



**SUSTAINABLE DEVELOPMENT
REPORT**

2020

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

In accordance with Grupo México’s definition of materiality, for each material issue, we include the management approach (GRI 103), followed by the GRI standards applicable, for each of our three divisions: Mining, Transportation, and Infrastructure. Additionally, this report is also aligned to indicators of Sustainability Accounting Standards 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 Inclusion of Stakeholders, Sustainability Context, Materiality, Completeness, Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness, as defined by the GRI. We have also applied the Principles of Inclusivity, Materiality and Responsiveness defined by AccountAbility AA1000APS (2008).

The report covers the social, environmental, and economic performance of our three divisions in the four countries where we operate: Mexico, Peru, Spain, and the United States. We have added brief notes on some of the relevant events that occurred in 2021.

Throughout the report, we have indicated the mechanisms for measures and calculations, and as applicable, restated data from the previous Sustainable Development Report.

This report has undergone independent review, according to the scope set in the [independent assurance report](#).

Grupo México integrates the following sustainability indices

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



For more information about this report, please contact
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Letter from the Chairman of the Board of Directors

GRI 102-14, 102-15

The year 2020 marked the beginning of the pandemic around the world, which brought profound changes that have made us stronger and have underlined the importance of a solid commitment to society and the planet. I am proud of the resilience and commitment that Grupo México team showed to protecting the health and wellbeing of our collaborators, their families and our neighboring communities. We adjusted our workplaces to adopt the highest standards of hygiene and safety as instructed by the health authorities, and we took action to ensure that each employee would feel safe from the moment they left for work to the moment they returned home.

In parallel, we teamed up with federal, state, regional, and municipal governments, in Mexico, Peru, and the United States, to fight the pandemic, which gave us the opportunity to contribute \$ 30.8 million dollars in donations to strengthen public health institutions and care for hundreds of vulnerable families in various communities. In addition, we adapted our community development model to this new reality to continue serving the communities near our operations through a digital migration of activities.

Along with health, the safety of our personnel and contractors is a priority throughout the company and our operations. To this end, we applied policies and protocols to achieve the goal of Zero Accidents. In 2020, we reduced the employee injury rate by 44% in the Mining Division, 30% in the Transportation Division and 25% in the Infrastructure Division. We deeply regret the loss of two Transportation Division collaborators this year and reaffirm the commitment of the entire organization to preventing fatalities. These accidents were thoroughly investigated to identify the causes and to define preventive measures to improve safety for our employees.

The care we take towards our people extends to our surroundings. As part of our environmental agenda, we have reduced our operating greenhouse gas emissions by almost 8% compared to 2019 and about a fifth of the electricity we consume came from renewable sources. We will continue to increase this proportion in 2021, with the activation of our new 168 MW Fenicias wind farm project in Nuevo León, in northern Mexico. Additionally, we will also continue to prepare a roadmap that will allow us to define new emission reduction targets.



We have increased our efforts in responsible water usage. Our company has always sought out alliances with our neighboring communities, and in the last five years, we have invested US\$79 million in programs to improve the quality and volume of water intended for human consumption and productive activities. Our most recent project is the construction of the Cularjahuira dam in southern Peru, which will irrigate 588 hectares in benefit of the Camilaca district in the Tacna region, one of the most arid on the planet. To make this project a reality, we joined efforts with the Peruvian government, local authorities and the beneficiaries themselves.

2020, like no other year, has revealed the degree to which there is global interdependence among all of us. This pushes us to think collectively to find solutions for the great challenges that humanity is facing. We will continue to improve our processes in order to make them more sustainable, innovating and incorporating renewable energies in all our operations and taking care with the greatest dedication of the close proximity that we have formed with the communities, to seek the well-being of the new generations.

It is time to work together and find synergies for a better future.



Germán Larrea Mota Velasco

Chairman of the Board of Directors



📷 Mining shovel and yucle in Cujajone mine, Peru.

About Grupo México

Introduction to Grupo México

GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-16

With operations in Mexico, the United States, Peru, and Spain, we have extensive experience in the mining sector as a global leader in copper production. In the transportation sector, we operate multimodal freight railroad service in Mexico and in Texas and in Florida in the United States.

Our Infrastructure Division delivers specialized services in engineering, power generation, on and offshore exploration and drilling, as well as leasing and operating oil rigs. We also operate highway concessions in Mexico.



Grupo México is the third-largest company in Mexico

in terms of market cap and the fourth in trading. We are the company that pays the most in taxes and the first to pay employee profit-sharing¹ in Mexico and Peru.

¹ Participation of Workers in the profits of the company.

All our operations are conducted under a common approach of environmental and social risk prevention, as well as cost-effectiveness and productivity, striving to maintain a financial balance making us a sustainable, strategic, and a reliable company for our business partners, generating shared value for our stakeholders.

Grupo México (GMEXICOB) has been trading on the Mexican Stock Exchange since 1966, and the Transportation Division has been trading as GMéxico Transportes (GMXT) since 2017. Our subsidiary Southern Copper Corporation (SCCO) trades on the New York Stock Exchange and the Lima Stock Exchange. All the information on corporate structure and the subsidiaries that make up our company is available in the Annual Report, within the website: www.gmexico.mx in the Financial Reports section.

Our Presence

GRI 102-3 , 102-4

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

MINING DIVISION

- | | | |
|--|--|---|
| 1 Ray
(Mine & Plant) | 10 Processing Complex
(Plant) | 19 Santa Barbara
(Polymetallic Underground Mine) |
| 2 Hayden
(Plant) | 11 La Caridad
(Mine & Plant; Processing complex) | 20 Chalchihuites
(Future Project; Underground Mine) |
| 3 Mission
(Mine) | 12 Pilares
(Future Copper Project) | 21 San Martin
(Polymetallic underground mine) |
| 4 Silver Bell
(Mine & Plant) | 13 Santa Eulalia
(Polymetallic Mine) | 22 Charcas
(Polymetallic Underground Mine) |
| 5 Amarillo
(Plant) | 14 Buenavista Zinc
(Mine; Future project) | 23 Zinc Electrolyte Refinery
(Plant) |
| 6 El Pilar
(Future Copper Project & Plant) | 15 Hermosillo Offices
(Corporate offices) | 24 Angangueo
(Future Project; Underground Mine) |
| 7 El Arco
(Future Project) | 16 Guaymas Terminal
(Plant) | 25 Mexico Offices
(Corporate Headquarters) |
| 8 Lime Plant
(Mine & Plant) | 17 Chihuahua Offices
(Corporate Offices) | 26 Taxco
(Polymetallic Underground Mine) |
| 9 Buenavista del Cobre
(Mine & Plant) | 18 Central Shop
(Plant) | |

LEGEND

- Mines
- Plants
- Offices
- Mine + Plant
- Future Mining Projects

*ESDE (Electroplating Copper Cathode Plant)



Ecuador

Peru

Chile

Spain

Aznalcóllar
[Future Project]

Andalucía

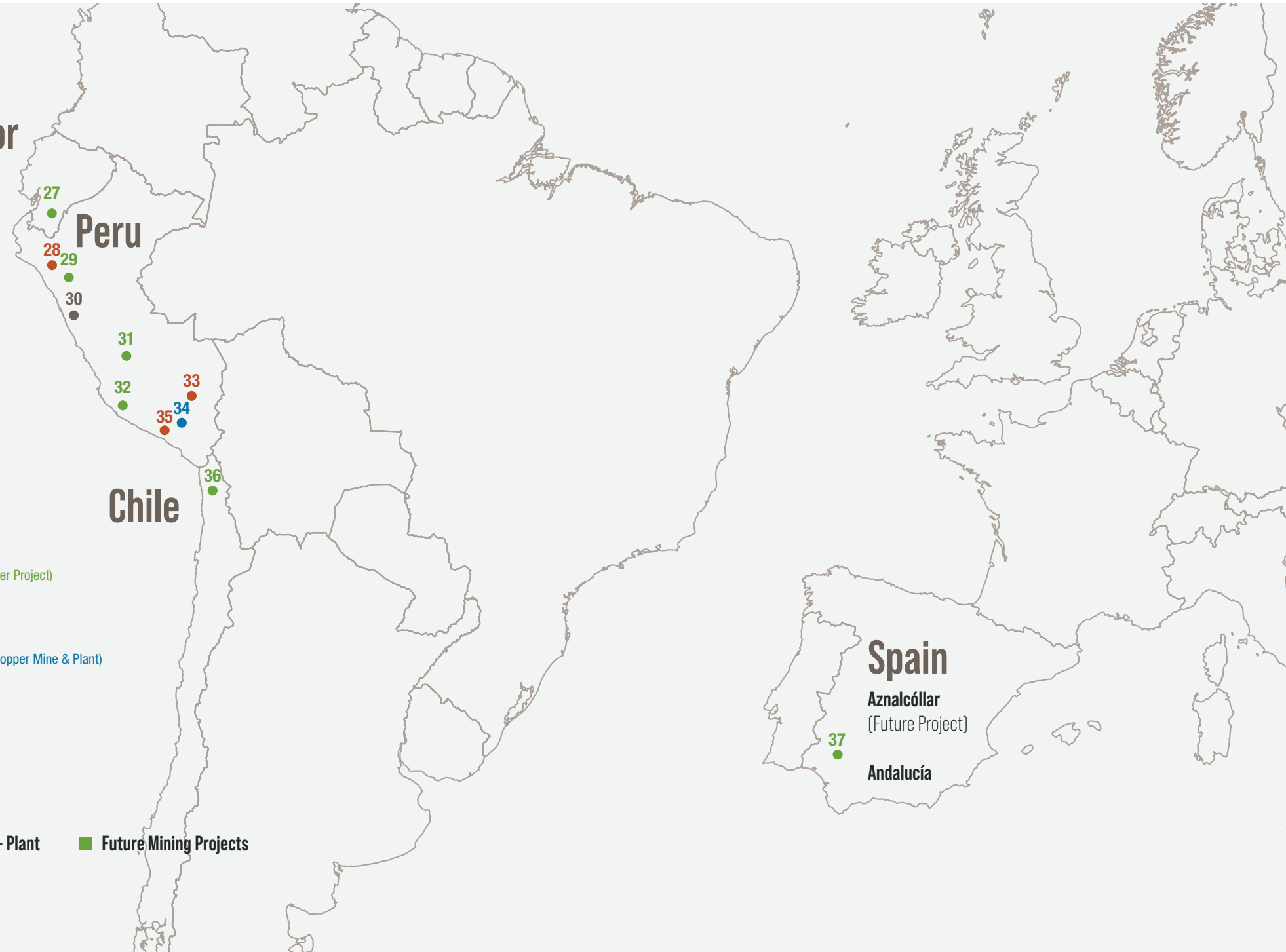
MINING DIVISION

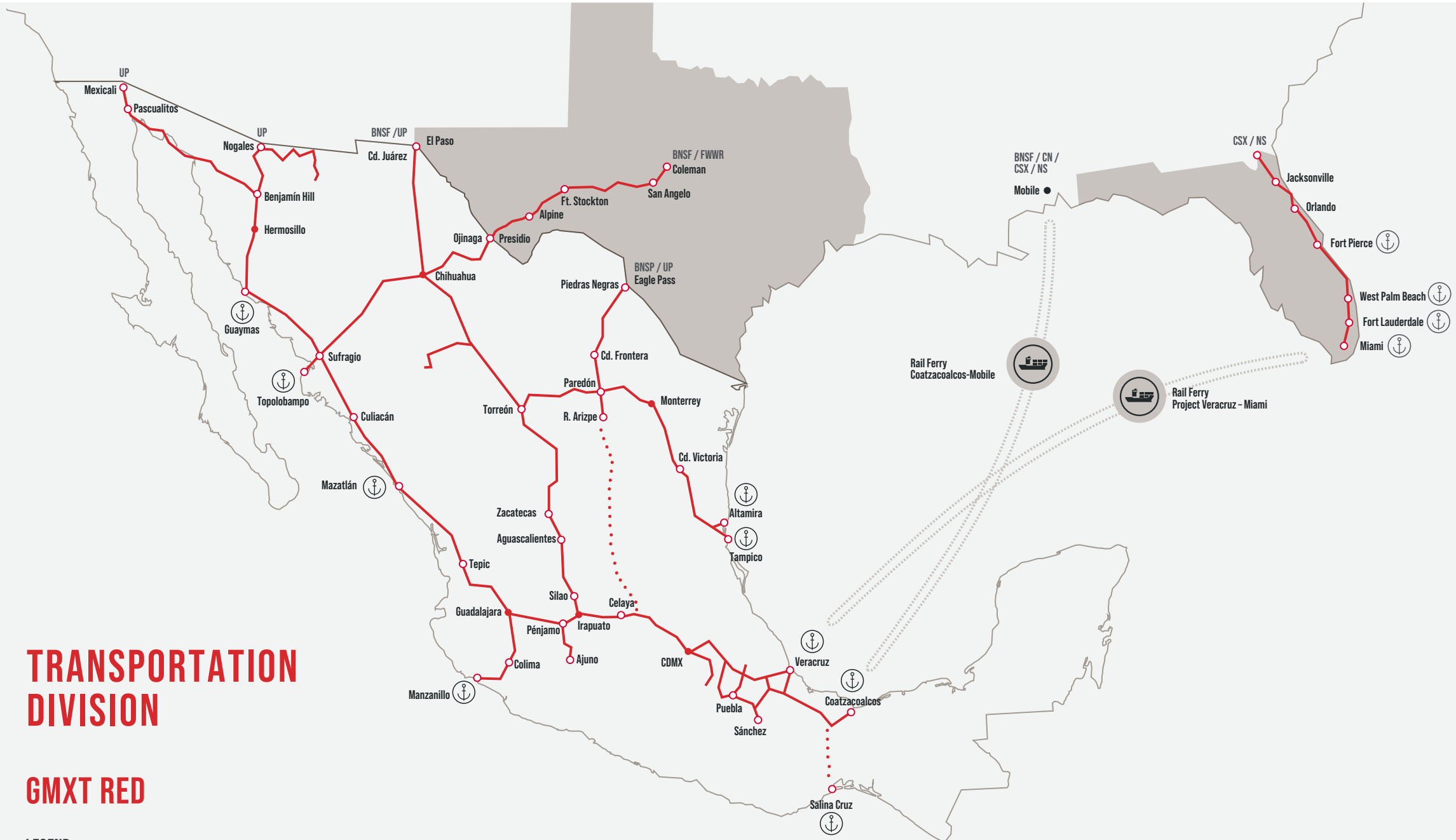
- 27** Chaucha (Future Copper Project)
- 28** Tantahuatay (Gold Mine)
- 29** Michiquillay (Future Project)
- 30** Lima Offices (Corporate Offices)
- 31** Los Chancas (Future Copper Project)
- 32** Tia María (Future SX/EW Copper Project)
- 33** Cuajone (Copper Mine)
- 34** Toquepala Toquepala (SX/EW Copper Mine & Plant)
- 35** Ilo (Processing Plant)
- 36** Catanave (Future Project)
- 37** Aznalcóllar (Future Project)

LEGEND

- Mines
- Plants
- Offices
- Mine + Plant
- Future Mining Projects

*ESDE (Electroplating Copper Cathode Plant)





TRANSPORTATION DIVISION

GMXT RED

LEGEND

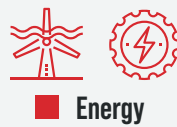
... Rights-of-way

INFRASTRUCTURE DIVISION

- 1 Combined Cycle Power Plants**
(Nacoziari, Sonora)
- 2 Guadalajara Fuel Terminal**
(Project in Development)
- 3 Aguascalientes Fuel Terminal**
(Project in development)
- 4 Cadereyta Fuel Terminal**
(Nuevo León)
- 5 Monterrey Fuel Terminal**
(Project in Development)
- 6 Fencias Wind Farm**
(Project in Development)
- 7 El Retiro Wind Farm**
(Juchitán, Oaxaca)
- 8 Leon-Salamanca Highway**
- 9 Silao Bypass**

- 10 Onshore Drilling Base**
(Poza Rica, Veracruz)
- 11 Offshore Drilling Base**
(Ciudad del Carmen, Campeche)
- 12 Tamaulipas Rig**
- 13 Veracruz Rig**
- 14 Sonora Rig**
- 15 Tabasco Rig**
- 16 Zacatecas Rig**
- 17 Campeche Rig**
- 18 Chihuahua Rig**

LEGEND



Energy



Highway



Drilling



Fuel Terminal



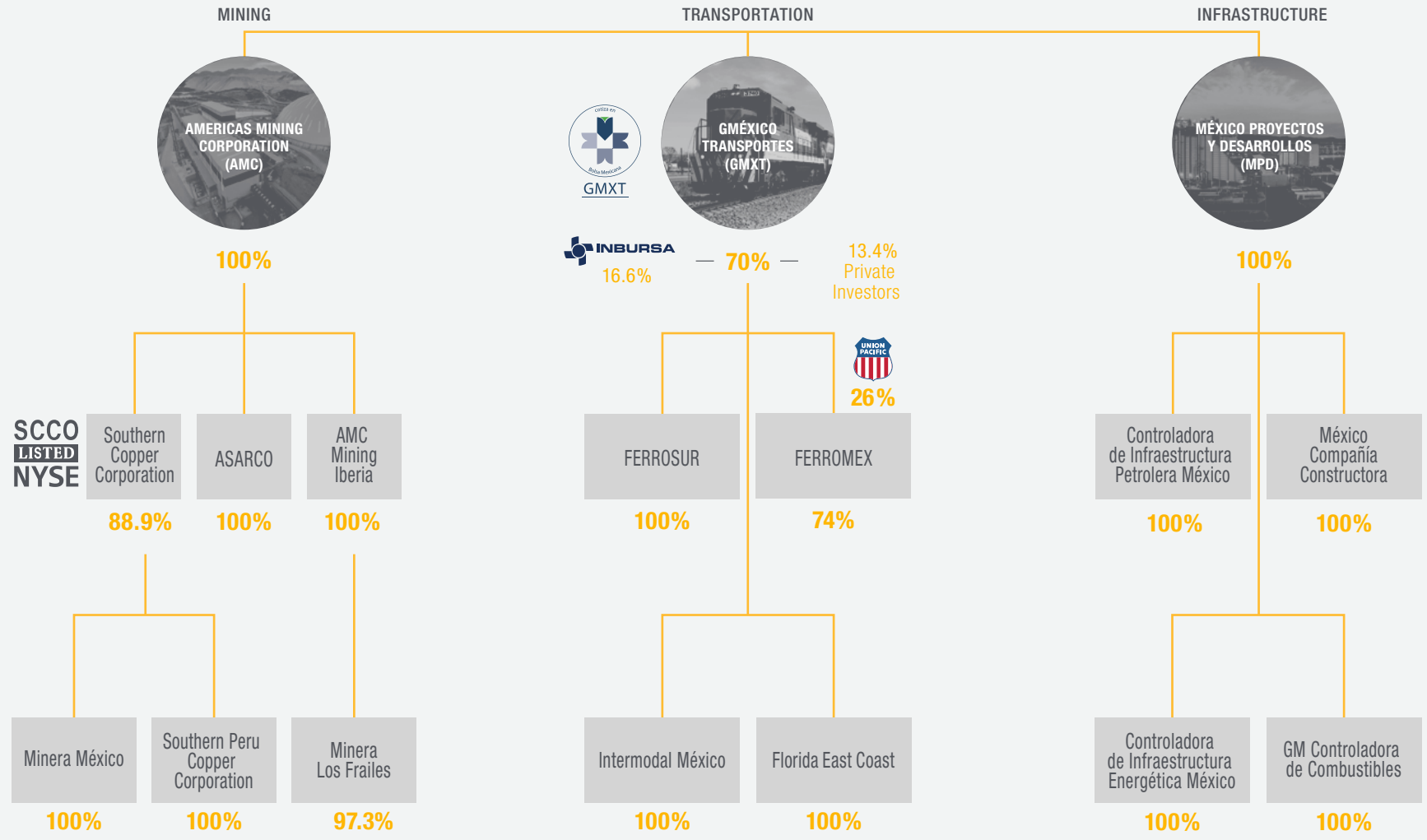
Corporate structure

GRI 102-7, 102-8, 102-45



G MEXICO B

GRUPO MÉXICO HAS BEEN TRADING SINCE 1966





Mining Division

Americas Mining Corporation (AMC)

- Southern Copper Corporation (SCC) • ASARCO • Minera Los Frailes
- Minera México
- Southern Peru

Employees **16,016**

Operations

- 15 Underground and open pit mines
- 52 Smelters, refineries and other plants
- 11 Explorations
- Mexico, Peru, USA, Argentina, Chile, Ecuador and Spain

Net sales **US\$ 8,566 million**



Transportation Division

GMéxico Transportes, S.A.B. de C.V. (GMXT)

- Ferromex
- Ferrosur
- Intermodal México
- Florida East Coast Holding Corp.
- Texas Pacifico

Employees **10,901**

Operations

- 11,146 km Rail network
- 880 Locomotives and 26,319 Railcars of different types
- 8 ports
- 5 crossings on the Mexico-USA border

Net sales **US\$ 2,158 million**



Infrastructure Division

México Proyectos y Desarrollos, S.A. de C.V. (MPD)

- México Compañía Constructora
- Perforadora México
- Engineering Services
- Energy
- Highways
- Fuels

Employees **2,669**

Operations

- 2 Modular rigs
- 5 Jack-up rigs
- Combined Cycle Power Plants USA
- La Caridad (500 MW)
- El Retiro Wind Farm (74 MW)
- High-specification highways (construction, operation and maintenance)
- 1 Fuel shipping terminal

Net sales **US\$ 528 million**



📷 Employee of the Buenavista del Cobre mine in Sonora, complying with safety guidelines.

Response to the COVID-19 crisis

Globally, facing the pandemic throughout 2020 was an unprecedented challenge for governments, companies and the people.

At Grupo México and in our three divisions, our first commitment was to safeguard and protect the health and wellbeing of our collaborators, their families, and our neighbor communities. We have been working with federal, state and local governments to respond to the health emergency, prevent the virus from spreading and save lives while ensuring operational continuity in the industries we manage, classified as essential by the authorities.



COVID-19 Committee

When the World Health Organization initially announced the pandemic, Grupo México established a COVID-19 Committee, led by the Vice-Chairman of the Board and the Executive Director of the Mining Division, to prepare an effective and efficient response to the emergency and to implement the instructions issued by the health authorities in each country. Sixteen directors from our three divisions serve on the COVID-19 Committee, including our Workplace Health and Safety, Operations, Human Resources, Community Development, and Media departments.

