B" against "C" in 2020), which demonstrates an orderly management of risks related to climate change according to CDP.

CDP Climate rating scale.



Only two companies in the "Smelting, refining and metal forming" sector obtained a higher rating than Grupo México. Also, two companies in Mexico obtained a rating higher than "B" in 2021. Our performance is higher than the averages obtained by the sector , as well as at the North American level and the average among all companies globally (C, C and B-, respectively). This progression reflects an undeniable improvement, without losing sight of the challenge of continuing to improve our contribution to the fight against climate change. Our objective in 2022 is to publish new emission reduction targets aligned with the Paris Agreement and to define a roadmap for the decarbonization of the organization.

29. The sector or industry in which Grupo México (including Southern Copper Corporation) responds to the CDP questionnaire is "Forming, smelting and refining of metals".



El Retiro Wind Farm, La Ventosa, Juchitan, Oaxaca, Mexico.



Grupo México has actively participated in the Corporate Human Rights Benchmark's annual Human Rights assessment since 2019. We have achieved a significant improvement in our rating, by explaining in detail the operation of our human rights due diligence process and also of the Community Care System (SAC), among other public disclosures made in this area. **Currently, our performance is 28% above the average in the Extractive Companies industry** in which we are evaluated. The programs implemented to protect the human rights of employees, communities and stakeholders are described in the corresponding sections of this report.



Southern Copper Corporation has been an active supporter and member of the Extractive Industries Transparency Initiative (EITI) multidisciplinary group since 2005. Additionally, the company played an essential role in the process that allowed Peru to achieve EITI Compliant Country status in 2012. Since 2016, a representative of Southern Copper Corporation has been a member of the EITI International Board of Directors.



Since 2020, we have actively participated in the annual evaluation of the ESG Risk Rating Report of the rating agency Sustainalytics, for both Grupo México and Southern Copper Corporation (both companies are evaluated in the Diversified Metal Mining category). In 2021, Grupo México's rating **improved 26% over the previous year**, while Southern Copper Corporation's rating improved 30% over the same period.

### Other relevant achievements and accomplishments in ESG issues include:



- La Caridad mining units and the Lime Plant in Sonora, Mexico, obtained **ISO 14001** certification from their environmental management system.
- The La Caridad Metallurgical Complex obtained the **"Great Place to Work"** certification for the first time in 2021. Similarly, the Engineering and Energy subsidiaries of the Infrastructure Division obtained this recognition for the second consecutive year.
- Grupo México increased its performance in the **Responsible Mining Index** evaluation by 79%.
- Grupo México's rating in **MSCI's** ESG evaluation increased from CCC to B.
- The Infrastructure and Transportation divisions obtained the **Socially Responsible Company (ESR)** Distinction, awarded by the Mexican Center for Philanthropy (CEMEFI), for the sixth and eighth consecutive year, respectively.



- The La Caridad open pit mine and the Metallurgical Plants Refinery (METCO) received the **Silver Helmet**, recognition awarded annually by the Mexican Chamber of Mines to operations with the best performance in Occupational Safety and Health.
- Since 2018, the **Inter-American Development Bank (IDB)** has recognized our "Casa Grande" Community Development model as one of the best community practices in the extractive industry in Latin America. In 2021, the IDB ratified this recognition again for having modernized all our social programs, in the wake of the current pandemic, with the "Virtual Casa Grande" strategy.
- The Mining Division began its adherence process with **Copper Mark**, an independent verification scheme that promotes responsible production practices aligned with the United Nations Sustainable Development Goals (SDGs). The mine and the La Caridad Metallurgical Complex in Sonora are the first units to formalize this commitment and begin the certification process.

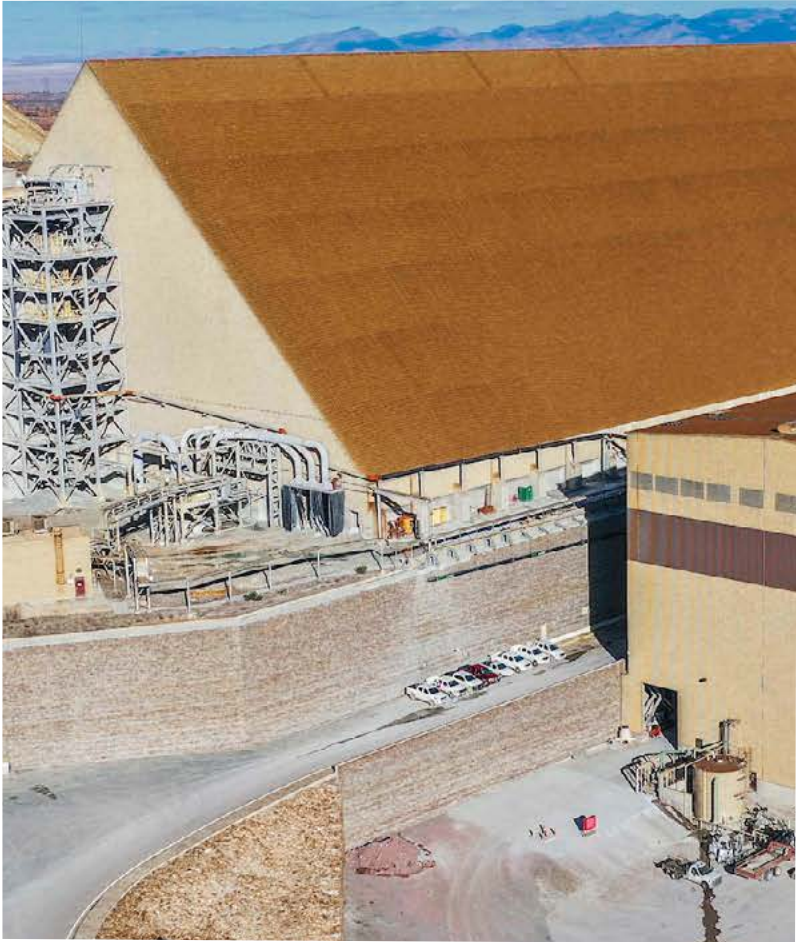
Certifications

We are committed to carrying out our activities in compliance with applicable regulations and in line with international best practices. Therefore, we are in the process of adjusting the environmental and health and safety management systems of our mining operations, with the objective of having the backing of international ISO certification in the respective areas. The following section shows a breakdown of the certification status of the Mining Division's operations under the ISO 14001 environmental management system and ISO 45001 occupational health and safety standards.

ISO CERTIFICATION STATUS OF THE MINING DIVISION AT THE OPERATION LEVEL\*.

Type of operation	Operations	Environmental certification (ISO 14001)	OSH certification (ISO 45001)
ASARCO			
United States			
Mine	Mission	-	-
Mine and Plant Site	Ray	-	-
	Silver Bell	-	-
Southern Copper Corp.			
Mexico			
Mine and plant site	Buenavista del Cobre	ESDE process	In process
	La Caridad	✓	✓
	Charcas	Pending	✓
Underground mines	Santa Bárbara	In process	✓
	San Martín	Pending	✓
Type of operation	Operations	Environmental certification (ISO 14001)	OSH certification (ISO 45001)
México			
Plants	Metallurgical Complex (METCO)	✓	✓
	Lime Plant	✓	✓
	Electrolytic Refinery Zinc	In process	In process
	Central Workshop	In process	✓
	Guaymas Terminal	In process	✓
Peru			
Mines and on-site plants	Toquepala (Copper mine)	ESDE process	In process
Mine	Cuajone Mine (Copper mine)	In process	In process
Plants	Ilo (Metallurgical Complex)	Smelter process Ilo refinery process	In process

\* We have focused on pursuing certification of environmental management systems in accordance with the international ISO standard at all of our fully operating units.



# GOVERNANCE DIMENSION

Corporate Governance

93

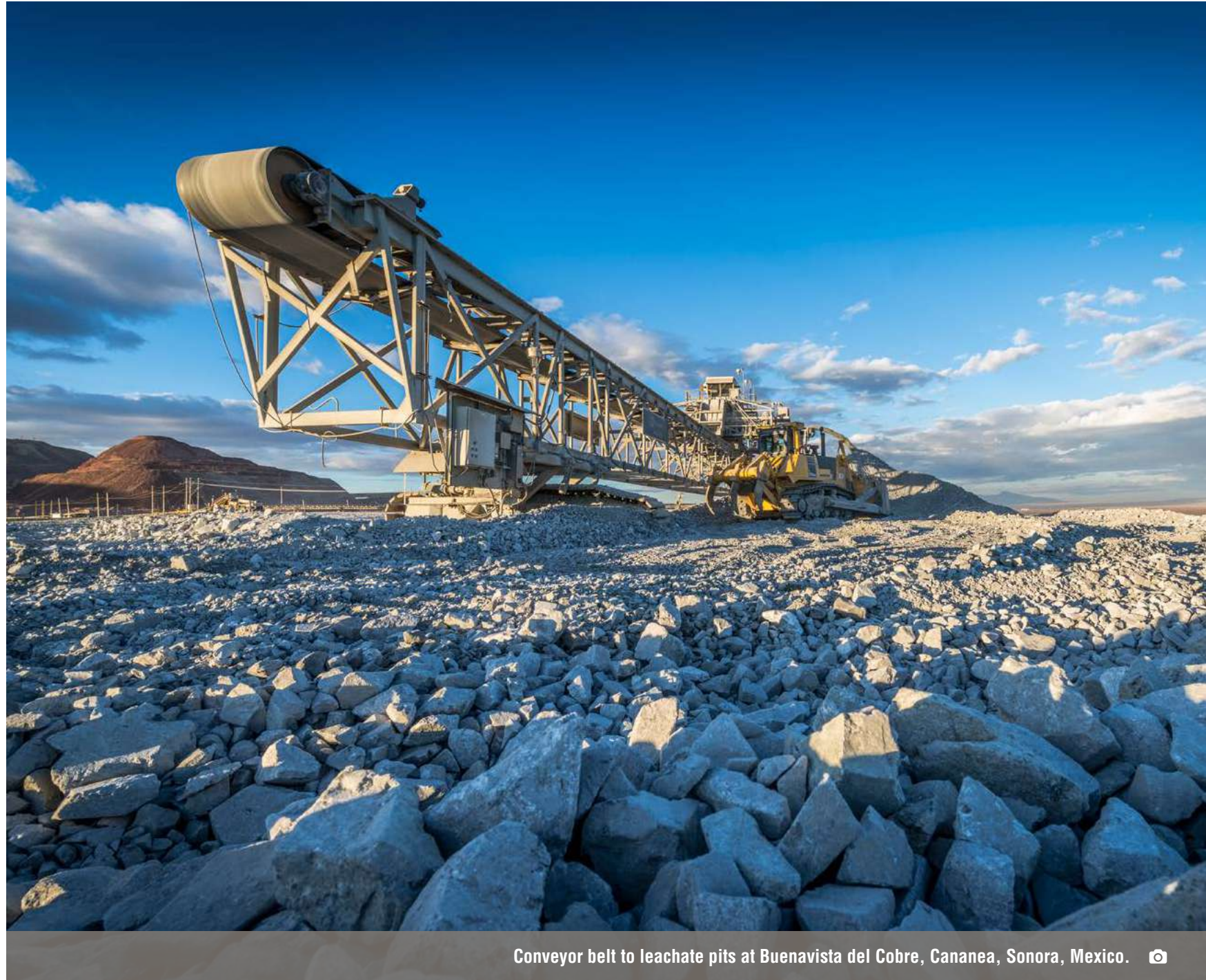
Ethics and Integrity

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## CORPORATE GOVERNANCE

The corporate governance of Grupo México, S.A.B. de C.V. (“Grupo México”, “Company” or the “Company” interchangeably) is intended to oversee the principles, values, standards, good practices and decision making of Grupo México and its three divisions (the “Divisions”): (i) Americas Mining Corporation (Mining Division), (ii) Grupo México Transportes (Transportation Division), (iii) México Proyectos y Desarrollos (Infrastructure Division) so that they contribute to the generation of value, benefit, trust and security, both for its investors and its stakeholders, promoting sustainability within the company and its three divisions.

Grupo México's corporate governance is an essential pillar to achieve the continuous growth and institutionalization of the company and, through this, to meet its goals and objectives and strengthen institutionalization, competition and permanence over time, as well as the observance of the principles of legality, transparency and accountability to shareholders, investors, rating agencies and the general public.



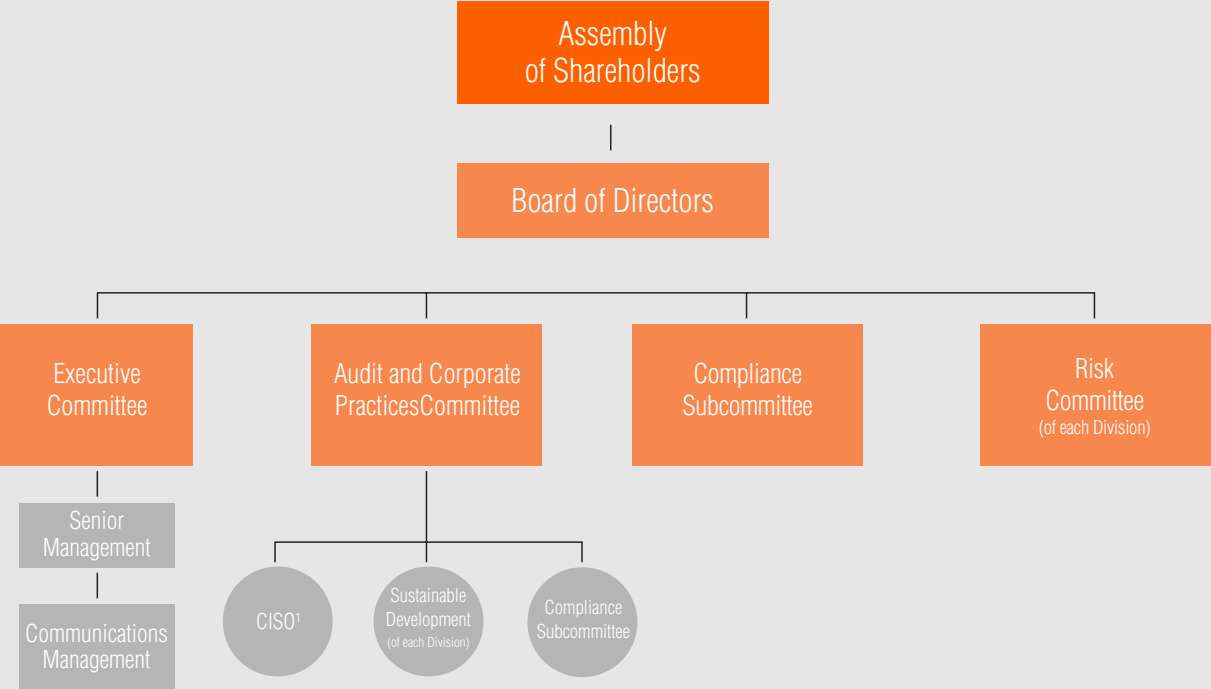
Conveyor belt to leachate pits at Buenavista del Cobre, Cananea, Sonora, Mexico. 📷

## Corporate governance structure

GRI 102-18 | 102-19

The company's corporate governance structure is defined in accordance with Grupo México's bylaws, in compliance with current Mexican legislation. It also considers the various national and international codes and principles, which encompass good corporate governance practices, as well as international principles of values and corporate culture, its shareholding structure and internal control, its intermediate management bodies and their independence with respect to the company's operations.

In accordance with the company's bylaws and the resolutions of its governing bodies, Grupo México's corporate governance structure is as follows:



### General Assembly of Shareholders

**The General Assembly of Shareholders (the “ Assembly “) is Grupo México’s highest-ranking body that brings together the company’s shareholders to review and, as appropriate, approve the reports presented by Grupo México’s Board of Directors on the management of the company.**

The Assembly acts with formality, transparency and efficiency, as it is the essential decision-making and control body for the growth of the organization and, in addition, the protection of the rights and interests of all shareholders. It is also responsible for the appointment and ratification of the members of the Board of Directors referred to and certifies the quality of independence of its members, in accordance with the provisions of Article 26 of the Securities Market Law.

1. Chief Information Security Officer.

Board of Directors

GRI 102-22; 102-26 | TCFD GOB-A

The administration of Grupo México is entrusted to the company's Board of Directors, which has the following support committees:

- 1. **Executive Committee**
- 2. **Audit and Corporate Practices Committee** (composed exclusively of independent Board members (Directors), for the impartial performance of their duties).

Functions

**The Board of Directors, as the main administrative body of the Company, establishes and supervises the general strategies to lead the business of Grupo México and the companies it controls, and evaluates their compliance.**

Among its main functions are

- Oversee compliance with the resolutions of the group's shareholders' meetings.

- Establish information and/ or communication policies and guidelines with shareholders and the market.
- Accounting information, control and internal audit.
- Operations with related parties.
- Conflicts of interest
- Appointment of the Executive President.
- Hiring the external auditor.
- Approve financial statements.
- Ensure the efficient use of available resources and assets.
- Follow up and monitor the management of the main scenarios faced by Grupo México and the companies it controls, such as: operational, economic, environmental, social, labor, financial, accounting, anti-corruption and compliance with applicable legislation in each jurisdiction where it has a presence.

Meetings of the Board of Directors

In accordance with Grupo México's bylaws and applicable regulations, the Board of Directors meets at least four times a year. Each director must attend at 75% of the meetings.

In 2021, the Board of Directors met four times, with 97% average attendance by its members. During these sessions, they were provided with information about the organization's management and business, as well as the results of Grupo México's main financial and operational indicators.

Selection of the Board of Directors

The selection of the members of the Board of Directors is carried out annually through the Annual General Meeting, based on their background, capacity, professional experience, personal and professional prestige, seeking diversity of gender, age, profession or specialty, considering that, due to their characteristics and professional experience, they can perform their duties without conflicts of interest or being subject to personal, patrimonial or economic interests.

At Grupo México<sup>2</sup>, the nomination process for members of the Board of Directors seeks to enhance the diversity profile by attracting, proposing and retaining Board members (Directors) with relevant backgrounds and diverse life and professional experiences.

The appointment of each of the members of the Board of Directors, proposed to the General Shareholders' Meeting, is made individually and is approved by the vote of a simple majority of the shares with voting rights present at the Meeting. For each Proprietary Director, one Alternate Director may be appointed, taking into account that the Alternate Directors of the Independent Directors must have the same status. In turn, the members of the Company's committees are also appointed on an individual basis. The directors shall hold office for one year, with the possibility of being reelected or removed at any time, and shall receive the remuneration determined by the Shareholders' Meeting for such purpose.

In accordance with best corporate governance practices, starting with the 2022 Grupo México Shareholders' Meeting, voting on the items on the agenda of the Ordinary General Shareholders' Meeting will be carried out individually.

**Independence of the Board of Directors**  
**GRI 102-24 | 102-25**

Grupo México's requirements for a member of the Board of Directors to be considered Independent are contemplated in the twenty-fifth clause of the Company's Bylaws, in accordance with the provisions of Article 26 of the Securities Market Law.

**Excerpt from Article 26 of the Securities Market Law**  
*[...] in no case may the following individuals be appointed or serve as independent directors:*

*I. The relevant executives or employees of the company or of the legal entities that are part of the business group or consortium to which it belongs, as well as the statutory auditors of the latter. The aforementioned limitation shall be applicable to those individuals who have held such positions during the twelve months immediately preceding the date of appointment.*

*II. Individuals who have significant influence or power of command in the company or in any of the legal entities that make up the business group or consortium to which said company belongs.*

*III. Shareholders who are part of the group of persons that maintain control of the company.*

*IV. Clients, service providers, suppliers, debtors, creditors, partners, directors or employees of a company that is a client, service provider, supplier, debtor or important creditor.*

*A customer, service provider or supplier is considered to be important when the sales of the company represent more than ten percent of the total sales of the customer, service provider or supplier during the twelve months prior to the date of appointment. Likewise, a debtor or creditor is considered to be important when the amount of the credit is greater than fifteen percent of the assets of the company itself or of its counterparty.*

*V. Those related by blood, affinity or civil relationship up to the fourth degree, as well as the spouses, common-law spouse and common-law spouse of any of the individuals referred to in sections I to IV of this article.*

2. The related commitment is also applicable to the Board of Directors of Southern Copper Corporation.

Independent Directors who cease to be independent during their term of office must inform the Board of Directors at the next Board meeting at the latest. In accordance with the applicable regulations, the members of the Board of Directors have the obligation to inform the rest of the members of the Board and to abstain from participating in any vote in which they have a conflict of interest.

### Composition of the Board of Directors

#### GRI 102-23

In 2021, Grupo México's Board of Directors was composed of 14 proprietary directors, who were appointed by the General Shareholders' Meeting in April of that year.

**In accordance with best corporate governance practices, the percentage of independent members in 2021 was almost 60%, which is almost three times higher than the minimum required by law.**

All of the members of the Board stand out for their decades of first-class corporate experience, as well as for being outstanding business personalities in Mexico in their respective areas. Their extensive experience and diversity within the business sector represent an enormous advantage for the conduct of Grupo México's business in accordance with the highest standards of corporate governance.

Since 1981, the positions of Chairman of the Board and Chief Executive Officer of Grupo México have been held by Mr. Germán Larrea Mota Velasco, who is also the main shareholder of the company and founder of the group. He has been at the helm of the organization for 41 years and has led its growth and consolidation in Mexico and internationally. The experience, professionalism and knowledge acquired over the years by the President, both of the company and of the companies it controls in the mining, transportation and infrastructure industries, have allowed him to lead the Company's business and strategy with excellence, generating and contributing value to the group.

Therefore, the company has built a solid oversight and compliance structure to promote checks and balances in the best interest of all shareholders, investors and other stakeholders. Specifically, there are three elements in this regard:

1. Grupo México's Board of Directors is comprised of a large majority of independent members.
2. The decisions of the Board of Directors are adopted by a majority vote of its members present, including decisions regarding the supervision of the management and conduct of the business carried out by the Chief Executive Officer of the Company.

3. Applicable legislation and Grupo México's bylaws grant minority rights to the Company's shareholders, allowing them to appoint members of the Board of Directors, owners or alternates, to protect their corporate and economic rights, fostering an environment of transparency and accountability.

Likewise, the Company has policies and procedures specifically designed to prevent and avoid conflicts of interest that may arise from holding both positions (Chairman of the Board and Chief Executive Officer). Mainly, the appointment and approval of both positions are the responsibility of the Board of Directors itself, where their individual vote as a member of the Board of Directors does not determine the approval of their management. In such case, due to a conflict of interest, the Chairman of the Board of Directors must excuse himself from voting on such matter. When approving the ratification of Mr. Germán Larrea Mota Velasco as Chairman of the Board of Directors and Chief Executive Officer, the Board of Directors also determines whether he has sufficient time to adequately fulfil both functions.



Worker in the Zinc Electrolyte Refinery, San Luis Potosi, San Luis Potosi, Mexico.



COMPOSITION OF THE BOARD OF DIRECTORS

#	Member	Position	Independence	Gender (M/F)	Age (years)	Country of origin	Country of residence	Tenure (years)	Committees of the Board	% of average Attendance	Experience by sector <sup>3</sup>	Specialty – Training	Additional Current Mandates <sup>4</sup>	Other Boards	Other Corporate Governance Positions
1	Germán Larrea Mota Velasco	President	Executive	M	68	Mexican	Mexico	41	Executive (President)	100%	Materials, Industrial	Business Administration	-	Chairman of the Board of: SCC - Grupo México - Mining Division - Transportation Division - Infrastructure Division - AMC - Industrial Entrepreneurs of Mexico	CEO Grupo México Industriales de México
2	Xavier García de Quevedo Topete	Vicepresident	Executive	M	74	Mexican	Mexico	39	-	100%	Materials, Industrials and Finance	Chemical Engineering, Business Administration and Finance	-	Vicepresident of the Board Grupo México, Director ASARCO / SCC / Infrastructure Division / Transportation Division Mining	Division Vicepresident Grupo México / AMC. President Infrastructure Division
3	Alfredo de Jesús Casar Pérez	Director	Executive	M	67	Mexican	Mexico	26	-	100%	Materials, Industrial and Finance	Economics	-	Director Grupo México GFM / SCC / Transportation Division	President Transportation Division
4	Luis Castelazo Morales	Director	Executive	M	65	Mexican	Mexico	26	-	100%	Materials, Industrial and Finance	Civil Engineering	-	Director Grupo México / SCC / Empresarios Industriales de México	Director General Empresarios Industriales de México
5	Oscar González Rocha	Director	Executive	M	83	Mexican	Mexico / Peru	41	-	100%	Materials, Industrial and Finance	Civil Engineering	-	Director Grupo México / MM / CC	SCC President / ASARCO / AMC
6	Fernando López Guerra Larrea	Director	Executive	M	40	Mexican	Mexico	3	-	100%	Materials, Industrial	Business Administration and Finance	-	Director GMéxico Transportation / Ferromex / Grupo México	CEO Transportation Division
7	Antonio del Valle Ruiz	Director	Independent	M	84	Mexican	Mexico	6	-	100%	Materials, Industrial, Finance	Accounting	More than 4	Director Grupo México / Mexichem / Telmex / EBC / Club de Industriales / others	Honorary Lifetime President of Grupo Kaluz, Orbia, Elementia, BX+, among others.
8	Emilio Carrillo Gamboa	Director	Independent	M	83	Mexican	Mexico	19	A & P S	100%	Energy, Materials, Industrial, Finance, Communication Services	Law	More than 4	Director Grupo México / Grupo Modelo / Grupo Nacional Provincial / Grupo Profuturo / Kimberly Clark / The Mexico Fund	Founding Partner of the Law Firm Carrillo Gamboa

3. Based on the Global Industry Classification Standard (GICS )  
4. Grupo México does not have any restrictions on the maximum number of other mandates it authorizes.

#	Member	Position	Independence	Gender (M/F)	Age (years)	Country of origin	Country of residence	Tenure (years)	Committees of the Board	% of average Attendance	Experience by sector <sup>3</sup>	Specialty – Training	Additional Current Mandates <sup>4</sup>	Other Boards	Other Corporate Governance Positions
9	Antonio Madero Bracho	Director	Independent	M	85	Mexican	Mexico	21	Executive	100%	Materials, Finance	Mining and Metallurgy Engineering and Business Management	1	Chairman of the Board of Rassini; Member of the Executive Committee of the “Committee of University Resources” Harvard University. Founder and Member of the Advisory Committee of the Rockefeller Center for Latin American Studies of Harvard University	Member of the Trilateral Commission.
10	Carlos Prieto Sierra	Director	Independent	M	68	Mexican	Mexico	6	-	100%	Finance, Information Technology	Business Administration	More than 4	Director Grupo México, BX+, / Hermes Corporate, / R202, CityExpress, RUF / Banca y Comercio Editorial House	Dean of the Escuela Bancaria y Comercial
11	Carlos Rojas Mota Velasco	Director	Independent	M	68	Mexican	Mexico	6	-	75%	Materials	Business Administration	More than 4	Chairman of the Board Grupo Rotoplas / FUNED / Director Grupo México / Scribe / Nasoft / Universidad Centro / Grupo Lar	President / CEO Grupo Rotoplas
12	Claudio X. González Laporte	Director	Independent	M	87	Mexican	Mexico	32	Executive	100%	Finance, Basic Consumption	Chemical Engineering	More than 4	Chairman of the Board Kimberly-Clark. Director Fondo México / Grupo Alfa / Grupo Carso / The Baker Institute for Public Policy (Houston, Texas) / The Salzburg Global Seminar (Washington D.C. and Salzburg, Austria) / The New York Philharmonic. Emeritus Director General Electric	
13	Fernando Ruiz Sahagún	Director	Independent	M	78	Mexican	Mexico	18	A & P S	100%	Finance	Accounting Law	More than 4	Director Grupo México / Banco Santander / Grupo Bolsa Mexicana de Valores / Grupo Cementos de Chihuahua / Fresnillo Ltd / Grupo Palacio de Hierro / GNP/ Rassini / Arcelor Mittal de México	Founder and Partner Chevez, Ruiz, Zamarripa
14	Rolando Vega Sáenz	Director	Independent	M	73	Mexican	Mexico	12	A & P S (President)	75%	Finance	Public Accountant	More than 4	Chairman of the Board Seguros Atlas / Chairman of the Board of Bonds and Sureties Atlas / Finance Corporation Atlas, S.A. / Agroservicios Financieros Atlas, S.A. / Cremería Americana / Acasa Perinorte / Atradius Seguros de Crédito. Director Grupo México / Consejo Mexicano de Negocios, A.C. / Consejo Coordinador Empresarial / Asociación Mexicana de Instituciones de Seguros. Miembro del Consejo de Administración de Empresas Industriales, Comerciales y del Sector Financiero	CEO Seguros Atlas. Chairman of the Surveillance Committee of Club de Banqueros de México / Patron / Fundación Alberto y Dolores Andrade I.A.P., Fundación Para Ancianos Concepción Beistegui, I.A.P., Fundación Francisca Campero de Pasquel, I.A.P.

Average length of service of board members	19.7 years
Percentage of female members of the Board <sup>5</sup>	0%
Board members <sup>6</sup>	14
Percentage of independence of Directors <sup>7</sup>	57%
Average percentage of attendance to the Board meetings <sup>8</sup>	97%
Target percentage of independence on the Board	25% (minimum established by law)

Board experience and skills

The members of the Board of Directors have experience in various sectors, as well as complementary skills that allow them a broad perspective on Grupo México's lines of business, as well as on current trends in related markets and the main interests of our investors and other stakeholders. Among the principal skills and experience of our directors are the following:

Skill/Experience	Total Members
Materials sector experience <sup>9</sup>	6
High level of experience in Finance	8
Risk Management experience	3
Experience in Executive Management roles	13
Health, Safety, Environment and Community experience	6
Relevant Public Policy and ESG experience	5
Cybersecurity/Information Security experience	3



Panoramic view of Ray Mine, Arizona, USA.

5. The Board of Directors recognizes the strategic importance of diversity and inclusion within the company and is therefore committed to considering gender and minority group diversity factors in the nomination of candidates for Board membership.
6. We regret the passing of our independent Board member, Prudencio López Martínez, who passed away during 2021. For this reason, Mr. López Martínez was not considered in the statistics of Grupo México's Board of Directors in 2021.
7. In accordance with applicable law, the minimum percentage of independent directors is 25%. However, Grupo México strives to maintain a percentage of independence of its directors of 60%.
8. Grupo México ensures that each of its Directors attend at least 75% of the meetings of the Board of Directors.
9. The Materials sector according to the Global Industry Classification Standard (GICS) is a level 1 sector comprising the following sub-industries: (i) Chemicals; (ii) Construction Materials; (iii) Containers & Packing; (iv) Metals & Mining; (v) Paper & Forest products.

The tables above show the detailed composition of the Board of Directors of Grupo México, including the name of each director, position, classification between executive and independent, age, gender, origin, years in office, board committees to which they belong and a brief description of their experience and professional background. This information shows the expertise of the board members, is highly relevant and has a direct impact on guaranteeing good strategic management and supervision of the business operations carried out by the company's directors. The experiences and responsibilities of the board members link them to issues of the highest strategic relevance, such as climate change and the challenges it implies for the long-term management of Grupo México. In this way, this topic can be discussed at the Board of Directors' meetings, aimed at generating guidelines to be implemented by senior management in this area.

Performance evaluation of the Board of Directors

GRI 102-28

In accordance with the company's Corporate Policies and Guidelines Manual, Grupo México conducts an annual evaluation of the members of its Board of Directors. The minimum attendance requirement is

one of the parameters for evaluating the members of the Board of Directors. The historical compliance of attendance was close to 100%, demonstrating the active commitment of each board member to their work. Additionally, the management of the committees and directors is evaluated once a year, through a self-evaluation process.

Committees of the Board of Directors

Within Grupo México's corporate governance structure, the Board of Directors is supported by the **Executive Committee and the Audit and Corporate Practices Committee**.

EXECUTIVE COMMITTEE

**This committee is responsible for more frequent supervision and for presenting the Quarterly Report to the Board of Directors.**

It is composed of three directors, two of whom are independent. The Chairman of the Board of Directors also chairs the Executive Committee, which is comprised of the following members of the Board:

- 1. Germán Larrea Mota Velasco (Chairman).
- 2. Claudio X. González Laporte (Independent).
- 3. Antonio Madero Bracho (Independent).

The meetings of the **Executive Committee** are considered legally installed once the majority of its members are in attendance. Its resolutions must be approved by the favorable vote of the majority of the members present during the meeting.

AUDIT AND CORPORATE PRACTICES COMMITTEE

The Audit and Corporate Practices Committee is composed of independent directors and meets quarterly. Its main functions are as follows:



Monitor the internal audit control system, through timely reviews, as well as due diligence in the implementation and compliance with the guidelines specified in Grupo México's [Code of Ethics](#).



Supervise the company's Cybersecurity strategy<sup>10</sup> in conjunction with the CISO<sup>11</sup>.



Establish the fixed compensation policies for the main executives of the group, in addition to the variable part based on their performance.

The Audit and Corporate Practices Committee is composed of the following members of the Board of Directors:

10. All three members of the Committee have experience in cybersecurity.  
11. CISO: Chief Information Security Officer.

- 1. Rolando Vega Sáenz Chairman).
- 2. Emilio Carrillo Gamboa.
- 3. Fernando Ruíz Sahagún.

The meetings of the Audit Committee and the Corporate Practices Committee are considered legally constituted if the majority of their members attend and their resolutions must be approved by the affirmative vote of the majority of the members present at the meeting. In the event of a tie, the presiding member of the committee shall have the casting vote.

Subsidiary Committees

Additionally, there are management committees at the level of each subsidiary, among which the following stand out:

ETHICS AND CONDUCT COMMITTEE

**Grupo México currently has an Ethics Committee for each of its divisions.**<sup>12</sup> However, the Company is working to develop an Ethics and Conduct Committee at the group or controlling company

12. The Ethics Committee of the Mining Division is made up of Ing. Xavier García de Quevedo (Board Member of Grupo México and SCC), Ing. Oscar González Rocha (Board Member of Grupo México and SCC), as well as Ing. Leonardo Contreras Lerdo de Tejada (SCC Director), among other Directors.

level to supervise business ethics and personal integrity among directors, employees and suppliers and the Ethics Committees of each of the divisions.

RISK COMMITTEE

**Currently, Grupo México has a Risk Committee in each of its divisions<sup>13</sup>**, which report their performance to the Board of Directors of Grupo México. Their main functions include the following<sup>14</sup>:

- Report to the General Shareholders' Meeting on its actions and address the issues raised by shareholders on matters within its competence.
- Promote that the company performs an adequate risk management, using advanced methodologies, tools and models of recognized technical value.
- Review and evaluate the integrity and adequacy of the Company's Risk Management function, including its various components; formulating the improvement initiatives it deems necessary on the infrastructure and internal risk control and management systems.
- Analyze and assess the periodic management of risks in the Company, among others, based on:

13. The Risk Committee of the Mining division is made up of Ing. Xavier García de Quevedo (Board Member of Grupo México and SCC), Ing. Oscar González Rocha (Board Member of Grupo México and SCC), as well as Ing. Leonardo Contreras Lerdo de Tejada (SCC Director), among other Directors.

- The results of the Internal Solvency Model.
  - The main risk indicators (Key Risk Indicators).
  - The dynamics of the level of exposure in priority risks relative to the established limits.
  - Effectiveness and efficiency of control mechanisms.
  - Compliance with risk management policies.
- Risk assessment and materiality determination.
  - Support Management in defining and updating the policies and procedures governing the Company's Comprehensive Risk Management System.
14. Additionally, the Risk Committee has among its functions:
- Review the limits of exposure to risks of the Organization and approve the actions in case of exceeding them or when there is any exception to the rules, informing the Management about the operations that it must authorize, when they exceed the powers granted to other levels of the Company.
  - Monitor and pronounce on the Organization's risk profile and its trend over time.
  - Suggest to the Management the actions to be taken for the proper functioning of the Comprehensive Risk Management System.
  - Study in an integrated and correlated manner the levels of exposure to the Organization's priority risks.
  - Monitor the reports submitted by the Risk Rating Entities.
  - Assess and reasonably comply with the indications and recommendations made by the supervisory authorities in the exercise of their function.
  - At the request of the Council, inform that they must be authorized by law or by regulation or internal or external provision.
  - Ensure the performance of coordinated activities and good communication between the respective Committees.
  - Carry out all those activities delegated or requested by the Management in terms of risk management.

## SUSTAINABLE DEVELOPMENT COMMITTEE

The Mining Division has a **Sustainable Development Committee**, which proposes the strategic vision for sustainable development to be presented to the Board, approves and monitors corporate goals, follows up on the division's ESG indicators, and approves the investments required to achieve the goals.

The Sustainable Development Committee is comprised of the Executive Vice President of Grupo México, the Executive President<sup>15</sup> of the Mining Division and all the corporate directors of that division, as well as the directors of Occupational Health and Safety, Environmental Affairs and Community Development of the division. In addition, executives from the other two divisions are invited, as well as external advisors, when the committee's agenda requires it. The Sustainable Development Committee meets every quarter, when progress is presented and agreements are communicated to the Chairman of the Group's Board of Directors after each session<sup>16</sup>.

We are working on the establishment of Sustainable Development Committees at Board level in Grupo México, AMC and SCC so that the main governing bodies of these companies report their ESG performance to their respective Boards in line with best practices and stakeholder expectations. These committees will include the participation of Independent Directors and will have among their functions the supervision of issues such as: performance and effectiveness of management with respect to the development, implementation and compliance with sustainable development goals and policies, management of sustainable development operational risks, disclosure of ESG information, among others. For more information on the structure of the current Sustainable Development Committee, please refer to the [Sustainable Development Management section of the organization](#).

The subsidiaries Americas Mining Corporation ("AMC"), GMexico Transportes ("GMXT") and Mexico Proyectos y Desarrollos ("MDP") have their own Boards of Directors, which report directly to the Board of Directors of Grupo México, S.A.B. de C.V., which monitors and assesses social and environmental performance on an institutional basis. This task, in turn, falls to employees in the sustainability and operating areas at the level of each subsidiary and in teams created for this purpose.

15. The Executive President of the Mining Division is also the Executive President of Southern Copper Corporation.

16. It is important to highlight that the Corporate Direction of Sustainable Development, the Sustainable Development Committee and the directors that comprise it, when supervising the performance of the Mining Division, this scope also includes the totality of Southern Copper Corporation's operations.

## Support entities to the Board of Directors

### COMPLIANCE DEPARTMENT

Grupo México also has a Compliance Department, which reports its performance to the Compliance Subcommittee. This, in turn, reports to the Audit and Corporate Practices Committee, which, in turn, reports to the Board of Directors. This department is made up of a coordinator and a compliance officer, both at the group level, as well as by the compliance officers of each of the three divisions of the society: Mining, Infrastructure and Transportation. The Mining Division also has compliance officers for each of the countries in which it has operations.

The Compliance Department actively works on the unification and implementation of the Management System of Compliance in its three divisions, whose functions and responsibilities are aimed at the design, implementation and training of various policies, corporate guidelines and control systems. In parallel, it works on the design of mechanisms for the detection and reduction of risks that generate added value to our investors, customers, suppliers and related third parties.

### CISO INFORMATION SECURITY OFFICER

Grupo México has an Information Security Officer (“CISO”)<sup>17</sup>, whose function consists of aligning the security of the Company's information with the business objectives, guarantee the security and data privacy, as well as the design and implementation of policies in this area. Said CISO has the obligation to report both to the Internal Control area of Grupo México and to the Audit Committee and Corporate Practices.



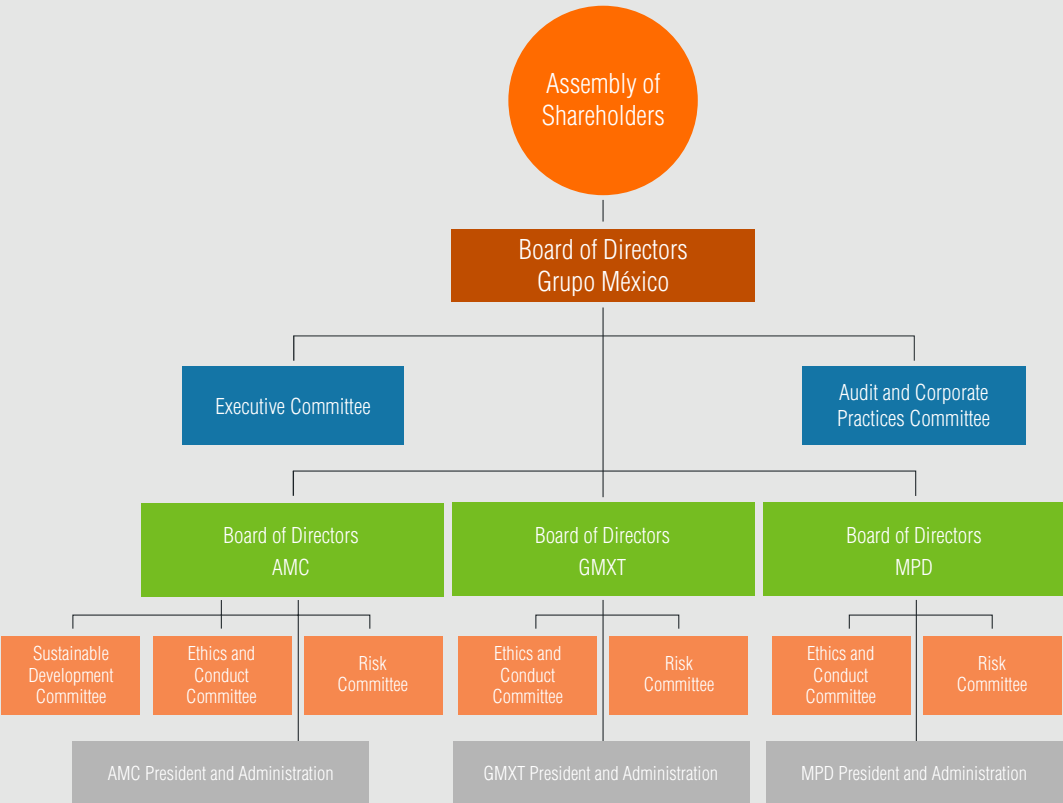
17. The Information Security Officer of Grupo México has all the operations of Southern Copper Corporation within the scope of his responsibilities.

Internal control

Grupo México has an Internal Control system and a Corporate Policies and Guidelines Manual to establish the adequate management of its corporate governance in accordance with the guidelines of the Board of Directors and the principles of the best practices of the industry at a national and international level.

Measurements and evaluations of the Internal Control system itself are conducted in a strict and timely manner, covering budgetary, economic, financial, equity, regulatory and management aspects. Likewise, there is a process of continuous improvement to make operating, financial and administrative processes more efficient, with the intention of strengthening and making information transparent to shareholders.

Grupo México has a solid corporate governance structure, whose purpose is to allow decision making to benefit and provide security for our investors and stakeholders, while generating an environment of trust, transparency and accountability.



Main Officials of Grupo México

At Grupo México we have a plural management team:

Name	Position
Germán Larrea Mota Velasco	Executive President
Xavier García de Quevedo	Vice-President
Ma. de Lourdes Aranda Bezaury	Executive VP Media and Institutional Relations
Marlene Finny de la Torre	VP Administration and Finance
Lillie Hernández Minor	Lead Counsel
Miguel Valdés Neaves	VP Administration and Control
Juan Carlos Jaques Garcés	Audit Director

## Sustainable development management in the organization

GRI 102-20, 102-29, 102-30, 102-31, 102-32, 102-33 | TCFD GOB-A, GOB-B

ESG management and performance involves the different divisions, functions and levels in the organization, so that the risks and opportunities related to our material issues<sup>18</sup> are managed in a systemic way and considered in the strategic decision-making processes. Different levels of Grupo México's corporate governance structure are related to sustainable development and are grouped into three segments:



Strategic oversight



Management and control



Operation and execution

### Strategic Supervision

Grupo México's Board of Directors approves the organization's sustainable development strategy and the objectives established by each of the divisions in environmental, social and governance matters. The Audit and Corporate Practices Committee oversees the risk and opportunity management reports shared by the sustainable development areas of each division. Each subsidiary has its own Board of Directors, which are responsible for ensuring the proper management of each line of business, and report their performance to the Board of Grupo México, S.A.B. de C.V.

### Management and Control

Grupo México's Board of Directors entrusts the timely supervision of sustainability matters to the Boards of Directors of each Division, which in turn grant responsibility for the execution of ESG risk management to the Sustainable Development areas of each division.

### Compliance:

Grupo México, in its three divisions, Mining, Transportation and Infrastructure, may be exposed to controversial situations in its daily activities. Therefore, the Board of Directors has taken actions and made structural changes in order to mitigate the possibility of these risks, such as: the creation of the Compliance Office, the assignment of its compliance officers and the development of a Compliance Management System. These actions will help to supervise risk management, preventing them from becoming controversies in the future.

### Corporate Sustainable Development Department

The Mining Division has a Corporate Sustainable Development Department, which reports periodically to Grupo México's Audit and Corporate Practices Committee, as well as to the Executive President of this division and its own **Sustainable Development Committee**. Currently, this department focuses mainly on mining activities and is in charge of various internal supervisory and coordination bodies in sustainability and compliance matters in the Environmental, Social and Governance (ESG) areas.

18. They include occupational health and safety, water and waste management, climate change, human rights, business ethics, communities near our operations, among others.

This department works closely with the other divisions and functions in the company and has taken the lead in integrating and leading ESG reporting at the Group level. It also contributes to aligning the vision and goals defined in terms of sustainable development with Grupo México's strategic priorities and coordinates the response to rating agencies and investors.

The Corporate Sustainable Development Department performs the following activities:

- Leads efforts to prevent and mitigate social and environmental risks.
- It reports and communicates ESG issues, as well as participates in evaluation processes with rating agencies in this area.
- Generates, integrates and validates the Annual Sustainable Development Report for the entire Grupo México.
- Designs and executes strategies focused on addressing gaps with respect to environmental, social and governance best practices.
- Defines policies, metrics and targets to improve performance.

- Oversees the implementation of management systems, programs and initiatives aimed at operational and institutional improvement.
- Participates in sustainable development initiatives and forums. It also manages the liaison with internal and external stakeholders on the subject.

To supervise compliance and continuous improvement in these aspects, quarterly follow-up meetings on environmental and social risk management are held with the directors and regional managers of all operations (in addition to the quarterly meetings of the Sustainable Development Committee and the Audit and Sustainable Practices Committee).

On the other hand, the Board of Directors of Grupo México and the Executive President of the Mining Division are informed on a quarterly basis, pointing out the most relevant aspects and making strategic recommendations. On an ongoing basis, as needed, we report on environmental, social and governance issues.

### Operation and execution

Each of the divisions has a team of Sustainable Development specialists who facilitate the development and execution of corporate strategies focused on material issues common to all three divisions. These teams develop, execute and strengthen strategies focused on the material issues of each division, according to the nature and particularities of the activities performed in each business.

Similarly, there are specialists in environmental and social issues in the operations, to monitor and report on sustainability metrics and risk management<sup>19</sup>. This allows us to continuously evaluate the effectiveness of the measures implemented and the management systems, and to make strategic adjustments.

19. For example: climate change, community relations, human rights, ethics, value chain, etc. including those related to climate change.



- The Board of Directors is the main administrative body of Grupo México, in charge of establishing the group's general ESG risk management strategies.
  - It validates the corporate ESG strategy and corresponding investments.
  - It ensures that ESG risks and opportunities are integrated into decision making.
  - The Board Assembly meets at least once a year and the Board Meetings meet at least four times a year.
- Responsible for supervising ESG risk management processes on a regular basis.
  - The Audit and Corporate Practices Committee monitors the internal control system, including risk management through quarterly committees.
- It takes place on a quarterly basis with the corporate directors of the Mining Division, and occasionally with executives from the other divisions and external advisors when the issues to be addressed warrant it.
  - It monitors and provides recommendations on risk management and organizational performance on ESG\* issues, progress on corporate sustainable development goals, and the effectiveness of measures being implemented.
  - It also discusses and monitors strategic issues such as ESG evaluations, content and adjustments to sustainability reports, new initiatives and projects, stakeholder engagement, among others.
- Defines the vision, goals, and indicators of Sustainable Development to achieve corporate objectives.
  - Develops policies, procedures and controls to systematize environmental and social risk management.
  - Continuously monitors and assesses the company's ESG performance and defines corrective measures aimed at continuous improvement.
- Implement policies, procedures, initiatives and controls focused on risk management, among others.
  - Measure and report performance metrics and progress in the implementation of initiatives and programs.
  - Identify areas of opportunity for improvement in risk management and the resources required.

\* Including topics such as: climate change, water, energy, waste, biodiversity, occupational health and safety, community relations, human rights, value chain, ethics and compliance, permits, regulations, social, economic and political context in the regions where we operate.

Mining Division

The management of social and environmental issues in the Mining Division is led by the Corporate Direction of Sustainable Development, to which the Occupational Health and Safety, Community Development and Environmental Affairs departments report. In total, there are more than 260 experts focused on these issues.

SENIOR MANAGEMENT OF THE MINING DIVISION <sup>20</sup>

Name	Position
Germán Larrea Mota Velasco	Chairman of the Board of Directors
Oscar González Rocha	Executive President
Xavier García de Quevedo	Executive Vice-President
Vidal Muhech Dip	Director Management Committee
Daniel Chávez Carreón	Chief Operating Officer
Leonardo Contreras Lerdo de Tejada	VP Sales and CEO ASARCO
Oscar González Barrón	VP Administration and Finance
Manuel Hallivis Pérez	VP Legal and Compliance
Jorge Jáuregui Morales	VP Human Resources AMC
Jorge Lazalde Psihas	Lead Counsel
Francisco López Guerra Larrea VP	VP Sustainable Development
Ernesto Ríos Patrón	VP Engineering and Construction
Raquel Tobar Sáinz	VP New Business and Finance
René Verde Guzmán	IT Director
Rafael Ríos García	VP Safety
Raúl Jacob Ruisanchez	VP Administration and Finance Southern Peru
Jorge Meza Viveros	COO Southern Peru

20. The Senior Management of the Mining Division supervises 100% of the operations of the subsidiary Southern Copper Corporation.

## Transportation Division

**In the case of Grupo México Transportes, S.A. de C.V., the Board of Directors is composed of 14 directors, of which in 2021 three were independent members and four were members who are also part of the executive team.**

The corporate governance structure of Grupo México Transportes is defined according to the guidelines established in the by-laws of Grupo México Transportes, approved by the General Shareholders' Meeting. This assembly is responsible for the final approval of the management report presented by the Board of Directors of Grupo México Transportes, in which the owners of shares of the group are represented.

The mechanisms for appointing members of the Board of Directors and members of the Executive Committee and the Audit and Corporate Practices Committee of Grupo México apply in the same manner for Grupo México Transportes. During 2021, the Board of Directors of Grupo México Transportes met 4 times, with 100% attendance of its members.

**The Transportation Division's business strategy aims to meet the needs of the present without compromising the needs of future generations through a simple, productive and quality service. An example of this is the 2021 Program, which defines sustainability, service and productivity as pillars of Grupo México Transportes business model.**

In order to verify environmental, social, labor and corporate governance issues, as well as their cross-cutting and consistent management, the General Management supervises performance in this area through the different departments of Grupo México Transportes.



Worker of the Transportation Division. 

MEMBERSHIP OF THE BOARD  
OF THE TRANSPORTATION DIVISION

#	Name	Position	Year appointed	Years in position	Gender
1	Germán Larrea Mota Velasco	Chairman	2014	6	Masculine
2	Alfredo Casar Pérez	Member	2014	6	Masculine
3	Fernando López Guerra Larrea	Member	2017	3	Masculine
4	Xavier García de Quevedo Topete	Member	2017	3	Masculine
5	Carlos Noriega Arias	Independent	2017	3	Masculine
6	Jaime Corredor Esnaola	Independent	2017	3	Masculine
7	Roberto Slim Seade	Member	2014	6	Masculine
8	Arturo Elías Ayub	Member	2016	4	Masculine
9	Luis Roberto Frías Humphrey	Alternate Member	2017	3	Masculine
10	Daniel Hajj Slim	Alternate Member	2017	3	Masculine
11	Eduardo Joaquín Gallástegui Armella	Independent	2017	3	Masculine
12	Hugo Rafael Gómez Díaz	Member	2017	3	Masculine
13	Lorenzo Reyes Retana Padilla <sup>21</sup>	Member	2017	3	Masculine
14	Christian Lippert Helguera*	Secretary non member	2017	3	Masculine

The supervision of the performance and strategy in terms of Sustainable Development in the Transportation Division of Grupo México is the responsibility of the General Management and the General Management of Administration of Grupo México Transportes. The tasks of continuous management, planning and preparation of specific projects are delegated to different departments within Grupo México Transportes, being the responsibility of the Corporate Projects Department and the Operations Department. The following is a breakdown of the management issues and activities that correspond to each department:

General Management and General Administration Management

- Define the sustainability strategy of Grupo México Transportes.
- Prioritize risk management in Environmental, Social and Governance (ESG) matters.
- Define lines of action for the different departments of Grupo México.

Corporate Project Management

- Verify, together with the Legal Department, compliance with environmental and occupational health and safety regulations for existing operations, as well as new projects.
- Coordinate the management and publication of ESG information of the Transportation Division, to communicate to stakeholders such as the Board of Directors, rating agencies, investors, among others.

Operations Management

- Develop and implement initiatives in occupational health and safety, as well as environmental management and protection, fuel and energy saving.

21. Regrettably, Lorenzo Reyes Retana passed away in 2020. He was replaced by Isaac Franklin Unkind, who in 2021 was appointed Related Director at the Shareholders' Meeting on April 30 of that year.

## Infrastructure Division

The Infrastructure Division of Grupo México is controlled by Mexico Proyectos y Desarrollos, S.A. de C.V. (MPD), **which has its own Board of Directors and reports, in turn, to the Board of Directors of Grupo México, S.A.B. de C.V.**

In support of the functions and responsibilities of the Board of Directors of Grupo México and the Board of Directors of MPD, the Chief Executive Officer and the General Management make strategic decisions to conduct the operations of the division's companies. In that line, they allocate the necessary resources to achieve the objectives set. It also works to maximize investor returns and safeguard their interests, ensure the sustainability of the companies that make up the division, as well as the efficient use of available resources and assets, and monitor the social and environmental performance of the companies that are part of the division. It also evaluates the risks that may affect the division and ensures compliance with applicable internal and external regulations.

As part of our corporate governance, the Infrastructure Division has the following committees:

### 1) Audit and Compliance Committee

Through this committee, the Compliance Office informs Senior Management of progress in the development and implementation of the compliance program. The Audit area presents the progress made with respect to the audit plan.

### 2) Ethics Committee

It meets to review the reports received in the division's Whistleblower Hotline, as well as the status of the investigation of the reported cases.

### 3) Risk Committee

Its purpose is to support Senior Management, assisting it in the fulfilment of its supervisory responsibilities, in relation to the analysis and management of risks to which the division's companies are exposed. It is also in charge of defining strategies to mitigate or eliminate them.

**For effective risk management and control, the division is based on the COSO ERM methodology.** The three lines system is followed in order to enrich the way in which communications are generated for risk management and supervision. The coordination of these three lines allows for comprehensive risk mitigation.

### Line 1

Composed of those **responsible for the activities of each process of the division.** It is in charge of executing the operations of the different business lines, as well as managing the identified risks.

### Line 2

It is made up of the following areas:

#### Internal Control

- Maintains efficiency and effectiveness in operations, contemplating financial and operating goals, as well as the safeguarding of assets. Likewise, it maintains an internal control system, which allows the achievement of objectives and supports the design of key control activities, in order to mitigate the risks to which the companies that make up the division are exposed.

#### Compliance

- Since its creation in 2020, it has been working on the development and implementation of the division's compliance program, which presents four regulatory pillars: anti-corruption, anti-money laundering, privacy and internal control. It also creates and implements controls to mitigate the risks associated with regulatory compliance in the division's companies. Together with the other areas of the division, it

tis working on the creation and implementation of a program that includes a Code of Ethics, policies, procedures, training and communication.

Sustainable Development

- Together with the Organization and Senior Management, facilitates and monitors the implementation of the sustainability strategy in all business units through four pillars:

- Policies:

Review, adaptation and approval of policies that promote Sustainable Development throughout the organization, which is worked on in conjunction with internal and external stakeholders.

- Sustainable investments

Promotion of economic growth, being inclusive with the communities and respectful of the environment. Its design is carried out through risk analysis, with the objective of generating sustainable business over time.

- Environmental protection

We work with the Legal area to verify that our operations comply with Mexican laws. Continuously incorporates the best practices of the industry, both nationally and internationally, in order to generate actions that provide innovation and competitiveness.

- Risk Management

General and specific risks are identified for each line of business in order to generate business continuity strategies based on sustainable guidelines.

Line 3

Comprising the **Internal Audit Area, which performs the following functions:**

- Works according to a risk-based methodology.
- Performs tests and evaluations of the control framework.
- Validates that the key controls implemented are executed and evaluates the internal control structure.
- Verifies compliance with internal and external rules and regulations. All this based on the annual audit plan, authorized by the Audit Committee of Grupo México.

On the other hand, in coordination with Grupo México's policies, the sustainability strategy is used in all of the division's business units, in addition to monitoring and evaluating social and environmental performance, which is managed by the operating areas.

LIST OF SENIOR MANAGEMENT IN THE INFRASTRUCTURE DIVISION

Name	Position
Germán Larrea Mota Velasco	Chairman of the Board of Directors
Xavier García de Quevedo	Executive President
Francisco Zinser González	Chief Executive Officer
Mario Fernando Chávez Galas	VP Administration and Finance
Ricardo Arce Castellanos	VP Oil, Construction and Engineering
Javier Gómez Aguilar	Lead Counsel
Julio Francisco Larrea Mena	VP Constructora Mexico
Gustavo Ortega Gómez	VP Energy
Héctor Raúl Huerta Avendaño	VP Engineering Services
José Olaya Hernández	VP Highways

BUSINESS ETHICS AND INTEGRITY

GRI 103-1, 103-2

Grupo México recognizes the importance of creating a comprehensive management system that allows for transparency in both financial and non-financial operations, as well as in its management in all the countries where it operates. For this reason, it has implemented multiple organizational adjustments that favor accountability and allow traceability of processes, as well as the evaluation of latent risks in the execution of the business.

Business ethics and integrity are a central part of our operations, which is why we have an internal control system that provides the company with tools to minimize the possibility of unlawful acts, such as money laundering and corrupt practices, among others, both in the business units and corporate offices, as well as throughout the value chain.

As part of the company's strategies, during 2021 we deployed a series of actions to strengthen the promotion of ethics in our company. These include the following:

1. Official publication of the Code of Ethics at the corporate level,

which integrates 100% of the operations of the 3 divisions, in the two languages spoken in the four countries where we operate.

- 2. Standardization in the reception and treatment of cases received through the whistleblower hotline in all our operations.
- 3. Implementation of the Compliance Committee, which meets quarterly and reports to Grupo México's Audit and Corporate Practices Committee.
- 4. The Mining and Infrastructure divisions published the policies of:
  - a) Integrity and Anti-Corruption
  - b) Prevention of Money Laundering and Financing of Terrorism
  - c) Privacy and Personal Data Management
- 5. The Mining Division published a Code of Conduct for Suppliers, Contractors and Relevant Business Partners.

These strategies are in addition to those already in place, such as the use

of the COSO framework (Committee of Sponsoring Organizations of the Tradeway Commission), an internationally recognized standard established more than two decades ago to provide organizational leadership on three fronts: Enterprise Risk Management (ERM), internal control and fraud deterrence.

Policies are formulated by multidisciplinary groups formed by the areas related to each topic and the support of the legal and internal control areas. In parallel, the compliance area reviews the correct application of institutional business ethics mechanisms and defines actions to strengthen the corporate structure.

The Internal Audit Department continuously evaluates the degree of effectiveness of the company's policies on business ethics and integrity. In addition, an annual external audit is conducted on the requirements of the Sarbanes Oxley Act and the internal control framework and its compliance.

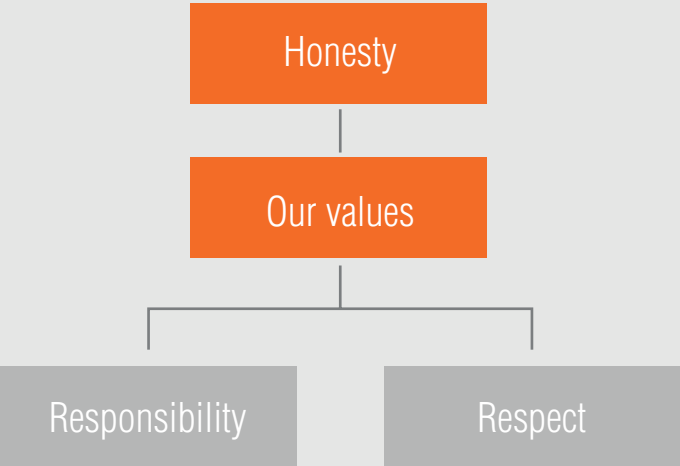
## Code of Ethics

The backbone of the strategy to ensure business ethics and integrity is the [Code of Ethics](#). This document is public, can be found on Grupo México's [website](#), is applicable to both employees and suppliers, and its scope comprises all countries in which the company operates. As a requirement for joining the company, all employees and suppliers must sign this document as a sign of acceptance. In 2021, the Code of Conduct for Suppliers, Contractors and Relevant Business Partners was published it includes the expected behaviors in terms of ethics and integrity for this stakeholder group. These guidelines are extended throughout the entire value chain.

### Values, principles, standards and norms of conduct

GRI 102-16

We work to ensure that our operations generate economic growth for our people and communities, with respect and care for the environment.



Through the Code of Ethics, we reaffirm our values, state our mission and vision, and instill the fundamental principles and behaviors to work in harmony with our people, shareholders, internal and external suppliers, customers, authorities and our communities, with full respect for sustainable development. Our Code of Ethics is based on multiple international reference standards:

#### United Nations Universal Declaration on Human Rights

UN Guiding Principles on Business and Human Rights (OHCHR<sup>1</sup>)

International anti-corruption legislation, The Foreign Corrupt Practices Act (FCPA, the Act), USA

International Labor Organization Conventions

1 Office of the United Nations High Commissioner for Human Rights.

## Whistleblower Mechanisms and Ethical Principles


### GRI 102-17

The construction of communication channels with our employees, suppliers, contractors, communities and any internal or external stakeholder is fundamental for the transparency of our operations. For this reason, we have a whistleblower hotline that operates 24 hours a day, 365 days a year, in the countries where we have operations.

Since 2020, Grupo México has made changes in the administration of the whistleblower hotline in order to standardize its processes. Currently, all complaints are received by an independent third party that guarantees transparency and impartiality in the handling of all cases received.

In accordance with international best practices, there are internal instruments that seek to provide clarity on commitments, objectives and operation of the Complaints System. Also, non-retaliation guidelines have been developed for whistleblowers when filing a complaint.



Employee at Buenavista del Cobre mine in Cananea, Sonora, Mexico. 

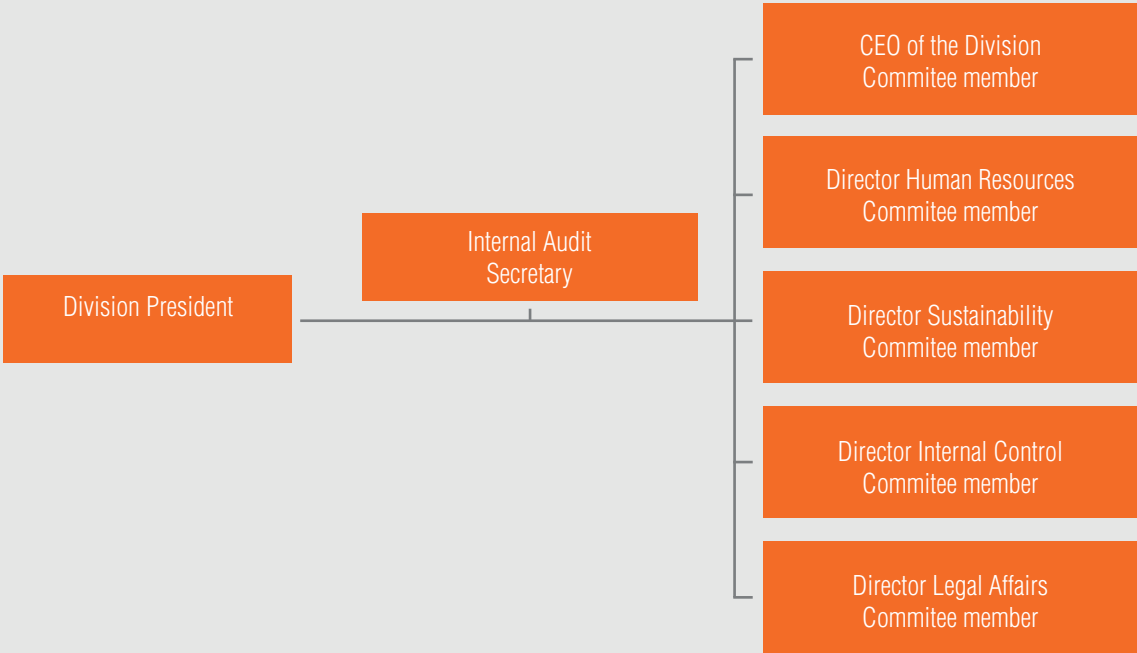
Complaint reception, analysis and reporting process

Integral Complaints System



Division	Business unit	Web page	E mail	Telephone
Mining	Minera Mexico (Mexico)	<a href="https://www.lineadedenuncia.com/mineramexico">https://www.lineadedenuncia.com/mineramexico</a>	<a href="mailto:mineramexico@lineadedenuncia.com">mineramexico@lineadedenuncia.com</a>	800 062 2105
	Southern Peru Copper Corporation (Peru)	<a href="https://www.lineadedenuncia.com/scc">https://www.lineadedenuncia.com/scc</a>	<a href="mailto:scc@lineadedenuncia.com">scc@lineadedenuncia.com</a>	0800 78258
	ASARCO (USA)	<a href="https://www.ethic-line.com/asarco">https://www.ethic-line.com/asarco</a>	<a href="mailto:asarco@ethic-line.com">asarco@ethic-line.com</a>	844 402 0221
	Minera Los Frailes (Spain)	<a href="https://www.lineadedenuncia.com/MINERALOSFRAILES">https://www.lineadedenuncia.com/MINERALOSFRAILES</a>	<a href="mailto:mineralosfrailes@lineadedenuncia.com">mineralosfrailes@lineadedenuncia.com</a>	900 423 887
Infrastructure	Mexico Projects and Developments	<a href="https://www.lineadedenuncia.com/infraestructura">https://www.lineadedenuncia.com/infraestructura</a>	<a href="mailto:Infraestructura@lineadedenuncia.com">Infraestructura@lineadedenuncia.com</a>	800 062 2105
Transportation	Grupo México Transportation Division	<a href="https://www.lineadedenuncia.com/gmt">https://www.lineadedenuncia.com/gmt</a>	<a href="mailto:gmt@lineadedenuncia.com">gmt@lineadedenuncia.com</a>	800 062 2105
Corporate	Services	<a href="https://www.lineadedenuncia.com/grupomexico">https://www.lineadedenuncia.com/grupomexico</a>	<a href="mailto:gms@lineadedenuncia.com">gms@lineadedenuncia.com</a>	800 062 2105

The Ethics and Discipline Committee meets in our three divisions at least quarterly, with up to five sessions per year, in order to deal with critical cases. It is composed of a multidisciplinary team that guarantees impartiality and exhaustive attention to each case. The committee deals comprehensively with the complaints received and defines care and follow-up actions. The following areas make up the committee.



During 2021, the company received 294 reports from the three divisions, 40% more than the previous year. The main increase was in the Transportation Division, going from 90 to 167 total complaints. Most of the complaints from this division were related to urban coexistence.

The Mining Division received 100 reports in total, that is an 8% increase over the previous year. In 2021, the complaint line for the SPCC subsidiary was made known. As a result, the complaints doubled, from 20 to 40 in total. While in the Minera Mexico subsidiary, there was a yearly decrease of reports from 66 to 60. ASARCO did not receive any complaints.

Finally, the Infrastructure Division received 27 complaints, most of them related to human resources issues.

REPORTS RECEIVED DURING 2021

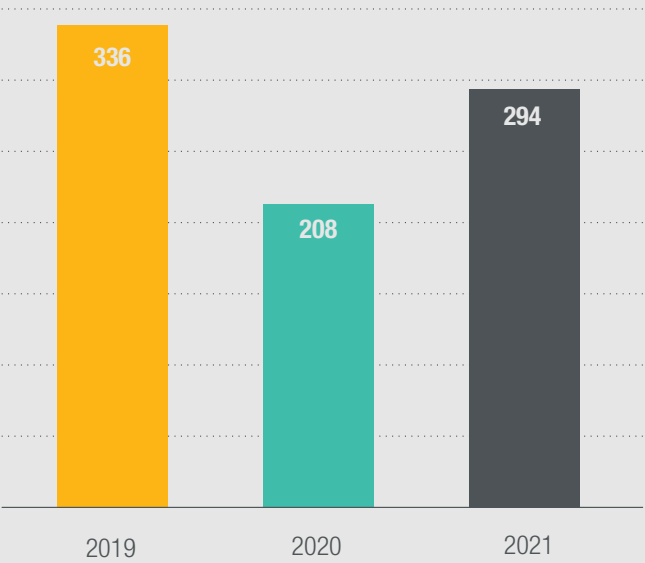
Categories	Mining Division					Transportation Division (GMXT)	Infrastructure Division	Total
	Total	SCC	MM Mexico	SPCC (Peru)	ASARCO (USA)			
Matters related to Human Resources <sup>2</sup>	40	40	26	14	0	113	24	177
Matters related to business ethics <sup>3</sup>	60	60	34	26	0	54	3	117
Other (not provided/others)	0	0	0	0	0	0	0	0
Total	100	100	60	40	0	167	27	294

2. Abuse of authority, sexual harassment, inadequate or unsafe working conditions, inappropriate personnel behavior, unjustified dismissal, discrimination, working hours, urban coexistence problems, drug and alcohol consumption, and non-sexual harassment.

3. Conflict of interest, falsification of information and technical reports, investigation, theft of company property, customer services, improper use of assets or resources, corruption, and money laundering.

TOTAL REPORTS RECEIVED

2019 - 2021



As mentioned above, the largest number of complaints at Grupo México level is associated with the category of urban coexistence, where the main dissatisfaction lies in the preventive noise of the whistle of our locomotives when passing through the main crossroads, towns and/or cities. However, the train whistle is an auditory alert of prevention of international use, its application is part of the Internal Regulation of Transport, and its compliance is mandatory as stipulated by the Ministry of Communications and Transport (SCT) in Mexico. In order to respond to complainants, we have generated response channels for citizens who provide their contact information to inform them about the importance of using the whistle.

MAIN CLAIMS BY TYPE IN 2021

- 79 Urban coexistence
- 15 Conflicts of interest
- 6 Sexual Harassment
- 4 Bribery
- 2 Discrimination

The discrimination complaints were investigated and declared inadmissible, as well as three of the sexual harassment complaints (one case of sexual harassment was confirmed and the person involved was dismissed). As part of our continuous improvement processes, we are redefining the mechanisms for handling complaints of discrimination and sexual harassment, in accordance with our Diversity and Human Rights Policy.

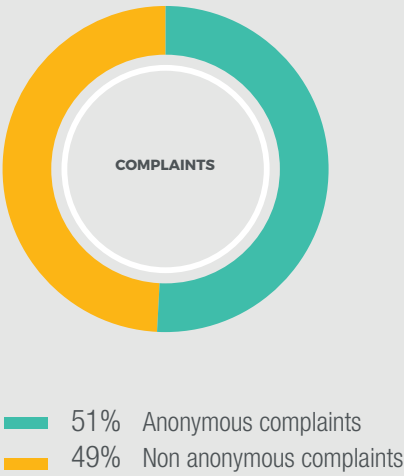
Of the five bribery complaints, three of them were closed after being investigated and found to be unfounded. Two complaints of this type are still under investigation.

All cases are analyzed during the sessions of the Ethics and Integrity Committee. In 2021, investigations were concluded for 77% of all cases received. The remaining 23% are still under investigation due to two factors in particular: the complexity of the case in question and the time at which the complaint was received (usually in the last quarter of the year).

ATTENTION TO COMPLAINTS

Categories	Mining Division					Transportation Division (GMXT)	Infrastructure Division	Total
	Total	SCC	Minera Mexico	SPCC	ASARCO			
# Complaints attended to	100	100	60	40	0	167	27	294
# Complaints closed	64	64	46	18	0	139	24	227
# Complaints under	36	36	14	22	0	28	3	67
Percentage of	64%	64%	77%	45%	0	83%	88%	77%

IDENTITY OF WHISTLEBLOWER



Of the 294 complaints received, 51% were anonymous, while in 49% of the cases, the complainant provided his or her identity.

For Grupo México, transparency and follow-up of the whistleblower hotline cases is a fundamental point in our operations. For this reason, we have non-retaliation policies. These policies have increased whistleblower confidence, which increased from 32% to 51% of non-anonymous reports between 2020 and 2021.

Operations assessed for risks related to corruption  
GRI 205-1

The Mining Division has a corporate policy that establishes anti-corruption risk management through the implementation of an “AMC Anti-Corruption Program”, which has financial and non-financial components or controls. Risk management is implemented on the basis of prioritization, based on the identification of the processes and roles with the greatest exposure to such risks.

The Infrastructure Division has an anti-corruption policy that establishes the guidelines to be followed to prevent behaviors such as bribery, influence peddling or improper use of public resources, among others. It also establishes the respective controls. We are currently working on an anti-corruption risk matrix, which will be completed and validated during 2022.

With respect to the Transportation Division, possible unlawful behaviors and/or processes are regulated through the anti-corruption policy in the countries where it operates.

Communication and training on anti-corruption  
policies and procedures  
GRI 205-2

Through the compliance officers, and with the support of the training area, corporate ethics strategies and topics are defined and included in the company’s training programs. Grupo México has two main channels to promote professional ethics:

1. Training

Training is based on the international standards of the FCPA (Foreign Corrupt Practices Act). During the training, the seven guidelines that the FCPA requires to avoid acts of corruption are described.

In addition, all new employees are informed and provided with the Code of Ethics for their analysis and consultation. The company offers training on the code on a biannual basis to unionized workers and on an annual basis to non-unionized workers.

Division	Percentage of personnel who received anticorruption training, by division		Percentage of personnel who received Code of Ethics training, bydivision	
Division	Mining	Infraestructure	Mining	Infraestructure
Senior Management	89	31	89	18
Management	81	47	81	47
Middle Management	92	52	92	76

In the last two years, as part of our improvement and digitalization processes, we have joined the TRACE (Anti Bribery Compliance Solutions) inter- national training platform. Through e-learning processes, our employees receive training with didactic elements of greater impact, flexible schedules and information generated by a group of experts, guaranteeing high quality content.

In the case of the Transportation Division, the implementation of the TRACE program benefits 585 employees. These workers receive training on money laundering, corruption, and forced labor. To date, 6% of employees have been trained.

2. Ongoing communication

In addition to worker training, our compliance officers promote communication campaigns through posters, communiqués, intranet, screens in offices and canteens.

The main themes of the campaigns are:

- Workplace harassment
- Corruption and conflicts of interest
- Respect for human rights
- Money Laundering
- How to detect process violations and how to report them

Confirmed cases of corruption and actions taken  
GRI 205-3

During 2021, we did not receive any reports of government-related corruption<sup>4</sup>.

Below is the history of Grupo México's corruption cases in the last 4 years:

2018	9
2019	0
2020	0
2021	0

The 9 cases reported in 2018 are associated with conflict of interest.

On the other hand, five cases of bribery<sup>5</sup> were detected among individuals in the transportation business line. Through the investigations, it was determined that four of them were unfounded and therefore there were no sanctions. The fifth case is still under investigation.

At Grupo México we have zero tolerance for corruption, fraud, conflicts of interest or any action or activity contrary to the company's values and standards, as well as national and international laws.

Contribution to political parties or representatives  
GRI 415-1

Grupo México, in its three divisions and corresponding subsidiaries (including Southern Copper Corporation), does not make donations of any kind to organizations related to political campaigns, lobbying expenses or definition of public policies, legislation and/or regulations, in compliance with its Code of Ethics.

4. Corruption: According to the FCPS, these are the actions of bribery; extortion or instigation of crime; influence peddling and unauthorized facilitation payments, where operations with the government are involved.  
5. Bribery: Promise or concession to a private official, directly or indirectly, of anything of value that benefits oneself or another person, in order to obtain or retain business or any other benefit or undue advantage, according to our internal Grupo México policies.



📷 Personnel at the Zinc Electrolytic Refinery in San Luis Potosi, Mexico.

### **Legal actions related to unfair competition, monopolistic practices and anti-competitive behavior**

#### **GRI 206-1**

In Grupo México, including its three divisions and corresponding subsidiaries (including Southern Copper Corporation), we were not subject to legal actions related to monopolistic practices, unfair competition or practices that affect free competition.

As a preventive measure, the company has a team of legal experts who advise the critical actions of the business to avoid non-compliance at the national and international level.

### **Non-compliance with laws and regulations in the social and economic spheres**

#### **GRI 419-1**

With respect to irregularities in social and economic matters, Grupo México, including its three divisions and corresponding subsidiaries (including Southern Copper Corporation), was not subject to any type of fines or sanctions for non-compliance with laws in social or economic matters.

Non-compliance with environmental laws and regulations

GRI 307-1

At Grupo México we identify, systematize and follow up on compliance with our environmental obligations.

During 2021, the Environmental Criminal Compliance Working Group was consolidated in the Mining Division. Its objective is to create and follow up on an institutional system to identify the risks of committing crimes affecting the environment that affect our operations in Mexico. The working group meets every three months and has an Environmental Criminal Compliance Policy, Environmental Criminal Control Committee Bylaws, and a Compliance Model and Manual.

In 2021, the Mining Division in Mexico received nine fines for a total amount of \$1.58 million dollars, which are being analyzed by the legal area, which has challenged some of them.

The Infrastructure and Transportation Divisions were not subject to any type of fine or significant sanction for non-compliance with laws or regulations in social or economic matters.

NUMBER OF ENVIRONMENTAL FINES IN THE LAST 4 YEARS

	2018		2019		2020		2021	
	Fines	Amount	Fines	Amount	Fines	Amount	Fines	Amount
DMIN	2	\$37,475	0	0	1	\$50,000	9	1,580,000
DTRAN	0	0	1	\$50,690	0	0	0	0
DINFRA	0	0	0	0	0	0	0	0
Total	2	\$37,475	1	\$50,690	1	\$50,000	9	1,580,000

US\$



Mining Division employees  
Santa Bárbara, Chihuahua, México.

**CASE STUDY****THE EXTRACTIVE INDUSTRIES  
TRANSPARENCY INITIATIVE - EITI**

Southern Copper Corporation publicly supports the Extractives Industries Transparency Initiative (EITI) <sup>(1)</sup> which brings together authorities, civil society and companies to promote transparency of information regarding: (i) the management of a country's natural resources provides benefits to citizens and (ii) payments made to governments by companies generate shared value.

In 2012, Peru obtained the status of EITI Compliant Country, becoming the first country in the Americas to achieve this distinction. With seven National Transparency Reports and 14 Regional Transparency Studies <sup>(2)</sup>, the payments that companies report having made to the government and also the transfers from the national government to sub-national governments and public universities are made transparent, as well as the use that the latter makes of the funds received.

Since 2005, Southern Peru has been part of Peru's EITI Permanent Multisectoral Commission and, since 2016, a representative of Southern Copper Corporation has been part of the Board of EITI International, being the only mining company in Latin America to become an EITI supporting company. The commitment of the company's presidency has been clear and solid since its inception.

Mexico, where we also operate, is considered an EITI implementing country. In the latest EITI progress report <sup>(3)</sup>, the initiative recognizes Mexico's improvement in systematic data disclosure, showing remarkable progress.

1. <https://www.eiti.org/supporter/southern-copper>
2. <https://eitiperu.minem.gob.pe/index.php/informes>
3. <https://eiti.org/document/eiti-progress-report-2021>



Conveyor belt Tia Maria Project, Arequipa, Peru.



# SOCIAL DIMENSION

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**WORKPLACE  
HEALTH AND  
SAFETY**

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## WORKPLACE HEALTH AND SAFETY

### Management Approach

#### GRI 103-1

**Our employees are our most valuable asset.** Their physical health and wellbeing are essential to all our activities, reason why health and safety in the workplace is both a priority and a strategic issue for Grupo México.

We are committed to the continuous improvement of our processes, and to identifying hazards, assessing risks and implementing prevention and control measures in all of our operations. We foster a culture of early detection of disease and injury to help prevent incidents in the workplace.

We take measures to identify, assess and control the safety risks in the activities we perform.

**Our goal is “zero accidents”** and we are constantly taking steps to identify the main health and safety risks associated with:



Mining activities



Multimodal freight transportation



Power generation



Development and building of infrastructure projects



Off- and on-shore drilling



Asset management

We have operating controls in place at our facilities and in local communities to protect our employees, contractors and visitors.

## Organizational Management

### GRI 103-2

In 2021, we updated our sustainability policies, including our Health and Safety in the Workplace (SST) policy and **strengthened our management systems with a view to creating safer, healthier working environments for our employees, contractors and suppliers. We also foster a culture of prevention and the continuous improvement** of our occupational health and safety management system, with an emphasis on compliance.

The goal of our management approach is to prevent, mitigate and remediate undesired events that affect the wellbeing of our employees, reason why we are in the process of obtaining ISO 45001<sup>1</sup> certification for the safety systems of our mining units.

The Construction and Oil subsidiaries of our Infrastructure Division are already certified and our Energy and Engineering subsidiaries have initiated the certification process.

1. ISO standards are a set of internationally recognized quality standards designed to help companies systematize management, service and product development aspects of their business. ISO stands for International Organization for Standardization.



Workers at the San Martín Mining Unit, Sombrerete, Zacatecas, Mexico.



Our occupational health and safety strategy has three pillars:



- **Ensure safe and healthy working environments**

By conducting audits and health and safety inspections, with a view to improving working conditions and employee performance, and preventing injury and disease in the workplace.

Details of safety targets can be found at the end of section 103-3.



- **Foster a culture of prevention**

We focus on strengthening existing occupational safety values to encourage our employees to commit to safe practices in the workplace.

Information on investment in health and safety in 2021 can be found in the [Generation of Shared Value](#) section.



- **Identify and control critical risks**

We implement complementary risk-control programs designed to improve the way we identify, implement and audit available preventive and response controls, with a view to avoiding undesired events. Performance parameters have been established for each critical control and these are overseen by two employees: one to ensure compliance with procedures and another to audit these and come up with a recovery plan in the event performance falls short.

Formal complaint mechanisms

Grupo México values the opinions of its interest groups and has implemented a series of mechanisms for the lodging of complaints and the reporting of unsafe or risky working conditions.



**Safe shift cards:** Employees are required to fill out these forms every day after their shift to report accidents, quasi accidents and lack of supervision during their shift. Supervisors are required to follow up on each card immediately.



**WhatsApp reports:** Employees can use this digital tool to send messages and/or photos of unsafe conditions that require attention. An official report is then compiled by the Direction General, unit management and the safety department using a form template to inform the employee what action needs to be taken.



**Complaints and suggestions box:** This box is located in strategic areas so employees can anonymously report any risks in their workplace.



**Visits by health and safety staff:** These routine visits encourage direct contact with employees and are an opportunity to ask them about conditions or situations in the workplace that require reporting.



**Visits by supervisors or heads of divisions heads:** During these visits, safety staff gather information on situations or conditions in the workplace that require reporting.



**Visits by the Safety and Hygiene Commission:** Collects information regarding working conditions and conducts interviews with personnel.



**Five-minute talks:** This is an opportunity for employees to share information and report any safety-related issues in the workplace.



**SISSEI reports:** Employees can use this digital platform to report unsafe conditions or actions. Each report is assigned a number for follow-up purposes and corrective actions are reported weekly and monthly.



**IPERC tool:** The Danger Identification, Risk Assessment and Control (IPERC) process detects risks, which are reported immediately to the supervisor, who is then required to document them and take the necessary corrective actions.

## Grupo México Performance

### GRI 103-2

To ensure optimum compliance, our **occupational health and safety management systems undergo internal and external audits**, and evaluations by certification agencies.

Management system audits assess:

- Leadership and employee participation
- Actions to address risks and opportunities
- Occupational health and safety goals and steps to achieve these
- Planning and operational controls
- Change management
- Emergency response and preparedness
- Monitoring, measuring, analysis and performance assessment
- Compliance evaluation
- Management review











\* The baseline year of targets is 2018, unless otherwise indicated.

### Continuous improvement

Management teams use the information obtained from these audits to plan future actions, and the results are published in our health and safety performance reports.

#### Performance results\*



Target for 2022	Divisions Involved	2021 Performance	Results
Zero fatal accidents.	  	●	3 fatal accidents at the Mining Division, 1 at the Transportation Division and zero fatal accidents at the Infrastructure Division for the sixth year in a row.
Reduce the frequency rate of incapacitating accidents of our employees and contractors by 25%.		●	The frequency rate of lost time injuries among employees in the Mining Division increased 9.5% compared to 2018 (0.77 vs. 0.72).
Reduce the frequency rate of incapacitating accidents of our employees by 10%.		✓	The frequency rate of lost time injures in the Transportation Division fell 30% compared to 2018 (1.95 vs. 2.77).
Implementation of a Behavior-based Safety System (SBC) at 75% of our business units.		●	The SBC system is fully operational at 12 units in the Mining Division and the progress rate is 40% at the San Martín Unit, i.e. the average progress rate for implementation is 69%.
Obtain ISO 45001 certification of all our business units.		●	50% progress: 8 of the 16 units are certified (La Caridad, Charcas, Santa Bárbara, San Martín, Complejo Metalúrgico, Planta de Cal, Taller Central and Terminal de Guaymas).
Enrollment of all Mining Division employees exposed to (non-occupational) health risks in preventive programs.		●	The successful implementation of Covid-19 health protocols allowed for the continuity of employee disease prevention programs, with coverage of 61% being reported at year-end 2021.
Implementation of a comprehensive traffic management plan at all open-pit mining units.		✓	The plan has been fully implemented at 7 units (Buenavista, Caridad, Cuajone, Toquepala, Ray, Mission and Silver Bell), and 50% at the Planta de Cal, which translates into a 93% implementation rate on average and an 88% compliance rate at all units.
Installation of equipment at 40 level-crossings by the Transportation Division to prevent railroad-related accidents in urban and rural areas.		●	We invested US\$2.6 million in signs for 14 of our 62 level-crossings in 2021.

✓ Target reached.

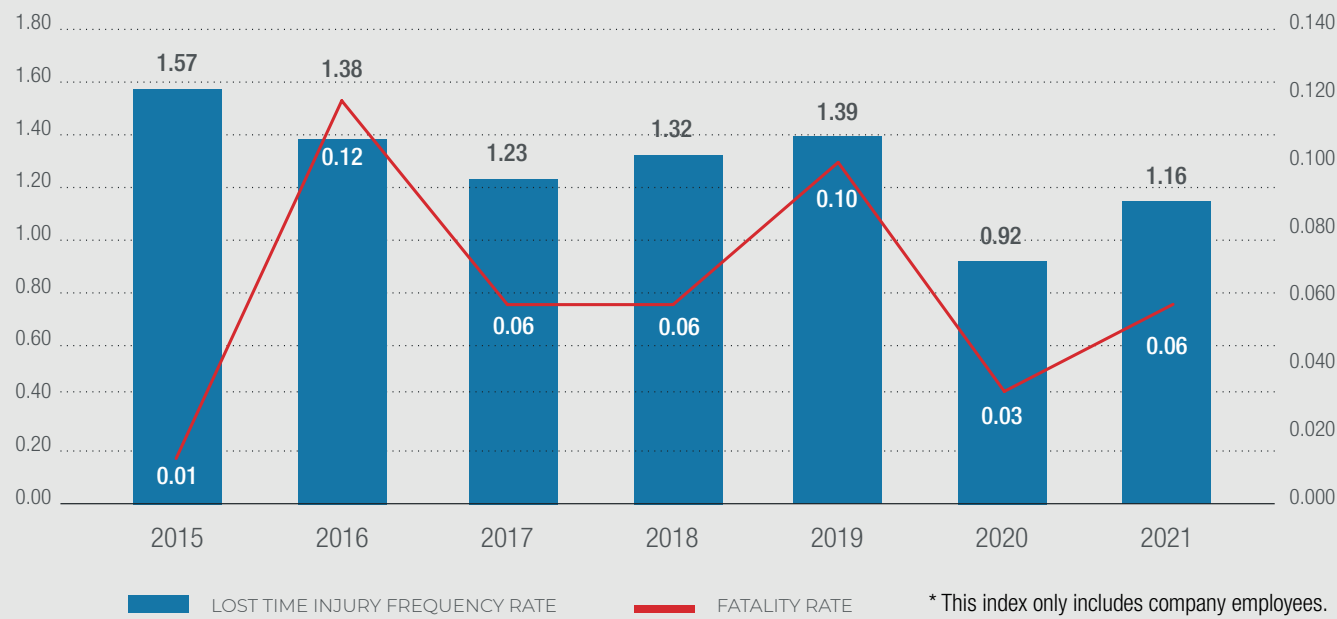
● Annual progress toward reaching target in 2022 or earlier.

● Off course to meeting target.

● The target was not met or performance is off course to meeting it on time.

Historic Workplace Health and Safety  
Performance - Grupo México<sup>2</sup>


SAFETY PERFORMANCE  
GRUPO MÉXICO\* 2015-2021



Lost time injury frequency rate (LTIFR) ODR = 
$$\frac{\text{Number of lost time injuries} \times 200,000}{\text{Total number of man-hours worked}}$$

Fatality rate (FR) = 
$$\frac{\text{Number of fatal accidents} \times 1,000,000}{\text{Total number of man-hours worked}}$$



Workers in an underground pit, Mining Division. 

## Mining Division

### Workplace Health and Safety Management Systems

#### 403-1

The Mining Division is in the process of applying the ISO 45001:2018 standard to its operations and, in some cases, is migrating from the OHSAS (Occupational Health and Safety Assessment Series) to 18001 to ISO 45001:2018. We are currently taking measures to ensure all units are ISO-certified.

Our employees, contractors, suppliers and visitors, and our production and support processes are covered and provided for by our Workplace Health and Safety Management Systems, respectively.

### Identification of hazards, risk assessment and incident investigation

#### 403-2

Essential to **risk management is the process of Identifying Hazards, Assessing Risks and Establishing Controls (IPERC)**. We have incorporated this tool into our management systems to prevent undesired events.

Our goal for 2022 is for all Mining Division units to be ISO 45001:2018-certified.



Mining Division safety personnel.



Likewise, we have established internal and external audit programs to update our records of operational risks. These provide performance feedback and allow us to create safer working conditions for our employees, who have recourse to mechanisms for reporting unsafe conditions or actions.

### Employee health services

403-3

**Employees exposed to occupational risks undergo a series of health checks and we also conduct industrial hygiene studies.** These evaluations are conducted on a regular basis by accredited agencies to assess the effectiveness of our controls, correct deficiencies and reduce the incidence of work-related diseases.

### Employee participation, consultations and communication regarding health and safety in the workplace.

403-4

We encourage our employees to play an active role in risk prevention. Meetings are held prior to every shift and we sit down with

teams from each area to assess risks, identify opportunities for safety and/or health improvements, and listen to suggestions as to how to identify safe practices.

### Our units implement the Behavior-based Safety System (SBC),

which is designed to promote safe work conducts and instill in our employees the concept that safety is a shared responsibility. Our employees also take part in inspections and audits that help us identify unsafe conditions and/or actions in the workplace.

### Occupational health and safety training for employees

403-5 – | SASB EM-MM-320a.1

We offer our employees, contractors and suppliers introductory training courses in health and safety in the workplace, training in the handling of equipment and machinery, safe work practices, safety standards, identification of hazards and risk assessment, and awareness and culture of health and safety in the workplace.



Underground mine worker, San Martín, Zacatecas, Mexico.



In 2021, existing and new employees **received 106,832 hours of training in basic safety and preventive measures.** Courses included:

- Identification of hazards and risk control
- Use of specific safe work procedures, depending on the task to be performed
- Handling of chemicals
- Storage, transportation, use and handling of explosives
- Emergency response and handling
- Rescue operations in mines and civil protection

We also run safety leadership training programs with a focus on preventive safety observations and their use on and off the job.

#### **Fomento a la salud de los trabajadores** 403-6

It is important to us that our employees, suppliers, contractors and their families have access to activities that help improve their general health. Our health initiatives include:

- Soccer and bowling tournaments between employees and contractors.

- A healthy, balanced canteen menu designed with the guidance of nutritionists and personal consultations for employees with special dietary requirements.
- Annual health and safety fairs, checkups to detect diseases like cancer, diabetes, high blood pressure, etc. and free vaccinations for employees and their family members.

#### **Coverage of the occupational health and safety management system**

403-8

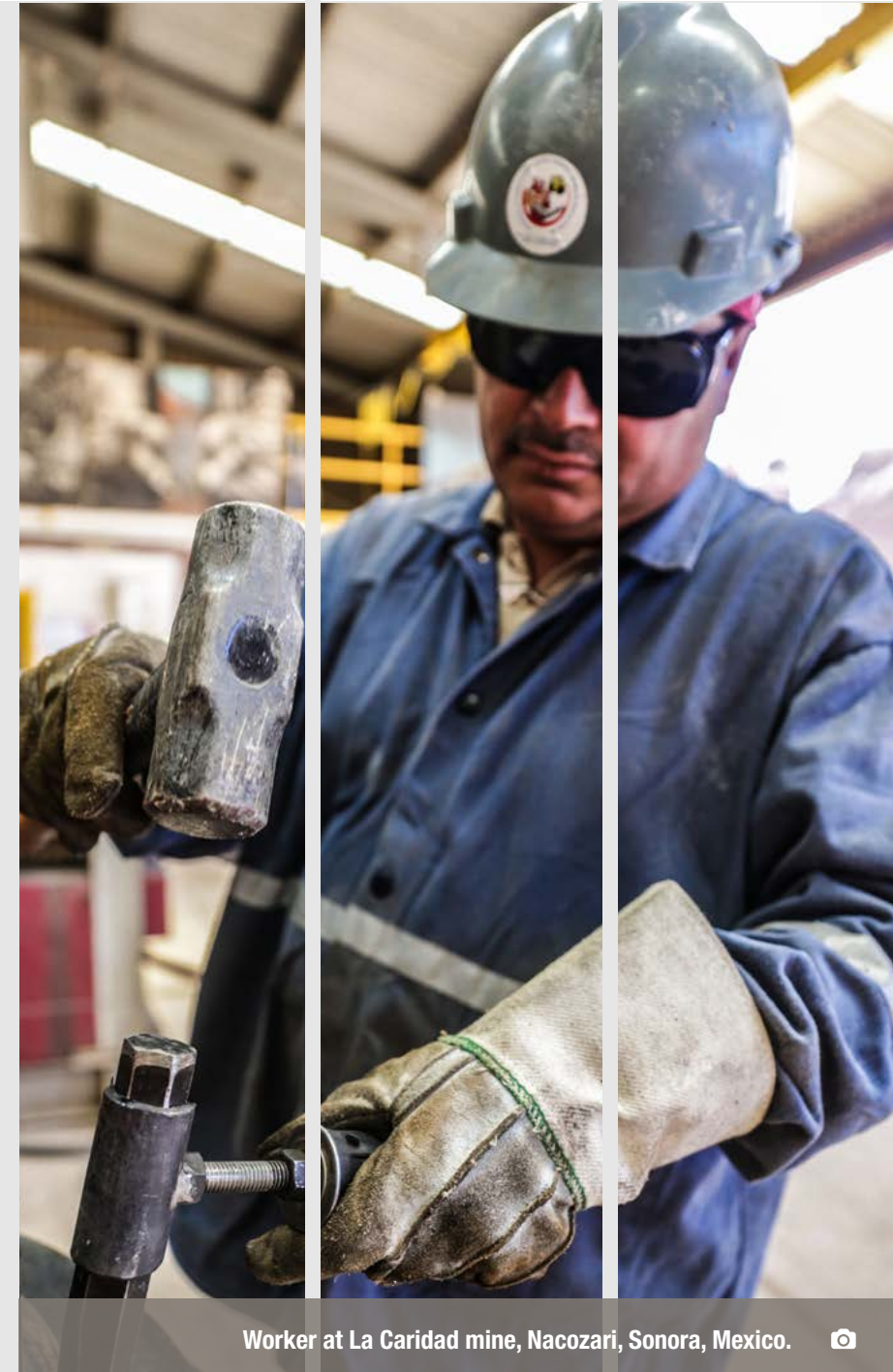
Eight of our units are ISO 45001-certified, three of which obtained certification in 2021. We expect the other eight units to be certified in 2022. Our management systems have been certified by accredited agencies, are evaluated regularly by internal audits and strengthened via continuous improvement processes.

#### **CERTIFIED UNITS:**

La Caridad, Complejo Metalúrgico, Planta de Cal, Terminal de Guaymas, Taller Central, Charcas, Santa Bárbara and San Martín.

#### **UNITS IN THE PROCESS OF CERTIFICATION:**

Buenavista del Cobre, Planta de Zinc, Toquepala, Ilo, Silver Bell, Ray, Mission and Cuajone.



Worker at La Caridad mine, Nacozari, Sonora, Mexico.



Work-related injuries

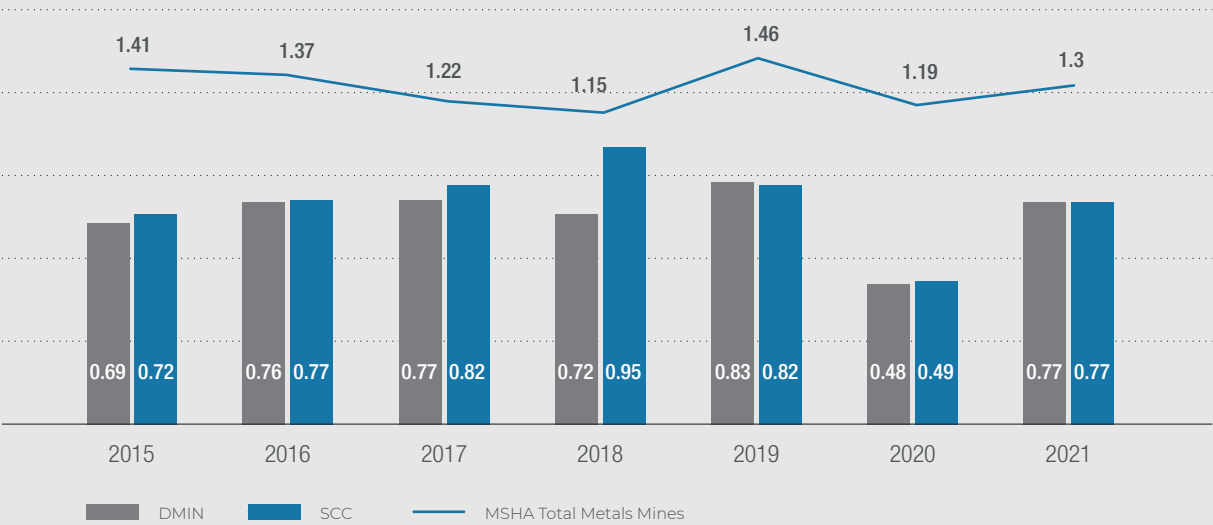
403-9 | SASB EM-MM-320a.1

a & b. 2021 performance. Employee and contractor fatalities and lost-time injuries

		Mining Division		SCC		Mexico	Peru	USA
		Total	Rates*	Total	Rates*			
i. Fatalities	a) Employees	3	0.08	3	0.08	3	0	0
	b) Contractors	0	0	0	0	0	0	0
	a + b	3	0.04	3	0.05	3	0	0
ii. Permanent lost time injury	a) Employees	0	0	0	0	0	0	0
	b) Contractors	0	0	0	0	0	0	0
	a + b	0	0	0	0	0	0	0
iii. Temporary lost time injury	a) Employees	141	0.76	134	0.77	120	14	7
	b) Contractors	52	0.34	51	0.34	36	15	1
	a + b	193	0.57	185	0.57	156	29	8
v. Man-hours worked	a) Employees	37,018,213		35,295,716		22,442,168	12,853,548	1,722,497
	b) Contractors	30,431,920	N/A	29,569,523	N/A	14,374,867	15,194,656	862,397
	a + b	67,450,133		64,865,239		36,817,035	28,048,204	2,584,894

In 2021, three fatal accidents occurred at the Charcas and La Caridad units. In response, we tightened controls (updating of standards, issuing of clearer instructions to employees, dissemination and enforcement of sanctions procedure, certification of operations by suppliers, depending on the case).

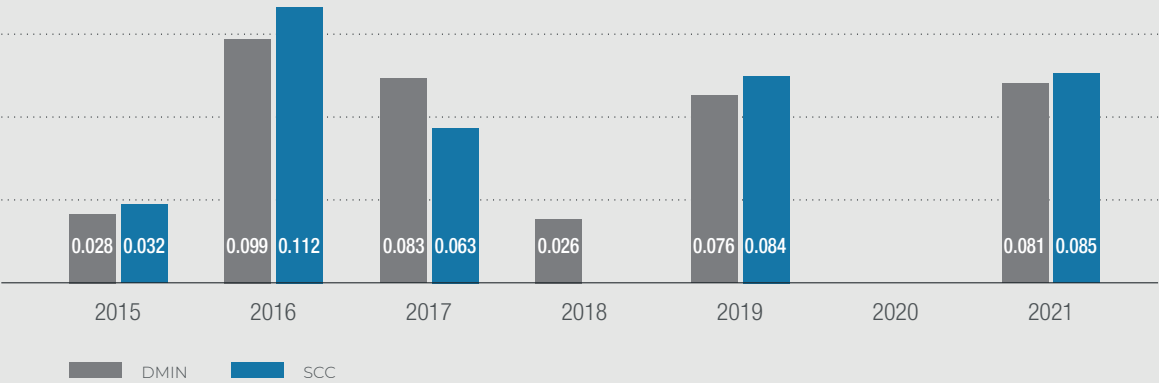
LOST TIME INJURY FREQUENCY RATE (LTIFR)\*  
MINING DIVISION AND SOUTHERN COPPER CORPORATION 2  
15-2021



LTIFR (Lost Time Injury Frequency Rate) = 
$$\frac{\text{Number of lost time injuries} \times 200,000}{\text{Total number of man-hours worked}}$$

\* The table above shows a comparison between the LTIFR (Lost Time Injury Frequency Rate) of our own employees for every 200,000 man-hours worked in the Mining Division and Southern Copper Corporation, and the results reported by the Mine Safety and Health Administration (MSHA).

FATALITY RATE (FR)  
MINING DIVISION AND SOUTHERN COPPER CORPORATION  
2015-2021



TFR (Fatality Rate) =  $\frac{\text{Number of fatal accidents} \times 1,000,000}{\text{Total number of man-hours worked}}$

Historic Safety Performance Information

	AMC				SCC			
Indicators	2021	2020	2019	2018	2021	2020	2019	2018
Fatalities	3	0	4	1	3	0	4	1
LTIFR <sup>3</sup> – Employees	4.84	2.38	4.16	3.59	4.85	2.44	4.11	4.74
LTIFR – Contractors	1.94	2.11	2.99	2.27	1.96	2.14	2.96	2.33
TRIFR <sup>4</sup> – Employees	1.1	0.65	1.07	0.97	1.1	0.67	1.07	1.29
TRIFR – Contractors	0.39	0.42	0.6	0.46	0.39	0.43	0.6	0.47
Process safety events <sup>5</sup>	1	0	1	0	1	0	1	0
Process safety events rate <sup>6</sup> (employees)	0.03	0	0.03	0	0.03	0	0.03	0
Process safety event rate (employees + contractors)	0.01	0	0.01	0	0.02	0	0.02	0

3. LTIFR, Lost Time Injury Frequency Rate = number of lost time injuries per 1,000,000 man-hours worked.  
4. TRIFR, Total Recordable Injury Frequency Rate = total number of recordable injuries per 200,000 man-hours worked  
5. Incidents or events generally attributable to the unforeseeable failure of pipes or process facilities that can result in the leakage of hazardous substances, fires or explosions.  
6. Number of process safety events per 1,000,000 man-hours worked.

c. We establish a historical base of the critical risks that have caused the greatest number of injuries and/or fatalities in our operations and incorporate mining sector information in the regions where we operate to create a map of risks for each process and activity.

2. In the Mining Division, the main risks are:

- **OPEN PIT:** landslides, crushing by vehicles, rollovers, explosions, electrical shock.
- **SUBTERRANEAN:** falling rocks, explosions, deficient ventilation, fires, electrical shock.
- **FOUNDRIES:** furnace explosions, moving equipment and machinery, leaks or spills of hazardous substances, falling from heights.

d. To ensure control measures are properly enforced, we make regular on-site inspections and draw up reports for follow-up purposes.

e. The rates shown were calculated based on 200,000 man-hours worked.

f. No worker or contractor was excluded.

Work-related ailments and diseases

403-10

a & b. 2021 performance. Employee and contractor occupational diseases.

		Mining Division	SPCC	Mexico	Peru	USA
I. Fatalities due to a work-related ailment or disease	a) Employess	0	0	0	0	0
	b) Contractors	0	0	0	0	0
II. Recordable work-related ailments and diseases	a) Employess	24	24	21	3	0
	b) Contractors	0	0	0	0	0

3. The main diseases identified in the Mining Division were hypoacusis and pneumoconiosis.

c. See 403-9 c.

d. Contractors were excluded because the vast majority are temporary workers.

Success stories

All AMC business centers implemented critical risk controls in **accordance with the guidelines of the International Council on Mining and Metals (ICMM)**, recorded and handled quasi accidents<sup>7</sup>, and established an audit system to guarantee compliance.

Likewise, between November and December 2021, **the 14<sup>th</sup> Health and Safety Week** was held at the Mining Division in Mexico. A total of 8,110 employees received 32,440 man-hours of training in risk prevention in the workplace and produced **27 innovative safety projects** to improve knowledge of risk-prevention practices in the home and emergency response practices in the community. A total of 1,337 members of the local community participated in the event.

In response to the Covid-19 pandemic, we implemented safety protocols recognized by national health authorities and coordinated our actions with the health sectors in Mexico and Peru. In the Mining Division, 98%of workers received at least two doses of the Covid vaccine.

7. Incidents that do not actually result in, but that have the potential to cause injury or health problems.

## Infrastructure Division

### Occupational health and safety management systems

#### 403-1

Our occupational health and safety management systems are based on national regulations and best international practices.

**The division's Oil and Construction subsidiaries have international ISO 45001 certification** and the Oil subsidiary's six operable offshore facilities and combined-cycle plant "La Caridad" are recognized by the Occupational Health and Safety Self-management Program (PASST).

### Identification of hazards, risk assessment and incident investigation

#### 403-2

There are three ways in which we identify hazards and control risks:

1. Compilation of hazard identification and risk control matrices by multidisciplinary teams.
2. Job Safety Analysis. The team analyzes the risks associated with the activity in question and proposes actions to mitigate these.

3. High risk work permit. Hazards and risks are identified and the instruments, tools and people that can help mitigate them defined.

**We promote safe, healthy working environments that comply with the law and manage the risks specific to each of our operating activities.**

### Employee health services

#### 403-3

We provide medical services for our employees.

- **Preventive:** To prevent disease and other ailments
- **Reactive:** In the event of injuries that require medical treatment

**We have invested more than US\$ 2,098,846 in the wellbeing of our employees and their families.**



Oil platform operated by the Infrastructure Division.





### Employee participation, consultations and communication regarding health and safety in the workplace

403-4

We encourage our employees to participate in health and safety matters. Our main channels of communication are:

1. Mixed safety and hygiene commissions that analyze problems and help employers and employees reach agreements.
2. Preventive safety talks of an informal nature prior to shifts.
3. Communications campaigns that make use of screens in work areas and canteens to display accident prevention messages.
4. Hotline where both company and non-company employees can make complaints and comments and voice their concerns.

### Occupational health and safety training for employees

403-5

We have given a total of 1,200 hours of training in accident prevention and emergency response, including:

- Introductory health and safety in the workplace courses
- Technical and leadership training in specific activities
- Talks at the beginning of shifts
- “UNIVERSIDADi” training platform
- In-person courses, emergency response

### Employee health initiatives

403-6

In 2021, we organized a series of health and safety activities. One of these was Health and Safety Week, which featured conferences, entertainment, talks with experts, drills, training sessions and workshops for our employees, who were also given health checkups and tests over and above the routine ones offered.

Coverage of the occupational health and safety management system

403-8

All the Infrastructure Division’s operating sites are managed by the occupational health and safety system and each center has safety leaders, doctors and paramedics on hand to supervise, advise and support employees.

Work-related injuries

403-9 | SASB IF-EN-320a.1, IF-EU-320a.1

In 2021, the division’s lost time injury frequency rate fell 6% compared to 2020, reflecting greater collaboration on the part of our operating employees, safety leaders and directors to systematize the company’s processes and improve their reliability.

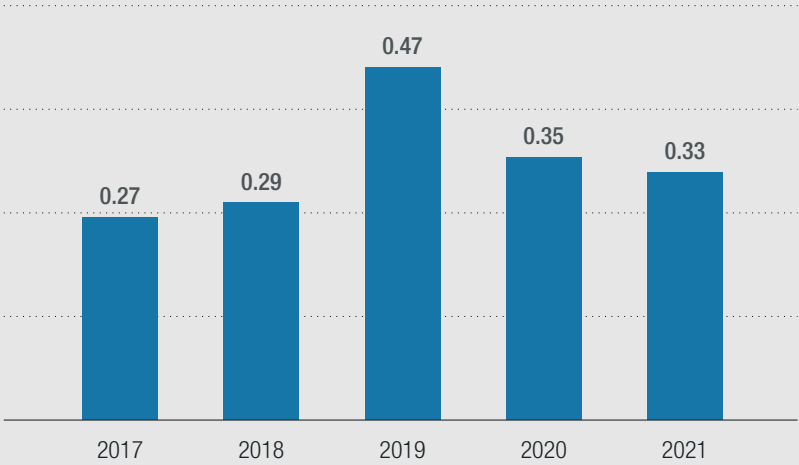
a & b. 2021 performance. Employee and contractor fatalities and lost time injuries.

		Infrastructure Division	Rates*	Energy	Oil	Construction	Highways	Fuel	Engineering
i. Fatalities	a) Employees	0	0	0	0	0	0	0	0
	b) Contractors	0	0	0	0	0	0	0	0
ii. Permanent lost time injury*	a) Employees	0	0	0	0	0	0	0	0
	b) Contractors	0	0	0	0	0	0	0	0
iii. Temporary lost time injury**	a) Employees	11	0.33	0	8	3	0	0	0
	b) Contractors	0	0	0	0	0	0	0	0
v. Man-hours worked	a) Employees	6,565,445	N/A	153,976	2,056,320	2,265,090	750,080	84,969	1,255,010
	b) Contractors	476,489		143,698	120,878	68,750	52,336	41,517	49,310

\* Rates were calculated based on 200,000 man-hours worked.

In 2021, the frequency rate of lost time injuries fell 6% compared to 2019.

LOST TIME INJURY FREQUENCY RATE  
INFRASTRUCTURE DIVISION 2017 - 2021



Lost time injury frequency rate (LTIFR) =  $\frac{\text{Number of lost time injuries} * 200,000}{\text{Total number of man-hours worked}}$

Work-related ailments and diseases

403-10

No work-related diseases were identified or recorded at any of our subsidiaries.



### **SUCCESS STORY**

#### **3,000 DAYS WITH NO ACCIDENTS COMBINED-CYCLE PLANT**

Construction on the combined-cycle plant in Nacozari, Sonora began in 2011. This was when the foundations were laid for a culture of prevention. Today, eight years later, the plant is celebrating 3,000 days with no lost time injuries.

These results evidence the enormous sense of commitment and responsibility our employees feel and that extends to the highest echelons of the company. Thanks to continuous improvement processes, the raising of awareness and world-class operating controls, we have been able to protect the health of our workers.

We congratulate workers at the Infrastructure Division's combined cycle plant on their hard work and dedication that helps make our company increasingly competitive, from an economic, social and environmental perspective.



Combined-cycle plant, Nacozari, Sonora, Mexico.



## Transportation Division

**The health and safety of our employees is central to our operations.**

### Occupational health and safety management systems

103-2, 103-3, 403-1

### Coverage of the occupational health and safety management system

403-8

**We managed to reduce the injury frequency rate and guarantee the reliability of freight handling** with prevention programs like “Zero Accidents” and “Watch Out for the Train.”

Establecemos lineamientos, políticas, objetivos y métricas para: evitar, reducir y mitigar accidentes. El área de Seguridad evalúa y analiza constantemente las cifras diarias para monitorear la tendencia de accidentabilidad y riesgos y adoptar acciones correctivas.

We have implemented occupational health and safety management systems to comply with the requirements of regulatory agencies in the countries where we operate, even when this is not mandatory.

In 2021, we invested more than US\$ 7 million in occupational health and safety, and guaranteed our operations had the necessary equipment and resources.

**The division’s upper management evaluates established metrics for the prevention, reduction and mitigation of accidents, and to decide which course of action is required to safeguard the well-being of our employees.**

In conjunction with the Safety area, upper management analyzes and assesses the effectiveness of the company’s health and safety programs and mechanisms on an ongoing basis.

**In 2021, the company consolidated its Behavior-based Safety System (SBC),** with a view to strengthening the commitment of its employees to safety. **Effective audits to promote employee leadership** have enabled us to execute the project, which is intended to reduce accidents at sites where these are most frequent.



A worker from the Transportation Division.



We also have processes for communicating health and safety information to our employees.

These include:

- Training sessions and daily occupational health and safety talks
- The use of information boards
- Performance evaluations
- Digital platforms for the sharing of information

The Job Safety Analysis (AST) procedure is used to identify potential hazards, assess occupational safety risks and define controls to mitigate or eliminate these, thereby ensuring our safety procedures are regularly updated.

Employees have recourse to several mechanisms for the reporting of unsafe working conditions and actions. These range from directly informing their immediate superior or human resources representative, e-mail, intranet site, inspections and visits by local safety and hygiene commissions to making an anonymous call to our complaint hotline (click here for more information on our [hotline](#)).

Our employees are also encouraged to participate in the health and safety committees that meet monthly and that represent non-unionized and unionized workers and their representatives in equal proportion. The purpose of these committees is to take part in accident investigations and monitor working conditions throughout the company. Their findings make it possible to take corrective actions, while facilitating the proactive participation of employees in improvements to the occupational health and safety management system, and helping identify unmet needs.

Incidents are investigated by the local Safety and Hygiene Commission using “The Five Whys” methodology to identify their cause and determine corrective and preventive measures. Investigations are opened within 24 hours of the incident.

### Employee health services

403-3

### Employee health initiatives

403-6

**To ensure our employees, contractors and clients are safe while on our premises, we put medical services and specialized information on the prevention of disease and injury in the workplace at their disposal.**

Our employees undergo regular health checkups and have access to medical services, which are outsourced to guarantee the confidentiality of employee medical information. We also conduct daily health evaluations on railroad crews embarking on journeys in each district.

**We have specific programs to monitor the health of our employees and prevent disease** due to exposure to noise, vibrations and other work-related causes. Relevant information on ailments such as high blood pressure, diabetes and obesity is made available to our employees and we promote good nutrition, organize vaccination campaigns and monitor their aptitude and state of health by means of physical checkups to detect fatigue and drug and/or alcohol consumption.

**All our programs focus on the early detection of risk factors** that could lead to health problems for our employees. We also hold health fairs, conduct medical tests and organize conferences on diverse health topics.

## Occupational health and safety training for employees

403-5

Our 10,570 employees are the driving force behind the success of our company, reason why promoting their personal and professional development is key to our continued expansion and the accomplishment of our goals.

In 2021, we intensified training in accident prevention tools and skills. These included:

- First aid
- Working at heights
- Use of fire extinguishers
- Selection and use of personal protection equipment (PPE), pursuant to NOM-017-STPS

We ensure our employees are familiar with internal rail transportation regulations, as this gives supervisors and railroad workers a better idea of how railroad infrastructure works and the associated risks. In turn, we are able to monitor the conditions of the tracks and the performance of our trains and the journeys they make more efficiently, thereby reducing accidents attributable to infrastructure defects. It also helps us prioritize maintenance work throughout the railroad network.



Workers at the Transportation Division in training.



Safety Performance

Work-related injuries

403-9

Work-related ailments and diseases

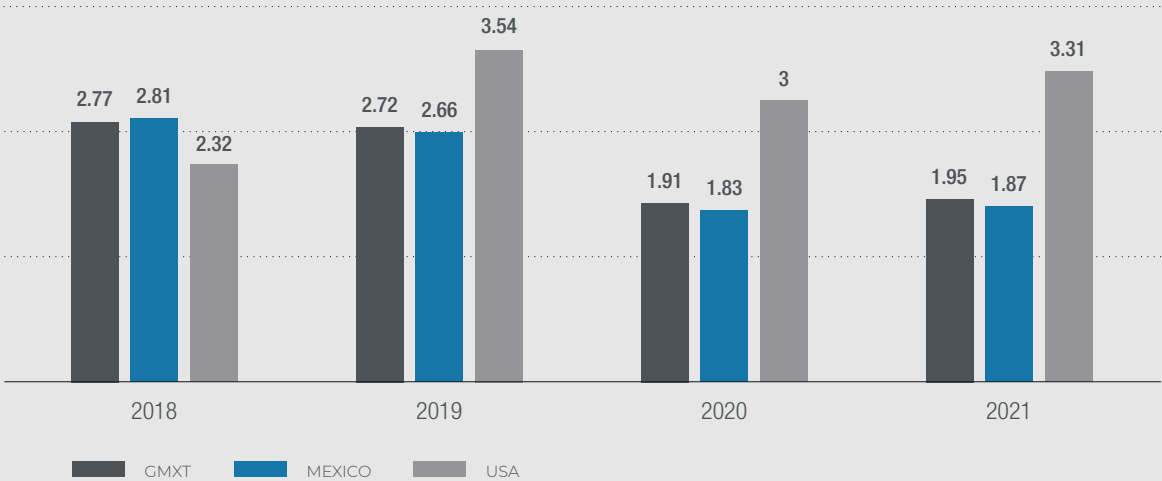
403-10

SASB TR-RA-320a.1.

LOST TIME INJURY FREQUENCY RATE (LTIFR)

TRANSPORTATION DIVISION

2018-2021

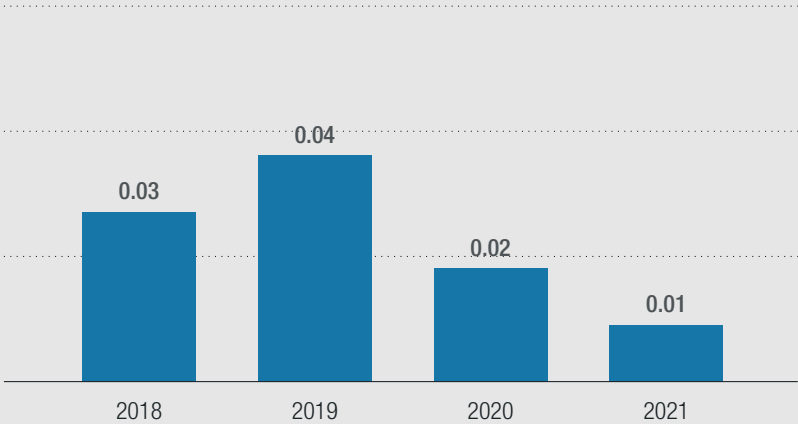


Lost time injury frequency rate (LTIFR) = 
$$\frac{\text{Number of lost time injuries} \times 200,000}{\text{Total number of man-hours worked}}$$

In 2021, there was one fatality in the division. Our response was a transparent one, in which we communicated to all our employees the importance of stepping up control and supervision activities, and complying with stringent safety measures at all times.

TASA DE FATALIDADES (FR)

DIVISIÓN TRANSPORTES 2018-2021



Fatality rate (FR) = 
$$\frac{\text{Number of fatal injuries} \times 200,000}{\text{Total number of man-hours worked}}$$



📷 Train at a level-crossing in Esqueda, Sonora, Mexico.

### Coexistence between urban populations and the railroad

In the Transportation Division, the safety of our level-crossings is crucial to the reliable operation of our world-class transportation system. Consequently, we have made it a priority to close level-crossings that are not necessary and guarantee the safety of those that “could potentially” pose a risk to communities in the vicinity of the tracks.

Since 2017, we have been implementing a three-pronged program to improve coexistence between urban populations and the railroad: the placing of signs and installation of barriers at level-crossings; communication campaigns and railroad safety initiatives; and the closure of level-crossings that are unnecessary, clandestine and/or dangerous.



OUR PEOPLE



Management Approach	_150
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📷 Lab workers at Metalurgica de Cobre in Esqueda, Sonora, Mexico.

## OUR PEOPLE

### Management Approach

#### 103-1, 103-2 y 103-3

People are the pillar of our organization. This is why it is so important for us to promote and maintain an atmosphere of wellbeing for all our employees. The **values of honesty, respect and responsibility are central to the way we work** and we go to great lengths to ensure the participation of the different groups that make up our workforce using organizational tools and mechanisms like our [Complaint Line](#) and work climate surveys, so we can address the concerns aired by our employees.

**The success of our business model resides in the talent and development of our workforce.** We make a concerted effort to attract and retain a motivated team by offering competitive payment plans, training and the opportunity to develop skills that foster creativity and innovation in our work processes and daily tasks. To retain talent, we offer growth options tailored to employee performance and constantly strive to improve the organizational climate by following up on employee turnover indices, all with a view to meeting the organization's goals.

In keeping with the values set forth in our [Code of Ethics](#) and [General Human Rights Policy](#), we also aim to create a working environment that fosters **diversity, inclusion and gender equality**; that offers equal opportunities, regardless of race, religious beliefs, age, gender, nationality or sexual preference; and that demands respect and non-discrimination of individuals and communities, including minority groups.

OUR PEOPLE



We have policies in place for the management and development of working relations with our employees that are aligned with regulations in the regions where we have a presence and that incorporate best international practices in human resource management. These include a Code of Ethics, a General Human Rights Policy, a General Policy on the Respect and Wellbeing of Our Employees, a General Our People Policy (which communicates the company's commitments and procedures on labor matters), a [Diversity, Inclusion, Non-discrimination, Sexual and Labor Non-Harassment Policy](#) and a [Health and Safety in the Workplace Policy](#). **All employees, contractors and suppliers who work for or on the behalf of Grupo México are required to comply with our internal policies and procedures.**

Mechanisms for evaluating the four components of this chapter -Labor Practices; Diversity, Inclusion and Non-discrimination; Development of Human Capital; and Attraction and Retention of Talent- are based on the design and implementation of performance indicators by our HUMAN RESOURCES areas and detailed written policies and procedures.

These annual and monthly indicators measure results and are drawn up by our Human Resources Strategic Planning Department. The Internal Control area also conducts reviews, which are complemented with internal and external audits.

Labor practices

103-1 y 103-2

Grupo México guarantees compliance with labor laws in the countries where we operate. We have a Code of Ethics and policies aligned with this regulatory framework that are implemented to the letter. We are aware that people are the heart and soul of our organization, we offer fair, competitive wages with a view to attracting, developing and retaining capable, highly qualified employees. We honor all the obligations and responsibilities of our collective bargaining agreements, and act in accordance with the law, our values and labor culture (see more information on [the right to freedom of association, and the risk of child and forced labor](#)).

Diversity, inclusion and non-discrimination

103-1 y 103-2

**Diversity, inclusion and non-discrimination are the core values of our corporate culture.** These values apply from the board of directors down to every subsidiary of the company, and underscore our every decision and strategy.

We seek to be inclusive and promote an atmosphere of respect that sets the tone for our employees, their families, communities in the vicinity of our operations and the rest of our interest groups.

Our Human Resources areas follow operating policies and procedures for recruiting and training that ensure inclusion and non-discrimination, and these are also enforced by the people responsible for attending to the needs of our employees.

**In the event of anomalies, complaints, violations of labor or human rights, our Complaints Line is open to all employees and contractors.**

Our [Diversity, Inclusion, Non-discrimination, Sexual and Labor Non-Harassment Policy](#) lays out the company's commitments in these areas and mechanisms for their enforcement in all three divisions: Mining, Infrastructure and Transportation. Over the course of the last two years, we have conducted diversity and inclusion diagnoses to identify areas of opportunity that will enable us to better channel our inclusion efforts (more information on these measures can be found in the [respective section](#) of this report).

### Development of human capital 103-1 y 103-2

Grupo México is committed to looking after its employees and to their personal and professional growth. The **training and development plans we implement to develop and perfect the technical skills and capacities of our employees** are intended to promote their growth, in line with the company's strategic goals and Institutional Skills Model. Employees are also given the opportunity to explore areas of interest to them and develop their skill sets in accordance with their professional profiles.

Our three divisions require employees with highly specialized technical skills, reason why we have made it a priority to develop these through training programs and career plans. **We also implement processes and campaigns to measure and evaluate performance, with feedback to help employees improve their capacities.** The goal is to avoid risks in the workplace and foster participation, proactiveness, knowledge, aptitudes and innovation. As part of our commitment to the communities where we operate, we have designed training and education programs in conjunction with a series of organizations.



Workers at Complejo Metalurgico, Esqueda, Sonora, Mexico.



At the Mining Division of Grupo México, education and training are focused on three main areas:

EDUCATION

Formal grade-school programs for employees (elementary, middle school, high school, Bachelor degree level) and postgraduate programs (certifications, diplomas and Master's degrees). The company has incentive policies and provides financial assistance for the professionalization of employees, while our collective contracts contain clauses intended to support employees and members of their families seeking to further their education.

TRAINING

Development of technical safety skills (operation and maintenance), with emphasis on the "human aspect." In addition to technical knowledge, this area covers the development of awareness and safe conducts in the workplace, including regular refresher courses. We also offer training in managerial and institutional skills, and all employees are given continuous training in human rights and our Code of Ethics.

DEVELOPMENT

Our employees undergo continuous training so they are prepared to take on new duties and positions when required, thereby consolidating their careers at the company. To this end, tailor-made professional development plans are drawn up for each employee, based primarily on our internal replacement charts.

We are also involved in the creation of continuous education programs in the communities where we operate. These programs encompass all levels of education and students are chosen from them for internships at different divisions of the company.



Worker at the Zinc Electrolytic Refinery in San Luis Potosi, San Luis Potosi, Mexico.



## Attraction and retention of talent

### 103-1 y 103-2

We are committed to retaining a team of satisfied, motivated, appropriately paid employees who are loyal to the company, so as to create a stable working environment and ensure acceptable employee turnover levels, all with a view to complying with the goals of the group. To retain talent, we have introduced an attractive employee benefits plan that exceeds the minimum legal requirements.

We aim to attract local talent, so we can make a positive impact on the economy of the communities where we have a presence.

Our programs to attract talent are tied in with our community education and training programs. The hiring process is fair and transparent and we openly inform prospective employees of the duties and skills required for each position, and of how we measure and follow up on performance. In addition to competitive salaries, our employees undergo annual evaluations, the results of which are used to design employee training, development, succession and career plans.



Workers at the Infrastructure Division.

Labor practices<sup>1</sup>  
Workforce

102-8

The table below shows a breakdown of our workforce by type of contract, gender and region, and the number of contractors in our employment.

WORKFORCE	MINING DIVISION <sup>2</sup>					TRANSPORTATION DIVISION			INFRASTRUCTURE DIVISION	GRUPO MÉXICO
	Total DMIN	SCC	MM (Mexico)	SPCC (Peru)	ASARCO (USA)	Total DTRA	Mexico	USA	Total DINFRA	Total Grupo México
Total No. of Employees	16,055	14,755	9,722	5,033	1,300	10,570	9,703	867	2,465	29,090
Men	14,980	13,811	9,102	4,709	1,169	10,063	9,281	782	2,053	27,096
Women	1,075	944	620	324	131	507	422	85	412	1,994
Total No. of Permanent Contracts	15,544	14,244	9,677	4,567	1,300	10,299	9,432	867	2,465	28,308
Full-time Men	14,511	13,342	9,065	4,277	1,169	9,811	9,029	782	2,053	26,375
Full-time Women	1,033	902	612	290	131	488	403	85	412	1,933
Total No. of Temporary Contracts	511	511	45	466	-	271	271	-	-	782
Men	469	469	37	432	-	252	252	-	-	721
Women	42	42	8	34	-	19	19	-	-	61
Total No. of Contractors	14,040	14,013	7,316	6,697	27	23	-	23	3,992	18,055
Men	12,854	12,838	6,628	6,210	16	20	--	20	3,992	18,055
Women	1,186	1,175	688	487	11	3	--	3		

1. Figures include workers in all three divisions.  
2. Includes employees at the Guaymas Maritime Unit in Mexico, which was created in late 2021 and forms part of our Mining Division.

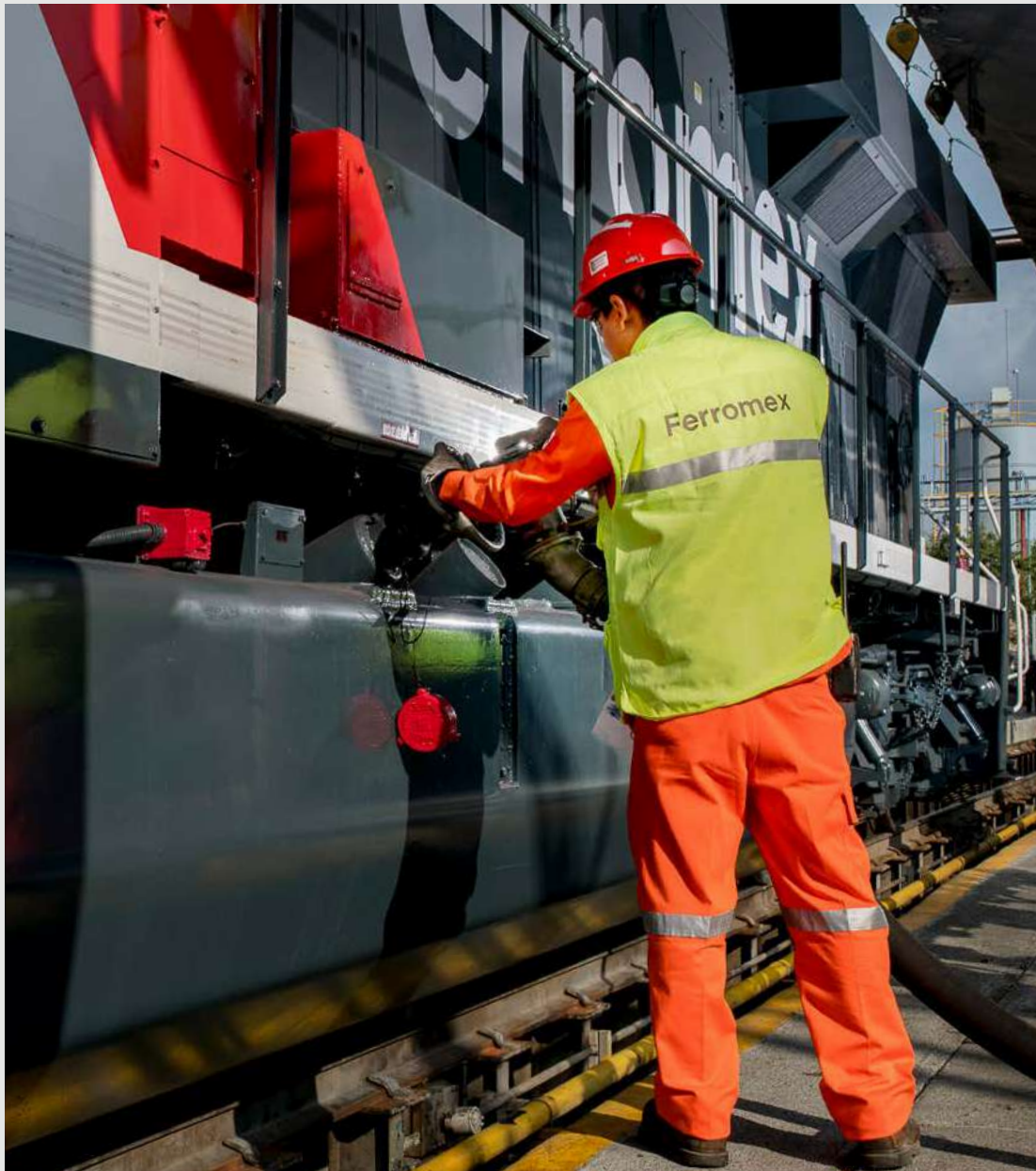
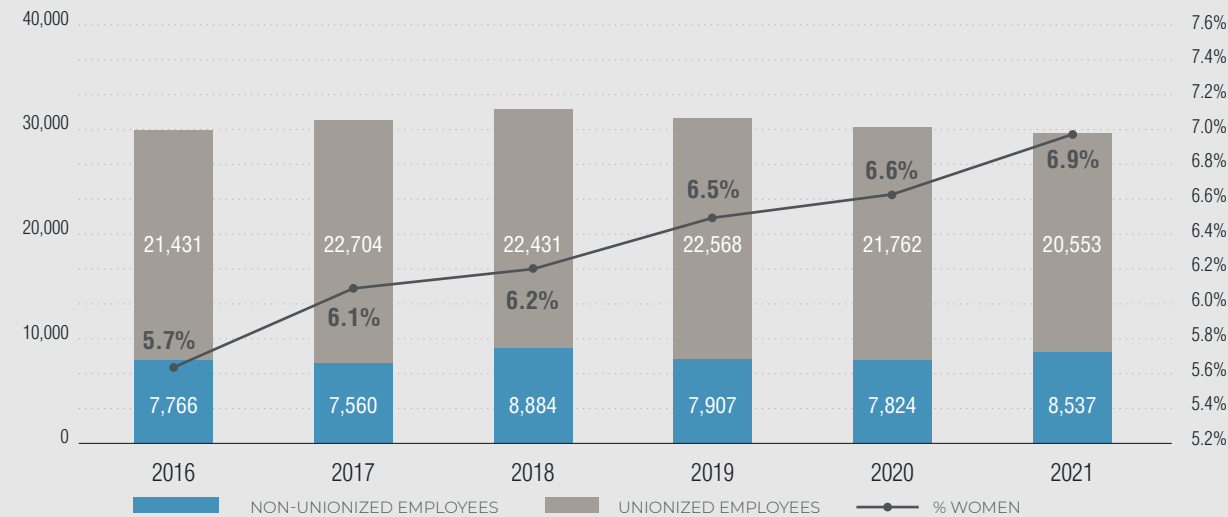
Grupo México has 18,055 contractors. In 2021, a total of 14,040 contractors were in the employment of the various subsidiaries of our Mining Division, which translates into growth of 24.7% compared to 2020.

In the Transportation Division, 97% of our employees have full-time, open-ended contracts. Employees undergoing trial periods have temporary contracts and have been included in the “permanent contracts” category. Some of these will sign open-ended contracts when their trial periods are successfully completed.

The gender of employees in the Infrastructure Division varies considerably, depending on the line of business. For example, in Oil and Construction, the percentage of female employees is 9% and 7%, rising to 45% and 27% in Offices and Highways, respectively.

All employees in our Infrastructure Division have open-ended contracts.

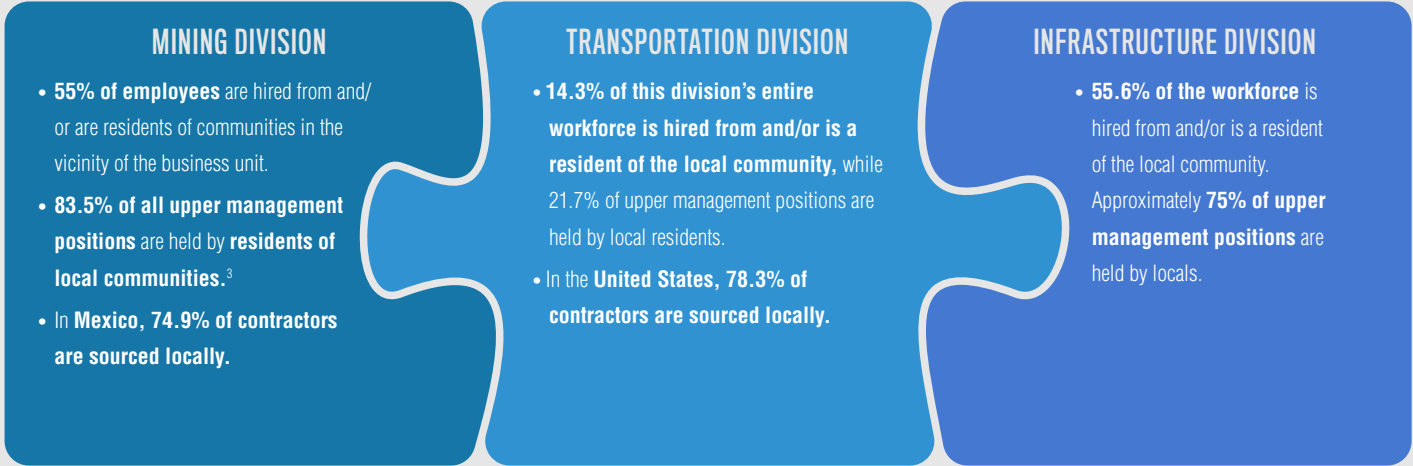
GRUPO MÉXICO WORKFORCE



Worker in the Transportation Division.

LOCAL WORKFORCE

LOCAL WORKFORCE	Total DMIN	SCC	MM (Mexico)	SPCC (Peru)	Total DTRA	Mexico	USA	Total DINFRA	Total GRUPO MÉXICO
Total number of employees hired from communities in the vicinity of the business unit	8,112	8,112	7,209	903	1,507	1,456	51	1,370	10,989
Women	489	489	413	76	174	168	6	231	894
Men	7,623	7,623	6,796	827	1,333	1,288	45	1,139	10,095
% of total employees hired from local communities	55%	55%	74.2%	17.9%	14.3%	15%	5.9%	55.6%	39.5%
Employees in the Upper Management category hired from local communities	207	207	205	2	128	117	11	16	348
Total number of employees in the Upper Management category	248	248	238	10	591	579	12	12	854
% of employees in the “Upper Management” category hired from local communities	83.5%	83.5%	86.1%	20%	21.7%	20.2%	91.7%	75%	40.6%



At Grupo México, 39.5% of the workforce is hired from and/or is a resident of a local community, while 40.7% of all upper management positions are held by locals.

3. These figures do not include ASARCO (USA) because its HR Department does not keep track of this information.

## Collective bargaining agreements

102-41

Our [General Human Rights Policy](#) commits us to respecting basic labor principles and rights, in compliance with conventions 87 and 98 of the International Labor Organization (ILO) on freedom of association and collective bargaining. Grupo México has an institutional framework of policies and standard practices that guarantee these rights.

In every labor dispute that has arisen, Grupo México has complied with the regulatory framework applicable in the country in question to the letter, including freedom of association and collective bargaining. Proof of this compliance is the fact that we have not been fined or called out by any authority for failure to comply with the applicable regulations or for violating our employees' rights to freedom of association or collective bargaining in any of the three countries where we operate.

The percentage of employees covered by collective bargaining agreements varies in each division, from 37.5% to 77.18%, and averages 71.5% across the entire company. For further information, see the data charts in the [“Our People” appendix](#). The Company

guarantees that employees are familiar with the content of collective labor contracts and have been informed of their right to accept or reject a labor contract by exercising their individual vote, freely, directly and in secret. Employees, suppliers and contractors in all three of our divisions have access to a Complaint Line where they can report violations of their rights.

**Grupo México works with several trade unions and has entered into 51 collective contracts: 16 with the Mining Division<sup>4</sup>, 17 with the Transportation Division and 18 with the Infrastructure Division.**

### Number of strikes lasting more than a week per country

MM4

**In 2021, no strikes were reported at AMC.**

No employee participated in a strike or walkout lasting more than a week.

4. Does not include the collective contracts of our ASARCO subsidiary (United States), because the Basic Labor Agreement between the company and its unions expired on October 15, 2019. Employees of this business unit are currently working under the terms and conditions of the last, best and final offer (“LBFO”) implemented by the company on December 2, 2019.

## Minimum notification periods in the event of operational changes

402-1

Building trust between the company, its employees and their union representatives is especially important in the Mining Division, where we maintain open lines of communication with Human Resources and inform employees of any operational changes in advance, as stipulated by law. In Mexico, employees are generally notified the same week operational changes come into effect.

In the case of collective contract revisions and consultations, provisions pertaining to notices are included in the agreements themselves, while the Federal Labor Law also stipulates the timeframes in which requests for the revision of collective contracts are to be made. In the United States, pursuant to the National Labor Relations Act, the period in which notifications must be made varies depending on the place and topic. We comply with the Worker Adjustment Retraining Notification (WARN) Act, which requires that employees be notified 60 days in advance in the case of mass layoffs and plant closures. In Peru, workers and unions must be notified of changes legally made to working hours eight days in advance.

In the Transportation Division, advance notification periods apply in the event of substantial or material changes. These comply with best international practices and the regulations in effect in the countries where we operate.

The Infrastructure Division maintains ongoing dialogue with all employees and union representatives. Any changes that have an impact on operations are announced at work meetings with the necessary forewarning, pursuant to the labor laws in force. In the case of our Construction and Engineering subsidiaries, because their business model is based on temporary projects, workers are informed of the duration of the project and its end date at the time of hiring so they can make the best professional decisions and when possible, are transferred to other areas of the same company to keep them in work and ensure they can continue to provide for their families.



Dialogue between employees and union representatives.



# Diversity, Inclusion and Non-discrimination

## Employee diversity per labor category GRI 405-1

The gender makeup of our workforce reflects the physical nature of the type of work performed in the industries where we operate. Notwithstanding, we strive to increase the participation of women (see information on [progress on diversity and inclusion issues](#)). Of the women employed by Grupo México, 57.2% hold administrative and operating positions, while 53.9% are aged between 26 and 40. In the case of our male workforce, 75.5% are unionized and 45.8% are aged between 26 and 40. It should be noted that in the Mining Division, the number of female employees increased 6% compared to 2020, with the company as a whole reporting a 3% increase in female workers.



- **57.2%** of female employees hold administrative and operating positions.
- **53.9%** of female employees are aged between 26 and 40.



- **75.5%** of male employees are union members.
- **45.8%** of male employees are aged between 26 and 40.

For further information, see the data charts in the “Our People” appendix.



Workers at the Infrastructure Division.



### SUCCESS STORY: STEM WOMEN AT GMSI, INFRASTRUCTURE DIVISION

The Infrastructure Division has six lines of business, one of which is Grupo México Engineering Services (GMSI). This company is engaged primarily in engineering projects tailored to meet the needs of its clients and the global environment in the energy, construction, and mining sectors, among others.

Grupo México is committed to the professional development of its employees, including STEM women, a group of female employees with qualifications related to or specialized in science, technology, engineering and mathematics (STEM). Historically, the number of women in careers related to science and engineering has been limited compared to men, but GMSI is breaking with these outdated stereotypes.