The committee is made up of three subcommittees:

Sanitation Audit: Reviews the application of measures, gathers information from the different areas on the needs and concerns, and prepares matters for the committee’s attention.

Media and Human Resources: Prepares and disseminates information on prevention and care via different media to different stakeholders.

Health Committee at each Business Unit: Meets daily to identify any change in the epidemiological behavior of our personnel or the community.

The COVID-19 Committee issues COVID-19 Protocols, which define the management structures for the operational and administrative departments of each Grupo México division to coordinate actions to care for and protect employees, contractors and communities, and prevent the virus from spreading. Additionally, the committee is responsible for minimizing the adverse effects of the pandemic on our supply chains, and for developing actions to ensure the continuity of our operations.

The COVID-19 Protocols are based on seven guiding principles for decision-making and the implementation of plans and response measures:



01

Active participation in the implementation and observance of the health promotion, prevention and containment measures in the workplace.



02

Transparency in timely and reliable information without overstating or understating the risks.



03

Respect for the human rights of our collaborators, ensuring a healthy and safe workplace, complying with the laws and regulations in each country where we operate.



04

Non-discrimination of employees, regardless of their medical condition, respecting confidentiality.



05

Communication and cooperation in the implementation of measures to protect worker health.



06

Ongoing health promotion and prevention programs, once the primary threats of the virus spreading have been controlled.



07

Understanding that the workloads, rhythms, and processes may be affected.

Grupo México's COVID-19 response

1. Strengthen hospital capacities in Mexico, Peru, and the United States

- Delivery of the Juchitan de Zaragoza Hospital to the Oaxaca state government.
- 22 temporary hospitals in Mexico and Peru with a joint capacity of 385 beds.
- 2 ambulances.
- 4 medicinal oxygen plants in Peru.
- 139 respirators, 500 non-invasive ventilators.
- More than 318,000 liters of liquid oxygen.
- Nearly 503,000 protection kits for healthcare workers.
- 120,000 liters of antibacterial gel.
- 60,000 meals prepared for doctors.

2. Support for the detection and containment of the virus

- Donation of more than 10,000 molecular tests and 120,000 rapid tests.
- Continuous communication campaigns.
- Over 5,000 collaborators certified in COVID-19 prevention through courses both at our facilities and offsite.
- 14,000 people trained in online programs through Fundación Grupo México Association Network, to professionalize organized civil society, resolve medical doubts through Dr. Vagón's doctors, etc..

3. Support for vulnerable people and groups

- More than 107,510 food baskets and 270 tons of food.
- More than 300 psychological, medical, and job-related guidance services through the Community Care Service.



Grupo México's commitment to our people

Our people are the cornerstone of our organization. We are committed to providing a safe workplace for our collaborators and their families, following the highest health and hygiene standards. We have implemented prevention and response measures to protect the employees and contractors in our three divisions. First, we put protocols in place to stop the virus from spreading, detect symptoms and to isolate. When cases are confirmed, we provide ongoing monitoring and assurance that the major medical insurance, a benefit all our employees receive, will cover the cost, and we also follow up with people who may have been in contact with the virus. We are trying to halt the chain of transmission within our operations and our neighboring communities with these actions.

The COVID Protocol includes clear instructions on preventing the virus from spreading between employees in operational and administrative departments, adhering to the guidelines set by the health authorities. We have adopted the following lines of action:



Implementation of sanitation measures at our operations and administrative offices.



Entry protocols at all our facilities.



Employee training on COVID-19 prevention.



Equipment and protection for employees.

We have been identifying and assessing the risk to vulnerable groups in our operations since the start of the pandemic. We have identified all our employees, contractors and suppliers who are over 60 years of age, women who are pregnant or nursing, and people with respiratory diseases, diabetes and high blood pressure, and we put home office measures in place for all of them.

Throughout our three divisions, we have modified and equipped our workspaces to add checkpoints at the entries to our facilities following the health and safety protocols set by the health authorities in Mexico, Peru and the United States.

We also activated communication channels in all our divisions specifically to disseminate inhouse awareness campaigns on the prevention measures, offering a toll-free line to provide guidance on medical and job-related questions, as well as psychological support for our collaborators and their families. (For more information, see the section on SAC-COVID.)



Door-to-door safety

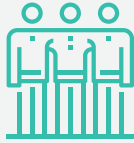
We have implemented actions so that all our employees feel safe from the time they leave their homes until they return. We have applied social distancing in our company methods of transportation; delivered personal protective equipment, and installed checkpoints at the entries to all our operations. Employees in our corporate offices have been encouraged to work from home.

The same health and safety standards have been implemented in the neighborhoods and camps where our employees live, with ongoing communications about prevention. We have protocols in place on actions, detecting potential cases, social distancing, and reinforcing cleaning and disinfecting spaces.



The then Deputy Secretary of Mining, Francisco Quiroga, conducting an inspection of the health measures in place at the La Caridad mine in Sonora, Mexico.

Our COVID policies and protocols were extended to our contractors and suppliers to protect the health of all workers.



Protection for our families

The care we provide for our employees extends to their families. We delivered more than 37,448 cleaning and hygiene kits, following the measures recommended by the authorities, which we have restocked every two months to ensure everyone has these products at home. As part of this intervention, more than 9,370 families signed a voluntary commitment where all members of the family promised to follow the sanitation measures.

“I appreciate the support of the company and their concern for my health, the health of my coworkers and our families. Having this support makes me feel safe at work, with the proper measures in place to continue carrying out my work.”

Buenavista del Cobre employee, Cananea, Sonora, Mexico

We organized 316 virtual workshops in 2020 in Mexico and Peru on emotional health and nutrition, delivered to our collaborators and their families by specialists in these areas to facilitate adapting to the “new normal” and to adopt healthy habits. We reinforced these activities during the yearend holiday season to support people experiencing emotional issues like loneliness, uncertainty or the loss of loved ones. In Peru, we offered psychological consults online, attending 172 cases of employee family members in 2020. We also opened a virtual platform with 2,800 users where we posted activities to reinforce family integration during the COVID-19 lockdowns.

Our “Mine Stores” offered a delivery service to support the prevention measures and provide our collaborators and community members with the option to stay at home. At the end of 2020, we had made over 5,000 deliveries.

To benefit the children of our collaborators who study in the 11 educational centers supported by the company in Mexico and Peru, the academic service migrated to a distance school model in the context of the health emergency. The collaboration of more than 300 teachers together with the students’ families made it possible to ensure the continuity of 100% of the school enrollment made up of 3,677 students¹.

We delivered 625,204 classes, educational activities and tutoring sessions between the start of the health emergency and the end of 2020, via educational platforms, social networks, videoconferences and telephone calls. We also provided students and their families psychological support to care for their mental health, and we encouraged physical activity and healthy eating to prevent becoming sedentary during COVID-19 lockdowns.

¹ The national average in Mexico is 74% for remote learning at the primary and middle school levels, according to the Mexican Department of Education, and 85% in Peru as reported by the Ministry of Education.



Grupo México's commitment to the government

Government, the company, and society have been working together in response to the pandemic, caring for our collaborators, their families, and our communities. In this regard, the close relationships that Grupo México has with federal, state, regional, and local governments in Mexico, Peru and the United States allowed to generate bridges of action to join in the attention of the needs and strengthen the healthcare institutions and attend to the public.

We joined efforts with the local authorities through municipal health committees and councils in each location where we operate, led by the local mayor, and where the company is represented by the Community Development and Occupational Health departments. In collaboration with the local authorities, we reinforced public health programs, (implementing and strengthening prevention and infection containment measures in the community with COVID-19 early detection fairs, checkpoints, caravans and joint dissemination actions, among others).



We donated US\$30.8 million in medical equipment and supplies, protection kits for our employees, healthcare workers and people in the community in 2020.



📷 Donation of invasive mechanical ventilators to the Sonora State Department of Health in Mexico.

In Mexico and Peru, we delivered more than 1.1 million face masks, performed more than 23,000 PCR and rapid tests in Mexico and more than 111,000 in Peru, we delivered 503,000 protection kits for healthcare workers and more than 104,000 food baskets. These actions made an important contribution to preventing the virus from spreading. For people who did contract COVID-19, the three divisions of Grupo México provided support with hospital equipment to treat patients, for example, by delivering more than 639 mechanical and non-invasive ventilators. Recognizing the dedication of healthcare workers, we delivered protection kits to hospitals.



In total we installed 22 hospital modules with 385 beds and oxygen supply to increase the capacity of hospital care in Mexico and Peru.

In Peru, Grupo México supported the local healthcare services, disinfected public spaces in our neighboring communities with specialized spraying equipment, and delivered foodstuffs and other items to low-income families. We responded to the growing demand for oxygen in Peru by donating 318,000 liters of liquid oxygen from our smelter in Ilo to the hospitals in Moquegua and Arequipa. We also installed two oxygen gas plants in the Tacna and Puno regions, with production capacities of 936 m³ and 288 m³ per day, respectively. Additionally, we donated two ambulances and two fire trucks, 100 hospital beds and one molecular lab.

In Cananea, Sonora, Mexico, we offered the services of a Molecular Lab free of charge, with a capacity to process up to 100 PCR tests per day and providing preventive diagnoses.

135
beds

in Sonora, Guanajuato and Campeche, Mexico.

Strengthening of the government strategy to face the pandemic

Conscious of the growing demand for hospital beds because of the pandemic, we completed the formal delivery of the Specializations Hospital in Juchitan, Oaxaca, construction which began in 2018. The hospital was donated by the Grupo México Foundation to the Mexican Department of Defense to treat COVID-19 patients in the Isthmus of Tehuantepec region.

Grupo Mexico Foundation played an essential role in the company's strategy to face the pandemic. In our three divisions, the Foundation coordinated the delivery of supplies both to local authorities and directly to residents of nearby communities.

In Mexico, to facilitate the social isolation recommended by the health authorities and to prevent the virus from spreading, we opened four temporary COVID-19 centers in Sonora, Guanajuato and Campeche, together with the Department of Health, with a total 135 beds. These centers have isolation spaces for asymptomatic patients or those with mild COVID-19 symptoms, where they can quarantine safely, without exposing their families and they can

receive medical and psychological treatment as well as nutrition advice and basic care. Additionally, and in collaboration with the local authorities, we organized COVID-19 detection fairs in seven communities where we operate to prevent and detect cases that could put the community at risk.

To strengthen the hygiene measures recommended by the health authorities, we installed 110 portable handwashing stations in Mexico and 200 in Peru in strategic places to encourage the public to wash their hands frequently. We disinfected public spaces in communities, medical clinics, prisons, and police and military posts. Also, and in collaboration with the authorities and nonprofit organizations, we organized digital and print media campaigns to promote COVID-19 prevention and detection.

We worked with the Mining Clusters in Sonora, Chihuahua and Zacatecas to join the initiatives of the business associations to protect the health of vulnerable groups and the general public in mining communities.



Grupo México's commitment to our neighbor communities

We have developed communication channels over the years to reach out and listen to community leaders, the elderly, mothers, doctors and teachers, persons with disabilities, our employees and their families.

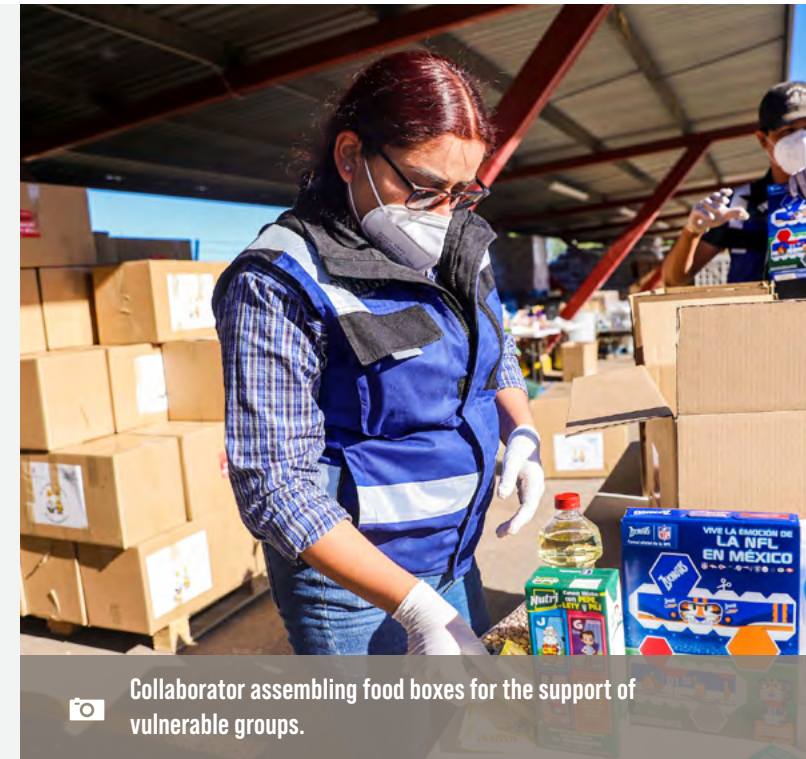
This ongoing communication assures us that the actions we have taken to face the pandemic have been designed, implemented and accepted in co-responsibility to address the most pressing social needs in each community.


Vulnerable groups and communities

Grupo México has been working since the start of the COVID-19 health emergency to care for the health and wellbeing of our collaborators, their families and the community, focusing on protections for the most vulnerable groups, such as the elderly, persons with disabilities, and pregnant women. In this regard, we organized support networks within the community to encourage caring for each other and for the psycho-emotional health of people who have faced difficult challenges because of the pandemic.

We started a new program, Amigos a la distancia (Friends at a distance) which provides friendship and accompaniment for the elderly and persons with disabilities who may be feeling lonely, through connections with volunteer friends in the community, including our employees and their families. The program builds friendships through daily remote communication such as letters, telephone calls and videos, sharing stories, recommendations on health and personal care, and also being attentive to their possible needs. We have paired more than 340 people so far under the program.

Taking all the necessary precautions, we delivered more than 46,000 food baskets to assisted living facilities, children's homes and families in Mexico and Peru, so that these vulnerable groups could stay at home, ensuring they had what they needed to look after themselves. Also, Grupo México implemented the program Vecinos Solidarios (Neighbors Together) to foster collective care and COVID-19 prevention within the community through social vigilance actions and promoting protection measures. This included the use of face masks, social distancing, hand washing and prevention of possible risks detected in their environment. This program had the support of the municipal authorities and more than three thousand volunteers.



 Collaborator assembling food boxes for the support of vulnerable groups.

“I tell them about my life, my childhood, and I feel heard ... I believe we're getting to know each other really well.”

Friend at a distance, Cananea, Sonora, Mexico.

52,000 reusable face masks made by volunteers

were donated to the population and public health authorities.

Making face masks

The pandemic provided an opportunity to show solidarity with the community. An example of this is the sewing workshop at Casa Grande in Esqueda, Sonora, Mexico, where Mrs. Martha Imelda Delfin taught 12 others how to make face masks to produce an alternative source of income. The participants in this sewing workshop were committed to their community and set themselves the goal of making 5,000 reusable face masks for vulnerable groups.

Today, this program has traveled around Mexico, Peru and the United States, spreading the dream of this first group of women. With the support of 292 volunteers in 24 communities, more than 52,000 reusable face masks have been made and donated to the community and public health facilities.

“Without a doubt, this is a great initiative to promote health through different activities; the results are positive for any age, thanks for inviting us.”

2020 Challenge participant in Esqueda, Sonora, Mexico.

Virtual Casa Grande

To face this new reality, we adjusted the content and modality of the social programs offered through our 32 community centers and we managed to transmit them entirely in virtual mode. We implemented more than 4,634 virtual workshops with practical and relevant content, like creating family orchards and caring for people in vulnerable conditions. With this initiative, we built a community of 290,000 users on our social networks in Mexico and Peru in 2020, a 63% increase in users over 2019 and a cumulative reach of 9.4 million views of the content shared.

We ran campaigns at strategic points in our communities through digital media and social networks, disseminating information on COVID-19 protocols and prevention measures, as recommended by the Mexican and Peruvian governments to promote #SanaDistancia (social distancing) and #QuédateEnCasa (stay at home). Additionally, when people were required to stay at home, we created the 2020 Challenge, which challenged participants in Mexico and Peru to adopt good physical and emotional habits for 21 days, doing physical activities, eating well and adopting healthy habits. More than 2,000 people participated in the challenge.

Community Care Service - COVID 19

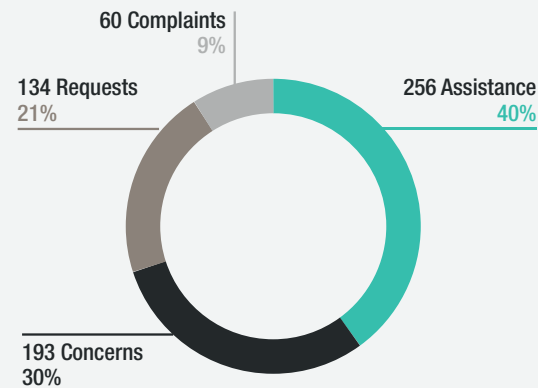
We took advantage of the existing structure of the Community Care Service (SAC), a communication channel for the community to bring grievances, suggestions, and concerns to the company, to offer, as of March 16, special medical, psychological and job-related guidance services free of charge through a 24-hour telephone line, WhatsApp and email. This initiative for employees, families and the public was made available through the three divisions: Mining, Infrastructure and Transportation. The following results are reported for 2020:

- 646 cases in Mexico and Peru
- 100% resolved in an average of two days
- 376 cases resolved with the first contact²

The COVID-Community Care Service (SAC) has been a useful tool for serving the internal public, with 415 cases of employees and their families, of which 192 were medical, psychological and work orientations.

² Of the 60 complaints received, 14 were from the community, mostly from suppliers who had not complied with the preventive measures to enter the community, 39 were from employees living at our camps in Peru, mainly asking about supplies and services, and reporting neighbors not complying with the preventive measures, among others; and seven were not related to the company.

Chart Names:



415 cases attended

from collaborators and their families through the SAC Covid platform during 2020.

Fostering local economic recovery

With the Forjando Future Program (Forging a Future) job training and community supplier program, in alliance with the Instituto Tecnológico Superior de Cananea, the Cayetano Heredia University, the Ministry of health, and local governments, we developed an online COVID-19 Biosafety course. This course provides training on COVID-19 prevention measures and protocols to protect worker health and their surroundings, ensuring the continuity of the operations of medium and small companies and their economic reactivation in the face of a new normality. More than two thousand people from Mexico and Peru benefited from this training.

Youth orchestras and choirs

Our youth orchestras and choirs in Nacozari and Cananea, Sonora, organized volunteer activities offering virtual and in-person performances (with social distancing) at homes for the elderly, for healthcare workers and government authorities in appreciation of their work during the pandemic, and to celebrate Mother's Day and Teacher's Day.

In a context of uncertainty, this health emergency has brought great challenges for everyone, but the experience has taught us that we need to come together in support of the common good. At Grupo México, we have strengthened the operations at our three divisions, at all levels of the organization, through a process of learning, adapting and reinventing new ways of doing things.

During the pandemic, we have learned that health is a priority and we have refocused much of our efforts to preventive health and monitoring collaborators, adding programs to focus on their wellbeing. Once we come out of the pandemic, the knowledge and skills acquired will help us to continue to design and implement strategies to remain a major player in the socioeconomic development and generation of value for our communities and stakeholders in the countries where we operate.



📷 Youth Orchestra in Nacozari, Sonora, Mexico.

During 2021, at Grupo México we reaffirm our commitment to join the efforts of governments and citizens to overcome the epidemic and give continuity to our operations, with the certainty that a joint, responsible and supportive effort is the best formula to overcome this contingency.

Generation of Shared Value

Economic Value Generated and Distributed	26
Expenditure on Suppliers	29
Contributions to the Sustainable Development Goals (SDGs)	32
Grupo México Foundation	37



📷 Panoramic view of pit in Buenavista del Cobre, in Cananea, Sonora, Mexico.

Economic Value Generated and Distributed

Our activities strengthen the economies in the regions where we operate, as well as the social and human capital of the community. Our operations generate value for our investors, employees, suppliers and contractors. The taxes the company pays facilitate the distribution of the economic value generated with the governments and populations of the economies where we have presence.

We operate under a model that drives the economic development and social wellbeing of our neighboring communities. Our activities and projects generate and demand quality employment, skills and local talent and suppliers, as well as infrastructure and economic, social and cultural opportunities that may be difficult to find in other circumstances, particularly in the remote rural environments where most of our operations are situated.

Additionally, we allocated 3.8% of profits in 2020 to voluntary initiatives in support of the United Nations Sustainable Development Goals and to generating shared value with our neighboring communities.

Economic Value Generated and Distributed

GRI 201-1



Grupo México operations generated a total economic value of **US\$11,252 million**, in 2020, 75% of which (US\$8.435 million) was distributed to stakeholders.