At GMSI, 87% of our female employees hold Bachelor's degrees, 67% of which are in STEM-related areas, and 12% have a STEM-related Master's degree or higher qualifications (compared to 8% in the case of men at GMSI with similar qualifications). We boast female experts in biology, architecture, environment and different fields of engineering, from chemistry, metalworking and mining to mechanical and civil engineering and geology. These women have contributed to engineering and process design aspects of large-scale projects like fuel terminals and hydraulic and tailings dams in the mining sector.

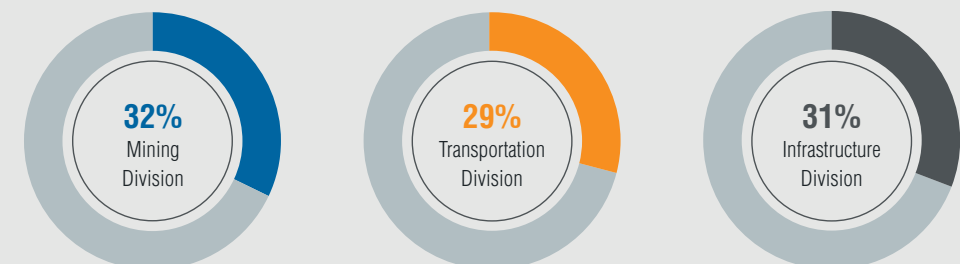
Our female STEM employees contribute to the development of the country and some are also university professors who play an active role in society and the lives of their families. Support for STEM women was one of the factors that earned GMSI "Great Place to Work" certification in 2021, positioning it in the ranking's top five.



Grupo México Engineering Services workers, Infrastructure Division.

The Mining Division has 1,075 female employees, 32% of whom hold STEM positions, while 29% of the Transportation Division's 507 female employees hold similar positions. This percentage stands at 31% in the case of the Infrastructure Division, which has 412 female employees.

### STEM WOMEN AT GRUPO MÉXICO

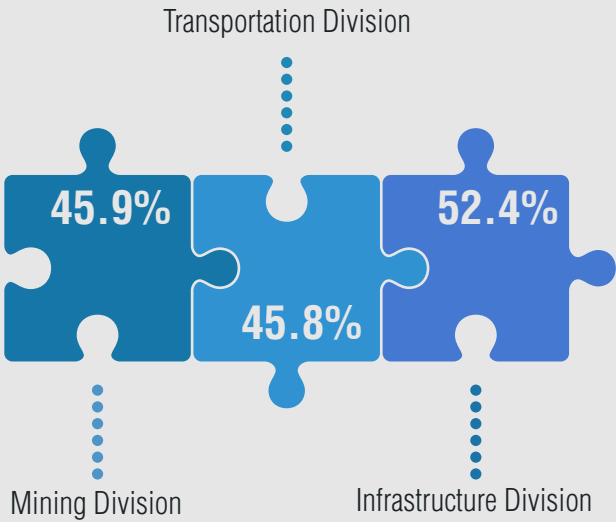


Employee diversity by age

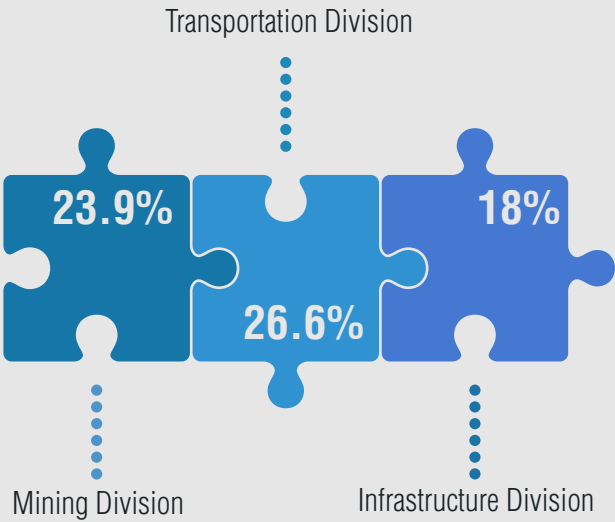
405-1

In terms of age, Grupo México has a very diverse workforce, with most employees falling into the 26-40 age bracket: 45.9% in the Mining Division, 45.8% in the Transportation Division and 52.4% in the Infrastructure Division. We also have many employees over 51, who bring knowledge and experience to decision-making processes in the Mining (23.9%), Transportation (26.6%) and Infrastructure (18%) divisions.

AGE BRACKET: 26-40



AGE BRACKET: OVER 51



For further information, see the data charts in the “Our People” appendix.

Diversity of governing bodies and employees

405-1

The group’s different governing bodies, committees and work groups currently have 12 female members.

In the Mining Division, seven women -15% of the total workforce in this division- sit on governing bodies, committees and work groups, four of whom are over 50, while the other three are aged between 30 and 50.

In the Transportation Division, the board of directors is comprised of eight members, two of whom are women and who represent 25% of the division’s workforce. One of them is in the 40-50 age bracket and the other in the over-60 bracket.

In the Infrastructure Division, the board of directors (which serves as the highest governing body) has 23 members, 13% of whom are women. Of this figure, 33% are aged between 30 and 40; 33% between 40 and 50; and 33% are over 60. All these women are constantly promoting measures to ensure employees like them are able to maintain a healthy balance between their work and home lives.

Women-to-men’s base salary and compensation ratio

405-2

Grupo México **promotes equal opportunities for men and women in terms of both salaries and professional opportunities.** Our pay grades make no gender distinction, but compensate men and women equally based on their talent.

The table below shows a comparison of the salaries of male and female employees:

WOMEN-TO-MEN’S BASE SALARY RATIO	DMIN	DTRA	DINFRA	GRUPO MÉXICO
Labor Category				
CEO	1.38	1.16	N/A	1.26
Upper Management	1.05	1.03	0.82	1.03
Middle management	1.09	0.95	0.79	1.03
Administrative staff / operators	0.96	0.89	0.82	0.93
Unionized employees	1.00	0.96	0.98	0.99
Total	1.06	1.00	0.82	1.03

This table is based on salary data for men and women in the same labor category across the business units of all three of our divisions. For comparative purposes, only information from business units that employ women was included in calculating these averages for each category.



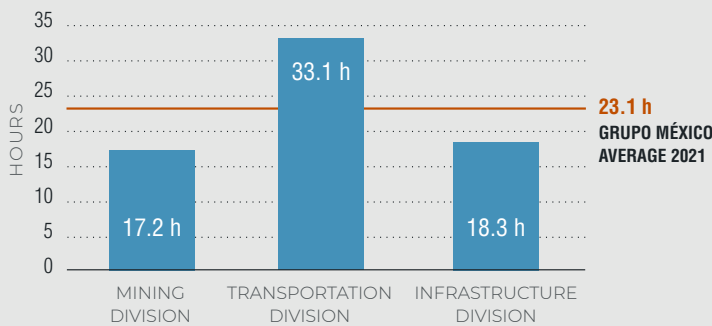
Workers at the San Martín Unit, Sombrerete, Zacatecas, Mexico.

## Development of Human Capital

### Average hours of training received by employees 404-1

In the Mining Division, the total number of hours of training employees received increased 40.7% compared to 2020, while growth of 40.1% was reported in the Infrastructure Division and 70.9% in the Transportation Division.

In 2021, Grupo México employees received 23.1 hours of training on average (17.2 hours per employee in the Mining Division; 33.1 hours in the Transportation Division; and 18.3 hours in the Infrastructure Division).



5. ASARCO is not included in the total cost of training or the average cost of training per employee because although courses are given regularly, these do not always have a cost.

6. In the Mining Division, skill and competency management programs are part of internal training courses or funded external training and/or education programs. Some employees completed more than one program.

Group-wide, the total cost of training was USD\$ 2.5 million, which translates into an average of USD\$ 91.44 per employee. For the Mining Division<sup>5</sup> and SCC subsidiary, the cost of training per employee stood at USD\$ 116.2, while for the Transport and Infrastructure Divisions, the cost of training per employee stood at USD\$ 38.11 and USD\$ 171.84 respectively.

### Percentage of employees to undergo performance evaluations 404-3

Grupo México evaluates its employees based on individual performance goals and capacities aligned with the company’s strategic objectives, so during 2021, 93.5% of employees obtained a performance evaluation. In the Mining Division, 100% of non-unionized employees received an annual evaluation based on goals defined at the beginning of the year, in keeping with Performance Improvement process.

In the Transportation Division, 2,487 non-unionized employees (94.4% of this group) were evaluated, and in the Infrastructure Division, 1,210 non-unionized employees (78.1% of this group) were evaluated using metrics and indicators designed to identify the potential of each individual employee.

In the case of our unionized employees, we conduct a different kind of monthly evaluation, based on which monthly performance bonuses are determined.

### Programs to improve employee aptitudes and assist with career transitions 404-2

The table below shows a summary of the training programs offered by our three divisions:

MAIN TRAINING PROGRAMS	Total DMIN <sup>6</sup>	Total DTRA	Total DINFRA	GRUPO MÉXICO
To improve employee aptitudes	9	32	4	21
Beneficiaries	2,521	1,453	146	4,120
To improve employee skills	14	6	5	25
Beneficiaries	7,759	819	2,767	11,345
Total number of programs	23	38	9	46
Total no. of Beneficiaries	10,280	2,272	2,913	15,465

For further information, see the data charts in the “Our People” appendix.

## Retired worker and career transition programs

### Retired worker assistance programs

In addition to the government pension, the Mining Division has a pension plan that allows its workers to enjoy a decent retirement. For example, ASARCO offers its workers 401k plans.<sup>7</sup>

### Career transitions

The Mining Division in Mexico has two programs for employees leaving the company. One of these is Outplacement, whereby expert career transition consultants evaluate the strengths, skills and interests of employees wishing to continue their careers. In 2021, one worker benefited from this program. The other program is **External Contracting, under which retired employees are offered jobs as consultants for a given period of time.** In 2021, two former employees were hired under this program. In Mexico, the career transition program covers retraining for those wishing to carry on working, placement services and severance pay that takes into account the employee's age and seniority.

The Infrastructure Division's "Plan your Retirement" program raises awareness among workers as to the importance of planning for the future. In 2021, a total of 168 joined this program.

7. 401k is an employer-sponsored pension plan that allows workers to save a percentage of their pre-tax salaries for retirement purposes.



Employee at the zinc electrolytic refinery in San Luis Potosí, San Luis Potosi, Mexico.



## Attraction and Retention of Talent

### New hires and employee turnover 401-1



The **Mining Division** reported an increase of **130.8%** in hires compared to 2020.



While **Transportation** and **Infrastructure** registered growth of **47.7%** and **22%**, respectively, in the same period.



**Grupo México** took on 4,358 new employees, which translates into **growth of 64.5%** compared to 2020.

At Southern Copper Corporation (SCC), 69.8% of job vacancies were filled by internal candidates, while these figures stood at 63% and 1.4%, respectively, in the Mining and Infrastructure divisions<sup>8</sup>. In the Transportation Division, 1,115 employees were promoted internally.

Average recruitment costs in Mexico were USD\$ 1,609, compared to USD\$ 950 in Peru and USD\$ 7,500 in the United States, which translates into an average hiring cost of de USD\$ 5,030 in the Mining Division.

In the Infrastructure Division, the average recruitment cost was USD\$ 6,044.

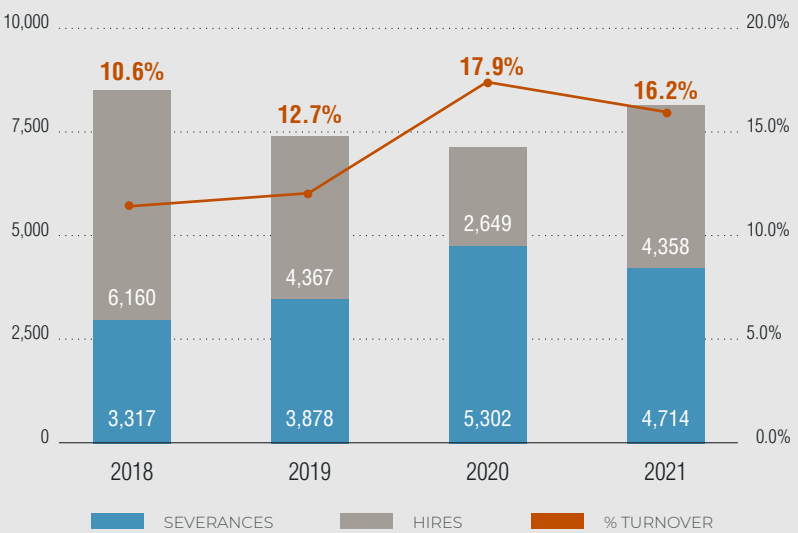
In 2021, Mining and Transportation reported turnover rates of 11.9% and 10.8%, respectively, while Infrastructure registered 67.3%, due primarily to the completion of five projects in the Construction subsidiary.

Group-wide, the turnover rate fell 11.1% compared to 2020. In 2021, a total of 4,714 employees were severed, which translated into a turnover rate of 16.2%

For further information, see the data charts in the “Our People” appendix.

1. Recruitment of employees by age and gender 401-1.
2. Recruitment of employees by labor category.
3. Employee turnover by age and gender 401-1.
4. Employee turnover by labor category.
5. Employee turnover due to voluntary and involuntary causes.

### NEW HIRES AND TURNOVER



The table below shows a breakdown of turnover by gender:

TOTAL TURNOVER RATE	DMIN	DTRA	DINFRA	GRUPO MÉXICO
Men	11.7%	10.6%	66.8%	15.9%
Women	15%	15.2%	37.4%	19.8%

8. Table 401-1 GR, New Hires includes new hires and internal promotions in the case of the Mining and Infrastructure divisions. In the case of the Transportation Division, only new hires were reported.

Employee benefits

401-2

Our employees are our most valuable asset, reason why we offer a benefits package that exceeds the minimum legal requirements. These are summarized below:

EMPLOYEE BENEFITS	Total DMIN	Total DTRA	Total DINFRA
Salary-related	Full-time		
Life insurance	✓	✓	✓
Medical insurance	✓	✓	✓
Family protection insurance	✓	✓	
Disability coverage	✓	✓	✓
Parental leave	✓	✓	✓
Pension plan	✓	✓	✓
Savings fund	✓	✓	
Productivity bonus	✓	✓	
Personal loans of up to one month's salary (interest-free)	✓		
Stock options	✓		✓
Employee cafeteria	✓	✓	
Food vouchers	✓	✓	✓

Our business lines operate 24/7, which means employees work different schedules and shifts, in compliance with legislation in the country in question.

During the pandemic, we complied to the letter with the regulations of each country regarding the classification of certain employees as vulnerable, restrictions in the number of employees allowed to work at any one time and remote working.

Parental leave

401-3

Grupo México supports family life and we comply with government guidelines that make it easier for parents to balance their work and family responsibilities.

In the Mining Division, 28 women (2.6% of the division's 1,075 female employees) and 499 men (3.3% of its 14,980 male employees) took parental leave in 2021, and the return-to-work rate was 100% for both men and women. In the Infrastructure Division, ten women (2.6% of its 387 female employees) took parental leave, and all of them returned to work.

In the Mining Division, we protect and support breastfeeding through decent, private, hygienic and accessible spaces for collaborators to extract and properly preserve their milk during working hours. Breastfeeding rooms are located in some offices and operational units. Our long-term goal is to generalize these spaces in all of the company's workplaces.

Work climate

Mining Division

In the Mining Division of Grupo México, the **Employee Survey (ECO)** is carried out biannually to evaluate the perceptions that employees have about the company. The measuring model includes two macro factors, the first of which is **Loyalty**, defined as the extent to which employees identify with the company and its business objectives. This factor reflects a sense of belonging and the employee's relationship with the company. The second is **satisfaction**, defined as the level of contentment of employees with their working conditions. This factor reflects whether or not working conditions are optimal.

The methodology and application of the survey are standardized across all countries (Mexico, Peru, Spain and the USA) so as to obtain a valid comparison, which is reviewed in conjunction with our HR areas. The survey measures employee perceptions with a view to designing measures to strengthen their commitment. A total of 18 factors that comprise Loyalty and Satisfaction are measured. In 2021, an additional factor -COVID- was included to give a total of 87 questions, each of which is rated on a "Likert"-like scale of 1 to 5. The survey is applied online to all employees with the assistance of a third party with wide experience in social and statistical measuring, which also serves to guarantee the impartiality and confidentiality of responses.

For further information, see the data charts in the "Our People" appendix.

Each factor is analyzed in depth and the results delivered to each property, which then proceeds to draw up a Response Plan to address any unmet employee needs identified.

As of 2021, ECO measures diversity factors like gender and age, among other components of identity, so as to gain a greater understanding of the makeup of the different groups within our company and their level of satisfaction.

In 2021, the survey was taken by 783 women (80.6%) and 10,653 men (76.3%), which represents 78% participation by the initial sample group established. This reflects a high level of voluntary participation by our employees, given that the goal for 2021 was 60%, a percentage that was surpassed by the Mining Division.

Mexico reported that 88% of employees are actively committed or satisfied with the company, compared to 61% in Peru and 70% in the United States. Women gave higher scores than men in each of the factors evaluated; their commitment level was 78%.

On a scale of 1 to 5, employee commitment averaged 4.09, which was an improvement over the 3.75 reported in 2019.

## MAIN 2021 ECO RESULTS

The results of the 2021 survey reveal a change in perception on issues central to the sustainability of our operations, such as environmental impact and safety and hygiene in the workplace. These are areas in which the company has taken steps in recent years to strengthen its management systems.

### 1. ENVIRONMENTAL IMPACT

This factor measures employee perception of the environmental protection actions taken by the company and its handling of waste in communities where AMC operates. In 2021, the company was rated 4.2 on a scale of 1 to 5, which was an improvement of 9.8% compared to 2020, demonstrating that our employees now have greater confidence in the company's environmental strategy and actions.

### 2. SAFETY AND HYGIENE:

This refers to employee perception of working conditions at AMC and the extent to which the company promotes safety, health and a harmonious work environment. It is one of the three most important factors for our employees, where we received one of the best global scores of 4.3 out of 5.

### 3. EQUALITY:

In terms of equality, we were rated 4.0 out of 5. This factor, which measures employee perception of equal treatment by superiors, was the one that showed the most improvement compared to 2019—an increase of 29.8%, illustrating that our employees feel they are treated much more fairly and equally by company leaders today than in the past.

### 4. GENERAL SENSE OF BELONGING:

This is a general question on the extent to which employees feel they fit in at the company. “My company is a great place to work” got a score of 4.37 out of 5, reflecting the level of commitment people feel to the Mining Division of Grupo México.

### 5. PRIDE:

This factor measures the level of satisfaction of our Mining Division employees. The 4.3/5 general score we obtained in this area reveals that working here is more than just a job to our employees; that they would rather work here than anywhere else; that working here is special and something they are proud to share with their family and social circles.

## MAIN ECO 2021 RESULTS

ECO also serves to identify areas of opportunity. The factors with the lowest scores were:

**1. PERSONAL LIFE-WORK BALANCE:**

An indicator of how well the company promotes a balance between the personal and working lives of its employees. The Mining Division scored 3.95, making this the factor to show the least improvement compared to 2020. It was also rated the most important factor by all those surveyed. To address this shortcoming, the company is focusing its efforts on programs like Bienestar, which puts an online platform at the disposal of employees with information on how to improve physical, emotional, nutritional and financial health, while the Community Development area has implemented a series of activities that extend these efforts to employees' families.

**2. SOCIAL IMPACT:**

A measurement of employee perception of actions taken by the company to improve the communities where we operate in terms of infrastructure, education and community activities. We obtained a score of 3.88, the third-lowest of all 19 factors evaluated by the survey. Our employees feel the company has a positive impact on their communities, but participation in the activities we organize is low. To revert this situation, we are extending open invitations to encourage greater participation by employees and their families.

In Mexico, the NOM-035 “Psychosocial risk factors in the workplace” survey was applied. Participation exceeded the minimum established by this standard, with 87% of employees taking the survey (7,950 questionnaires completed).

Infrastructure Division

In 2021, the survey was taken by 1,539 employees representing 62% of the Infrastructure Division's total workforce. The results revealed that 82% of female employees and 87% of male employees are actively committed or satisfied with the company, meaning this division surpassed our 2021 goal of an employee satisfaction level of over 80%.

Base salary per gender to local minimum wage ratio  
202-1

We are committed to paying salaries higher than the minimum wage in the countries where we operate, so as to guarantee our employees and their families a decent standard of living. The total annual compensation of employees at all three of our divisions is comprised of a starting base salary, productivity bonuses, cash loans and profit sharing, where applicable.

<sup>9</sup> Grupo México pays attractive salaries that range from twice the minimum wage in the United States (Mining and Infrastructure divisions) to 17 times the minimum wage in Peru.

BASE SALARY PER GENEDE TO LOCAL MINIMUM WAGERATIO	MINING DIVISION					TRANSPORTATION DIVISION				
	Total	SCC	Minera Mexico (Mexico)	SPCC (Peru)	ASARCO (USA)	Total	Mexico	USA	Total DINFRA	Total Grupo México
Women	4 : 1	7 : 1	5 : 1	13 : 1	2 : 1	2 : 1	4 : 1	2 : 1	3 : 1	3 : 1
Men	4 : 1	7 : 1	5 : 1	17 : 1	2 : 1	2 : 1	3 : 1	2 : 1	4 : 1	3 : 1

9. The base salary/minimum wage average is a weighted average of the base salary and minimum wage in each country where we operate.



SUCCESS STORY:  
GREAT PLACE TO WORK

In 2021, the Mining Division's Complejo Metalúrgico was named a Great Place to Work (GPTW). This international certification is awarded to companies that consistently meet criteria related to credibility, respect, impartiality, pride and comradeship in the workplace.

Our corporate culture based on safety, trust and certainty was instrumental in earning us this certification, which required rigorous verification of our policies, procedures and best practices in areas like communications, equality, training, team integration and ethical behavior, among other indicators. Our employees were also surveyed to confirm their level of satisfaction with the company's practices.

Complejo Metalúrgico has now joined the ranks of the Engineering Services Group and the Infrastructure Division's Planta Generadora as a Great Place to Work.



# HUMAN RIGHTS



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## HUMAN RIGHTS

### Management Approach

#### GRI 103-1, 103-2 y 103-3

At Grupo México, **we respect and promote the human rights** of all our employees, the communities neighboring our operations and our suppliers and contractors, in compliance with the legal framework of the countries where we operate.

Our human rights management seeks to prevent, mitigate and, if necessary, remediate possible impacts of our activities on human rights. We have a [General Human Rights Policy](#) as the core of our corporate strategy in this area, which articulates the commitments included in the Code of Ethics. Both documents apply to all employees of the three divisions and their subsidiaries, and are also applicable to suppliers of goods and/or services.

As part of the work to strengthen internal processes to ensure compliance with these commitments, in 2021 we published the policies of [Respect for the Rights of Indigenous Peoples](#) and [Communities and Diversity, Inclusion and Non-Discrimination, No Harassment or Workplace or Sexual Harassment](#).

During this same period, in order to address these issues more specifically and efficiently, the Mining Division published the Diversity Policy for Americas Mining Corporation (AMC), in addition to the Code of Conduct for Suppliers, Contractors and Relevant Business Partners.

The promotion of respect for human rights is a cross-cutting issue, so all our employees, including suppliers, are responsible for their compliance.

These internal policies and processes are aimed at meeting three objectives:

- To guarantee respect for the human rights of our collaborators.
- To guarantee respect for human rights in the communities surrounding our business units.
- Promote respect for human rights throughout our value chain.

The main groups responsible for the implementation of these policies and procedures are the Human Resources and Occupational Health and Safety departments, as well as the Ethics and Discipline Committee (see more information on the [responsibilities of this Committee](#)). The following departments: Community Development (in the Mining and Infrastructure Division), Railway Protection and Communication (in the Transportation Division and Planning and Government Relations), join the group.

## Process of due Diligence (Mining and Infrastructure)

We are committed to the enforcement of the United Nations Guiding Principles on Business and Human Rights. We have implemented assessment processes to identify, prevent, mitigate or remediate adverse impacts on the human rights of employees and communities. We have established the basis for the timely identification of risks of breaching these rights, under a preventive approach that considers five risk or occurrence levels.

### Process of due diligence with the communities

#### SASB EM-MM-210b.1.

In the Mining and Infrastructure divisions, the company applies **the human rights due diligence process for communities throughout the life of a project (exploration, construction, operation and closure)**. Its implementation, has three components<sup>1</sup>: participatory social diagnosis and management plans, and the Community Care Service (SAC).

### Participative social diagnostic process and management plans

The **participative social diagnostics** help the company to identify the risks present at each business unit, to then design actions **to mitigate potential negative impacts and optimize the positives**. These diagnostics are prepared at the start of each project and are then updated every two years at all our business units in Mexico and Peru.

We understand that while we transform mineral resources, generate energy and develop communication routes, we produce effects on the natural capital of the communities, so we are committed to establishing a due diligence process to identify, prevent, mitigate and, if necessary, remediate potential adverse impacts in all our business units. To achieve this, we conduct participatory social assessments, which are based on Social Impact Assessments (EVIS) methodology promoted by the Ministry of Energy (SENER) for energy sector projects, which include Social

Management Plans with measures to prevent, mitigate and remediate any negative effects, as well as to enhance positive impacts..

In the Mexico and Peru operations of the Mining Division (SCC) and in the Infrastructure Division, we have participatory social assessments that are updated every two years according to policies and procedures. Until 2021, 86% of the diagnoses corresponding to the Peru operations in the Mining Division are in force and the remaining 14% are in the process of being updated during 2022. In the case of Mexico, 85% of the mining operating units have their diagnostics in force, while the remaining 15% are in the process of being updated during 2022; likewise, the 4 operations of the Infrastructure Division are scheduled to be updated in 2022.

1. For more information, see the [Human Rights chapter of the Sustainable Development Report 2019](#), which includes a more detailed description of these two components, especially the process of dealing with incidents through the Community Care Service (SAC).

a.1. Community Care Service (SAC)

GRI 102-17

The Community Care Service (SAC) is a key element in the due diligence process, as it is an open and permanent communication mechanism between the community and the company. We designed this service tool with the advice of the **Office in Mexico of the United Nations High Commissioner for Human Rights**. It allows us to know immediately the complaints or concerns of the community in relation to their human rights.

When a negative impact is identified, we process such complaints to define, implement, monitor and evaluate appropriate mitigation or remediation measures.

The SAC is available to members of the community and also to our collaborators, suppliers or contractors who wish to use it.

The SAC process for handling registered incidents consists of five stages:

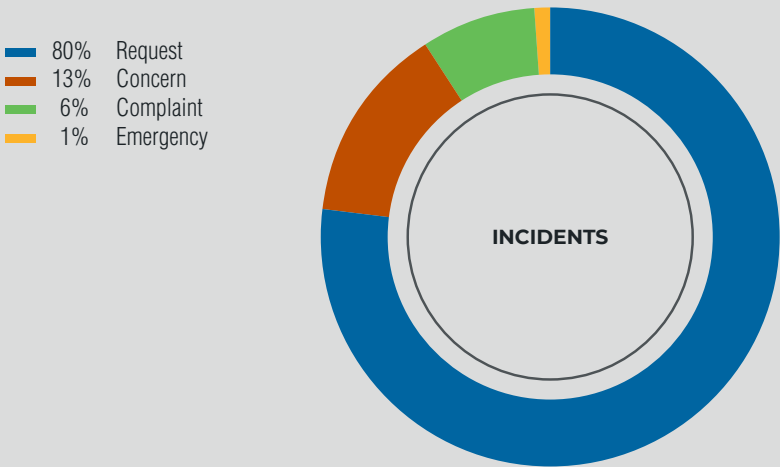
1. Dissemination	2. Receiving reports	3. Logging and notification	4. Management and resolution	5. Periodical reporting
In the local language via different media (print, digital, megaphones and company activities).	Via five channels for receiving information: 800, line, WhatsApp, e mail, team on sites and media monitoring.	<p>According to the nature and seriousness of the case. Incidents are classified according to the topics in Grupo México's Materiality Matrix, which in turn are related to human rights, and according to five types:</p> <p><b>Level 1. Request</b> regarding products or for support.</p> <p><b>Level 2. Concern</b> regarding issues related to the company.</p> <p><b>Level 3. Complaint</b> or grievance resulting from a disagreement or nonconformity related to the company.</p> <p><b>Level 4. Emergency</b> regarding any situation that could potentially have an immediate impact on health or the environment.</p> <p><b>Level 5. Dispute</b> involving the use of land or customary rights of the community or indigenous peoples.</p>	By the company department assigned to the case, who will define, carry out and follow up on an action plan. When the report has not been made anonymously, the company will contact the person within 48 hours and provide regular updates on their case. When a case has an impact that would go beyond the individual report or complaint, the company involves key local players, like the Community Committee.	Includes statistics on cases by type, priority, status, details of open cases, successful cases with evidence of the response and testimonials.

SAC currently operates in 25 sites in the Mining and Infrastructure divisions in Mexico, Peru and the United States.

During 2021, **933 business-related incidents** were received, all of which were resolved before the end of the year in an average time of four days. This represents an improvement of two days, compared to the six days averaged in 2020. There were also incidents related to administrative processes, which were channeled to other service areas of the company, such as the Whistleblower Hotline (which deals with issues related to the company’s Code of Ethics).

Of the total number of incidents received, 862 were requests and concerns and 71 were complaints and/or contingencies. No disputes were recorded.

Incidents Reports



\* No disputes were registered.

Origin	Level 1 Request	Level 2 Concern	Level 3 Complaint	Level 4 Emergency	Level 5 Dispute	Total
Mexico	69	101	41	4	0	215
Peru	44	552	24	2	0	622
United States	0	96	0	0	0	96
Total	113	749	65	6	0	933

Category	Requests & concerns, by category	Complaints & contingencies, by category	Total by category	%
Recruitment and offers of services	199	1	200	21.4%
Community supports	147	5	152	16.3%
Access to information	467	5	472	50.6%
Incidents involving third parties (suppliers and contractors)	10	20	30	3.2%
Operational processes, maintenance, damage, risk to property	14	14	28	3.0%
Other	20	1	21	2.3%
Environment	0	5	5	0.5%
Code of Ethics	0	1	1	0.1%
Labor affairs	5	4	9	1.0%
Waste and effluents	0	5	5	0.5%
Emissions	0	7	7	0.8%
Accounts payable	0	3	3	0.3%
Total	862	71	933	100%

## Attention to concerns and complaints<sup>2</sup>

In 2021 we received 749 inquiries, 23% of which were related to job opportunities and service offerings. This allowed us to identify the opportunity to offer a specialized service for the value chain and people interested in becoming part of it, with a special focus on micro, small and medium-sized companies. This system is being designed to start its implementation in 2022 as a measure to address these concerns in order to boost the local economic spillover of the communities where we operate.


Of the 65 complaints received, 78% are distributed in 3 categories: supplier and contractor issues, operating processes, maintenance and property damage, and environmental issues (environment, waste and effluents, and emissions). We received 15 complaints about supplier and contractor issues, regarding delays in payments to subcontractors hired by the company's suppliers. To address this problem, mitigation actions were taken by making the management of the corresponding contracts transparent and providing timely information to support the user.

Fourteen complaints were registered regarding operating processes, maintenance and property damage. In all these cases, the situation was verified and 10 remediation actions were applied through cleaning and maintenance, and for the remaining 4 that did not require remediation, the population received information on operating processes. We received 17 complaints related to environmental issues, of which 11 required mitigation measures to counteract the identified effects. These measures included: reconfiguration of slopes, increased irrigation and gravel covering to eliminate dust, placement of containment dikes, and improvement of filtration systems.

100% of the 65 complaints were analyzed by the community development team. During 2021, no significant negative impacts on the human rights of local communities related to our operations were identified. In those cases where an impact on the local population was identified, the company took the necessary measures to remedy them.

2. The 4 emergencies recorded, which were classified as labor issues, correspond to occupational accidents managed by the Health and Safety area in collaboration with the Human Resources and Community Development areas. In addition, the SAC psychologist provided psychological support to employees and their families. For more information, see the [Occupational Health and Safety](#) chapter.



The Community Care Service (SAC) operates in the units of the Infrastructure and Mining divisions in Mexico and Peru. 

**Complaint - Disagreement due to unfinished construction work Ilo, Peru.**

In September 2021, a neighbor of the Pacocha district contacted the SAC, expressing her concern about the safety risk and the delay in the execution of a work, in the urban area of the access roads to the Ilo Refinery Plant, in charge of a contractor company of the company. The multidisciplinary team of the Projects area made a field visit to the site, and verified that there was a delay in covering the sector where pipes were installed. Our company contacted the contractor, the work was concluded in four days, ending the discomfort and feeling of insecurity of the complainant and the neighbors, who were informed about the actions executed during the whole process.

*"Thank you very much! We had been waiting for the conclusion of the work for some time, I didn't know that by calling (the SAC) they would attend to me so quickly."*

Neighbor of Ilo (Peru)



Photographic evidence of delay in fence placement. 📷



Photographic evidence of work finished. 📷

**Complaint - Cleaning and maintenance of land San Luis Potosi, Mexico.**

In July 2021, a resident of the state of San Luis Potosí reported through the 800 line the poor condition of a piece of company-owned land, which had been part of the former Santiago Station. The development of tracks around this property caused a small part of the original land to be isolated from the rest of the surface. The lack of maintenance of this space led to the deterioration and subsequent collapse of the fences, generating the invasion of the land by people outside the company, to use it as a garbage dump. Attention to the case began with the initial report and the request to the Engineering and Construction area to prepare a maintenance proposal and the respective costs, for consideration with the Operation and Maintenance areas, respectively. Improvement actions were initiated very quickly until the cleaning of the space was completed, to the satisfaction of the person who reported the case.

*"Thank you very much to Minera Mexico for carrying out the cleaning actions. This contributes to the safety of my family and the neighbors in the neighborhood".*

Neighbor of San Luis Potosí (Mexico)



Photographic evidence prior to maintenance actions. 📷



Photographic evidence of the maintenance work performed in Tercera Chica, S. L. P. 📷

The due diligence process involves the implementation of inter-property audits, carried out by the Impact Measurement area of the Community Development Department, which allows us to review and validate the necessary elements for full compliance with the social management plans in the communities.

In addition, internal and external auditors, such as PwC, Deloitte and SRK, among others, evaluate the performance of the Community Development model. Some mechanisms receive specialized advice, such as the Community Care Service (SAC), which receives attention from the Office of the United Nations High Commissioner for Human Rights in Mexico, mentioned above. Also, certain distinctions stand out as those from municipal councils and, especially, from the Inter-American Development Bank (IDB), which recognized Grupo México's Community Development Model as "a good corporate practice in the extractive sector in Latin America"<sup>3</sup>.



Coworkers addressing community concerns in Esqueda, Sonora, Mexico.



3. Interamerican Development Bank, "Extractive Sector and Civil Society: When the work of communities, governments and industries is synonymous with development," CANEF, 2018, pp.109-112.

## Due diligence processes with collaborators

In Grupo México, the human rights **due diligence process** for **our employees** has two components: labor climate surveys and the whistleblower procedure.

### b.1. Work Climate Surveys

The company uses these surveys in its three divisions to determine **the degree of satisfaction and to know the opinion of its employees on various aspects**, several of them directly related to human rights. The surveys are applied periodically in business units and offices. For example, the survey applied by the Mining Division is conducted every two years, is anonymous and covers 18 topics, among which are several linked to these rights, such as fair treatment, equity, work-life balance, working conditions and tools, safety and hygiene.

**In 2021, we updated the content of the Opinion Survey (ECO)** in the Mining Division, to integrate the **perspectives of diversity, as well as equity and inclusion**. This has allowed us to measure the commitment and satisfaction of each of the groups that make up our diversity, with the objective of generating efforts aimed at inclusion. A record participation of 78% of staff at the AMC level was obtained,

compared to 66% in 2019, with a total of 11,505 surveys responded (8,090 surveys in Mexico, 3,123 in Peru, 254 in the United States and 38 in Spain).

With the aim of identifying, analyzing and preventing psychosocial risks and also promoting a favorable organizational environment in the workplace, we applied the NOM-035-STPS-2019 survey "Psychosocial risk factors at work - Identification, analysis and prevention" in Minera Mexico, with 87% participation of employees (7,950 surveys answered). This participation is considerably higher than what is required by the standard.

In cases where we found areas of opportunity, we offered immediate attention plans. Many interventions that seek to address the concerns expressed in the surveys are directly related to the human rights of employees. For example, we hold training workshops for supervisors on collective bargaining agreements and internal work regulations, so that they are aware of and respect the rights granted by law to unionized workers. In addition, the company identifies patterns in the responses at the national level, for the design of interventions that are conducted in all business units. These include a mentoring plan, sessions on the Code of Ethics, appropriate use of the Whistleblower Hotline, agreements with gyms and also with educational institutions.<sup>4</sup>

The Metallurgical Plant Unit, Metalúrgica de Cobre, S.A. de C.V. (METCO) obtained the "Great Place to Work 2022" certification for its good performance in aspects such as respect and fairness, linked to human rights. It was also positioned in the ranking of the 15 companies recognized as "Best Workplaces for Women Mexico 2022\*".

The Great Place to Work certification is recognized in more than 60 countries and is awarded to companies that demonstrate high-trust and high-performance environments through research methodologies, employee surveys and organizational climate audits.

4. The Mining Division, for example, has various programs to support education, such as 100% of the cost of basic education, 60% scholarships for professional and postgraduate studies, in addition to offering educational support for employees' children.

\* Based on 2021 data.

## b.2 Integrated Whistleblower System

**The Whistleblower Hotline is an essential component** of the human rights due diligence process in our three divisions. It allows Grupo México's employees and suppliers to immediately communicate to the company any violation of their human rights and receive a report on how their complaint was handled. Click here for more information on the [Integral Whistleblower System](#).

The Occupational Health and Safety area has played a key role in protecting the human rights of our employees, such as the right to life, health, and a safe and healthy work environment. In 2021, the area invested US\$ 85 million in our three divisions to ensure that conditions of respect and protection exist. See a detailed description of [Grupo México's internal processes and programs to ensure the health and physical integrity of its employees](#).



Code of Ethics Training for Senior Executive Management, Mexico City, Mexico. 

## Due diligence process in the Transportation Division

In the Transportation Division, the human rights due diligence process includes the migratory phenomenon and its interaction with the railroad. Likewise, due to its business model, the railroad crosses or is close to many different communities.

This process seeks to protect the human rights of four groups:

### 1. Our employees

The same tools are used as those applied by the other divisions, which have been described above.

### 2. Indigenous populations and communities

The due diligence process where the train route has contact with the communities of the Sierra Tarahumara is composed of direct communication channels to listen to the populations and are available at the stations and regional offices of the General Subdirectorato of Tourism, through collaboration mechanisms established with the State Commission for Indigenous Peoples of Chihuahua (COEPI). An example of the approach to the communities is the credentialing program for the regional train's social fare on the Chihuahua, Chihuahua to Los Mochis, Sinaloa route, where credential holders pay only 20% of the value of the economy class train ticket when traveling on the Chepe-Regional passenger service.

### 3. Communities

In the communities that interact with our operations, we carry out a **communication process through social networks**, in addition to direct **interaction and constant approaches with social actors and local authorities**, through interpersonal communication tools. In this way, our company is informed about any possible impact of its operations on the communities.

When an infrastructure project is required, we establish a dialogue process with nearby communities and conduct an impact assessment prior to the start of work. In addition, with our **Dr. Vagón Tren de la Salud and Mexicanos Sembrando initiatives, we establish bridges of communication that define strategic lines of action and priorities** necessary for the development of community actions.

By determining the social impact of the railroad in the communities where we have a presence, we confirm that safety at grade crossings is a priority, and that it is directly related to the human rights of the inhabitants in communities near our operations.

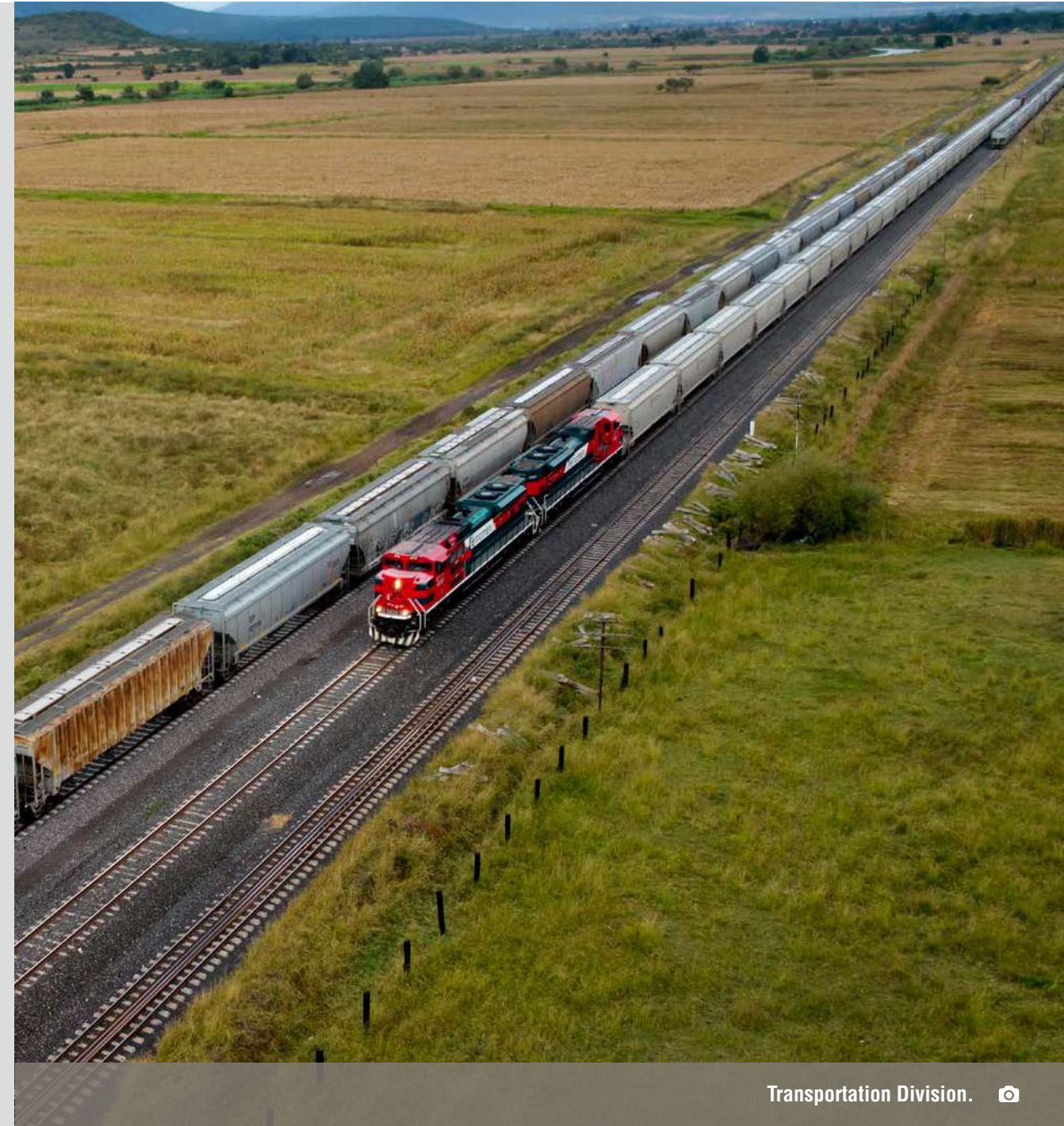
During 2021, we completed the third phase for the signaling of 14 grade crossings, with an investment of US\$2.5 million. In the Transportation Division, we joined forces with the Mexican Association of Railroads, which for the first time participated in Rail Safety Week, organized by Operation Lifesaver, a non-profit civil society organization with a presence in the United States and Canada. Its objective is to put the importance of safety on and around railroad tracks on the public agenda.

The messages conveyed during this safety campaign responded to the principle of co-responsibility between rail operators, drivers, cyclists and pedestrians, in order to achieve the formation or strengthening of a respectful and safe road culture.

#### 4. Migrant populations

Mexico is a natural route for migratory flows to the United States. Migrants who board freight railroads as a means of transportation put their safety at risk, since the physical and operating conditions of freight railroad equipment are not designed for passenger transportation. This is particularly relevant to our operations in central and southern Mexico, as well as near interchange points on the U.S.-Mexico border.

The Transportation Division works in coordination with Mexican authorities, such as the Ministry of the Interior, the National Migration Institute and the Railroad Transportation Regulatory Agency, to prevent migrants from suffering accidents and to ensure that the Institute interacts directly with migrants.



## Process of due diligence suppliers

### Suppliers GRI 102-17

Grupo México's General Human Rights Policy specifies that we promote respect for human rights among those who make up our value chain, including suppliers and contractors, who must operate in accordance with these values in the areas of occupational safety, environmental care and social responsibility.

We recently published the [Code of Conduct for Suppliers, Contractors and Relevant Business Partners](#) of the Mining Division, which includes sections on ethics and integrity, labor issues, human rights, risk management, occupational health and safety, community relations and the environment. Compliance is mandatory for all employees, as well as for representatives and anyone acting on behalf of AMC and its subsidiaries. Among the international reference frameworks for this code are the Voluntary Principles on Security and Human Rights, the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals in the Mining and Metals Areas of the World's Minerals in Conflict-Affected

or High-Risk Areas, the World Labor Organization's Convention 169 and the United Nations International Human Rights Instruments.

Grupo México, in its three divisions, has a series of processes to ensure that its suppliers respect the human rights of their workers. In all the countries in which it operates, the company thoroughly analyzes the supplier, prior to hiring, to verify that each of its workers has all the rights that correspond to them according to labor regulations. This includes the prohibition of forced labor and child labor.

Before signing the contract, the Human Rights Policy and the Code of Ethics are shared with the supplier, who must sign as a demonstration of understanding and compliance. The Code of Conduct for Suppliers, Contractors and Relevant Business Partners of the Mining Division is in the process of implementation.

In the contracts referred to above, **there are clauses that promote among suppliers the respect for the human rights** of their workers, mainly linked with the compliance of labor laws and rules for the health and safety

required for their work. As an annex to the contract, a letter of responsibility is included that requires the implementation of a series of measures to guarantee that their workers work in a safe and healthy work environment, which is directly linked to their human rights.<sup>5</sup>

Once the supplier is hired, monthly monitoring is performed to verify that it is respecting the commitments assumed in these documents. If any irregularity is identified during these reviews, the supplier is required to immediately correct the matter, otherwise, payments are stopped and the supplier may even be removed from Grupo México's supplier list, which means that it cannot participate in future bids.

To complement the supplier evaluation and monitoring process described above, the company has a Whistleblower Hotline, available for its three divisions in Mexico, Peru and the United States. This channel is open to employees and also to all employees of its suppliers. This tool allows them to immediately report any violation of their own or third parties' human rights.

5. This annex must be signed by each supplier to ensure compliance with Grupo México's Integrated [Occupational Health and Safety](#) Management System. For further information on this system see the Occupational Health and Safety chapter.
6. For a detailed explanation of how the hotline works, see the [Business Ethics and Integrity](#) Chapter.

## Diversity and inclusion

We generated internal tools that allow us to fulfill the commitments included in the Human Rights Policy. In 2020, we published the Diversity, Inclusion, Non-Discrimination, Non-Harassment and Non-Harassment Policy at Grupo México level. A year later, we published this same policy for the Mining Division, which defines more specifically the seven commitments contained in the company's corporate policy, aimed at promoting inclusive work environments, free of discrimination, harassment and bullying, in order to have a suitable work environment that allows for the maximum development of our people and stakeholders. This policy describes the whistleblower mechanisms in Mexico, Peru and the United States, for the implementation of the policy, whistleblower protection measures and non-retaliation.

In 2021 we also began the implementation of the Diversity and Inclusion Strategic Plan, which presents six strategic lines such as: awareness, training and communication campaigns on diversity and inclusion and non-discrimination; incorporating the gender equality and diversity approach in human resources policies and processes; and defining specific processes for awareness, prevention and attention to possible cases of sexual and/or labor harassment.



3,280 employees of the Mining Division took the online course on Diversity and Inclusion and Non-Discrimination. In addition, the Human Resources area received training on this topic, applied to the inclusive recruitment process and the equitable development of talent. Adjustments were made

to human resources processes to promote gender equality and inclusion. Tools were also designed to prevent and address behaviors such as labor or sexual harassment and discrimination, which will be applicable in the four countries where the Mining Division operates: Mexico, Peru, the United States and Spain.

These efforts deployed by the company in recent years promote greater participation of women in Grupo México. Although the mining, railroad, oil and construction industries tend to have a predominantly male workforce due to the physical demands of the work, these barriers are becoming less and less due to technological advances. Therefore, in the last year, the Mining Division in Mexico and Peru increased the number of women by 10% (from 854 to 940), 30% of whom occupy positions related to science, technology, engineering or mathematics (STEM).

Grupo México values diversity and intergenerational inclusion, which is why our work teams are made up of different age groups. The following table shows the high percentage of people over the age of 51 working in the company. This ensures an exchange of learning and experiences between members of one generation and another, as well as improved team performance.

7. En el capítulo Nuestra Gente, se describe con mayor detalle la composición de la fuerza laboral y de los grupos diversos, según edad, sexo, nivel de puesto, entre otros, que laboran en la empresa.

Labor force composition by age group in 2021

Diversity by age group 405-1 b.	Mining Division		Transportation Division		Infrastructure Division		GRUPO MÉXICO	
Age Ranges	Total	%	Total	%	Total	%	Total	%
18 to 25 years	1,086	6.8%	515	4.9%	198	8.0%	1,799	6.2%
26 to 40 years	7,366	45.9%	4,838	45.8%	1,291	52.4%	13,495	46.4%
41 to 50 years	3,758	23.4%	2,402	22.7%	532	21.6%	6,692	23.0%
≥ Older than 51 years	3,845	23.9%	2,815	26.6%	444	18.0%	7,104	24.4%
Total	16,055	100%	10,570	100%	2,465	100%	29,090	100%

With respect to the communities near our operations, we develop social programs to contribute to meeting local needs and, in addition, to promote gender equity and inclusion.

During 2021, 41 specific activities with a gender perspective were carried out in Mexico and Peru:

- **Gender equality:** 28 human development and women’s empowerment activities. Eight activities on the occasion of International Women’s Day and 2,282 participants benefited.
- **Health promotion:** three virtual activities on breast and cervical cancer prevention, with 309 participants.
- **Sports:** two women’s soccer tournaments with 117 women participants.

As part of the Forjando Futuro (Forging a Future) program, we contributed to the inclusion of women in the mining industry through the employment training component. We benefited 1,022 people, 215 of whom are women, who had access to educational scholarships and professional internships in our mining and metallurgical operations. In addition, 711 people, 95% of them women, were trained in productive skills to boost the regional vocation of Mexican communities.

In terms of inclusion, the 11 educational centers supported by the company carry out diagnoses and evaluations to identify students with special educational needs (also known as SEN). Specialized attention is provided to 114 students in Mexico and 73 students in Peru, with this diagnosis. In 2021, we achieved that nine out of 10 students with these needs increased their academic performance.

## Process of due diligence security forces

### Voluntary Principles on Security and Human Rights

#### SASB EM-MM-210a.3

Grupo México strictly complies with the legal framework of the countries where it operates and has internal policies and processes that guarantee adherence to the **Voluntary Principles on Security and Human Rights (VPs)**. This set of principles, designed as a guide for companies, is divided into three areas: risk assessment, interactions between companies and public security, and interactions between companies and private security.

#### 1. Risk assessment

Grupo México is keenly aware of the political and socioeconomic context at the national, regional and local levels, and also the crime rates and potential risks to human rights in the locations where we operate. Each business unit has an ongoing risk assessment process that includes generating regular reports with information gathered from the security, legal and environment departments to establish preventive measures and actions to address the risks and avoid potential consequences. The Security department immediately identifies if there is any risk or threat that would require attention and produces an action plan, considering the potential damage to both people and facilities.

#### 2. Interactions between the company and public safety

The Mining Division holds agreements between the company and the Peruvian National Police to ensure the safety of our employees and to protect the assets at two business units and one mine project in Peru.

The services are provided with respect for human rights: the Peruvian National Police guarantees the proper use of force as may be strictly necessary and does not step in to violate rights related to freedom of association and peaceful assembly. There have been no reports to date of any human rights violation by any police officer working under these agreements<sup>8</sup>. None of our business units in Mexico or the United States are guarded by police forces, therefore this point is not applicable.

#### 3. Interactions between the company and private security

Grupo México contracts private security companies to protect our business units. Security officers at the Mining and Infrastructure divisions operate only within the property limits of the business units and therefore they have no contact with members of the community, which eliminates the risk of potential community human rights violations.

The recently published Code of Conduct for Suppliers, Contractors and Relevant Business Partners of the Mining Division includes a clause according to which the supplier/contractor must frequently review that its security and safety procedures are implemented in accordance with the Voluntary Principles on Security and Human Rights.

In 2021, or in previous years, there has been no report of any human rights violations involving any member of our neighboring communities by the private security officers contracted by the company.

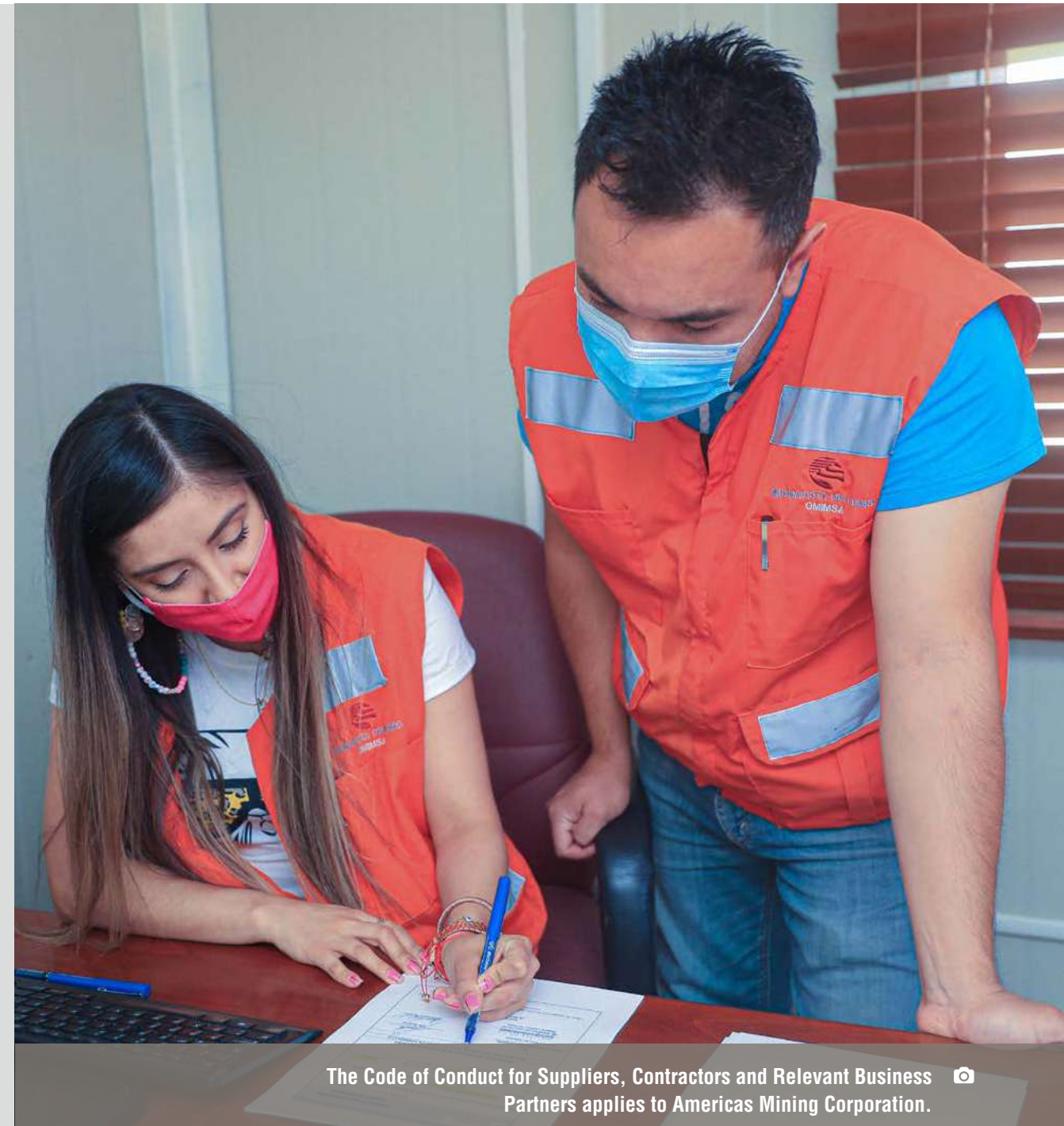
8. For more information on the content and management of these agreements, see the Human Rights chapter in the [2019 Sustainability Report](#).

In order to ensure compliance with the Code of Ethics and the Human Rights Policy, Grupo México applies a rigorous due diligence process in its three divisions for hiring private security companies. The company also confirms that they receive regular human rights training and includes contractual clauses to promote respect for human rights. The rationale for private security forces in the Mining and Infrastructure divisions is intramural. Several clauses and the technical annex of the contracts of the private security companies establish their frameworks for action within the facilities of the business units.

In the case of the Transportation Division, private security forces work in the rail yards and sometimes travel on trains. As in the other divisions, the due diligence process is designed to minimize as much as possible the risk of human rights violations by these forces, which is why no such incidents were reported in 2021.

We constantly supervise private security providers to identify any irregularities and we make the Whistleblower Hotline available to all of the group's employees and contractors. In addition, we have procedures for investigating and sanctioning conduct that violates the aforementioned rights, should they occur.<sup>10</sup>

10. For more information on the internal processes and controls applied by the company in Mexico, Peru and the United States regarding interactions with private security companies, see the Human Rights chapter in the [2019 Sustainability Report](#).



The Code of Conduct for Suppliers, Contractors and Relevant Business Partners applies to Americas Mining Corporation. 📷

## Indicators

### Incidents of discrimination and corrective actions taken

#### GRI 406-1

During 2021, the Whistleblower Hotline received and dealt with two cases of discrimination at Minera Mexico. They were presented at a meeting of the Ethics and Discipline Committee, which ensured prompt and efficient attention, as well as a plan that included remediation actions to raise awareness in the corresponding areas (Operations). At the same time, communication between managers, supervisors and employees was improved through meetings between employees and Human Resources representatives to open direct communication channels to receive their concerns and improve the work environment.

### Operations and suppliers whose right to freedom of association and collective bargaining may be at risk; Operations and suppliers with significant risk of child labor; and Operations and suppliers with significant risk of forced or compulsory labor.

#### GRI 407-1, 408-1, 409-1

Grupo México has internal policies and processes in its three divisions that avoid the risk of child labor, forced labor, or lack of freedom of association and collective bargaining in all its operations, in strict compliance with the applicable regulations in each country where we operate. The company is committed to the Children's Rights and Business Principles, a series of 10 principles developed by UNICEF, Global Compact and Save The Children to protect children from any negative impact that business activity could have on this vulnerable group.

### Operations subject to human rights impact assessments or reviews

#### GRI 412-1

##### Mining Division

In Mexico and Peru, 100% of the operations have a participatory social assessment. In the case of Mexico, the exercise was carried out in all operations on a voluntary basis. In 2021, two diagnoses were updated in accordance with the social impact assessment methodology. In Peru, two updates were carried out in accordance with the environmental and social impact assessments required by the regulatory authority.

In the same year, the Mexican operations at Cananea and Nacozari underwent an external audit by the environmental consulting firm Golder. In addition, the El Arco project was audited by Wood. The Tia Maria, Los Chancas and Michiquillay projects in Peru were also audited in their quality management systems by the same organization.

##### Infrastructure Division

The social impact assessments of the fuel storage terminals in the states of Jalisco and Aguascalientes (both in Mexico) were submitted to the Ministry of Energy. The "El Retiro" wind farm passed the third-party audit under the Equator Principles, which includes community engagement and human rights indicators. By 2022, the "Fenicias" wind farm will undergo its first external audit, also under these principles.

The last update of the participatory social diagnoses of the Infrastructure Division's operations was carried out in 2019. Therefore, a new update process will be carried out in 2022.

Transportation Division

All our operations in Mexico were analyzed in terms of human rights during 2021, with special emphasis on the safety of migrants in our network. We identified that 30% of our operations in central and southern Mexico are more exposed to risks related to the protection and respect of human rights, mainly of the migrant population. In all our operations in Mexico, we have implemented mechanisms to collaborate closely with the authorities.

Employee training on human rights policies or procedures on human rights  
412-2

Mining Division

In Mexico, the Human Resources Department provides **an online course for all employees** on human rights. One of the main components of the course explains in detail the contents of the Code of Ethics and the use of the Whistleblower Hotline. Another equally important component addresses the company's commitments contained in our Human Rights Policy and their implications, and includes a final evaluation to accredit the assimilation of the issues considered. The course incorporates a link to the related policy and also allows direct access to the website of the National Human Rights Commission.

Due to the remote locations in which Grupo México operates, as well as the size of its operations, the company applies this training to unionized workers (every two years) and non-unionized workers (every year). At the same time, the content of the Code of Ethics and the Human Rights Policy is constantly reinforced in all business units through communication campaigns.

In addition, all new employees joining the group, both unionized and non-unionized, receive and sign the Human Rights and Respect and Welfare of Our Employees policies, as well as the Code of Ethics.

In the following table, we present the human rights trainings provided in the following areas:

	Course duration	Type of personnel	Num. Employees	%
Mexico	1 hour	Unionized	-	-
		Non-Union	2,422	95%
Peru	45 minutes	Unionized	3,301	84.3%
		Non-Union	1,088	97.3%
USA	1 hour	Unionized	-	-
		Non-Union	322	90.7%

Infrastructure Division

The contents of our training and leadership programs are designed to comply with the Human Rights Policy. From day one, employees receive training on organizational culture issues, with an emphasis on respect for human rights.

In 2021, **1,684 employees received training on the Code of Ethics**, totaling 1,684 hours of training (6% more than the previous year). The sessions used case studies to identify inappropriate behavior in our work centers and addressed topics such as:

- Dynamic learning on online platform on the Code of Ethics.
- Community Care Service training.
- Integrity campaign, focused on identifying and reporting inappropriate behavior in the workplace.

Transportation Division

**During 2020, 100% of our collaborators received information or learned in more detail about the company's human rights** policies and procedures, particularly through the dissemination of our Welfare Policy, the signing of the Code of Ethics and campaigns of communication about the Reporting Line.



**LOCAL  
COMMUNITIES**

Management – Mining and Infrastructure Divisions	_191
Management – Transportation Division	_216

## LOCAL COMMUNITIES

### Mining and Infrastructure Divisions

#### GRI 103-1.103-2 | SASB EM-MM-210b.1.

Most of our operations are located far from large urban centers and we have **focused our efforts on being good neighbors** by fostering the economic and social development of these remote communities implementing a three pillars Community Development Model: promote a responsible coexistence, generate economic development and promote human development

Most of our operations are located far from large urban centers and we have focused our efforts on being good neighbors by fostering the economic and social development of these remote communities implementing a three pillars Community Development Model: promote a responsible coexistence, generate economic development and promote human development

Through our policies and codes, we ensure we have the tools to implement this model and we encourage our suppliers and contractors throughout the value chain to follow our example.



Panoramic view of the Candarave community in Tacna, Peru. 📷

Management Approach

GRI 103-1.103-2 | SASB EM-MM-210b.1.

Our community model is reflected in the operation of 32 community centers in Mexico, Peru and the United States. The primary focus of this model is to strengthen the operations of the company, improve the quality of life in the communities where we operate, strengthen the social weave, and foster collective participation in benefit of the common good, always on the consideration that people are the drivers of development. We strive to project and optimize the potential positive impacts, while we mitigate and remedy potential negative effects.

The core values of our Community Development Model are

CO-RESPONSIBILITY	INCLUSION	PARTICIPATIVE DIALOGUE	TRANSPARENCY	TRUST-BUILDING
Identificamos a cada persona como protagonista de su desarrollo personal y de su entorno. Partiendo de que es posible hacer transformaciones positivas cuando cada individuo pone al servicio de su comunidad sus habilidades, conocimientos y experiencias.	Every action, program and project is the result of a consultative process, whereby we listen to the ideas and learn about the specific needs of the various stakeholders within the community, taking into consideration diversity factors such as age, gender and mother tongue.	Using diverse communications mechanisms, we engage in direct, transparent dialogue with interest groups as our main means of identifying common ground for the drawing up of plans and programs that will benefit the community as a whole.	We share relevant information with interest groups in a clear, accessible manner. We report on the progress and results of the social initiatives implemented in the community in a timely fashion.	Actions aligned with the reality of each of the communities in which we operate allow us to consolidate relationships of mutual trust. To achieve this, we aim to understand the reality from the life experience of other people, and from this exercise, develop collaborative actions that respond to the needs and visions of the people who are part of the communities in which we operate.

Policies

(SASB EM-MM-210b.1.)

The policies that serve to guide us in our daily tasks and that inform our view of social responsibility are the backbone of our Community Development Model. These include our Code of Ethics, Code of Conduct for Suppliers, Contractors and Relevant Business Partners, Human Rights Policy, Community Relations Policy, General Policy of Respect for the Rights of Indigenous Peoples and Communities, and our General Sustainable Development Policy.

The latter two are overseen by the Sustainable Development.

Department, which reports to the Vicepresidency of Grupo México.

In the course of our daily work, we follow 16 procedures that guarantee the implementation, measurement and continuous improvement of community actions.

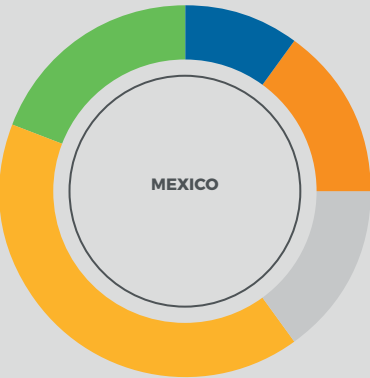
Resources

This area has the material, human and economic resources to implement our Community Development Model, with efforts being adapted to the specific needs of each country and community in question.

According to the community performance for the Mining and Infrastructure Division, investment in social programs and projects is presented as follows:

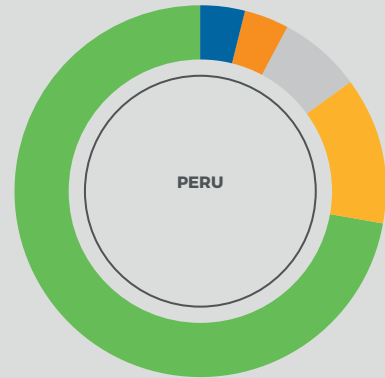
MEXICO  
Total investment:  
USD\$ 12.3 million

- 10% Community programs
- 15% Management expenses
- 15% Community center operating expenses
- 41% Employee neighborhood operating expenses
- 19% Community infrastructure



PERU  
Total investment:  
USD\$ 53.6 million

- 4% Community programs
- 4% Management expenses
- 7% Education center operating expenses
- 13% Employee neighborhood operating expenses
- 72% Community infrastructure



The Community Development Department also manages and advises other areas that use company resources for community projects (see information on investment in social aspects).

Specific actions: Social Management and Community Development Model

Our Community Development Model consists of three phases, as described below:



1. RESPONSIBLE COEXISTENCE

Our priority is to ensure healthy, positive coexistence between our operations and the communities where we have a presence. To this end, it is essential we prevent and mitigate negative impacts, and maintain open, accessible channels of communication to deal with complaints and concerns. We strive to build communities where people want to work, live, and also, invest.



2. ECONOMIC DEVELOPMENT

It is important to share the economic value our operations generate with the community. In this area we create jobs and supply and investment opportunities in social infrastructure (water, schools, hospitals, etc.), with a view to creating, regenerating and strengthening social networks, and improving the standard of living in these communities, so people want to live, work and invest in them.



3. HUMAN DEVELOPMENT

We seek to build capacities by giving workshops and training courses, and providing formal education opportunities for members of the communities where we operate, so they can take the reins of their personal and professional growth, and that of their communities.



Participant in a Volunteer Day event.



## Component 1. Responsible coexistence

The premise of the model is to generate social value for our interest group, reason why it is an ongoing initiative implemented in line with our approach to the management of human and community capital. We have designed open, accessible and permanent channels of communication to ensure communities are heard and their concerns addressed:

### 1.1. Participative social diagnoses

We are committed to establishing due diligence processes for the identification, prevention, mitigation and, where applicable, redressing of the potentially adverse impacts our operations. To this end, we conduct diagnoses with the participation of the local community, so as to guarantee that decisions on social and operating plans are taken together, and that these address any risks to the community, as well as their needs and concerns. *All the communities where we have a presence have participated in a social diagnosis* based on internal procedures. See information on how these [diagnoses](#) performed.

### 1.2. Community Care Service (SAC)

Designed with the guidance of the Office of in Mexico, SAC is a permanent hotline where complaints, suggestions and concerns about the company can be reported.

SAC currently operates in 25 communities where the company has a presence: four in the Infrastructure Division and 21 in the Mining Division (14 in Mexico, six in Peru and one in the United States). See detailed information on how the [system works and a summary of cases dealt with](#).

### 1.3. Humanitarian aid

The company provides humanitarian aid in the event of emergencies that have the potential to put communities at risk and where immediate responses are required. See an example of [such cases of solidarity that have benefited communities](#).



In 2021, the response time of the SAS system improved from four to two days compared to 2020.





## Component 2. Economic development

### GRI 203-1 y 203-2

The second phase of the company's Community Development Model seeks to create, regenerate and strengthen social networks and generate economic value. To achieve the greatest possible positive impact, we have two lines of action:

#### 2.1 Creating Opportunities

##### 2.1.1 Forjando Futuro (Forging Future)

- Job training
- Suppliers
- Regional development

#### 2.2 Social Infrastructure

- Development funds
- Tax-financed social infrastructure works

##### 2.2.1 Tamosura, Pinacate and Tiendas del Minero

#### 2.1 Creating Opportunities

The company has focused its efforts on consolidating projects that promote the creation and sharing of value with government authorities and social leaders, with a view to fostering the growth of local economies where we have a presence.

##### 2.1.1 Forjando Futuro (Forging Future)

This strategic program contributes to the economic development of communities by building capacities that increase workers' possibilities of successfully entering the job market and improve their standard of living. Training is also provided for local suppliers to strengthen their competitive advantages.

##### - Job training

Our activities and projects create -and demand- qualified workers, capacities, talent, local suppliers, infrastructure, and economic, social and cultural opportunities that would otherwise not be readily available in the remote communities where most of our operations are located.

In 2021, we trained over 1,022 people in diverse trades in collaboration with local and regional educational institutes in Mexico and Peru.

We also designed a certification program for local suppliers in partnership with the Sonora Mining Cluster in Mexico, and the Andean Mining Cluster (SAMMI) and the National University of Agustín in Peru. In 2022, we plan to introduce a hotline exclusively for micro, small and mid-sized local suppliers through the Community Care Service (SAC) system.

##### - Local suppliers

We strengthen the capacities of micro, small and mid-sized local suppliers, so they can obtain certification and take advantage of opportunities to join our value chain. The goal is to steadily increase the number of local suppliers we use and capitalize on the economic value generated by the company.

##### - Regional development

In addition to our economic development and capacity-building initiatives for local communities, we extend our education and training plans to sectors of the economy that are not related to our operations, in an effort to foster regional development.

In 2021, we trained 711 people in Mexico in production skills.

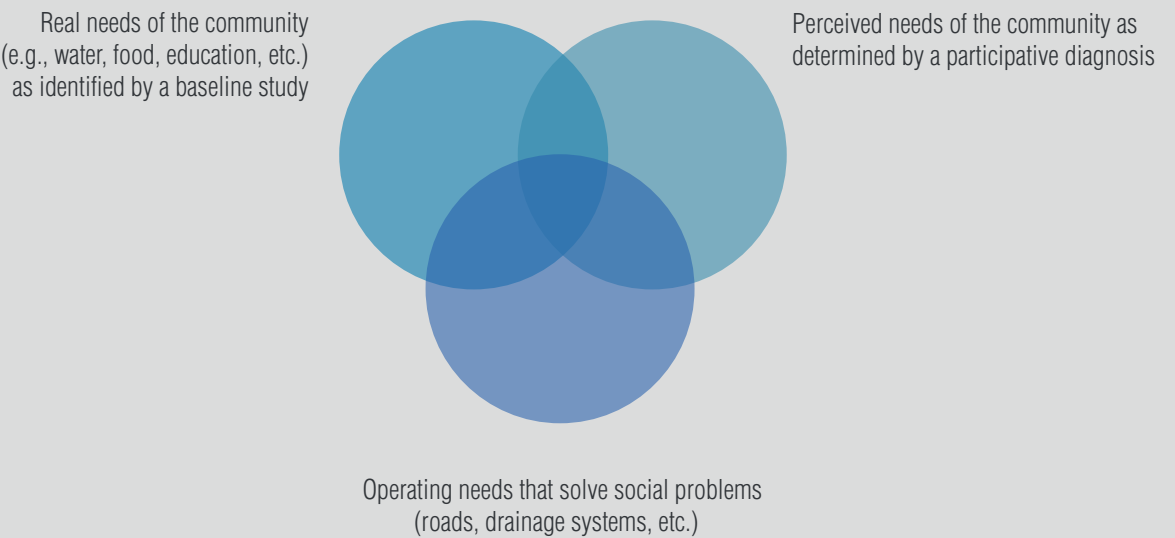
2.2 Social infrastructure

- Development funds

In addition to investments to promote regional economic development, we work hand-in-hand with local communities, governments and leaders to design social infrastructure projects. There are several mechanisms for the funding and operation of these projects: funds put up directly by the company (development funds) and tax-funded projects (Fondo Minero in Mexico and Canon Minero in Peru).

These social infrastructure projects address three types of needs:

Some major projects in 2021 included:



	Country	Project	Goal	Investment (US\$)	Impact
1	Mexico	Phase 1 of refurbishment of the old tailings deposit in Nacozari, Sonora	Help the municipality redress the environmental liability posed by the old Moctezuma Copper Company in its jurisdiction by turning it into a public space.	\$ 962,912	Help improve the air and water quality in Nacozari, and the health of residents.
2	Mexico	Safe level crossings in Esqueda, Sonora	Refurbish level crossings with barriers, traffic lights, and horizontal and vertical signs.	\$ 570,582	Contribute to the safety of locals with proper infrastructure
3	Mexico	Remodeling of the Casa Grande Charcas (SLP) and Santa Bárbara, (Chihuahua) community centers	Create a safe space suitable for the programs implemented here.	\$ 1,314,384	Improve the quality of community services and increase the center's capacity by 100%
4	Peru	Building of applied research center and engineering labs at UNSA	Provide students with access to specialized research services at the chemical engineering lab of the National University of San Agustín de Arequipa (UNSA).	\$ 260,613	2,066 direct beneficiaries (researchers, students and teachers) over a ten-year period.
5	Peru	Building of a school for high-performers (COAR) in Tacna	Provide high-performing secondary school second-graders from the Tacna region access to specialized education services.	\$ 326,728	Beneficiaries: 3,000 students (in 10 years)

#### - Tax-financed social infrastructure works

In 2021, the company paid US\$ 214 million in special mining rights in Mexico and in Peru, it contributed US\$ 361 million in income taxes to Canon Minero. See information [on these and other contributions](#).

#### 2.2.1 Tamosura, Pinacate and Tiendas del Minero

In the case of Tamosura, Pinacate and Tiendas del Minero, investments to adapt these facilities to recreational and business purposes have helped improve the quality of life of the local community.

Tamosura and Pinacate are family-oriented entertainment and recreational centers that promote local businesses. In 2021, the Entrepreneur Expo provided training sessions and a temporary home for 18 local micro-businesses, which showcased and sold their products as part of the fair, while 30 micro and small companies rendered complementary services in the park and commercial center.

As regards the chain stores known as Mine Stores, these offer workers, their families and the community in general products at more competitive prices in a bid to support the local economy. The chain has nine stores in Mexico and eight in Peru.

The main advantages of these stores include:

- Savings of at least 8% on between 25 and 30 staples.
- Employees can purchase on credit.
- Home delivery service.



Tamosura Park in Cananea, Sonora, Mexico. 



Component 3. Human development

Our Community Development Model acknowledges that people are at the heart of development. This is why we have set up 32 community development centers in Mexico, Peru and the United States-one in each of the sites where we operate to create opportunities and bring services to these oftentimes remote communities.

These centers are the main meeting point for implementing the model, through:

3.1 Strengthen institutions and create leaders

- Community Committee
- Competitive Seed Capital Funds

3.2 Empower individuals

- Volunteer programs

3.3 Build know-how and capacities for personal growth

- Emblematic projects (film, sports, orchestras and wellbeing)

3.4 Formal Quality Education

- Education centers

Community Development Centers

Our community development centers aim to strengthen social relations and improve the quality of life of locals. The infrastructure, equipment and personnel emphasize the importance of the individual and renew pride in belonging.

ASARCO

ASARCO

Mexico - Mining

301	Nueva Rosita plant
337	Zinc electrolytic refinery
339	Angangueo project
344	Charcas mining unit
352	La Caridad mining complex
353	Metallurgical complex
358	Guaymas maritime terminal
359	Santa Bárbara mining unit
371	Santa Eulalia mining unit
377	San Martín mining unit
379	Taxco mining unit
384	Cananea mining complex
392	Chalchihuites project
394	Guerrero Negro
CC	Commercial centers

Mexico - Infrastructure

400	El Retiro wind farm
402	Drilling Base Mexico
401	Salamanca-León highway
403	Fénix wind farm

Peru

Cuajone
Ilo
Toquepala
Michiquillay project
Chancas project
Tía María project





📷 We have 32 community development centers in Mexico and Peru.

Artistic, academic, human development, physical and many other kinds of activities aimed at children, young people and adults are organized at these centers, depending on the specific context, needs and expectations of each community, as identified in its Participative Social Diagnosis (for more information, see the [respective section of this report](#)).

The centers' social programs have migrated to digital platforms and in 2021 we gave 4,566 online workshops, which were viewed over 15.3 million times, contributing to substantial growth in the number of participants and interactions among our virtual community.



📷 In Mexico, we use the “Big Mobile Home” to bring our Community Development Model to remote communities.

In the United States, ASARCO founded the Mineral Discovery Center, a mining museum that receives 17,000 local, national and international visitors a year on average. The center's greatest attraction are its guided tours of the company and the mine, which is open to the general public.



The Mineral Discovery Center is a mining museum in Sahuarita, a community near Tucson, Arizona, in the United States.

### 3.1 Strengthen institutions and create leaders

#### - Community Committee

As a mechanism for social participation, this committee is a key component of the community relations model. It is formed by social leaders representing different sectors of the community, from culture, business, education, health and sports to vulnerable groups and young people. A company representative sits on the committee and members are rotated regularly. This body serves as an impartial intermediary between the company and the community, processing proposals with complete transparency and deciding which ones merit funding.

#### - Competitive Seed Capital Funds

Competitive funds are the means by which the company finances social projects in areas ranging from sports, environment, education, health and culture to civil protection, including productive projects.

Competitions are open to the community, which is invited to propose social projects that are then submitted to the Community Committee (a mixed body formed by representatives of the community and Grupo México) for evaluation and shortlisting. One caveat is that projects must address the needs of the community.

Over 1,175 projects have been approved since 2009 and funding of US\$ 7.5 million granted. In 2021, 55 productive, educational and social projects valued at US \$844,000 were approved.

Seed capital investments include productive projects to optimize agricultural and cattle-farming activities. For example, in 2021 seed capital totaling US\$ 140,000 was invested in Michiquillay and La Encañada in Peru.

Investment in agricultural and cattle-farming infrastructure in these communities resulted in:

- An improvement in their farming systems, with as many as four harvests produced in 2021.
- An increase in the production of organic vegetables.
- Improved animal nutrition and breeding of milk-producing goats.



These projects directly benefited 246 people by optimizing production, in turn, helping boost the regional economy.



📷 “Choco Gym” project in Santa Bárbara, Chihuahua, Mexico that received seed capital.

### 3.2 Empower individuals

- Volunteer programs

In 2021, 6,748 volunteers participated in community work as part of our commitment to fostering co-responsibility.

During the health emergency, volunteers gave their time, knowledge and skills to their communities. We operate three types of volunteer programs: corporate (employees), youth and community.



Scan the QR code for further information on volunteer programs:

### 3.3 Build know-how and capacities for personal growth

- Emblematic projects

Our flagship community development programs have defined mid-term social transformation goals, while their methodology is designed to measure their positive impact on participants:



#### Symphonic orchestras and children's and youth choirs:

An educational model for the social development of children and young people based on collective music initiatives. In 2021, we invested US \$744,000 in ten children's and youth symphonic orchestras and choirs (four in Mexico and six in Peru).



Scan the QR code for further information on our orchestra project:



#### Documentary film:

A training program for the development of communications, visual and film skills. In 2021, over 200 young people participating in the program produced 133 documentaries, eight of which were nominated for film festivals. One went on to win the José Rovirosa Festival organized by the UNAM cinematheque.



#### Wellbeing and sports:

A program that seeks to motivate people to improve their quality of life and that of their families and communities through exercise and healthy eating.

At the Grupo México Sports School in Cananea, Nacozari and Esqueda in Sonora, more than 600 young people receive training in the following sports: athletics, basketball, baseball, soccer, swimming, etc.; some of which have been awarded sports scholarships to prestigious high schools and universities.

### 3.4 Formal Quality Education

#### - Education centers

We sponsor four education centers in Mexico and seven in Peru that provide quality education for the communities where the company has a presence.

**There are 3,705 students enrolled in our basic education programs, most of whom are children of our employees and members of the local community**

These programs range from pre-school to high school, and are complemented with extra-curricular activities for both students and parents:

**Assistance for students with special educational needs:** The grades of students with special educational needs improved 56% in the 2020-2021 period. This program promotes the development of social and emotional competencies by means of tutoring, workshops for families and events to promote emotional health. The services of child psychologists and psychological support for teachers and family members of students with special education needs are also available.

**Nutrition program:** This program raises awareness of the importance of healthy eating, physical activity and their impact on overall health. Students and their families are invited to participate in nutrition workshops and healthy school meal menus are provided.

As a result of the nutrition and exercise programs implemented by schools, 80% of the student population is within its ideal weight range.

**Course formats:** Despite the COVID pandemic, efforts have been made to ensure students continue to have access to quality education. In 2021, all students in Peru attended online classes. In Mexico, 30% of students continued studying online, while the remaining 70% opted for hybrid formats, in accordance with the guidelines of the educational authorities in each country. Students from Cananea continue to receive a bilingual education at the Minerva Institute, which offers all-English basic education programs.

**Our education centers in Mexico and Peru have 2,114 and 1,594 students, and 137 and 177 teachers, respectively.**



CÓDIGO QR para saber sobre los programas educativos:

Evaluation mechanisms

GRI 103-3

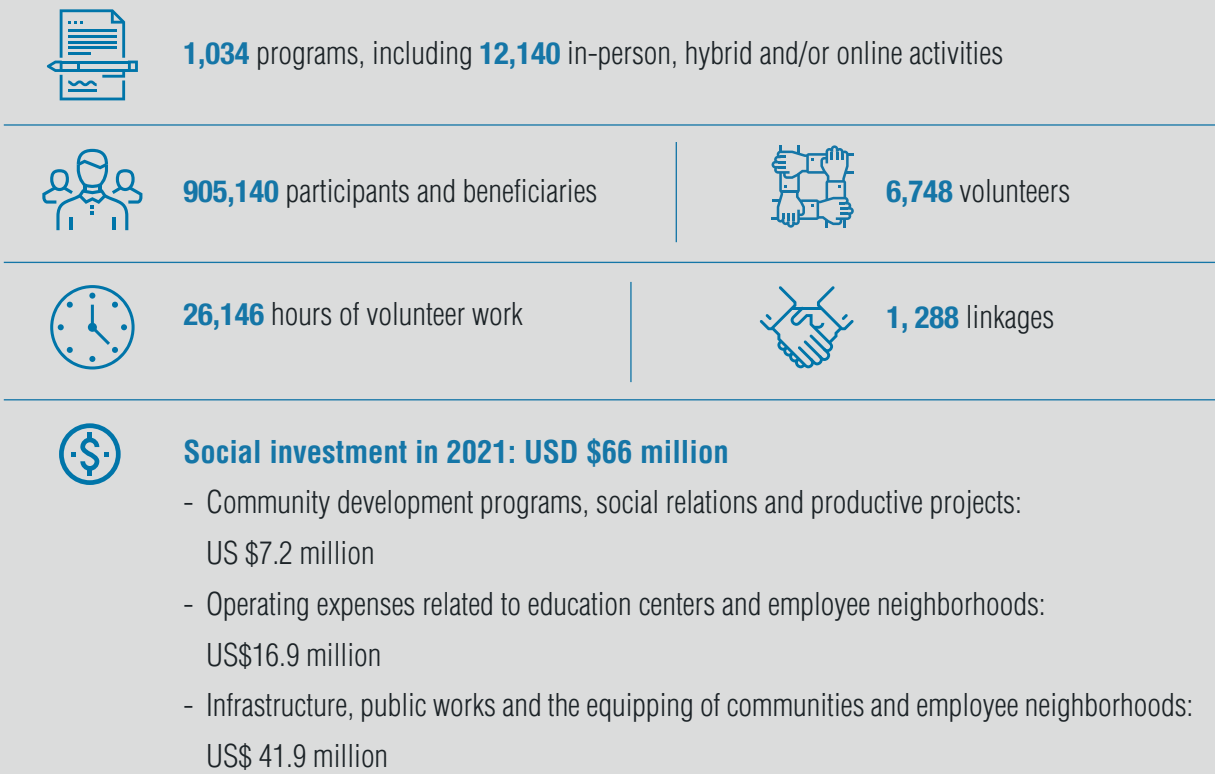
Regular evaluations are conducted in the following areas as part of the social programs implemented at our 32 community development centers:

- 1. Annual performance indicators of the Community Development Model
- 2. 2022 Corporate Sustainable Development Targets
- 3. United Nations 2030 Sustainable Development Goals
- 4. Procedures and audits
- 5. External communication of results

1. ANNUAL PERFORMANCE INDICATORS OF THE COMMUNITY DEVELOPMENT MODEL

Reports on the programs and activities implemented, including participants, beneficiaries, volunteers, and the allocation of resources, are compiled on a regular basis, based on the performance targets and goals of the Community Development Model.

In terms of social performance, Mexico and Peru reported the following results in 2021:



Annual results are quantified based on the number of participants, i.e., if someone takes part in more than one program, they will be included more than once in the results.

## 2. 2022 CORPORATE SUSTAINABLE DEVELOPMENT TARGETS

Progress on our 2022 corporate targets as of year-end 2021 included:

### 1. Implementation of a system to deal with complaints by external interest groups in the vicinity of our Mining Division operations: 95% progress.

The SAC system for the reporting of complaints remains fully operational at Mining Division sites in Mexico and was recently introduced at exploration sites in Michiquillay and Los Chancas, Peru. Implementation stands at 20% in the United States.

In the case of the Infrastructure Division, the SAC system was implemented for the Construction and Fuels business lines. Staff were trained and support systems introduced for operations near works.

### 2. In 2021, we channeled 2.2% of our net earnings (US\$ 81 million) into community and philanthropic projects that further the Sustainable Development Goals (SDGs) in communities where we have a presence.

### 3. Achievement of academic results higher than the national average by all schools sponsored by the company: 100% progress.

All schools sponsored by the company in Mexico and Peru continued to report satisfactory results, with grades higher than state and national averages in Spanish and mathematics.

### 4. Implementation of an institutional program for the development of small and mid-sized local suppliers: 75% progress.

In 2021, we introduced a supplier certification program in partnership with the Sonora Mining Cluster in Mexico, and the Andean Mining Cluster (SAMMI) and the National University of San Agustín in Peru. The program forms part of our Forjando Futuro initiative to strengthen local job and supply capacities. More than 1,022 people in Mexico and Peru (15% of whom were women) received training in diverse trades related to our mining and metal-working operations.



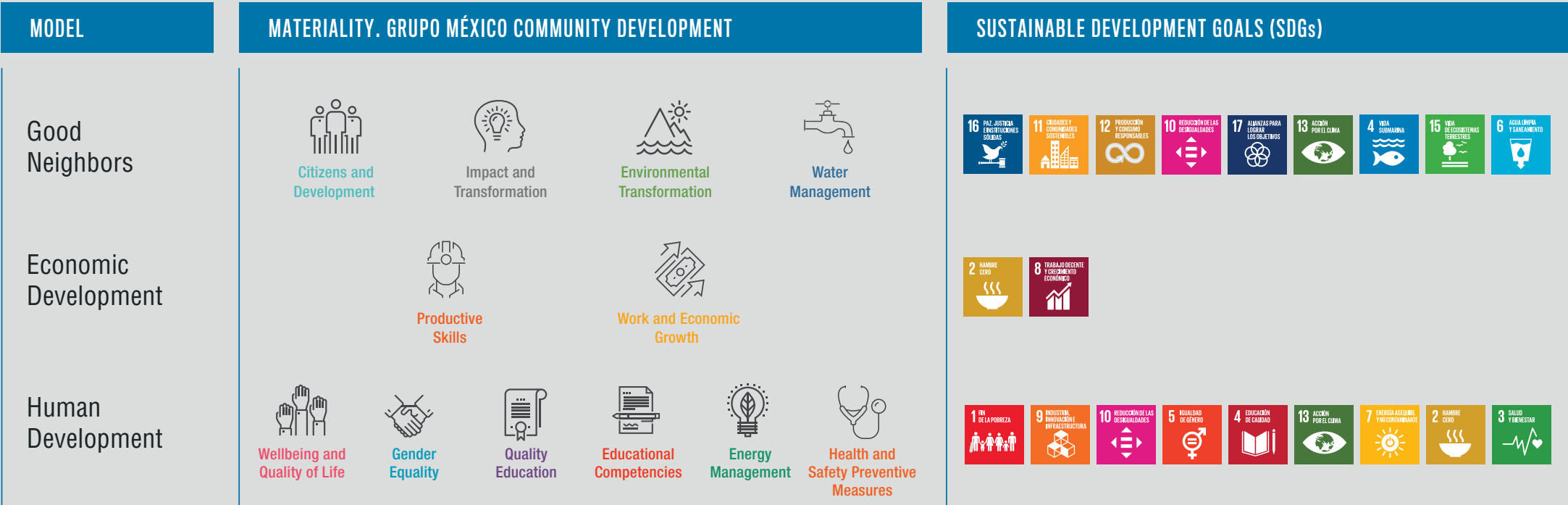
Students at La Caridad education center in Nacoziari, Sonora, Mexico.



3. UNITED NATIONS 2030 SUSTAINABLE DEVELOPMENT GOALS

The implementation and evaluation of our Community Materiality programs and projects are based on the three main pillars of the Global Reporting Initiative: environment, society and economy.

The 12 components of Community Materiality are consistent with each of the SDGs and our Community Development Model, as illustrated below:



Some highlights of our 2021 results include:



RESPONSIBLE COEXISTENCE



Environmental Transformation



107 activities



1,609 volunteers



1,810 beneficiaries



46 linkages

- Community Environmental Brigade
- Recycling workshops, talks and reading circles to increase environmental awareness
- Recouping of spaces
- Reforestation



Citizens and Development



523 activities



1,221 volunteers



56,339 beneficiaries



199 linkages

- Community Committee
- Adult and youth volunteer programs
- Leaders School
- Social Projects Fair



Impact and Transformation



231 activities



85 volunteers



2,807 beneficiaries



29 linkages

- Informed co-proprietors
- Dialogue with interest groups
- “Responsible Mining” communications campaign



ECONOMIC DEVELOPMENT



Productive Skills



1,663 activities



199 volunteers



15,677 beneficiaries



166 linkages

WORKSHOPS

- Basic business skills and entrepreneurship
- Trades and skills: dressmaking, hairstyling and cosmetic treatments, cooking and confectionery, crafts and weaving, welding, photography, etc.
- Domestic production technologies

TRAINING IN THE TECNIFICATION OF PRODUCTION ACTIVITIES (AGRICULTURE/CATTLE-FARMING/FISHING):

- Compost-making and water systems
- Organic farming
- Animal health to improve and increase production



Work and Economic Growth



345 activities



544 volunteers



78,533 beneficiaries



309 linkages

- *Forjando Futuro* or job program: Welding
- Talk with companies on “Young People Building the Future”
- “Made in Río Sonora” digital directory
- Applications for competitive funds for production projects
- Certification of local suppliers



HUMAN DEVELOPMENT



Social Wellbeing  
and Quality of Life



6,602 activities



1,305 volunteers



46,894 beneficiaries



192 linkages

- Youth orchestras and choirs
- Online summer course
- Promotion of traditions, culture and commemorative dates
- Human development workshops
- Artistic workshops: Painting, dance, literature and reading circles, theater, photography, guitar, traditional dance, music, ballroom dancing, crafts



Competencias  
educativas



1,103 actividades



678 voluntarios



397,295 beneficiarios



73 vinculaciones

- Open and distance learning
- English and computer skills
- Virtual library – reading rooms
- Conferences and exhibitions



Prevención en salud  
y seguridad



1,510 actividades



1,011 voluntarios



294,441 beneficiarios



261 vinculaciones

- Online COVID-19 prevention campaigns
- COVID-19 early detection campaigns
- Solidarity volunteering: Production of face masks
- Online wellbeing clinics: psychology, gynecology and geriatrics
- Food security: Family vegetable gardens, healthy cooking, nutrition
- Health campaigns and workshops: Looking after the elderly, the disabled and pregnant women, oral hygiene, disease prevention, biosecurity, first aid
- Safety in the home, accident prevention and civil protection workshops, etc.
- Physical exercise: zumba, yoga, cardio, exercise for vulnerable groups



Igualdad  
de género



51 actividades



55 voluntarios



11,309 beneficiarios



9 vinculaciones

- Human development and women's empowerment conferences and workshops, commemoration of Women's Day
- Volunteer work with employees' wives

4. PROCEDURES AND AUDITS

Our methodology for measuring performance and gathering evidence is based on the Operating Procedure of the Comprehensive System for Measuring Impacts and the Evidence Management Procedure. Internal, external and cross audits are also conducted.

The performance of our Community Development Model is assessed by internal auditors and external ones like PwC, Deloitte and SRK, among others. Certain mechanisms receive specialized attention, like the Community Care Service (SAC), which, as mentioned previously, is cared for by the Office of the United Nations High Commissioner for Human Rights in Mexico. Grupo México's Community Development Model has received the recognition of municipal councils and, particularly, the Inter-American Development Bank (IDB), which cited it as a "good corporate practice in the extractive sector in Latin America."

For example, in the case of the El Retiro wind park in Juchitán, Oaxaca, investors require that an external audit be conducted annually based on the Equator Principles, which provide for an assessment of the social and environmental risks associated with its operations, the timely participation of actors and interest groups, and the mechanism for dealing with complaints, among other social and environmental management aspects. Likewise, the Fenicias wind park in General Bravo, Nuevo León, will be governed by these principles during its construction phase, while its social and environmental management plans will be followed up on annually once it begins operating.

5. EXTERNAL COMMUNICATION OF RESULTS

The performance of the program is communicated externally as indicated in the concentric circles below:



**Community:** in all the communities where the Community Development Centers operate, the Community Fairs take place, events where the community learns about the activities carried out during the year; these fairs are attended by Seed Capital winning projects exhibiting their results, as well as beneficiaries of artistic and cultural workshops, with samples of their progress (dance, art, music, etc.), as well as volunteers with reports of activities carried out and the Community Committee with reports of achievements during the year, among others.

**Local and state authorities:** in order to implement coordinated, co-responsible and shared value actions, there is a close relationship based on constructive dialogue with authorities from different levels of government, as well as various local interest groups, beneficiary participants and volunteers of the Community Development programs. They are also part of the external results dissemination network by communicating them on a greater or lesser scale. This is in addition to the dissemination in corporate and Community Development social networks, media and reports.

**State and national organizations:** we participate in different chambers and industry associations with which we share performance results to integrate them with those of other members for public reports. Some of these hold exchange forums or publish compendiums with good community development practices in which the company also participates.

**Supranational organizations:** the Casa Grande Community Development Model was included in the Inter-American Development Bank (IDB) Group publication “Extractive Sector and Civil Society: When the work of communities, governments and industries is synonymous with development”. Likewise, performance is reported to national and international rating agencies, one of the most relevant being the one that provides results for the Down Jones Sustainability Index.



Community Committee of Nacozari, Sonora, Mexico. 📷

## Operations in which the local community participates, impact assessments and development programs

### GRI 413-1

All the Mining and Infrastructure divisions in Mexico, Peru and the United States all have community programs whose main goals are to identify the possible impacts (positive and negative) of their operations, as well as any concerns, complaints or petitions by the community, so a social management plan can be drawn up jointly.

The due diligence process begins as soon as interest is expressed in a given investment project and information is updated every two years at all business units in Mexico, Peru and the United States. Diagnostics in the form of focus groups, workshops, semi-structured interviews and surveys is the main tool used to identify positive and negative social impacts in conjunction with local communities. See more information [here](#).

The diagnosis procedure determines the methodology to be used, the actions to be taken and who is responsible for implementing them, to ensure that the results can be used for the development and evaluation of operating plans that are aligned with material concerns. This also allows us to measure the contribution of any actions taken to the Sustainable Development Goals.

Every site where the Mining and Infrastructure divisions in Mexico and Peru have operations has a Community Committee formed by leaders from that community who have earned recognition for their contribution to the common good. To ensure these committees are inclusive from gender, equality and other perspectives, people representing a broad cross-section of the community, from the health, education and business sectors to young people and vulnerable groups, are invited to participate.

The main function of these committees is to serve as a bridge between the community and the company, facilitating collaboration with a view to defining priority issues and social participation mechanisms, and acting as citizen watchdogs to guarantee transparency and the proper use of

resources (for example, in the case of seed capital projects), and ensure that all sectors of the community are represented in the interests of its economic, social and cultural development.

These committees also help analyze and define priorities as part of the participative social diagnoses conducted by the company to ensure the needs of the community are met. We also keep channels of communication with the local community open via our Community Care Service (SAC), where people can report their concerns and complaints. The SAC system serves communities in all the countries where the company has a presence.

## Operations with significant real or potential negative impacts on local communities

### GRI 413-2 | SASB EM-MM-210b.1.

All mining operations have a potential impact on the local community and we have a series of policies and internal management processes to assess different types of risks, be they environmental, labor, health, occupational safety, social or human rights-related.

These internal risk-management policies and processes are described in the Local Communities, Indigenous Populations, Human Rights, Our People, Labor Practices, Environment (Water, Biodiversity, Climate Change and Waste) and Occupational Health and Safety chapters of this report.

No significant impacts were reported in Mexico, Peru or the United States in 2021, a significant impact being understood as one the authorities define as requiring remediation, such as displacements, the loss of traditional lands, resettlements or interference in the cultural affairs of communities in the vicinity of our mining operations.

#### Number and description of significant disputes related to land use and the customary rights of local communities and indigenous peoples

##### MM6

This indicator defines disputes as conflicts between the company and the affected community regarding the use of land and the customary rights of local communities and indigenous peoples. Disputes are deemed significant when they cannot be settled jointly within a reasonable timeframe, reemerge, are generalized or pose potentially severe long-term financial, legal or reputational consequences for the community in question or the company.

No significant disputes related to the use of land, the rights of communities or indigenous populations were reported in 2021 in connection with the operations of the company's Mining and Infrastructure divisions.

While no such disputes arose between the company and the communities where we have a presence, we have been invited to engage in protests on issues that are important to these communities. Such demonstrations took place in Juchitán, Oaxaca, in Mexico and Michiquillay and Candarave in Peru. For a detailed description of these protests, see the [2020 Sustainable Development Report](#).

#### The extent to which complaint mechanisms were used to settle significant disputes related to land use and the customary rights of local communities and indigenous peoples, and their results

##### MM7

In the event of disputes like those described above, complaints, concerns and requests by the community are addressed by the Community Care Service (SAC), where a team of at least two experts familiar with the community are on hand to keep channels of communication open and build trust. We also implement strategic actions to benefit the community based on our Community Development Model (Responsible Coexistence, Human Development and Economic Development).

#### Investment in infrastructure and sponsored services, and significant indirect economic impacts

##### GRI 203-1 y 203-2


The company has a positive impact on local economies, both indirectly through tax payments and directly through the hiring of local suppliers. We also make voluntary investments that contribute to the economic wellbeing of communities.

Tax payments are one way in which we give back to the communities where we have a presence. In 2021, we paid US\$ 214 million in special mining rights in Mexico, 85% of which was allocated to social projects by the Ministry of Public Education under the most recent Federal Reform.

In Peru, we contributed US\$ 361 million to Canon Minero and US\$ 140 million in mining royalties, which are used by local and regional governments to finance public works or for infrastructure maintenance purposes. Also in Peru, we contributed US\$ 38.6 million to water, educational and agricultural infrastructure via the Works for Taxes mechanism and development funds.

We voluntarily invested US\$ 5.3 million in 11 education centers (three in Mexico and seven in Peru), in addition to US\$ 11.6 million in funding for the neighborhoods where our employees and their families live, and made general community donations totaling US\$ 1.7 million.



El Globo employee neighborhood in Nacozari, Sonora, Mexico. 

Transportation Division

GRI 103-1

In the Transportation Division, our priority is to maintain open channels of communication with communities that interact with the railroad, to ensure it operates safely and efficiently and does not unduly affect these communities. GMXT has an extensive presence in 24 states in Mexico—more than 300 municipalities—and in two states in the United States, including urban and industrial centers, and several rural communities. As a socially responsible company, we design social programs that benefit communities and build infrastructure that ensures the safe passage of our trains, based on an assessment of the positive and negative impacts of our operations.

Management Approach

GRI 103-2

Our community relations model is based on three lines of action: 1) be supportive; 2) implement social programs; 3) and promote respectful coexistence with the railroad in the communities where we operate.

This requires constant communication with local authorities, with whom we cooperate closely in communities where we have large-scale operations or where the impact of those operations may be negative, with a view to find solutions that benefit these communities.

(GRI 103-3)

At Grupo México's Transportation Division, the performance of the community relations model is measured using indicators related to safety, efficiency and the continuity of operations.

Operations with local community engagement, impact assessments and development programs

(GRI 413-1)

In the case of the Transportation Division of Grupo México, it is essential to maintain close relations based on mutual respect with the communities where the railroad passes through. To this end, we invest economic, technical and human resources in the design and implementation of four lines of action:

SOLIDARITY

**Dr. Vagón**, the health train. In conjunction with Grupo México Foundation, we provide free health services for remote communities in Mexico;

**Assist** in the event of natural disasters with donations and transportation services;

**We build** spaces for coexistence and development in the communities through which the railroad passes in the integration centers of Grupo México Transportes.

## SUPPORT FOR INDIGENOUS COMMUNITIES

**Community transportation.** In communities in Chihuahua and Sinaloa, we provide subsidized passenger transportation services in an effort to contribute to the economic and social development of the region.

**Free transportation of goods.** We transport food and other donations for communities in the Sierra Tarahumara free of charge

## COEXISTENCE BETWEEN THE RAILROAD AND COMMUNITIES

**Road works.** We work hand-in-hand with the authorities to ensure the safety of people living in the vicinity of the railroad, and invest in infrastructure to improve roads.

**Campaigns and workshops.** We promote a road safety culture to prevent accidents and make level crossings safer the length and breadth of our network in a bid to save lives.

## PROMOTION OF TOURISM

**The Chepe Express and tourist train services in** Chihuahua, Sinaloa, Jalisco and Puebla foster tourism-related activities, thereby contributing to the economic development of the communities where we have a presence.

The railroad in Mexico today intersects with other communication routes, such as highways and other roadways. This has had consequences on railroad safety and the wellbeing of the community. Because of this, GMXT has developed mechanisms of collaboration with the federal government through the regulatory agencies, such as the Agencia Reguladora del Transporte Ferroviario and the Department of Transport and Communications, and also with the states and municipalities to improve the urban-railroad coexistence, particularly in the areas where there are level crossings or where the urban growth forces us to undertake works projects to address the mobility and development needs of cities and town. We build relationships with all the communities through which the train passes and also with the local municipal authorities. We have also analyzed all the districts and constituencies to understand the impact of our operations and the accident rate at the level crossings on our lines. This has helped us to identify where to run our urban-railroad coexistence and safety programs.

## Operations with significant real or potential negative impacts on local communities

### GRI 413-2

The Transportation Division has a presence in 24 states in Mexico, in Texas and Florida in the United States, and countless communities, while the railroad's right of way borders with urban zones of all kinds. In the interests of safe coexistence between these communities and the railroad, we continued with our program for the installation of barriers on the most dangerous level crossings in 2021.

No significant impacts were reported in Mexico or the United States in 2021, a significant impact being one defined by the authorities as requiring remediation, such as displacements, loss of traditional lands, resettlements or interference in the cultural affairs of communities in the vicinity of our operations.



**INDIGENOUS  
POPULATIONS**

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📷 **Guidxi Riale Bi es un proyecto de creaciones artesanales apoyado por Grupo México en Juchitán, Oaxaca, México.**

# INDIGENOUS POPULATIONS

## Management approach

### GRI 103-1

Grupo México acknowledges the importance of cultural diversity and fosters long-term, harmonious relations based on shared responsibility with the communities where we have a presence. Our policies are aligned with local and national regulatory frameworks regarding indigenous populations and communities, and our company is committed to compliance with these.

We recognize that the countries where we operate are multicultural and multilingual, and respect the human rights of indigenous populations at all times, in accordance with the United Nations Declaration on the Rights of Indigenous Peoples and Convention 169 of the International Labor Organization (ILO).

Likewise, we are committed to creating and maintaining accessible, effective channels of communication with indigenous communities, ensuring the dialogue takes place in good faith and under conditions of equality, and to guaranteeing access to timely information. Our company promotes cultural activities that involve indigenous populations, that respect their world views, language and cultural expressions, their traditional knowledge and customs, spirituality, forms of organization and cultural heritage.

### Components of our management approach

#### GRI 103-2 | SASB EM-MM-210a.3.

The institutional frameworks that serve as a guideline for our relations with communities include our General Human Rights Policy, the Grupo México Code of Ethics, our General Policy of Respect for Indigenous Communities and Populations, and our General Sustainable Development Policy, which can all be consulted by the general public on our website. These policies are revised and approved by the Grupo México Internal Audit and Control Area and compliance with them is mandatory for employees, suppliers and contractors in all three divisions in the countries where we operate.

## Mining and Infrastructure Divisions

### SASB EM-MM-210a.3.

#### MEXICO

Our company policies promote ties with local indigenous populations and are in alignment with our [Community Development Model](#). **Local indigenous communities and populations are identified and any potential impacts our operations may have on them assessed, with a view to establishing a dialogue based on respect, transparency and understanding** that brings us closer to one another. This allows us to establish a close and empathetic dialogue with these communities.

These actions form the basis of the **Social Management Plans** that take into account statistical, geographical, socioeconomic and qualitative information on the area and its indigenous communities, and their relationship with the business unit in question. There are two parts to our social management plans:

- i) The implementation of measures to mitigate possible specific impacts on indigenous communities and populations.
- ii) The design of measures to increase positive impacts and programs that generate shared value to the benefit of local communities and indigenous populations.

Once the plan has been implemented, its progress and performance are evaluated, taking into consideration the opinions of participants, beneficiaries and volunteers.

#### PERU

We promote and maintain ties of mutual respect with the farming communities in the vicinity of our operations and projects in Peru. We have also contributed significantly to improving the living conditions of the population in partnership with local authorities and institutions.

In the case of the Toquepala and Cuajone mining units (in the Tacna and Moquegua regions, respectively), and the Chancas project (Apurímac region), we are in the process of conducting anthropological analyses. An advisory team will assist with these studies in the aforementioned zones of influence and with the implementation of any derived social management strategies.

#### ESTADOS UNIDOS

Since the late 19<sup>th</sup> century, mining has been essential to the development of the state of Arizona, which has 21 indigenous peoples recognized by federal authorities. Mining companies and indigenous peoples have managed to coexist respectfully within federal regulatory frameworks and the domestic legislation of the countries where we operate, including the United States, where constructive relations with indigenous populations within the areas of influence of our operations are facilitated by effective and transparent channels of communication.

## Relations with Indigenous Communities

### 1. MEXICO

#### GUERRERO NEGRO, BAJA CALIFORNIA

Located in the heart of the Baja California Sur peninsula in the municipality of San Quintín in Guerrero Negro, the El Arco project is currently at the exploration phase. We have had a presence here since 2013 with our community development center that puts our community relations model into practice. To keep us in direct, permanent contact with the local community, we organize a series of activities in collaboration with the center's seven volunteers, one Community Committee member and one employee, who are all members of the Cochimí community.

#### JUCHITÁN, OAXACA

We operate a wind farm known as El Retiro in La Ventosa, Juchitán, on the Isthmus of Tehuantepec in Oaxaca, on land we lease from the indigenous Zapotec community. The local community development center, Casa Grande Lidxinu', which means "everyone's place" in Zapotec, was founded in 2014.



A member of the Cochimí community, Baja California Sur, Mexico.



## 2. PERU

The Toquepala and Cuajone mines are located in South Peru, near Aymara farming communities. In addition to six community development centers, where we organize activities to promote economic and human development, in 2014 we set up Radio Candarave to broadcast information of interest to local communities and promote the Andean culture in the Aymara and Spanish languages.

## 3. UNITED STATES

### MISSION, ARIZONA

The Mission mine straddles private property and land on the Tohono O'odham reserve. We have a lease agreement with the Tohono O'odham and an understanding that gives them job preference and a percentage of the mining royalties from our operations on their land. There is also a water settlement agreement, which provides ASARCO access to water from the Tohono O'odham Nation Central Arizona Project.

We have a technical group in the area whose members represent these native peoples and ASARCO in the settling of issues of common interest. For further information, consult the section on [Formal complaint mechanisms](#).

### RAY Y HAYDEN, ARIZONA

Our mining complex in Hayden and our mine in Ray, Arizona, are located near two major indigenous populations in the region: the San Carlos Apache Indian Reservation and the Gila River Indian Community (GRIC). The latter is made up of two tribal groups: Akimel O'odham, also known as Pima, and Pee-Posh, sometimes referred to as Maricopa.

The company has previously negotiated water rights agreements with the Gila River Indian Community.



Indigenous women in Camilaca, Peru.





**CASE STUDY**  
**EL RETIRO WIND FARM**  
JUCHITÁN, OAXACA

When we first came to La Ventosa in 2014, we conducted a shared-value diagnosis with the participation of the local community to identify their perceived needs and foster dialogue with our different interest groups. It is thanks to this exercise, which we repeat on a regular basis, that we have managed to reach agreements with the owners of the land we lease for our operations and the community of La Ventosa.

Communication is conducted through a Landowners' Committee formed by elected representatives of the local community. This forum fosters dialogue and is a space where the community can make requests or express their concerns, and where we can inform them of works related to the wind farm and community programs.

Every year, the local community center, Casa Grande Lidxinu', holds the "You, Your Project, Your Future" competition for entrepreneurs from La Ventosa. A Community Council formed by two landowners, the municipal agent and three recognized community leaders (who receive voluntary training in project evaluation, active listening and participative decision-making) select the projects they believe are deserving of seed capital, based on criteria of sustainability, shared responsibility, the impact of these projects on and their benefit to the community, and how far these go to meeting its priority needs.

Guidxhi Riale Bi (which means "place where the wind is born" in Zapotec) won the seed capital competition in 2017. The project fosters the economic and human development of 15 women from La Ventosa, who are self-employed in the production of traditional handmade textiles and the preservation of embroidery techniques and motifs typical of the Isthmus of Tehuantepec.

All of the project's creations are handmade with an experience of at least 35 years and more than three generations dedicated to the production and preservation of traditional weavings and embroidery in the community. In 2021, they published their catalogue Guidxhi Riale Bi: Isthmus Needlework and Creations, which was instrumental in securing them their first sales in the United States.



Talleres en Casa Grande La Ventosa, Juchitán, Oaxaca, México.



## Purpose and Goals

**Our corporate goal for 2022 is to institutionalize the process for identifying and addressing the needs of indigenous communities in the vicinity of our mining and infrastructure operations (90% progress).**

In 2019, we mapped the indigenous populations in the vicinity of our operations in Mexico. The next year, in 2020, we published our General Policy of Respect for the Rights of Indigenous Peoples and Communities and designed an Indigenous Peoples and Communities Action Protocol for Mexico.

In 2021, we focused on fine-tuning the protocol and compiling appendices for Mexico, Peru and the United States. The protocol provides a general description of our operations, international standards pertaining to the human rights of indigenous peoples and our commitment to respecting these.

It also highlights cultural belonging as the guiding force of actions to foster closer relations with communities involved in specific projects.

The domestic legal frameworks governing the rights of the indigenous peoples and communities the company interacts with are laid out in the respective country appendices.

The purpose of the protocol is to get a better understanding of the cultural diversity of Mexico, Peru and the United States, so as to come up with the best strategy for interacting with indigenous communities based on their specific characteristics.

### Resources

In the 2014-2021 period, we invested MXN\$ 10.4 million in social projects (infrastructure, social and productive projects) in El Retiro, and in 2021 we channeled MXN\$ 1.7 million into cattle-farming, agriculture and power-related infrastructure projects to promote the local economy of the Zapotec community.

In 2021, our community development center in Guerrero Negro, Baja California Sur, invested MXN\$ 1.5 million in productive projects and training to shore up micro-companies by means of initiatives like Cochimí cooking workshops.

In the United States, ASARCO paid the Tohono O'odham nation near the Mission mine US\$ 300,000 in royalties for the lease of their land.

### Formal complaint mechanisms

**SASB EM-MM-210a.3.**

Our [Community Care Service line \(SAC\)](#) is a major cog in our Community Development Model in that it serves as a permanent channel of communication with local communities, including indigenous populations, who are made aware of its existence via social and printed media, community programs, presentations for teams of volunteers, loudspeakers, and other forms of publicity.

Complaints or concerns regarding the company can be reported to the SAC using our toll-free number or via digital channels. Alternatively, suggestions boxes are located at our community development centers in Mexico and Peru. Complaints can also be filed directly with our field teams in the operational areas that are in contact with the community and its indigenous populations.

In Juchitán, in the state of Oaxaca, Mexico, the Lidxinu´ community development center has bilingual staff on hand to assist non-Spanish speakers and members of the community who feel more comfortable speaking Zapotec. All SAC hotline materials have been translated into Zapotec in a bid to forge closer ties with the community and foster direct dialogue. We are currently in the process of setting up a bilingual toll-free line and WhatsApp service.

At the Mission mine in the United States, ASARCO has a technical group called MARP (Mining and Reclamation Plan) that represents Grupo México and members of the Tohono O'odham nation. In addition to discussing and assessing mining and reclamation projects on Tohono O'odham land, MARP deals with topics of mutual interest, such as rainwater management and the relocation of cattle that stray into the mine area. Any complaints or concerns the Tohono O'odham may have can be channeled through MARP. Alternatively, the mine's Environmental Affairs Office can be contacted by telephone or e-mail in the event of concerns arising between MARP sessions.

### Evaluation mechanisms (GRI 103-3)

In 2021, we evaluated the performance of our social programs targeting local communities and indigenous populations. This was done by means of ongoing dialogue and participative social diagnoses (consultations on community [relations and social programs](#)). The last two paragraphs of our seven-bullet Action Protocol roadmap refer to compliance with agreements, the continuity of community relationships and regular evaluations of Grupo México's actions in this regard.

### Operations on the lands of indigenous peoples and operations under formal agreements with indigenous communities MM5

We have a total of 34 operations in Mexico, Peru and the United States, seven of which are on or in the vicinity of land inhabited by indigenous peoples. Of these seven operations, in four cases we have formal agreements with the indigenous communities in question (one in Mexico and six in the United States), which represents 57% of all such operations.

For a detailed description of significant conflicts with local communities and indigenous peoples (MM6) related to the use of land and customary laws, please see [this link](#).

### Cases of violations of the rights of indigenous peoples GRI 411-1

Pursuant to the national laws of the countries where we operate, ILO Convention 169 and the United Nations Declaration on the Rights of Indigenous Peoples and its Guiding Principles on Business and Human Rights, no cases of violation of the rights of indigenous peoples in Mexico, Peru or the United States were reported in the period to our Community Hotline (SAC) or our community development centers by third parties or by any other means.



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DIVISION**

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**CLIMATE  
CHANGE**

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📷 Wind Farm, Juchitán, Oaxaca, México.

## CLIMATE CHANGE

### Management Approach

#### GRI 103-1, 103-2, 103-3

Climate change is one of the greatest contemporary global challenges that requires the commitment of governments, companies and society as a whole. Grupo México's materiality analysis (see [Our Approach](#) section) identifies climate change as one of the most relevant issues in our three divisions and as a generator of renewable energy projects in the Infrastructure Division. In the [General Sustainable Development Policy](#) and the [Environmental Policy](#), established in 2021 and which apply to the entire group, we reaffirm our commitment to the Paris Agreement and the contribution to the United Nations Sustainable Development Goals, specifically goal number 13: "Climate Action", focused on the adoption of urgent measures to address climate change and its effects. At the corporate level, we are committed to reducing our carbon footprint and promoting energy efficiency. In accordance with a risk management and prevention approach, we work to ensure a safe operation that allows us to promote operations and communities that are resilient to climate change; as well as addressing the risks and opportunities associated with the transition

to low-carbon economies. Additionally, the company is positioned as a key player in contributing to the transition to a green economy by providing products and services that support this transition and as an agent of positive change in the mitigation of global greenhouse gas (GHG) emissions associated with our operations.

In 2018, Grupo México set the following corporate goals with a scope to 2022:

- 1. Increase the organization's use of renewable electric energy by 25%.**
- 2. Reduce the intensity of greenhouse gas emissions of the Mining Division by 5%.**
- 3. Update the analysis of risks and opportunities resulting from climate change.**

We are working on a decarbonization roadmap to support new GHG emission reduction targets in the medium and long term. A key part of this effort is our active collaboration in the International Copper Alliance's (ICA) "Global Copper Decarbonization Roadmap"<sup>1</sup> working group, which aims to define the copper industry's contribution to achieving the Paris Agreement target, as well as the actions that could be taken to succeed in this effort. The results of this Working Group will be finalized soon, which will allow us to complement our roadmap and be ready to publish our medium- and long-term decarbonization targets in 2022.

In recent years, the company has made significant progress in terms of performance, management and transparency, linked to the issue of climate change:

- Between 2019 and 2021, we reduced our operating emissions by 9.6% (Scope1 + Scope2) <sup>2</sup>.
- We measure and report operational (Scope 1 and 2) and value chain (Scope 3) emissions, in line with best international practices.

The current disclosure exercise follows the Global Reporting Initiative (GRI) reporting standards since 2006, SASB3 metrics and TCFD4 recommendations since 2020.

- In line with these frameworks, this chapter reports on energy consumption, greenhouse gas emissions, and our strategy for assessing and managing the risks and opportunities arising from climate change.
- We subject the GRI standards on Energy (GRI 302:2016) and Emissions (GRI 305:2016) to independent verification. For more information on the GRI standards related to climate change, which were verified in this report, please refer to the [External Verification Letter](#).
- Each year we respond to the CDP organization's climate change questionnaire, which manages a climate change disclosure system and is considered the most relevant international climate change assessment. We conduct a yearly gap analysis of our annual results in the assessment to ensure a cycle of continuous improvement, which allowed us to increase our rating by two levels<sup>5</sup> in the 2021 assessment, from a "C" awareness rating to a "B" orderly management rating.

CDP RATING SCALE:

Leadership		Management		Awareness		Outreach	
A	A-	B	B-	C	C-	D	D-

The improvement achieved in the CDP during the last year is due to improvements in: (i) the reduction of Scope 1 and 2 emissions, (ii) the increase of information from the value chain for the calculation of Scope 3 emissions, and (iii) the development of a physical and transition risk assessment, including carbon pricing systems, among others.

Between 2020 and 2021, operational emissions decreased by close to 1%, while energy consumption increased by more than 2% and we transported 10.2% more product. GEI's significant reductions, close to an additional 4%, will be reflected once our 168MW Fenicias Wind Farm, located in the state of Nuevo Leon, is 100% completed and has concluded its testing stage. This wind farm will supply electricity to IMMSA's mining and metallurgical operations.

1. Global Copper Decarbonization Roadmap

2. Emission reductions for the same period in SCC were

3. 4.1%.Sustainability Standards Accounting Board.

4. Task Force on Climate-Related Financial Disclosures. An index of indicators is included at the end of the report to make it easier to locate TCFD-related information.

5. CDP's climate change assessment has an 8 level grading scale where the lowest grade is D- and the highest grade is A.

Energy consumption

GRI 302-1, 302-2

In 2021, total energy consumption in Grupo México was 94,646,703 GJ<sup>6</sup>, representing an increase of 2.2% at Grupo México level with respect to 2020, associated with a balance of the following factors. On the one hand, the Mining Division generally had an increase in its fuel energy consumption in the regions where it operates, especially in some units in the United States (Ray and Mission) and a decrease in electricity consumption. On the other hand, the fuel consumption in our railroad operations increased 4.3% due to a 10.25 increase our rail cargo, although locally, in the United States we had a reduction in our operations due to the pandemic and the general shortage of employees in state and local economies. And lastly, the infrastructure division, in the combined cycle plant, reduced its fuel consumption (natural gas) by 8.3% due to a 6.2% MW drop in production.

Almost three quarters (72.8%) of Grupo México's energy consumption is associated with fuel consumption in our operations and the rest with purchased and self-generated electricity.

Total energy consumption (fuels and electricity) by country and subsidiary (GJ) GRI 302-1  SASB EM-MM-130a.1				
Division / Subsidiary	2021	2020	2019	Change 2020-2021 (%)
Total DMIN	51,310,021	49,082,890	52,072,515	4.5%
SCC	44,609,792	43,244,904	43,208,095	3.2%
Mexico (MM)	27,343,238	26,743,178	26,450,947	2.2%
Peru (SPCC)	17,266,554	16,501,726	16,757,148	4.6%
USA (ASARCO)	6,700,229	5,837,986	8,864,420	14.8%
Total DTRA	18,208,296	17,469,906	19,836,559	4.2%
Mexico	16,925,243	15,873,940	17,190,295	6.6%
United States	1,283,053	1,595,966	2,646,264	-19.6%
Total DINFRA	25,120,070	26,037,483	28,189,659	-3.5%
Total Grupo México	94,638,387	92,590,279	100,098,733	2.2%

6. Giga Joules

## Greenhouse gas emissions (GHGs)

GRI 302-3, 305-1, 305-2; 305-5 | TCFD MYO-A, MYO-B

We report GHG emissions resulting from our activities (Scope 1 and 2) and for the third consecutive year we also report GHG emissions from our value chain (Scope 3). Scope 1 emissions include all emissions generated by the use of fossil fuels in stationary and mobile sources, and emissions generated by chemical and physical processes, in the case of the Mining Division emitted during lime production<sup>7</sup>. Scope 2 GHG emissions include indirect emissions from the consumption of electricity generated by third parties. Scope 3 emissions include all other indirect emissions associated with the company's upstream and downstream activities. The purpose of including Scope 3 emissions generated in the value chain in the inventories is to identify opportunities to collaborate with stakeholders such as suppliers and customers to promote emission reduction measures outside of Grupo México's operations.

The 2021 GHG emissions inventory was developed following the guidelines of the Greenhouse Gas Protocol<sup>8</sup>, with a corporate approach that integrates the multiple synergies that exist between the three divisions of Grupo México, thus avoiding double counting of GHG emissions. For example, energy provided by the Infrastructure Division to the Mining Division and the Transportation Division is considered, and rail transportation services provided by the Transportation Division to the Mining Division are considered.

The emissions accounting followed an operational control approach and includes all material operations of the three divisions. In addition, in alignment with the GHG Protocol guidelines, the Scope 2 emissions calculation considered the 'market-based'<sup>9</sup> approach and the 'location-based' approach. Scope 2 emissions shown in this report refer to the 'market-based' approach, unless otherwise stated.

7. Fugitive emissions associated with the use of cooling and air conditioning equipment are not included as they accounted for less than 0.01% of Scope 1 emissions for all of Grupo México in 2020.
8. "Corporate Accounting and Reporting Standard - Revised Edition" and the supplement "Value Chain Accounting and Reporting Standard (Scope 3)" of the GHG Protocol, developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).
9. Market-based calculations consider contractual renewable energy purchase and sale instruments (e.g., renewable energy certificates, power purchase agreements and "green" tariffs) when estimating emissions associated with the provision of electricity. Contrary to market-based calculations, location-based calculations consider only regional averages of electricity production when calculating emissions.



📷 Combined Cycle Plant in Nacozari, Sonora, Mexico.

Operational emissions – Scope 1 y 2

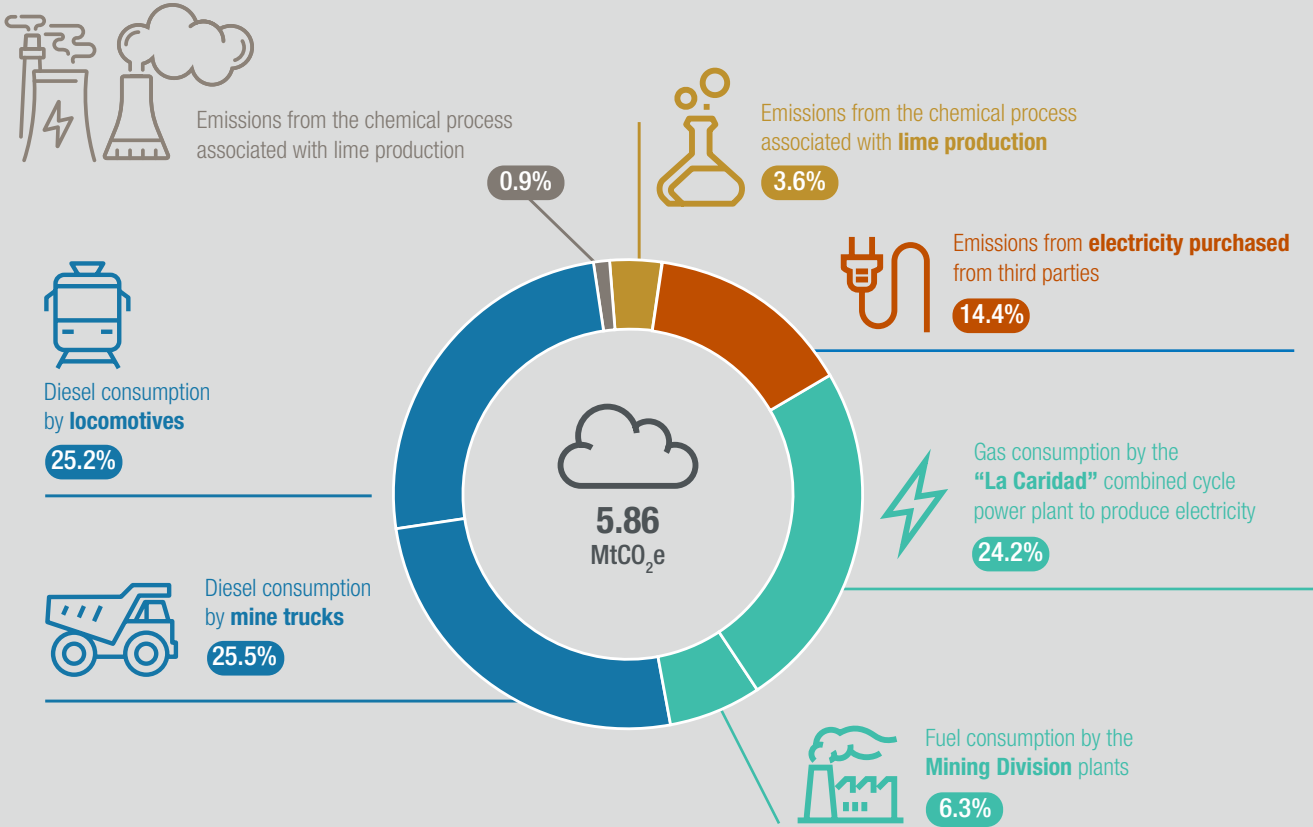
SASB EM-MM-110a.1; TR-RA-110a.1;  
IF-EU-110a.1 | TCFD MYO-B

Operational emissions include Scope 1 and 2 emissions. In the particular case of Grupo México, operational emissions include those from the use of fuels in fixed and mobile sources, electricity purchased from third parties outside Grupo México, and process emissions during lime production (CO2 emissions emitted during the transformation of limestone to lime).

When considering the three divisions of the organization, Grupo México's total operational emissions were 5,759 ktCO2e in 2021. The most important source of emissions comes from the consumption of fuels in mobile sources (representing 50.7% of total operational emissions) followed by combustion in fixed sources (30.5%) and the consumption of electricity purchased by third parties (14.4%)<sup>10</sup>.

The following is a breakdown of operational emissions by category for 2021.

OPERATIONAL GREENHOUSE GAS EMISSIONS 2021

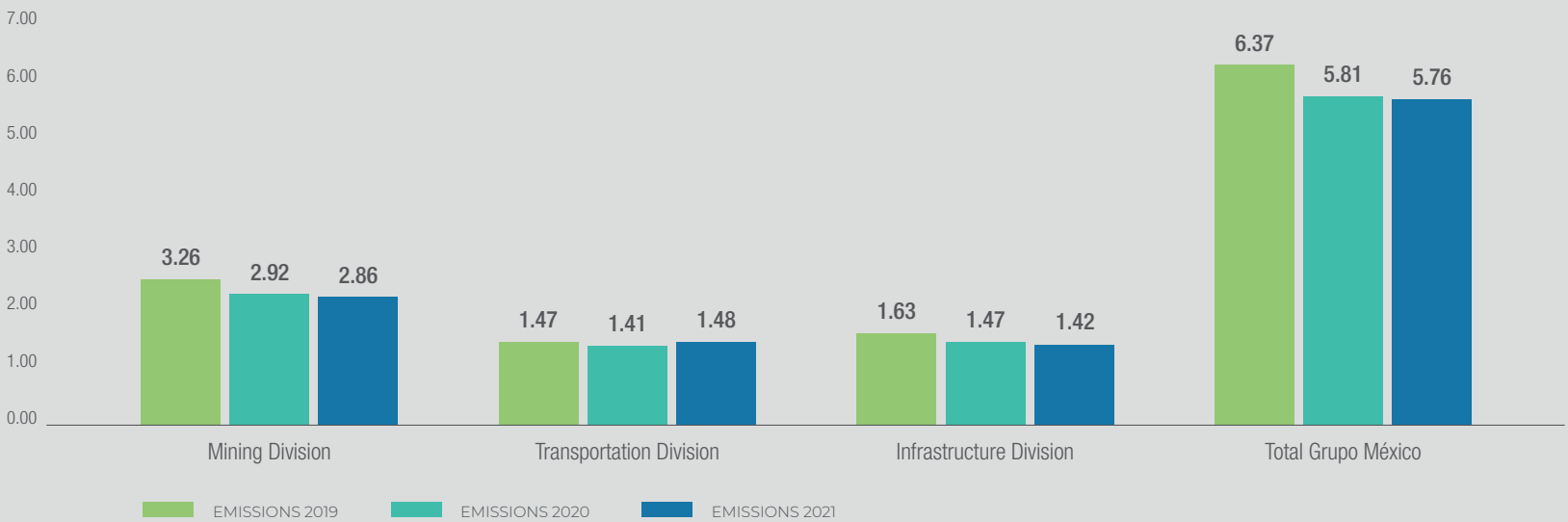


10. Emissions from electricity generation by the La Caridad Combined Cycle Plant, on-site generation or El Retiro are accounted for as Scope 1 emissions.

Grupo México's operating emissions in 2021 were 0.9% lower than in 2020. The decrease in emissions is largely due to an 8.3% decrease in natural gas consumption in the Infrastructure Division, associated with a decrease in electricity production of 6.2% MW and a decrease in the consumption of electricity from fossil fuels and an increase in the consumption of electricity from renewable sources in the Mining Division. However, it is important to note that the last years were relatively atypical due to the COVID-!9 pandemic.

Between 2019 and 2020, there were significant decreases in energy consumption in the Mining Division mainly due to a decrease in the activities of some ASARCO operations and the Transportation Division in the United States. For more details, see the fuel and electricity sections.

OPERATING EMISSIONS 2019-2021 (MTCO2E)



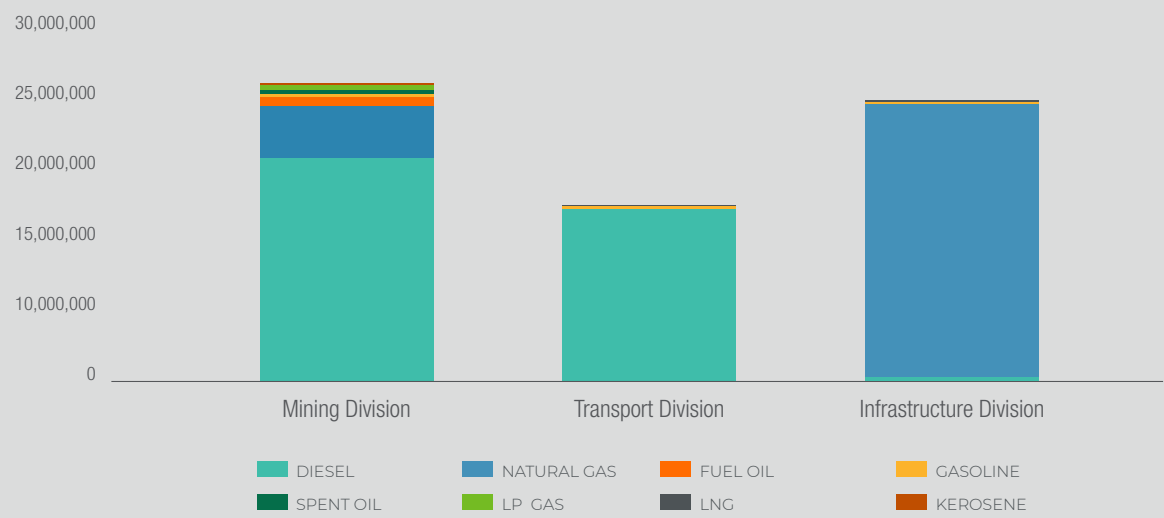
Operating Emissions GRI 302-3, 305-1 305-2   SASB EM-MM-110a.1; TR-TRA-110a.1										
Division / Subsidiary	2021 (MtCO <sub>2</sub> e)			2020 (MtCO <sub>2</sub> e)			2019 (MtCO <sub>2</sub> e)			Total change 2021-2020 (%)
	Alcance 1	Alcance 2	Total	Alcance 1	Alcance 2	Total	Alcance 1	Alcance 2	Total	
Total DMIN	2.05	0.81	2.86	1.82	1.10	2.92	1.99	1.27	3.26	-1.9%
SCC	1.81	0.43	2.24	1.64	0.60	2.25	1.73	0.60	2.34	-0.3%
Mexico (MM)	1.13	0.26	1.39	1.01	0.43	1.45	1.04	0.43	1.46	-4.2%
Peru (SPCC)	0.68	0.17	0.85	0.63	0.17	0.80	0.70	0.18	0.87	6.8%
USA (ASARCO)	0.24	0.38	0.62	0.18	0.50	0.68	0.26	0.67	0.92	-8.8%
Total DTRA	1.47	0.02	1.48	1.40	0.01	1.41	1.46	0.02	1.47	4.8%
Mexico	1.38	0.01	1.38	1.30	0.01	1.31	1.28	0.01	1.29	5.4%
United States	0.09	0.01	0.10	0.10	0.00	0.10	0.18	0.00	0.18	-3.3%
Total DINFRA	1.42	0.00	1.42	1.47	0.00	1.47	1.63	0.00	1.63	-3.6%
Total Grupo México	4.94	0.83	5.76	4.69	1.12	5.81	5.08	1.29	6.37	-0.9%

Fuels

GRI 302-1, 302-4 | SASB TR-RA-110a.3 | TCFD MYO-A

Grupo México's total fuel consumption in 2021 was 68,971,045 GJ. The most used fuels in the organization were diesel and natural gas, which accounted for 55.1% and 42.6% respectively of total energy consumption. In terms of total GHG emissions from the use of fuels, diesel contributed 51.4%, while natural gas, being a cleaner fuel, only contributed 28.6%. The main consumers of diesel in Grupo México are the Mining Division with 52.3% to move mine trucks and the Transportation Division with 47.0% to move its locomotives, while the main consumer of natural gas was the Infrastructure Division with 84.6%, with the La Caridad combined cycle plant being the dominant consumer. The remaining 15.4% of natural gas is consumed by the Mining Division, mainly by the Metallurgical Complex and the Sonora Lime Plant.

2020 fuel consumption by division and type



Compared to 2020, in 2021 there was a 4.7% increase in fuel energy consumption. Diesel consumption increased by 13.8% and natural gas consumption decreased by 2.8%. The most significant increases in diesel consumption occurred in mining operations, while there were considerable decreases in railroad transportation in the states of Florida and Texas in the United States.

Fuel consumption in 2021 by country, division and type.

Fuel consumption by division, country and type GRI 302-1  SASB EM-MM-130a.1				
Division / Subsidiary	2021	2020	2019	Change 2021-2020 (%)
Total DMIN	25,824,547	22,539,763	24,802,317	14.6%
SCC	22,298,456	19,948,887	20,615,271	11.8%
Mexico (MM)	13,341,052	11,668,361	11,841,271	14.3%
Peru (SPCC)	8,957,404	8,280,526	8,774,000	8.2%
USA (ASARCO)	3,526,092	2,590,876	4,187,046	36.1%
Total DTRA	18,037,558	17,328,458	19,684,339	4.1%
Mexico	16,818,637	15,764,106	17,073,314	6.7%
United States	1,218,921	1,564,352	2,611,025	-22.1%
Total DINFRA	25,112,209	26,030,720	28,182,646	-3.5%
Total Grupo México	68,974,314	65,898,941	72,669,302	4.7%

Emissions associated with fuel consumption in **mobile combustion** sources in Grupo México, broken down by type of greenhouse gas and by subsidiary, are shown below.

Fuel consumption 2021 by division, country and type of fuel (GJ) SASB TR-RA-110a.3								
Division / Subsidiary	Spent oil	Fuel Oil	Diesel	Gasoline	Natural Gas	LP GAS	GNL	Kerosene
Total DMIN	137,021	821,098	19,879,353	259,217	4,535,512	192,346	-	8
SCC	137,021	821,098	16,969,639	171,807	4,043,887	155,004	-	8
Mexico (MM)	137,021	37,323	8,813,174	169,601	4,043,887	140,046	-	8
Peru (SPCC)	-	783,775	8,156,465	2,206	-	14,958	-	-
USA (ASARCO)	-	-	2,909,714	8,741	491,626	37,342	-	-
Total DTRA	-	-	17,873,080	159,483	363	4,479	-	-
Mexico	-	-	16,658,491	155,667	-	4,479	-	-
United States	-	-	1,214,588	3,816	363	-	-	-
Total DINFRA	-	-	256,812	16,927	24,838,096	375	-	-
Total Grupo México	137,021	821,098	38,009,244	435,627	29,373,971	197,200	-	8
Contribution (%)	0.2%	1.2%	55.1%	0.6%	42.6%	0.3%	0.0%	0.0%


Emissions from fuel consumption in mobile combustion sources in Grupo México by gas type I SASB EM-MM-110a.1				
		tCO <sub>2</sub> e		
Division / Subsidiary	tCO <sub>2</sub> e	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O
Total DMIN	1,487,134	1,459,227	2,356	25,551
SCC	1,273,004	1,247,997	2,075	22,933
Mexico (MM)	654,016	634,450	1,121	9,445
Peru (SPCC)	618,989	604,547	953	13,488
USA (ASARCO)	214,130	211,230	281	2,618
Total DTRA	1,466,181	1,332,790	2,386	131,004
Mexico	1,377,843	1,245,258	2,178	130,406
United States	88,338	87,532	208	598
Total DINFRA	11,625	11,412	29	184
Total Grupo México	2,964,939	2,803,429	4,770	156,740

The largest consumers of diesel in Grupo México are mine trucks and locomotives.

Grupo México fuel emissions from fixed sources, by gas type I SASB SASB EM-MM-110a.1				
Division / Subsidiary	tCO <sub>2</sub> e	tCO <sub>2</sub> e		
		CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O
Total DMIN	566,657	536,697	414	2,545
SCC	540,930	537,980	411	2,539
Mexico (MM)	478,940	476,355	176	2,409
Peru (SPCC)	61,990	61,624	235	131
USA (ASARCO)	25,726	25,717	3	6
Total DTRA	-	-	-	-
Mexico	-	-	-	-
United States	-	-	-	-
Total DINFRA	1,404,591	1,402,232	755	1,604
Total Grupo México	1,971,247	1,965,929	1,169	4,149

The Combined Cycle plant in Sonora is by far the largest consumer and generator of fixed emissions at the Group level.



Combined Cycle plant, Nacozari, Sonora, México. 

Electricity

GRI 302-1, 302-4 | TCFD MYO-A

Electricity consumption in 2021 was 7,132,127 MWh (25,675,658 GJ). The Mining Division consumed 99.3% of the total electricity, while the Transportation and Infrastructure Divisions consumed only 0.7% and less than 0.1%, respectively<sup>11</sup>. Compared to 2020, electricity consumption decreased by 3.8% in 2021, mainly due to the decrease in consumption at the Zinc Refinery in San Luis Potosi.

Electricity consumption by country and division in 2021 to 2019 GRI 302-1							
Division / Subsidiary	2021		2020		2019		Change 2020-2021 (%)
	MWh	GJ	MWh	GJ	MWh	GJ	
Total DMIN	7,079,298	25,485,474	7,373,091	26,543,127	7,575,055	27,270,198	-4.0%
SCC	6,197,593	22,311,336	6,471,116	23,296,017	6,275,785	22,592,824	-4.2%
Mexico (MM)	3,889,496	14,002,186	4,187,449	15,074,817	4,058,243	14,609,676	-7.1%
Peru (SPCC)	2,308,097	8,309,150	2,283,667	8,221,200	2,217,541	7,983,148	1.1%
USA (ASARCO)	881,705	3,174,137	901,975	3,247,110	1,299,271	4,677,374	-2.2%
Total DTRA	47,428	170,738	39,290	141,447	42,284	152,220	20.7%
Mexico	29,613	106,606	30,509	109,834	32,495	116,981	-2.9%
United States*	17,815	64,132	8,781	31,613	9,789	35,239	102.8%
Total DINFRA	2,184	7,861	1,879	6,763	1,948	7,013	16.2%
Total Grupo México	7,128,910	25,664,073	7,414,261	26,691,337	7,619,287	27,429,431	-3.8%

\* For the Transport Division, the United States' electricity consumption was estimated.

Total emissions associated with electricity consumption in 2021 (Scope 2) were 828 ktCO<sub>2</sub>e, representing a decrease of 26.3% compared to 2020. The main reason was the increase in the proportion of renewable electricity consumed in IMMSA's operations. The San Luis Potosi Zinc Refinery began receiving electricity supply from the El Retiro wind farm (125,080 MWh more than in 2020).