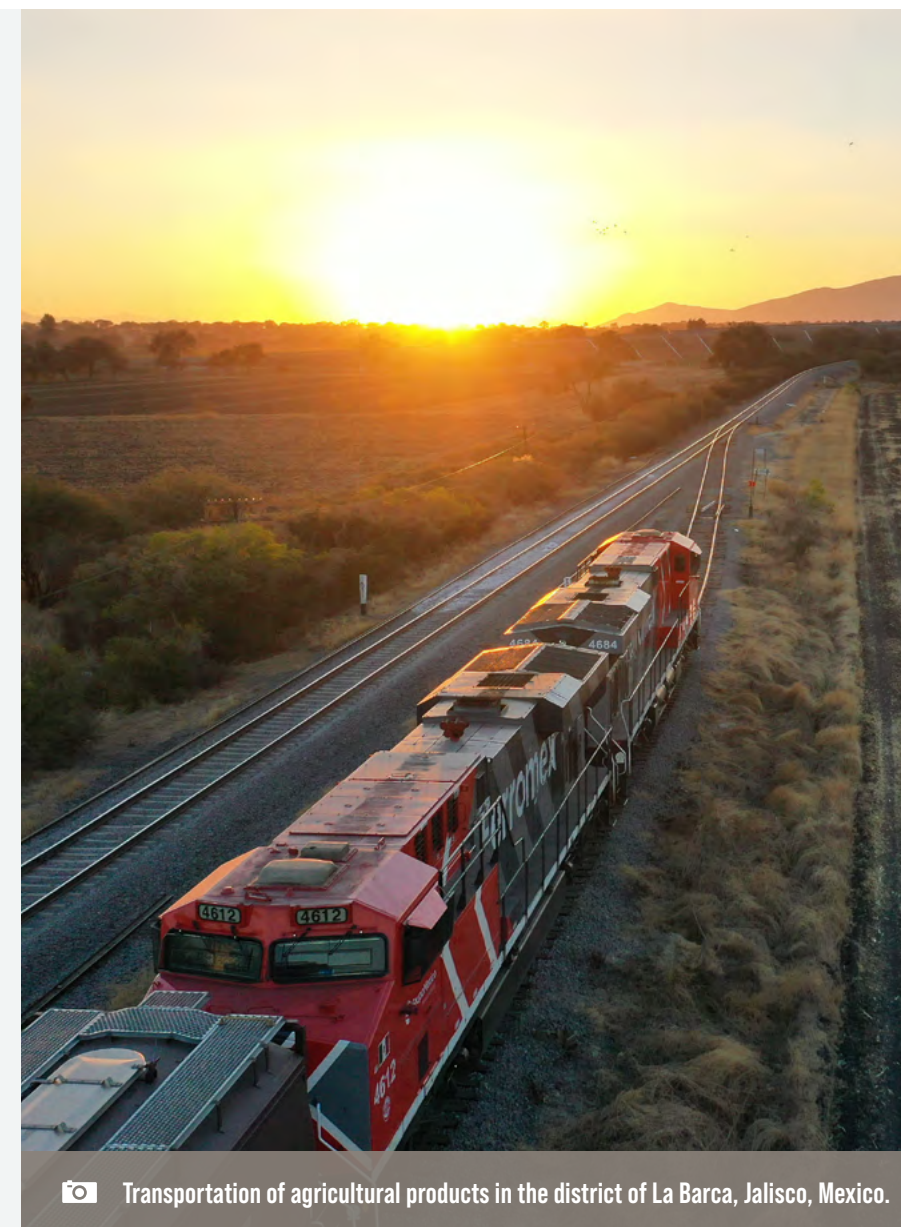
	Grupo México			US\$ Millions
	2018	2019	2020	
Economic Value Generated (EVG) - Sales	10,495	11,021	11,252	
Economic Value Distributed (EVD)	8,382	8,685	8,435	
Operating costs ¹	4,249	5,063	5,072	60%
Salaries, wages and benefits ²	1,247	996	870	10%
Financial institutions and stockholders	1,845	1,132	1,157	14%
Taxes ³	975	1,437	1,249	15%
Community investments	62	40	39	0.5%
GM Foundation and donations ⁴	4	17	48	0.5%
Economic Value Retained (EVR) = EVG - EVD	2,113	2,336	2,820	

¹ Does not include salaries, wages and benefits for operational personnel.

² The decrease in salaries, wages and benefits in 2020 is due primarily to the reduced activities at the Amarillo and Hayden mines in the United States, and the closure of the Santa Eulalia operation in Mexico.

³ Grupo México pays taxes according to the local tax laws in the countries where we operate, and also has an obligation of transparency on being a publicly traded company. This line includes mining rights, concession fees and other taxes.

⁴ The line "GM Foundation and Donations" was added in 2020 to more easily scale the health supports delivered and the efforts in response to the COVID-19 global pandemic (independent of the budgets for Community Development).



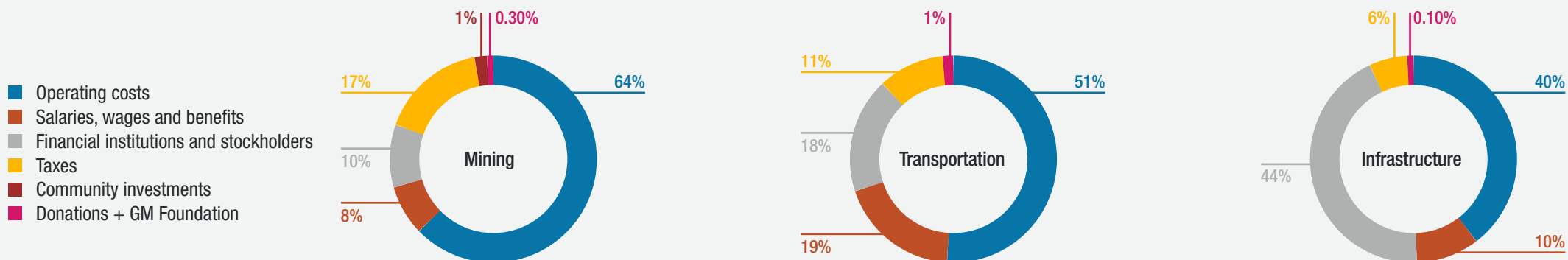
Transportation of agricultural products in the district of La Barca, Jalisco, Mexico.

The economic value generated (EVD) is primarily distributed through operating costs, followed by taxes, financial institutions and stockholders, and then salaries, wages and benefits. The Mining Division generated 74% of the EVD in 2020 (US\$8.435 million), while the Transportation and Infrastructure Divisions contributed 20% and 6% to the total, respectively.

US\$ Millions

Division	Economic Value Created (EVC)	Economic Value Distributed (EVD)							Economic Value Retained (EVR)
	Income	Operating Costs	Salaries, Wages & Benefits	Financial Institutions & Stockholders	Taxes	Community Investments	Donations + GMF	Total EVD	
SCC	7,915	3,434	370	593	1,033	35	17	5,482	2,432
Mexico ⁵	4,761	2,054	128	409	641	10	11	3,253	1,507
Peru ⁵	3,154	1,380	242	184	392	25	6	2,229	925
United States of America	652	567	117	35	4	0.2	0.04	723	(72)
Total Mining Division	8,566	4,005	488	628	1,037	35.4	16.3	6,210	2,357
Total Transportation Division	2,158	866	332	311	180	3.1	19.1	1,711	448
Total Infrastructure Division	528	201	51	218	32	0.3	0.3	502	26
Total Grupo México Foundation	-	-	-	-	-	-	12.3	12	-
2020	11,252	5,072	870	1,157	1,249	39	48	8,435	2,820
2019	11,021	5,063	996	1,132	1,437	40	17	8,685	2,336
2018	10,495	4,249	1,247	1,845	975	62	4	8,382	2,113

The distribution of the Economic Value Distributed (EVD) generated in each division is illustrated below.



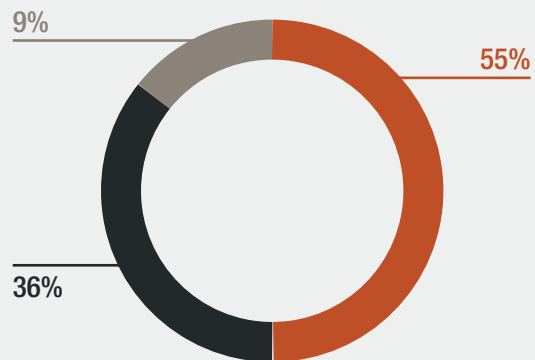
⁵ The Mexican and Peruvian operations of the Mining Division are equivalent to 100% of the operations of Southern Copper Corporation (SCC).

Expenditure on Suppliers

GRI 204-1

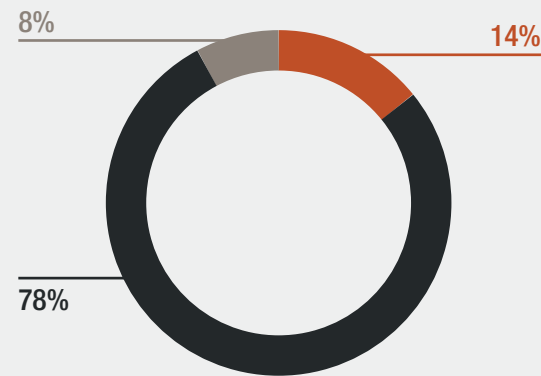
In 2020, 28% of the total economic value generated by the company was distributed among suppliers of the 3 divisions. The Mining Division contributed 55% of the total of this economic value of US\$3,204 million, of which 92% was destined to local⁶ and national⁷ suppliers.

Expenditure on suppliers per division



- Mining Division
- Transportation Division
- Infrastructure Division

Share of expenditure on local, national and international suppliers



- Local
- National
- International

The top 5 categories of procured goods and services in each division are listed as followed. Together, they represent 45% of the total Grupo México supplier spend (US\$1.441 million):

	Mining	Transportation	Infrastructure
1	Energy	Energy	Energy
2	Vehicle and machine parts	Track machinery and signaling	Type H cements
3	Chemicals	General services for rail operations	Chemicals
4	Grinding balls and rods	Construction contractors	Vehicle and machine parts
5	Explosives and accessories	Locomotive and railcar parts	Construction materials

⁶ Local suppliers are those who provide goods or services in the same state as the company operation. The Transportation Division is currently identifying their local suppliers to disclose this information in future reports.

⁷ Suppliers who are in the same country where they provide the goods and services. Local suppliers are not included in the national suppliers calculation.

The following table details the economic spending for suppliers in the 3 Grupo México divisions, by type of supplier.

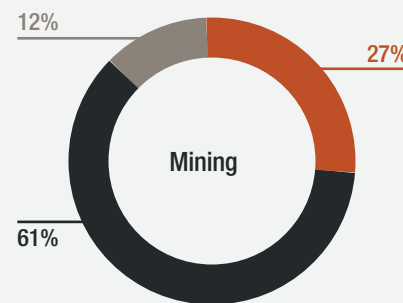
US\$ Millions

In the Mining Division, 88% of the economic spillover generated for suppliers went to local and national suppliers. In Mexico, spending on local suppliers is higher because there are important local mining clusters that offer specialized goods and services to support mining operations in the states where we are present. It is the opposite in Peru, where our operations are located in isolated states where there is a limited and less sophisticated local supply, which is why most of the spending is made on national suppliers. In the United States, nearly all the goods and services our mine operations require are available at the local or national level, therefore the spend with international suppliers is minimal.

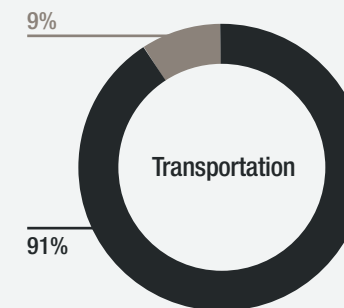
We are committed to generating shared value in the environments where we have activities. To this end, the [Forjando Futuro](#) program of our community development model aims to strengthen the supply and generation of local talent, for the mutual benefit of local communities and our operations.

Region	Total spend	Total suppliers	Local suppliers		National suppliers		International suppliers	
			Total spend	Total #	Total spend	Total #	Total spend	Total #
SCC	1,484	3,271	333	518	936	1,791	214	962
Mexico	830	1,797	327	413	369	759	133	625
Peru	654	1,474	6	105	567	1,032	81	337
USA	279	932	147	426	130	452	3	54
Total Mining Division	1,763	4,203	480	944	1,066	2,243	217	1,016
Mexico	1,126	1,643	–	–	1,020	1,554	107	89
USA	39	850	–	–	39	850	0	0
Total Transportation Division	1,165	2,493	–	–	1,059	2,404	107	89
Total Infrastructure Division	276	1,762	164	1,318	86	355	26	89
Total Grupo México	3,204	8,458	644	2,262	2,211	5,002	350	1,194

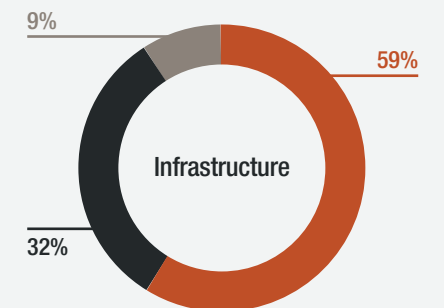
- Local
- National
- International



The Mining Division generated an economic spillover for suppliers of **US\$1.763 million** in 2020 (55% of the supplier spending of Grupo México).



91% of the 2020 spending in the Transportation Division went to national suppliers.



59% of the 2020 spending in the Infrastructure Division went to local suppliers.

Sustainable Development Investments

Our commitment to sustainable development is backed by investments and expenses aimed at continuously strengthening the safety and health of our employees, improving the environmental performance of our operations, and promoting the economic, social and human development of the communities surrounding our operations.

Our social and environmental investments, spending and donations⁸ in the last three years are summarized in the table below. These amounts totaled US\$463 million. It is important to note that 2020 was atypical in many ways because of the COVID-19 global pandemic, and this is the principal reason for the decrease in spending in occupational health and safety and the increase in Grupo México Foundation contributions and donations – mostly focusing on facing the pandemic.

	2018	2019	2020	
				US\$ Millions
Types of Investments and Spending	446	510	463	
Occupational Health & Safety	116	158	81	17.5%
Environment	264	295	295	63.7%
Community Development	62	40	39	8.4%
GM Foundation and Donations	4	17	48	10.4%

The 2020 amounts corresponding to each division and category are detailed in the table following.

	US\$ Millions				
Division	Occupational Health & Safety	Environment	Community Development	Donations	Total
SCC	50.7	144.4	35.2	16.3	246.6
Mexico	48.8	130.8	9.9	10.5	200
Peru	1.9	13.6	25.3	5.8	46.6
United States	6.3	19.1	0.2	0.04	25.6
Total Mining Division	57	163.5	35.4	16.3	272.2
Total Transportation Division	13.7	0.4	3.1	19.1	36.3
Total Infrastructure Division	10	131.7	0.3	0.3	142.3
Total GM Foundation	-	-	-	12.3	12.3
Total Grupo México	80.7	295.6	38.8	48	463.1

Main concepts of investments and expenses in sustainable development contemplated:



Occupational Health & Safety

- Foster, promote and protect health
- Disease detection and treatment
- Training
- Personal protection
- Industrial hygiene
- Rehabilitation of areas



Environment

- Reduce water consumption, increase treatment and reuse
- Waste management
- Reduce GHG emissions
- Biodiversity conservation
- Reforestation
- Spill prevention and mitigation



Community Development

- Social programs
- Operation of schools
- Services in employee neighborhoods
- Investments in community infrastructure



GM Foundation and Donations

- Health Program Dr. Vagón
- Education and environmental programs
- Supports, donations and humanitarian aid
- Development of institutions and associations

⁸ Includes the 2019 and 2020 investments from the Fenicias wind farm (US\$44.2 and US\$127.8 million, respectively). The figure reported in 2019 has been restated accordingly.

Contributions to the Sustainable Development Goals - 2030 Agenda

One of our goals is to invest at least 2.5% of net profits in projects that contribute to the United Nations Sustainable Development Goals (SDG) in the communities surrounding our operations.



To report progress on this goal, we have divided contributions into 2 categories: **community contributions**, which translate into a direct benefit for the communities and are included in the goal count; and **operational contributions**, which are not included in the goal count but indirectly support the SDGs. The concepts included in each category are summarized as follows.

Community contributions	
Philanthropy <ul style="list-style-type: none"> Community Development programs. Grupo México Foundation actions and programs. Donations. 	Investments <ul style="list-style-type: none"> Infrastructure in communities near our operations and in neighborhoods sponsored by Grupo Mexico.

Operational contributions	
Operational Processes <ul style="list-style-type: none"> Capital and operational expenditures in Environmental and Occupational Health and Safety matters. 	Organizational Practices <ul style="list-style-type: none"> Training and qualification actions for collaborators.

In 2020, we allocated 3.8% of net profits to fund community and philanthropic projects that support the SDGs in the communities surrounding our operations (approximately USD \$ 87 million). On the other hand, investments and expenses in operational projects that support the SDGs represented 16.6% of the 2020 net profits. Adding the community and operational contributions, more than 20% of the net profits were used to support the Sustainable Development Goals in 2020. These contributions are summarized in the following table.

	US\$ Millions
Community contributions	87
Philanthropy	38.5
COVID-19	30.8
Community investments	17.7
Operational contributions	379.4
Operational processes	376.4
Organizational practices	3
Total	466.4
Grupo México net consolidated earnings, 2020	2,280
Percentage contributions to SDGs	20.4%

Community contributions to the SDG

The community contributions primarily supported the SDG 3 (*Good health and wellbeing*), 9 (*Industry, innovation and infrastructure*), 17 (*Partnerships for the goals*), 1 (*No poverty*), and 4 (*Quality education*). Some of our programs addressed multiple SDG. The proportionate contribution to each SDG is illustrated in the following illustration.



More than a third of the community contributions (36.7%) were directed to SDG 3 Good health and wellbeing, mainly to face the COVID-19 pandemic. Meanwhile, US\$14.5 million was allocated to SDG 9 (industry, innovation and infrastructure),

through infrastructure projects in communities under the modality of works for taxes derived from mining operations in Peru. We also made an important contribution to SDG 17 *Partnerships for the goals* with the delivery of the Juchitan hospital to the local authorities to serve the population in the Isthmus of Tehuantepec region in the state of Oaxaca, Mexico.

The community programs and contributions to these SDGs are listed in the following table.

	US\$ Millions	
Philanthropy	69.3	79.7%
COVID: Supports and donations	30.8	36.7%
Doctor Vagón	1.1	
Operating costs in GM neighborhoods	10.2	11.7%
Operation of schools	4.9	5.6%
Community social programs	9.3	10.7%
Development of local suppliers	0.6	0.7%
Supports and donations (institutions)	0.1	
Supports and donations (infrastructure)	11.9	14.3%
Supports and donations (services)	0.4	
Investments	17.7	20.3%
Railroad crossing signaling program	3.2	3.6%
Community infrastructure, works and equipment	14.5	16.7%
Total	87	100%
Grupo México net consolidated earnings, 2020	2,280	
Percentage community contributions to SDGs	3.8%	



Delivery of respiratory assistance equipment to the medical team in Sonora, Mexico.

The community contributions by division and type are listed in the following table.

		Mining				Total Mining Division	Total Transportation Division	Total Infrastructure Division	GM Foundation	Total Grupo México
Millions of dollars		SCC	Mexico	Peru	USA					
Community Development	Community programs	7.3	2.9	4.4	0.2	7.5	–	0.3	–	7.8
	Administrative costs	1.4	0.8	0.6	–	1.4	–	–	–	1.4
	Operating costs for schools	4.9	1.2	3.7	–	4.9	–	–	–	4.9
	Operating costs for GM neighborhoods	10.2	4	6.2	–	10.2	–	–	–	10.2
	Infrastructure in GM neighborhoods	0.1	–	0.1	–	0.1	–	–	–	0.1
	Community infrastructure	11.3	1	10.3	–	11.3	3.1	–	–	14.4
Subtotal		35.2	9.9	25.3	0.2	35.4	3.1	0.3	–	38.8
GM Foundation and Donations	Services	0.07	0.07	–	0.04	0.11	–	0.31	–	0.42
	Infrastructure	1.54	1.54	–	–	1.54	3.1	–	–	4.64
	Support for institutions	0.01	0.01	–	–	0.01	–	–	–	0.01
	COVID-19 (cash)	2.36	2.36	–	–	2.36	0.35	–	–	2.71
	COVID-19 (in kind)	12.3	6.5	5.8	–	12.3	15.7	–	0.01	28.01
	GMF programs	–	–	–	–	–	–	–	12.27	12.27
Subtotal		16.28	10.48	5.8	0.04	16.32	19.15	0.3	12.28	48.05
Total community contributions		51.48	20.38	31.1	0.24	51.72	22.25	0.6	12.28	86.85

Millions of dollars

Operational contributions to the SDG

Our operational investments and spending in support of the SDG totaled approximately US\$379.4 million in 2020, representing 16.6% of the net earnings for the year.

The contributions were mainly directed to **SDG 7 (Affordable and clean energy)**, **12 (Responsible consumption and production)**, **3 (Good health and wellbeing)**, and **6 (Clean water and sanitation)**. The operational contribution proportionate to each SDG is shown in the following graphic.



The greatest operational contribution to the SDGs was for SDG 7 (Affordable and clean energy), corresponding primarily to the 2020 investment in the 168 MW Fenicias wind farm, which will supply renewable power to the mine operations in Mexico. The second largest contribution was directed to SDG 12 (Responsible consumption and production) and corresponds primarily to investments and spending in spill prevention, mitigation and remediation.

The other operational contributions focused mainly on maintaining healthy and safe work environments SDG 3 (Good health and wellbeing), reducing the consumption of fresh water, and water recovery, treatment and reuse SDG 6 (Clean water and sanitation), and GHG emission reduction measures SDG 13 (Climate action). All the operational contributions to the SDG are detailed in the following table.

	US\$ Millions	
Operational Processes	376.4	99.2%
Workplace health	9.1	21.3%
Workplace safety	71.6	
Water	29.1	7.7%
Energy	127.8	33.7%
Spill prevention and mitigation	109.7	30%
Waste	4.1	
Air	13.8	3.6%
Biodiversity	0.3	
Reforestation	3	2.8%
Environmental management	7.6	
GMXT infrastructure	0.3	0.1%
Organizational Practices	3	0.8%
Employee training	2.6	0.8%
Scholarships for employees	0.4	
Total	379.4	100%
Grupo México net consolidated earnings, 2020	2,280	
Percentage operational contributions to SDGs	16.6%	



📷 Plant nursery in Cananea, Sonora, Mexico.

The operating contributions by division and concept are listed in the following table.

		Mining				Total Mining Division	Total Transportation Division	Total Infrastructure Division	Total Grupo México
		SCC	Mexico	Peru	USA				
Millions of dollars									
Occupational health and safety	Operating Expenses	50.1	48.2	1.9	3.1	53.2	13.7	3	69.9
	Capital Investment	0.6	0.6	–	3.2	3.8	–	7	10.8
	Subtotal	50.7	48.8	1.9	6.3	57	13.7	10	80.7
Environment	Operating Expenses	92.3	89.7	2.6	12	104.3	0.1	3.9	108.3
	Capital Investment	52.1	41.1	11	7.1	59.2	0.3	127.8	187.2
	Subtotal	144.4	130.8	13.6	19.1	163.5	0.4	131.7	295.6
Continuous training of collaborators		1.6	0.9	0.7	0.7	2.3	0.3	0.4	3



Overview of Dr. Vagón, Tren de la Salud.

Grupo México Foundation

Grupo México Foundation (GMF) is a non-profit organization whose objective is to promote the well-being of Mexico through social development programs, strategic alliances and the institutionalization of civil society organizations.

Grupo México Foundation focuses primarily on four areas:



Support for institutions



Education and Culture



Environment



Health

This section of the report presents the most relevant highlights of the Grupo México Foundation's active programs in 2020. For more information, visit www.fundaciongrupomexico.org



Support for Institutions

Our Support for Institutions is made up of two programs: *Red de Asociaciones y Fundaciones Empresariales* (Network of Associations and Corporate Foundations) and *Conciencia Cinemex*, both of which focus on strengthening and professionalizing the work of nonprofit organizations.