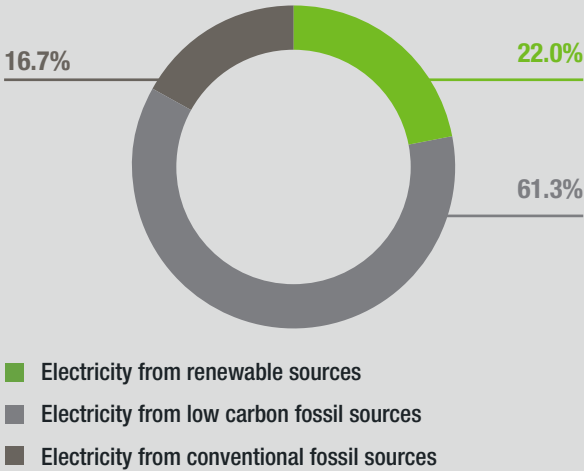
The company's share of renewable electricity consumption increased to 22.6% in 2021. In terms of energy, the El Retiro wind farm generated 171,884 MWh, of which 75% was consumed within Grupo México.

Since the Mining Division consumed 99.3% of the organization's electricity, the following table shows the breakdown of electricity consumption by source for the subsidiaries of this division.

11. Figures were rounded, so the total may not add up to 100% exactly.

Electricity consumption by source in 2021 (in MWh) GRI 302-1 SASB EM-MM-130a.1											
Division / Subsidiary	Renewable sources					Non-renewable sources					
	Generated on site	A Supplied by the Infrastructure Division (El Retiro)	Bought from the Grid (third part outside Grupo México)	Subtotal renewable sources	Subtotal renewable sources (%)	Generated on site (co-generation)	Supplied by the Infrastructure Division	Purchased from the grid (third parties outside Grupo México)	Subtotal non-renewable sources	Subtotal non-renewable sources (%)	Total (renewable + non-renewable sources)
Total DMIN (MWh)	41,604	142,025	1,416,558	1,600,187		47,555	3,090,643	2,340,914	5,479,111		7,079,298
SCC	41,604	142,025	1,416,558	1,600,187	25.8%	47,555	3,090,643	1,459,209	4,597,406	74.2%	6,197,593
Mexico	0	142,025	0	142,025	3.7%	47,555	3,090,643	609,274	3,747,471	96.3%	3,889,496
Peru (SPCC)	41,604	0	1,416,558	1,458,162	63.2%	0	0	849,935	849,935	36.8%	2,308,097
USA (ASARCO)	0	0	0	0	0.0%	0	0	881,705	881,705	100%	881,705
Total DMIN (%)	0.6%	2.0%	20.0%	22.6%		0.7%	43.7%	33.1%	77.4%		1.0%

As shown in the table above, most of the electricity consumed in Peruvian mining operations comes from renewable sources (63.2%). The proportion of renewable electricity consumed at the SCC and DMIN levels is 25.8% and 22.6%, respectively. The emission factor of the Infrastructure Division’s Sonora Combined Cycle plant is marginally lower (2%) compared to Mexico’s national grid. The following table shows a breakdown of electricity consumption from the grid in each subsidiary.



Mining Division grid power SABS EM-MM-130a.1		
Subsidiary	% electricity purchased from the grid	% electricity acquired off the grid
SCC	24.3%	75.7%
Mexico (MM)	16.9%	83.1%
Peru (SPCC)	36.8%	63.2%
USA (ASARCO)	100.0%	0.0%
Total DTRA	29.3%	70.7%

Scope 3 emissions

GRI 305-3 | TCFD MYO-B

Scope 3 emissions have been calculated since 2019, in line with best practices in the field, refining each year the calculation methodology to be used.

Total Scope 3 emissions in 2021 were 6,947 ktCO<sub>2</sub>e. The three most important categories for Grupo México are the process of products sold, products and services acquired, fuel and energy use, which comprise 31.3%, 24.3% and 21.3%, respectively, of the type of emissions referred to. Emissions from the processing of products sold are relevant only for the Mining Division, because it supplies raw materials to other companies that manufacture products in the finishing process and finished products. Although this category of emissions is the most significant of all, the main product sold is copper, which is essential for the manufacture of clean and renewable technologies, which are indispensable for the transition to low-carbon economies.

BREAKDOWN: SCOPE 3 EMISSIONS BY CATEGORY<sup>12</sup>

Upstream emissions	(ktCO <sub>2</sub> e)	63.4%
Purchased products and services <sup>13</sup>	1,686	24.3%
Use of fuel and energy <sup>14</sup>	1,477	21.3%
Upstream transportation and distribution <sup>15</sup>	689	9.9%
Capital goods <sup>16</sup>	520	7.5%
Employee commuting	27	0.4%
Business travel <sup>17</sup>	2	0.03%
Downstream emissions		36.3%
Processing of sold products <sup>18</sup>	2,175	31.3%
Downstream transportation and distribution <sup>19</sup>	269	3.9%
Downstream leased assets <sup>20</sup>	62	0.9%
Waste generated in operations <sup>21</sup>	41	0.6%
Total Grupo México	6,947	100.0%

12. Numbers rounded to the nearest digit.

13. Includes emissions associated with the manufacture of the most important products bought and the provision of material services acquired by Grupo México.

14. Emissions associated with the extraction, production and transportation of the fuels used by the organization. This category also includes the fuels used to generate the electricity supplied by third parties and which is consumed in the operations of Grupo México. It also includes the emissions from transmission and distribution losses.

15. Emissions generated by the transportation and distribution provided by third parties to the Mining Division and the Infrastructure Division (including sea, rail and road transportation paid for by the company).

16. Includes the emissions associated with the manufacturing of the capital goods acquired by Grupo México.

17. Emissions associated with air travel by employees and contractors.

18. The emissions in this category are those produced by Grupo México customers when they process the sold products into other semi-finished or finished products. The calculation for this category includes the processing of the copper, molybdenum, zinc, lead and cadmium that was sold by the organization in 2020.

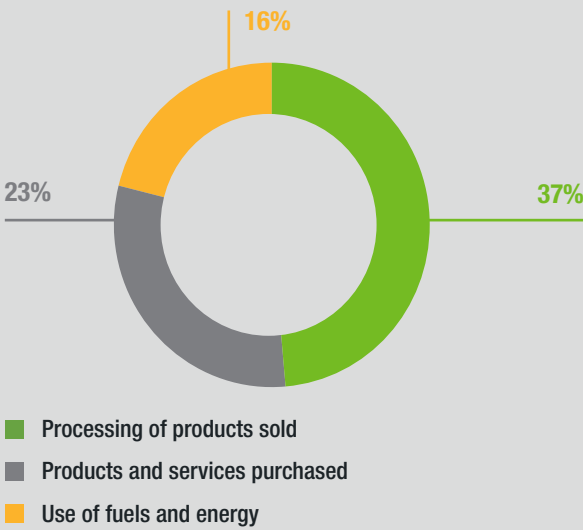
19. Emissions associated with the consumption of fuels on the platforms leased by the Infrastructure Division. Considers only the fuels purchased by Grupo México.

20. Emissions produced by the transportation and distribution provided by third parties to the Mining Division and the Infrastructure Division (including sea, rail and road transportation).

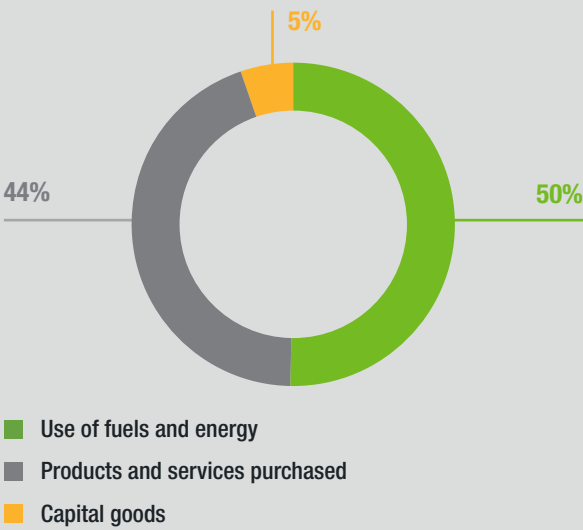
21. Emissions associated with operational waste management (landfills, recycling, incineration, etc.).

For details of SCC's Scope 3 emissions and the Transportation division, see [annexes](#). The following graphs show the distribution of Scope 3 emissions for each of the divisions, reflecting the characteristics of their activities:

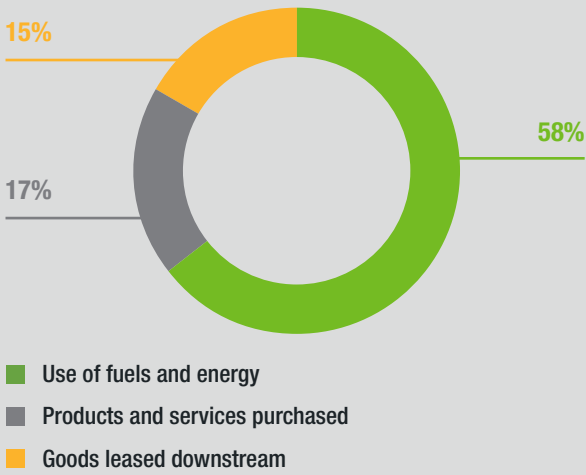
EMISSIONS BY CATEGORY – MINING DIVISION



SCOPE EMISSIONS # BY CATEGORY – TRANSPORTATION DIVISION



EMISSIONS BY CATEGORY – INFRASTRUCTURE DIVISION

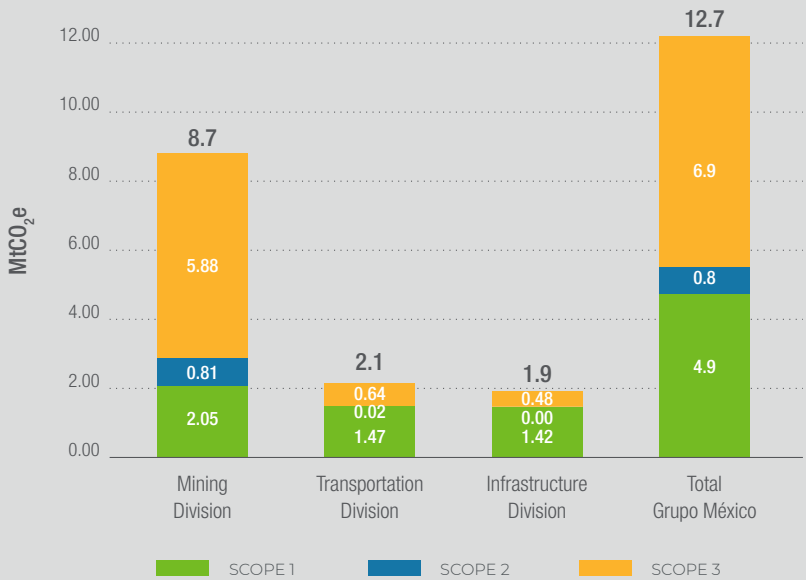


Summary of Grupo México's corporate footprint  
TCFD MYO-B

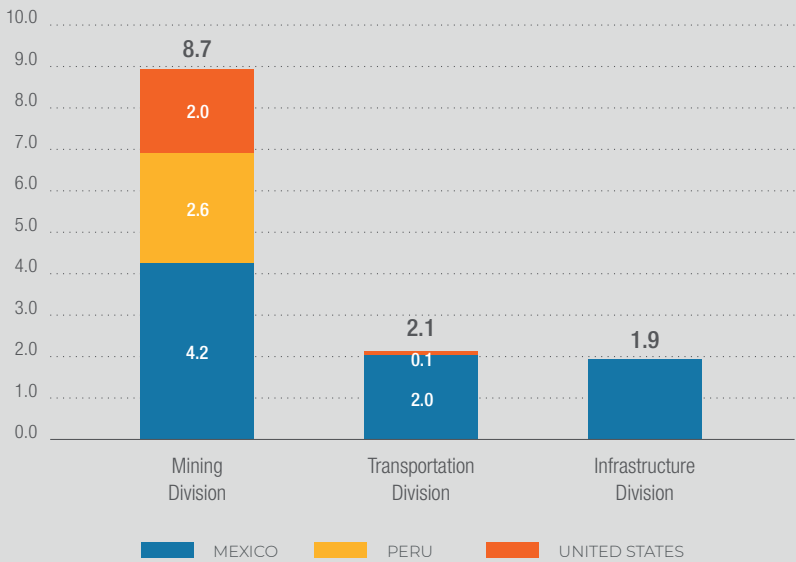
In 2021, total GHG emissions including all three scopes totaled 12,710 ktCO<sub>2</sub>e. Scope 1 emissions increased by 5.2% between 2020 and 2021, mainly due to the increase in fuel consumption in the Mining and Transportation divisions, associated with fuel consumption for hauling mine trucks and an increase in the volume transported in the transportation division. Scope 2 emissions decreased 26.1% in view of an increase in the proportion of renewable electricity consumption in the operations of IMMSA and the reduction of activities in ASARCO. The scope 3 emissions reported in 2021 were 14.9% larger than those reported in 2021, partially due to the change in methodology.

Scope 1 emissions are relatively higher in the Mining division and comparable in the Infrastructure and Transportation divisions; however, Scope 2 and 3 emissions are mainly associated with mining activities.

TOTAL EMISSIONS SCOPE 1, 2 AND 3 BY DIVISION



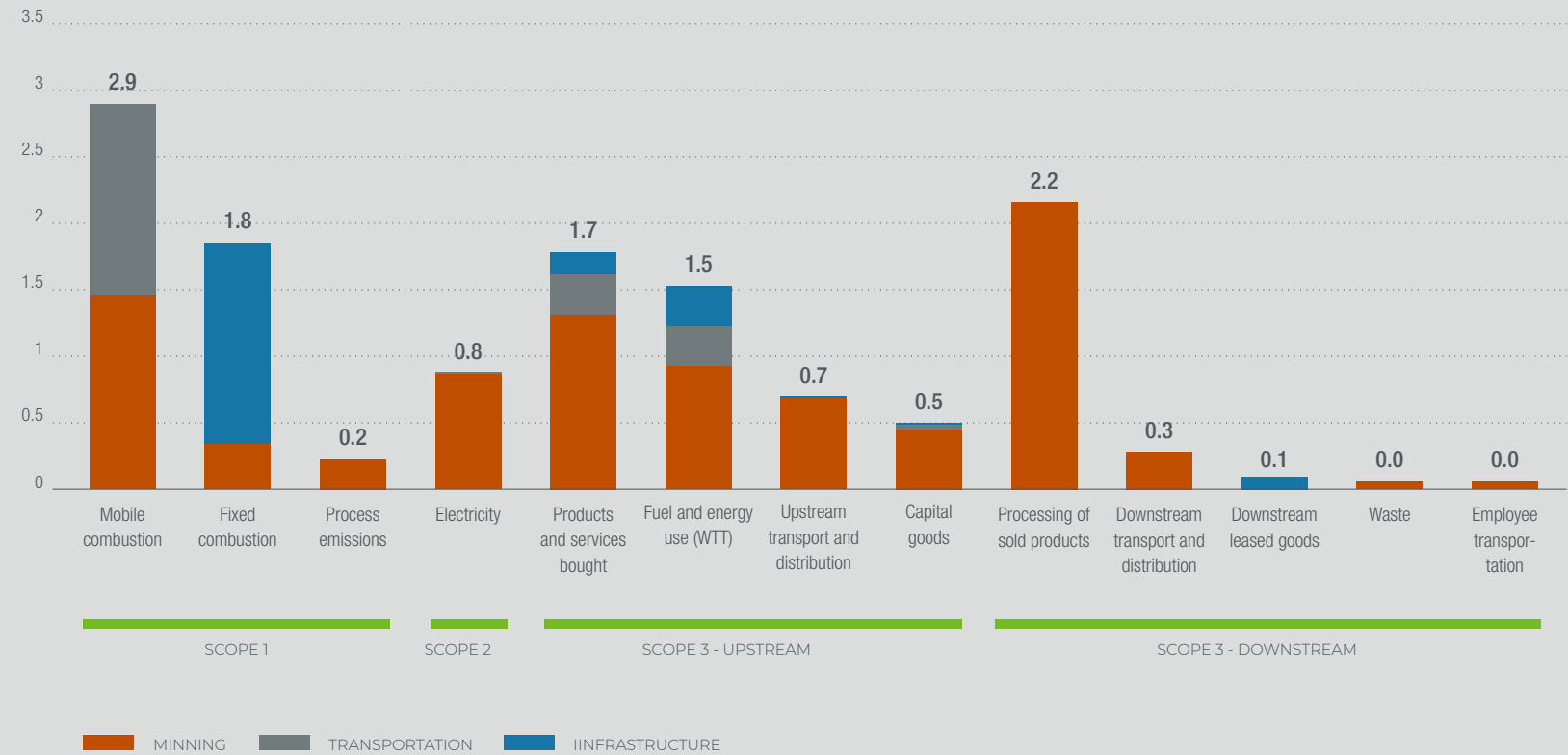
The breakdown of emissions by type of scope in our subsidiary SCC is the following: 1.81 ktonCO<sub>2</sub>e Scope 1, 0.43 ktonCO<sub>2</sub>e Scope 2 and 4.54 ktonCO<sub>2</sub>e Scope 3



At a global level, considering Scope 1, 2 and 3 emissions, the main source of emissions is associated with:

- Fuel consumption by mobile sources, which mainly includes hauling by mine trucks and rail-road transport (23.1%).
- Fixed sources, being the consumption of natural gas at Combined Cycle plant in Sonora, the main source (14.1%)
- Scope 3 emissions, related to the processing of mining products sold (C10) such as concentrates, cathodes and wire rod (17.1%).
- Scope 3 emission, related with products and services acquired (C1) in the tree divisions. (13.3%)
- Scope 3 emissions, associated with the production of the fuels and electricity we use (C4) in the three divisions (11.6%).
- Electricity consumption in the Mining and Transportation divisions (6.4%).
- Scope 3 emissions associated with capital goods (C2) purchased by the company, such as products with a long useful life used in production, contributed (4.1%).
- These categories together represent 89.7% of total Scope 1, 2 and 3 emissions associated with Grupo México's activities.

TOTAL GREENHOUSE GAS EMISSIONS 2021  
(MtCO<sub>2</sub>e)



Grupo México's total emissions by scope, subsidiary and country (ktCO <sub>2</sub> e) GRI 305				
Division / Subsidiary	Direct emissions (Scope 1)	Indirect emissions from electricity consumption (Scope 2)	Emissions in the value chain (Scope 3)	Total emissions
Total DMIN	2,053	811	5,893	8,757
SCC	1,813	431	4,544	6,788
Mexico (MM)	1,132	257	2,817	4,205
Peru (SPCC)	680	174	1,727	2,581
EUA (ASARCO)	240	380	1,349	1,969
Total DTRA	1,466	16	638	2,120
México	1,378	8	614	2,000
United States	88	8	24	120
Total DINFRA	1,416	1	417	1,834
Total Grupo México	4,935	828	6,947	12,710

Considering the three scopes, mining operations in Mexico are the main source of emissions (33.2%), followed by operations in Peru (20.2%), representing a total of 53.4% SCC. Railroad operations in Mexico (15.7%), the Infrastructure Division in Mexico (15%), mining and railroad operations in the United States (with 15.4% and 1.0%, respectively).



📷 Mine La Caridad, Nacozari, Sonora, México.

## Strategy

SASB EM-MM-110a.2; TR-RA-110a.2; IF-EU-110a.3 | TCFD MYO-C

At Grupo México, we recognize that climate change is a cross-cutting issue that can influence various aspects of our strategy, at the level of operations, the value chain, and the communities with which we work. For example, the presence of longer droughts in some places may increase water stress, affecting the availability of water for operations. Likewise, the implementation of mechanisms that regulate the price of carbon may increase operating costs. There is also an increase in the demand for metals such as copper, which is used in the manufacture of clean technologies.

In this context, we recognize the importance of defining a strategic response to limit the risks and impacts that climate change may have on our operations. In parallel, we support national and international goals in this area, including the Paris Agreement and the United Nations Sustainable Development Goal 13: Climate Action.

Our response to climate change is based on the following pillars:

- Provide products and services that support the transition to low-carbon economies.

- Reduce the organization's carbon footprint.
- Increase the resilience of operations and surrounding communities to the effects of climate change.
- Align organizational management with international best practices.

With the following corporate goals for 2022:

- Increase the organization's use of renewable electricity to 25%.
- Reduce the intensity of greenhouse gas emissions in the Mining division by 5%.
- Update the analysis of risks and opportunities derived from climate change.
- Publish new medium- and long-term GHG emission reduction targets.



📷 Wind Farm Fenicias, Nuevo León, México.

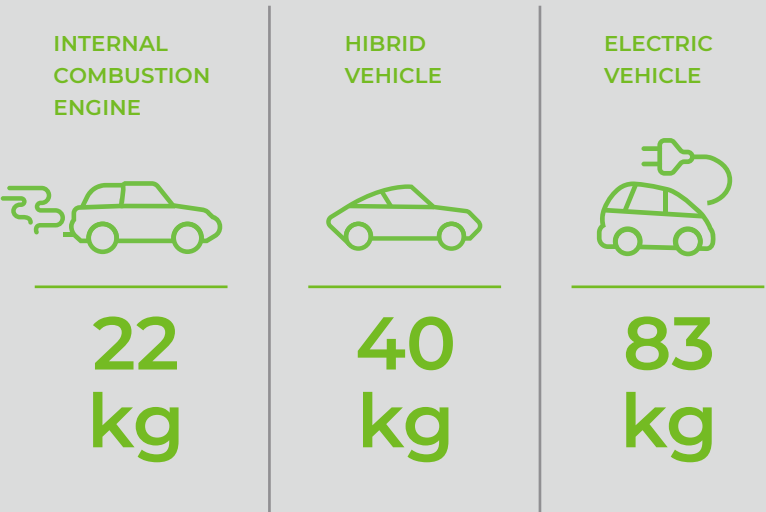
Provide products and services that support the transition to low-carbon economies.

At Grupo México, we operate in sectors that promote and facilitate the transition to inclusive low-carbon economies. In the Mining Division, we mainly produce copper, which, due to its unsurpassed thermal and electrical conductivity qualities, is an essential resource for the manufacture of clean and efficient technologies and allows valuable savings in energy consumption.<sup>22</sup> Copper is vital to low-carbon economies. As a 100% recyclable metal that does not lose its properties during recycling, it facilitates the circular economy and helps preserve the environment. Copper's malleability, which allows it to be easily bent or shaped into wire or sheet, makes it ideal for a variety of electrical uses. It is also used in the manufacture of components of wind generators, solar panels, smart grids, electric vehicles and cell phones, among others ([link](#)). Electric vehicles contain almost four times more copper than an internal combustion vehicle.

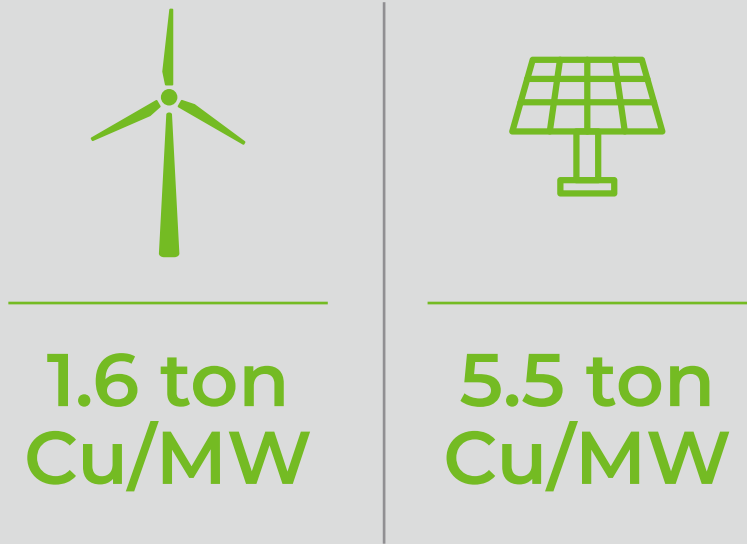
Wind turbines contain up to up to 1.6 tons Cu/MW <sup>23</sup> and solar production systems use about 5.5 tons Cu/MW. In the Transportation Division, we offer efficient transportation solutions. A train moves the same as 300 trucks; it emits 3.5 times less tons of CO2 than

transport with conventional locomotives and 5.6 times less than those that use liquid natural gas. In the Infrastructure Division we develop engineering projects and generation of clean and renewable energy, among others. We have two wind energy generation projects: El Retiro with an installed capacity of 74 MW and Fenicias with an installed capacity of 168 MW.

COPPER CONTENT IN VEHICLES



COPPER CONTENT



22. [https://www.copper.org/resources/market\\_data/infographics/copper-and-the-clean-energy-transition-brochure.pdf](https://www.copper.org/resources/market_data/infographics/copper-and-the-clean-energy-transition-brochure.pdf)  
23. Estimated from the fact that a 3 MW wind turbine contains about 4.7 ton cu.

## Reduce the carbon footprint in the organization

### Operational efficiency

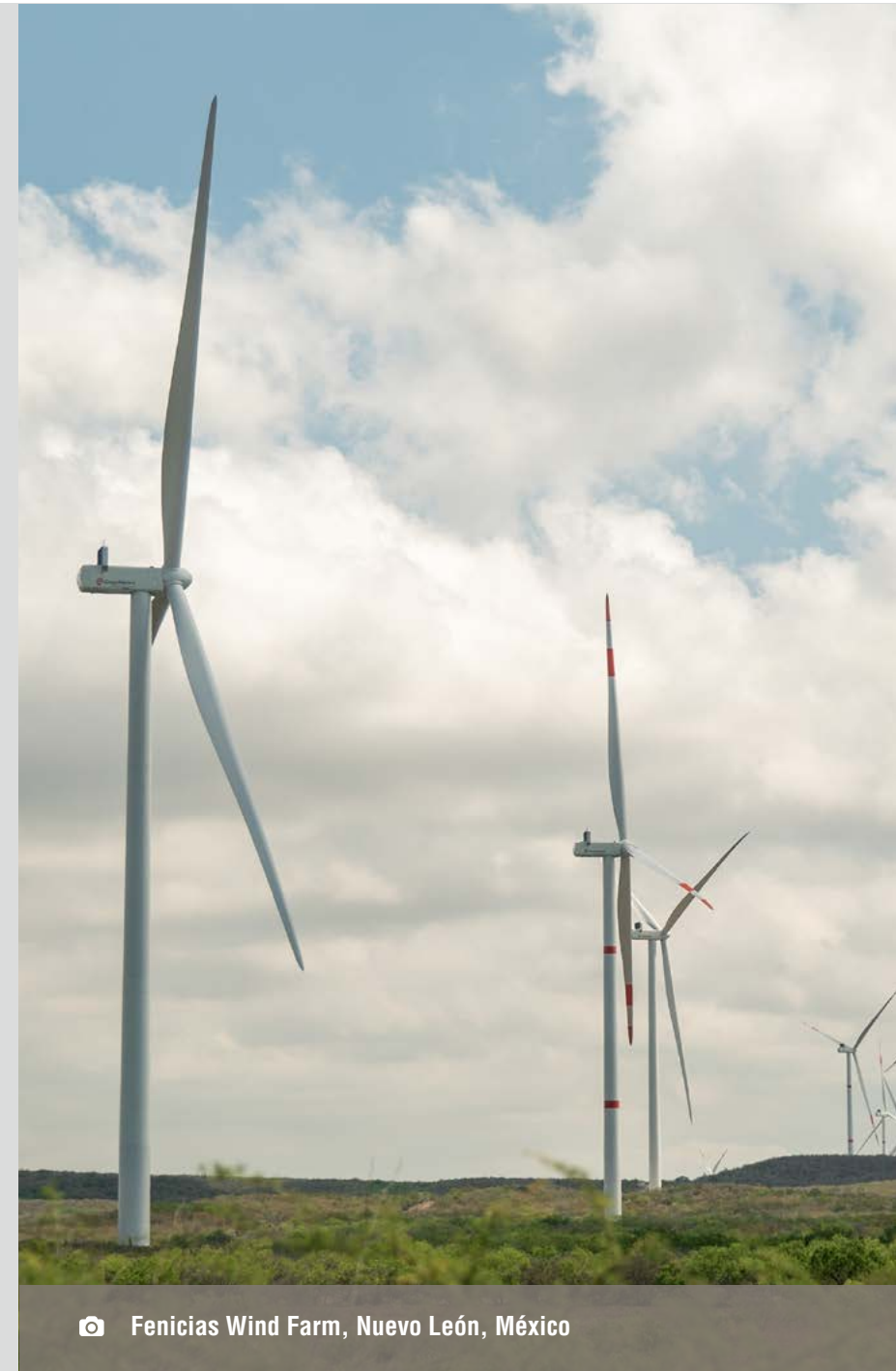
#### GRI 302-4

One of the principles of our environmental strategy is energy efficiency. We strive to produce more with less. We work on redesigning, converting and adapting equipment, improving and reorganizing processes, and training our employees in the efficient use of energy.

In 2021, the Transportation Division continued to install the Trip Optimizer system, we have 184 in Ferromex locomotives and 86 in Ferrosur locomotives, reaching a total of 270 locomotives. In addition, operational actions were carried out to improve the efficiency of locomotives (in terms of horsepower required per ton transported).

In the Mining Division, two GHG emission reduction projects are being developed at the Ilo plant: cogeneration of energy and substitution of fuel oil for natural gas, which will allow for the reduction of 20,375 and 38,065 (58,440) tons of CO<sub>2</sub>e. per year as of 2023 (1.9% of total emissions or 21.2% of total fixed source emissions: A1+A2).

It is important to highlight that Grupo México has decreased its operational emissions (Scope 1 and 2) since 2018, by over 25% and in the Mining division by more than 40%. This is due to multiple factors including improvements, for example, in efficiency and increased consumption of renewable electricity. We also use intensity indicators to measure our progress in operational efficiency, through emissions generated per tonne of copper produced and energy consumed per tonne of copper produced. We are targeting a 5% reduction in emissions intensity in the Mining Division by 2022, based on that recorded in 2019. Likewise, in 2021 we reduced our emissions intensity by approximately 4% compared to 2019. However, our efficiency was lower in 2021 than in 2020. We are confident that the entry into operation of the Fenicias wind farm in 2022 will enable us to achieve our target. Between 2018 and 2021, emissions intensity has been significantly reduced in around 18%.



📷 Fenicias Wind Farm, Nuevo León, México

Efficiency indicators – Mining Division	2018	2019	2020	2021	Change (%) 2019-2021
Energy intensity per copper production (GJ/tCu) <sup>24</sup>	44.9	41.9	39.3	42.8	2.2%
Emissions intensity (tCO2e/tCu) <sup>25</sup>	4.3	3.7	3.4	3.5	-3.6%

Similarly, efficiency indicators in the Infrastructure Division continue to improve year after year.

Efficiency indicators – Infrastructure Division	2018	2019	2020	2021	Change (%) 2019-2021
Energy intensity (mmBTU/MWh) <sup>26</sup>	7.05	7.01	6.88	6.77	-3.4 %
Emissions intensity (tCO2e/MWh) <sup>27</sup>	0.418	0.413	0.407	0.40	3.14 %

Renewable electric energy

**In 2021, electricity consumption from renewable sources in Grupo México reached 22.6%** (up from 19.8% in 2020), equivalent to the consumption of 1,611,178 MWh (5,800,240GJ). The renewable energy used in Grupo México comes mainly from two sources:

- Hydroelectric power plants in Peru (including energy acquired from third parties and energy generated on site).
- El Retiro wind farm, with an installed capacity of 74 MW, operated by the Infrastructure Division in Mexico.

In Peru, SPCC consumed 1,458,162 MWh (5,249,384 GJ) of energy, generated in hydroelectric power plants. This consumption avoided the emission of approximately 89 ktCO2e. On the other hand, the El Retiro wind farm generated 153,015 MWh (550,855 GJ) of energy in 2021. Of this total, 142,025 MWh (511,290 GJ) were supplied to the Mining Division, 10,990 MWh (39,566 GJ) to the Transportation Division, and 149,751 MWh (539,104 GJ) were sold to the wholesale electricity market. In total, the wind farm avoided the emission of approximately 86 ktCO2e.

To achieve our goal of increasing renewable energy consumption to 25% by 2022, we completed the construction of the new Fenicias Wind Farm, with a production capacity of 168 MW, located in the state of Nuevo Leon, which began in 2019. We are currently completing the testing stage of this infrastructure, which will supply electricity to IMMSA's mining and metallurgical operations and will also reduce Scope 2 emissions. It is estimated that its entry into operation in 2022 will avoid more than 300 ktCO2 e of emissions per year.

24. Total energy consumed from fuels and electricity per ton of copper produced. Copper production in 2021 was 1,084,806 1,128,927 metric tons.  
25. Emissions intensity per tonne of copper produced (tCO2e/tCu) is calculated by dividing the Mining Division's total operational emissions (Scope 1 and 2) by the total mine production volume, multiplied by the ratio of copper production to total mine production volume.  
26. Million British thermal unit (mmBTU) per Mega Watt hour produced.  
27. Tons of carbon dioxide equivalent per Mega Watt hour produced.

Capture of GHG emissions

The Mining Division has a high production capacity of trees to be planted in degraded areas. In 2021, 4'955,922 trees were produced in the company's nurseries for reforestation in areas where we have mining assets and in other regions, through voluntary projects carried out by the Grupo México Foundation. Additionally, we continued with the long-term restoration process of the Ite Wetlands, which began in the 1990s. We were able to create an artificial wetland on a former tailings disposal area of approximately 1,600 hectares, which is currently the largest coastal wetland in Peru. Another point to highlight is that wetlands are important carbon sinks.

Summary of avoided emissions in 2021

Grupo México has been carrying out mitigation projects for several years, particularly in the energy sector. These initiatives have allowed us to consume renewable energy or reduce emissions intensity through the El Retiro Wind Farm in the state of Oaxaca, the Combined Cycle plant in Sonora and the cogeneration at the Metallurgical Complex in Nacozari, all of them in Mexico; and on-site hydroelectric power generation at SPCC. We completed the testing stage of the Fenicias Wind Farm in Nuevo León, with a production capacity of 168 MW. In addition, we have a renewable energy supply in Peru, provided by third parties. In this way, we

reduced our corporate carbon footprint by avoiding the emission of Greenhouse Gases (GHG) each year. This achievement is summarized in the following table, which includes emissions avoided in 2021 (including mitigation projects implemented in 2020 and previous years).

Summary of avoided emissions in 2021 - By mitigation and renewable energy measures

Division	Project	Type	Avoided consumption (MWh/ year) <sup>28</sup>	Avoided emissions (ktCO2e/ year)
Projects implemented in previous years				
SPCC (AMC)	Various	Renewable energy - hydroelectric <sup>c29</sup>	1,439,819 MWh	287
MM (AMC)	METCO	Cogeneration (Reuse of smelter gas to generate electricity)	50,739 MWh	25
Grupo México	El Retiro	Total eolic energy	174,739 MWh	86
		Auto consumption (3 divisions)	24,988 MWh	12
		Wholesale electricity market	149,751 MWh	74
		Total combined cycle energy	3,463,561 MWh	314
Grupo México	Combined Cycle in Sonora <sup>30</sup>	Autoconsumption (3 divisions)	3,248,219 MWh	294
		Wholesale electricity market	215,341 MWh	120
New projects implemented in 2021				
Infrastructure	Fenicias	Renewable energy – Wind farm de 168 MW	-	300 (future)

In addition, we have smaller scale GHG mitigation projects such as the installation of solar panels on the Salamanca - Leon highway.

28. 1kWh=0.0036 GJ.  
29. Includes renewable energy acquired from third parties and energy produced on site.  
30. Calculations of avoided emissions at the combined cycle plant consider the subtraction between the emissions that would have been generated by consuming the same amount of energy through Mexico's national electricity system and the emissions that were generated at the plant due to the use of fuels. The emission factor of the national electricity system for 2020 was 0.494 tCO2e/MWh.

## Increase the resilience of operations and surrounding communities to the effects of climate change

### TCFD EST-C

Climate change will cause new risks that could affect Grupo México's operations in its three divisions, depending on aspects such as geographic region and type of operation, among others. In this context, we recognize the importance of evaluating the implications of these risks in a comprehensive manner in order to manage them appropriately.

Climate change risks are managed transversally and vertically, at the corporate level, and involve the different levels of the corporate governance structure, from the Board of Directors to operations, in order to ensure that the implications of these risks and opportunities are integrated into decision making.

**Since 2020, we have met our corporate goal for 2022, which is to update the analysis of risks and opportunities arising from climate change.** The main findings of this analysis are included in this report. It is essential to have a thorough understanding of those aspects that could influence our corporate strategy, with the aim of strengthening our resilience to this

phenomenon. Therefore, continuous efforts are made to complement and continuously update this analysis. In 2019, we calculated for the first time the corporate emissions resulting from Grupo México's value chain (Scope 3), to identify new risks and opportunities related to the organization's carbon footprint. We have conducted the analysis of physical and transition risks, derived from climate change, in line with the recommendations of the TCFD and also as part of our efforts aimed at identifying, assessing and mitigating risks that could affect operations and the value chain. A key part of this analysis consisted of assessing the implications of different climate change scenarios, both physical and transitional, associated with carbon pricing mechanisms. By identifying threats based on different potential futures, we have essential elements to strengthen strategies and actions focused on increasing the resilience of operations and surrounding communities to the effects of global warming.

The scenarios were selected based on the guidelines prepared by TCFD<sup>31</sup>. Regarding the analysis of physical risks, TCFD recommends using Representative Concentration Pathways (RCPs), which are the most sophisticated sce-

narios currently available, in accordance with the Intergovernmental Panel on Climate Change (IPCC) guidelines on global and regional scale projections, included in its most recent reports. Regarding the analysis of transition risks, particularly those related to carbon price mechanisms, TCFD recommends using the scenarios developed by institutions such as the International Energy Agency (IEA). These models allow us to efficiently evaluate the outlook for the carbon price ranges that could be reached in the future in the different regions in which Grupo México operates. Therefore, they also allow the estimation of the potential financial impacts for the organization.

This climate risk analysis allowed us to identify the scenarios that we could face in our operations. Based on these results, we will evaluate the implementation of additional adaptation measures for climate events that could occur more frequently.

31. In particular the technical supplement published in 2017 on the use of scenarios in the disclosure of climate risks and opportunities.

Physical Risks Analysis

TCFD EST-A, EST-B, EST-C

In order to strengthen the resilience of our operations and communities to the effects of climate change, we initiated a rigorous process of identifying and analyzing physical climate risks in three stages:

1. Preliminary analysis

Preliminary mapping and prioritization of relevant risks in the operations of the three divisions and the value chain, according to applicable scientific publications and the characteristics of the assets (including factors such as: type of operation, geographic location, historical climate impacts, contribution to earnings, among others).

2. Scenario analysis

Focused on the analysis of climate trends and scenarios, which was prepared taking into account the following variables:

a. Different time horizons

- Short term (2021-2025)
- Medium term (2025-2050)
- Long term (2050-2080)<sup>32</sup>

The analysis under the different time horizons contemplated considerations such as the end of the useful life of the units as well

as the period of contracts and concessions of the leased assets. Particular emphasis was placed on the long-term horizon by presenting more extreme scenarios.

b. Escenarios de cambio climático.

Three of the four existing Representative Concentration Trajectories were selected for this analysis:

Scenarios <sup>33</sup>	Description
RCP2.6	<b>Strong mitigation</b> Low probability that global average temperature will exceed 2°C. Likely range of global average temperature change by 2100: 0.3 -1.7°C.
RCP4.5	<b>Medium mitigation</b> Probable range of global average temperature change by 2100: 1.1 -2.6°C
RCP8.5	<b>Business as usual (no mitigation)</b> Global average temperature unlikely to remain below 4°C. Likely range of global average temperature change by 2100: 2.6 -4.8°C.  Likely range of global average temperature change by 2100: 2.6 -4.8°C.

The analysis incorporated projections of various climate change scenarios. Most sources consulted included only projections for RCP 4.5 and RCP 8.5. However, where information was available, the RCP 2.6 scenario was also evaluated. The RCP 6.0 scenario was not included, due to the scarcity of available information.

The RCP 8.5 scenario projections are more relevant for Grupo México, as it generates the most severe potential impacts. Information was also reviewed to determine if there has been any trend in recent decades (increase or decrease), which could arise in the short term, in chronic events derived from gradual changes in temperature and precipitation, and in the intensification of extreme climate scenarios.

32. It is worth mentioning that, in some cases, other time horizons were considered depending on the sources of information available at the national and regional levels. For example, for some hazards, such as tropical cyclones, no sufficiently reliable studies were found to evaluate changes within the selected time ranges. To close these information gaps, it was decided to consider projections focused on the last decades of the 21st century.

33. Source: IPCC, 2014: Cambio climático 2014: Informe de síntesis. Contribución de los Grupos de trabajo I, II y III al Quinto Informe de Evaluación del Grupo Intergubernamental de Expertos sobre el Cambio Climático [Equipo principal de redacción, R.K. Pachauri y L.A. Meyer (eds.)]. IPCC, Ginebra, Suiza, 157 págs.

### c. Geography

The analysis focused on Mexico, the United States and Peru, where Grupo México has operations, although it also includes countries and regions where we have strategic projects in the planning or exploration stage, such as Spain, Ecuador and Chile. For more information on operations and future projects, see the [“About Grupo México”](#) section.

### d. Granularity

The sources and studies consulted meet certain quality criteria, such as diverse climate change models and projections based on high-resolution data, to the extent possible.

## 3. Evaluation of existing corporate mechanisms



Existing adaptation and mitigation measures were identified and reviewed, including site-level protocols and applicable policies for the three divisions, such as the Environmental Policy and the General Sustainable Development Policy. In both, Grupo México reiterates its commitment to the fight against climate change, including the perspective of risk management and prevention, as well as strengthening the resilience of operations to this phenomenon.




## 4. Risk management


The climate risk analysis provides the basis for defining the critical controls necessary to prevent and mitigate risks associated with extreme weather events and climate change, in line with the critical risk register developed in the Mining Division.









Main results of the first analysis of physical risks, including some examples of existing initiatives to address them.

Possible impacts on operations	Possible impacts on the value chain	Examples of existing initiatives
<div> Threat: Increases in maximum high temperatures</div>		
<ul style="list-style-type: none"><li>• Reduced workforce productivity and restrictions on some activities, both outdoors and in the underground mines where operations are stopped when the temperature passes the threshold of 32°C.</li><li>• Effects on worker health from heat stress-</li><li>• Increases in energy consumption.</li><li>• Heat expansion of train tracks affecting the operations of the Transportation Division, but also the highways operated by the Infrastructure Division.</li><li>• Potential decrease in power production by the wind farms due to decreased air density caused by high temperatures. High temperatures may also overheat the nacelles.</li><li>• The Infrastructure Division's combined cycle power plants may also experience decreased power production. It is estimated that for each 1°C increase in the air temperature above 30°C, the net production of the combined cycle gas turbines decreases between 0.3 and 0.6%.</li><li>• Increased water loss from evaporation at tailings heaps and dams, with the consequent reduced water recovery capacity.</li></ul>	<ul style="list-style-type: none"><li>• Interruptions or delays in the supply of key inputs and raw materials, particularly electricity, because of the increased power demand.</li><li>• Land transportation and distribution routes may be affected by melting asphalt.</li></ul>	<ul style="list-style-type: none"><li>• We have heat stress prevention protocols in place, which include how to recognize signs and symptoms, providing first aid techniques. We also offer courses on how to prevent heat stress.</li><li>• The Transportation Division is developing initiatives to address worker's health. For example, uniforms that are more comfortable for our employees while they are working, and ensuring all worksites have water available and rest areas.</li><li>• Also, to prevent accidents, the Transportation Division has speed restrictions and operating policies for extremely high temperature conditions.</li></ul>
<div> Amenaza: Sequías</div>		
<p>1. Potential decrease in the water supply, which could affect our mine operations:</p> <ul style="list-style-type: none"><li>1.1 Limitations on usage to reduce dust emissions.</li><li>1.2 Limitations on operations, like leaching.</li><li>1.3 Increased water demand with increased evaporation</li><li>1.4 Additional investments to treat water at some mines situated in water stress areas</li></ul>	<p>2. Competition for water resources, which could increase the cost of water or exacerbate community conflicts.</p>	<p>3. See the section <a href="#">Interaction with water as a shared resource</a>.</p>

Potential impacts on operations	Potential impacts on the value chain	Examples of current initiatives
<div>Threat: extreme rainfall</div>		
<ul style="list-style-type: none"><li>• Damages to the infrastructure and facilities at our sites and tracks, particularly in the event of flooding.</li><li>• Production interruptions at some Mining Division and Infrastructure Division sites.</li><li>• In conjunction with other factors, there could be landslides, which would threaten worker safety and the infrastructure of some mines.</li><li>• Service interruptions in the Transportation Division, particularly in the event of sinkholes and landslides.</li><li>• Overflow of dams or deposits.</li></ul>	<ul style="list-style-type: none"><li>• Interruptions or delays in the supply of key inputs and raw materials.</li><li>• Transportation and distribution routes may be affected by damages to highways and train track.</li></ul>	<ul style="list-style-type: none"><li>• The Transportation Division has maintenance programs for areas that are particularly vulnerable to extreme rainfall and landslides, and also has a multiyear program in place to reinforce bridges, roads and tracks, for natural water drainage and channeling.</li><li>• Some Mining Division sites in Peru have an emergency response protocol for landslides caused by rainfall and a slope stability control program. We are also planning to implement additional measures to strengthen the program.</li><li>• Implementation of water retention ponds and side channels to redirect water flows at our mines.</li><li>• Construction of more resilient dams to contain extreme rainfalls (including overflow channels).</li></ul>
<div>Threat: Flooding</div>		
<ul style="list-style-type: none"><li>• Potential damage to the infrastructure and facilities at some Mining Division and Infrastructure Division sites, and some Transportation Division train tracks.</li><li>• Production interruptions at some Mining Division and Infrastructure Division sites.</li><li>• Service interruptions or delays in the Transportation Division.</li><li>• Dam or deposit overflows.</li></ul>	<ul style="list-style-type: none"><li>• Interruptions or delays in the supply of key inputs and raw materials.</li><li>• Transportation and distribution routes may be affected by damages to highways and train tracks.</li></ul>	<ul style="list-style-type: none"><li>• All the mitigation measures for extreme rainfall described above.</li></ul>
<div>Threat: Tropical cyclones</div>		
<ul style="list-style-type: none"><li>• Damages and interruptions on the oil rigs.</li><li>• Damages to the infrastructure and facilities of the Transportation Division.</li><li>• Service interruptions or delays in the Transportation Division.</li><li>• Dam or deposit overflows.</li></ul>	<ul style="list-style-type: none"><li>• Interruptions or delays in the supply of key inputs and raw materials.</li><li>• Transportation and distribution routes may be affected by damages to highways in coastal areas and ports.</li></ul>	<ul style="list-style-type: none"><li>• The Infrastructure Division's oil line of business has emergency response protocols in place for tropical cyclones.</li><li>• The Mining Division has implemented mitigation measures for extreme rainfall, as described above.</li></ul>

Potential impacts on operations	Potential impacts on the value chain	Examples of current initiatives
<div> <b>Threat: Extreme sea levels</b></div>		
<ul style="list-style-type: none"><li>• Damages to the Infrastructure Division's oil rigs and to the infrastructure and facilities of the Transportation Division situated in coastal areas.</li><li>• Potential effects on production at some sites.</li><li>• Service interruptions or delays in the Transportation Division.</li></ul>	<ul style="list-style-type: none"><li>• Interruptions or delays in the supply of key inputs and raw materials.</li><li>• Transportation and distribution routes may be affected by damages to highways in coastal areas and ports.</li></ul>	<ul style="list-style-type: none"><li>• The Infrastructure Division has emergency response plans in place to mitigate these types of risks. The sea weather conditions are monitored continuously, and there are regular practice drills with the Navy.</li><li>• The Transportation Division has an early warning system for extreme weather events that activates prevention and mitigation measures for these types of risks.</li></ul>

SUMMARY OF THE CHANGES FOR THE INDICATORS THAT WERE EVALUATED, FOR THE RCP4.5 AND RCP 8.5 SCENARIOS, IN THE LONG TERM.






























Legens	Threat	Indicators analyzed	Changes projected under RCP4.5 and RCP8.5 Long term (2050-2080)	Probability <sup>34</sup>
	<b>Increases in maximum high temperatures</b>	Days with temperatures > 35°C	In some regions, the state of Arizona and northwest Mexico for example, the number of days per year with highs over 35°C will increase 50% over the historic period in the RCP4.5 scenario and 200% in the RCP8.5 scenario.	High
	<b>Droughts</b>	Probability of experiencing droughts that could last for several years.	There would be a significant increase 35 in Arizona, northwest Mexico and southern Peru, but also in Spain and Chile, under the RC8.5 scenario. For example, studies project for Arizona under the RCP8.5 scenario a 30-50% increase in the probability of experiencing megadroughts that could last for several decades, while the increase would be 20-50% for the RCP4.5 scenario.	High
	<b>Extreme rainfall</b>	Changes in the frequency of intensity of extreme rain events, with a return period 43 of 30 years.	The return period would change, so that extreme rainfall events would be more acute and frequent in all countries, except Spain. The maximum increase projected would reach approximately 15% for the RCP4.5 scenario, compared with the historic period, while for the RCP8.5 scenario, the maximum projected increase would reach 26%, particularly for the sites in Sonora.	Moderate
	<b>Flooding</b>	Changes in the magnitude of flooding with a return period of 100 years	Due to more frequent and intense rainfall events, as well as changes in the magnitude of flooding that would affect a limited number of sites in Mexico (La Caridad, Processing Plant) and in the United States (Ray and Hayden).	Moderate
	<b>Tropical Cyclones</b>	Frequency of tropical cyclones of category 3+ or more on the Saffir-Simpson scale.	The increase in ocean temperatures would generate an increase in tropical cyclones category 4+ or higher on the Saffir-Simpson scale, with the probability of making landfall in Mexico and the United States. For example, for the Pacific coast projections indicate that between 5 and 15 category 4+ tropical cyclones or more could make landfall per decade, in addition to those recorded within the historical period. For the Atlantic Ocean, projections indicate up to 5 additional category 4+ tropical cyclones per decade over the historical period, with the possibility of making landfall in Mexico or the United States. The projections are similar in the RCP4.5 and RCP8.5 scenarios.	Low
	<b>Extreme sea levels</b>	Changes in the frequency of extreme sea levels with a return period of 100 years.	Due to the gradual increase in sea level, there would be a significant increase in the frequency of extreme sea levels (e.g., storm surges), which could cause coastal flooding in places such as Sonora, Veracruz, and Florida. The increase with respect to the historical period would reach 10% for the RCP4.5 scenario and would exceed 100% in the RCP8.5 scenario. Events that currently have a 1% annual probability of occurrence could reach 100% annual probability in the long term.	High

34. Three levels of probability were used, based on the granularity of the projections and the quality of the sources available: high (the information comes from one or more studies that have used regionalization methods or studies that are based on various climate models with narrow projections); moderate (the information comes from one or more studies that have used regionalization methods or studies that are based on various climate models with broad projections); low (the information comes from studies that do not meet the quality criteria described or which are limited in terms of the modeling methods used).

35. Significant, in this context, means the projections for this threat show a statistically relevant change, considering the models and conclusions of the studies and sources consulted.

36. The return period for a weather or climate event is a metric to estimate the probability of occurrence of a threat, and indicates the approximate distance (in years) between an event that reaches or exceeds a certain threshold and a consecutive event with similar characteristics in terms of intensity and magnitude. For example, an event with a return period of 30 years would occur, on average, once every 30 years, or in other words, has a 3.3% chance of presenting in any given year.

The following is a list of the physical risks derived from climate change, which were identified in the long-term RCP8.5 scenario (between 2050 and 2080), for Grupo México's business units whose end of life or concession would continue after 2050<sup>37</sup>.

Division	Country	Business unit	Type	Location	Types of risks					
					Increases in Maximum high temperatures	Droughts	Extreme rainfall	Flooding	Tropical cyclones	Extreme Sea levels
Mining	Chile	Catanave	Future project	Parinacota						
Mining	Ecuador	Chaucha	Future project	Cuenca & Guayaquil						
Mining	Spain	Andalucía	Future project	Sevilla						
Mining	USA	Hayden	Plant	Arizona						
Mining	USA	Ray	Mine and Plant	Arizona						
Mining	Mexico	Anganguero	Future project Mine	Michoacán						
Mining	Mexico	Buenavista del Cobre	Mine and Plant	Sonora						
Mining	Mexico	Buenavista Zinc	Future project Mine	Sonora						
Mining	Mexico	Chalchihuites	Future project Mine	Zacatecas						
Mining	Mexico	Complejo Metalúrgico	Plant	Sonora						
Mining	Mexico	El Arco	Future project	Baja California						
Mining	Mexico	El Pilar	Future project	Sonora						
Mining	Mexico	La Caridad	Mine and Plant	Sonora						
Mining	México	Pilares	Future project	Sonora						
Mining	México	Planta de Cal	Mine and Plant	Sonora						
Mining	México	Taller Central	Plant	Chihuahua						
Mining	México	Terminal Guaymas	Plant	Sonora						
Mining	México	Refinería de Zinc	Plant	San Luis Potosí						
Mining	Peru	Tantahuatay	Gold mine	Cajamarca						
Mining	Peru	Los Chancas	Future project	Apurímac						
Mining	Peru	Tía María	Future project	Arequipa						
Mining	Peru	Cuajone	Copper mine	Moquegua						
Mining	Peru	Toquepala	Plant and mine	Tacna						
Mining	Peru	Ilo	Plant	Ilo						
Transport	USA	Florida East Coast		Florida						
Transport	USA	Texas Pacifico		Texas						
Transport	México	Ferromex								
Transport	México	Ferrosur								

37. Those active or future operations for which no risks were identified or whose life span is less than 2050 are omitted.

***Summary of physical operational risks derived from the analysis of climate change scenarios.***

The potential physical impacts of climate change on our operations are uncertain and will depend on multiple factors such as the geographic location of our facilities. These may include changes in precipitation patterns, water shortages, changes in temperatures, sea levels, and storm patterns and intensities. These effects may have an adverse impact on the cost, production and financial performance of our operations. In addition, substantial weather-related conditions could affect our relationships and agreements with our major customers and suppliers by materially affecting the normal flow of our transactions, especially maritime transactions. Therefore, we monitor fluctuations in weather patterns in the areas where we operate, as well as evaluate our demand for water, as weather changes may result in increases or decreases that affect our water needs.

As part of our supply chain risk management strategy, we seek to ensure that our suppliers have a reliable supply chain structure while maintaining the continuity of our operations, adjusting delivery time and security reserves as necessary. We support all our relationships with our customers and suppliers through contracts and negotiation processes, creating strategic alliances along the way. Such strategic alliances provide, for example, railroads, construction services in the event of port closures, energy sources, or alternative energy when there may be energy shortages that could affect our operations.

To date, weather conditions have not posed significant problems in our relationships and agreements with our main customers and suppliers, due to such strategic alliances and the support of our parent company,

which has leadership in other business divisions. However, from a long-term perspective, we recognize that there is a risk of a material impact from changes in weather-related conditions that could affect our relationships and agreements with our major customers and suppliers in the future by affecting the normal flow of our transactions, especially maritime transactions.

Analysis of transition risks and opportunities arising from climate change

TCFD EST-A, EST-B, EST-C, GDR-A

Opportunities related to climate change

In accordance with the goal of the Paris Agreement on climate change, zero net greenhouse gas (GHG) emissions must be achieved globally to contain global warming and keep it below 1.5°C above the pre-industrial average temperature. In relation to the mining and metals sector, copper is a critical component for many technologies required for the transition to low-carbon economies, including wind and solar photovoltaic power generation, electric vehicles, electric grids, among others.

Consequently, copper demand is expected to increase significantly in the future, which could boost copper prices and positively impact the Company's revenues. In addition, the cost of renewable electricity generation is set to become increasingly competitive compared to conventional power plants, which offers the opportunity to reduce operating costs and GHG emissions in our operations.



Grupo México is one of the world's largest copper producers, so the implications of climate change could benefit the Company's reputation as stakeholders increasingly recognize the importance of copper in helping societies migrate to low-carbon economies. We are also aware that this action is conditional on our commitment to help meet the Paris Agreement target and, furthermore, its ability to demonstrate clear and sustained progress in the decarbonization process of its operations, in line with the agreement.

Transition risks related to climate change

The Company assesses different types of transition risks associated with climate change, including risks related to changes in technology and operations, market trends, credit risks, or regulatory changes. This assessment is described in detail in the [Risk Management](#) section, concluding that the risks indicated have not had a material impact on the Company's economic performance, but this could change in the future.

For this reason, we will continue to measure and report the impact that these risks could generate, with the objective of designing appropriate mitigation measures.

The costs of Greenhouse Gas (GHG) emissions associated with Grupo México's operations could have more immediate financial relevance. For this reason, in addition to the physical risk analysis that was performed, we developed the analysis of transition risks derived from carbon price mechanisms, composed of two axes:

	
<b>Analysis of current applicable regulations<sup>38</sup></b>	<b>Analysis of potential future carbon costs</b>
The relevant carbon price mechanisms (including carbon taxes and emissions trading systems) present in the countries where Grupo México has operations and projects were identified.	The possible financial impacts of establishing carbon price mechanisms were calculated for the period 2025-2040, based on three global decarbonization scenarios. <sup>39</sup>

38. The regulations in effect at the beginning of 2021 were considered.

39. Two scenarios were considered from the International Energy Agency: 1) According to current regulations and 2) Sustainable Development Goals scenario. From the IPCC, multiple decarbonization pathways aligned to a temperature change of 1.5°C were considered to represent the most ambitious scenario.

### ***Detailed description of Transition Risks arising from change***

The Company recognizes that in the future climate change will have the potential to generate transition risks associated with changes associated with the technological and operational areas, changes in market trends or credit risks, or regulatory and policy changes. However, the Company does not currently believe that such risks will have a material impact on its business, financial condition or results of operations.

Additionally, the Company has considered the potential impact of transition risks related to climate change with respect to technological and operational changes. Accordingly, a number of measures have been and will continue to be implemented to reduce fossil fuel use and greenhouse gas ("GHG") emissions while improving energy efficiency and optimizing water use. These measures include, for example:

- Consume energy from external renewable sources from two hydroelectric plants for operations located in Peru.
- Use clean electricity supplied by the Infrastructure Division through high-efficiency combined cycle plants and the "El Retiro" wind farm. This Division is recognized as a strategic partner

that can contribute to the transition towards the use of low-emission alternative fuels.

- The construction of a hydroelectric plant located on the Ocoña River in the Arequipa Region of Peru, managed by one of the Company's subsidiaries.
- Implementing practices such as improvement, redesign, conversion and retrofitting of equipment, rational use of resources, and environmental training of personnel.
- Our operations in Peru and Mexico include operating water recovery systems that help save water and minimize the impact on nearby streams, as well as reforestation programs to stabilize the surface of tailings dams and improve the water cycle.
- Operating a desalination plant for our operations in Ilo, Peru.

The implementation of low- or zero-emission technology for heavy mining trucks is not yet commercially available, but we are working with the International Copper Association (ICA) and its Global Copper Decarbonization Task Force that provides guidance to the copper mining sector in reducing GHG emissions.

Climate-related costs are expected to become more significant over time and will require tracking and monitoring.

On the other hand, consideration has also been given to how changing market trends or credit risks resulting from the demand for global and national greenhouse gas emission reduction targets may affect our business, financial condition or results of operations. The Company recognizes that potential climate-related changes in market trends may include reduced demand for goods that produce significant greenhouse gas emissions or that are related to carbon-based energy sources, as well as increased demand for goods that are low carbon or sourced materials that help reduce emissions. It is likely that large copper consumers will increasingly seek to purchase low- or zero-emission products as a way of achieving their own GHG emissions reduction targets.

The company is therefore aligning its strategy to respond to these new expectations.




Changes in regulations related to climate change in Mexico, the United States of America and Peru have not had a material impact on our operations. New environmental laws and regulations to mitigate GHG emissions at the sites where we operate are foreseeable in the future. The company conducted an analysis of possible future carbon prices associated with different decarbonization scenarios to assess how the resulting figures could impact the company financially. That analysis highlights that emission costs under the most ambitious decarbonization scenarios could be up to 70% higher for the Company under a "business-as-usual" GHG emissions generation scenario, compared to a scenario under which it would reduce GHG emissions in line with the expectations of the Paris Agreement (Science-based targets).

In line with government climate change efforts, the company is working to reduce GHG emissions from our operations. Efforts to comply with stricter environmental protection programs in the United States, Peru and Mexico, in conjunction with relevant trade agreements, could impose restrictions and imply additional costs for our operations. Consequently, there may be a need for significant related investments in the future.



Analysis of current regulation on carbon pricing instruments.

Relevant regulations and carbon pricing mechanisms were analyzed in the countries where Grupo México has operations and projects: Mexico, Peru, United States, Spain, Chile, Ecuador and Argentina. We share a table with a summary of the conclusions:

<div></div> <div><div>UNITED STATES</div><div><p>CARBON PRICING MECHANISMS ARE IN PLACE IN 11 STATES IN THE COUNTRY, BUT THEY DO NOT APPLY TO THE STATES WHERE WE OPERATE: ARIZONA, TEXAS AND FLORIDA.</p><p>There are currently no bases on which to estimate any carbon price for the United States at the federal level or in the states where Grupo México has operations. However, this could change considering the new decarbonization goals published by the Democratic administration in 2021 (to achieve zero net Greenhouse Gas (GHG) emissions by 2050).</p></div></div>	<div></div> <div><div>MEXICO</div><div><p>THERE ARE FOSSIL FUEL TAXES AT THE FEDERAL AND STATE LEVELS, AS WELL AS AN EMISSIONS TRADING SYSTEM IN A PILOT PHASE.</p><p>Taxes cover tax rates ranging from USD\$2.5/ tCO2 to approximately<sup>40</sup> USD\$12.5/tCO240. The relevant taxes for Grupo México include a federal tax, as well as two state taxes in Baja California and Zacatecas.</p><p>On the other hand, Mexico's emissions trading system is in a pilot phase. The allocation of allowances is currently free and will be determined by the federal government, so the current text does not allow for a precise determination of potential future costs. However, considering other emissions trading systems globally, it is estimated that the costs per allowance could be higher than USD\$7 for the start-up of the emissions trading system in Mexico.</p></div></div>	<div></div> <div><div>PERU</div><div><p>THERE IS A CARBON PRICE MECHANISM.</p><p>The Peruvian government has expressed its intention to establish a carbon price, although no carbon price mechanism is foreseen to be implemented in the short term. This is because its Nationally Determined Contribution (NDC), updated in 2020, does not include a carbon pricing instrument. The situation could change in 2025, when national contributions are updated at the global level.</p><p><small>40. Approximate rates estimated with average values and with a conversion rate of January 2021.</small></p></div></div>
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SPAIN

OUR LOS FRAILES MINING PROJECT WILL BE SUBJECT TO THE EUROPEAN UNION'S EMISSIONS TRADING SYSTEM, AS WELL AS A FEDERAL TAX ON FLUORINATED GASES.

Since 2005, there has been an Emissions Trading System in the European Union applicable in Spain. Prices per ton of CO<sub>2</sub>e have varied between 29 and 87 euros in 2021. The system is currently entering its fourth phase, covering the period between 2021 and 2030, which will enable a linear reduction in the emissions cap and, therefore, in the allowances. Considering that the changes implemented to the emissions trading system will be aligned with the highest level of climate ambition, it is feasible that prices will increase in the future.

On the other hand, there is a tax on fluorinated gases in Spain, which is not a carbon tax, but a Greenhouse Gas (GHG) tax.



ECUADOR

There are no plans for an emissions trading system or a carbon tax mechanism that could be implemented in the short term.



CHILE

A FEDERAL CARBON TAX IS IN PLACE AND THE LAUNCH OF AN EMISSIONS TRADING SYSTEM IS BEING CONSIDERED.

The carbon tax is priced at USD\$5/tCO<sub>2</sub>. In addition, a bill was sent in 2020 that includes the implementation of an Emissions Trading System. This bill has not yet been approved.



ARGENTINA

A FEDERAL CARBON TAX IS IN PLACE

In Argentina there is a tax on liquid fuels and another on CO<sub>2</sub> emissions. In both cases, the tax rate is based on the type of fuel used. The tax rate for fuels ranges from USD\$0.03-0.06 per liter approximately, and that for emissions ranges from USD\$0.004 to USD\$0.005 per liter or kilogram of fuel approximately <sup>41</sup>.

41. Approximate rates estimated with average values and with a conversion rate from Argentine peso to U.S. dollars as of February 10, 2022.

CARBON PRICING ANALYSIS BASED ON  
GLOBAL DECARBONIZATION SCENARIOS  
(2025-2040)

The carbon pricing analysis based on decarbonization scenarios was conducted to understand the potential transition risks associated with the carbon price mechanisms that could be developed between 2025 and 2040. This analysis considered different scenarios, with projections of Grupo México's emissions and possible future carbon prices.

The emissions projections considered in the analysis include Grupo México's operational emissions in "business as usual" or "everything stays the same" (BAU) scenarios, as well as in the scenario aligned with the absolute reduction equivalent to that associated with the Science-Based Targets (SBT), with a "below 2°C 42 ambition. In this way, the financial implications for the Company in a climate action scenario can be better estimated.

The carbon price projections used were aligned with the global decarbonization scenarios of 1.5°C, 1.75°C and 1.9 -3.5°C as shown in the table.

Scenarios	Current regulation IEA scenario (1.9-3.5°C) <sup>43</sup>  Considers the energy and carbon pricing regulations currently in effect.	Scenario aligned with the Sustainable Development Goals (1.75°C) <sup>44</sup>  Ambition aligned with the United Nations Sustainability Goals of the IEA.	IPCC 1.5°C scenarios <sup>45</sup>  Most ambitious scenario with the highest carbon pricing.
Grupo México emissions – SBT (aligned with 'below 2°C')	Scenario of reduced emissions with <b>the lowest carbon pricing.</b> Minimum impact	Scenario of reduced emissions with <b>moderate carbon pricing.</b> Minor impact	Scenario of reduced emissions with <b>high carbon pricing.</b> Medium impact
Grupo México emissions – BAU	Scenario of increased emissions with <b>the lowest carbon pricing.</b> Medium impact	Scenario of increased emissions with <b>moderate carbon pricing.</b> High impact	Scenario of increased emissions with <b>the highest carbon pricing.</b> Major impact

The analysis indicates that a BAU emissions scenario for Grupo México, combined with high carbon prices associated with ambitious climate action scenarios (1.75°C and 1.5°C), could generate a material financial impact for the company. In these scenarios, it is estimated that the future price per ton of carbon could exceed US\$100 in Europe before 2030, while carbon markets in the other regions where we operate would remain incipient.

According to this first risk analysis, the financial implications for Grupo México, associated with possible future carbon prices, would decrease between 60% and 70% when considering an SBT emissions scenario compared to the BAU scenario, either for the scenario with current regulations, the SDG scenario or the 1.5°C scenario. In other words, this reduction in the possible financial impact applies to all three decarbonization scenarios considered in the analysis.

42. Implies a reduction in GHG emissions of 2.5% per year with respect to the base year.  
43. More information available at this link: <https://www.iea.org/reports/world-energy-model/stated-policies-scenario>  
44. More information available at this link: <https://www.iea.org/reports/world-energy-model/sustainable-development-scenario>  
45. More information available at this link: <https://data.ene.iiasa.ac.at/iamc-1.5c-explorer/#/about>

## Adaptation

We continuously evaluate the strengthening of our risk management mechanisms to make our operations and surrounding communities more resilient by adopting a preventive approach that eliminates or mitigates risks. For example, we strengthen our emergency response and contingency plans in our operations by developing adaptation projects that enable safer and more resilient operations, including actions such as:

- Increasing efficiency in the use of fresh water.
- Strengthening infrastructure and facilities to increase their resilience to adverse weather conditions.
- Developing engineering works to improve rainwater management and channel excess water.
- Modernization and improvement of ventilation systems in underground chambers.

In the Transportation Division, we developed action protocols to minimize the impact of climatic phenomena on our facilities, contemplating multiple scenarios ranging from damage to signaling systems to landslides, mudslides and/or floods. This division also has a multiyear program to reinforce bridges, earthworks and roads, as well as drainage and natural water courses.

We have also implemented measures to increase the resilience of the communities surrounding our operations, including projects focused on preventing risks related to water use and water stress. In Peru, we installed more than 200 kilometers of irrigation channels and 400 water reservoirs, benefiting 20,000 farmers. Recently, we completed the construction of the Cularjahuira dam, built in collaboration with the population and its authorities, to contribute to water sustainability in one of the driest areas of the planet, close to our mining operations and the Atacama Desert. These efforts are complemented by productive technification and land reclamation projects, such as in the town of Borogueña, in southern Peru, where we implemented a program to improve the productivity of 700 farmers.

In the last six years, we have invested more than US\$79 million in water resilience projects in communities in Peru and Mexico. In this way, we join the challenge of facing climate change, promoting projects that allow the community and neighboring communities to adapt to changing environments.

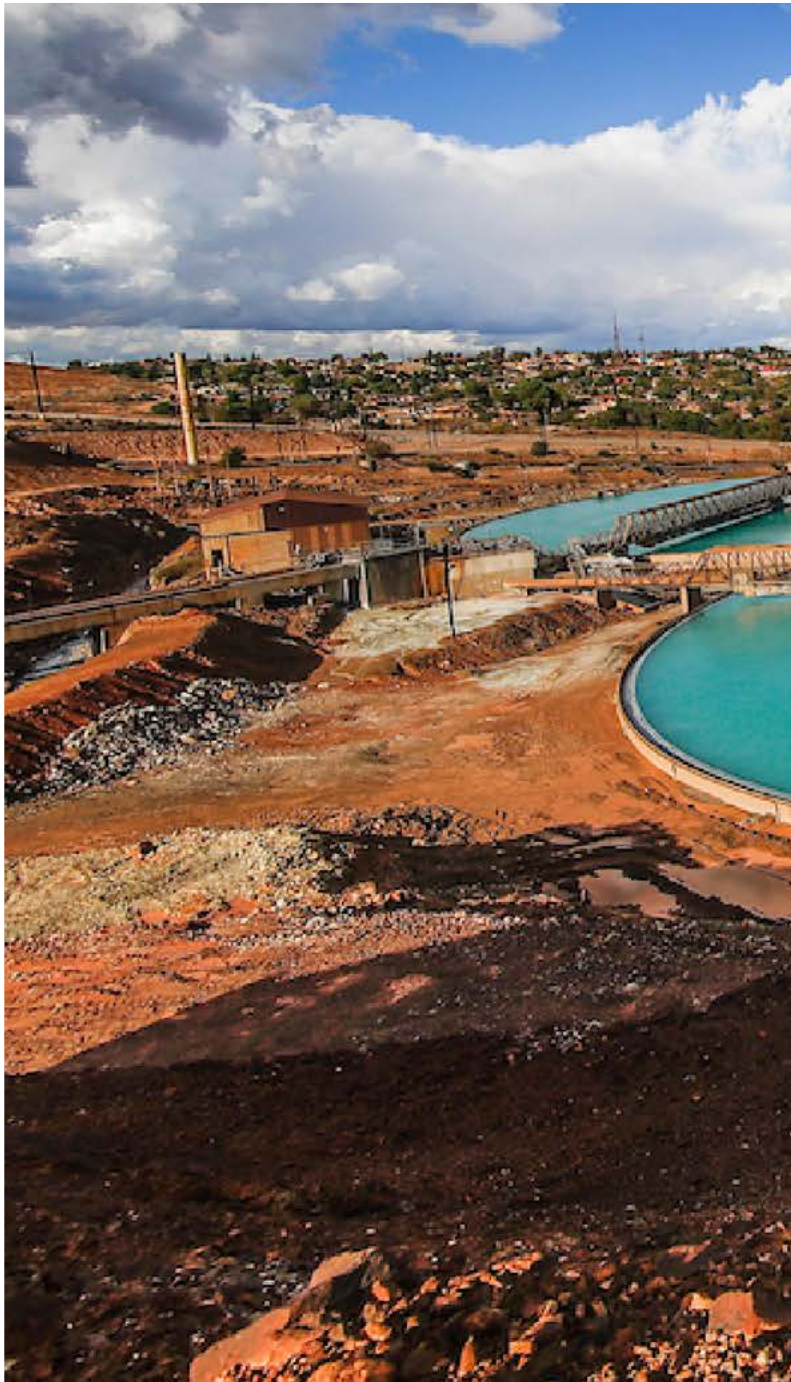
### Align organizational management with international best practices

Since 2019, we have refined the calculation of our carbon footprint, including the emissions generated in our value chain (Scope 3 emissions). Additionally, since 2020, we have reported the main physical and transition risks that could result from climate change for our operations, considering different scenarios and timeframes, in accordance with TCFD recommendations. In 2021, Grupo México's rating in the CDP climate change assessment was increased to "B", which represents an improvement of 2 levels over the previous year, demonstrating the orderly management of climate-related risks. To mitigate these risks, we continually assess the need to strengthen adaptation measures in our operations.

We will continue to assess climate-related risks and their eventual financial impact, in order to define appropriate mitigation and adaptation responses, as necessary. We will also continue to assess the demand for global and national Greenhouse Gas (GHG) emissions reduction targets, as well as the potential for increased regulatory burden and demand for low-carbon or zero-emission products from customers, investors and stakeholders in general.

In 2022, we will publish new emission reduction targets, which will be aligned with the decarbonization plan that has been under development. We also continue to actively participate in regional and sectorial initiatives that will enable us to accelerate this process. For example, we are part of the "Global Copper Decarbonization Roadmap" working group of the International Copper Alliance (ICA), which aims to define the copper industry's contribution to achieving the Paris Agreement target, as well as the actions that could be taken to achieve it. The results of this Working Group will be finalized shortly.





WATER

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## WATER

### Management approach

#### GRI 103-1, 303-1

Water is an essential resource for sustainable development. Many economic activities, the health of ecosystems and the well-being of people depend on its availability and quality. Because of its enormous importance for sustainability, since 2010 the United Nations has explicitly recognized the human right to water and sanitation, reaffirming that it is essential for the full realization of all human rights.

Responsible water management, from an integral perspective and with a preventive approach, is one of the pillars of Grupo México's sustainable development strategy, which seeks to contribute to Sustainable Development Goal 6 of the United Nations, which promotes the efficient and sustainable use of water resources.

We recognize the importance and challenges of sustainable water management. Therefore, **Grupo México is committed to caring for water as an indispensable and strategic element in its operations, for the well-being of the communities with which it interacts and the conservation of biodiversity.** This care includes activities throughout the life cycle of the projects and the production chain, for the use of water and the quality with which it is returned to the natural environment.



Climate change threatens the stability of the hydrological cycle and the availability of the resource, while increasing the vulnerability of our operations and the communities with which we coexist on a daily basis. We are therefore making a significant effort to prevent and better address the risks associated with water management, both at our facilities and in the watersheds where we operate. This work involves the participation of different stakeholders, mainly from the communities with which we interact.

Our **Mining Division** has active units in Mexico, Peru, and the United States, which together account for 99% of the company's total water consumption. Seventy-four percent of these operations are located in areas of high water stress in these countries (according to the World Resources Institute Aqueduct: Water Risk Tool).

The water consumed comes from aquifers, surface water, recycled water and, on some occasions, from the supply networks. Throughout the mining operations, we use volumes of water in different proportions for extraction and beneficiation activities. The resource is also used for the transport of mining waste. Due to the close relationship between mining activity and water, responsible and informed management is required for its sustainable use.

The basis of our water management approach is the assessment of water stress in our facilities and surrounding communities. This allows us to

gain a detailed understanding of local conditions, as well as current and future waterrelated risks. It also helps us to contribute in a timely manner to solving community needs, protecting ecosystems and reducing the risks associated with water management.

The **Infrastructure Division** conducts its operations with a focus on the efficient use of water resources. It manages its use taking into account the social, economic and environmental implications it represents. Thus, it reaffirms its commitment to care for water in all its processes, aligned with Mexican regulations and adopting international standards on a voluntary basis.

This division maintains operations in more than 20 work centers, which use water in different ways, mainly focused on power generation, supply for oil platforms, road preparation, concrete elaboration, among others.

The **Transportation Division** operates more than 11,136 km of railroad tracks in Mexico and the United States, where its interaction with water is not intense, since it is only used to wash and clean locomotives and cars, as well as in office services.



GRI 103-2, 303-2

Grupo México has an [Environmental Policy](#), which commits us to preserve water through more efficient production processes and contribute to its availability in the regions where we operate, through actions such as:



As formal mechanisms for complaints and/or claims, Grupo México has a Community Care Service (SAC), which has a detailed procedure for dealing with complaints and comments on different topics such as biodiversity, from various stakeholders and business partners ([see here](#)).

In the **Mining Division**, water management is a key issue, so we are constantly working on the development of projects to make more efficient use of this valuable resource that we share with other stakeholders.

**Our corporate goals for 2022 in sustainable water management are:**

1. Reduce fresh water consumption in our operations.
2. Determine the gaps that need to be addressed to align with the Water Management Guide developed by the ICMM.
3. Systematically monitor the operations and impacts in the basins and aquifers located in areas of high water stress, which supply the operations of the Mining Division.

Our specific actions, in all stages of the life cycle of our operations, focus on five pillars:

- **Management of risks associated with water management in our operations**, through constant monitoring of the availability and quality of water in the aquifers from which it is extracted, to determine its behavior and be in a position to act promptly in the event of any risk of access to this resource. The constant review of internal standards for the construction and operation of mining waste deposit facilities, in order to build the highest safety standards and be able to face extreme hydrometeorological phenomena.

In the long term, the support of drought prognosis studies in short-term and multi-year scenarios will allow us to have climate and hydrological models for forecasting water availability in operations.

- **Improved efficiency in the use of water in our operations**, using high-tech devices and innovative systems to reduce water consumption and maximize its recirculation. For example, the incorporation of circuits for the recirculation of water in benefit processes and tailings deposits, or the implementation of state-of-the-art technologies in the thickening of concentrates, which permanently modify the production processes to make them more efficient in the use of water and reduce operating costs. In that way, we have consistently achieved better water recycling rates.

- **Ensuring a good quality of the water that we release into the environment through its treatment**, monitoring and prior analysis. We pay special attention to the proper management of mining waste, to prevent the release of acid drainage or erosion and tailings to downstream water sources.

- **Collaboration with other actors in the management of the water basins in which we work**, through an integrated administration approach, which seeks to manage and develop water resources in a sustainable and balanced manner, taking into account social, economic and environmental interests of the users of the basins in which we operate. We participate in the Basin Councils in Mexico and Peru, where authorities and interested parties make decisions in a collegial manner.

In addition, to contribute to well-informed decision making, studies on surface and underground water resources, as well as water management alternatives, are made available to the users of the basins in which we operate.



Pumping system in the Mine Buenavista del Cobre, Cananea, Sonora, Mexico



- **Generation of added value in water management**, through projects that promote environmental and ecosystem services with high value, such as water infiltration to the subsoil, prevention of soil erosion, maintenance of ecological flows in watersheds, restoration and creation of new ecosystems.

**We protect water quality and availability in the watersheds where we operate**

**In the Infrastructure Division we have defined 3 pillars of execution for the integral management of water resources:**


Integral protection of water resources, efficiency and recirculation of water resources in our operations, and active participation with stakeholders.

**GRI 103-2, GRI 103-3, 303-3, 303-4, 303-5,  
SASB EM-MM-140a.1, IF-EU-140a.1**

The Mining Division uses management and performance indicators, which are reviewed through internal and external audits. These indicators include fresh and reclaimed water consumption, water discharge in volume and quality, and aquifer levels, mainly.

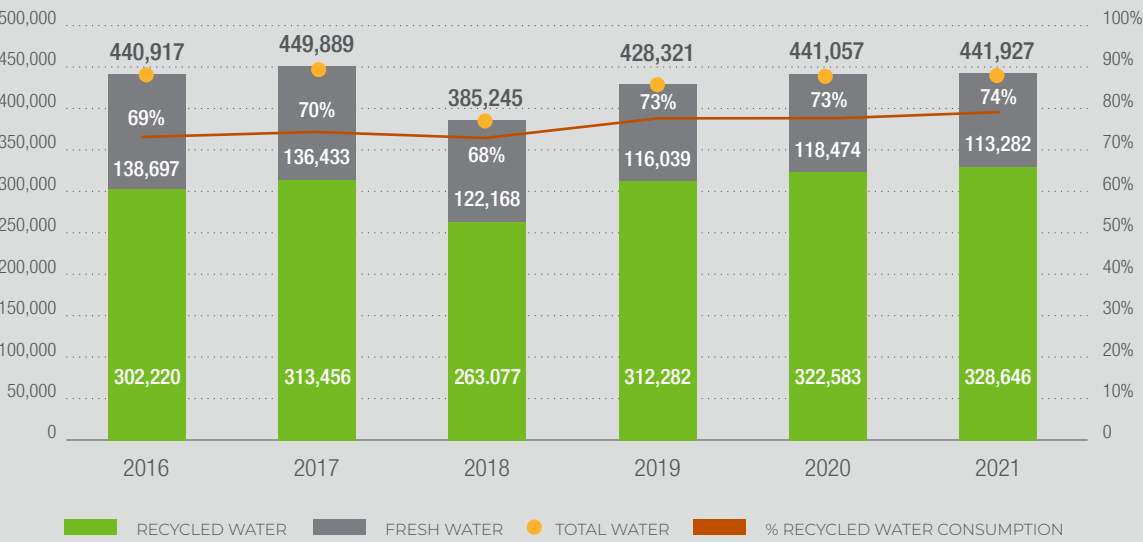
In addition, on a quarterly basis, water management performance is evaluated and reported in the Sustainable Development Committees and strategies are managed to achieve the targets set. Water consumption and cost indicators are reported to the Boards of Directors.



Hayden Unit, Arizona, United States. 

Historic water consumption - Grupo México

Water consumption in Megaliters (ML)\*  
Grupo México



Grupo México's total water consumption has increased, however, it is important to note that first use water consumption has decreased and recirculated water consumption has increased.

During 2021, 74% of the water used in our operations was recirculated water.

\* The freshwater consumption did not include the consumption by two mines in the United States as this information was not available.

	Grupo México				Mining Division (DMIN)												Transportation Division (DTRA)												Infrastructure Division (DINFRA)				
	Total Grupo México*				SCC				Mexico				USA				Total DTRA				Mexico				USA				Total (DINFRA)				
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018	
GRI 303-3																																	
Fresh water																																	
Abstraction in																																	
Megaliters																																	
Surface water	36,499	37,454	34,064	39,687	36,494	37,348	33,982	39,630	21,099	21,537	18,408	24,414	15,395	15,810	15,574	15,216	0	0	0	0	0	0	0	0	0	0	0	0	5	106	82	57	
Groundwater	79,582	79,559	79,272	80,806	75,780	75,405	75,129	76,483	39,008	39,409	38,648	39,978	36,772	35,996	36,481	36,506	164	221	226	151	164	209	215	151	0	11	11	0	3,637	3,932	3,917	4,172	
Seawater	99	105	168	58	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	99	105	168	58	
Produced water	942	691	627	843	941.708	691	627	843	168	0	0	0	773.968	691	627	843	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Third party water	171	678	1,908	774	65.0726	67	1,494	23	16	24	1,484	12	49.328	43	10	10	106	193	183	53	99	193	181	53	7	1	2	0	0	418	231	698	
TOTAL WATER ABSTRACTION IN ML	117,293	118,487	116,039	122,168	113,282	113,511	111,232	116,979	60,291	60,970	58,540	64,404	52,991	52,540	52,692	52,575	270	414	409	204	263	402	396	204	7	12	13	0	3,741	4,561	4,398	4,985	
GRI 303-4																																	
VWATER DISCHARGE																																	
In megaliters (ML)																																	
Surface Water	587	613	840	699	50	40	59	0	50	40	59	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	537	573	781	699	
Groundwater	166	156	141	0	166	156	141	0	166	156	141	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	
Seawater	1,556	1,030	1,506	61	1,510	983	1,368	0	0	0	0	0	1,510	983	1,368	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	46	47	138	61	
Thurd,party water	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	
TOTAL WATER DISCHARGE IN ML	2,309	1,799	2,487	760	1,726	1,179	1,568	0	216	196	200	0	1,510	983	1,368	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	583	620	919	760	
CONSUMPTION OF RECYCLED OR REUSE WATER in Megaliters (ML)	328,661	322,583	312,282	263,077	328,646	322,583	312,282	263,077	201,536	197,576	191,170	164,997	127,110	125,007	121,113	98,080	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15	0	0	0
GRI 303-5 TOTAL WATER CONSUMPTION IN Megaliters (ML)	443,645	439,271	425,834	384,485	440,201	434,915	421,946	380,056	261,611	258,350	249,510	229,401	178,590	176,564	172,437	150,655	270	414	409	204	263	402	396	204	7	12	13	0	3,173	3,942	3,479	4,225	

	Grupo México				Mining Division (DMIN)			
	Total Grupo México*				SCC			
	2021	2020	2019	2018	2021	2020	2019	2018
<b>GRI 303-3</b>								
FRESH WATER ABSTRACTION IN Megaliters (ML)								
Surface water	36,499	37,454	34,064	39,687	36,494	37,348	33,982	39,630
Groundwater	79,582	79,557	79,272	80,806	75,780	75,405	75,129	76,483
Seawater	99	105	168	58	0	0	0	0
Produced water	942	691	627	843	941.708	691	627	843
Third-party water	171	678	1,908	774	65.0726	67	1,494	23
<b>TOTAL WATER ABSTRACTION IN ML</b>	<b>117,293</b>	<b>118,485</b>	<b>116,039</b>	<b>122,168</b>	<b>113,282</b>	<b>113,511</b>	<b>111,232</b>	<b>116,979</b>
<b>GRI 303-4</b>								
WATER DISCHARGE EN Mega Litros (ML)								
Surface water	587	613	840	699	50	40	59	0
Groundwater	166	156	141	0	166	156	141	0
Seawater	1,556	1,030	1,506	61	1510	983	1,368	0
Third-party water	0	0	0	0	0	0	0	0
<b>TOTAL WATER DISCHARGE IN ML</b>	<b>2,309</b>	<b>1,799</b>	<b>2,487</b>	<b>760</b>	<b>1,726</b>	<b>1,179</b>	<b>1,568</b>	<b>0</b>
CONSUMPTION OF RECYCLED OR REUSE WATER IN Megaliters (ML)	328,661	322,583	312,282	263,077	328,646	322,583	312,282	263,077
<b>GRI 303-5</b>								
<b>TOTAL WATER CONSUMPTION IN Megaliters (ML)</b>	<b>443,645</b>	<b>439,269</b>	<b>425,834</b>	<b>384,485</b>	<b>440,201</b>	<b>434,915</b>	<b>421,946</b>	<b>380,056</b>

\* Data from ASARCO units are not included.

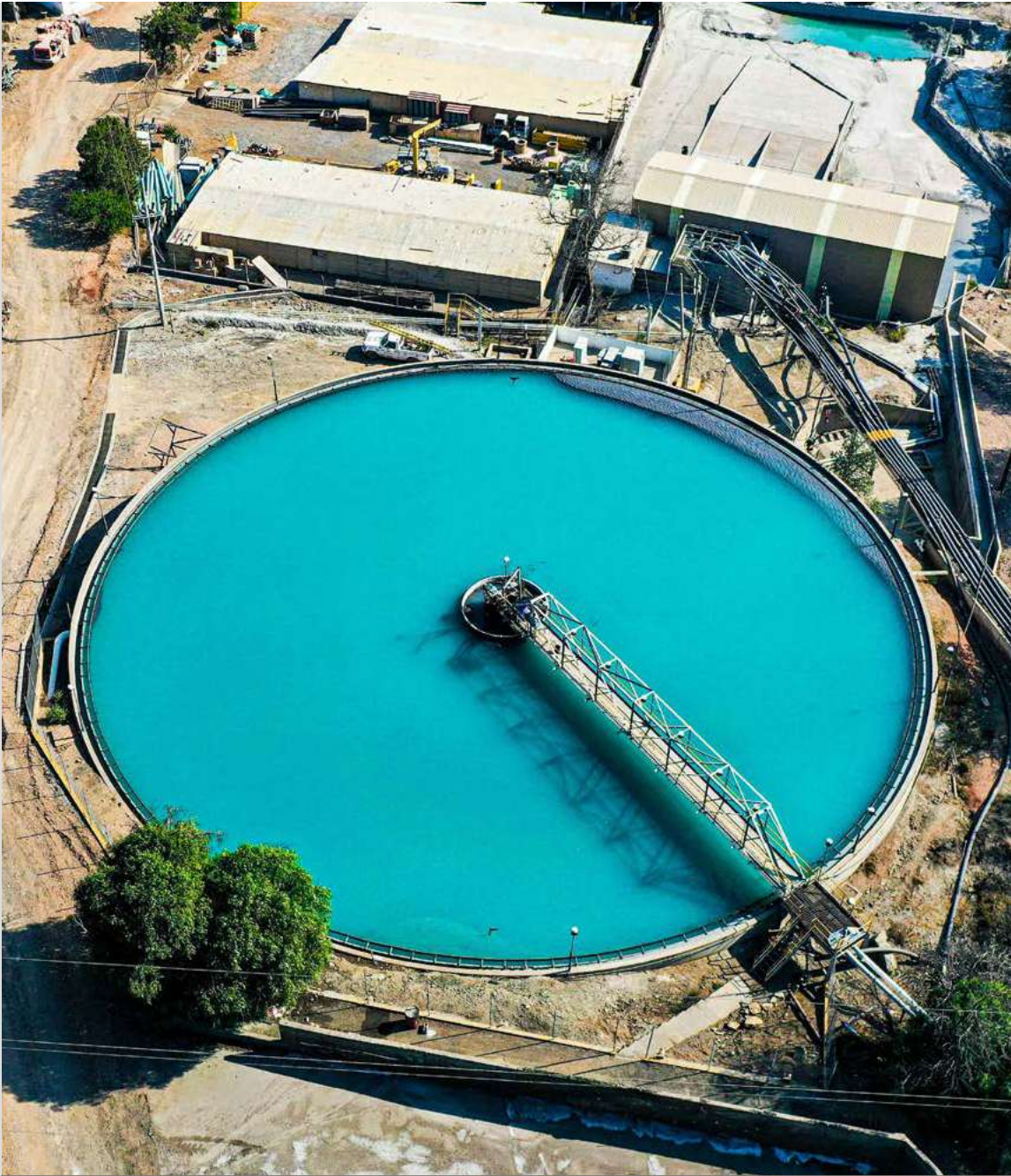


Pumping system, Buenavista del Cobre, Cananea, Sonora, México. 

Performance 2021

	GRUPO MÉXICO		MINING DIVISION (DMIN)						TRANSPORTATION DIVISION (DTRA)						INFRASTRUCTURE DIVISION (DINFRA)	
	Total Grupo México		SCC		MExico		PerU		Total DTRA		MExico		USA		Total DINFRA	
	All zones	All zones with water stress	All zones	Zones with water stress	All zones	Zones with water stress	All zones	Zones with water stress	All zones	Zones with water stress	All zones	Zones with water stress	All zones	Zones with water stress	All zones	Zones with water stress
GRI 303-3 FRESH WATER ABSTRACTION In Megaliters (ML)																
Surface water	36,499	36,494	36,494	36,494	21,099	21,099	15,395	15,395	0	0	0	0	0	0	5	0
Groundwater	79,581	74,535	75,780	74,535	39,008	37,763	36,772	36,772	164	0	164	0	0	0	3,637	0
Seawater	99	0	0	0	0	0	0	0	0	0	0	0	0	0	99	0
Produced water	941.968	167.74	942	168	168	168	774	0	0	0	0	0	0	0	0	0
Third party water	171.328	15.7446	65	16	16	16	49	0	106	0	99	0	7	0	0	0
TOTAL WATER ABSTRACTION ML	117,293	111,213	113,282	111,213	60,291	59,045	52,991	52,167	270	0	263	0	7	0	3,741	0
GRI 303-4 WATER DISCHARGE IN Mega Litros (ML)																
Surface water	587	50	50	50	50	50	0	0	0	0	0	0	0	0	537	0
Ground water	166	0	166	0	166	0	0	0	0	0	0	0	0	0	0	0
Seawater	1,556	0	1,510	0	0	0	1,510	0	0	0	0	0	0	0	46	0
Third party water	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WATER DISCHARGE IN ML	2,309	50	1,726	50	216	50	1,510	0	0	0	0	0	0	0	583	0
CONSUMPTION OF RECYCLED OR REUSE WATER in Megaliters (ML)																
	328,661		328,646		201,536		127,110		0		0		0		15	
GRI 303-5 TOTAL WATER CONSUMPTION IN MEGALITERS	443,644		440,201		261,611		178,591		270		263		7		3,173	

	GRUPO MÉXICO		MINING DIVISION (DMIN)	
	Total Grupo México		SCC	
	All zones	Zones with water Stress	All zones	Zones with water stress
<b>GRI 303-3 FIRST USE FRESH WATER ABSTRACTION IN Megaliters (ML)</b>				
Surface water	36,499	36,494	36,494	36,494
Groundwater	79,581	74,535	75,780	74,535
Sea water	99	0	0	0
Produced water	941.968	167.74	942	168
Third-party water	171.328	15.7446	65	16
<b>TOTAL WATER ABSTRACTION IN ML</b>	<b>117,293</b>	<b>111,213</b>	<b>113,282</b>	<b>111,213</b>
<b>GRI 303-4 WATER DISCHARGE IN Megaliters (ML)</b>				
Surface water	587	50	50	50
Groundwater	166	0	166	0
Seawater	1,556	0	1,510	0
Third party water	0	0	0	0
<b>TOTAL WATER DISCHARGE IN ML</b>	<b>2,309</b>	<b>50</b>	<b>1,726</b>	<b>50</b>
<b>CONSUMPTION OF RECYCLED OR REUSED WATER IN Megaliters (ML)</b>	<b>328,661</b>		<b>328,646</b>	
<b>GRI 303-5 TOTAL WATER CONSUMPTION IN Megaliters (ML)</b>	<b>443,644</b>		<b>440,201</b>	



Thickener, San Martín Unit, Sombrerete, Zacatecas, México.



## Management and performance in the Mining Division

### GRI 303-2

In all the countries where the Mining Division operates, we incorporate industry best practices and ensure compliance with the regulatory framework for mining and discharging, including:

- Compliance with surface and groundwater extraction and use permits.
- Monitoring the quality of wastewater and receiving bodies and, if necessary, implementing treatment systems for their reentry into ecosystems.
- Monitoring of water systems in the operations to know water availability, volume and quality, and to be able to identify and mitigate risks associated with its management.
- Incorporation of international best practices, such as the ICMM “Water Stewardship” guidelines.
- Identification and management of risks associated with water management, being our main risk the availability of this resource in our operations. Our processes are continuously monitored in search of actions to make them more efficient, as well as the use of wastewater.

The minimum water quality standards for water returned to the environment are contained in the national regulations of each country in which we operate, and serve as a reference point for managing our discharge impacts.

MEXICO	UNITED STATES	PERU
Mexican Official Standard NOM-001-SE-MARNAT-1996-001 establishes the maximum permissible limits for pollutants in wastewater discharges into national waters and property.	Section 304 (A)/ Clean Water Act. A permit is required when there is the potential for discharge of wastewater into receiving bodies considered waters of the nation.  EPA 40 C.F.R. Part 440. Acid mine drainage must comply with discharge limits.  AAC-R-18-9-Article 2. Aquifer Protection Permit (APP) for facilities considered as discharge facilities such as tailings dams, leaching yards, industrial water dams.	Quality control is based on the criteria defined by the Environmental Quality Standards (EQS) for water and the Maximum Permissible Limits (MPL) established in Law No. 28611, General Environmental Law.

These obligations remain the same as in the previous year.

## GRI 303-3, 303-5

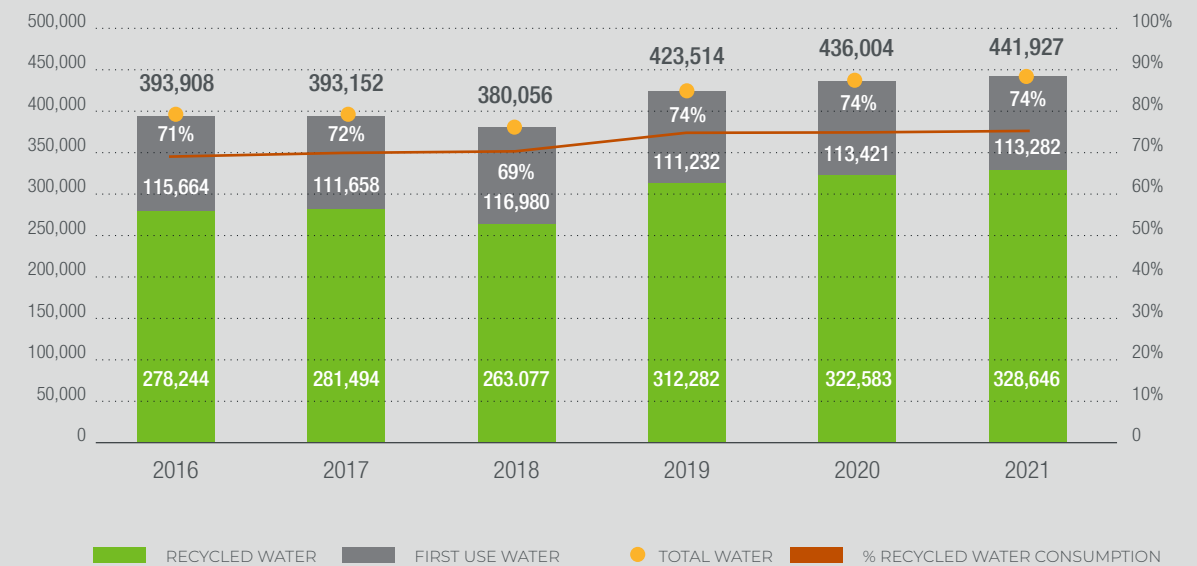
During 2021, the total water withdrawal volume in the Mining Division was 113,281 ML. We maintain a continuous effort to increase the use of recycled water and decrease demand from sources with some degree of water stress.

The implementation, instrumentation and maintenance of closed circuits, as well as recycled water pumping systems in Grupo México's mining operations, made it possible that during 2021, 74% of the water used in our operations was recirculated water, recovered from mining processes, with which we contributed to reduce our water footprint, contributing to the availability of this resource in the communities with which we interact.

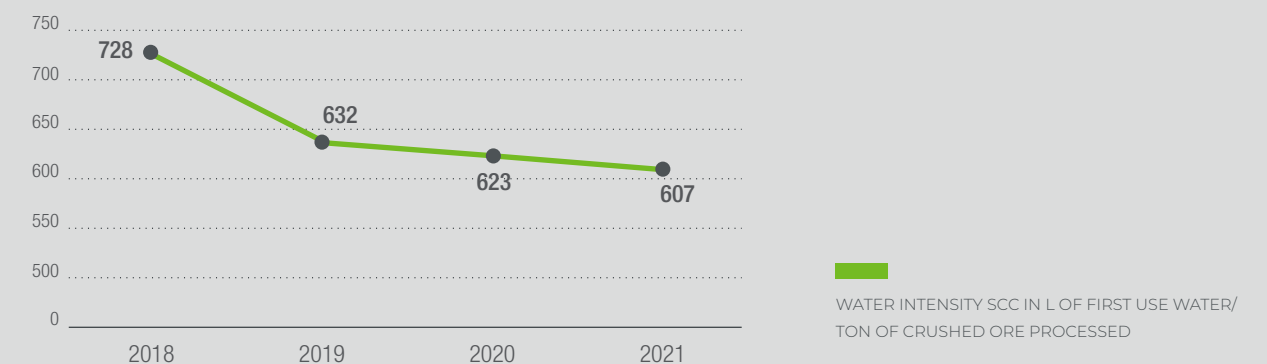
Thus, a water intensity factor of 607 liters of first use water consumed per ton of milled ore processed was achieved for SCC.

<sup>2</sup>Total first use water consumption does not include the consumption of 2 mining units in the United States, as the information is not presented so as not to interfere with a negotiation process.

## Water Consumption in Megaliters (ML)\* Southern Copper Corporation (SCC)



## Water Intensity SCC in L of first use water / ton of crushed ore processed



**GRI 103-2, 303-4**

The total water discharge volume of our Mining Division during 2021 was 1,726 ML. It is specified that our operations in Mexico, which so require, have discharge permits, which establish the Particular Wastewater Discharge Conditions to which we must adhere according to the type of receiving body defined in NOM-001-SEMARNAT-1996.

Furthermore, our operations in Peru perform physicochemical studies and analyses of water quality in discharges, in accordance with applicable regulations.



## Management and Performance in the Infrastructure Division

### GRI 303-1

In the Infrastructure Division, we are committed to comply with all Mexican legislation, so we avoid any type of negative impact on the environment and society. To this end, we have defined a procedure for identifying and evaluating legal requirements, which allows us to monitor different indicators on a monthly basis and anticipate any requirement. Through risk management, we identify hazards and control the risks of our operations, implementing operational controls that reduce the impact on ecosystems.

**Our environmental management system is designed to prevent negative impacts on ecosystems, water bodies and communities.** We are based on 3 main points in order to address the issue in a comprehensive manner:

1. We annually review the water stress status of the basins where we operate to identify problems of overexploitation and anticipated management. The analysis is based on public information from the National Water Commission and international public tools.
2. We monitor effluent quality on a quarterly basis in accordance with Mexican legislation to maintain the quality of water bodies in the regions where we operate.
3. We listen to the communities through the hotline to answer their questions and requirements, in order to avoid controversies regarding the use of water in our processes.



“Veracruz” rig, Tabasco, México

GRI 303-2

Water discharge from our work centers is monitored on a quarterly basis by an external party that is accredited by the Mexican Accreditation Entity (ema). The monitoring has more than 20 physical, biological, chemical, and radioactive parameters, whose interpretation is aligned with the Mexican standard NOM-001-SEMARNAT-1996. In the case of our marine operations, in addition to the national standard, we add the international guidelines defined in the MARPOL treaty.

GRI 303-3, 303-5

In 2021, the Infrastructure Division withdrew 17% less fresh water than in the previous year.

In 2021, the Infrastructure Division extracted 3,756,765 m³ of water, 17% less than the previous year. This decrease is associated with the 8% reduction in production at the Combined Cycle Plant, which led to a 10% reduction in groundwater consumption. At the same time, the Construction subsidiary stopped the Cananea, Celaya, and Nacozari projects, reducing water consumption by 96%. It should be noted that, in the case of the construction company, the water consumed had the nature of “recycled water”, due to the treatment given to it and the second life cycle in the construction processes.

On the other hand, the water used by the Petróleo subsidiary is extracted directly from the sea and undergoes a desalination and potabilization process, in order to be used for human consumption and in the operation processes of each work center. Once used, it undergoes electrolysis or osmosis treatment, which allows it to be returned to the sea in good conditions.

Ninety-six percent of the water consumed by the Infrastructure operations comes from aquifers (groundwater), the largest consumer being the Combined Cycle Power Plant, whose nature of operation requires significant volumes of water. Seawater consumption is 3%, while surface water and recycled water account for 1%.

For the specific case of the Combined Cycle Power Plant, the ratio of generation of one MW/h vs. water consumption is 1.1, which shows the high efficiency of our processes.

	2021	2020	2019	2018
<strong>GRI 303-3</strong> FRESH WATER ABSTRACTION IN MEGALITERS (ML))				
Surface water	5	106	82	57
Groundwater	3,637	3,932	3,918	4,172
Seawater	99	105	168	58
Produced water	0	0	0	0
Third-party water	0	0	0	0
<strong>TOTAL WATER ABSTRACTION IN ML</strong>	<strong>3,741</strong>	<strong>4,143</strong>	<strong>4,168</strong>	<strong>4,287</strong>

According to available national and international literature, our operations are not in water-stressed basins.

The highest water consumption in the division is associated with fresh water (total dissolved solids 1000 mg/L), while 2% comes from other waters (total dissolved solids > 1000 mg/L).

GRI 303-4

The Infrastructure Division's industrial facilities channel water discharge to 2 main destinations:

- a. Terrestrial surface water bodies: most of our operations are land-based, 92% of the discharge is confined to terrestrial federal bodies.
  - b. Marine water bodies: discharges from our marine platform operations represent 8% of the division's total.
- All water discharges comply with the quality required by the applicable national regulation NOM-001-SEMARNAT-1996. Regarding drilling platforms, in addition to complying with the requirements of the Mexican official standard, they comply with MARPOL.

GRI 303-4 WATER DISCHARGES IN Megaliters (ML)	INFRASTRUCTURE DIVISION		
	2021	2020	2019
Volume discharged in groundwater sites	537	573	782
Volume discharged in seawater bodies	46	47	138

Water discharges in all our operations are processed in biological, chemical and electrolysis treatment plants (WWTP). This guarantees the removal of organic pollutants reaching Mexican compliance parameters.

Every three months, a discharge quality analysis is performed at all operating sites; the samples are certified by a laboratory certified by the Mexican Accreditation Entity (EMA) and the results are validated by the Conagua. We analyze more than 20 biological and chemical parameters to ensure that effluents are returned to the environment free of contaminants.

During 2021, we complied 100% with national water discharge regulations (NOM- 001-SEMARNAT-1996). With respect to platforms operating in international waters, we complied with the International Convention for the Prevention of Pollution from Ships, MARPOL.

100% of our discharges comply with national regulatory parameters.

# Management and Performance in the Transportation Division

## GRI 303-3, 303-5

In the Transportation Division we are aware that water is one of the most important resources on the planet. For this reason, although it is not intensive in this division, year after year we strive to gradually reduce our water footprint.

During 2021, the Transportation Division consumed 270 ML of first use water, mainly used for washing locomotives, cooling systems and office services (see table below for more details).

	TRANSPORTATION DIVISION (DTRA)					
	Mexico		USA		Total DTRA	
	All zones	Water stress zones	All zones	Water stress zones	All zones	Water stress zones
<b>GRI 303-3 FRESH WATER ABSTRACTION</b>						
In Megalitres (ML)						
Surface water	0	0	0	0	0	0
Ground water	164	0	0	0	164	0
Seawater	0	0	0	0	0	0
Produced water	0	0	0	0	0	0
Third party water	99	0	7	0	106	0
<b>TOTAL WATER ABSTRACTION IN ML</b>	<b>263</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>270</b>	<b>0</b>
<b>GRI 303-4 WATER DISCHARGE</b>						
IN Megaliters (ML)						
Surface water	0	0	0	0	0	0
Ground water	0	0	0	0	0	0
Seawater	0	0	0	0	0	0
Third party water	0	0	0	0	0	0
<b>TOTAL WATER DISCHARGE IN ML</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CONSUMPTION OF RECYCLED OR REUSE WATER IN Megaliters (ML)</b>	<b>0</b>		<b>0</b>		<b>0</b>	
<b>GRI 303-5 TOTAL WATER CONSUMPTION in Megaliters (ML)</b>	<b>263</b>		<b>7</b>		<b>270</b>	



**BIODIVERSITY**



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📷 A black bear at the Environmental Management (UMA) reserve in Buenavista del Cobre, Cananea, Sonora, Mexico.

## BIODIVERSITY

### Management Approach

#### GRI 103-1

Grupo México understands biodiversity as the variety and variability of life on Earth. The continuity of life itself depends on biodiversity, as does the stability of the ecosystems that regulate the amount of carbon dioxide in the atmosphere via photosynthesis and provide us with water via the recharging of groundwater. Likewise, the global economy is highly dependent on biodiversity and healthy ecosystems.

According to the 2022 Global Risks Report published by the World Economic Forum (WEF), loss of biodiversity is the third most serious risk humanity will face in the next ten years after the failure of climate action and extreme climate. These risks are closely interconnected. In fact, climate change is perhaps the greatest threat to biodiversity in the mid to long term. Local disruptions, such as the fragmentation of ecosystems due to human activity, pose another threat, along with the disappearance of species due to interference in their habitats and the presence of predators. Our actions to mitigate climate change seek to help check it and adapt our operations to boost the resilience of the ecosystems that surround us and that we are immersed in.

We promote biological corridors to help mitigate the impact of their fragmentation and take part in efforts to conserve flagship species, like the Mexican gray wolf, in a bid to help recoup their populations in the wild.

Mining activities generally take place in remote, sometimes environmentally sensitive areas. They must be performed responsibly to ensure biodiversity is conserved at every stage in the project's lifecycle. Grupo México understands the importance of conserving and protecting the biodiversity and ecosystems of the sites where we operate. We work responsibly to mitigate, as far as possible, the environmental impact of our operations, in alignment with Goal 15 of the UN Sustainable Development Goals pertaining to the sustainable management of forests, the combatting of desertification and the reversion of biodiversity losses.

Organizational Management - Components

GRI 103-2 | SASB EM-MM-160a.1

We are committed to maintaining an environmental performance that goes over and beyond our regulatory obligations by making a conscious effort to learn about, understand and protect the biodiversity in the vicinity of our operations, in accordance with the mitigation hierarchy: **prevent, reduce, restore and offset the** potential impacts of our units throughout their lifecycle. We are aiming for **no net losses and a net positive impact**.

**Grupo México’s Environmental Policy sets out our commitment to achieving a net positive impact on biodiversity.** To attain this, we work with a series of actors, mainly environmental authorities and academic and research institutions, to develop and maintain projects that exceed our regulatory obligations.

At every stage in the lifecycle of our operations and supply chain, we seek to:



Assess and monitor the condition and state of health of ecosystems in the vicinity of our facilities, so we can identify risks to biodiversity and gauge progress in the restoration of degraded areas.



Prevent, reduce, restore and offset the environmental impact of our operations by taking measures to reduce the areas affected, rescue and relocate flora and fauna, recover and conserve land, restore ecosystems, prevent the pollution of water and ecosystems (including the dumping of lixiviation solutions into natural bodies of water) and reintroduce threatened species like the Mexican gray wolf to their natural habitats.



Draw up environmental restoration plans to be put in action once our operations have been concluded, including the physical and chemical stabilization of tailing deposits, reforestation and other actions to prevent soil erosion.



Coexist in harmony with protected natural and high-value biodiversity areas.



Involve local communities, environmental authorities, research institutes and civil society organizations in all the above-mentioned actions.

In the Mining Division, we work toward achieving the 2022 corporate goals for the management of biodiversity:



**Implement biodiversity management plans at all our mining operations in high value biodiversity areas.**

Based on the Good Practice Guidance for Mining and Biodiversity drawn up by the International Council on Mining and Metals (ICMM), we have begun analyzing gaps in our operations with a view to integrating biodiversity management plans that enable us to identify and monitor performance indicators and potential impacts on biodiversity, as well as actions to prevent, mitigate and offset these. Biodiversity Management Plans have already been drawn up for seven of our facilities in Mexico and we are working on plans for our operations in Peru and the United States.



**Guarantee production of 5 million plants a year and join forces with reforestation initiatives.**

In 2021, plant production came in slightly below our target (4,955,922) due to difficulties operating the company's seven nurseries during the COVID-19 pandemic. Approximately 75% of the plants produced at these nurseries are native species. We plan to produce more protected endemic species over the coming years. These actions, complemented by a new nursery in South Mexico, lend continuity to the reforestation efforts of previous years, while creating capacities to maintain and strengthen these into the future.



**Obtain certification of at least one biodiversity conservation project with a positive net impact.**

We seek to obtain a credible, objective assessment by an independent, internationally recognized certification system of at least one biodiversity project that extends beyond our regulatory obligations and that does not only offset, but has a positive net impact on biodiversity in the sites where we operate.

Grupo México's organizational structure allows it to manage biodiversity efficiently on a local level at each of our facilities, with oversight by the Environmental Affairs Department of each division in each country.

In the Mining Division, biodiversity management results are reported regularly to the Corporate Sustainable Development Department. Quarterly environmental performance reports are also submitted to the Sustainable Development Committee, which is presided over by upper management, including the company President and the Executive Vice-president. This committee draws up strategies to achieve established goals. Water consumption and cost indicators are reported at meetings of the board of directors.

**The performance of suppliers of goods and services for our properties** is supervised by means of legal documents that oblige them to protect flora and fauna, avoid the clearing of land where possible and take the necessary measures to protect ecosystems.

Formal complaint mechanisms include the Grupo México Community Care Service (SAC), which has detailed procedures for dealing with complaints and comments by interested parties and business partners on a wide range of issues, including biodiversity.

Evaluation mechanisms

GRI 103-3

The management and performance indicators used by Grupo México are reviewed and monitored internally. These include:



Reforested areas.



Number and species of plants produced and number of hectares reforested.



Protected species of fauna.



Protected species of flora and fauna rescued that are either endemic or are deemed of high biological/ecological value.



Nursery at the San Martín Unit, Sombrerete, Zacatecas, Mexico.

Management and Performance  
in the Mining Division

Operational sites inside or adjacent to  
protected areas or in non-protected areas  
deemed to be of high biodiversity value

GRI 304-1

As far as possible, we seek to avoid impacting areas deemed to have a high biodiversity value by implementing environmental management systems and developing biodiversity management plans specific to each site. Some of our operations are adjacent to protected natural areas of different kinds, as illustrated below:

	MINING MEXICO	ASARCO			
OPERATIONAL SITES INSIDE OR ADJACENT TO PROTECTED AREAS OR AREAS DEEMED TO BE OF HIGH BIODIVERSITY VALUE GRI 304-1	La Caridad	Silver Bell	Mission	Ray	Hayden
Geographical location of the unit (state and municipality)	Nacozari de García, Sonora	Arizona, Pima County, Marana	Arizona, Pima County, Sahuarita	Arizona, Pinal County, Kearny	Arizona, Gila & Pinal Counties, Hayden and Winkelman
Size of the unit - total number of hectares of land given in concession	9,570	2,801	8,337	3,431	10,000
Physical specifications of the unit	Land				
Total area of the mine physically altered by the mine activity (ha)	3,924	1,485	3,341	3440	807
Number of hectares physically altered by mining activities in 2021	105.8	3.5	0	5.5	1
Biodiversity mapping and assessment in the last five years	Yes	In process	In process	In process	In process
Location of the business unit vis-à-vis the protected natural area*	Adjacent to the area	Adjacent to the area	Adjacent to the area	Adjacent to the area	Adjacent to the area
Type of protected area affected	Natural Protected Area				
Name of the protected natural area or area of high biodiversity value	* Bavispe	*Ironwood Forest National Monument	* Pima pineapple cactus restrictive pact - Conservation area	* River Gila area	* River Gila area
Type of operation that causes the impact	Extraction	Extraction	Extraction	Extraction	Extraction
Biodiversity value of the protected natural area	Land-based ecosystem				
Protected species status					
National regulations	IUCN List	IUCN List	IUCN List	IUCN List	IUCN List
Does the site have a biodiversity management plan?	Yes	Under development	Under development	Under development	Under development

UICN: International Union for Conservation of Nature

\* For purposes of this table, “near or adjacent” means within five kilometers from the boundary of a protected area.

Significant impacts of activities, products and services on biodiversity

GRI 304-2

We are aware of the potential direct and indirect impact of our mining operations on biodiversity and have taken the following actions to prevent and reduce these:

Type of Impact	Actions to Address Significant Impacts
Damage to habitats and ecosystems due to the transformation of the land for mining purposes	<ul style="list-style-type: none"><li>• Full compliance with measures stipulated by environmental authorities to prevent, reduce, restore and offset specific or accumulated environmental impacts, both temporary and permanent.</li><li>• Soil restoration and works to capture water and divert it in order to rehabilitate flora and fauna habitats.</li><li>• Whenever possible, we restore sites affected by our operations during the operating phase (concurrent remediation).</li><li>• Plans that provide for the restoration of the land and the ecosystems affected once operations have concluded.</li></ul>
Decline in populations of species with high biological/ecological value	<ul style="list-style-type: none"><li>• Full compliance with measures stipulated by environmental authorities to prevent, reduce, restore and offset specific or accumulated environmental impacts, both temporary and permanent.</li><li>• Ongoing rescue and relocation of threatened endemic species, slow or non-moving species and species with a high biological value, in accordance with the regulations of the countries where we operate and the IUCN, or their restoration on work fronts.</li><li>• Monitoring of species and their adaptation to relocation sites.</li><li>• Creation of biological corridors to facilitate the movement of fauna, including animal crossings.</li></ul>
Pollution of bodies of water and ecosystems by dust, emissions, discharges or accidents	<ul style="list-style-type: none"><li>• Full compliance with measures stipulated by environmental authorities to prevent, reduce, restore and offset specific or accumulated environmental impacts, both temporary and permanent.</li><li>• Controls to prevent waste, dust, solutions or acid drainage polluting bodies of water or ecosystems near the facilities.</li><li>• Regular environmental contingency response drills.</li></ul>



The Buenavista del Cobre UMA in Cananea, Sonora is a 3.1-hectare reserve dedicated to the reproduction and protection of the Mexican gray wolf.

Protected or restored habitats

GRI 304-3

Grupo México's reforestation program is emblematic of its environmental efforts. Our nurseries have a large production capacity of 6.8 million plants, but the COVID-19 pandemic limited our production to 4,955,922 plants in 2021. Some of our reforestation projects are carried out in collaboration with the Grupo México Foundation, which donates plants to a variety of civil society organizations for reforestation purposes, while others are conducted in coordination with the authorities, mainly in determining which areas are to be reforested.

As regards restoration measures, in 2021 we built 260 filter dams in the vicinity of the La Caridad mine and Complejo Metalúrgico (METCO), both in Sonora, to retain 27,724 tons of eroded soil.

We also built 58,149 terraces and five banks stretching a total of 3.9 linear kilometers to capture 26,369 cubic meters of water a year.


	MM (MEXICO)					SPCC (PERU)
RESTORED OR PROTECTED HABITATS GRI 304-3	Buenavista del Cobre	La Caridad	METCO	Nueva Rosita	San Martín	Ite
Name of the protected or restored area	Land at the “Buenavista del Cobre” mining complex	Land at the “La Caridad” mining complex	Land at the “METCO” metalworking complex	La Conquista”, “Conquista Poniente” and “La Lavadora” open pits	Land at the San Martín mining complex	Ite forestation
Total number of hectares reforested	105.5	28	8	78	2	30
Total number of plants planted	98,869	27,689	6,979	83,226	2,128	10,250
Reforestation technique used	Common strain in staggered arrangement	Common strain in framework pattern	Common strain in framework pattern	Common strain and individual terraces	Common strain and individual terraces	Propagation in nurseries
Net loss² (Restored areas /affected areas)	0.69	0.26	0	0	0	0.04



### **CASE STUDY: REVERTING HISTORY, THE ITE WETLANDS**

Located in the south of Peru, at the mouth of the River Locumba in the Tacna region near the border with Chile, these wetlands are home to over 126 species of birds (resident and migratory), and other flora and fauna. These are the most extensive coastal wetlands in the country, stretching for over 1,600 hectares, and have a high biodiversity value for South America. Previously occupied by tailings deposited some three decades ago before Grupo México arrived, the long-term chemical and physical stabilization process undertaken by the company has restored some 1,500 hectares. An important ecosystem for the conservation of biodiversity and the wellbeing of the local community has evolved here. Environmental services include water storage in one of the most arid zones on the planet and the capture of carbon from the air.



We have transformed 1,600 hectares in Peru's most extensive wetlands, a habitat that is home to 130 species of birds and 15 thousand creatures. 

Species on the IUCN Red List and national conservation lists whose habitats are in areas affected by our operations.

GRI 304-4

SPECIES ON THE IUCN RED LIST AND NATIONAL CONSERVATION LISTS WHOSE HABITATS ARE IN AREAS AFFECTED BY OUR OPERATIONS GRI 304-4	MINING DIVISION				
IUCN Red List (IUCN criteria)	Total DMIN	SCC	MM (Mexico)	SPCC (Peru)	ASARCO (EUA)
Near threatened	16	16	12	4	0
Data deficient	3	3	3	0	0
Endangered	2	2	0	2	0
Least concern	702	698	541	157	4
Not evaluated	104	104	104	0	0
Vulnerable	7	7	3	4	0
According to National Regulations	Total DMIN	SCC	NOM-059-SEMARNAT-2010	Supreme Decree 004-2014 and 046-2006	Endangered Species Act - ESA
Threatened	64	62	59	3	2
Endangered	22	19	14	5	3
Probably extinct in the wild	19	19	6	13	0
Not evaluated	539	539	533	6	0
Subject to special protection	84	84	84	0	0

Sites identified as requiring biodiversity management plans.

G4-MM2

In 2021, we made a diagnosis of biodiversity management at our Mining Division operations in Mexico, based on ICMM Good Practice Guidance for Mining and Biodiversity. Using this diagnosis, we were able to draw up biodiversity management plans for the Buenavista del Cobre, La Caridad, Santa Bárbara, San Martín and Charcas mines, and our Metalúrgica de Cobre and Cal plants. These take into account the characteristics of the environment where the facilities in question are located and the type of operations carried out there, and establish how to better capitalize on opportunities to promote positive impacts on biodiversity.

These biodiversity management plans also take into consideration how our operations interact with priority conservation areas established by the National Commission for the Use and Conservation of Biodiversity, the National Commission for Protected Natural Areas, the Ramsar Convention and the International Union for the Conservation of Nature (IUCN).

We aim to have biodiversity management plans for our Asarco and SPCC units by year-end 2022.

Management and Performance  
in the Infrastructure Division

SASB IF-EN-160a.2

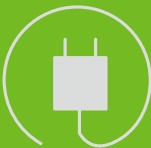
The protection and conservation of biodiversity in the areas where it operates is a priority for the Infrastructure Division. Essential to the delicate balance of ecosystems that have been millions of years in the making, humankind also depends on biodiversity to survive, reason why we actively work to raise awareness among our employees and comply with national and international environmental regulations.

The Infrastructure Division is engaged in different construction processes, and operates power plants, wind parks, highways and oil rigs. Each of these activities has an environmental impact statement and, in some cases, technical justification studies, which help us draw up programs to mitigate the environmental impact of our operations, such as reforestation programs and programs for the rescue of flora and fauna.

Operational sites located inside or adjacent to protected areas or in non-protected areas deemed to be of high biodiversity value.

GRI 304-1

The division’s largest operations are not located in protected areas.



POWER

La Caridad power plant in Sonora: located 20 kilometers from the Sierra de Ajos, Buenos Aires and La Púrica protected natural area, which has the status of national forest reserve.



OIL

Ciudad del Carmen, Campeche: located on the outskirts of the Laguna de Términos protected wildlife area. It should be noted that we only conduct administrative activities at this site.



HIGHWAY

Guanajuato: the closest protected natural area, Cerro del Cu bilete, is 30 kilometers away. The highway and bypass projects do not invade or affect protected areas.

### Significant impact of activities, products and services on biodiversity.

#### GRI 304-2

No damage to ecosystems caused by the offshore or land-based activities of the Infrastructure Division was reported in 2021. We complied with all the commitments of the respective environmental impact statements and undertook voluntary actions to protect flora and fauna in the areas in the vicinity of our operations.

In the case of our offshore activities, our oil rigs have an International Oil Pollution Prevention Certificate, confirming they are not susceptible to leaks and do not cause wastewater pollution that could have a negative impact on marine ecosystems and biodiversity.

### Protected or restored habitats

#### GRI 304-3

The Infrastructure Division restored several sites in 2021:

- **Combined-cycle power plant, Nacozari, Sonora.** Since ground was broken on the project, nine areas have been reforested. A total of 1,387 plants of 14 different species were planted, with a survival rate of 95%.

Maintenance of the reforested areas was monitored and 104 new trees of five different species (*pinus engelmannii*, *quercus emoryi*, *cupressus sem-pervirens*, *prunus domestica* and *prunus persica*) were planted.

- **Carmen Sector, Ciudad del Carmen, Campeche.**

In compliance with the environmental impact statement issued for the Jack-up Sonora rig, we followed up on the reforestation and soil conservation program for the “Restoration of Coastal Dunes in the Playa Norte Area,” where migratory birds come to nest. In 2021, we planted 150 *Coccoloba uvifera* or sea grape plants, with a survival rate of 100%. There are currently 450 living specimens of this plant in the area. The Department of the Environment and Natural Resources (DEMAS) and the National Commission for Protected Naturales Areas (CONANP) collaborated in this reforestation initiative.

The Campeche rig voluntarily reforested a Ramsar site on the San José River, east of the municipality of Carmen, with the support of the Autonomous University of El Carmen (UNACAR). A total of 120 riparian plants of six different species native to these wetlands were planted.

The Tabasco rig and the municipality of Carmen joined this initiative and planted ten coconut palm trees on an urban planter strip.

- **Silao Bypass, Silao, Guanajuato.**

Pursuant to the environmental impact statement for Section II, subsection B of the Northeast Arch of the Silao Bypass and its technical justification study, 3,300 specimens of eight different species native to the area were planted in 2021 to give a total of 14,683 specimens with a survival rate of 96%.



“Campeche” rig, Ciudad del Carmen, Campeche, Mexico.



Species on the IUCN Red List and national conservation lists whose habitats are in areas affected by our operations.

GRI 304-4

The species that inhabit the operational sites of the Infrastructure Division are managed under plans that comply with the environmental regulations in force. These are classified as species of “least concern.” In 2021, only two species could potentially become more vulnerable.

SPECIES ON THE IUCN RED LIST AND NATIONAL CONSERVATION LISTS WHOSE HABITATS ARE IN AREAS AFFECTED BY OUR OPERATIONS GRI 304-4	
	NOM-059-SEMARNAT-2010
Risk category	Mexico
Critically endangered	0
Endangered	0
Vulnerable	2
Near threatened	6
Least concern	10
General total	18



At “La Pedrera” material bank of La Caridad mine in Nacozari, Sonora, we prevent, reduce, restore and offset the environmental impact of our operations by rescuing and relocating flora and fauna.

## Performance and Management in the Transportation Division

### GRI 304-1 | GRI 304-2

The main service rendered by the Transportation Division is the transportation of freight by rail, an activity that **does not affect or fragment ecosystems and therefore does not have a negative impact on biodiversity**. The network Grupo México uses was granted under concession in 1998, but most of the tracks were laid between the 19th and 20th centuries, so we can only assume this was when habitats were impacted by fragmentation and changes in the use of the land, not during present-day operations and especially considering that Grupo México Transportes does not have the authority to modify the original course of the network.

A quality service requires the construction and refurbishment of infrastructure and all the projects undertaken by GMXT are executed in strict compliance with federal, state and municipal environmental regulations and laws.

For safety reasons, vegetation on and around the tracks is controlled as this can cause accidents by restricting operators' visibility or even damage the tracks themselves.

The railroad infrastructure has filtering systems that have been in place for more than 100 years and that allow rainwater to filter back into the subsoil without affecting the water cycle.

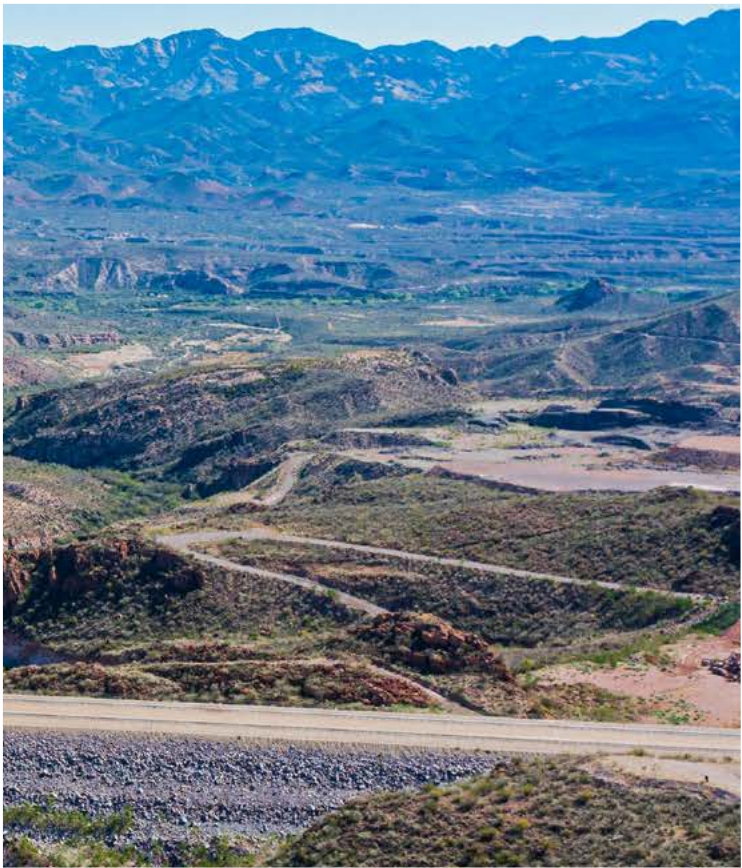
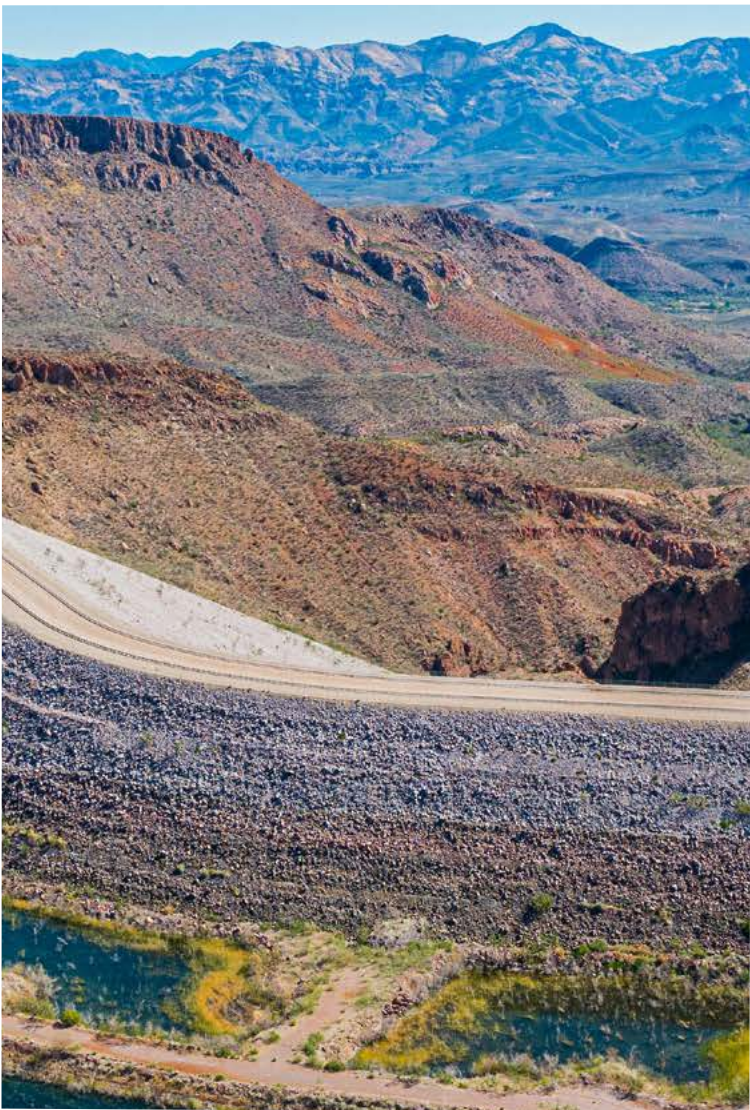
Generally speaking, the operations of the Transportation Division are not located in areas with high biodiversity value, with the exception of tracks that run through zones that were declared protected areas after the railroad was built. These zones are mainly in the states of Coahuila, Colima, Sinaloa, Sonora and Veracruz. In these cases where our operations could potentially impact biodiversity, we comply with the requirements of the competent environmental authorities during the design, construction and operation phases of our works. We also have mechanisms to monitor the clearing of vegetation, soil compaction and erosion.

Sustainability is the watchword of the division, which analyses every risk factor with a view to preventing, reducing and mitigating the potential negative impact of its operations on the environment.



El Chepe passenger train in the Sierra Madre Occidental.





WASTE

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Remediation at La Caridad tailings dam, Nacozari, Sonora, Mexico.

# WASTE

## Management Approach

### GRI 103-1

Responsible waste management is essential to our sustainable development strategy.

**At Grupo México we promote the prevention and comprehensive management of non-hazardous, special handling and hazardous waste, according to the standards that regulate their comprehensive management.** To this end, we apply the principles of the waste management hierarchy and the circular economy by identifying opportunities that prevent waste generation, contribute to preserving the value of the materials and, where appropriate, favor solutions to mitigate and control the risks associated with their management.

Due to their operational nature, our mining activities generate waste from the extraction and processing of minerals. When disposed of in other sectors, they can potentially generate acid drainage and release some metals in concentrations that require proper management and environmental monitoring to avoid negative impacts to the environment.

In addition, they often occupy significant tracts of land that must be reincorporated into the landscape. For this reason, we ensure that environmental regulations are complied with in the design, construction, operation, closure and post-operation of the infrastructure for their management.

In the Infrastructure Division, as a result of wastewater treatment, we generate sludge which, after undergoing a stabilization and composting process, is reincorporated into the environment. Similarly, used lubricating oils are reused or reutilized in accordance with current standards.

In the Transportation Division, we carry out integrated waste management in accordance with the applicable regulations in each of the regions where we operate. We are very careful in the handling, storage and shipment for recycling or final disposal, for which we form alliances and maintain shared responsibility with authorized third parties for the transportation of these wastes along the different production chains.

**GRI 103-2**

Grupo México has an Environmental Policy that commits us to minimize the environmental impacts that may be caused by the waste we generate in all our operations.

The actions we have adopted in order to incorporate best practices in waste management are as follows:



Identification and quantification of waste generated.



Prevention and reduction of waste generation, rather than its treatment and final disposal.



Identification and adoption of management systems and technologies to improve current management, in a cycle of continuous improvement.



Ensure the safe disposal of mine tailings through physical and chemical stabilization, as well as the recovery of the landscape and ecosystem services at the final disposal sites.

The integrated and sustainable management of waste in our operations combines collection methods, separation systems, recovery and use, through the implementation of management plans. To strengthen them, we have implemented various awareness campaigns and the correct separation of waste.

Our commitments are:

1. To prioritize the prevention of waste generation over other management alternatives.
2. To recover or improve the land use vocation in the abandonment of our operations.
3. Minimize the environmental risks of our operations.
4. Keep the sites we abandon safe.
5. Be transparent about our tailings dumps with stakeholders.

### **Mining Division**

Our 2022 corporate goals for sustainable waste management are:

1. **Advance in regard to the implementation of the ICMM Global Tailings Management Standard for the mining industry at all of our active tailings facilities.**

We ensure that all of our active tailings dams are subject to our General Policy on Tailings Systems (2019) and are aligned to the previously referenced standard. In addition, that they have an up to date maintenance, operation and surveillance manual, a comprehensive monitoring system, an engineer of record, an independent review, a complaint mechanism that operates efficiently, and an emergency response plan that includes breach analysis.

### **2. Provide the necessary resources to close operations and address environmental liabilities.**

Following international best practices, we have identified all facilities that have environmental closure obligations and have provided for the necessary reserves to ensure that they do not represent a potential environmental risk at the end of their useful lives. We are committed to keeping this registry up to date and exploring possibilities to improve the estimation of reserves.

### **3. Continued attention to environmental liabilities.**

We carried out an exercise to identify the environmental liabilities of the Mining Division, on which priorities have been established as well as specific plans for their remediation and restoration.

4. Gradually increase the proportion of waste that we incorporate into reuse and recycling cycles.

We identify and implement actions to increase the useful life of the materials and products we use. In the area of mining waste, we are applying solutions for the use of tailings and tepetate (inert material) in the backfilling of subway mines and the exploitation of smelting slag for the recovery of metals. We are exploring alternatives for the use of tailings deposits in the installation of urban solid waste management infrastructure, as well as the use of tailings in the manufacture of technosoils for the restoration of degraded areas.

In the same way, and applying the waste management hierarchy, we continued to make progress in reducing the generation of hazardous, nonhazardous and solid urban waste, and we increased recovery rates.

Sustainable waste management in our Mining Division focuses on three pillars:

<div>1.</div> <div><b>Safe tailings and waste management,</b> for which we are in the process of implementing the ICMM's Global Tailings Management Standard for the mining industry, supported by our General Tailings Systems Policy, and incorporated international best practices for <div>i) the design, construction, operation and monitoring of tailings facilities; ii) the classification, by consequence of faults, of the tailings facility through the evaluation of downstream conditions; iii) the design, establishment and operation of the tailings facility through the evaluation of downstream conditions; iii) the design, establishment and operation of monitoring systems for risk management in all phases of the tailings impoundment life cycle; iv) emergency response preparedness.</div></div>
---

2.

**Safe closure of mining waste deposits** in which we ensure their physical and chemical stability, post-closure monitoring, and environmental and social considerations that favor the reinsertion of the sites into the ecosystems in which they are located. All of this in a way that is compatible with their future use and in harmony with the surrounding communities. Grupo México is committed to building a sustainable social legacy for future generations and the environment through our Community Development model.

3.

**Adherence to the non-mining waste management hierarchy: prevent, recycle, reuse, reuse, recycle, treat and dispose, in that order and whenever feasible.** Seek the best waste management to avoid the release of harmful substances into the environment and promote their reuse or recycling, in accordance with the principles of the hierarchy of management of our non-mining waste.

As formal mechanisms for complaints and/or claims, Grupo México has a Community Care Service (SAC), which has a detailed procedure for dealing with complaints and comments on different topics from various stakeholders and business partners (see the [Community Care Service](#)).

GRI 103-3

**Grupo México uses management and performance indicators that are reviewed through internal and external audits.** These indicators include the volume of waste generated by type, as well as its destination.

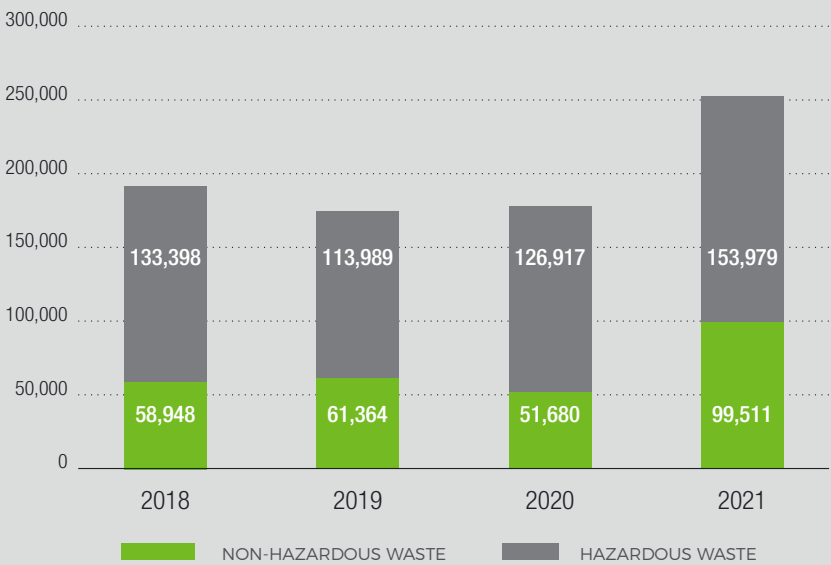
In 2022, an Internal Waste System Review Committee will begin operating, made up of experts in the area, with the purpose of supervising compliance with our General Waste System Policy and reporting to senior management on its performance.

Performance is reported in the Sustainable Development Committees held every quarter, where strategies are designed to achieve the defined objectives.



📷 Tailings Dam of the Unidad Minera San Martín, in Sombrerete, Zacatecas, Mexico.

Historical waste generation (tons) - Grupo México<sup>1</sup>



1. The historical waste generation statistics have been updated because the Amarillo refinery's wastewater generation has been reported, which is considered a hazardous waste and whose disposal method is injection into wells.  
The graph does not contain the historical generation of mining waste. For details, see Mining [Waste in the Mining Division](#) of this chapter.

Performance 2021

GRI 306-2, 306-3, SASB EM-MM-150a.1

	MINING DIVISION (DMIN)										TRANSPORTATION DIVISION (DTRA)						INFRASTRUCTURE DIVISION (DINFRA)		GRUPO MÉXICO		
	Total DMIN		SCC		Minera México (Mexico)		SPCC (Peru)		ASARCO (USA)		Total DTRA		Mexico		USA		Total DINFRA		Total Grupo México		
	GRI 306-2 WASTE BY TYPE AND DISPOSAL METHOD																				
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	
RESOURCE RECOVERY																					
Reuse	170	392	77	392	77	-	-	392	93	-	-	-	-	-	-	-	-	-	170	392	
Recycling	7,615	3,175	7,484	1,870	7,353	566	131	1,304	131	1,304	-	-	-	-	-	-	265	252	7,880	3,427	
Composting	1,782	-	1,656	-	1,529	-	127	-	127	-	-	-	-	-	-	-	5,777	-	7,559	-	
Repurposing or Restoration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale	15,436	628	13,989	628	5,945	161	8,044	466	1,447	-	-	-	-	-	-	-	-	-	15,436	628	
Other	7,588	1,314	7,588	1,314	137	278	7,451	1,036	-	-	-	-	-	-	-	-	-	-	7,588	1,314	
TOTAL RESOURCE RECOVERY WASTE GENERATED (TON)	34,081	4,242	30,793	4,204	15,040	1,006	15,753	3,198	3,288	38	-	-	-	-	-	-	6,042	252	40,123	4,494	
WASTE SENT FOR FINAL DISPOSAL																					
Incineration with energy recovery	26	210	-	210	-	210	-	-	26	0	-	-	-	-	-	-	-	114	26	324	
Incineration without energy recovery	-	46	-	44	-	27	-	17	-	2	-	-	-	-	-	-	-	4	-	50	
Sent to disposal sites or confinement	41,657	3,482	4,350	3,479	3,779	1,602	571	1,877	37,306	4	-	2,510	-	1,294	-	1,216	100	76	41,757	6,068	
Sent to uncontrolled landfills	7,436	82	3,444	82	-	82	3,444	-	3,992	-	-	-	-	-	-	-	-	-	7,436	82	
Well injection	-	140,198	-	-	-	-	-	-	-	140,198	-	-	-	-	-	-	-	-	-	140,198	
Other	10,170	2,763	10,148	2,683	415	2,588	9,733	95	22	80	-	-	-	-	-	-	-	-	10,170	2,763	
TOTAL WASTE SENT FOR FINAL DISPOSAL GENERATED (TON)	59,288	146,782	17,942	6,498	4,194	4,510	13,749	1,988	41,346	140,284	-	2,510	-	1,294	-	1,216	100	194	59,388	149,486	
TOTAL WASTE GENERATED (TON)	93,369	151,023	48,736	10,702	19,234	5,515	29,501	5,186	44,634	140,322	-	2,510	-	1,294	-	1,216	6,142	446	99,511	153,979	
GRI 306-3 SIGNIFICANT SPILLS																					
Number of events	0		0		0		0		0		2		2		0		0		2		
Total volume spilled (ML)	0		0		0		0		0		0.5		0.5		0		0		0.5		

## Management and Performance in the Mining Division

With regard to accidental spills, we have emergency management plans that are implemented immediately to avoid impacts on the environment.