Red de Asociaciones y Fundaciones Empresariales

The *Red de Asociaciones y Fundaciones Empresariales* (Network of Associations and Corporate Foundations) (the Network) is a place for institutional linkage and exchange, fostering collaboration between non-governmental or nonprofit organizations to develop skills through trainings, forums, workshops, networking spaces, conferences and seminars.

Because of the COVID-19 pandemic, many of these activities were held online during the year. In 2020, the Network organized 157 trainings, with participation of 13,946 people from nonprofit organizations and Socially Responsible Companies in Mexico and 15 countries in the Americas and Europe. This represents a 20% increase in comparison with 2019.

Expo Red de Asociaciones

Each year, the Grupo México Foundation Network of Associations and Corporate Foundations organizes the Expo Red de Asociaciones event, which aims to create a

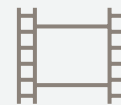
space for networking and meeting between nonprofits in Mexico and Latin America to strengthen collaboration of the network.

In 2020, the virtual platform www.expored.org was developed for its transmission, in which it had a greater impact and an international reach for the first time with a total of 1,221 people connected.

Conciencia Cinemex

Conciencia Cinemex operates under the premise of helping other NGOs to achieve their goals. During 2020, we held 7 face-to-face premieres and 8 virtual ones with presence in more than 1,300 Mexican homes, and thanks to the resources obtained through this program, almost 13,000 people in six states of the Republic benefited: Mexico City, State of Mexico, Puebla, Baja California, Queretaro and San Luis Potosi.

In 2020:



We held 7 in-person and 8 virtual premieres,
reaching more than 1,300 Mexican homes.



We doubled the MX\$872,567
raised through the 15 premieres.

Through the campaign “*Si tienes dona, si necesitas toma, si quieres ayudar, comparte*” (If you can, give, If you need, take, If you want to help, share), 15 businesses and Corporate Foundations donated more than MX\$6 million in kind to support over 20,000 people in 15 Mexican states. Additionally, with the support of Grupo CINEMEX, Alboa, and Arena, Grupo México Foundation donated 270 tons of food to more than 240,000 families across the country through Banco de Alimentos de México.



Education and Culture

Education and culture are strategic axes of Fundación Grupo México, which through its programs seeks to influence the intellectual and emotional development of girls, boys and young people in Mexico.

Editorial Fundación Grupo México

Our publishing house produces educational materials and our collection of books featuring Mexican ingredients: Xocooyo.

XOCOYO COLLECTION: THAT WHICH BEARS FRUIT

For 11 years, Grupo México Foundation has been editing and publishing books featuring the essential ingredients in Mexican cuisine to preserve this intangible heritage of humanity. This project helps to foster young Mexican talent, while the proceeds from the books go to a charity organization in the place where the featured product is researched. The 2020 edition features the Peanut due its gastronomic and cultural relevance in Mexico.

Materials for Education, Health and Life

In 2020 the Education, Health and Life materials had 325 electronic downloads and more than 46 thousand visits on its page www.educacionsaludyvida.org.

Volunteering

The participation of society in volunteer activities allows the creation of resilient communities and consolidates social cohesion and trust by promoting individual and collective actions. As part of the volunteer actions, the Día de Reyes celebration was held at the Asilo Primavera I.A.P, with the aim of spending time together and bringing a smile to the children of that place.



📷 Delivery of food baskets in the Sierra Tarahumara.

GRUPO MÉXICO VOLUNTEER DAY

For the eighth year in a row, Grupo México Foundation organized a Volunteer Day in collaboration with *Banco de Alimentos de Cáritas* de Chihuahua to raise money to purchase 4,000 food baskets for indigenous families in the Sierra Tarahumara.

Funds were raised through ticket sales to a virtual piano concert given by Romaine Wheeler, known as the “Pianist of the Sierra”. The concert was broadcast to 12 countries and thanks to the efforts of Grupo México employees, Cinemex, supporters and the public, the event raised MX\$599,608.16.



Environment

We have two Environmental programs: *Mexicanos Sembrando* and *Vagón Verde*.

Mexicanos Sembrando

The *Mexicanos Sembrando* program plants trees around Mexico, restoring ecosystems and mitigating the effects of climate change.

1,900 hectares

reforested in 2020.

In collaboration with the organization Pronatura México A.C., we contributed to the program “*Reto Verde de la Ciudad de México*” (Mexico City Green Challenge) organized by the Department of the Environment, donating more than 9,000 plants and trees in five districts of Mexico City.



📷 Vagón verde.

Vagón Verde

In coordination with Grupo México Transportation and using one gondola and one boxcar, Grupo México Foundation has been transporting and donating trees to communities along the railway lines in Mexico since 2015.

This project supports the reforestation actions of the *Mexicanos Sembrando* program and raises awareness on protecting and caring for the environment, and also promotes recycling.

With the support of children who have been made aware of the importance of the environment, **we have delivered and planted more than 1 million trees in 19 communities in 26 states of the Mexican Republic.**



📷 Caleb before his operation accompanied by specialist doctors.



Health

In terms of Health, we operate three programs: Dr. Vagon The Health Train, Disaster Relief and Escuchar Sin Fronteras.

Disaster Relief

For Grupo México Foundation, Health has always been a matter of priority attention. However, the international health emergency caused by COVID-19 led us to implement more support actions, which are described in detail in the chapter on [Response to the Pandemic](#).

Escuchar Sin Fronteras

The programs of Grupo México Foundation have grown and gained momentum over the years, achieving important recognition and becoming a benchmark for social action in Mexico. 2020 was no exception. Towards the end of the year, we completed the development for a new program: *Escuchar Sin Fronteras* (Hearing Without Borders).

Through this program we support children **up to two years of age with severe and profound hearing loss**, donating them a cochlear implant that is placed through surgery, they are also given three years of follow-up with verbal auditory therapies and calibrations, with the aim of reaching fully spoken language.



Dr. Vagón celebrated six years in operation in 2020 thanks to the operational support of Grupo México Transportes and the coordination of the Grupo México Foundation.

Dr. Vagón also joined the support efforts in our response to the pandemic by providing psychological and medical support via our toll-free line.

Linea de Atención  **Dr. Vagón**
800 37 82 466
 WhatsApp **55 3059 6548**



In 2020, Dr. Vagón:



Visited 6
communities in two
Mexican states



14,021
patients were treated



Delivered 56,831
medical services



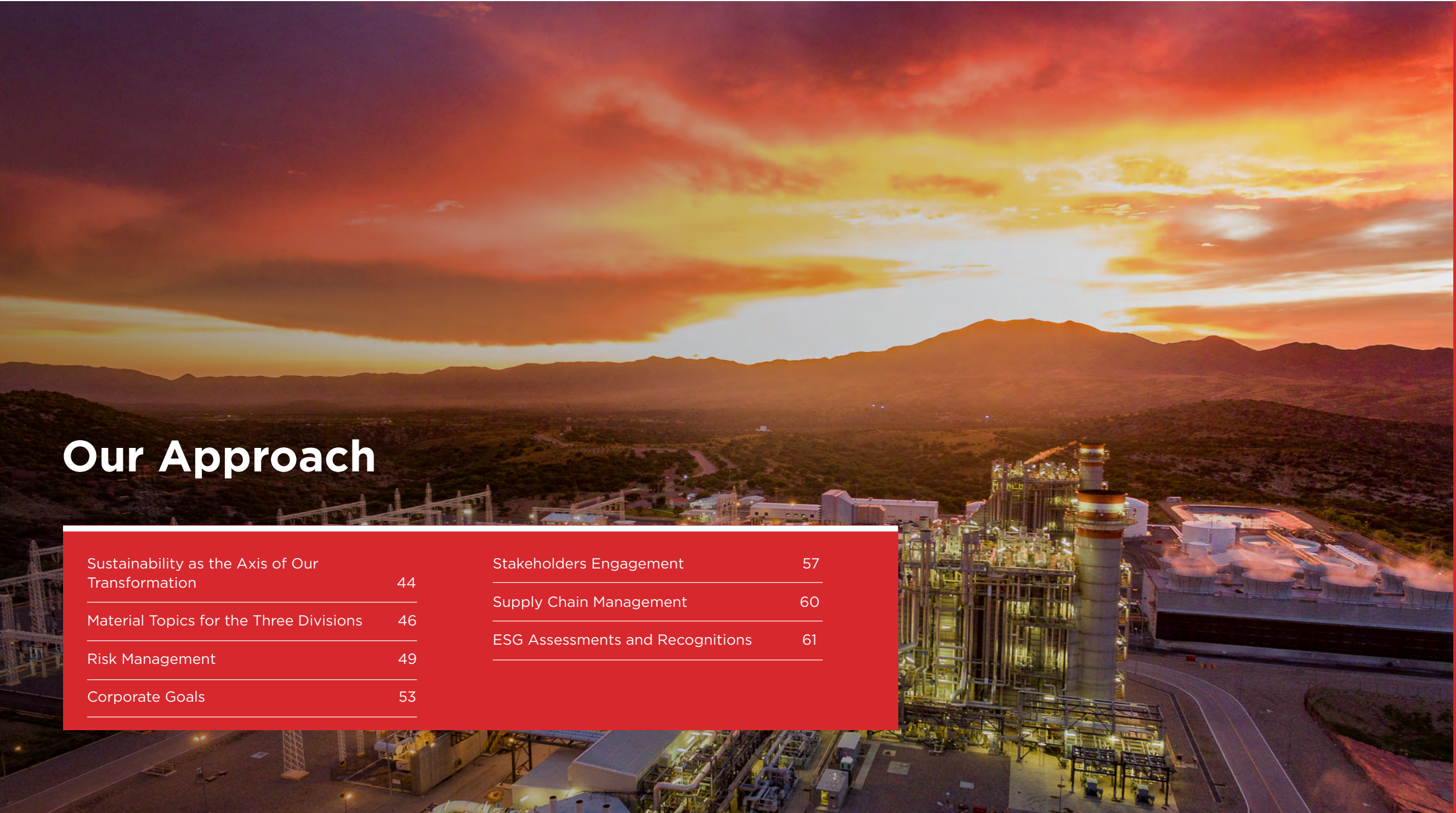
Travelled a total of
of 5,138 kilometers.

Due to Covid-19 pandemic, operations were suspended in March. For this reason, only 2 routes were traveled.

Our Approach

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📷 New 168 MW Fenicias wind farm in northern Mexico.

Sustainability as the Axis of Our Transformation

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

Acting responsibly and with transparency on social, economic and environmental aspects is essential to guarantee sustainable development. At Grupo México, we are committed to the Sustainable Development Goals, the Paris Agreement and the Principles of the United Nations Global Compact. Taking care of the environment, the fight against climate change and the respect for human rights are at the center of our sustainability strategy, while maintaining our commitment to continuous improvement.

Our [Sustainable Development Policy](#) establishes the organization's commitments in environmental, social and governance matters, taking into account the principles of universal and sectoral initiatives and the expectations of our stakeholders. This policy applies to operations and to all Grupo México personnel and extends to our suppliers and contractors.

In a world of increasing complexity characterized by urgent social, environmental and economic challenges, it is crucial to have a vision of comprehensive and long-term sustainability that allows aligning the organization's strategy to these challenges. We are living extraordinary moments with the pandemic, climate change and a growing awareness of the environment and human rights. At Grupo México we are transforming ourselves, internalizing this perspective throughout the company under a sustainability approach.

We strive to deliver products and services that accelerate the transition to inclusive, low-carbon economies, maximizing the generation of benefits for our stakeholders and for society in general. We also promote responsible production and operation with an approach of risk prevention and reduction.

We have an overall vision of long-term sustainability to align the company's strategy with the new challenges we face.

Our sustainability management is driven by a development with purpose, which is built on the following pillars:



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 our continuity, adapting to the needs of our surroundings and the demands that come with responsible growth in environmental, social and governance aspects.
- We strive to engage the community in growth, promoting partnerships with suppliers, working with local suppliers wherever possible.
- We operate with transparency, thanks to timely communication with our stakeholders.



PROMOTE - Foster wellbeing and safety

We strive to be good neighbors, improving the quality of life of our people and that of the communities where we operate.

- We create safe work environments for our collaborators, and we operate to the highest standards of occupational health and safety.
- We put the dignity of the individual at the center of all that we do, and we build work environments where respect and non-discrimination are the norm.
- We are working to contribute to the common good of our neighboring communities, fostering collaboration and dialog.



PROTECT - Care for, preserve and renew the environment

We care for and preserve the environment.

- We are committed to operating responsibly.
- We believe that leaving a positive environmental footprint is the base for sustainable progress.
- We have adopted national and international environmental goals.
- We have established an ongoing improvement process to minimize our risks and ensure efficiency and responsible usage of raw materials, energy and water.
- We respect and protect the biodiversity in the environments where we operate.

Material topics for the three divisions of Grupo México

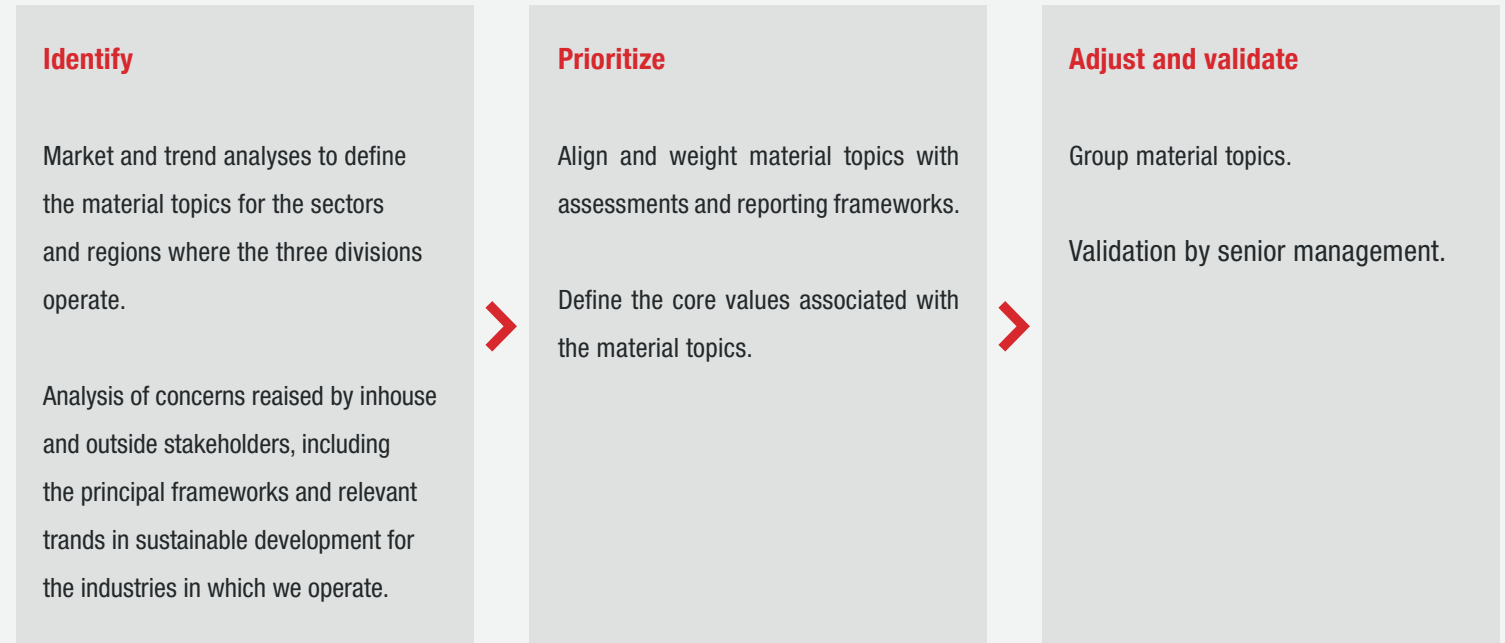
GRI 102-15, 102-47

Our sustainable development strategy draws from a process of identifying, analyzing and prioritizing the material topics for the three divisions of Grupo México. Our understanding of material topics is aligned with the Global Reporting Initiative definition: those topics that reflect the significant economic, environmental and social impacts¹ of the company’s operations, or that would influence the opinion or decisions of stakeholders. We also considered the concept of materiality provided by SASB (Sustainability Accounting Standards Board), where material topics in sustainability include environmental, social, economic and institutional risks having potential economic effects on an organization.

The materiality matrices of the three divisions are reviewed every two years, incorporating the main trends in the industries where we operate and the priorities of different stakeholder groups both within and outside our company.

The materiality matrices for the three divisions were updated in 2019 and the process will be repeated in 2021 to reflect the most recent changes in the global context and in the markets where we operate. However, considering the atypical context of the global pandemic, COVID-19 has been included as a material topic in this 2020 report.

GRUPO MÉXICO MATERIALITY ANALYSIS PROCESS



The results of the materiality analysis make it possible to guide the efforts that are implemented to adjust the environmental, social and governance (ESG) risk management systems in the company and the strategies addressing gaps in priority issues. These analysis enable us to establish corporate goals to formalize various risk mitigation initiatives and to foster the ongoing improvement of our performance. The section “Corporate Goals in Sustainable Development” reports our progress on the principal economic, environmental and social material topics.

¹ We apply the GRI definition of impact: “the effect an organization has on the economy, the environment or society, which in turn can indicate its contribution (positive or negative) to sustainable development.”

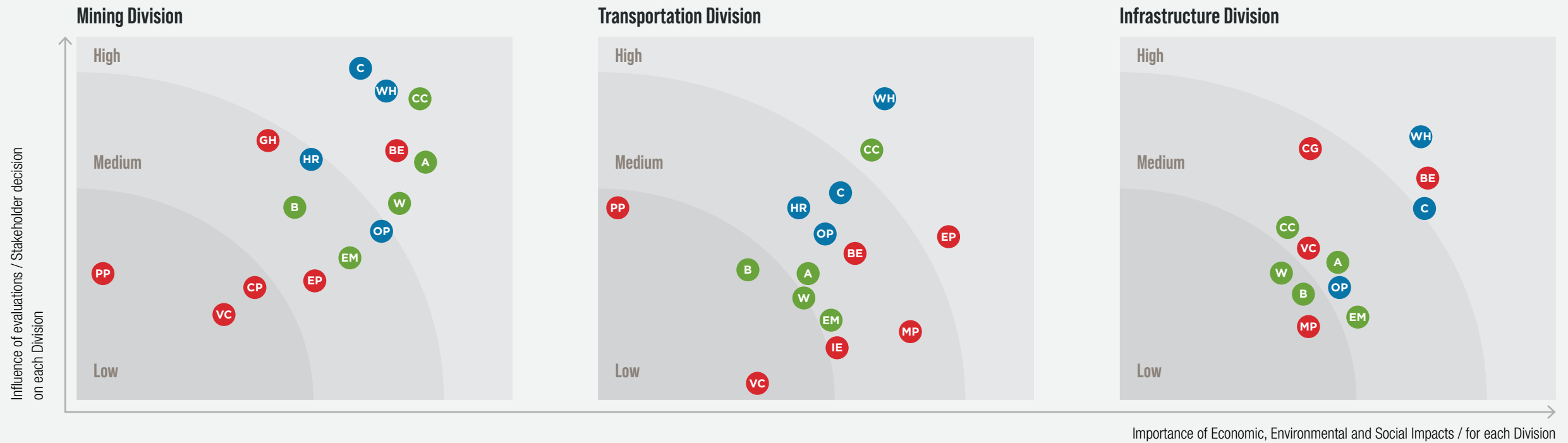
Materiality Matrices of the Three divisions of Grupo Mexico

Below are the materiality matrices of our three Divisions: Mining, Transportation and Infrastructure, which contemplate common material issues and some others specialized for each sector.

Materiality matrices prioritize material issues for the organization and its stakeholders. However, it is important to note that all issues related to sustainable development are addressed in our three Divisions.

The material issues included in the materiality matrices of the 3 Divisions are divided into the environmental, social and governance dimension as follows:

Environment	Social	Governance	
A Water	C Communities ⁴	BE Business Ethics ⁶	IE Indirect Economic Impacts
B Biodiversity	HR Human Rights	CP Closure Plans ⁷	MP Market Presence
CC Climate Change ²	OP Our People ⁵	CG Corporate governance	PP Public policies
EM Environmental Management	WH Workplace Health and Safety	EP Economic Performance	VC Value Chain
W Waste ³			



² Includes the subtopics: (i) Emissions and (ii) Energy.

³ For the Mining Division, it includes the subtopic: Mining Waste.

⁴ Includes the subtopics: (i) Local Communities and (ii) Indigenous Peoples' Rights. For the Mining Division it also includes the subtopic: Indirect Economic Impacts.

⁵ Includes the subtopics: (i) Diversity, Inclusion and Non-Discrimination, (ii) Development of Human Capital, (iii) Labor Practices and (iv) Attraction and Retention of Talent.

⁶ Includes the subtopics: (i) Unfair Competition and (ii) Anti-corruption.

⁷ Material topic applicable only for the Mining Division.

Priority material topics for Grupo México



Local Communities



Business Ethics



Occupational Health & Safety



Waste



Our People



Climate Change



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 based on the results of the materiality matrices, and ensures we have the information, resources and controls necessary to guarantee our management of the ESG risks for the organization and our stakeholders. The following section outlines the preventive approach the company has implemented to eliminate or mitigate risks.

Each chapter in this report presents the material topic from the overall perspective of Grupo México, followed by the particulars for each division. Each material topic for each division is analyzed in proportion to the materiality level (high, medium and low).