In relation to the generation of non-mining hazardous waste, we produced a volume of 151,023 tons, of which 3% was intended to a valorization process by third parties. Ninety-three percent of the hazardous waste generated comes from the process water of our Amarillo refinery, where, according to local regulations, the effluent is considered hazardous waste.

**In 2021, 3% of the hazardous waste and 37% of the non-hazardous waste generated were disposed of in a recovery process by third parties.**

Regarding the generation of non-hazardous waste, in 2021 we generated 93,369 tons, including special handling waste, highlighting

that more than 37% were destined to a valorisation process in our own facilities and by our business partners. With these actions, Grupo México reaffirms its responsibility with the design of facilities that allow the implementation of better environmental practices and controls, in order to avoid damage to the environment.

On the other hand, we actively verify that the suppliers in charge of waste handling, transportation and final disposal services have the necessary authorizations for their transportation. This requirement is established contractually and is followed up through the testimonials generated by the company.

### Spills<sup>2</sup> GRI 306-3

**During 2021, none of our Mining Division's facilities had any significant spill events.**

2. By significant spill we mean a spill involving a hazardous chemical substance greater than 1 m<sup>3</sup> or greater than 1,000 pounds that affects bodies of water or land outside the unit.



Mine Ray tailings dam, Arizona, United States.



## Mine waste

### MM3 | EM-MM-150a.2.

Mining waste at our operations is produced by the handling of inert material, abandoned leach dumps, smelting slag and tailings produced in the beneficiation processes.

Safety is one of the fundamental pillars of Grupo México's sustainable management, which is why our General Policy for the Management of the tailings system **incorporates the best international practices for the management and prevention of accidents.**

It establishes the obligation to prioritize the construction of tailings deposits using the “downstream” method, the use of borrow materials in the construction of curtains, the permanent and independent monitoring of the behavior of the tailings deposits, and the preparation for emergency response. It also establishes the obligation for all tailings systems in the operations to have. It also establishes the obligation for all tailings systems in operations, to have an Operation, Maintenance and Surveillance manual (OMS), as well as a Closure Plan.

**During 2021, 87% of the tailings generated were managed in tailings dams under the “downstream” construction method.**

Of the total waste produced in the Mining Division, the vast majority is classified as high-volume mining waste, which is characterized by being inert or of minimal risk to the environment. During 2021 we generated 631,447,848 tons of mining waste and a large part of this waste, 67% corresponds to waste rock, whose environmental impact is minimal. At the corporate level, the Sustainable Development Department provides supervision and follow-up on the proper management of mining waste. At each unit, the owners are responsible for the management of mining waste. A governance system exclusively for the management of mining waste is currently being implemented.

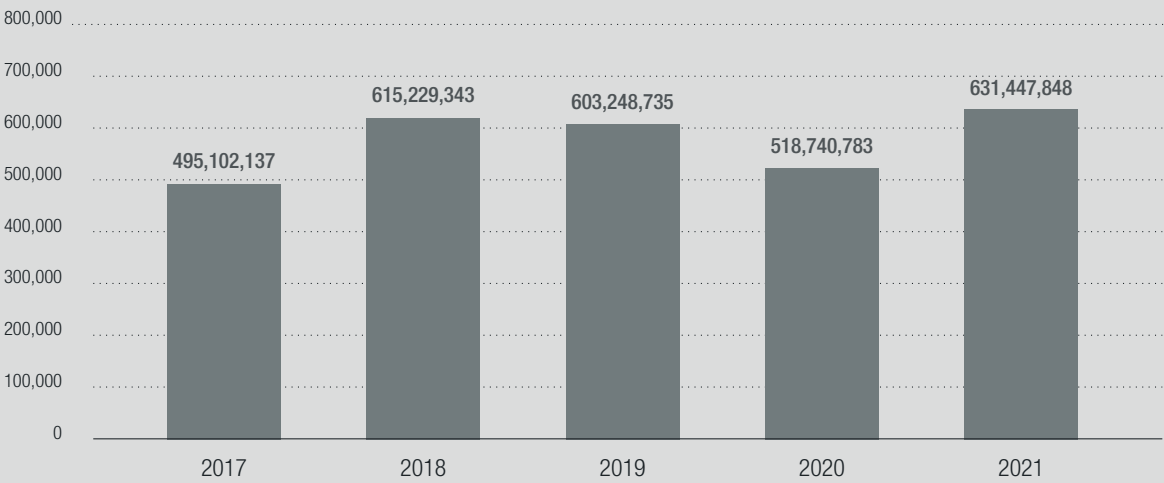
Mining waste is disposed of at our own facilities, in inert material deposits, land, slag, and tailings dams. These are infrastructure and engineering works that comply with the design and operation established in environmental regulations, which allow them to be confined in stable geological formations.



Tailings dam, La Caridad, Nacozari, Sonora, Mexico.



Mine Waste Generated  
2017 - 2021



	MINING DIVISION (DMIN) 2021				
	Total DMIN	SCC	Minera México (Mexico)	SPCC (Peru)	ASARCO (USA)
Slag and other smelter and refinery waste	1,562,781	1,562,781	697,855	864,926	0
Rock waste and overburden	425,721,871	369,191,458	143,322,030	225,869,428	56,530,413
Tailings	204,163,195	179,797,989	109,970,100	69,827,889	24,365,206
TOTAL MINE WASTE GENERATED (TON)	631,447,848	550,552,228	253,989,985	296,562,243	80,895,620

In relation to the use of the mining waste generated, we have two projects under development for the use of slag, one of them in Hayden, Arizona and the second one in Metalúrgica de Cobre, Sonora.

Materials used  
GRI 301-1

The Mining Division uses a large number of inputs. We highlight the following as the main materials used in our operations: fuel, electricity and water. We use natural gas as fuel for boilers and generators, and in metallurgical processes at our metallurgical plants. We also use diesel and gasoline as fuel for our mining equipment; water, grinding balls and some chemicals in our ore beneficiation processes, as well as explosives in blasting.

In 2021, across all business units of our Mining Division, we used the following inputs:



Natural gas  
4,160,755 MMBTU



First use water<sup>4</sup>  
138,661 ML



Fuels<sup>3</sup>  
560,392,486 L



Grinding balls and rods  
183,939 ton



Electricity  
7,079,298 MWh



Explosives  
226,194 ton

3. Includes diesel, gasoline and other fuels.  
4. Includes superficial, underground and third-party water .

## Management and performance in the Infrastructure Division

In our Infrastructure Division, we join the global commitment to integrated waste management, with the objective of reducing the use of natural resources. We promote the integrated management of urban solid waste, special handling waste, and hazardous waste generated by our operations. We align ourselves with national regulations and international standards that regulate waste management. **We work with a management system based on the identification of environmental aspects and impacts, as well as the definition of operational controls, which allows us to prevent contamination and manage waste management.**

The largest generation of special handling waste comes from our treatment plants (WWTP); the sludge generated undergoes a stabilization process that allows us to use it as compost in our reforestation activities. On the other hand, the generation of lubricating oils, mainly from the activities carried out in the oil and construction business lines, is our greatest challenge in terms of hazardous waste. We are working to ensure that they are collected through authorized companies, so that they can be reused and reintegrated into productive chains, avoiding their confinement.

**We train platform personnel for the immediate attention of any spill at sea, according to international standards.**

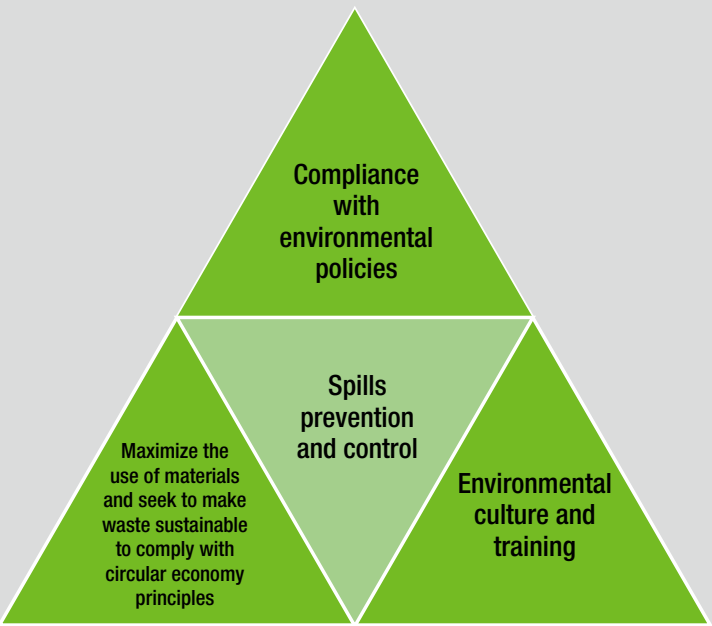


For the Infrastructure Division, the largest generation of special handling waste comes from water treatment at the La Caridad Combined Cycle Plant.



Organizational Management  
103-2

Integrated waste management in the Infrastructure Division is based on four pillars:



Evaluation mechanisms  
103-3

The evaluation mechanisms for waste and effluents in the Infrastructure Division focus on process efficiency and legal compliance throughout the production chain. Indicators are reported monthly internally, quarterly in the case of effluents, and annually through the Annual Operating Report and/or other applicable legal instruments. In parallel, and as part of internal controls, the Internal Audit area carries out inspections at operating sites to identify areas of opportunity and legal compliance.

Specific actions such as processes, projects, programs and initiatives

The main objective of waste management in the Infrastructure Division is to reduce waste generation and promote productive chains to valorize what is generated. We carry out the following actions:

- We separate all waste by volume and classification.
- Special handling waste is valorized and can be recycled, co-processed or reused in accordance with applicable regulations.
- We promote sustainable and responsible purchasing to avoid the generation of large volumes of waste.

99% of the lubricating oil used in our processes is reincorporated through recycling into other production chains.

- PET consumption is reduced by using refillable containers. What is generated is sent for recycling.
- Environmental campaigns are launched to improve environmental conditions at work sites and in the communities.
- Finally, that which cannot be recycled or used, and which represents the smallest amount of waste, is sent to authorized landfills.

Waste by type and disposal method  
306-2

In the Infrastructure Division we ensure that our more than 20 operating centers comply with all legal provisions at different levels of government regarding waste. Waste generated in 2021 was managed in an integrated manner, always promoting the use, separation, recycling or any other method that avoids its confinement.

In the particular case of some of the Infrastructure Division's operations, waste generation depends on the number of projects and their magnitude. We promote best practices among our contractors and business partners.

We promote the circular economy, incorporating 86% of hazardous waste into other industrial chains.

HAZARDOUS WASTE GENERATION BY TYPE OF DESTINATION	2021	2020
Waste for recovery	ton	ton
Reuse	0	0
Recycle	391	254
Incineration with energy recovery	85	114
Others	0	0
TOTAL	476	368
Waste for final disposal		
Incineration without energy recovery	1	4
Confinement in controlled landfills	39	57
Others	57	0
TOTAL	97	61
GRAND TOTAL	573	429

NON HAZARDOUS WASTE GENERATION BY TYPE OF DESTINATION	2021	2020
Waste for recovery	ton	ton
Reuse	88	0
Recycle	366	265
Composting	6,430	5,777
TOTAL	6,884	6,042
Waste for final disposal	ton	ton
Confinement in controlled landfills	41	100
TOTAL	41	100
GRAND TOTAL	41	6,925

Significant spills  
306-2

GRI 306-3

In the Infrastructure Division we have environmental management systems and plans “SOPEP” (Shipboard Oil Pollution Emergency Plan) at our offshore facilities. These guidelines help us to reduce the risk of potential spills and also to prepare our personnel for rapid response and mitigation of possible consequences. We regularly train our employees and verify the integrity of our processes and facilities through audits.

During 2021, there were no significant spills in our Infrastructure Division operations.

Materials used by weight or volume  
301-1

The Infrastructure Division depends on various supplies to guarantee the operation of the six different lines of business. As a summary, the most consumed materials are shown below:

	Materials 2021	2021	Unit
1	Building materials	10,629,468	KG
2	Fuels	8,035,501	L
3	Drinking water	3,756,765	L
4	Steel	10,634,571	KG
5	Chemicals	1,764,235	L
6	Oil	639,644	L

Management and performance in the Transportation Division

In the Transportation Division, the main waste generated comes from our operating workshops. The amount of waste generated is derived from activities such as supplying oil to locomotives, cleaning machinery with oil or some type of hydrocarbon, replacing batteries, among others. We address the generation and final disposal of waste as a priority issue in terms of environmental compliance and performance. In each workshop of our division, there is a monthly record by type and amount of waste generated, as well as the tracking of the final disposal of such waste. This process is carried out by a third party, with permits and accreditations from the environmental authorities to carry out the transportation and final disposal.

The division's Environmental Management area supervises that the storage facilities and warehouses have the necessary characteristics to comply with environmental regulations and the correct capture of waste generation. In 2021, we generated 2,510 tons of hazardous waste.

Spills

GRI 306-3 | SASB TR-RA-540a.2

In the Transportation Division **we have a protocol for dealing with events involving material spills** that, depending on the type of event, involves different mechanisms for prevention and coordinated action with the different levels of the organization and government in the regions where we operate. Our emergency response protocol for spills is structured as follows:

During 2021, two significant spill events were reported to the environmental authority, with a volume of 522 tons of asphalt. These events were addressed and corrected through the activation of our protocol. The sites were cleaned after the emergency was attended to. The waste was disposed of in accordance with current regulations and no permanent environmental impact was generated.

Prevention

Prevention activities to be carried out by the Safety Committee are defined.

Attention

If it exists, the Contingency Plan for chemical emergencies is activated.

Remediation

Once the emergency is under control, the company notifies that the road is clear and evaluates the damage to the road and adjacent areas. Damage to infrastructure and equipment is assessed and quantified, as well as environmental restoration if applicable.



**GRI DISCLOSURE  
INDEX**

Section	GRI	Description	Global Compact Principles	External Verification	Chapter	Additional Notes
GRI 102: CONTENIDOS GENERALES 2016						
Organizational Profile	102-1	Name of organization			About Grupo México	
	102-2	Activities, brands, products and services			About Grupo México	
	102-3	Location of headquarters			About Grupo México	
	102-4	Location of operations			About Grupo México	
	102-5	Ownership and legal form			About Grupo México	
	102-6	Markets served			About Grupo México	
	102-7	Scale of organization			About Grupo México	
	102-8	Information on employees and other workers			About Grupo México, Our People	
	102-9	Supply chain			Supply Chain Management	
	102-10	Significant changes to the organization and its supply chain				No significant changes to the organization or to its supply chain in 2020.
	102-11	Precautionary principle or approach			Risk Management, Environment, Workplace Health and Safety and Local Communities	
	102-12	External initiatives			Stakeholder Engagement	
	102-13	Memberships of associations			Stakeholder Engagement	
Strategy	102-14	Statement from senior decision-maker			Letter from the Chairman of the Board of Directors	
	102-15	Key impacts, risks and opportunities		✓	Letter from the Chairman of the Board of Directors Materia topics for the three divisions of Grupo México	
Ethics and integrity	102-16	Values, principles, standards and norms of behavior	Principles 1, 2		About Grupo Mexico and Business Ethics	
	102-17	Mechanisms for advice and concerns about ethics	Principles 1, 2, 10	✓	Business Ethics	
Governance	102-18	Governance structure			Corporate Governance	
	102-19	Delegating authority				
	102-20	Executive level responsibility for economic, environmental and social topics				
	102-22	Composition of the highest governance body				
	102-23	Chair of the highest governance body and its committees				

Section	GRI	Description	Global Compact Principles	External Verification	Chapter	Additional Notes
GRI 102: GENERAL DISCLOSURES 2016						
Governance	102-24	Composition of the highest governance body and its committees			Corporate Governance	
	102-26	Role of the highest governance body in setting purpose, values and strategy	Principles 7, 8			
	102-27	Collective knowledge of highest governance body				
	102-28	Evaluation of the performance of the highest governance body				
	102-29	Identifying and managing economic, environmental and social impacts	Principles 1, 2, 6, 7, 8, 9, 10			
	102-30	Effectiveness risk management processes	Principles 1, 2, 6, 7, 8, 9, 10			
	102-31	Review of economic, environmental and social topics	Principles 1, 2, 6, 7, 8, 9, 10			
	102-32	Highest governance body role in sustainability reporting				
	102-33	Communicating critical concerns	Principles 1, 2, 10			
Stakeholder engagement	102-40	Listo of stakeholder groups			Stakeholder Engagement	
	102-41	Collective bargaining agreements	Principles 1, 3	✓	Our People	
	102-42	Identifying and selecting stakeholders			Stakeholder Engagement	
	102-43	Approach to stakeholder engagement	Principles 1 - 10		Stakeholder Engagement	
	102-44	Key topics and concerns raised			Stakeholder Engagement	
Reporting practice	102-45	Entities included in the consolidated financial statements			About Grupo México	
	102-46	Defining report content and topic coverage			About this Report	
	102-47	Listo of material topics			Material topics for the three divisions of Grupo México	
	102-48	Restatements of information			About this Report	
	102-49	Changes in reporting date			About this Report	
	102-50	Reporting period			About this Report	
	102-51	Date of most recent report			About this Report	
	102-52	Reporting cycle			About this Report	
	102-53	Contact point for questions regarding the repot			About this Report	
	102-54	Claims of reporting in accordance with the GRI standards			About this Report	
	102-55	GRI content index			GRI content index	
	102-56	External assurance			About this Report	

Material Topic	Standard	GRI #	Description	Global Compact Principles	External Verification	Chapter
Water and Effluents	103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Principles 7, 8, 9		Water and Effluents
		103-2	The management approach and its components	Principles 7, 8, 9		
		103-3	Evaluation of the management approach	Principles 7, 8, 9		
	303: Water and Effluents 2018	303-1	Interaction with water as a shared resource	Principles 7, 8, 9	✓	
		303-2	Management of water discharge-related impacts	Principles 7, 8, 10	✓	
		303-3	Water withdrawal	Principle 8	✓	
		303-4	Water discharge	Principles 8, 9	✓	
		303-5	Water consumption	Principle 8	✓	
Biodiversity	103: Management Approach 2016	103-1	Explanation of the material topic and its coverage			Biodiversity
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	304: Biodiversity 2016	304-1	Operations centers owned, leased or managed located within or adjacent to protected areas or areas	Principle 8	✓	
		304-2	Significant impacts of activities, products, and services on biodiversity	Principle 8	✓	
		304-3	Habitats protected or restored		✓	
		304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations			
	Mining and Metals sector supplement	G4-MM2	The number and percentage of sites requiring biodiversity management plans, and the number of those plans in place	Principle 8		
Climate Change	103: Management Approach 2016	103-1	Explanation of the material topic and its boundary			Climate Change
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach	Principles 7, 8		
	201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities arising due to climate change	Principles 7, 8, 9		
	302: Energy 2016	302-1	Energy consumption within the organization	Principle 8	✓	
		302-2	Energy consumption outside the organization		✓	
		302-3	Energy intensity	Principle 8		
		302-4	Reduction of energy consumption			
		302-5	Reduction in energy requirements of products and services			
	305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Principles 8, 9	✓	

Material Topic	Standard	GRI #	Description	Global Compact Principles	External Verification	Chapter
Climate Change	305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	Principles 8, 9	✓	Climate Change
		305-3	Other indirect (Scope 3) GHG emissions		✓	
		305-4	GHG emissions intensity	Principles 8, 9		
		305-5	Reduction of GHG emissions	Principles 8, 9	✓	
		305-7	Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	Principles 8, 9		
Local Communities	103: Management approach 2016	103-1	Explanation of the material topic and its boundary	Principles 1, 2		Local Communities
		103-2	The management approach and its components	Principles 1, 2		
		103-3	Evaluation of the management approach	Principles 1, 2		
	203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Principle 6		
		203-2	Significant indirect economic impacts			
	413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programs			
		413-2	Operations with significant actual and potential negative impacts on local communities	Principles 2, 8		
	Mining and Metals sector supplement	G4-MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	Principles 1, 2	✓	
		G4-MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes.	Principles 1, 2		
Human Rights	103: Management approach 2016	103-1	Explanation of the material topic and its coverage	Principles 1, 2, 6		Human Rights
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	406: Non discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Principles 1, 2, 6		
	407: Freedom of association and collective bargaining 2016	407 -1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			
	408: Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor			
	409: Forced or compulsory labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor			
	410: Security practices 2016	410-1	Security personnel trained in human rights policies or procedures	Principles 1, 2		
	412: Human rights assessment 2016	412-1	Operations that have been subject to human rights reviews of impact assessments	Principles 1, 2		
		412-2	Employee training on human rights policies or procedures	Principles 1, 2, 6	✓	
		412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Principles 1, 2		

Material Topic	Standard	GRI #	Description	Global Compact Principles	External Verification	Chapter
Business Ethics	103: Management Approach 2016	103-1	EExplanation of the material topic and its coverage			Business Ethics
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	205: Anticorruption 2016	205-1	Operations assessed for risks related to corruption	Principle 10	✓	
		205-2	Communication and training about anti-corruption policies and procedures	Principle 10	✓	
		205-3	Confirmed incidents of corruption and actions taken	Principle 10	✓	
	206: Anticompetitive behavior 2016	206-1	Legal actions for anti-competitive behavior, antitrust and monopoly practices	Principle 10		
	307: Environmental compliance 2016	307-1	Non-compliance with environmental law and regulation	Principle 8		
	415: Public Policy 2016	415-1	Direct economic value generated and distributed			
	419: Socioeconomic compliance 2016	419-1	Proportion of spending on local suppliers			
Economic Performance	201: Economic performance 2016	201-1	Explanation of the material topic and its coverage			Creating shared value
	204: Procurement practices 2016	204-1	The management approach and its components	Principle 1	✓	
Our People	103: Management Approach 2016	103-1	Evaluation of the management approach	Principles 1, 2, 3, 4, 5, 6		Our People
		103-2	The management approach and its components	Principles 1, 2, 3, 4, 5, 6		
		103-3	Evaluation of the management approach			
	202: Market presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Principle 6		
	401: Employment: 2016	401-1	New employee hires and employee turnover	Principle 6	✓	
		401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	Principle 6		
		401-3	Parental leave	Principle 6		
	402: Labor / management relations 2016	402-1	Minimum notice periods regarding operational changes			
	404: Training and education 2016	404 -1	Average hours training per year per employee		✓	
		404 -2	Programs for upgrading employee skills and transition assistance programs			
		404-3	Percentages of employees receiving regular performance and career development reviews			
	405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Principles 1, 6		
		405-2	Ratio of basic salary and remuneration of women to men			
	Mining and Metals sector supplement	G4-MM4	Number of strikes and lock-outs exceeding one week's duration, by country	Principle 3	✓	

Material Topic	Standard	GRI #	Description	Global Compact Principles	External Verification	Chapter
Indigenous Peoples	103: Management approach 2016	103-1	Explanation of the material topic and its coverage			Indigenous Peoples
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	411: Rights of indigenous peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	Principles 1, 2		
	Mining and Metals sector supplement	G4-MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities	Principles 1, 2	✓	
Waste	103: Management approach 2016	103-1	Explanation of the material topic and its coverage			Waste
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	301: Materials 2016	301-1	Materials used by weight or volume		✓	
	306: Waste 2016	306-2	Waste by type and disposal method	Principle 8	✓	
		306-3	Significant spills	Principle 8	✓	
	Mining and Metals sector supplement	G4-MM3	Total amounts of overburden, rock, tailings and sludges and their associated risks	Principle 8	✓	
Occupational Health and Safety	103: Management approach 2016	103-1	Explanation of the material topic and its coverage	Principle 1		Occupational Health and Safety
		103-2	The management approach and its components	Principle 1		
		103-3	Evaluation of the management approach	Principle 1		
	403: Occupational health and safety 2018	403-1	Occupational health and safety management team	Principles 1, 2		
		403-2	Hazard identification, risk assessment and incident investigation	Principles 1, 2	✓	
		403-3	Occupational health services	Principles 1, 2		
		403-4	Worker participation, consultation and communication on occupational health and safety	Principles 1, 2, 3, 6	✓	
		403-5	Worker training on occupational health and safety	Principles 1, 2, 6		
		403-6	Promotion of worker health	Principles 1, 2		
		403-8	Workers covered by an occupational health and safety management system	Principles 1, 2		
		403-9	Work related injuries	Principles 1, 2	✓	
		403-10	Work- related ill health	Principles 1, 2	✓	



# SASB DISCLOSURES INDEX

SASB Estándar: Metales y minería 2018						
SASB Topic	Code	Description	Unit of Measure	Omissions and/or restatements	Chapter	Additional notes
ACTIVITY METRICS						
Activity metric	EM-MM-000.A	Production of metal ores	Metric tones (t) to market			Production by subsidiary/country and metal ore is reported in detail following the SASB content tables.
		Production of finished metal products	Metric tones (t) to market			The consolidated figures for the Mining Division are also provided in <a href="https://www.gmexico.com/GMDocs/ReportesFinancieros/Esp/2020/RF_ES_2020_IFN.pdf">https://www.gmexico.com/GMDocs/ReportesFinancieros/Esp/2020/RF_ES_2020_IFN.pdf</a>
	EM-MM-000.B	Total number of employees, percentage contractors	Number, percentage (%)		Our People	
ACCOUNTING PARAMETERS						
Greenhouse gas emissions	EM-MM-110a.1	Global Scope 1 emissions	Toneladas métricas (t) de CO2-e		Climate change	
		Percentage Scope 1 emissions covered under emissions-limiting regulations (metric ton (t) (t) CO2-e)	Percentage (%)			The percentage is 0%. The Mining Division has mines and plants in Mexico, Peru and the United States (Arizona). Mexican regulations require emissions be reported to the National Registry (RENE); there is no regulatory cap on emissions; the emissions trading market is still in its testing phase (until 2023). In the US, the state of Arizona withdrew from the Western Climate Initiative (WCI) in 2011 (cap&trade system). Peru also does not have an emissions trading scheme or regulatory caps. The assets in Chile, Ecuador and Spain are projects and are therefore not considered here.
	EM-MM-110a.2	Discussion of long and short-term strategy to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets	n/a		Climate change	
Air quality	EM-MM-120a.1	CO Emissions	Metric tons (t)			We are in the process of standardizing our calculation methodology across our three divisions.
	EM-MM-120a.1	NO2 emissions (excluding N2O)				We are in the process of standardizing our calculation methodology across our three divisions.
	EM-MM-120a.1	SO2 emissions				We are in the process of standardizing our calculation methodology across our three divisions.
	EM-MM-120a.1	Particulate matter (PM10) emissions				We are in the process of standardizing our calculation methodology across our three divisions.
	EM-MM-120a.1	Mercury (Hg) emissions				Not available; we do not monitor mercury and lead emissions.
	EM-MM-120a.1	Lead (Pb)				
	EM-MM-120a.1	Emissions from volatile organic compounds (VOCs)				We are in the process of standardizing our calculation methodology across our three divisions.

SASB TOPIC	Code	Description	Unit of measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARA METERS						
Energy management	EM-MM-130a.1	Total energy consumed	Gigajules (GJ)		Climate change	
		Percentage grid electricity	Percentage (%)		Climate change	
		Percentage from renewable sources (GJ)	Percentage (%)		Climate change	
Water management	EM-MM-140a.1	Total fresh water withdrawn	Thousand cubic meters (m³)	Information not available for ASARCO.	Water and Effluents	
		Total fresh water consumed	Mil metros cúbicos (m³)	Information not available for ASARCO.	Water and Effluents	
		Percentage water withdrawn in regions with high or extremely high water stress (thousand cubic meters (m3 ))	Percentage (%)	We report the abstraction value for water stress regions (mega liters). Information not available for ASARCO	Water and Effluents	PFollowing is the water withdrawal in water stress regions as a percentage of the total water withdrawn, for 2020: Mexico (Minera México): 49.3% Peru (SPCC): 49.6% Mining Division (excluding ASARCO) (meaning Southern Copper Corporation): 49.5%.
		Number of incidents of noncompliance associated with water quality or quantity permits, standards or regulations	Number		Water and Effluents	
Waste & hazardous materials management	EM-MM-150a.1	Total weight of tailings waste, percentage recycled	Metric tons (t), percentage (%)		Waste	Our response to this content considers the following processes for waste: reuse, recycling, composting, repurposing/ restoration, sale, and other repurposing equivalents (excluding incineration), see details in the report. We report the % repurposed by country/subsidiary.
	EM-MM-150a.2	Total weight of mineral processing waste, percentage recycled	Metric tons (t), percentage (%)		Water and Effluents	We mainly produce three types of mine waste, for which we report their destination: Slag and other smelter and refinery waste - third parties recover metals from waste with a high iron content, which occurs in copper processing. Rock waste or overburden - sometimes used on site, when there is no potential for acid drainage, to: build or reinforce slopes, cover tailings dams, and as fill for underground mines. We do not calculate the % used. It is expensive to transport waste, therefore it tends to be used or repurposed on site. Tailings - contained in dams - 0% reuse.

SASB TOPIC	Code	Description	Unit of measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Waste & hazardous materials management	EM-MM-150a.3	Number of tailings impoundments, by the MSHA hazard potential	Number			<p>We have a record of 33 tailings impoundments, 22 of which are inactive: 18 in Mexico and 4 in the USA. Of the 11 active impoundments, 6 are in Mexico, 4 in the United States and 1 in Peru.</p> <p>According to the CDA Guidelines (Canadian Dam Association), in Peru the only tailing dam is classified as very high risk, in the USA there are 3 tailing dams classified as extreme risk and one with very high. In Mexico there are two with high risk classification, three with very high and one as significant.</p>
Biodiversity impacts	EM-MM-160a.1	Description of environmental management policies and practices for active sites	n/a		Biodiversity	
	EM-MM-160a.1	Percentage of mine sites where acid rock drainage is predicted to occur	Percentage (%)	Not available; we are working on providing this information to the public.		
	EM-MM-160a.1	Percentage of mine sites where acid rock drainage is actively mitigated	Percentage (%)	Not available; we are working on providing this information to the public.		
	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is under treatment or remediation	Percentage (%)	Not available; we are working on providing this information to the public.		
	EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Percentage (%)			No company operations are situated in a protected site as defined in the parameter; we do have 3 operations that are near (less than 5km): Buenavista del Cobre and La Caridad in Mexico, and Hayden in Arizona (USA).
Security, human rights and rights of indigenous peoples	EM-MM-210a.1	Percentage of (1) proved and (2) probable mineral reserves in or near areas of conflict.	Percentage (%)	Not available; we are working on providing this information to the public.		

SASB TOPIC	Code	Description	Unit of measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Security, human rights and rights of indigenous peoples	EM-MM-210a.2	Percentage of (1) proved and (2) probable mineral reserves in or near indigenous land.	Percentage (%)	Not available; we are working on providing this information to the public.		
	EM-MM-210a.3	Discussion of engagement processes and due diligence practices regarding human rights, indigenous rights and operation in areas of conflict.	n/a		Human Rights Indigenous People	The company does not operate in areas of conflict as defined by SASB. For a detailed description of the approach and due diligence practices with respect to human rights and indigenous rights see management approaches in chapters on <a href="#">human rights</a> and indigenous peoples.
Community relations	EM-MM-210b.1	Discussion and process to manage risks and opportunities associated with community rights and interests	n/a		Human Rights Local Communities	
	EM-MM-210b.2	Number and duration of non-technical delays (days and hours)	Number, Days		Local Communities	There were no stoppages in the operations of the Mining Division in 2020 due to conflicts with communities.
Labor relations	EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, by national and foreign employees	Percentage (%)		Our People	All unionized employees in each country are nationals.
	EM-MM-310a.2	Number and duration of strikes (days and hours)	Number, days			There were no strikes in 2021 involving more than 1,000 employees.
Workforce health and safety	EM-MM-320a.1	MSHA all incidents rate	Various		Workplace Health & Safety	We have disclosed the non-fatal days lost (NFDL) injury rate reported to the Mine Safety and Health Administration (MSHA) and its comparative against the lost time injury frequency rate (LTIFR), as measured for Grupo México (but only with values for ASARCO).
	EM-MM-320a.1	Fatality rate	Various		Workplace Health & Safety	
	EM-MM-320a.1	Near miss frequency rate (NMFR)	Various			A total of 672 employee near misses and 249 contractors near misses were reported in 2021. The near miss rates (NMFR) for employees and contractors were 3.67 and 1.61 respectively. We understand near misses as those work-related events in which an injury, health impairment or fatality could have occurred.
	EM-MM-320a.1	Average hours of health, safety and emergency response training for (a) fulltime employees, and (b) contract employees	Hours		Workplace Health & Safety	
Business ethics and transparency	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	n/a		Ethics and Integrity	
	EM-MM-510a.2	Production in countries that have the 20 lowest rankings in the Transparency International Corruption Perception Index	Metric tons (t) to market			The Mining Division only has operations in Mexico, the United States and Peru. It only has projects in Chile, Argentina, Ecuador and Spain. None of these countries are in the 20 lowest rankings in the Transparency International Corruption Perception Index.

Production in the Mining Division

SASB EM-MM-000.A

A breakdown of production is provided below, listing production volumes by types of minerals and products in all subsidiaries and regions of the mining division (including Southern Copper Corporation (Mexico and Peru); Minera México (Mexico), SPCC (Peru), and ASARCO (USA).

The Mining Division’s consolidated production is also disclosed in our annual financial report.

COPPER (TONS)												
Distribution	2019				2020				2021			
	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total
Concentrates (TMS)	1,900,592	1,510,671	347,409	3,758,672	1,917,206	1,563,437	365,419	3,846,062	1,954,090	1,455,742	364,151	3,773,983
Content in Concentrates	453,386	388,066	88,704	930,156	453,545	397,779	95,762	947,086	452,612	372,614	94,207	919,433
ESDES Content (Cathodic)	126,041	26,329	36,721	189,091	124,038	26,010	31,796	181,844	107,220	25,754	32,400	165,374
Total Mine Content	579,427	414,395	125,425	1,119,247	577,583	423,789	127,558	1,128,930	559,832	398,368	126,607	1,084,807
Foundry Content	362,873	325,269	97,311	785,453	372,816	362,655	119	735,590	374,571	321,964	138	696,673
Refinery	231,609	256,652	125,933	614,194	240,407	286,275	85	526,767	242,667	260,177	-	502,844
Refined (Refinery +ESDES)	357,650	282,981	131,205	771,836	364,445	312,285	31,796	708,526	349,887	285,931	32,400	668,218
Refined turned into Alambrón	142,730	-	101,343	244,073	129,441	-	69,988	199,429	150,124	-	-	150,124
Refined turned into Planchón	-	-	6,050	6,050	-	-	-	-	-	-	-	-

ZINC (TONS)												
Distribution	2019				2020				2021			
	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total
Concentrates	146,661	0	0	146,661	132,519	0	0	132,519	135,055	0	0	135,055
Content in Concentrates	73,922	0	0	73,922	68,452	0	0	68,452	66,958	0	0	66,958
Refinery	104,977	0	0	104,977	102,440	0	0	102,440	92,672	0	0	92,672

LEAD (TONS)												
Distribution	2019				2020				2021			
	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total
Concentrates	43,843	0	0	43,843	38,343	0	0	38,343	33,763	0	0	33,763
Content in Concentrates	22,567	0	0	22,567	20,277	0	0	20,277	17,104	0	0	17,104

GOLD (TONS)												
Distribution	2019				2020				2021			
	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total
Content in Concentrates (ounces)	57,660	11,038	-	68,698	61,955	11,231	-	73,186	52,080	8,551	-	60,631
Refinery (ounces)	37,393	8,297	-	45,690	33,729	7,315	-	41,044	33,085	6,937	-	40,022

SILVER (TONS)												
Distribution	2019				2020				2021			
	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total
Content in Concentrates (ounces)	14,644,298	5,628,370	1,042,837	21,315,505	15,798,340	5,741,347	1,270,766	22,810,453	13,589,068	5,373,332	1,271,822	20,234,222
Refinery (ounces)	9,244,197	3,343,514	-	12,587,711	8,653,764	3,967,206	-	12,620,970	7,611,546	3,985,085	-	11,596,631

MOLYBDENUM (TONELADAS)												
Distribution	2019				2020				2021			
	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total
Content in Concentrates	16324	10,562	0	26,886	16005	14,244	0	30249	15,430	14,831	-	30,261

OTHER PRODUCTS (TONS)												
Distribution	2019				2020				2021			
	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total	Minera México	SPCC	ASARCO	Total
Coal	52,661	0	0	52,661	0	0	0	0	0	0	0	0
Metallurgical Coke	0	0	0	-	0	0	0	0	0	0	0	0
Sulfuric acid	1,153,183	1,072,634	386,280	2,612,097	1,148,558	1,203,850	0	2,352,408	1,162,454	1,066,472	0	2,228,926
Cadmium	609	0	0	609	640	0	0	640	526	0	0	526
Metallurgical lime	274,056	0	0	274,056	279,626	0	0	279,626	274,403	0	0	274,403

SASB Standard: Rail Transportation 2018						
SASB Topic	Code	Topic	Unit of measure	Omissions and/or restatments	Chapter	Additional notes
PÁRAMETROS DE ACTIVIDAD						
Activity Metric	TR-RA-000.A	Number of loaded cars transported	Number			In 2021 we moved 1, 908,423 cars, 9% more than in 2020. You can expand the detail of the operating results in the report to the Mexican Stock Exchange, BMV, in the following link: <a href="https://www.gmexico.com/GMDocs/ReportesFinancieros/Esp/2021/RF_ES_2021_IFN.pdf">https://www.gmexico.com/GMDocs/ReportesFinancieros/Esp/2021/RF_ES_2021_IFN.pdf</a>
	TR-RA-000.B	Number of intermodal units transported	Number			More than 700,000 containers mobilized for the domestic and international markets
	TR-RA-000.C	Miles of track	Miles			More than 11,136 km of tracks Metric equivalent to 6,920 miles
	TR-RA-000.D	Revenue per ton/mile	RTM	Not available, not used as internal metric		ND
	TR-RA-000.E	Number of employees	Number		Our people	Total workforce GMXT: 10,570
ACCOUNTING PARAMETERS						
Greenhouse gas emissions	TR-RA-110a.1	Global gross scope 1 emissions (metric tons (t) of CO2- e	Tons metric (t) of CO2-e		Climate change	1,363,042 ton CO <sub>2</sub> e
	TR-RA-110a.2	Long-term and short-term discussion on the strategy to manage Scope 1 emissions, emission reduction targets, and performance analysis based on those targets	n/a		Climate change	ND
	TR-RA-110a.3	Total fuel consumed, and what percentage is renewable fuel (Gigajoules (GJ))	Gigajoules (GJ), percentage (%)		Climate change	18,614,000 Gj (100%) We do not use biofuels
Air Quality	TR-RA-120a.1	1.1 NO2 emissions (Excluding N2 O)	Metric tons (t)	Not available		We are in a process of standardization of calculation methodology to be homologated in our three divisions
		1.2 Particulate matter (PM10)	Metric tons (t)	Not available		We are in a process of standardization of calculation methodology to be homologated in our three divisions.
Workforce health And safety	TR-RA-320a.1	1.1 incident rate	Various	We report personal accidents with the LTIFR Index	Occupational health and safetyI	Total accidents: 266 LTIFR: 1.95
		1.2 fatality rate			Occupational health and safety	The fatality rate in the year was 0.0073 for the employees of the Transportation Division.
		1.3 near miss rate			Occupational health and safety	The incidents classified as near miss accidents are not reportable in the Transportation Division.
Competitive	TR-RA-520a.1	Total amount of monetary losses as a result of legal proceedings associated with regulations on anti-competitive behavior	Currency to communicate		Ethics and integrity	ND

SASB Topic	Code	Topic	Unit of measure	Omissions and/or restatments	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Safety and accident management	TR-RA-540a.1	1.1 Number of accidents and incidents	Number			We report accidents involving personal injury (employees, third parties), in accordance with those reported to the Rail Transport Regulatory Agency: 2018:305 2019:297 2020:204 2021:266
	TR-RA-540a.2	2.1 Number of accidental releases of hazardous material	Number			During the year we had 2 significant accidents with spillage of hazardous material equivalent to 522 tons of asphalt.
		2.2 Number of non accidental releases of hazardous materials (releases not caused by derailment, collision, or other accidents).	Number			There were no significant releases that were not the result of an accident.
	TR-RA-540a.3	3.1 Number of violation defects recommended by the Federal Railroad Administration (FRA)	Number			In the Transportation Division, we have operations in the US due to the activity of the Texas Pacifico and Florida East Coast subsidiaries, which would report to the Federal Railroad Administration (FR). There were no infringement defects to report according to their requirements.
	TR-RA-540a.4	4.1 Frequency of internal inspections on the integrity of the roads.	Various	The details of the inspections are not publicly available, the investment in maintenance is.		ND

SASB Standard: Engineering and Construction Services 2018						
SASB Topic	Code	Topic	Unit of measure	Omissions and/or restatments	Chapter	Additional notes
PÁRAMETROS DE ACTIVIDAD						
Activity metric	IF-EN-000.A	Number of active protects	Number			We present the active projects at the end of each year 2018: 13 projects 2019: 12 projects 2020: 13 projects 2021: 17 projects
	IF-EN-000.B	Number of projects commissioned	Number			In 2021, 3 projects were delivered: a) road to Pilares (Sonora); b) New Tailings Deposit, Stage II. Sonora; c) Maintenance of the Salamanca-Leon Highway.
	IF-EN-000.C	Total accumulation	Number			At the end of 2021, the value of the portion of the projects not yet completed, i.e., revenues contractually expected but that we cannot yet account for on our balance sheet, was MXN4,074 million.
COUNTING PARAMETERS						
Environmental effects of project development	IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and / or regulations	Number		Ethics and Integrity	During 2021, all projects and operating centers complied with national environmental laws, so the division was not subject to any penalties from the authority.
	IF-EN-160a.2	Discussion of the process for evaluating and managing environmental risks associated with the design, construction and development of a project	n/a		Biodiversity	
Structural integrity and safety	IF-EN-250a.1	Total costs for projects reworked due to defects or safety aspects	Currency to communicate	No disponible en nuestros indicadores de monitoreo.		All projects executed and delivered complied with quality, environmental and occupational safety requirements, so there was no additional cost for rework due to defects.
	IF-EN-250a.2	Total monetary loss as a result of legal procedures associated with incidents due to defects or security aspects	Currency to communicate			There were no sanctions in this regard
Occupational health and safety	IF-EN-320a.1	1.1 Total recordable incident rate	Various		We report the rate of incapacitating incidents (Lost Time Injury Frequency Rate, LTIFR). We do not use TRIFR as an internal metric.	0.33 6% les tan in 2020
		1.2 fatality rate for (a) direct employees and (b) contract employees	Various		Occupational health and safety	There were no fatalities in the Infrastructure Division for the 6th consecutive year.

SASB Topic	Code	Topic	Unit of measure	Emissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Life cycle impacts of buildings and infrastructure	IF-EN-410a.1	Number of (1) commissioned projects certified by a sustainable standard and (2) active projects seeking sustainable certification	Number			México Compañía Constructora does not have projects with sustainable infrastructure certifications, as a result of the type of projects we develop (e.g., mining infrastructure). We do have the corresponding health and safety certifications for the work, as well as the required environmental and social studies.
	IF-EN-410a.2	Discussion of the process of incorporating operational energy and water efficiency in the design and planning of a Project.	n/a			We seek that our projects and the construction stage involve the least environmental and social impacts, in any case with mitigation and / or compensation measures. For the construction stage, the characteristics of the equipment we use are key; we seek the best performance in fuel consumption. Regarding materials and techniques, we look for those that are efficient in the use of resources, including water.
Climate impacts of Business Mix	IF-EN-410b.1	Number of (1) hydrocarbon and (2) renewable energy projects overdue. In other words, profit that is contractually expected in the future but that has not been recognized so far (at the end of the reporting period).	Currency to communicate			During 2021, the construction of the Fenicias Wind Farm was completed and showed no delays in construction; however, to date we are awaiting permits for operation.
	IF-EN-410b.2	Monetary amount to enter lost due to cancellations associated with hydrocarbon projects.	Currency to communicate			There were no hydrocarbon of Business Mix projects in 2021.
	IF-EN-410b.3	Amount of money (value) of non-energy projects associated with climate change mitigation.	Currency to communicate			In order to mitigate climate change, the Fenicias Wind Farm was built with an investment of US\$ 260 million.
Business ethics	IF-EN-510a.1	(1) Number of active projects and (2) delays in countries that belong to the 20 worst ranked by Transparency International's Corruption Perception Index.	Number			México Compañía Constructora (included in Grupo México's Infrastructure Division) only has projects in Mexico. The country is not ranked in those positions in the International Transparency Corruption Perceptions Index.
	IF-EN-510a.2	Total monetary loss as a result of proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices.	Currency to communicate		Ethics and integrity	During 2021, there were no reports, lawsuits for anti-competitive practices, bribery or corruption.
	IF-EN-510a.3	Description of policies and practices for the prevention of (1) bribery and corruption and (2) anti-competitive behavior in the project tender.	n/a		Ethics and integrity	At Grupo México, including the Infrastructure Division and its subsidiaries, we operate in accordance with the COSO framework for internal control, management and prevention of fraud risks. It applies to the process of participating in bids and / or in commercial relations for the achievement of projects. In 2021, internal anti-fraud policies were published.

SASB Standard: Electric Companies and Electric Generators 2018						
SASB Topic	Code	Topic	Unit of measure	Omissions and/or restatements	Chapter	Additional notes
ACTIVITY PARAMETERS						
Activity metric	IF-EU-000.A	Number of clients: (1) residentials, (2) commercial and (3) industrial	Number			The production of the Nacozari combined cycle plant is destined to the Group's Mining Division (Metalúrgica del Cobre, Operadora de Minas de Nacozari and OMINSA -Buenavista del Cobre Unit-); it sells the surpluses to the Federal Electricity Commission (CFE) and in the Mexican Wholesal Market (MEM). On the other hand, the El Retiro Wind Farm sells 25% to Cinemex; the rest is destined for Grupo México; 25% of production to Ferromex (Transportation Division) and 75% to IMMSA (Mining Division)).
	IF-EU-000.B	Total electricity distributed to: (1) residential, (2) commercial, (3) industrial, (4) retail customers and (5) wholesale customers	Megawatts (MWh)			See answer I IF-EU-000.A
	IF-EU-000.C	Length of transmission and distribution lines (Kilómetros (KM))	Kilómetros (km)			We do not have or operate transmission lines; only the connection of the El Retiro Wind Farm to the CFE connection center (less than 20 km).  Below we present the power generation of the Nacozari combined cycle plant and the El Retiro Wind Farm. Combined Cycle Power Plant - México Generadora de Energía (MGA) <ul style="list-style-type: none"> <li>• 3,732,554.65 MWh en 2018</li> <li>• 3,456,418.89 MWh en 2019</li> <li>• 3,463,560.89 MWh en 2020</li> <li>• 3,342,825.49 MWh en 2021</li> </ul> El Retiro Wind Farm (ERSA) <ul style="list-style-type: none"> <li>• 189,601.44 MWh en 2018</li> <li>• 160,755.39 MWh en 2019</li> <li>• 174,738.64 MWh en 2020</li> <li>• 171,884.02 MWh en 2021</li> </ul>
	IF-EU-000.D	Total energy generated, percentage by energy source, percentage in regulated markets	Megawattss hour (MWh), Percentage (%)			
	IF-EU-000.E E	Total electricity purchased	Megawatts (MWh)			The totality of electricity consumption in the facilities of the combined cycle plant is selfgenerated. In the case of the wind farm, the majority is self-generated, but part of it is purchased from CFE, see the annual data below: 2018: 1,153 MWh 2019: 992 MWh 2020: 813 MWh 2021: 854.37 MWh

SASB Topic	Code	Topic	Unit of measure	Omissions and/or restatements	Chapter	Additional notes
ACTIVITY PARAMETERS						
Greenhouse gas and emissions and energy resource planning	IF-EU-110a.1	Global Gross of scope 1 emissions (metric tons(t) CO2-e)	Toneladas métricas (t) de CO <sub>2</sub> -e		Climate change	
		Percentage of emissions covered by regulations with the intention of limiting or reducing emissions (metric tons (t) CO2 -e)	Porcentaje (%)			All power generation assets are located in Mexico; there is a mandatory regulation of reporting emissions to the National Registry (RENE); It is not an emission limitation regulation; the emissions trading market is still in a trial period (until 2023)
		Emissions covered by regulations requiring emissions disclosure (metric tons (t) CO2 -e)	Toneladas métricas (t) de CO <sub>2</sub> -e			The emissions subject to disclosure are those generated at the “La Caridad” combined cycle plant. They are presented below: 2018: 1,557,371 tonCO <sub>2</sub> e 2019: 1,477,567 tonCO <sub>2</sub> e 2020: 1,451,714 tonCO <sub>2</sub> e 2021: 1,341,350 tonCO <sub>2</sub> e
	IF-EU-110a.2	Emissions of greenhouse gases (GHG) associated with energy supplies	Toneladas métricas (t) de CO <sub>2</sub> -e			Grupo México's Infrastructure Division does not distribute the electricity generated, which corresponds to a third party responsible for the networks.
	IF-EU-110a.3	Long-term and short-term discussion on the strategy to manage Scope 1 emissions, emission reduction targets, and performance analysis based on those targets	n/a		Climate change	
	IF-EU-110a.4	Number of clients in markets subject to renewable portfolio standards	Number			All the activities of the energy business of the Infrastructure Division are in Mexico. The Energy Reform of Mexico (2013) promotes energy generation projects from renewable sources, including the development of a market for clean energy certificates (CELs). The electricity clients of Grupo México Energía (the energy business of the Infrastructure Division) are Minera México and Ferromex (part of Grupo México) and Cinemex
		Percentage of compliance with renewable portfolio standards by market.	Percentage (%)			Mexican regulations to promote renewable energy do not establish renewable energy generation targets for generators; they do establish targets for the purchase of CELs in the event that they consume fossil fuels.
Air quality	IF-EU-120a.1	Emissions to the atmosphere of SO <sub>2</sub>	Metric tons (T)	Not available		We are in a process of standardization of calculation methodology to be homologated in our three divisions
		Emissions to the atmosphere of particulate matter (PM10)	Metric tons (T)	Not available		We are in a process of standardization of calculation methodology to be homologated in our three divisions
		Lead (Pb) emissions to the atmosphere	Metric tons (T)			We do not emit lead in our power generation operations.
		Emissions to the atmosphere of Mercury (Hg)	Metric tons (T)			We do not emit mercury in our power generation operations
		The percentage of each in areas within or near densely populated areas.	Percentage (%)			Neither the combined cycle plant nor the wind farm are located in densely populated areas.

SASB Topic	Code	Topic	Unit of measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Water management	IF-EU-140a.1	Water withdrawal (thousands of cubic meters (m3))	A thousand meters cubic (m³)		Water	3,611,169.16 m³
		Total water consumption (thousands of cubic meters (m3))	A thousand meters cubic (m³)		Water	3,081,379.71 m³
		Percentage of each in regions of high or extremely high water stress (thousands of cubic meters (m3))	Percentage (%)		Water	
	IF-EU-140a.2	Number of incidents of non-compliance associated with the quantity or quality of water permits, standards or regulations	Number		Ethics and Integrity	Zero. There were no incidents, fines, or surcharges due to lack of legal compliance. At Grupo México Infrastructure, adherence to Mexican laws and international best practices is part of our code of ethics.
	IF-EU-140a.3	Description of water risk management and discussion of strategies and practices to mitigate these risks	n/a			In the case of the combined cycle plant, water availability studies are currently underway to identify risk and actions. Regarding the Juchitán and Fenicias wind farms, water consumption is extremely low and therefore does not represent a material issue for these operating facilities.
Coal ash management	IF-EU-150a.1	Coal combustion waste generated and the percentage that is recycled (Metric tons (t))	Metric tons (t)	This topic does not apply to Mexico Generadora de Energía due to the type of operations and energy sources		
	IF-EU-150a.2	Total coal combustion waste reservoirs, divided by potential hazard rating and structural integrity assessment	Percentage %			
Energy affordability	IF-EU-240a.1	Average Retail Electricity Rate for Residential Customers	Various	This topic does not apply to México Generadora de Energía due to the type of operations and energy sources		
		Average Retail Electricity Rate for Business Customers	Various			
		Average Retail Electricity Rate for Industrial Customers	Various			
	IF-EU-240a.2	Average monthly electricity bill for residential customers for 500 kWh of electricity delivered per month	Currency to communicate			
		Average monthly electricity bill for residential customers for 1000 kWh of electricity delivered per month.	Currency to communicate			

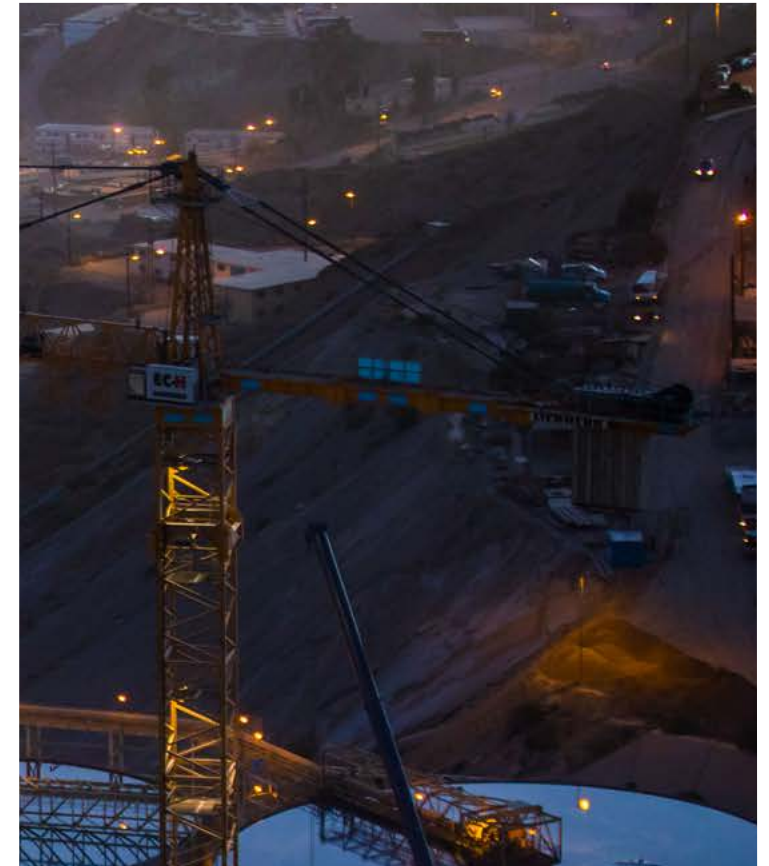
SASB Topic	Code	Topic	Unit of measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Energy affordability	IF-EU-240a.3	Number of disconnections due to non-payment in residential customers; additionally, the percentage of customers reconnected within 30 days.	Number, percentage (%)	This topic does not apply to México Generadora de Energía due to the type of operations and energy sources.		
	IF-EU-240a.4	Discussion of the impact of external factor on the affordability of electricity for the customer, including the economic conditions of the service territory.	n/a			
Occupational health and safetyl	IF-EU-320a.1	Total recordable incident rate	Various	We report the rate of incapacitating incidents (Lost Time Injury Frequency Rate, LTIFR). We do not use TRIFRas an internal metric		Strictly speaking of the 3 energy facilities that the Infrastructure Division has, during 2021, there were 0 lost-time accidents. At the infrastructure level, the indicator closed with an annual value of 0.35.
		Tasa de fatalidades			Occupational health and safety	Zero fatalities occurred during 2021 at the 3 energy facilities and at the infrastructure level.
		Fatality rate				We consider near misses as those involving economic losses, even if no employees are affected. There were 0 in 2021.
Efficiency and end use demand	IF-EU-420a.1	Percentage of revenue from companies electrical services that come from the rate structure that (1) are decoupled	Percentage (%)	This topic does not apply due to the type of operation and commercialization mainly internal		
		Percentage of revenue from companies electrical services that come from tariff structures that (2) contain a mechanism loss of income adjustment	Percentage (%)			
	IF-EU-420a.2	Percentage of electrical charge supplied with smart grid technology	Percentage (%) per megawatts hour (MWh)			
	IF-EU-420a.3	Saving electricity by customer, thanks to efficiency measures, for each market.	Megawatts hour (MWh)			
Nuclear safety and emergency management	IF-EU-540a.1	Total number of nuclear energy units	Number	This topic does not apply because we do not have generation assets with nuclear sources		
	IF-EU-540a.2	Description of efforts made to manage nuclear safety and p reparation for an emergency	n/a			

SASB Topic	Code	Topic	Unit of measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Network resilience	IF-EU-550a.1	Number of incidents due to noncompliance with physical or cybersecurity standards or regulations	Number	This topic does not apply because we are no energy distributors, we do not operate a network.		
	IF-EU-550a.2	(1) Average outage duration index system (SAIDI), (2) Frequency index of the mean system outage (SAIFI), and (3) Average outage duration index (CAIDI), which includes the days in which the serious events occur	Minutess / Number			



**TCFD DISCLOSURES  
INDEX**

Topic	Recomendation	Recomended Disclosure	Code	Chapter
Gobernance	TCFD G: Disclose the organization's governance around climaterelated risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	GOB-A	Corporate Governance
		bb) Describe management's role in assessing and managing climate related risks and opportunities.	GOB-B	Corporate Governance Climate change
Strategy	TCFD S: Disclose the actual and potential impacts of climaterelated risks and opportunities on the organization's businesses, strategy and financial planning, where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	EST-A	Climate change
		b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	EST-B	Letter of the Chairman of the Board of Directors Sustainable Development Strategy Climate change
		c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	EST-C	Climate change
Risk Management	TCFD RM: Disclose how the organization identifies, assesses and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	GDR-A	Corporate Governance Climate change
		b) Describe the organization's processes for managing climaterelated risks	GDR-B	Corporate Governance Climate change
		c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	GDR-C	Climate change
Metrics and Targets	TCFD M&T: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.	a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.	MYO-A	Climate change
		b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	MYO-B	Climate change
		c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets	MYO-C	Sustainable Development Strategy Climate change



## GLOSSARY AND ACRONYMS

Acronyms and abbreviations					
°C:	Degree Celsius	COSO:	Committee of Sponsoring Organizations of the Treadway	EUA:	Unite States of America
AMC:	Americas Mining Corporation	COVID 19:	Coronavirus	FCPA:	The Foreign Corrupt Practices Act
ANA:	National Water Authority	CSA:	Corporate Sustainability Assessment	FGM:	Grupo México Foundation
AR5:	Fifth Assessment Report. (Intergovernmental Panel on Climate Change)”	Cu:	Copper	FR:	Fatality rate.
APP:	Aquifer Protection Permit.	DBO:	Biologic Demand of Oxygen	FTSE:	Financial Times Stock Exchange
ASARCO:	American Smelting and Refining Company	DCDS:	Corporate Directorate for Sustainable Development	GEI:	Greenhouse gases
ASG:	Environmental, Social y Governance	DEMAS:	Directorate for the Environment and Sustainable Use	GJ:	Gigajoule
AST:	Safe Job Analysis	DINFRA:	Infrastructure Division	GM:	Grupo México
BAU:	Business as usual.	DJSI:	Dow Jones Sustainability Indices	GMXT:	GMéxico Transportation
BID:	Interamerican Development Bank	DMIN:	Mining Division	GRI:	Global Reporting Initiative
BTU:	British thermal unit	DQO:	Chemical Oxygen Demand	GRIC:	Gila River Indian Community
BVC:	Buenavista del Cobre	Dr.:	Doctor	GWh:	Gigawatt-hour
CB:	Base Compensation	DTRA:	Transportation Division	H:	Man
CDMX:	Mexico City	ECA:	Environmental Quality Standards	Ha:	Hectare
CDP:	Carbon Disclosure Project	ECO:	Employee Survey	I.A.P.:	Private Assistance Institution
CEMEFI:	Mexican Center for Philanthropy	Edo.:	State	ICA:	International Copper Alliance.
CFR:	Code of Federal Regulations	EITI:	Extractive Industries Transparency Initiative.	ICMM:	International Council on Mining and Metals.
CH <sub>4</sub> :	Methane	EMA:	Mexican Accreditation Entity	IDS:	Grupo México Sustainable Development Report
CHRB:	Corporate Human Rights Benchmark	EPA:	Environmental Protection Agency.	IDS20:	Grupo México Sustainable Development Report 2020
CISO:	Chief Information Security Officer.	EPP:	Personal Protection Equipment	IEA:	International Energy Agency.
CMNUCC:	United Nations Framework Convention on Climate Change	ERM:	Enterprise Risk Management	IPCC:	Intergovernmental Panel on Climate Change.
CO <sub>2</sub> :	Carbon Dioxide	ESA:	The U.S. Endangered Species Act	IPERC:	Hazard Identification and Risk and Controls Evaluation
CO <sub>2</sub> e:	Carbon Dioxide equivalent	ESDE:	Electrodeposition copper cathode plant	ISO:	International Organization for Standardization
CONANP:	National Commission of Natural Protected Areas	ESG:	Environmental, Social and Governance.	ISS:	Institutional Shareholder Services

Acronyms and abbreviations					
Kcal:	Kilocalorie	MWh:	Megawatt-hour	Ref.:	Reference
Kg:	Kilograms	MXP:	Mexican peso	RH:	Human Resources
Km:	Kilometers	N/A:	Does not apply	RMI:	Responsible Mining Index
L:	Liter	N <sub>2</sub> O:	Nitrous oxide	S&P:	Standard & Poor's
LMP:	Maximum Limits Permitted	NEE:	Special educational needs	S.A. de C.V.:	Stock Company of Variable Capital
LTIFR:	Lost Time Injury Frequency Rate.	NIST:	National Institute for Standards and Technology	S.A.B de C.V.:	Variable Capital Stock Market Company
M:	Woman	NOM:	Official Mexican Standard	SAC:	Community Care Service
M³:	Cubic Meters	NOM-001-SEMARNAT-1996:	Mexican Official Standard that establishes the maximum permissible limits of pollutants in wastewater discharges into national waters and property.	SARS CoV-2:	Severe Acute Respiratory Syndrome Coronavirus 2
MARP:	Mining and Reclamation Plan	OCDE:	Organization for Economic Cooperation and Development	SASB:	Sustainability Accounting Standards Board
MARPOL:	The International Convention for Prevention of Marine Pollution for Ships.	ODS:	Sustainable Development Goals	SBC:	Behavior Based Safety
MBTI:	Myers-Briggs Type Indicator.	OHSAS:	Occupational Health and Safety Assessment Series	SBT:	Science Based Target
METCO:	Sonora Metallurgical Complex, Mexico	OIT:	International Labour Organization	SCC/ SCCO:	Southern Copper Corporation
MHSA:	Mine Safety and Health Administration.	OMS:	Operation, Maintenance and Supervision	SCT:	Ministry of Communications and Transportation
MILA:	Latin American Integrated Market	OSC:	Civil society organizations	SEMARNAT:	Ministry of the Environment and Natural Resources
MiPyMEs:	Micro, small and medium enterprises	Págs:	Pages	SM:	Minimum salary
ML:	Megaliters	PASST:	Self-Management Program in Safety and Health at Work	SOPEP:	Shipboard Oil Pollution Emergency Plan
MM:	Mining Mexico	PCR:	Polymerase Chain Reaction.	SPCC:	Southern Peru Copper Corporation
mm³:	Cubic millimeters	PNP:	National Police of Peru	SST:	Workplace Health and Safety
MMBTU:	Million BTU. Million British Thermal Unit	PROFEPA:	Federal Attorney for Environmental Protection of México	STEM:	Science, Technology, Engineering, Mathematics
MPD:	Mexico Projects and Development	PST:	Safe Work Procedure	STPS:	Ministry of Labor
MSCI:	Morgan Stanley Capital International	PTAR:	Wastewater Treatment Plants	TCFD:	Task Force on Climate-related Financial Disclosures
MtCO <sub>2</sub> e:	Millions of tons of carbon dioxide equivalent	PTU:	Employee participation in profits	Tj:	Terajoule
MTKB:	Million tons gross kilometer	PV:	Voluntary Principles	Ton:	Tons
MW:	Mega watt	RCP:	Representative Concentration Pathway.	UE:	European Union

Acronyms and abbreviations					
UIC:	Underground Injection Control.	UNAS:	Universidad Nacional de San Agustín, Perú	VEG:	Economic Value Generated
UICN:	International Union for the Conservation of Nature	UNICEF:	United Nations Children's Fund	VER:	Retained Economic Value
UMA:	Unit for the Conservation, Management and Sustainable Use of Wildlife	USD:	US dollar	WARN:	Worker Adjustment and Retraining Notification.
UNACAR:	Autonomous University of el Carmen	VEC:	Economic Value Created	WEF:	World Economic Forum



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# ANNEXES GENERATION OF SHARED VALUE

## 1.BREAKDOWN OF CAPITAL INVESTMENTS AND OPERATING EXPENSES - OCCUPATIONAL HEALTH AND SAFETY (2018-2021) <sup>12</sup>.

US\$ millions

	Occupational Health and Safety							
	2018	2019	2020			2021		
	Total	Total	Operative Expenses	Capital Investments	Total	Operative Expenses	Capital Investments	Total
<b>DMIN</b>			<b>53.2</b>	<b>3.8</b>	<b>57</b>	<b>72.3</b>	<b>9.5</b>	<b>81.8</b>
SCC			50.1	0.6	50.7	66.5	3.4	69.9
MM (Mexico)	116.1	156.2	48.2	0.6	48.8	59.9	0	59.9
SPCC (Peru)			1.9	0	1.9	6.6	3.4	10
ASARCO (USA)			3.1	3.2	6.3	5.7	6.1	11.8
<b>DTRA</b>	<b>-</b>	<b>1.5</b>	<b>13.7</b>	<b>0</b>	<b>13.7</b>	<b>0.6</b>	<b>2.6</b>	<b>3.2</b>
<b>DINFRA</b>	<b>-</b>	<b>0.2</b>	<b>3</b>	<b>7</b>	<b>10</b>	<b>2.1</b>	<b>0</b>	<b>2.1</b>
<b>GM</b>	<b>116.1</b>	<b>157.9</b>	<b>69.9</b>	<b>10.8</b>	<b>80.7</b>	<b>75</b>	<b>12.1</b>	<b>87.1</b>

## 2. BREAKDOWN OF INVESTMENTS AND OPERATING EXPENSES - ENVIRONMENT (2018-2021).

US\$ millones

	Enviroment							
	2018	2019	2020			2021		
	Total	Total	Operative Expenses	Capital Investments	Total	Operative Expenses	Capital Investments	Total
<b>DMIN</b>			<b>104.3</b>	<b>59.2</b>	<b>163.5</b>	<b>95.6</b>	<b>108.1</b>	<b>203.7</b>
SCC			92.3	52.1	144.4	87.9	90.5	178.4
MM (Mexico)	263.5	221	89.7	41.1	130.8	81.4	62.3	143.7
SPCC (Peru)			2.6	11	13.6	6.5	28.2	34.7
ASARCO (USA)			12	7.1	19.1	7.7	17.6	25.3
<b>DTRA</b>	<b>-</b>	<b>28.8</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>	<b>1.1</b>	<b>23.5</b>	<b>24.6</b>
<b>DINFRA</b>	<b>-</b>	<b>45</b>	<b>3.9</b>	<b>127.8</b>	<b>131.7</b>	<b>1.2</b>	<b>65.2</b>	<b>66.4</b>
<b>GM</b>	<b>263.5</b>	<b>294.8</b>	<b>108.3</b>	<b>187.2</b>	<b>295.6</b>	<b>97.9</b>	<b>196.8</b>	<b>294.7</b>

- Safety and Health and Environment expenses and investments of the Transportation and Infrastructure Divisions began to be integrated into the report starting in 2019.
- Dashes (-) in tables indicate that there is no information available for that period.

3.IN BREAKDOWN OF INVESTMENTS AND OPERATING EXPENSES – COMMUNITY DEVELOPMENT (2018-2021).

US\$ millions

Community Development														
	2018			2019			2020				2021			
	Operative Expenses	Capital Investments	Total	Operating Expenses	Capital Investments	Total	Operating Expenses	Management Expenses	Capital Investments	Total	Operating Expenses	Management Expenses	Capital Investments	Total
DMIN				29	11.2	40.2	22.6	1.4	11.4	35.4	20.1	4.1	41.9	66.1
SCC				28.9	11.2	40.1	22.4	1.4	11.4	35.2	20.1	3.9	41.9	65.9
MM (Mexico)	31.1	26.4	57.5	13.1	1.1	14.2	8.1	0.8	1	9.9	7.4	1.7	3.2	12.3
SPCC (Peru)				15.8	10.1	25.9	14.3	0.6	10.4	25.3	12.7	2.2	38.7	53.6
ASARCO (USA)				0.1	0	0.1	0.2	0	0	0.2	0	0.2	0	0.2
DTRA	3.8	-	3.8	-	-	-	0	0	3.1	3.1	0.9	0	0.4	1.3
DINFRA	0.7	-	0.7	-	-	-	0.3	0	0	0.3	0.3	0	0	0.3
GM	35.6	26.4	62	29	11.2	40.2	22.9	1.4	14.5	38.8	21.3	4.1	42.3	67.7

4. BREAKDOWN OF COMMUNITY AND PHILANTHROPIC INVESTMENTS, BY ITEM AND CONCEPT, ACCORDING TO CSA INDICATORS.

Caption	Concepto	DMIN	SCC	MM (Mexico)	SPCC (Peru)	ASARCO (USA)	DTRA	DINFRA	FGM	Total GM
Donations	Servicios (donations)	0.5	0.4	0.3	0.1	0.1	-	-	-	0.5
	Support for institutions	-	-	-	-	-	-	-	-	-
	COVID-19 (effective)	-	-	-	-	-	-	-	-	-
	Programs GMF	-	-	-	-	-	-	-	3.8	3.8
	Subtotal	0.5	0.4	0.3	0.1	0.1	-	-	3.8	4.3
Community Investments	Community programs	3.2	3.2	1.1	2.1	-	0.9	0.3	-	4.4
	Admin costs	4.1	3.9	1.7	2.2	0.2	-	-	-	4.1
	Operative expenses in education centers	5.3	5.3	1.7	3.6	-	-	-	-	5.3
	Infrastructure in communities	41.8	41.8	3.2	38.6	-	0.4	-	-	42.2
	Infrastructure (donations)	0.2	0.2	0.1	0.1	-	0.8	-	-	1
	COVID-19 (in kind)	5.2	5.2	0.9	4.3	-	-	-	-	5.2
	Subtotal	59.8	59.6	8.7	50.9	0.2	2.1	0.3	-	62.2
Commercial initiatives	Operational expenses in GM neighborhoods	11.6	11.6	4.6	7	-	-	-	-	11.6
	Infrastructure in GM neighborhoods	0.1	0.1	-	0.1	-	-	-	-	0.1
	Railroad crossing signaling program	-	-	-	-	-	2.6	-	-	2.6
	Subtotal	11.7	11.7	4.6	7.1	-	2.6	-	-	14.3

- The items make up the budgets of the Community Development area and Fundación Grupo México.
- The budget for the Transportation Division’s railroad crossing signaling program is included.