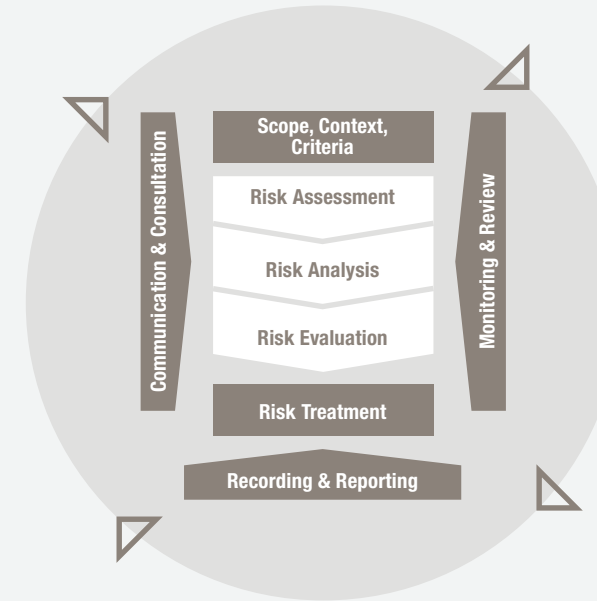
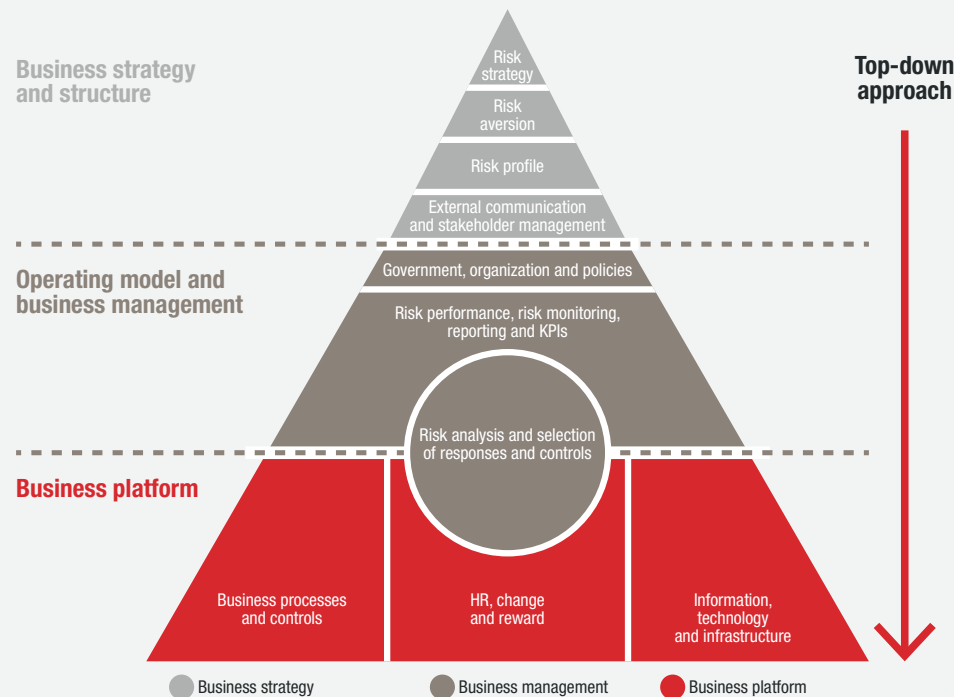


Collaborator in Cananea, Sonora, Mexico.

Sustainability Risk Management

TCFD RM-A, RM-B, RM-C

Having an effective risk management culture in environmental, social and governance (ESG) matters is a priority in our business strategy and is part of the commitments that Grupo México has towards its workers, communities close to its operations, the environment and shareholders. Under an internal control environment in Grupo México, business risks or ERM (Enterprise Risk) are managed, taking as a model the internal control framework COSO (Committee of Sponsoring Organizations of the Treadway). Internal audit assesses these controls proactively and periodically, which allows us to improve our performance and meet the goals we have set for ourselves. Under a Corporate Governance framework, business risks are managed, the business strategy, the operating model and business management are established, as well as the business platform.



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

Likewise, in terms of ESG, we complement the COSO framework with the ISO 31000 international standard for risk management. The purpose of managing these risks is to optimize the organization’s ability to identify, analyze and evaluate environmental, social and governance risks and opportunities, as well as to select and implement effective controls to avoid incidents or minimize their consequences.



📷 Buenavista del Cobre Mine in Sonora, Mexico.

In 2020, we reformulated our strategy for environmental, social, and governance risks to standardize their management throughout the company, promote the achievement of our objectives and identify threats and opportunities. We are consulting and communicating our risks within the organization to ensure that they are understood, the reason for the controls is known and, in turn, a commitment is reached in relation to their management. We are strengthening monitoring and reporting to contribute to informed and timely decision-making at the operational and managerial, and board levels.

We have three levels in our organization: operation and execution, management and control, and strategic supervision so that the environmental, social, and governance risks and opportunities related to our material issues are managed within our Corporate Governance structure in a systemic way and considered in decision-making processes. At the business unit level, management administers operational risks and senior management supervises their management. At the corporate level, guidelines are given and risk management is supervised. Both the Sustainable Development Committee and the Audit Committee continuously monitor environmental, social, and governance risks. Additionally, the board also monitors, seeks to mitigate and, when appropriate, remedy the main environmental, social, and governance risks, including operational, labor, financial, and accounting risks, anti-corruption risks, legal risks regarding compliance with applicable laws and regulations, and any other risks to which we are exposed. The identification of deficiencies and opportunities on a regular basis allows us to maintain a

process of continuous improvement and form a culture focused on risk management from senior management to the entire organization. (For more details, consult the [Corporate Governance](#) chapter).

In the Mining Division, during 2020, we incorporated the Good Practice Guide for the Management of Critical Controls for Health and Safety, proposed by the International Council on Mining and Metals (ICMM), as a best practice of the sector, in an effort to strengthen and standardize sustainability risk management in our operations. We identified the priority operational risks, defined our risk appetite and started the Critical Risks Register in terms of sustainability. This effort has given rise to a process of homologation in management throughout the three countries where we operate under an approach based on barriers or measurable and auditable controls, with a specific performance, and with a clear assignment of responsibilities in the execution, supervision, and verification.



Throughout 2021 we will centralize and digitize the Critical Risk Register. This will allow us to punctually follow up on controls, track actions, have reminders and notifications, scale pending or corrective actions in the command line, in addition to having a complete view of the management status with real-time dashboards for informed decision-making.

In this report, risk management associated with material issues is addressed in each of the chapters, including both internal and external risks, with special care in respect of human rights⁸.

As part of our strategy, we are developing and strengthening policies to manage sustainability risks in advance. The objective of the Corporate Risk Management Policy is to establish the basic principles and general framework of action for the control and management of operational and sustainability risks faced by Grupo México and its subsidiaries. Recently, we complemented this policy with the publication of a series of policies at Grupo México level (<https://www.gmexico.com/en/Pages/Politicsds.aspx>) to strengthen risk management in environmental, social and governance matters, among which are the following:



General Sustainability Policy



Environmental Policy



Occupational Health and Safety Policy



Community Development Policy



Policy of Respect for the Rights of Indigenous People and Communities



General Policy of Diversity, Inclusion and Non-Discrimination -No Harassment at Work or Sexual

These policies allow us to align the three divisions in a culture of responsibility under a preventive approach and continuous improvement. In turn, they allow us to strengthen our risk management systems for identification, classification, prioritization, monitoring and control.

⁸ Additionally, a list of the main risks that Grupo México faces can be found in our report to the Mexican Stock Exchange starting on page 19 (https://www.gmexico.com/GMDocs/ReportesFinancieros/Esp/2020/RF_ES_2020_BMV.pdf) and the specific risks for the Mining Division are available on page 13 of our 10-K report (<http://www.southernperu.com/ENG/invrel/2020/10K/10k2020.pdf>).

Given the challenge of sustainability and risk management, one of the most widely used tools globally are management systems, which lead us to improve our performance, reduce risks, apply and disseminate our policies and standardize procedures. In the Mining Division, we support ourselves in the implementation of environmental management systems and occupational health and safety under ISO standards (International Organization for Standardization). We have set the goal of obtaining the certification of our systems under the ISO 14001 and ISO 45001 standards in all our units by the year 2022 (see progress in the section on [Corporate Sustainable Development Goals](#)):



ISO 45001 Standard - Occupational Health and Safety Management System



ISO 14001 Standards - Environmental Management System



In order to expand corporate risk management to face emerging risks, for the first time we integrated the ESG risk and opportunities report with a greater probability of being financially important at the Grupo México level. We use the Sustainability Accounting Standards Board (SASB) which considers material issues in ESG that could have a financial impact on the company, operational continuity and the value of assets.

We consider the issues established by the SASB standard in mining, transportation, energy and construction. This way, we incorporated new sustainability indicators, many of which were already part of our own management of the different areas, but now its report acquires relevance due to its financial impact for investors.

Thus, we reinforce our consideration of the policies and initiatives behind each SASB issue, with a preventive approach to risks to the state of our finances and the sustainability of the company over time. We present the response to the parameters of the SASB standards throughout this report, as well as in the specific table as an index that can be found as an annex at the end of this document.

Likewise, recognizing that climate change is one of the main challenges humanity faces, this year we began aligning our internal practices to manage climate risks and for the first time we reported climate risks and opportunities at Grupo México level under the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board. This initiative was market-driven and created to develop a set of recommendations for disclosing climate risks and their financial impact. For more information, consult the [Climate Change](#) chapter and the annex to the [TCFD Index of Indicators](#) at the end of this document.



In 2020 we carried out a climate risk analysis (see chapter on [Climate Change](#)). Its purpose was to identify the threats derived from climate change for each division and location where the company has presence, as well as to strengthen the resilience of operations to this phenomenon. In 2021, we will incorporate the TCFD analysis and recommendations into the corporate risk management system.



📷 Wind Farm, Juchitán, Oaxaca.

Sustainable development corporate goals

TCFD MT-C

A core focal point of our sustainable development strategy is to set and communicate the main goals and metrics the company uses for the ongoing improvement of our ESG performance, in line with the best practices, standards and relevant initiatives of sustainable development for the industries in which we operate.

Our sustainable development goals support the United Nations Sustainable Development Goals. We are committed to reaching these goals by 2022 at the latest. The progress obtained since the establishment of the goals in 2018 is reported in this section⁹.

⁹ 2018 serves as the base year for reporting 2020 progress (unless specified otherwise).

Progress on goals

✔ Goal achieved

● Annual progress towards achieving the goal by or before 2022

● Slight deviation from achieving the goal

● The goal has not been achieved or the performance is such that the goal will not be met on time

2022 Goal	Year	Status	Performance
Occupational Health & Safety			
Zero fatalities.	2019	●	Only the Infrastructure Division met this goal.
	2020	●	The goal was met in the Mining and Infrastructure Division, but unfortunately it was not met in the Transportation Division.
Reduce the injury frequency rate of our employees and contractors by 25% in the Mining Division	2019	●	The rate increased 44%, compared with 2018 (4.37 vs. 3.03).
	2020	●	The rate is 17.5% less compared with 2018 (2.50 vs. 3.03).
Reduce the injury frequency rate of our employees by 15% in the Transportation Division.	2019	●	The rate was 1.8% lower in 2019, compared with 2018 (2.72 vs. 2.77) ¹⁰ .
	2020	✔	The 2020 rate was 31% lower than in 2018 (1.91 vs. 2.77), surpassing the goal. Our NEW TARGET for 2022 is to reduce the rate by a further 10% compared with the 2020 performance.
Implement a Behavior-Based Safety System in 75% of the Mining Division business units.	2019	●	Implemented at 6 of the 18 business units (33%).
	2020	●	10 business units now have Behavior-Based Safety systems in place (56%).
Obtain ISO 45001 certification in all Mining Division business units.	2019	●	Implementation has begun at all business units.
	2020	●	3 business units in Mexico are ISO 45001 certified (La Caridad, Processing Plant, Lime Plant) all other units are in the process of implementation.
Provide preventive health programs to 100% of the Mining Division workforce exposed to non-occupational health risks.	2019	✔	83% of personnel participate in preventive health programs, therefore the initial goal of 75% has been achieved. Our NEW TARGET for 2022 is to provide preventive health programs to 100% of the workforce.
	2020	●	Our health activities in 2020 focused on addressing the challenges of the COVID-19 pandemic.
Implement a comprehensive traffic management plan in all open-pit mine facilities.	2019	●	We have started to implement traffic management plans at all open-pit mines, with an estimated overall progress of 56%.
	2020	✔	8 open-pit mines have a traffic management plan in place and no incapacitating traffic accidents were reported in 2020. We set ourselves as a NEW Target to review and update these plans every 2 years.



2022 Goal	Year	Status	Performance
Install traffic equipment at 40 level crossings to reduce accidents in urban and rural areas.	2019	✔	The initial goal of installing equipment at 25 level crossings was met. We continue to work on making our railroad network the safest in Mexico, and to help us achieve this, we have set a NEW TARGET to install signaling equipment at 40 additional level crossings by 2022.
	2020	●	Signaling equipment was installed at 14 level crossings in 2020. We need signal 26 level crossings more to achieve our 2022 goal.

Human Rights			
2022 Goal	Year	Status	Performance
Develop initiatives to promote respect for human rights in our company and with our main suppliers.	2019	●	Grupo México has published our General Human Rights Policy and we have begun a review of the internal policies and procedures related to protecting human rights to identify gaps, and to design initiatives to address these gaps.
	2020	●	During 2020, a diagnosis was made along with a strategic plan on Diversity and Inclusion for the Mining Division that will begin to be implemented in 2021. The Policy on Diversity, Inclusion, Non-Discrimination, Non-Workplace or Sexual Harassment applicable to 3 divisions was recently published.
Institutionalize the process for identifying and responding to the indigenous communities near our Mining and Infrastructure Division operations.	2019	●	We identified and mapped the indigenous communities near our Mining Division business units in Mexico.
	2020	●	The Policy on Respect for the Human Rights of Indigenous Peoples and Communities applicable to the 3 divisions was recently published. In Mining and Infrastructure, the Protocol for Relationship with Indigenous Communities was developed for Mexico, and work is being done to identify said populations and adapt the Protocol for Peru and the United States.
Implement a grievance mechanism for external stakeholders located near the Mining and Infrastructure division operations.	2019	●	Our Community Care Service was implemented in 14 Mining Division communities in Mexico and 4 in Peru.
	2020	●	The Community Care Service operates in 100% of the sites of the Mining and Infrastructure Division in Mexico and Peru, and in 20% of those in the United States. During the COVID-19 pandemic, free medical, psychological and employment guidance services were added to employees, families and the community for the 3 divisions.



¹⁰ The reduction in accidents registered between 2018 and 2019 presents a re-expression 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 on goals

✔ Goal achieved



● Annual progress towards achieving the goal by or before 2022

● Slight deviation from achieving the goal

● The goal has not been achieved or the performance is such that the goal will not be met on time

2022 Goal	Year	Status	Performance
Community Development  			
Invest at least 2.5% of net profits in projects that contribute to the UN Sustainable Development Goals.	2019	✔	Approximately 3% of our net profits were allocated to investments in corporate social responsibility, contributing to the SDG in our neighboring communities.
	2020	✔	In 2020, 3.8% of net profits were dedicated to supporting the SDGs, with a particular focus on SDG 3 "health and well-being" in the context of the global COVID-19 pandemic.
Ensure that all company-sponsored schools achieve higher academic results than their respective national averages.	2019	✔	All the educational centers sponsored by the organization in Mexico and Peru obtained academic results higher than the national average.
	2020	✔	Academic results above the national average were maintained in all educational centers and the academic average in mathematics and Spanish increased by 10%, according to official tests. NEW Target: To achieve that all the schools sponsored by the company obtain academic results superior to the average of their respective states or regions. Currently 70% meet this criterion.
Implement an institutional program that supports the development of small and medium Mining Division suppliers in Mexico and Peru.	2019	●	In 2019, the Entrepreneurship School began in the State of Sonora, Mexico, in which 80 local suppliers were trained with the aim of integrating them into the company's value chain.
	2020	●	Given the context of the pandemic, more than 2,750 small and medium-sized companies were trained in the Mining and Infrastructure Divisions in Mexico and Peru with biosafety courses focused on promoting economic reactivation. Additionally, 193 people were trained for mining trades in the communities of both countries.
Environmental Management 			
Obtain ISO 14001 certification for all Mining Division business units.	2019	●	Four business units are certified, while an implementation plan was started at all the other business units.
	2020	●	6 business units are ISO 14001 certified.


¹¹ Our definition of the baseline is as follows: It consists of determining the water inflows and outflows in each operation throughout the year.

2022 Goal	Year	Status	Performance
Water 			
Update the water baseline assessments ¹¹ for all Mining Division business units.	2019	✔	We systematically record the incoming and outgoing volumes of water in all operations, so this goal will be permanently met.
	2020	✔	
Systematically monitor operations and impacts on water resources at catchment level in high water-stress areas that supply the Mining Division operations ¹² .	2019	✔	According to the Aqueduct Water Risk Atlas, 14 of our mining operations are located in areas of high water stress in Mexico, the United States and Peru. We systematically monitor the groundwater levels of the aquifers and the quality of the discharges in these operations and in all the others, so this goal will be permanently met.
	2020	✔	
We have set a NEW TARGET for 2022: Have a gap analysis based on ICMM good practices on water management at all company operations.			
Biodiversity 			
Update the biodiversity baseline assessments for all Mining Division business units.	2019	●	The bases were established to start the gap analysis between biodiversity management and the Guide to Good Practices on Biodiversity of the International Council on Mining and Metals (ICMM), with the aim of determining the next actions to be implemented.
	2020	●	The baseline analyzes began in the Mexican operations and will begin in 2021 for the United States and Peru operations.
Guarantee the production of 5 million trees per year and join efforts with reforestation organizations.	2019	✔	In 2019, more than 5.8 million trees were produced in the company's nurseries. During the year, 207.35 hectares were reforested on the properties of the operations (mainly in Sonora and Coahuila), and 2,200 hectares in 25 states of the Mexican Republic through the Mexicanos Sembrando program of Fundación Grupo México.
	2020	●	Tree production decreased to 4.3 million plants in 2020, due to difficulties caused by the COVID-19 pandemic to operate the company's seven nurseries. 296 hectares were reforested in our operations, and more than 1,900 hectares in 26 states of the Mexican Republic through the <i>Mexicanos Sembrando</i> program of <i>Fundación Grupo México</i> .


¹² It refers to the behavior of the water table of the aquifers.

Progress on goals

- ✔ Goal achieved
- Annual progress towards achieving the goal by or before 2022
- Slight deviation from achieving the goal
- The goal has not been achieved or the performance is such that the goal will not be met on time

2022 Goal	Year	Status	Performance
Climate Change 			
Update our climate-related risks and opportunities assessment.	2019	●	Scope 3 greenhouse gas emissions were calculated in the Group's 3 divisions for the first time in 2019, with the aim of incorporating this information into the analysis of risks and opportunities related to climate change.
	2020	●	The main conclusions of the assessments are reported in the chapter on Climate Change , aligned with the recommendations of the Task force on Climate-Related Financial Disclosures (TCFD).
Increase the use of renewable electricity in the organization to 25% .	2019	✔	18.6% of the electricity consumed in 2019 came from renewable sources, surpassing the initial target (10% by 2022). A NEW TARGET was set to increase to 25% by 2022.
	2020	●	The use of renewable electricity in the company increased to 19.8 % ¹³ . We will exceed our goal with the entry into operation in 2021 of the new Fenicias wind farm in northern Mexico.
Reduce the intensity of Mining Division greenhouse gas emissions by 5% .	2019	✔	The initial goal to reduce the greenhouse gas emission intensity by 5% was surpassed in 2019 and a NEW TARGET was set for 2022, to reduce the greenhouse gas emission intensity a further 5% using 2019 as the baseline.
	2020	✔	Greenhouse gas emissions in 2020 were reduced by 8% compared with 2019 ¹⁴ .

We have set a **NEW TARGET** to publish new GHG emissions reduction goals for 2022.

2022 Goal	Year	Status	Performance
Mine waste (tailings) 			
Implement a policy and standards for a safe management of mine waste deposits.	2019	●	Our Tailings System Policy was published in 2019, outlining the need for all company tailings systems to have an Operation, Maintenance and Supervision Manual as well as a closure plan.
	2020	✔	A monitoring system for the provisions of the Policy was implemented for all the active tailings dams of the Mining Division, so this goal was achieved.
Update the safety assessment for all operating mine waste deposits.	2019	●	Eight of our nine mining waste deposits in operation have a review of the general safety conditions in force.
	2020	●	We will begin safety assessments for the operations pending in the United States in 2021.
Standardize the Operation, Maintenance and Monitoring Manuals for all mine waste deposits.	2019	●	Our operations in Peru and the United States have standardized manuals for their mine waste deposits.
	2020	●	We have started a process to unify the manuals for all the operations in Mexico.

¹³ This figure only considers energy backed by 100% renewable electricity contracts. If the proportion of renewable sources in the energy matrices of the networks that supply us is also considered, approximately 540,209 MWh of electricity consumed also comes from renewable sources (about 7% of Grupo México's total consumption in 2020, which would increase by more than of 26% the proportion of renewable electricity consumed in the Group).

¹⁴ Due to a change in the methodology used in 2020 to calculate emission intensity, which allows obtaining more precise data, the historical intensity values reported in the 2019 report were slightly adjusted. Emission intensities per ton of copper produced for 2018, 2019, and 2020, were respectively 4.3; 3.7; and 3.4 tCO₂e / tCu, as reported in this report.

Stakeholders Engagement

GRI 102-12, 102-13, 102-40, 102-42, 102-43, 102-44

Grupo México has operations in Mexico, the United States, Peru and Spain, and given the nature of the business and industries in which we work, our relationships with stockholders, investors, collaborators, trade unions, communities, customers, suppliers, commercial partners, sector and industrial chambers, governments and the media must be transparent and lay the groundwork for accountability and co-responsibility. Our business strategy is based on social, environmental and economic sustainability. To achieve our business and growth goals, we take into account the needs, circumstances and concerns of our stakeholders.

All company divisions are continually mapping our stakeholders according to the industries in which we work to build an accurate understanding of the players with which we interact and foster positive relationships delivering benefits for our stakeholders and our company. We prepared materiality studies in 2015 and 2016, which were reviewed in 2017 and 2018, while in 2019, we updated the 2015 study to define and reset the management priorities in terms of sustainability for the company and to analyze the actual risks that could have a material impact on our company. All the materiality studies have involved direct and indirect approaches by Grupo México with outside stakeholders and are based on conversations about management approach. This aids us in contextualizing the risk analysis and enhances our materiality analyses with feedback from experts in different topics and sectors.

We added medical, psychological and job-related guidance services to our Community Care Service during the COVID-19 pandemic, free of charge for our employees, their families and the public.

Grupo México is committed to communicating with and listening to our stakeholders for which we offer different channels of communication, including our Annual Report, our Sustainable Development Report, the stockholders meeting (quarterly calls for investors), community committees, forums, interviews, social media, community development centers, the Community Care Service, press releases and newsletters. We use these means regularly to communicate efficiently with our stakeholders. Grupo México listens to concerns and offers spaces for dialog on issues related to the company, and our channels of communication are always open.