5. BREAKDOWN OF SHARES AND ESTIMATED MONETARY VALUE OF CORPORATE VOLUNTEER HOURS 2021.

Montos en US\$

US\$	DMIN	SCC	MM	SPCC	ASARCO	DTRA	DINFRA	FGM	GM	
									A	B
Labor force	16,055	14,755	9,722	5,033	1,300	10,570	2,465	-	29,090	29,090
Cost of labor force (wages, salaries and benefits)	545,383,608.52	420,676,413.83	169,852,767.57	250,823,646.26	124,707,194.69	370,821,000.00	47,111,222.78	-	963,315,831.30	963,315,831.30
Corporate volunteer registry	542	542	520	22	0	92	125	49	808	808
Fundación Grupo México	105	105	105	0	0	92	64	49	310	310
Community Development	437	437	415	22	0	0	61	0	498	498
Hours of voluntary service	3,837	3,837	3,803	34	0	904	756	498	5,995	5,995
Fundación Grupo México	995	995	995	0	0	813	756	498	3,062	3,062
Community Development	2,842	2,842	2,808	34	0	91	0	0	2,933	2,933
Cost per hour of volunteer service	16.27	13.65	8.37	23.87	45.94	16.80	9.15	-	14.07	15.86
Days worked during the year	261	261	261	261	261	261	261	261	261	261
Standard working hours per day	8	8	8	8	8	8	8	8	8	8
Total cost of volunteer service hours	62,424.21	52,392.64	31,820.93	811.50	-	15,188.93	6,919.88	-	84,378.06	95,078.80

Considerations for calculating the monetary value for corporate volunteering in 2021:

- Volunteer participations were carried out outside working hours, since volunteer activities are conducted on weekends.
  - There were no corporate volunteer participations in ASARCO during the period.
- The formula for calculating the cost of volunteer service per hour follows the guidelines of the Corporate Sustainability Assessment (CSA): (((Workforce cost / Total number of employees)/ Number of working days in the year)/Working hours per day).
  - There is no information on labor force and its respective costs from Fundación Grupo México to calculate it individually.
- Due to variations in labor costs, two calculations are presented for estimating the value of corporate volunteer time at the Grupo México level:
  - The hourly cost of volunteer service (US\$ 14.07) in column A is an average of the hourly costs among the three divisions.
- Column B considers the costs at Grupo México level for the calculation of the hourly cost.

TAX REPORT 2021

US\$ millions

Division / Subsidiary	No. of employees	Income	Profit before taxes	Tax due	Tax paid
Total DMIN [1]	16,055	\$ 12,088	\$ 6,382	\$ 2,333	\$ 2,199
SCC	14,755	\$ 10,903	\$ 5,697	\$ 2,299	\$ 2,177
MM (México)	9,722	\$ 6,563	\$ 3,770	\$ 1,331	\$ 1,220
SPCC (Perú)	5,033	\$ 4,340	\$ 2,283	\$ 1,011	\$ 957
ASARCO (EUA)	1,300	\$ 1,185	\$ 493	-\$ 177	\$ 22
Total DTRA [2]	10,570	\$ 2,481	\$ 673	\$ 200	\$ 311
Mexico	9,703	\$ 2,067	\$ 548	\$ 179	\$ 298
EUA	867	\$ 414	\$ 124	\$ 21	\$ 13
Total DINFRA [3]	2,465	\$ 208	\$ 25	\$ 9	\$ 103
Total Grupo México	29,090	\$ 14,777	\$ 6,688	\$ 2,453	\$ 2,612

[1] Primary Activities - Mining Division: Extraction and refining of copper, zinc, molybdenum, gold and silver.

[2] Primary Activities - Transportation Division: Logistics services for land transportation of cargo.

[3] Primary Activities - Infrastructure Division: Power generation, oil drilling activities, development of public and private infrastructure projects, road concessions, terminals and fuel transfer.

The sum of the amounts by division, both in the pre-tax income and accrued taxes columns, does not match GM's total, due to the elimination of operations between divisions and corporate offices when consolidating the information.

ANNEXES OUR APPROACH

Contributions by type/classification of associations

Amounts in \$US dollars				
Division	Mexico	Peru	USA	Description of participation/relationship
Mining Division	1,916,542	1,543,356	5,500	
SCC	1,916,542	1,543,356	-	
International mining associations	1,888,457	1,335,434	-	Annual participation in mining associations that seek to promote the benefits in the use of mining products such as copper, molybdenum, zinc, among others. Also, in initiatives that help drive continuous improvement in internal processes.
Mining associations and chambers	28,085	53,410	5,500	Support for initiatives of mining associations and/or chambers of commerce in the jurisdictions where we have active operations.
Trade chambers and associations in general	-	155,512	-	Support for initiatives of general businesses associations and/or chambers of commerce in the jurisdictions where we have active operations.
Transportation Division	434,865	-	182,928	
Railway industry associations	420,706	-	182,928	Support for initiatives of the railway industry associations and/or chambers of commerce in the jurisdictions where we have active operations.
Associations / Chambers of commerce of various industries	14,159	-	-	Annual participation in industry associations and/or chambers related to the materials and products transported by our operations.
Infrastructure Division	109,100	-	-	
Trade chambers and associations in general	24,653	-	-	Support for initiatives of national and international associations and/or chambers of commerce
Chambers related to the construction sector	35,000	-	-	Active work with chambers related to the construction industry.
Associations/ Chambers related to the Oil and Hydrocarbons Sector	10,819	-	-	Coordination and execution of activities in support of associations and chambers related to oil and hydrocarbons.
Associations/ Chambers related to the Energy Sector	38,628	-	-	Support for initiatives of associations and/or chambers related to the energy sector.

Breakdown of contributions to major associations by division and country.

Amounts in USD		
Division	Amount	Association
Total DMIN	2,869,768	International Copper Association
	354,123	International Molybdenum Association
	73,056	Cámara de Comercio e Industrias
SCC	2,869,768	International Copper Association
	354,123	International Molybdenum Association
	73,056	Cámara de Comercio e Industrias
MM (Mexico)	1,700,892	International Copper Association
	187,565	International Molybdenum Association
	28,085	Cámara Minera de México
SPCC (Peru)	1,168,876	International Copper Association
	166,558	International Molybdenum Association
	73,056	Cámara de Comercio e Industria de Lima
ASARCO (EUA)	5,500	Tucson Metropolitan Chamber of Commerce
Total DTRA	356,109	Asociación Mexicana de Ferrocarriles
	182,928	Association of American Railroads
	64,598	Asociación Mexicana del Transporte Intermodal
Total DINFRA	35,000	Asociación Mexicana de Empresas de Hidrocarburos, A.C. (AMEXHI)
	26,054	Asociación Mexicana de Energía Eólica AC
	12,574	Asociación Mexicana de Energía AC
Total Grupo México	2,869,768	International Copper Association
	356,109	Asociación Mexicana de Ferrocarriles
	354,123	International Molybdenum Association

Breakdown of critical suppliers - Mining Division (2021)

Scope	Total Expenditure	N° of Total Suppliers	Critical suppliers (Mining Division)			
			Expenditure	Share of Expenditure	N° of suppliers	Ratio over No. of suppliers
Total DMIN	2,011	3,611	1,418	70.5%	145*	4%
SCC	1,724	2,820	1,214	60.4%	116	4.1%
MM (México)	983	1,451	639	31.8%	65	4.5%
SPCC (Perú)	741	1,369	575	28.6%	51	3.7%
ASARCO (EUA)	288	791	204	10.1%	38	4.8%

Consideration:

- \*In reporting the total number of critical suppliers for the Mining Division, those suppliers that provide services to more than one country are considered as a single supplier. Therefore, there are differences in the sum of the number of suppliers in the breakdown by country.

ANNEXES CORPORATE GOVERNANCE

Southern Copper Corporation

Southern Copper Corporation is an indirect subsidiary of Grupo México S.A.B. de C.V. (“Grupo México”, majority shareholder). As of December 31, 2021, Grupo México, through its wholly owned subsidiary Americas Mining Corporation (“AMC”), held 88.9% of SCC’s common stock.

Southern Copper Corporation, as a subsidiary listed on the New York Stock Exchange (NYSE), complies with the Corporate Governance guidelines established by the U.S. Securities and Exchange Commission, including

the establishment of a Board of Directors, whose main objective is to maximize shareholder value while complying with the laws of the jurisdictions in which it operates and observing ethical standards at all times.

For more information on Southern Copper Corporation’s Corporate Governance structure, please refer to the [SEC Reporting](#) section of its website.

COMPOSITION OF THE BOARD OF DIRECTORS

#	Member	Position	Independence	Gender (M/F)	Age (years)	Nationality	Country of residence	Year of assignment	Tenure (years)	Committees Boards	% of Attendance	Experience by sector <sup>18</sup>	Speciality/ Training	Additional Current Mandates	Other boards	Other Corporate Governance Positions
1	Germán Larrea Mota Velasco	President	Executive	M	67	Mexican	Mexico	1999	22	Chairman of the Board CE <sup>19</sup> , CC <sup>20</sup> , CGN <sup>21</sup>	100%	Materials, Industrials			Chairman of the Board Grupo México/ Industriales de México/ Transportation Division/ SCC/ Infrastructure Division/ AMC	President and Principal Executive de Grupo México/ Transportation Division
2	Oscar González Rocha	Director	Executive	M	83	Mexican	Mexico	1999	22	Executive Chairman CE, CC, CGN, CAD <sup>22</sup>	100%	Materials, Industrials, Finances	Civil Engineer	-	Member of the Board of Grupo México/MM	Chairman, President and Chief Executive Officer of SCC and Americas Mining Corporation (AMC) / Chief Executive Officer and Director of Asarco LLC
3	Vicente Ariztegui Andreve	Director	Independent	M	67	Mexican	Mexico	2018	3	CE, CA <sup>23</sup>	100%	Finance Materials	Business administration Systems Engineering	4	Director of the Company / Managing Director and President of Aonia Holding / Director of several private companies, including InverCap Holding (financial asset management), Reim (real state and urban development) and Alvarmex (international warehousing and logistics)	CEO of the Club Universitario in Mexico / Member of the Audit Committee
4	Leonardo Contreras Lerdo de Tejada	Director	Executive	M	35	Mexican	Mexico	2021	-	Nominated Director	100%	Finance	Industrial Engineer			President of ASARCO/ Commercial and Supply Chain Director of AMC / President of IMMSA. / Founder of Murano Capital in September 2015, a private investment firm.

#	Member	Position	Independence	Gender (M/F)	Age (years)	Nacionality	Country of residence	Year of assignment	Tenure (years)	Committees Boards	% of Attendance	Experience by sector <sup>18</sup>	Speciality/ Training	Adittional Current Mandates	Other boards	Other Corporate Governance Positions
5	Enrique Castillo Sánchez Mejorada	Director	Independent	M	64	Mexican	Mexico	1999	22	CA, CC	100%	Finance	Business Administration	More than 4		Senior Adviser to General Atlantic in México
6	Xavier García de Quevedo Topete	Director	Executive	M	74	Mexican	Mexico	2004	17	CE, CC, CEN <sup>24</sup>	100%	Industrial Materials Finance	Chemical Engineer		CEO of the company/ Vicepresident of Grupo México/ Director of Grupo México	President of the Infrastructure Division of Grupo México
7	Luis Miguel Palomino Bonilla	Director	Independent	M	61	Peruvian	Peru	2002	19	CE, CA, CEN	100%	Finance	Economy Finance	3	Candidate to Special Independent Director / Director of the company / Director of Laboratorios Portugal/ Member of the Board of Summa Capital S.A. / Director de Mall Aventura, S.A./ Member of the Audit Committee “Financial Expert of the Audit Committee” in accordance with the terms defined by the SEC	Director of the Finance MBA Program at the Universidad del Pacifico in Lima, Peru
8	Gilberto Perezalonso Cifuentes	Director	Independent	M	78	Mexican	Mexico	2004	17		75%	Finance	Law; Business Administration	1	Candidate to Special Independent / Director of the Company since June 2002 / member of the Directory of Gigante S.A. de C.V. retail and real state)	National Vicepresident of the Mexican Red Cross / Vicepresident Blasky (hotel chain in Baja California, Mexico)
9	Carlos Ruiz Sacristán	Director	Independent	M	71	Mexican	Mexico	2010	11	CA, CC	75%	Finance	Business Administration	3	Candidate to Independent Special Director of the Company /Member of the Directories of Constructora y Perforadora Latina, S.A. de C.V. (Mexican company on geothermal drilling and exploration), Banco Ve por Mas, S.A. (Mexican bank)	Owner and Managing Partner Proyectos Estratégicos Integrales

Average length of services of board members	14.7 years
Percentage of women on the Board <sup>25</sup>	0%
Members of the Board	9
Percentage of independene of the Directors	56%
Average percentage of attendance to the Board meetings <sup>26</sup>	97%
Objective percentage of independence of the Board	At least (3) of the members of the Directory must be independent

18. Based on The Global Industry Classification Standard (GICS®).

19. CE: Executive Committee

20. CC: Compensation Committee

21. CGN: Regulatory Governance Committee

22. CAD: Administrative Committee

23. CA: Audit Committee

24. CEN: Special Nominating Committee

25. The Board of Directors recognizes the strategic importance of diversity and inclusion within the company, and is therefore committed to considering gender and minority group diversity factors in the nomination of candidates for Board membership.

26. Southern Copper Corporation ensures that each of its directors attends at least 75% of the meetings of the Board of Directors.

ANNEXES OUR PEOPLE

Labor Practices<sup>10</sup>

Collective Bargaining Agreements  
102-41

COLLECTIVE BARGAINING AGREEMENTS	MINING DIVISION					TRANSPORTATION DIVISION			INFRASTRUCTURE DIVISION	GRUPO MÉXICO
	Total DMIN	SCC	Minera México (Mexico)	SPCC (Peru)	ASARCO (USA)	Total DTRA	Mexico	USA	Total DINFRA	
Total Employees	16,055	14,755	9,722	5,033	1,300	10,570	9,703	867	2,465	29,090
Unionized	11,942	10,997	7,082	3,915	945	7,935	7,489	446	924	20,801
Nationals	11,942	10,997	7,082	3,915	945	7,935	7,489	446	924	20,801
Foreign	-	-	-	-	-	-	-	-	-	-
Non unionized	4,113	3,758	2,640	1,118	355	2,635	2,214	421	1,541	8,289
Nationals	4,093	3,738	2,630	1,108	355	2,594	2,214	380	1,536	8,289
Foreign	20	20	10	10	-	41	-	41	5	66
% Unionized	74.4%	74.5%	72.8%	77.8%	72.7%	75.1%	77.2%	51.4%	37.5%	71.5%

10. The data included in this chapter comprises 100% workforce coverage in our three divisions

Diversity, inclusion and non-discrimination

Employee Diversity by Job Category  
405-1

This table shows the gender distribution of our workforce:

DIVERSITY BY EMPLOYMENT CATEGORY 405-1 B.	MINING DIVISION												TRANSPORTATION DIVISION								INFRASTRUCTURE DIVISION				GRUPO MÉXICO					
	Total DMIN				SCC		Minera México (Mexico)		SPCC (Peru)		ASARCO (USA)		Total DTRA				Mexico		USA		Total DINFRA				Gender				Total	
Labor Category	% M	Total	% H	Total	M	H	M	H	M	H	M	H	% M	Total	% H	Total	M	H	M	H	% M	Total	% H	Total	% M	Total	% H	Total	Total	
Senior Management	10.9%	6	89.1%	49	8.5%	91.5%	10.8%	89.2%	0%	100%	25%	75%	11.8%	4	88.2%	30	13.6%	86.4%	8.3%	91.7%	0%	-	100%	17	9.4%	10	90.6%	96	0.4%	
Upper Management	13.8%	39	86.2%	244	14.3%	85.7%	15.1%	84.9%	9.4%	90.6%	11.5%	88.5%	16.3%	41	83.7%	210	17%	83%	11.1%	88.9%	17.9%	22	82.1%	101	15.5%	102	84.5%	555	2.3%	
Middle Management	10.1%	202	89.9%	1,795	10.4%	89.6%	10.4%	89.6%	10.2%	89.8%	7%	93%	18%	125	82%	571	16.4%	83.6%	23.8%	76.2%	18.5%	78	81.5%	344	13%	405	87%	2,710	10.7%	
Administrative staff/ operators	33%	587	67%	1,191	33.1%	66.9%	37.7%	62.3%	24.5%	75.5%	32%	68%	18.9%	312	81.1%	1,342	19.5%	80.5%	14.9%	85.1%	24.6%	241	75.4%	738	25.8%	1,140	74.2%	3,271	15.2%	
Unionized	2%	241	98%	11,701	1.6%	98.4%	0.7%	99.3%	3.3%	96.7%	6.8%	93.2%	0.3%	25	99.7%	7,910	0.2%	99.8%	2.5%	97.5%	7.7%	71	92.3%	853	1.6%	337	98.4%	20,464	71.5%	
Total	6.7%	1,075	93.3%	14,980	6.4%	93.6%	6.4%	93.6%	6.4%	93.6%	10.1%	89.9%	4.8%	507	95.2%	10,063	4.3%	95.7%	9.8%	90.2%	16.7%	412	83.3%	2,053	6.9%	1,994	93.1%	27,096	100%	

Employee Diversity by Job Category

405-1

DIVERSITY BY AGE GROUP	MINING DIVISION						TRANSPORTATION DIVISION				INFRASTRUCTURE DIVISION		GRUPO MÉXICO	
	Total DMIN		SCC	Minera México (Mexico)	SPCC (Peru)	ASARCO (USA)	Total DTRA		Mexico	USA	Total DINFRA		Total	
Age ranges	%	Total					%	Total			%	Total	%	Total
18 a 25 años	6.8%	1,086	6.6%	9.4%	1.2%	8.7%	4.9%	515	5%	3.3%	8%	198	6.2%	1,799
26 a 40 años	45.9%	7,366	47.1%	50.8%	39.8%	32.5%	45.8%	4,838	46.7%	35.4%	52.4%	1,291	46.4%	13,495
41 a 50 años	23.4%	3,758	23.3%	21.4%	27.1%	24.2%	22.7%	2,402	22.6%	23.6%	21.6%	532	23%	6,692
≥ 51 años	23.9%	3,845	23%	18.4%	32%	34.5%	26.6%	2,815	25.7%	37.6%	18%	444	24.4%	7,104
Total	100%	16,055	100%	100%	100%	100%	100%	10,570	100%	100%	100%	2,465	100%	29,090

During the application of a specific diversity and inclusion survey to a representative sample of our collaborators, within the Mining Division, 2% of the respondents identified themselves as people from the LGBTQI+ community.

Workforce Breakdown by Nationality

WORKFORCE BREAKDOWN: NATIONALITY	MINING DIVISION									TRANSPORTATION DIVISION						INFRASTRUCTURE DIVISION		GRUPO MÉXICO	
	Total DMIN		SCC		Minera México (Mexico)		SPCC (Peru)		ASARCO (EE.UU.) <sup>11</sup>	Total DTRA		Mexico		USA		Total DINFRA		Total	
Total	14,755	%	14,755	%	9,722	%	5,033	%	N/A	10,570	%	9,703	%	867	%	2,465	%	27,790	%
Mexicans	9,719	65.9%	9,719	65.9%	9,711	99.9%	8	0.2%	-	9,813	92.8%	9,703	100%	110	12.7%	2,460	99.8%	21,992	79.1%
Peruvians	5,030	34.1%	5,030	34.1%	7	0.1%	5,023	99.8%	-	-	0%	-	0%	-	0%	-	0%	5,030	18.1%
Americans	-	0%	-	0%	-	0%	-	0%	-	740	7%	-	0%	740	85.4%	2	0.1%	742	2.7%
Other Nationalities	6	0%	6	0%	4	0%	2	0%	-	17	0.2%	-	0%	17	2%	3	0.1%	26	0.1%

11. Within the total number of employees broken down by nationality, the US region of the Mining Division was not included, due to the data privacy policies prevailing in those business units.

Women in Income-Generating Management Positions

WOMEN IN INCOME GENERATION MANAGEMENT POSITIONS <sup>12</sup>	MINING DIVISION					TRANSPORTATION DIVISION			INFRASTRUCTURE DIVISION	GRUPO MÉXICO
	Total DMIN	SCC	Minera México (Mexico)	SPCC (Peru)	(USA) ASARCO	Total DTRA	Mexico	USA	Total DINFRA	Total
Total	21	7	7	0	14	77	77	0	3	101
%	42.9%	21.2%	23.3%	0%	87.5%	60%	60.2%	0%	13.6%	51%

Employees in STEM Positions

No. PERSONAS EN PUESTOS STEM	MINING DIVISION					TRANSPORTATION DIVISION			INFRASTRUCTURE DIVISION	GRUPO MÉXICO
	Total DMIN	SCC	Minera México (Mexico)	SPCC (Peru)	(USA) ASARCO	Total DTRA	Mexico	USA	Total DINFRA	Total
Total	2,544	2,430	1,645	785	114	148	92	56	1,111	3,803
Women	339	321	227	94	18	148	92	56	126	613
Men	2,205	2,109	1,418	691	96	N/A	N/A	N/A	985	3,190

Ratio of Base Salary and the Remuneration of Women with respect to men  
405-2

RATIO OF BASE SALARY AND THE REMUNERATION OF WOMEN WITH RESPECT TO MEN 405-2	DMIN	SCC	DTRA	DINFRA	GRUPO MÉXICO
Category					
Senior Management	1.38	0.78	1.16	N/A	1.26
Upper Management	1.05	0.96	1.03	0.82	1.03
Middle Management	1.09	0.92	0.95	0.79	1.03
Administrative / Operative	0.96	0.9	0.89	0.82	0.93
Unionized	1.0	1.05	0.96	0.98	0.99

12. Percentage was calculated based on the total number of women in the Management category.

Human Capital Development

Average Employee Training Hours  
404-1

The following table shows employee training broken down by gender and work category.

MEDIA DE HORAS DE FORMACIÓN AL AÑO <sup>13</sup>	MINING DIVISION										TRANSPORTATION DIVISION						INFRASTRUCTURE DIVISION		GRUPO MÉXICO		
	Total DMIN		SCC		Minera México (Mexico)		SPCC (Peru)		ASARCO (USA)		Total DTRA		Mexico		USA		Total DINFRA		Total		
Employment category	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	TOTAL
Senior Management	85.8	17.2	127.6	19.5	127.6	17.8	-	25.2	2	1	15.3	2.7	5.3	3.4	45	1.6	N/A	2.1	60.1	10	14.7
Upper Management	28.3	29.8	33.1	36	34	35.6	23.5	38.5	1.8	2.9	1.8	2.1	0.4	1.5	19	6.6	9.1	19.3	13.5	17.4	16.8
Middle Management	38	45	39.8	48.3	47.1	52.4	20.1	37.6	3.7	2.8	0.4	12.4	0.2	13.6	1.1	7.5	16.3	17.8	22.2	34.7	33.1
Administrative / Operative	28.8	33.3	31.2	36.3	36.5	40.5	16.2	29.7	2.1	1.9	3.3	15.2	3.5	16.7	1.2	6.5	34.1	36.9	22.9	26.7	25.7
Unionized	5.5	10.2	7.5	11	11.1	13.9	6.2	5.7	0.1	0	5.1	40.5	7.4	42	2.2	15.5	1	0.1	4.5	21.5	21.2
Average hours of training by gender	25.6	16.6	29	17.9	37.4	21.4	12.8	11.2	1.2	0.6	2.6	34.7	2.68	36.6	2.45	11.6	23.7	17.2	19.4	23.3	23.1
Average hours of training by region	17.2		18.6		22.4		11.3		0.7		33.1		35.1		10.72		18.3				

13. The calculation of this indicator is the total man-hours of training per category / total number of employees per category.

Programs to improve employee skills and transition assistance programs  
404-2

Mining Division

Training at Minera México (Mexico)

PROGRAMS TO IMPROVE EMPLOYEES' APTITUDES  
(1,540 BENEFICIARIES)

EXTERNAL COURSES - 1,501 BENEFICIARIES

Support is granted to Minera México employees to take any training program in external institutions, to develop their specific technical skills required by their positions and roles.

SUPPORT FOR MASTER'S OR BACHELOR'S DEGREES  
- 39 BENEFICIARIES

Support is provided to Minera México employees to increase their educational level. Includes individual support, plus group support to 23 workers and employees in Chihuahua who graduated as Mining Engineers in 2021.

PROGRAMS TO IMPROVE EMPLOYEE SKILLS (2,970 BENEFICIARIES)

LEADER PROGRAM - 29 BENEFICIARIES

Develops key technical skills and competencies at supervisory levels in subway mines. In 2021, the first generation of Leaders graduated from this program.

ENGLISH ONLINE - 160 BENEFICIARIES

Develops English language skills for all Mining Mexico personnel and is delivered 100% online, through a third party.

EXECUTIVE ENGLISH - 13 BENEFICIARIES

Personalized program to develop and reinforce English language skills among the company's management and executive levels.

PROFESSIONALS IN DEVELOPMENT PROGRAM  
- 53 BENEFICIARIES

Training and development of recent graduates to acquire competencies that enrich the company's talent.

WEBINARS - 695 BENEFICIARIES

Designed to strengthen the institutional skills and competencies of employees, through messages, tools and learning, in order to apply them in their day to day.

CORPORATE TRAINING CALENDAR - 770 BENEFICIARIES

It is the result of the Performance Improvement and Management exercise, during the evaluation and feedback phase between the immediate boss and the subordinate. The training needs in Grupo Mexico's Institutional Competencies are defined, with this information the annual training calendar of the company's institutional competencies is designed.

INDIVIDUAL DEVELOPMENT PLANS - 260 BENEFICIARIES

The program consists of updating the replacement tables of the business units located in Sonora, creating a development plan to train people in the institutional and technical competencies they require for their growth and development in the company.

WELLNESS PLATFORM - 990 BENEFICIARIES

This is an online platform for Minera México's non-unionized employees to work on their physical, nutritional and emotional wellbeing.

SPCC training programs (Peru)

PROGRAMS TO IMPROVE EMPLOYEE APTITUDES  
(649 BENEFICIARIES)

**INTERNAL FOUNDRY TECHNICAL SKILLS PROGRAM  
- 157 BENEFICIARIES**

Internal training and coaching for workers in the Foundry area, carried out by Internal Instructors to cover gaps and raise awareness among workers according to the Internal Competencies Development procedure.

**NEW PERSONNEL INDUCTION - 492 BENEFICIARIES**  
Aimed at all new personnel with the objective of making them aware of the rules, regulations and values contained in the code of conduct and corporate ethics, as well as the guidelines stipulated in the money laundering policy.

PROGRAMS TO IMPROVE EMPLOYEE SKILLS  
(4,789 BENEFICIARIES)

**INDUSTRIAL MINING SAFETY AND HYGIENE  
- 4,093 BENEFICIARIES**  
Focused on Strengthening our preventive safety culture in all company personnel that complies with current legal regulations.

**ABC OF THE SUPERVISOR - 473 BENEFICIARIES**  
Develops skills and techniques that a supervisor must know to correctly manage the personnel under his or her charge, strengthening the work environment.

**DEVELOPING COMPETENCIES - 60 BENEFICIARIES**  
Aimed at the company's personnel to develop soft skills that an employee must know to best manage the personnel under his or her charge.

**TECHNICAL PROFESSIONALS - 21 BENEFICIARIES**  
Develop the competencies of technical professionals recently graduated from the university in order to have workers to cover future requirements of the company.

**ENGINEERS IN TRAININ - 33 BENEFICIARIES**  
The objective of the program is to carry out complementary training (for two years) and is aimed at former scholarship holders who stood out during their stay in the company and who were assigned to management positions in the General Operations Department. The purpose of the program is to provide junior professionals to cover the company's short-term requirements.

**SCHOLARSHIP PROGRAM - 109 BENEFICIARIES**  
Develops the competencies of university graduates in order to have junior professionals to fill positions of Engineers in Training and other future requirements of the company.

ASARCO training programs (United States)

PROGRAMS TO IMPROVE EMPLOYEE SKILLS AND APTITUDES (332 BENEFICIARIES)	
<p><b>SAFETY LEADERSHIP TRAINING</b> <b>- 30 BENEFICIARIES</b></p> <p>Leadership training focused on safety personnel (managers).</p>	<p><b>TALEO TRAINING - 5 BENEFICIARIES</b></p> <p>Training for Human Resources personnel in the use of the corporate platform for recruitment.</p>
<p><b>NEW SUPERVISOR TRAINING - 17 BENEFICIARIES</b></p> <p>Training in leadership, conflict solution and skills required for supervisors.</p>	<p><b>SECURITY AWARENESS TRAINING - 275 BENEFICIARIES</b></p> <p>Training for the prevention of information leaks and care during the use of electronic devices with access to the web, focused only on non-unionized personnel.</p>
<p><b>ADP EV5 AUTOMATIC DATA PROCESSING TRAINING - 5 BENEFICIARIES</b></p> <p>Specialized technical training in the use of ADP software, focused on administrative personnel who use the software in the Human Resources area. The program brings as a benefit to the company the correct use and handling of sensitive employee information.</p>	

Transportation Division

AMONG THE 32 PROGRAMS AND 1,453 BENEFICIARIES TO IMPROVE  
EMPLOYEE SKILLS, THE FOLLOWING PROGRAMS STAND OUT:

ENGLISH - 104 BENEFICIARIES

English is one of the most frequent training programs and one in which we try to involve the largest possible workforce, as we seek the professional development of employees and the development of new skills, regardless of the position they hold.

EXCEL - 69 BENEFICIARIES

Excel is the Office suite tool in which most employees need training and continuous improvement.

FIRST AID - 18 BENEFICIARIES

Working at heights and the use of fire extinguishers are some of the programs focused on occupational health and safety training, with which we seek to maintain constant safety training to help us maintain or even reduce our accident rate, as well as to be prepared for possible emergencies and risks.

PROGRAMS TO IMPROVE EMPLOYEE SKILLS  
(819 BENEFICIARIES)

LEADERSHIP 1 AND LEADERSHIP 2 - 298 BENEFICIARIES

The purpose of the program is for the trainee to learn and understand how to influence people in order to achieve different objectives.

EMOTIONAL INTELLIGENCE - 159 BENEFICIARIES

Its purpose is to provide knowledge, skills and aptitudes that allow them to actively participate, in an interdisciplinary way, in the teaching/learning process of emotional and social skills.

INTERGENERATIONAL LEADERSHIP - 223 BENEFICIARIES

Aims to develop leadership skills among participants, so that they can reach their full potential. It highlights the exercise of intergenerational leadership and the challenge of developing constructive relationships with other generations, particularly with the “Millennials or Generation Y”, as they are the most present in the workforce.

EFFECTIVE COMMUNICATION AND FEEDBACK  
- 37 BENEFICIARIES

Development of techniques to effectively convey messages to the organization's internal and external customers. It also contributes to improving communication and feedback processes.

CONFLICT MANAGEMENT AND NEGOTIATION  
- 15 BENEFICIARIES

Identifies the ideal procedures to face conflicts, as well as distinguish the principles and elements necessary to negotiate effectively, according to the different variables involved in this process.

TIME MANAGEMENT - 87 BENEFICIARIES

This program contributes to the identification and assessment of the need for rational and productive use of time. For this purpose, cost-benefit implications are analyzed and methods are applied that lead to the optimization of this resource in personal and corporate activities.

Infrastructure Division

PROGRAMS TO IMPROVE EMPLOYEE SKILLS  
(146 BENEFICIARIES)

**DRILLING AND WELL REPAIR DIPLOMA PROGRAM**  
**- 30 BENEFICIARIES**

This program consists of 10 modules that detail the process that drilling equipment operators carry out in the repair and completion of offshore wells, from diagnosis, possible problems during drilling and all the elements that must be considered during this last process.

**MODEL TO FOLLOW - 23 BENEFICIARIES**

In this program, aimed at the management level, we taught how to solve performance gaps by increasing employee responsibility, leading difficult and important conversations in a persuasive manner, where we sought to strengthen relationships focused on achieving results.

**4 EXECUTIVE DISCIPLINES - 23 BENEFICIARIES**

In this program we addressed the four fundamental disciplines to overcome common failures and create a culture of accomplishment to align the organization with its most important objectives.

**INTEGRATION AND PRODUCTIVITY - 70 BENEFICIARIES**

The Infrastructure Division's key project requires focused attention, so a culture and productivity diagnosis was conducted to address team deficiencies with an integration program to accelerate engineering processes.

PROGRAMS TO IMPROVE EMPLOYEE SKILLS  
(2,767 BENEFICIARIES)

**21 MINUTES - 235 BENEFICIARIES**

This program is made up of 20 21-minute capsules, each of which addresses a specific topic related to our organizational culture and personal and professional development.

**CUÍDATE - 330 BENEFICIARIES**

This program is in charge of the division's team of physicians, who each month give a lecture explaining how to prevent, detect and treat common diseases as well as those of greater incidence among our population.

**INICIA INFRA - 436 BENEFICIARIES**

Program designed to guide employees during their first 90 days in the organization and improve their integration process into the company. The program starts with the ONE (New Employee Orientation) course, which informs about the institutional culture, processes and procedures, as well as the work tools available to them, in order to facilitate their integration into the company. A Reinduction section was included for those employees who, despite having been with the company for many years, did not know relevant aspects of the division.

**DEFENSIVE DRIVING - 230 BENEFICIARIES**

This program is aimed at all personnel who are responsible for the company's utility vehicles, with the purpose of strengthening their safe use. Theoretical and practical training was provided to strengthen the culture of road safety, detailing mechanical aspects and vehicle manoeuvring skills.

**CIBERSECURITY - 1,536 BENEFICIARIES**

This program aims to strengthen the security of digital information, raising awareness and explaining to employees through webinars, quick capsules, postcards and infographics about the risks, prevention mechanisms and the responsibility that each one has in this area.

Percentage of Employees Evaluated for Performance

404-3

Below is the proportion of employees who had a performance evaluation in 2021 by work place category:

% EMPLOYEES EVALUATED BY PERFORMANCE	MINING DIVISION										TRANSPORTATION DIVISION						INFRASTRUCTURE DIVISION		GRUPO MÉXICO
	Total DMIN		SCC		Minera México (Mexico)		SPCC (Peru)		ASARCO (USA)		Total DTRA		Mexico		USA		Total DINFRA		Total
Employment Category	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	Total
Senior Management	100%	100%	100%	100%	100%	100%	N/A	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	100%	100%
Upper Management	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Middle Management	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	74.1%	97.6%
Administrative / Operative	100%	100%	100%	100%	7100%	100%	100%	100%	100%	100%	97.8%	89.5%	100%	99.2%	80%	34%	68.4%	78.6%	89.7%
Total	100%		100%		100%		100%		100%		94.4%		99.6%		67%		78.1%		93.5%

In the Mining Division and Southern Copper Corporation - SCC, there are the following types of evaluation:

EVALUATION OF INDIVIDUAL PERFORMANCE OBJECTIVES.

The performance evaluation considers objectives and competencies, and at the same time evaluates compliance with training, compliance with company policies and ethical guidelines. The evaluation applies to 100% of non-unionized personnel; therefore, this evaluation is not applied to unionized personnel, nor does it apply to temporary personnel, nor to personnel who joined the company after July 31 of each year.

360° EVALUATION

It is a process of Performance Evaluation for the Development of Technical Competencies (which is a separate exercise from the Annual Performance Evaluation by Objectives), where the information obtained is used to determine the development gaps in potential successors, defining in turn the individual development plans that will lead them to comply with the organization's Replacement Tables. This evaluation involves the immediate boss, a couple of subordinates, peers, and sometimes the evaluation of an external

expert. The evaluation does not apply to all personnel, since it is focused on personnel nominated for the succession of strategic positions, so during 2021 it was applied to 25.9%.

CALIBRATION OF PERFORMANCE - 15 BOXES

In this talent calibration process, each person is mapped on a performance and power chart. The evaluation is applied to 100% of non-union employees. Each year the results of each employee are reviewed in the company's talent management system. Each year, Human Resources, together with each area management, calibrates the potential and performance of each employee in order to plan the development of employees and identify high potentials. At the end of the exercise, there is a talent map of the team that allows us to compare the performance of employees in each quadrant of the table. This exercise helps us in strategic talent planning.

## Talent Attraction and Retention

### New Hires 401-1

The following tables show new hires and staff turnover, broken down by age range and gender:

#### Employee Hiring by Age Range and Gender

HIRES	MINING DIVISION										TRANSPORTATION DIVISION						INFRASTRUCTURE DIVISION		GRUPO MÉXICO		
	Total DMIN		SCC		Minera México (Mexico)		SPCC (Peru)		ASARCO (USA)		Total DTRA		Mexico		USA		Total DINFRA		Total		
Age ranges	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	M	H	Total
18 to 25 years	61	542	53	472	51	458	2	14	8	70	17	237	17	225	0	12	14	158	92	937	1,029
26 to 40 years	127	949	118	834	101	668	17	166	9	115	43	543	30	471	13	72	97	594	267	2,086	2,353
41 to 50 years	23	199	16	157	10	121	6	36	7	42	12	121	4	82	8	39	30	237	65	557	622
≥ 51 years	9	98	1	50	-	32	1	18	8	48	9	52	0	20	9	32	6	180	24	330	354
Total new hires	220	1,788	188	1,513	162	1,279	26	234	32	275	81	953	51	798	30	155	147	1,169	448	3,910	4,358
Total rate of new hires	11%	89%	84.7%		71.8%		12.9%		15.3%		7.8%	92.2%	82.1%		17.9%		11.2%	88.8%	10.3%	89.7%	100%

Employee Hiring by Employment Category

WORKERS HIRED	MINING DIVISION					TRANSPORTATION DIVISION			INFRASTRUCTURE DIVISION	GRUPO MÉXICO	
	Total DMIN	SCC	Minera México (Mexico)	SPCC (Peru)	ASARCO (USA)	Total DTRA	Mexico	USA	Total DINFRA	Total	
Categoría Laboral											
Senior Management	5	5	4	1	-	2	1	1	1	8	0.2%
Upper Management	36	25	24	1	11	2	1	1	12	50	1.1%
Middle Management	225	215	184	31	10	57	38	19	122	404	9.3%
Administrative / Operative	379	347	284	63	32	243	184	59	276	898	20.6%
Unionized	1,363	1,109	945	164	254	730	625	105	905	2,998	68.8%
Total	2,008	1,701	1,441	260	307	1,034	849	185	1,316	4,358	100%

Staff Turnover by Age Range and Gender

401-1

TURNOVER	MINING DIVISION										TRANSPORTATION DIVISION						INFRASTRUCTURE DIVISION		GRUPO MÉXICO	
	Total DMIN		SCC		Minera México (Mexico)		SPCC (Peru)		ASARCO (USA)		Total DTRA		Mexico		USA		Total DINFRA		Total	
Age range	Mujer	Hombre	M	H	M	H	M	H	M	H	Mujer	Hombre	M	H	M	H	Mujer	Hombre	Mujer	Hombre
18 to 25 years	14	178	11	104	10	102	1	2	3	74	2	70	2	66	-	4	10	148	26	396
26 to 40 years	98	756	82	453	64	390	18	63	16	303	43	414	29	327	14	87	115	759	256	1,929
41 to 50 years	15	314	2	137	1	101	1	36	13	177	14	128	4	80	10	48	24	316	53	758
≥ 51 years	34	506	15	321	8	168	7	153	19	185	18	450	6	340	12	110	7	281	59	1,237
Total turnover	161	1,754	1,125		844		281		790		77	1,602	854		285		156	1,504	394	4,320
Total turnover rate	15%	11.7%	7.6%		8.7%		5.6%		60.8%		15.2%	10.6%	8.8%		32.9%		37.4%	66.8%	19.8%	15.9%

Staff turnover by labor category

TURNOVER	MINING DIVISION					TRANSPORTATION DIVISION			INFRASTRUCTURE DIVISION	GRUPO MÉXICO	
	Total DMIN	SCC	Minera México (Mexico)	SPCC (Peru)	ASARCO (USA)	Total DTRA	Mexico	USA	Total DINFRA	Total	%
Categoría Laboral											
Senior Management	6	5	4	1	1	5	2	3	-	11	10.4%
Upper Management	35	26	22	4	9	14	10	4	12	61	9.3%
Middle Management	208	171	140	31	37	72	46	26	166	446	14.3%
Administrative / Operative	222	182	140	42	40	336	132	204	256	814	18.5%
Unionized	1,444	741	538	203	703	712	664	48	1,226	3,382	16.3%
Total	1,915	1,125	844	281	790	1,139	854	285	1,660	4,714	16.2%

Staff turnover by Voluntary and Involuntary Departures

TURNOVER	MINING DIVISION					TRANSPORTATION DIVISION			INFRASTRUCTURE DIVISION	GRUPO MÉXICO	
	Total DMIN	SCC	Minera México (Mexico)	SPCC (Peru)	ASARCO (USA)	Total DTRA	Mexico	USA	Total DINFRA	Total	%
Total turnover unionized	1,444	741	538	203	703	712	664	48	1,226	3,382	
Voluntary	792	464	424	40	328	416	379	37	1,150	2,358	16.3%
Involuntary	652	277	114	163	375	296	285	11	76	1,024	
Total turnover non unionized	471	384	306	78	87	427	190	237	434	1,332	
Voluntary	386	312	259	53	74	333	135	198	409	1,128	16.1%
Involuntary	85	72	47	25	13	94	55	39	25	204	
Total	1,915	1,125	844	281	790	1,139	854	285	1,660	4,714	16.2%

Permiso Parental  
401-3

PERMISO PARENTAL	MINING DIVISION										INFRASTRUCTURE DIVISION	
	Total DMIN		SCC		Minera México (Mexico)		SPCC (Peru)		ASARCO (USA)		Total DINFRA	
	Women	Men	M	H	M	H	M	H	M	H	Women	Men
Total employees (with parental leave benefit)	1,075	14,980	944	13,811	620	9,102	324	4,709	131	1,169	387	2,053
Employees that took parental leave	28	499	26	492	18	366	8	126	2	7	10	0
Employees that returned to work after parental leave	28	499	26	492	18	366	8	126	2	7	10	N/A
Employees that remain on payroll at 2021 close	28	497	26	490	18	366	8	124	2	7	10	N/A
Return to work rate (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A
Employee retention rate (%)	100%	99.6%	100%	99.6%	100%	100%	100%	98.4%	100%	100%	100%	N/A

Workplace Climate

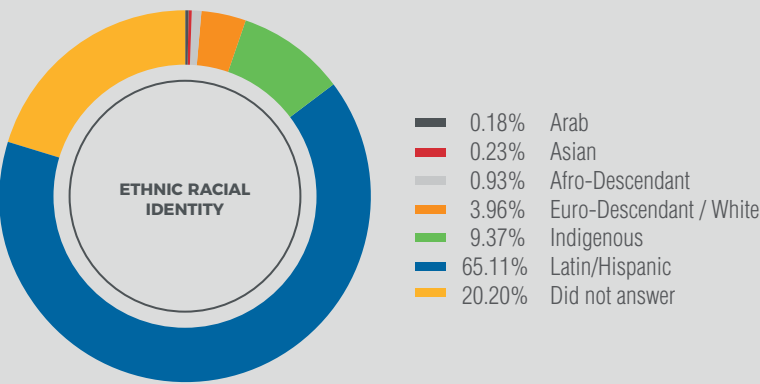
Results for the Mining Division  
Opinion Poll “ECO”

ECO RESULTS	Minera México (Mexico)		SPCC (Peru)		ASARCO (USA)	
	Women	Men	Women	Men	Women	Men
% Empleados activamente comprometidos o satisfechos con la empresa	93%	91%	82%	72%	67%	58%

BREAKDOWN OF EMPLOYEES INTERVIEWED	Minera México (Mexico)		SPCC (Peru)		ASARCO (USA)	
Type of employee and gender	Women	Men	Women	Men	Women	Men
Non unionized	476	1,829	126	713	49	198
Unionized	53	5,720	75	2,193	0	0
Total	529	7,549	201	2,906	49	198

BREAKDOWN OF EMPLOYEES INTERVIEWED	Minera México (Mexico)		SPCC (Peru)		ASARCO (USA)	
Age group and gender	Women	Men	Women	Men	Women	Men
18 to 24 years	28	598	9	76	0	3
25 to 40 years	328	4,032	77	1,273	14	52
41 to 57 years	132	2,417	66	1,011	25	91
≥ 58 años	41	502	49	546	10	52
Total	529	7,549	201	2,906	49	198

Ethnic racial identity



12.22% of respondents identify with one of the following disabilities:

- Visual
- Locomotor
- Hearing Impairment
- Intellectual
- Psychosocial

## Living Wage in Grupo México

At Grupo México we are committed to offering all our employees a living wage that allows them to cover their basic needs and those of their families. That is why we have developed a methodology to compare the salaries of our employees against the living wage in their locality, defined by external sources with international recognition (Wage Indicator Foundation and the Massachusetts Institute of Technology), and if they are below this, make the corresponding adjustments. The company is committed to carry out this analysis on an annual basis to ensure that our employees always have a living wage.

The methodology we used consists, first, of identifying the lowest base salary in the business units in the three countries where the Mining Division operates and in the companies that make up both the Infrastructure and Transportation Divisions. The base salary of Grupo México's employees represents only a portion of the employee's income. In addition to the base salary, all employees receive monthly benefits above the legal requirements in all three divisions (such as food vouchers, savings fund, etc.). Also, they receive variable compensation through profit sharing, which can represent a high percentage of the employee's annual income. Last year, for example, employees with the lowest salaries in the Mining Division in Mexico received between 5 and 70 times their monthly base salary as profit sharing. It is important to mention that the analysis carried out to

determine a living wage does not consider these other benefits, in addition to the base salary.

Once we identified these base salaries, we compared them against the living wage (calculated by recognized third parties) at the state level for the Mining, Infrastructure and the U.S. operations of the Transportation Division. For the Transportation Division companies operating in Mexico, given the geographic expansion, we compared the base salaries against the national average living wage.<sup>2</sup>

We applied this methodology in:

- 18 Mining Division business units and 6 corporate offices (10 units and 3 offices in Mexico, 3 units and 3 offices in Peru, and 5 units in the United States).
- 6 companies in the Infrastructure Division and 1 corporate office, all in Mexico.
- 5 companies in the Transportation Division (3 in Mexico and 2 in the US).

This represents 99% of AMC's total workforce, 100% of the Infrastructure Division's workforce and 98.4% of the Transportation Division's workforce.

In the Mining Division, thanks to the use of this methodology, we found a case where the base salary (which is a portion of a worker's total income) of a category of unionized personnel is 1.9% below the living wage in its locality, Chihuahua. However, this base wage is 14% above the national living wage. The company will make an adjustment to this wage level to ensure that it is above the living wage in Chihuahua. This case proves the usefulness of applying this methodology to allow the company to identify cases like this and make the required adjustments.

For the rest of the units and companies analyzed, in the three countries and three divisions of Grupo México, this analysis allows us to confirm that in all cases the lowest base salaries received by an employee are above the living wage in that location, as well as above the national living wage.

1. According to the Global Living Wage Coalition, an internationally recognized source on this topic, these basic needs include (but are not limited to) food, clothing, housing, health care and education.  
 2. For the United States, we used as a reference the living wage of a single adult with no children for the state level and that of a two-parent family with 2 children and 2 wage earners, for the national level, provided by the MIT. For Mexico, the living wage of a two-parent family with 2.2 children and 1.6 wage earners was used as a reference; and for Peru, the living wage of a two-parent family with 2.3 children and 1.7 wage earners, provided by the WageIndicator Foundation.

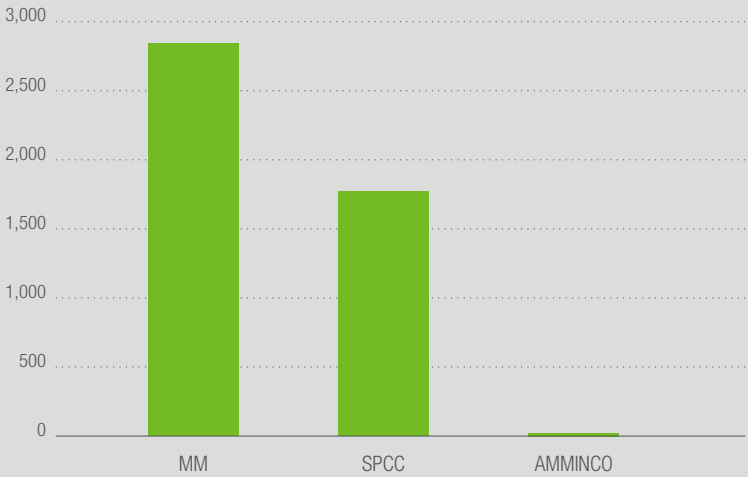
ANNEXES CLIMATE CHANGE

Scope 3 Emissions Divisions

MINING DIVISION

4,543,971 tCO<sub>2</sub>e

82% of emissions

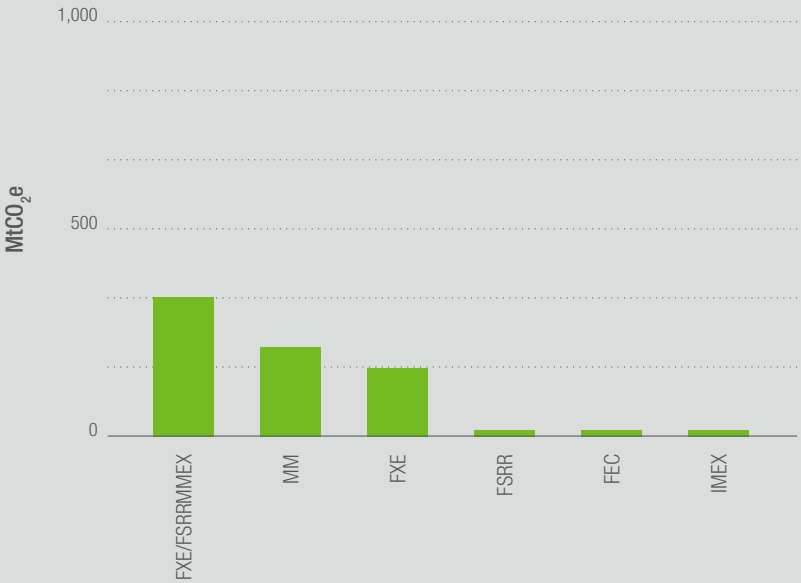


Scope 3 emissions (tCO <sub>2</sub> e)	
	DMIN
SCC	4,543,751
Mexico (MM)	2,816,375
Peru (SPCC)	1,727,376

TRANSPORTATION DIVISION

613,975 tCO<sub>2</sub>e

11% of emissions

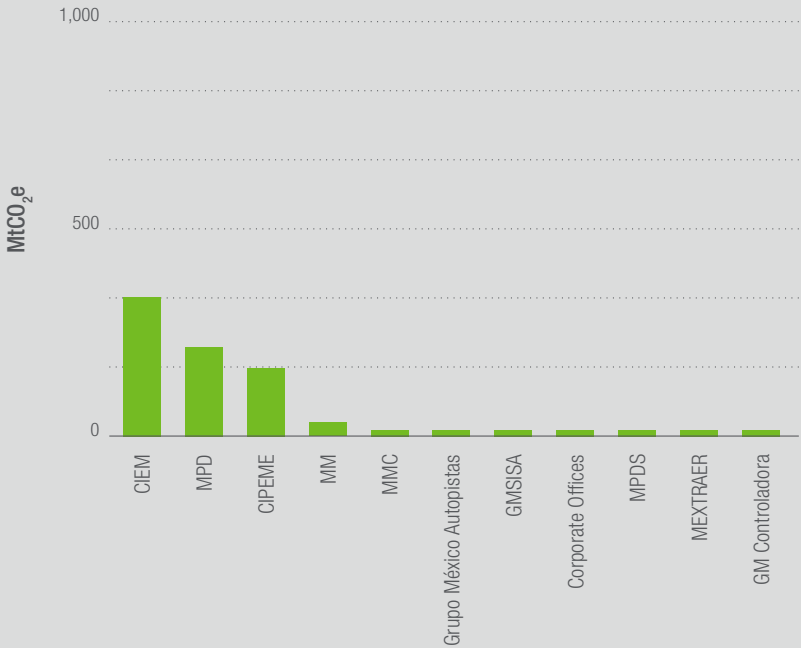


SOx emissions (metric tons)	
DMIN	56,317
SCC	56,312
MM (Mexico)	29,377
SPCC (Peru)	26,935
ASARCO (EUA)	5

INFRASTRUCTURE DIVISION

416,725 tCO<sub>2</sub>e

7% of emissions



Scope 2 emissions (last 3 years)

Scope 2 emissions in 2021 (tCO <sub>2</sub> e)	Market-based			Location-based		
Division / Subsidiary	2021	2020	2019	2021	2020	2019
Total DMIN	810,686	1,111,191	1,272,934	1,139,331	1,279,967	1,501,644
SCC	430,507	607,377	604,965	810,382	887,733	934,376
Total DTRA	16,100	10,864	15,497	20,373	18,516	20,639
Total DINFRA	924	928	483	924	928	984
Total Grupo México	827,709	1,122,983	1,288,914	1,160,627	1,299,411	1,523,266

Scope 3 emissions (2021)

CATEGORÍA	MINING DIVISION					TRANSPORTATION DIVISION			INFRAESTRUCTURE DIVISION	GRUPO MÉXICO	
	Total DMIN	SCC	México	Perú	EUA	DTRA	México	EUA	Total DINFRA	Total Grupo México	%
1. Purchased goods and services	1,334,127	1,130,374	1,130,374	493,598	203,753	279,656	279,656	-	72,594	1,686,377	24.1%
2. Capital goods	472,993	424,509	424,509	191,595	48,484	29,598	29,598	-	17,103	519,694	7.4%
3. Fuel and energy related activities	906,595	780,289	780,289	257,839	126,305	319,849	291,715	28,135	310,886	1,537,329	21.9%
4. Upstream transportation and distribution	680,999	158,327	158,327	1,561	522,672	-	-	-	7,888	688,887	9.8%
5. Waste generated in operations	24,603	6,993	6,993	4,515	17,610	2,798	2,468	331	13,370	40,771	0.6%
6. Business travel	1,211	1,158	1,158	525	53	675	612	63	362	2,248	0.03%
7. Employee commuting	19,662	9,036	9,036	8,868	10,626	6,127	6,065	63	1,240	27,030	0.4%
9. Downstream transportation and distribution	268,625	219,426	219,426	161,586	49,199	-	-	-	-	268,625	3.8%
10. Processing of sold products	2,174,642	1,818,321	1,818,321	706,584	356,321	-	-	-	-	2,174,642	31.0%
13. Downstream lead assets	-	-	-	-	-	-	-	-	61,542	61,542	0.9%
Grand Total	5,883,457	4,548,433	4,548,433	1,826,671	1,335,025	638,704	610,113	28,591	484,986	7,007,147	100.0%

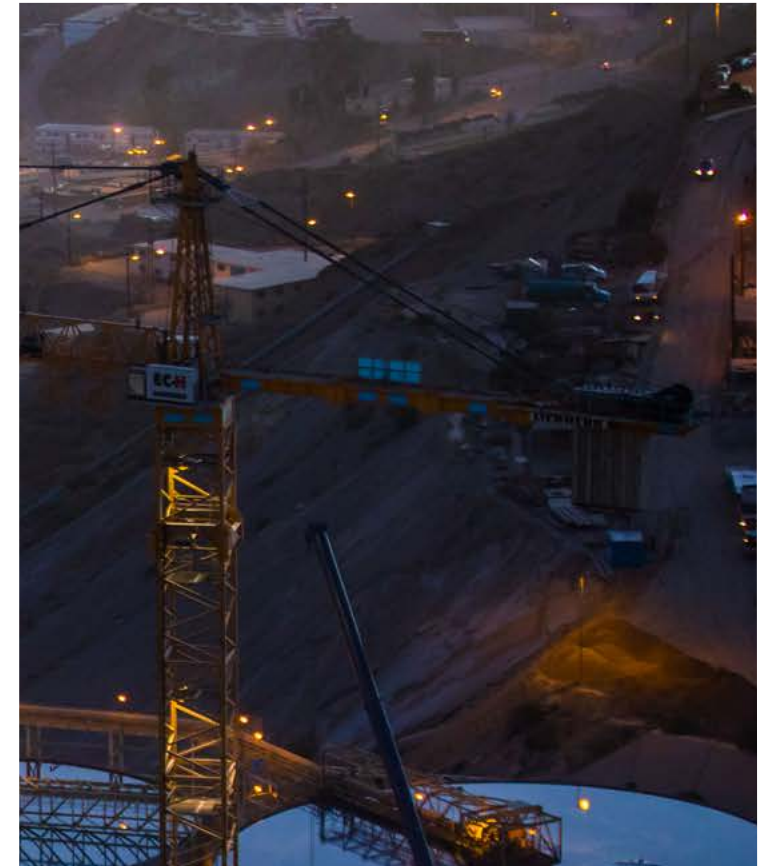
ANNEXES WATER

Historic water consumption - SCC (breakdown by country)

	Mining Division (DMIN)											
	SCC				Mexico				Peru			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
<b>GRI 303-3</b> EXTRACTION												
FIRST USE Mega Liters (ML)												
Surface Water	36,494	37,348	33,982	39,630	21,099	21,537	18,408	24,414	15,395	15,810	15,574	15,216
Ground water	75,780	75,405	75,129	76,483	39,008	39,409	38,648	39,978	36,772	35,996	36,481	36,506
Seawater	0	0	0	0	0	0	0	0	0	0	0	0
Produced water	941.708	691	627	843	168	0	0	0	773.968	691	627	843
Third-party water	65.0726	67	1,494	23	16	24	1,484	12	49.328	43	10	10
<b>TOTAL WATER ABSTRACTION IN ML</b>	<b>113,282</b>	<b>113,511</b>	<b>111,232</b>	<b>116,979</b>	<b>60,291</b>	<b>60,970</b>	<b>58,540</b>	<b>64,404</b>	<b>52,991</b>	<b>52,540</b>	<b>52,692</b>	<b>52,575</b>
<b>GRI 303-4</b>												
WATER DISCHARGE												
in Megaliters (ML)												
Surface Water	50	40	59	0	50	40	59	0	0	0	0	0
Ground water	166	156	141	0	166	156	141	0	0	0	0	0
Seawater	1,510	983	1,368	0	0	0	0	0	1,510	983	1,368	0
Third-party water	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL WATER DISCHARGE IN ML</b>	<b>1,726</b>	<b>1,179</b>	<b>1,568</b>	<b>0</b>	<b>216</b>	<b>196</b>	<b>200</b>	<b>0</b>	<b>1,510</b>	<b>983</b>	<b>1,368</b>	<b>0</b>
CONSUMPTION OF RECYCLED OR REUSE WATER												
IN Megaliters (ML)	328,646	322,583	312,282	263,077	201,536	197,576	191,170	164,997	127,110	125,007	121,113	98,080
<b>GRI 303-5 WATER CONSUMPTION IN Mega Litros (ML)</b>	<b>440,201</b>	<b>434,915</b>	<b>421,946</b>	<b>380,056</b>	<b>261,611</b>	<b>258,350</b>	<b>249,510</b>	<b>229,401</b>	<b>178,590</b>	<b>176,564</b>	<b>172,437</b>	<b>150,655</b>

Historic water consumption - SCC (breakdown by country)

GRI 303-4 WATER DISCHARGE IN MEGA LITERS (ML)	MINING DIVISION (DMIN)							
	Total DMIN		SCC		Mexico		Peru	
	All zones	Zones with water stress	All zones	Zones with water stress	All zones	Zones with water stress	All zones	Zones with water stress
Volume discharged to water tables (ML)	50	0	50	50	50	50	0	0
Receiving water bodies	Calabazas Stream		Calabazas Stream		Calabazas Stream			
Volume discharged in groundwater bodies (ML)	166		166		166	0	0	0
Receiving water bodies	Absorption wells		Absorption wells		Absorption wells			
Volume discharged in seawater bodies (ML)	1,510	0	1,510	0	0	0	1,510	0
Receiving water bodies	Pacific Ocean		Pacific Ocean				Pacific Ocean	
TOTAL WATER DISCHARGED (ML)	1,726	0	1,726	50	216	50	1,510	0
Untreated	1,510		1,510		0		1,510	
Primary treatment	0.1		0.1		0.1		0	
Secondary treatment	49.9		49.9		49.9		0	
Tertiary treatment	166		166		166		0	
Third party use of discharge water (ML)	No		No		No		No	



## EXTERNAL VERIFICATION LETTER



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# LIMITED INDEPENDENT ASSURANCE REPORT ON THE Sustainable Development Report 2021

To management of Grupo México, S.A.B. de C.V.

Identification of the subject matter information

We have been engaged by Grupo México, S.A.B. de C.V (hereinafter referred as “Grupo México” or the Company”), to perform assurance procedures to provide limited assurance on certain information of the Company included in Grupo México’s Sustainable Development Report 2021 corresponding to the year ended December 31, 2021.

Our work was carried out by an independent and multidisciplinary team that includes assurance professionals and sustainability specialists. We used the work of sustainability specialists, mainly, to determine the reasonableness and traceability of the Company’s sustainability aspects within the indicators assured.

Our assurance commitment does not extend to the information related to prior periods or any other information included in the Sustainable Development Report 2021

Criteria

The criteria used by the Company to prepare the information included in the Sustainable Development Report 2021, subject of the limited assurance, were established considering the terms and conditions defined by the GRI (Global Reporting Initiative) Standards, which are detailed in the attached Appendix A.

Company’s responsibility regarding subject matter information

The Company is responsible of:

- The content of the Sustainable Development Report 2021, which includes determining the coverage and the performance indicators to be included, and their relevance to the stakeholders to which it is directed;
- The selection and definition of the applicable criteria for the preparation of the Report. The criteria adopted by the Company are those defined in the GRI Standards;
- The availability of appropriate records to support the management process of the relevant information and the execution of the performance measurement based on the established criteria.
- The design, implementation and execution of internal controls to prepare the sustainability information free from material misstatement, due to fraud or error;
- The preparation and presentation of the Sustainable Development Report 2021.

The Company’s Sustainable Development Report 2021 is subject to inherent uncertainty due to the use of non-financial information, which is subject to greater inherent limitations than financial information, given the nature of the methods used to determine, calculate, sample or estimate such information. In preparing the Sustainable Development Report 2021, the Company’s Management makes qualitative interpretations about the relevance, materiality and accuracy of the information that are subject to assumptions and judgements.

Independence and quality control

We have complied with the ethical and independence requirements defined by the Code of Professional Ethics for Public Accountants issued by the International Ethics Standard Board for Accountants (IESBA), which is based on the principles of integrity, objectivity, professional competence, diligence, confidentiality and professional behavior.

Our Firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore maintains an integral quality control system that includes policies and procedures documented with regards to the compliance with ethical requirements, professional standards and applicable laws and regulations requirements.



Responsibility of the independent professionals regarding the assignment

Our responsibility is to express a limited assurance conclusion on certain information included in the Company’s Sustainable Development Report 2021 based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance work in accordance with the “International Standard for Assurance Engagements, Other than Audits or Reviews of Historical Financial Information” ISAE 3000 - Revised issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires planning and performing work to obtain limited assurance as to whether the information in the Sustainable Development Report 2021 is free from material error.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluation of the suitability of quantification methods and reporting policies, and agreement with the underlying records.

Due to the assignment circumstances, we have performed the following activities:

- Interview the Company’s management and personnel responsible for collecting the information and preparing the selected performance indicators in order to obtain an understanding of the Company’s policies on sustainability.
- Inquire to obtain a general understanding of the Company’s control environment and information systems, without evaluating the design of particular control activities nor obtaining evidence of their implementation and effectiveness.
- Understand the tools used to generate and report non-financial information through inquiries with the personnel in charge.
- Carry out substantive tests on a random selective basis of sustainability information identified in the Appendix A, to determine the standards and indicators subject to limited assurance and corroborate that the data has been adequately measured, recorded, compiled, and reported through:
  - Inspection
  - Observation
  - Confirmation
  - Recalculation
- Comparison of the contents presented by the Administration with what is established in the criteria section of this report.

The Appendix A details the GRI indicators included in the assignment’s scope.

Our limited assurance engagement was performed only regarding the sustainability performance indicators included in the Appendix A, for the year ended December 31, 2021; and we have not performed any assurance procedure regarding prior years, future projections and goals, or any other items included in the Sustainable Development Report 2021 and, therefore, we do not express a conclusion in this regard.

A limited assurance engagement implies evaluating the Company’s use of the criteria as a guideline for the preparation of the sustainability information included in the Sustainable Development Report 2021; evaluating the risks of material misstatement in reporting due to fraud or error; responding to assessed risks if necessary; and evaluating the general presentation of the information in the Sustainable Development Report 2021. The scope of a limited assurance engagement is substantially less than that of a reasonable assurance engagement regarding both risk assessment procedures, including an understanding of internal control, and procedures performed in response to assessed risks. Therefore, we do not express a reasonable assurance conclusion about whether the sustainability information in the Company’s report has been prepared in all material respects, in accordance with what is established in the criteria section of this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



Conclusion

Based on the work performed, the procedures carried out, and the evidence obtained, no matter has come to our attention that would lead us to believe that the sustainability performance indicators detailed in the Appendix A included in the Company's Sustainable Development Report 2021for the year ended December 31, 2021, have not complied in all material aspects, in accordance with the criteria section of this report.

Restrictions of the use of the assurance report

Our report is issued solely for the purpose defined in the first paragraph and is not to be used for any other purpose or distributed to other parties on its own. This report refers only to the matters mentioned in the preceding sections and to the sustainability information reviewed and does not extend to any other financial and non-financial information included in the 2021 Integrated Annual Report of the Company for the year ended December 31, 2021, nor to its financial statements, taken as a whole.

**Deloitte Asesoría en Riesgos, S.C.**  
Member of Deloitte Touche Tohmatsu Limited  
Rocio Canal Garrido  
Partner of Deloitte Asesoría en Riesgos  
September 9<sup>th</sup>, 2022



APPENDIX A

Performance indicators assured for the Mining Division:

Indicator	Description
GRI 102-15 (2016)	Key impacts, risks, and opportunities.
GRI 102-17 (2016)	Mechanisms for advice and concerns about ethics
GRI 102-41 (2016)	Collective bargaining agreements
GRI 204-1 (2016)	Proportion of spending on local suppliers
GRI 205-1 (2016)	Operations assessed for risks related to corruption
GRI 205-2 (2016)	Communication and training about anti-corruption policies and procedures
GRI 205-3 (2016)	Confirmed incidents of corruption and actions taken
GRI 301-1 (2016)	Materials used by weight or volume
GRI 302-1 (2016)	Energy consumption within the organization
GRI 302-2 (2016)	Energy consumption outside of the organization
GRI 303-1 (2018)	Interactions with water as a shared resource
GRI 303-2 (2018)	Management of water discharge-related impacts
GRI 303-3 (2018)*	Water withdrawal
GRI 303-4 (2018)*	Water discharge
GRI 303-5 (2018)*	Water consumption
GRI 304-1 (2016)	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
GRI 304-2 (2016)	Significant impacts of activities, products, and services on biodiversity
GRI 304-3 (2016)	Habitats protected or restored.
GRI 305-1 (2016)	Direct (Scope 1) GHG emissions
GRI 305-2 (2016)	Energy indirect (Scope 2) GHG emissions
GRI 305-3 (2016)	Other indirect (Scope 3) GHG emissions
GRI 305-5 (2016)	Reduction of GHG emissions
GRI 306-2 (2016)	Waste by type and disposal method
GRI 306-3 (2016)	Significant spills
GRI 401-1 (2016)	New employee hires and employee turnover
GRI 403-2 (2018)	Hazard identification, risk assessment, and incident investigation
GRI 403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety
GRI 403-9 (2018)	Work-related injuries
GRI 403-10 (2018)	Work-related ill health
GRI 404-1 (2016)	Average hours of training per year per employee
GRI 412-2 (2016)	Employee training on human rights policies or procedures
GRI 413-1 (2016)	Operations with local community engagement, impact assessments, and development programs
GRI G4 MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks
GRI G4 MM4	Number of strikes and lock-outs exceeding one week's duration, by country
GRI G4 MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities
GRI G4 MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples

\*For these indicators, the sites from ASARCO in the United States were left out of the scope of the independent assurance.

Performance indicators assured for the Infrastructure Division:

Indicator	Description
GRI 102-15 (2016)	Key impacts, risks, and opportunities.
GRI 102-17 (2016)	Mechanisms for advice and concerns about ethics
GRI 102-41 (2016)	Collective bargaining agreements
GRI 204-1 (2016)	Proportion of spending on local suppliers
GRI 205-1 (2016)	Operations assessed for risks related to corruption
GRI 205-2 (2016)	Communication and training about anti-corruption policies and procedures
GRI 205-3 (2016)	Confirmed incidents of corruption and actions taken
GRI 301-1 (2016)	Materials used by weight or volume
GRI 302-1 (2016)	Energy consumption within the organization
GRI 302-2 (2016)	Energy consumption outside of the organization
GRI 303-1 (2018)	Interactions with water as a shared resource
GRI 303-2 (2018)	Management of water discharge-related impacts
GRI 303-3 (2018)	Water withdrawal
GRI 303-4 (2018)	Water discharge
GRI 303-5 (2018)	Water consumption
GRI 304-1 (2016)	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
GRI 304-2 (2016)	Significant impacts of activities, products, and services on biodiversity
GRI 304-3 (2016)	Habitats protected or restored.
GRI 305-1 (2016)	Direct (Scope 1) GHG emissions
GRI 305-2 (2016)	Energy indirect (Scope 2) GHG emissions
GRI 305-3 (2016)	Other indirect (Scope 3) GHG emissions
GRI 305-5 (2016)	Reduction of GHG emissions
GRI 306-2 (2016)	Waste by type and disposal method
GRI 306-3 (2016)	Significant spills
GRI 401-1 (2016)	New employee hires and employee turnover
GRI 403-2 (2018)	Hazard identification, risk assessment, and incident investigation
GRI 403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety
GRI 403-9 (2018)	Work-related injuries
GRI 403-10 (2018)	Work-related ill health
GRI 404-1 (2016)	Average hours of training per year per employee
GRI 412-2 (2016)	Employee training on human rights policies or procedures
GRI 413-1 (2016)	Operations with local community engagement, impact assessments, and development programs

Performance indicators assured for the Transportation Division:

Indicator	Description
GRI 102-15 (2016)	Key impacts, risks, and opportunities.
GRI 102-17 (2016)	Mechanisms for advice and concerns about ethics
GRI 102-41 (2016)	Collective bargaining agreements
GRI 204-1 (2016)	Proportion of spending on local suppliers
GRI 205-1 (2016)	Operations assessed for risks related to corruption
GRI 205-2 (2016)	Communication and training about anti-corruption policies and procedures
GRI 205-3 (2016)	Confirmed incidents of corruption and actions taken
GRI 302-1 (2016)	Energy consumption within the organization
GRI 302-2 (2016)	Energy consumption outside of the organization
GRI 303-1 (2018)	Interactions with water as a shared resource
GRI 303-3 (2018)	Water withdrawal
GRI 303-5 (2018)	Water consumption
GRI 305-1 (2016)	Direct (Scope 1) GHG emissions
GRI 305-2 (2016)	Energy indirect (Scope 2) GHG emissions
GRI 305-3 (2016)	Other indirect (Scope 3) GHG emissions
GRI 306-2 (2016)	Waste by type and disposal method
GRI 306-3 (2016)	Significant spills
GRI 401-1 (2016)*	New employee hires and employee turnover
GRI 403-2 (2018)	Hazard identification, risk assessment, and incident investigation
GRI 403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety
GRI 403-9 (2018)	Work-related injuries
GRI 403-10 (2018)	Work-related ill health
GRI 404-1 (2016)	Average hours of training per year per employee
GRI 412-2 (2016)	Employee training on human rights policies or procedures
GRI 413-1 (2016)	Operations with local community engagement, impact assessments, and development programs

\*For these indicators, the sites FEC and TXPF from United States were left out of the scope of the independent assurance.

This Appendix is part of our Report dated September 9<sup>th</sup>, 2022

Rocio Canal

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