In terms of our relationships with political organizations and political causes:

- Grupo México does not contribute to political parties or to political organizations in any of the countries where we operate.
- Our contributions to industrial and commercial chambers are limited to membership dues. The company does not seek to influence any campaign agenda.

- Our communications and relationships focus only on promoting our business goals, social development and caring for the environment, as well as the interests of the industrial sectors where we work.
- We support the OECD Recommendations of Principles of Transparency, Integrity and Lobbying for the governments in the countries where we operate to promote and guarantee accountability, transparency and free and competitive access to the market.
- We take into account the general principles of the OECD Directives for Multinational Companies in our relationships with stakeholders. In particular, following general principle number 15, Grupo México refrains from unduly participating in local political activities in the regions where we operate.

At Grupo México, we operate according to our Mission, Vision and Values, which consolidate and reaffirm how we relate to our stakeholders from the perspective of creating value in the short, medium and long term, committed to corporate sustainability as a guarantee of this contribution. We endeavor to ensure our actions are based on integrity and respect, contributing to the development of everyone involved in the team and the communities where we work, the satisfaction of our customers, the backing of our stockholders and the strengthening of our suppliers and contractors. In strict adherence of the law, we strive to go further with company guidelines that transform risks into opportunities for improvement, based on prevention.

All Grupo México divisions have defined our stakeholders as all groups, institutions or individuals that have an interest in the economic, environmental and social performance of the company. We also include in this definition, any entity or individual who could be impacted by our activities. Company senior management have de-

defined guidelines to identify our stakeholders and determine the best means of communication with them. Grupo México has an Investor Relations department, which classifies our stakeholders through selection mechanisms. Additionally, the company has an Institutional Relations and Media department which, with the work of different specialists, determines the priority stakeholders and defines how the company should communicate outside its walls. In parallel, the Mining Division's Community Development department has specific protocols for our relationships with stakeholders in the communities where we operate, including the Community Care Service. It is important to note that communication with inhouse stakeholders, like our collaborators and the trade unions with which we work, is determined by the Human Resources departments in each division.

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

Communication channels or mechanisms	Stakeholders									
	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				●				●	●	
News bulletins							●	●	●	
In-house company newsletters		●	●							
Publication of relevant events				●					●	
Press releases								●		
Stockholders meetings				●						
In-person meetings			●				●		●	
CBA review			●							
Diagnostic studies							●			
Interviews							●			
Surveys	●						●			
Workplace climate survey		●								
Telephone consultations	●			●	●	●		●	●	
Ethics reporting line	●	●		●	●	●				
Guided tours							●	●	●	
Site visits							●			
Community committees							●			
Awareness days							●			
Community development centers							●			
Community care service							●			

- Ongoing
- Yearly
- Once or twice a year
- Quarterly
- Bimonthly
- As arises

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

A list of the associations we are members of and the initiatives we work with, and support follows.

Associations and initiatives with which we collaborate

Mining Division	International Copper Association
	International Molybdenum Association
	Arizona Mining Association
	North American Metals Council
	Society for Mining Metallurgy and Exploration
	Tucson Metropolitan Chamber of Commerce
	Cámara Minera de México
	Sociedad Minera de México
	Asociación de Mineros de Sonora
	Comisión de Estudios del Sector Privado para el desarrollo sustentable
	Sociedad nacional de Minería, Petróleo y Energía del Perú
	Cámara de Comercio de Lima
	Asociación de Exportadores
	Confederación intersectorial de Empresas Privadas
	Sociedad de Comercio Exterior del Perú
Extractive Industries Transparency Initiative (EITI)	
Instituto de Ingenieros de Minas del Perú	

Transportation Division	Asociación Mexicana de Ferrocarriles
	Association of American Railroads
	Asociación de Proveedores de Productos Agropecuarios
	Asociación Mexicana del Transporte Intermodal
	Consejo Nacional Agropecuario
	Rail Transportation and Engineering Center
	Asociación Nacional de la Industria Química
	Asociación Nacional del Plástico

Infrastructure Division	SmartWay Transport Partner FEC
	CTPAT: Customs Trade Partnership Against Terrorism
	The Chlorine Institute
	Consejo Coordinador Empresarial
	Cámara Mexicana de la Industria de la Construcción
	Confederación Patronal Mexicana
	Asociación Mexicana de Servicios Petroleros
	Asociación Mexicana de Empresas de Hidrocarburos
	Asociación Mexicana de Energía eólica
	Asociación Mexicana de Energía Eléctrica
Asociación Mexicana de Ingeniería de vías Terrestres	

Supply chain management

GRI 102-9

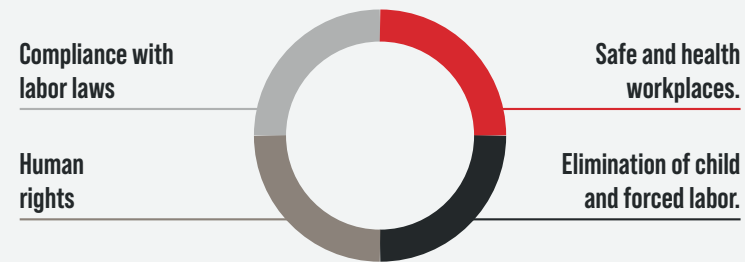
Grupo México is committed to creating sustainable supply chains. Therefore, we are continually striving to improve all our processes and become more efficient, environmentally friendly and inclusive with our neighboring communities. An example of this commitment is that 92% of our suppliers in 2020 were in-country and local¹⁵, meaning Grupo México had a positive impact on the economic development of the communities, while reducing the transport-related emissions and improving our delivery times.

In regard to our procurement practices, we have adopted criteria that guarantee legal and ethical practices, in addition to creating safe and healthy workplaces. **Our contracting processes require all our suppliers to meet the following requirements:**

- Accept Grupo México's Code of Ethics
- Be familiar with the Grupo México General Human Rights Policy
- Be in good standing with their tax obligations as required by the tax laws in the countries where we operate.
- Certificate of good standing issued by the corresponding tax authorities.
- Adhere to the COVID-19 Protocols set by the government authorities and the company.

¹⁵ Local supplier is defined as any supplier or service provider who trades goods or services in the same state as the company operation.

Through the commitment of our suppliers to comply with these policies, we ensure that they are respected in our value chains:



In adherence of our ethical standards, we have established a culture of Zero Tolerance, whereby Grupo México will not do business with any potential supplier that is not in good standing with their tax obligations or who engages in practices that would violate our Code of Ethics or other inappropriate social practices.

Grupo México and our subsidiaries have reporting mechanisms in place for our suppliers to present any observation, complaint or report related to our operations or commercial dealings.

We are currently compiling a Code of Conduct for Suppliers and Contractors with all the commitments and requirements we expect of our value chain in terms of ethics and integrity, human rights, labor-related aspects, occupational

health and safety, community relations, the environment, product quality and risk management. Our suppliers and contractors will formalize their agreement with these requirements by accepting the document.

In order to comply with the organizational guidelines on procurement practices, we generate audit programs that certify our suppliers through an accredited third party. Through these actions, we actively promote a more systematized process with our suppliers, under a framework of international law and practices. In addition, the certification obtained by our suppliers generates added value for them to improve their business practices with other clients, thus generating virtuous circles in the value chains.

ESG Assessments and Recognitions



Grupo México and Southern Copper Corporation have been included in the Dow Jones Sustainability Index MILA¹⁶ since 2017 and 2019, respectively. Grupo México has also been included in two other sustainability indexes since 2019, FTSE4Good Emerging Latinoamerica¹⁷ and FTSE4Good BIVA¹⁸.

Grupo México and Southern Copper Corporation were the only two companies in the Mining and Metals sector to be included in the Dow Jones Sustainability MILA Index in 2020.

Being included in the major international sustainability indexes is evidence of the company's solid performance in the environmental, social and governance aspects of our businesses. It reflects the strong commitment of our senior management to sustainable development and to integrating ESG aspects into our business models and company processes. It is a recognition of the efforts undertaken to continuously improve our ESG risk management and the quality of our reports, in keeping with the expectations of our stakeholders. Repeat listings in these indexes is also the result of the continual improvement of the company's scores in different ESG assessments.

These are some of the initiatives in which we have actively participated:

S&P Global Each year, we participate in the S&P Global Corporate Sustainability Assessment (CSA). In 2020, Grupo México and Southern Copper Corporation received scores of 56 and 50, respectively (8% and 11% improvement over 2019). In its first active participation in the assessment, Grupo México Transportes received a score of 35 (20 points higher than in 2019).



Grupo México has been submitting the CDP questionnaire on climate change each year since 2016. In the 2020 assessment, Grupo México received a C score on the mining and metals questionnaire.



Grupo México has been actively participating in the Corporate Human Rights Benchmark since 2019. The company's rankings have improved considerably and now better reflect the efforts and programs implemented to protect the human rights of employees, communities and stakeholders, particularly in the area of due diligence.



Both Grupo México and Southern Copper Corporation have participated in the Sustainalytics annual assessment since 2020 (both companies are assessed in the category Diversified Metals Mining).



The Infrastructure and Transportation Divisions have obtained the Socially Responsible Company (ESR) distinction from the Mexican Center for Philanthropy (CEMEFI) for the sixth and seventh consecutive year, respectively.



The Engineering and Energy subsidiaries of the Infrastructure Division obtained the Great Place to Work certification for the first time in 2020.

¹⁶ MILA – Latin American Integrated Market: recognizes companies in the Pacific Alliance member countries with the best ESG performance.

¹⁷ Includes publicly traded companies in the Latin American market with the best performance according to the FTSE4Good Russell ESG assessment criteria.

¹⁸ Recognizes the companies with the best ESG performance in the Mexican market.

Governance

Corporate Governance 63

Ethics and Integrity 75



📷 Level Crossing.

Corporate Governance

In Grupo México, S.A.B. de C.V. (“Grupo México” or the “Company”) we have a corporate governance structure whose purpose is to oversee that our decision-making generates benefit and assurance for our investors, as well as the sustainability of the Company and its subsidiaries, all in adherence of the principles of transparency and accountability. Our ultimate goal is to promote the generation of shared value with our stakeholders and safeguard the trust our investors have placed in us.

Corporate governance structure

GRI 102-18, 102-19

The corporate governance structure is defined according to the guidelines established in the Grupo México Bylaws, and also national and international principles and recommendations on corporate governance best practices. The General Assembly of Shareholders is the ultimate authority of Grupo México and has final approval on the management reports the Board of Directors presents. The General Assembly of Shareholders also appoints the members of Grupo México, S.A.B. de C.V. Board of Directors and verifies the independence of board members as required by Article 26 of the Mexican Securities Market Law.

The Board of Directors has two support committees: (i) the Executive Committee, and (ii) the Audit and Corporate Practices Committee, as well as different management bodies, such as the Corporate Sustainable Development Department. Grupo México created a Compliance Office in November 2020, appointing a Chief Compliance Officer for each division: Mining, Transportation and Infrastructure, as well as a coordinator for the Corporate Compliance Office. We are currently working on building an Integrity Committee that will be responsible of the implementation of various corporate policies and guidelines that generate value added for our investors, customers, suppliers and related parties.

Board of Directors

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

The Board of Directors is the principal administrative body of Grupo México, setting and overseeing the corporate strategy and evaluating its fulfillment. The primary functions of the board include setting the global strategies for the business of Grupo México, as well as the policies and guidelines on information and communication with stockholders, accounting, internal control and audits, operations with related parties, conflicts of interest, appointing the President, contracting the independent auditor, approving the financial statements, ensuring the efficient use of resources and available assets, monitoring the main risks to which Grupo México and its companies are exposed, and overseeing our risk management.

The main risks the Board monitors, oversees, seeks to mitigate, and as may be the case, remedy, include operational, environmental or ecological, social, labor,

financial and accounting risks, and those associated with anti-corruption, legal risks and in reference to compliance with applicable laws and regulations, and any other risks to which Grupo México and its companies may be exposed.

The Grupo México Board of Directors met four times in 2020, in compliance with the Mexican Securities Market Law, with 100% attendance by board members. During these sessions, information was presented on the management and business of the Company, as well as the results of Grupo México's main financial and operational indicators.

Board of Directors Appointments

Board members are appointed annually and are selected for their experience, expertise, diverse business and professional experience, and professional reputation, considering also that they can fulfill their duties without conflict of interest and without being influenced by personal, property or economic interests.

The Ordinary General Stockholders Meeting designates or appoints the individual members of the Board of Directors by a majority vote¹. Board members serve for one year and may be reelected or removed at any time. The Stockholders Meeting also appoints the members of the Executive Committee and the Audit and Corporate Practices Committee, based on their experience and no conflicts of interest, and sets the per session remuneration for board members.

¹ There is no differentiation between the company shares. Series B, Class I common, registered shares of no-par value, representing the total capital stock of GRUPO MÉXICO, S.A.B. DE C.V. hold the same voting rights. Regarding bringing resolutions to the Stockholders Meeting, the Mexican Corporation and Partnership Law allows any stockholder to ask the Board of Directors to submit any resolution to the Stockholders Meeting for consideration.

Independence on the Board of Directors

GRI 102-24

The requirements for a board member to be considered independent comply with Article 26 of the Mexican Securities Market Law, referenced in Clause Twenty-Five of the Grupo México Bylaws, which are publicly available.

Excerpt from Article 26 of the Mexican Securities Market Law:

[...] the following persons cannot be appointed or serve as independent board members:

- I. Key management or employees of the company or enterprises that are members of the same business group or consortium, or the commissioners of said enterprises. This limitation shall apply to any person holding such position during the twelve months prior to the appointment date.
- II. Persons who hold significant influence or authority in the company or enterprises that are members of the same business group or consortium.
- III. Stockholders in the group that holds control of the company.
- IV. Clients, service providers, suppliers, debtors, creditors, partners, board members or employees of a major client company, service provider, supplier, debtor or creditor.

A client, service provider or supplier is considered major when company sales represent more than ten percent of the total sales of the client, service provider or supplier, during the twelve months prior to the appointment. Additionally, a debtor or creditor is considered major when the debt amount is greater than fifteen percent of the company's assets or those of their counterparty.

V. Family members by blood or by marriage to the fourth degree, and the spouses and partners of the persons referenced in sections I through IV of this article.

Composition of the Board of Directors

GRI 102-23

There were 15 members of the Grupo México Board of Directors in 2020, appointed by the General Stockholders Meeting, nine were independent members and six were executive members.

Name	Role	Position	Gender M/F	Time in role, as of 2020
1. Germán Larrea Mota Velasco	Chairman	Executive President	M	40 years
2. Xavier García de Quevedo Topete	Vice-Chairman	Executive Vice-President	M	38 years
3. Alfredo Casar Pérez	Board Member	Executive	M	25 years
4. Luis Castelazo Morales	Board Member	Executive	M	5 years
5. Oscar González Rocha	Board Member	Executive	M	40 years
6. Fernando López Guerra	Board Member	Executive	M	2 years
7. Antonio Del Valle Ruíz	Independent	N/A	M	5 years
8. Emilio Carrillo Gamboa	Independent	N/A	M	18 years
9. Antonio Madero Bracho	Independent	N/A	M	20 years
10. Carlos Prieto Sierra	Independent	N/A	M	5 years
11. Carlos Rojas Mota Velazco	Independent	N/A	M	5 years
12. Claudio X. González Laporte	Independent	N/A	M	31 years
13. Fernando Ruíz Sahagún	Independent	N/A	M	17 years
14. Prudencio López Martínez	Independent	N/A	M	42 years
15. Rolando Vega Sáenz	Independent	N/A	M	11 years
16. Mauricio Ibañez Campos	Secretary, Non-Member	VP Legal Affairs and Corporate Governance	M	2 years
17. Marlene Finny De la Torre	Alternate Secretary	VP Administration and Finance	F	2 years

Composition of the Board of Directors

Average board member service	20 years
Percentage of women on the Board	0% ²
Percentage of independents	60%
Average attendance at Board meetings	100%

² The Board of Directors acknowledges the strategic importance of diversity and inclusivity within the company and considers these aspects in its appointments.

Board of Directors Committees

The Grupo México corporate governance structure has 2 committees, which report directly to the Board of Directors: The Executive Committee and the Audit and Corporate Practices Committee. Three board members, two of which are independents, sit on the Executive Committee, which conducts a more frequent supervision and prepares the quarterly reports presented to the Board. The chairman of the Board of Directors also presides over the Executive Committee.

The members of the Executive Committee are:

1. German Larrea Mota Velazco (Chairman)
2. Carlos X. Gonzalez Laporte (Independent)
3. Antonio Madero Bracho (Independent)

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

The Audit and Corporate Practices Committee has 3 independent members:

1. Lic. Rolando Vega Sáenz (Chairman)
2. Lic. Emilio Carrillo Gamboa
3. C.P. Fernando Ruíz Sahagún

Subsidiary Committees

Each subsidiary has its own management committees, such as the Compensation Committee and the Sustainable Development Committee in the Mining Division, which evaluate different performance indicators and respond to stakeholder concerns raised by the executives responsible for these relations. The committees and board members participate in a self-assessment process once a year.

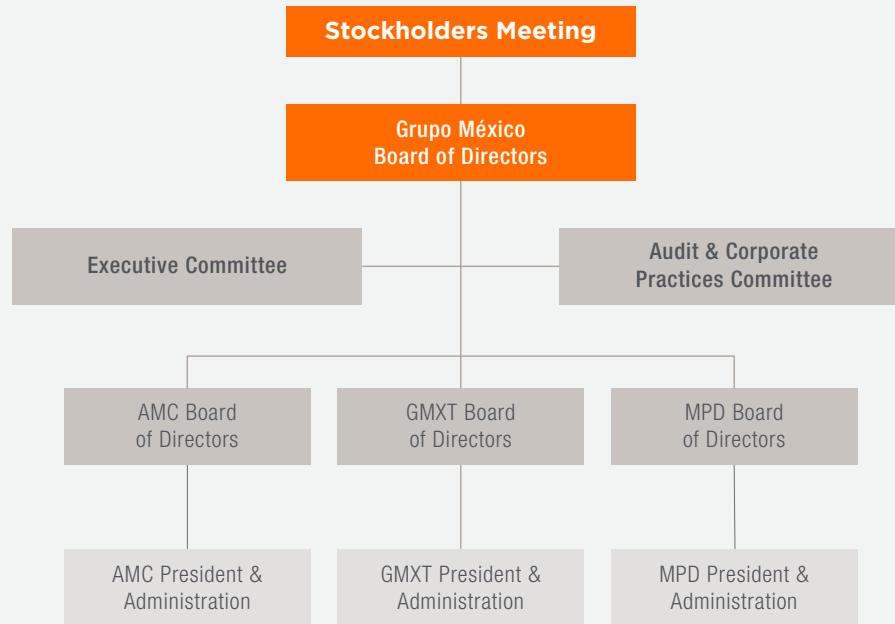
It is important to note that our main subsidiaries have their own Boards of Directors, which inform the Grupo México, S.A.B. de C.V. Board. Their responsibilities include monitoring and assessing the social and environmental performance, the management of which falls to collaborators in the operational areas at the subsidiary level and also teams created for this purpose.

Internal Control

Grupo México has an Internal Control system and a Manual of Corporate Policies and Guidelines to establish an adequate management of its corporate governance in accordance with the guidelines of the Board of Directors and the guidelines and principles of best international and national Corporate Governance practices. Measurements and evaluations of the Internal Control system itself, covering budgetary, economic, financial, patrimonial, regulatory and management aspects are strictly and punctually exercised. Likewise, there is a pro-

cess of continuous improvement, which seeks to make operational, financial and administrative processes more efficient, with the intention of strengthening and making the information transparent to shareholders.

Grupo México has a corporate governance structure whose purpose is to allow decision-making to result in the benefit and safety of investors, to generate an environment of trust, transparency and accountability.



MAIN OFFICIALS OF GRUPO MÉXICO

Grupo México’s management team is made up equally of men and women:

Name	Position
Germán Larrea Mota Velasco	Executive President
Xavier García de Quevedo	Executive Vice-President
Lourdes Aranda Bezaury	VP Media and Institutional Relations
Marlene Finny de la Torre	VP Administration and Finance
Lillie Hernández Minor	Lead Counsel
Miguel Valdés Neves	VP Administration and Control

Sustainable development management in the organization

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

Our ESG management and performance involves the different divisions, functions and levels of the organization, ensuring the risks and opportunities related to our [material topics](#)³ are managed systematically and considered in our strategic decision-making. The Grupo México corporate governance structure in regards to sustainable development can be grouped into three levels:



Strategic oversight – The Chairman of the Grupo México Board of Directors approves the sustainability goals for the organization and supervises the management of the environmental, social and governance risks⁴. A mechanism is currently being defined for the Audit Committee to oversee the management of these risks. The Chairman also approves the sustainable development strategy for the organization, the related corporate goals and the investments required to achieve these goals. Each subsidiary has its own Board of Directors, which oversees their business units and informs the Grupo México, S.A.B. de C.V. Board.

Management and control – The Grupo México Board of Directors delegates its authority on sustainability to the Sustainable Development Committee and to the Corporate Sustainable Development Department, which define the strategic vision in sustainable development for the organization.

The Corporate Sustainable Development Department focuses primarily on our mining activities, although it works in close collaboration with the other divisions and areas of the Company to ensure the vision and

goals for sustainable development are fully aligned with the strategic priorities of Grupo México. Their responsibilities include developing strategies, policies and procedures, setting objectives, and defining and reporting performance indicators to monitor performance. The Corporate Director of Sustainable Development is responsible for monitoring the management of environmental and social risks, which are communicated to the Sustainable Development Committee and the Executive Vice President of Grupo México. Likewise, the Corporate Sustainable Development Department coordinates, aligns and validates the Sustainable Development Report.

The Sustainable Development Committee is made up of the Grupo México Executive Vice-President, the Executive President of the Mining Division and all the corporate vice-presidents of the Mining Division, as well as the directors of Occupational Health and Safety, Environmental Affairs and Community Development. Executives from the other divisions and external consultants are occasionally invited to attend (without voting rights), when the committee’s agenda so merits. The Sustainable Development Committee meets quarterly and presents progress reports and resolutions to the Chairman of Grupo Mexico’s Board of Directors after each session.

³ The material topics identified by Division are presented in the chapter on Sustainable Development Strategy in this report, and include occupational health and safety, water and waste management, climate change, human rights, business ethics and our neighbor communities, among others.

⁴ Including those related to climate change.

PROCESSES AND FREQUENCY OF GOVERNANCE ACTIVITIES RELATED TO ESG MANAGEMENT

Operation and execution – Each division has specialists in sustainable development who facilitate the development and execution of the corporate strategies that focus on the material topics that are common to all 3 divisions⁵. They also develop, execute and strengthen strategies that focus on the material topics that are specific to each division, according to the nature and particulars of each business⁶.

We also have social and environmental specialists at our operations to monitor and report on the sustainability metrics and risk management⁷. This information is gathered by the different departments involved to evaluate the effectiveness of the measures implemented and the management systems, making strategic adjustments on the recommendation of the Corporate Sustainable Development Department.

Board of Directors

- The Board of Directors is the governing body of Grupo México and it sets the overall strategies on ESG risk management for Grupo México.
- Validates the corporate strategy on ESG aspects and the corresponding investments.
- Ensures ESG risks and opportunities are considered in decision-making.
- Meets quarterly.

Audit and Corporate Practices Committee (mechanism in development)

- Regularly supervises the ESG risk management processes.
- Monitors the internal control system, including risk management, with quarterly meetings of the committee.

Sustainable Development Committee

- Meets quarterly and is made up of the corporate vice-presidents of the Mining Division, executive members of the Board of Directors, and occasionally invites executives from the other divisions and consultants, when the matter so merits.
- Monitors and drafts recommendations on ESG organizational performance and risk management*, progress on the sustainable development corporate goals and the effectiveness of the measures implemented.
- Also discusses and monitors strategic aspects, like ESG assessments, content and adjustments in the sustainability reports, new initiatives and projects, relations with stakeholders, etc.

Corporate Sustainable Development Department

- Defines the vision, targets and indicators in sustainable development to achieve the corporate goals.
- Develops policies, procedures and controls to systematize the management of environmental and social risks.
- Supervises and continually advises on the Company's ESG performance and defines corrective measures for ongoing improvement.

Business units and operations

- Implement the risk management policies, procedures, initiatives and controls.
- Measures and report the performance metrics and the progress on the implementation of initiatives and programs.
- Identify areas of opportunity to improve risk management, and the resources required.

⁵ For example, climate change, community relations, human rights, ethics, value chain, etc.

⁶ For example, mine waste in the Mining division, urban-railroad co-existence in the Transportation division, etc.

⁷ Including environmental and social risks and metrics related to climate change, occupational health and safety, and performance in energy and greenhouse gas emissions.

* 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 contact in the regions where we operate, etc.

Mining Division

The management of social and environmental issues in the Mining Division is headed by the Corporate Director for Sustainable Development (DCDS), to whom the Occupational Health and Safety Director, the Community Development Director and the Environmental Affairs Director report. In total, there are more than 260 experts focused on these topics.

The DCDS leads the prevention and mitigation efforts of the social and environmental risks faced by the Company. Other activities he leads include the reporting and communication of ESG issues; participation in ESG evaluation processes with rating agencies; the design and implementation of strategies to address gaps; the definition of policies, goals and metrics; supervise the implementation of management systems, programs and initiatives aimed at operational and institutional improvement; participation in sustainable development initiatives and forums, and liaison with internal and external stakeholders on this issue.

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

Grupo México Board of Directors and the Executive President of the Mining Division are informed on a quarterly basis, pointing out the most relevant aspects and strategic recommendations. Likewise, they are continually informed on more timely environmental, social and governance issues as needed.

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	Management Committee
Daniel Chávez Carreón	COO
Leonardo Contreras Lerdo de Tejada	VP Sales and CEO ASARCO
Oscar González Barrón	VP Administration and Finance
Mauricio Ibañez Campos	VP Legal and Corporate Governance
Jorge Jáuregui Morales	VP Human Resources AMC
Jorge Lazalde Psihas	Lead Counsel
Adrián Monter	VP Human Resources MM
Francisco López Guerra Larrea	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

Transportation Division

Grupo México Transportes, S.A. de C.V. Board of Directors has 14 board members, 3 of which are independents and 4 are also members of the executive team.

The corporate governance structure of Grupo México Transportes is defined according to the guidelines established in the company bylaws, approved by the Stockholders Assembly (at which company shareholders are represented), which also approves the management report presented by the Grupo México Transportes Board of Directors.

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 way to Grupo México Transportes. During 2020, the Board of Directors of Grupo México Transportes met a total of 4 times with an attendance percentage of 100% of the members.

Meeting the needs of the present without compromising those of future generations through a simple, productive and quality service is the fundamental premise for the business strategy of the Transportation Division. Proof of this is the establishment of the 2020 Program, which defines sustainability, service and productivity as pillars of the Grupo México Transportes business model. In order to verify that the management of environmental, social, labor and corporate governance issues are managed in a transversal and coherent manner in Grupo México Transportes, the General Management supervises performance in the matter through the different Grupo México Transportes divisions.

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

⁸ Lorenzo Reyes Retana passed away in 2020 and was replaced by Isaac Franklin Unkind who was appointed a Board Member for 2021 at the Annual Meeting held April 30, 2021.

The supervision of the performance and strategy in the field of Sustainable Development in the Transportation Division of Grupo México is in charge of the General Management and the General Management of Grupo México Transportes. The tasks of continuous management, planning and elaboration of specific projects are delegated to different directorates within Grupo México Transportes and are in charge of the Corporate Projects Director and the Operations Director. The management topics and activities that correspond to each direction are broken down below:

CEO and Administrative Department:

Define the Grupo México Transportes sustainability strategy, prioritize Environmental, Social and Corporate Governance (ESG) risk management and define the lines of action for the different company departments.

Corporate Projects Department:

Together with Legal, ensures that both new and existing projects meet environmental and occupational health and safety compliance.

Coordinates the management and publication of ESG information for the Transportation Division to communicate to stakeholders like the Board of Directors, rating agencies and investors, among others.

Operations:

Develops and implements occupational health and safety and environmental management and protection initiatives, including fuel and energy savings.



GMXT Rail Operations Control Center in Guadalajara, Jalisco, Mexico.

Infrastructure Division

The Infrastructure Division has its own Board of Directors, through México Proyectos y Desarrollos, S.A. de C.V. and its subsidiaries, which informs Grupo México, S.A.B. de C.V. Board of Directors.

Similar to the roles and responsibilities of the Grupo México, S.A.B. de C.V. Board of Directors, the MPD Board, together with their Executive President and CEO, oversee that decision-making generates benefit and assurance for investors, as well as the sustainability of the companies that comprise the division, under the principles of transparency and accountability. The Board is also responsible for stewarding the efficient use of resources and available assets, monitoring the social and environmental performance of the company, and overseeing risk management. The internal control department of this division has a system that oversees proper management of the corporate governance in terms of budgetary, economic, financial, equity, regulatory and management aspects, in accordance with the Grupo México internal control system and guidelines.

Continuing, in adherence to Grupo México policies, the sustainability strategy is applied in all our business units, and the social and environmental performance is monitored and reviewed, the management of which is tasked to the operational departments.

The division has a Sustainable Development department which, together with the organization and senior management, facilitates and monitors the implementation of the sustainability strategy at all business units through 4 pillars:

- **Policies:** Review, adjust and approve policies that promote sustainable development throughout the organization; working with inhouse and outside stakeholders.
- **Sustainable investments:** Promote economic growth, being inclusive with the community and respectful of the environment. Investments are developed through risk analyses to generate businesses that are sustainable over time.
- **Protection of the environment:** Working closely with the Legal Department, verify that our operations are in full compliance with Mexican law. We are continually adopting national and international good practices to boost innovation and competitiveness.

Name	Role
Germán Larrea Mota Velasco	Chairman of the Board of Directors
Xavier García de Quevedo	Executive President
Francisco Zinser González	CEO
Mario Fernando Chávez Galas	VP Administration and Finance
Ricardo Arce Castellanos	VP Oil and Gas, Engineering and Construction
Jorge Agüero Navarro	VP Highways
Javier Gómez Aguilar	Lead Counsel
Héctor Raúl Huerta Avendaño	VP Engineering Services
Julio Francisco Larrea Mena	VP Constructora México
Gustavo Ortega Gómez	VP Energy



📷 Conveyor belts that carry the mineral to the concentrator.

Ethics and integrity

GRI 103-1, 103-2 | SASB IF-EN-510a.3

Ethics and integrity are core to the operations of Grupo México, which is why we have an internal control system that provides the company with tools to minimize the possibility of improper conducts, such as money laundering and corruption, among others, both at our business units and corporate offices, and throughout our value chain.

The Internal Control department creates the institutional supporting framework and designs processes and protocols to minimize the probability that collaborators, at any level within the company, would violate our professional ethics. The governing body reviews compliance with the company's mechanisms on business ethics and defines actions to strengthen our corporate structure. For example, we reinforced our compliance department in 2020 by appointing a Compliance Officer for each division. Together with Internal Control, the main policies are designed and enforced, under a management approach of prevention.

The COSO Framework is one of the instruments most used in the company. It is an internationally recognized standard that was developed over twenty years ago to provide organizational leadership on three fronts: enterprise risk management (ERM), internal control and fraud deterrents. The COSO framework is based on the following pillars:

- Code of Ethics
- Comprehensive Reporting System
- Granting of powers and approval limits. These policies include safeguards to limit the risk of corruption.
- Company manual on the prevention of money laundering
- Anti-fraud policy. In addition to the policy, Internal Control sends middle management and above a questionnaire each year to confirm they have no knowledge of fraud and if so, that they report it.
- Corporate Policy on Transactions with Related Parties. Transactions with related parties must be avoided unless the user area can justify and document otherwise.

The degree of effectiveness of the company's policies on business ethics and integrity is continuously evaluated by the Internal Audit Department, and annually through an external audit, on the requirements of the Sarbanes Oxley Act and on the internal control framework and its compliance.

We signed on to the international digital platform TRACE (anti-bribery compliance solutions) in 2020 as part of our technological initiatives in anti-corruption. TRACE

is a business association that gathers resources to provide companies with tools and assistance to meet compliance with anti-bribery regulations.

Code of Ethics

The backbone of the strategy to guarantee our ethics and integrity is the [Code of Ethics](#). This public document is posted on the Grupo México website, is applicable to both collaborators and suppliers, and its scope covers all the countries where the company operates. All collaborators and suppliers are required to sign that they have read and adopted the Code of Ethics as a requirement for hiring.

Additionally, the company has a Comprehensive Reporting System, which collaborators at all business units and corporate offices, stockholders, management, suppliers and third parties with which Grupo México has dealings can use to report any violation of the Code of Ethics. **Reports can be made in English or Spanish via:**

- Phone line
- Voicemail
- Email
- Website¹

Our Code of Ethics was reviewed at the corporate level to add elements to reinforce our ethical practices.

¹ For more information on the Comprehensive Reporting System, see the chapter on ethics in the 2019 Sustainable Development Report.

Values, principles, standards and codes of conduct

GRI 102-16

At Grupo México, we are committed to our operations generating economic growth for our people and communities, as well as protecting and caring for the environment.

To achieve our goals, we are guided daily by our values: honesty, responsibility and respect, driven by leadership, effective communication and teamwork.

The Code of Ethics affirms our values, lays out our mission and vision, and describes our base principles and conducts for working harmoniously with our people, stockholders, internal and external suppliers, customers, the authorities and our communities, under an umbrella of sustainable development. Our Code of Ethics draws from various references, including:

- **1.** United Nations Universal Declaration on Human Rights
- **2.** United Nations Guiding Principles for Companies and Human Rights
- **3.** International Labor Organization Conventions
- **4.** Anti-corruption laws in the countries where we operate, for example the US Foreign Corrupt Practices Act (FCPA, the Act)².

² FCPA prohibits US companies from directly or indirectly paying bribes to foreign officials in exchange for personal gain.

Mechanisms for advice or concerns about ethics. Reporting mechanisms

GRI 102-17

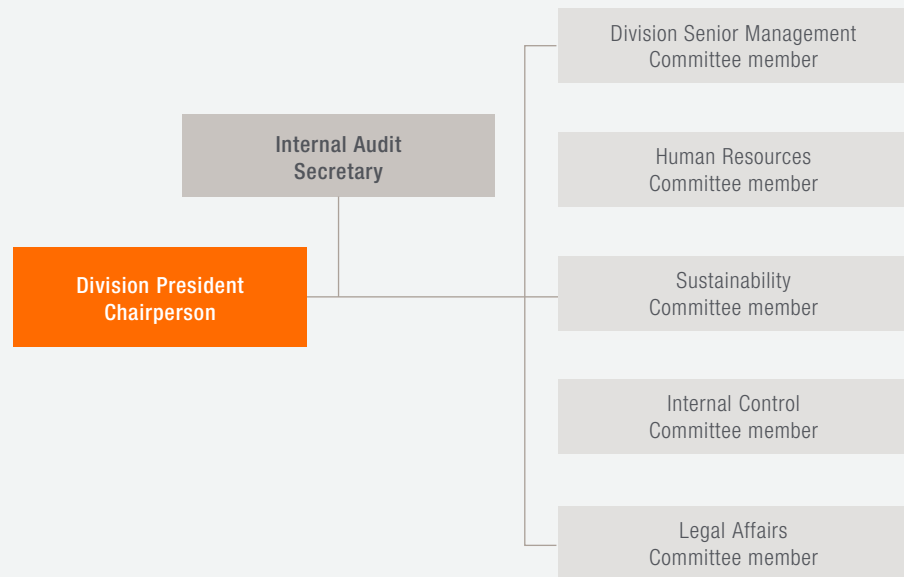
At Grupo México we are committed to generating channels to address complaints from our collaborators, as well as interested parties, including our communities and suppliers. Any natural or legal person who requires information from the company or requests priority attention may contact the complaint line through the following channels:

Division	Website	Email	Phone
Mining	www.lineadedenuncia.com/mineramexico	mineramexico@lineadedenuncia.com	800 062 2105
Infrastructure	www.lineadedenuncia.com/infraestructura	infraestructura@lineadedenuncia.com	
Transportation	https://www.lineadedenuncia.com/gmt/default.html	gmt@lineadedenuncia.com	

The reporting line is managed by a specialist independent third party to ensure reports are addressed with transparency as a measure to build trust with the complainant. When the report is made by an employee, their human and labor rights are fully respected and, as stated in our policies, they will not be subject to reprisal. Additionally, the complainant is free to submit their report anonymously.

Since 2020 we have joined the international TRACE program. Thus, our managers and main officials can be certified on acts against money laundering and anti-corruption.

The Ethics and Discipline Committee is a multidisciplinary team that ensures impartiality and full attention to each case. There are women serving on this committee, which meets every three months to review and address the reports received and define response actions. **The committee is formed from the following areas:**



We received 208 reports in 2020, 48% less than the previous year. This decrease is associated with the reduced number of people in our offices as most employees were working from home because of the pandemic.

³ Abuse of authority, sexual and other harassment, improper/unsafe work conditions, employee behavior, unfair dismissal, discrimination, workday and urban co-existence issues.

⁴ Conflicts of interest, falsified information and technical reports, investigation, theft of company goods, customer service, improper use of assets/resources, corruption and money laundering.

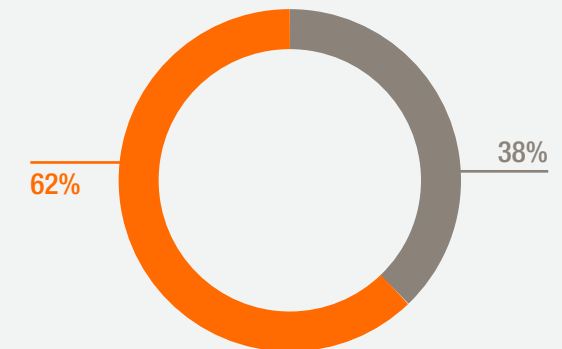
* The Mexican and Peruvian operations of the Mining division are equivalent to 100% of the operations of Southern Copper Corporation (SCC).

Categories	Mining Division					Transportation Division (GMXT)	Infrastructure Division	Total
	SCC*	Minera México	SPCC	Asarco	Subtotal			
Matters related to Human Resources ³	44	31	13	6	50	53	23	126
Matters related to business ethics ⁴	39	32	7	0	39	37	3	79
Other (not provided/others)	3	3	0	0	3	0	0	3
Total	86	66	20	6	92	90	26	208

Of the 208 reports received, 62% were submitted anonymously, while a name was provided for the other 38%.

Throughout the sessions with the Ethics and Discipline Committee, it was possible to attend 100% of the cases and solve 69% of the complaints received, while 31%, at the close of the 2020 edition, is still under investigation.

	Responses to complaints, 2020		
	Cases Addressed	Closed	In review
Mining	92	71	21
Transportation	90	50	40
Infraestructure	26	22	4
Total	208	143	65



■ Anonymous reports
■ Non-anonymous reports

Operations assessed for risks related to corruption

GRI 205-1

All Grupo México operations are evaluated to meet the goal of zero tolerance for corruption. The processes of the Internal Control and Internal Audit areas are applied transversally at all levels of the company and in all business units. Therefore, all Grupo México operations, in the three divisions, in all the countries where the company operates, are subject to evaluations for risks of corruption, as part of the risk management that is applied on an ongoing basis.

Communication and training about anti-corruption policies and procedures

GRI 205-2 | SASB EM-MM-510a.1

The compliance officers, with the support of our training department, define the strategies and topics related to corporate ethics to include in the company's training programs. Grupo México has three main channels for promoting professional ethics:

1. Training

The training is based on the standards laid out in the FCPA (Foreign Corrupt Practices Act), which provides an international benchmark. The seven guidelines the FCPA requires to prevent acts of corruption are covered in the training.

Additionally, all new hires are provided a copy of the Code of Ethics to read and consult. The company offers Code of Ethics training to unionized employees every two years, and annually for non-union employees.

Division	Percentage of personnel who received anticorruption training, by division			Percentage of personnel who received Code of Ethics training, by division		
	Mining	Transportation	Infrastructure	Mining	Transportation ⁵	Infrastructure
Senior Management	87	100	100	87	100	77
Management	92	100	96	92	100	81
Middle Management	70	100	91	72	100	71
Administrative / Operational	62	100	47	67	100	84
Total	78	100	84	80	100	78

In parallel, and as part of the TRACE platform tool, our senior management and officers were certified in the following areas:

- Anticorruption
- Money laundering
- Conflicts of interest
- Trafficked labor

In Grupo México and its subsidiaries, no financial or in-kind contributions are made to any party, organization or political cause.

⁵ In the case of the Transportation Division, the personnel is provided with a Code of Ethics.

2. Related Parties Agreement Questionnaire

This is another instrument that supports the enforcement of our anti-corruption policies. It promotes transparency in the procurement of goods and services. The application of this instrument in 2020 is summarized as follows:

Division	Percentage of staff that signed the Related Party Agreement		
	Mining	Transportation	Infraestructure
Senior Management	100	100	100
Management	94	95	90
Middle Management	95	73	70

3. Communication

In addition to employee training, our compliance officers organize media campaigns with posters, memos, intranet, and screens at company offices and cafeterias.

The principal themes of these campaigns include:

- Workplace harassment
- Corruption and conflicts of interest
- Respect for human rights
- Money laundering
- Detecting and reporting violations

Confirmed incidents of corruption and actions taken

GRI 205-3 | SASB IF-EN-510a.2

No incidents of corruption were reported in 2020 at any of the three Grupo México divisions. This result is made on consideration of all the reports received through the different channels of communication the company operates. Additionally, the Internal Audit department systematically conducts audits on the company's processes to guarantee transparency and reliability.

Grupo México has zero tolerance on corruption, fraud, conflicts of interest or any action or activity that would be contrary to the values and standards of the company, or national or international law.

Contributions to political parties and/or representatives

GRI 415-1

Grupo México, in its three divisions and corresponding subsidiaries (including Southern Copper Corporation), does not make any kind of donation or payment, whether in money or in kind, to organizations whose purpose is to create or influence public policy, legislation and regulations.

Our Code of Ethics prohibits donations of any kind and political contributions, as well as any political participation or activities of this nature in the name of the company. Therefore, the company does not make contributions in any form to political campaigns, political parties, lobbying or trade associations.

Legal actions related to unfair competition, monopolistic practices and against free competition

GRI 206-1 | SASB TR-RA-520a.1; IF-EN-510a.2

During 2020, Grupo México, in its three divisions and corresponding subsidiaries (including Southern Copper Corporation), was not subject to legal actions related to monopolistic practices, unfair competition or practices that affect free competition.

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



📷 Tamosura Park in Cananea, Sonora, Mexico.

Non-compliance with social and economic laws and regulations

GRI 419-1

Regarding irregularities in social and economic matters, Grupo México, in its three divisions and corresponding subsidiaries (including Southern Copper Corporation), was not credited with any type of monetary or non-monetary fine or sanction for non-compliance with laws on social or economic matters.

During 2020, Grupo México strengthened the Corporate Compliance area, assigning a figure for each division. Thus, a timely management of legal compliance was guaranteed, but above all an early management of risks in legal controls.

Non-compliance with environmental laws and regulations

GRI 307-1 | SASB EM-MM-140a.2; IF-EN-160a.1; IF-EU-140a.2

Grupo México has environmental management systems in place to systematize our environmental obligations and identify and address the associated risks. Toward the end of the year, the Mining Division formed an Environmental Legal Compliance Taskforce, which will audit our environmental processes and

compliance periodically as an additional measure to support our management of these aspects.

The Mining Division did not receive any non-monetary sanction in 2020. The authorities suspended the measures and the US\$50,000 fine (until the case is resolved) on a prior water matter in Mexico.

The Infrastructure Division did not incur in any non-compliance with environmental laws that would generate litigation or fines for the organization. Under our environmental management system, each site has its own legal compliance matrix to ensure due compliance with our environmental obligations with the government and our neighboring communities.

The Transportation Division did not receive any fines for any environmental non-compliance. However, the company did receive a non-significant sanction of less than US\$3,000 related to a derailment that occurred in years past.

Social Dimension



Workplace Health and Safety	83	Indigenous Populations	167
Our People	102		
Human Rights	126		
Local Communities	142		



📷 Fuel Storage terminal in Cadereyta, Nuevo León.

Workplace Health and Safety

Management Approach

GRI 103-1

At Grupo México, the health and safety of our employees is a priority, as our people are our greatest asset. Thus, caring for the health and physical safety of our people is fundamental in all our activities. We are committed to the ongoing improvement of our processes and procedures, identifying threats, assessing risks and implementing measures of prevention and control. We promote the early detection and prevention of diseases and injuries, recognizing that all workplace incidents are preventable.

Our goal is **Zero Accidents**. We have mapped the occupational health and safety impacts from all our operations in Mexico, the United States and Peru, our mining activities, multimodal freight transportation, power generation, infrastructure and project development and construction, on and offshore drilling, and also asset management. Additionally, we have operational controls in place to protect our personnel, contractors, visitors, facilities and our neighboring communities.

Occupational health and safety are a priority, therefore, caring for the health and physical integrity of our staff is an essential part of all the activities we carry out.

Mining, offshore drilling, construction and the railroad are highly specialized industries that require functional strategies and solutions to prevent occupational diseases and high injury rates at our operations, problems that directly affect our collaborators and the continuity of our business. We are working on identifying physical risks and implementing control mechanisms to mitigate negative impacts on the health of our collaborators and to reduce workplace accidents.

At Grupo México, our goal is for all our collaborators to return home physically and mentally healthy. In this regard, we have designed a strategy to engage our personnel in our commitment to health and safety throughout the organization.

There are significant operational and industrial, as well as occupational health risks at all our operations.

Organizational management

GRI 103-2

We are committed to creating safe and optimal workplaces for our collaborators, contractors and suppliers, and also to building a culture of prevention through the ongoing improvement of our comprehensive workplace health and safety management system, and compliance with all legal requirements. Our safety management approach focuses on optimizing the quality of life in the workplace for our collaborators through workplace health and safety best practices. Our Workplace Health and Safety Management Systems are aligned with ISO 45001 and across the organization, 16% of our sites are ISO 45001 or OHSAS 18001 certified.

At Grupo México we have an Occupational Health and Safety Policy that directs our strategy focused on the following points:

- **Maintain safe and healthy workplaces.** We are improving our prevention of occupational diseases and injuries through the inspection and correction of all unsafe conditions that could put our employees at risk.
- **Foster a culture of prevention in occupational health and safety.** We are focused on changing the current values and attitudes, providing ongoing training to our collaborators to build commitment to working safely, and that our collaborators themselves foster preventive practices both in and outside our operations.
- **Identify and effectively control our critical risks.** We have various programs in place to control critical risks. These programs focus on improving how we identify, implement and evaluate actions that will minimize injuries, designating specific people for monitoring and inspections.

Our Workplace Health and Safety Policy can be found (in Spanish) at:

<https://www.gmexico.com/Pages/Politicasds.aspx>



Our workplace health and safety strategy is based on three pillars:

- **Maintain safe and healthy workplaces.**
- **Foster a culture of prevention in occupational health and safety.**
- **Identify and effectively control our critical risks.**

Grupo México Performance

GRI 103-3

Our culture of prevention is constantly promoted, through communication campaigns, training, maintenance programs, and a growing awareness among staff that helps us to improve continuously.

Our occupational health and safety management systems are frequently audited in business centers by internal auditors, by authorities, clients and certifying bodies that guarantee compliance with the applicable regulations as well as their adequate performance

The requirements that are evaluated in the management system audits are the following:

- Leadership and employee engagement
- Actions to address risks and opportunities
- Workplace health and safety goals and planning to achieve them
- Planning and operational control
- Change management
- Emergency preparedness and response
- Monitoring, measuring, analysis and performance review
- Compliance review
- Management review



In 2020 the Transportation Division began the implementation of a compartment-based health and safety system

ONGOING IMPROVEMENT

The management teams use the audit results to inform future actions based on the learnings from the previous cycle. These results are presented in health and safety performance reports.









PERFORMANCE RESULTS

✔ Goal achieved

● Annual progress towards achieving the goal by or before 2022

● Slight deviation from achieving the goal

● The goal has not been achieved or the performance is such that the goal will not be met on time

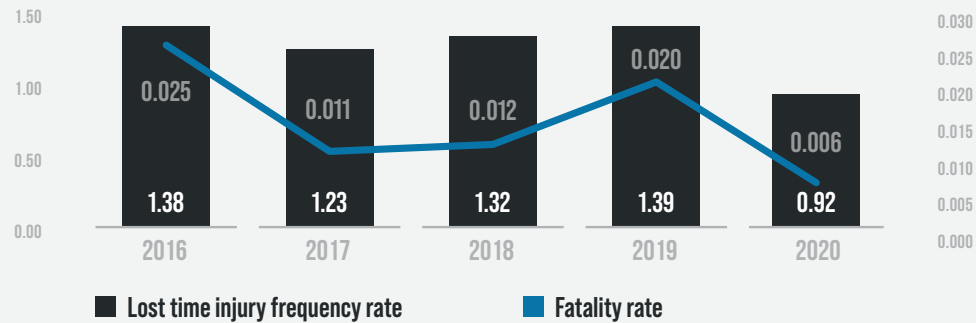
2022 Goal	Divisions involved	2020 Performance	Description
Zero fatal accidents.		●	There were a total of two fatal accidents in the Transportation Division.
Reduce the frequency of incapacitating accidents among our employees and contractors by 25%.		●	The frequency rate of the Mining Division decreased 37% compared to 2019 (.46 vs. .73).
Reduce the frequency of incapacitating accidents among our employees by 10%.		✔	The frequency index of the Transportation Division decreased 30% compared to 2019 (1.91 vs. 1.98).
Implement a Behavior-Based Safety System at 75% of our business units.		●	Ten units of the Mining Division with SBC implemented (56%).
ISO 45001 certification for all business units.		●	Three sites in Mexico were certified under ISO 45001 (La Caridad, Metallurgical Complex, Lime Plant).
Involve all Mining Division personnel exposed to health risks (non-occupational) in preventive programs.		●	In 2020, health activities focused on addressing the challenges caused by the COVID-19 pandemic.
Implement a comprehensive traffic management plan at all open pit mines.		✔	The eight open pit mining units have a traffic management plan in place. There were no lost-of-time incidents in 2020 related to this issue.
Install traffic equipment at 40 level crossings to reduce accidents in urban and rural areas where the Transportation Division operates.		●	14 level crossings were signaled in 2020. 26 more crossings are left to meet our 2022 goal.

33% reduction of occupational accidents

at Grupo Mexico level in the last five years.

HISTORIC PERFORMANCE IN WORKPLACE HEALTH AND SAFETY-GRUPO MÉXICO¹

Incapacitating injury rate (LTIFR)
Grupo México* 2015-2020

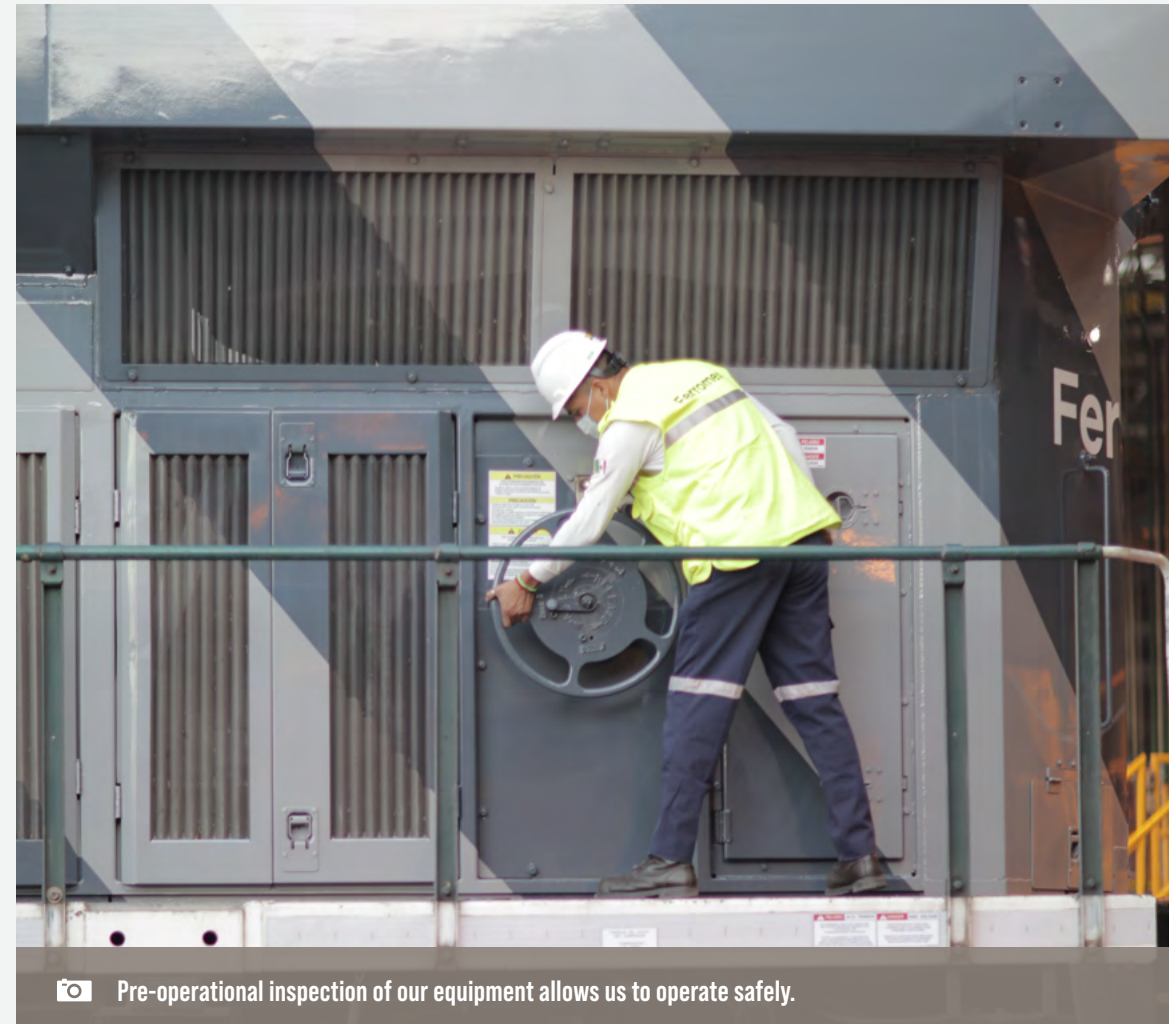


Lost time injury frequency rate (LTIFR) = $\frac{\text{\# lost time injuries} * 200,000}{\text{Total man hours worked}}$

Fatality rate (FR) = $\frac{\text{\# fatal injuries} * 200,000}{\text{Total man hours worked}}$

¹ The occupational health and safety metrics presented in this chapter cover the entire operation of Grupo México and its respective divisions.

* This index only considers own personnel.



📷 Pre-operational inspection of our equipment allows us to operate safely.

Mining Division

Workplace Health and Safety Management Systems

GRI 403-1

Our goal of implementing management systems based on ISO 45001: 2018 in all units of the Mining Division, contemplates inherent compliance with the occupational health and safety regulatory framework of each region in which we operate, as well as the inclusion of the best practices that are developed in the company.

All our employees, contractors, suppliers and visitors, as well as all stages of our productive and support processes are covered and considered in the scope of our Workplace Health and Safety Management Systems.

The Operations Officer and Property Managers are responsible for implementing and maintaining the Workplace Health and Safety Management Systems, reporting their performance to the Sustainable Development Committee at the Senior Management level.

Hazard Identification, Risk Assessment and Incident Investigation

GRI 403-2

In the Mining Division, workplace health and safety management begins with our process to Identify Threats and Assess Risks, in which we encourage all our

We are planning to certify all Mining Division business units in ISO 45001:2018 by 2022.

collaborators and contractors to participate, as well as experts in the field. This process reviews all work tasks each year to identify any unsafe conditions or practices that could put our personnel or operations at risk. The primary unsafe actions identified in 2020 were distraction, over-confidence, improper handling of materials, and failure to follow procedure.

To verify these risk assessments, we established different audit programs. These programs are made up of internal and third party audits. The results of these audits provide us with feedback on our performance, and also allows us to focus our efforts on addressing priority findings to ensure the integrity of our employees and operations.

All of our collaborators have mechanisms available to them to report unsafe conditions or practices to their supervisor or to the safety leaders, stopping their work without repercussions until the risk associated with the condition or practice has been addressed.

Occupational health services

GRI 403-3

The regular checkups the company provides to our occupationally exposed employees have aided in reducing the occupational disease rate by 24.3%. We also contract certified specialists to conduct workplace environment industrial hygiene studies according to the regulations in place in each country where we operate.

Worker participation, consultation and communication on occupational health and safety

GRI 403-4

The participation of our collaborators in risk prevention is fundamental and is reflected in the risk checks performed at our daily meetings with collaborators before starting their shifts. At these meetings, we discuss areas of opportunity in health or safety as a team, and suggest ways to improve the current safety practices of the organization.

The most important health and safety processes in which our employees are involved are the inspections and audits, which are carried out by different teams according to the guidelines set in our management systems. These inspections and audits help us to identify unsafe practices and conditions at our sites with the participation of the different hierarchical levels within the organization, as well as representatives for our employees.

The Health and Safety Committee, which is made up of equal numbers of employees proposed 50% by the union and 50% by management, meets each month to identify and mitigate the threats associated with the unsafe conditions detected during inspections by the Workplace Health and Safety department. Meanwhile, the joint Union and Workplace Health and Safety department Executive Committee meets twice a year.

Worker training on occupational health and safety

GRI 403-5 | SASB EM-MM-320a.1

We offer health and safety training to all employees, contractors and suppliers who do any type of work at our operations. This training includes an orientation, training in operating specific equipment and machinery, safe work procedures, and identifying hazards and risk assessment, developing a culture of prevention and self-care in workplace health and safety. The Mining Division delivered 93,915 hours of safety training in 2020.

Promotion of worker health

GRI 403-6

We are striving to build a culture of health beyond our operations, where not only our collaborators, suppliers and contractors, but also their families, are able to improve their overall state of health. In this regard, we have developed and implemented initiatives and standards aimed at improving physical and mental wellbeing, such as detecting risk factors for chronic degenerative diseases and encouraging healthy eating habits, through one-on-one guidance, as well as peer support groups to quit smoking.

We also organize health and safety fairs each year at all our operations, providing early detection tests for cancer, diabetes and high blood pressure, among others. The fairs include vaccination campaigns, which are also open to the families of our collaborators and the community.

We faced a new public health challenge in 2020: the COVID-19 pandemic, for which appropriate measures were taken to minimize the spread of the disease among our collaborators, contractors, their families, and within the communities where we operate. **These measures included:**

- Stay-at-home orders for personnel identified as being at higher risk for COVID-19.
- All our operations in Mexico received Instituto Mexicano del Seguro Social (IMSS) Sanitation Safety Certification for compliance with the COVID-19 Sanitation Safety Protocol.
- Strengthening our healthcare services, with medical personnel and paramedics, and designated areas for detecting probable cases of COVID-19.
- We opened two temporary healthcare facilities for COVID-19 patients, serving both company personnel and the public.
- We processed 20,963 COVID-19 tests over the year for our collaborators and contractors.

We have reduced our accident rate by 36% in the last five years. Our 2020 performance was 44% better than in 2019.

Workers covered by an Occupational Health and Safety Management System

GRI 403-8

At 2020 yearend, three of our business units are ISO 45001 certified and we hold three OSHAS 18001 certifications. The other 15 sites are preparing to migrate and receive ISO 45001:2018 certification. These management systems cover all company personnel and contractors, meaning 100% of our business units have a health and safety management system in place, and 33% are certified according to an international Workplace Health and Safety standard.

Our management systems are certified by authorized independent agencies and are regularly reviewed through internal and independent audits to ensure the systems are being applied correctly and that they are adhering to the methodology of ongoing improvement.

Work-related injuries

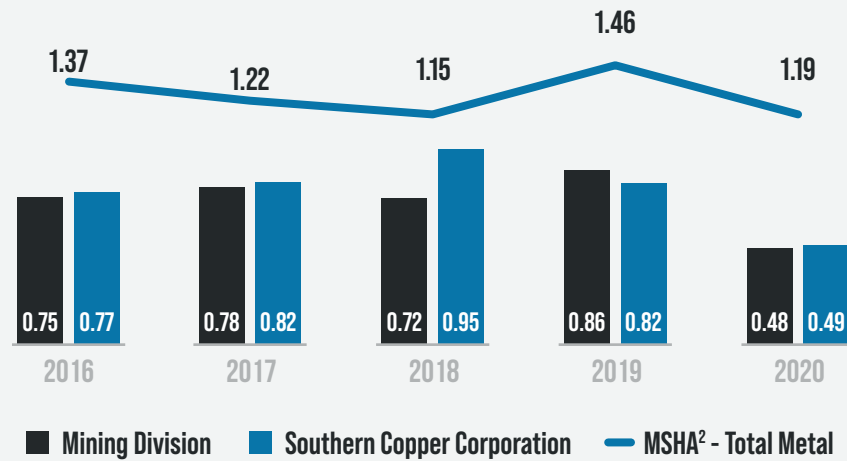
GRI 403-9 | SASB EM-MM-320a.1.

					Southern Copper Corporation		Mining Division	
		USA	Mexico	Peru	Total	Rates*	Total	Rates*
i. Fatalities	a) Employees	0	0	0	0	0	0	0
	b) Contractors	0	0	0	0	0	0	0
ii. Permanent incapacitating injuries	a) Employees	0	0	0	0	0	0	0
	b) Contractors	0	0	0	0	0	0	0
iii. Temporary incapacitating injuries	a) Employees	4	65	23	88	0.49	92	0.48
	b) Contractors	1	34	7	41	0.43	42	0.42
iv. Man hours worked	a) Employees	2,612,014	22,036,988	14,030,276	36,067,264	N/A	38,679,278	N/A
	b) Contractors	814,281	10,008,205	9,116,489	19,124,694	N/A	19,938,975	N/A

* The above rates are calculated considering 200,000-man hours worked.

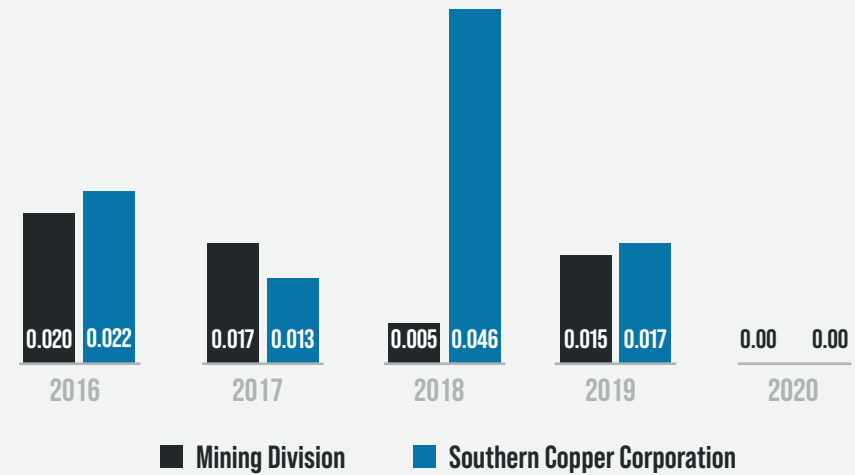
Incapacitating injury rate (LTIFR)*

Mining Division & Southern Copper Corporation 2016 - 2020



Fatality Rate (FR)*

Mining Division & Southern Copper Corporation 2016 - 2020



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

$$\text{Fatality Rate (FR)} = \frac{\text{\# fatal injuries} * 200,000}{\text{Total man hours worked}}$$

c. i. We have a historic baseline of the critical risks that have caused the greatest number of injuries or fatalities at our Mining Division operations, and we also take into account the information generated by the mining sector. This helps us to develop a risk map for each process and procedure.

ii. The main hazards identified at our Mining Division operations are:

Open pit mines: slope instability and landslides, vehicles being crushed or overturning, explosions, electric shocks.

Underground mines: falling rock, lack of ventilation, fire, flooding, electric shocks.

Smelters: furnace explosions, moving equipment and machinery, sulfuric acid leaks or spills, falling, and exposure to contaminants in the work environment.

d. To ensure the control measures are respected and applied while tasks are being performed, we conduct regular inspections of our workplaces, prepare inspection reports and follow up on these reports.

e. The rates reported have been calculated at 200,000-man hours worked.

f. No company employee or contractor has been excluded from this reporting.

² MSHA - Mine Safety and Health Administration

Work-related ill health

GRI 403-10

a and b. 2020 Performance. Occupational diseases, employees and contract personnel.

		USA	Mexico	Peru	Southern Copper Corporation	Mining Division
i. Fatalities resulting from work-related ill health	a) Employees	0	0	0	0	0
	b) Contractors	0	0	0	0	0
ii. Recordable cases of work-related ill health	a) Employees	0	20	3	23	23
	b) Contractors	0	0	0	0	0

iii. The principal occupational diseases identified in the Mining Division are deafness and pneumoconiosis.

c. See 403-9 c.

d. Contractors are not included in this reporting as most are temporary contract workers.

SUCCESS STORY

Our collaborators make a difference “CASCOS DE PLATA”

Minera México received 3 Cascos de Plata performance awards in 2020, of the 6 Cascos de Plata awarded by the Cámara Minera de México: La Caridad Mine (open-pit mine with +500 workers category); Zinc Refinery (metals plants and smelters with +500 workers category), and La Caridad SX/EW Plant (metals plants and smelters with up to 500 workers).

These awards are the result of the efforts and commitment of all our collaborators. In the Mining Division, we are proud of the participation of our collaborators and senior management in promoting health and a culture of self-care, and for maintaining safe work environments.



Cascos de Plata (Silver Helmets).



📷 Collaborator at the Fuel terminal in Cadereyta, Nuevo León, México.

Infrastructure Division

Occupational Health and Safety Management Systems

GRI 403-1

Seeking the well-being of our employees and the systematization of our processes, the businesses of the Infrastructure Division have health and safety management systems, based on national regulations and best international practices. In the case of the Petroleo and Constructora subsidiaries, which represent 33% of the division's work centers, they are ISO 45001 certified.

At Mexican level, we are recognized as a Safe Company of the Program for Self-Management in Safety and Health at Work (PASST) in the subsidiaries of Petroleum and Combined Cycle Plant "La Caridad".

All our employees, contractors, suppliers and visitors, and all the stages of our productive and support processes are covered and considered in the scope of the Workplace Health and Safety Management Systems.

Our Oil and Construction subsidiaries are ISO 45001 certified.

Hazard Identification, Risk Assessment and Incident Investigation

GRI 403-2

We identify hazards and control risks in three different ways:

1. Through hazard identification and risk assessment matrices, prepared by multidisciplinary teams and disseminated throughout the organization.
2. Workplace Safety Analysis, which is completed at the start of any activity, engaging employees to analyze the risks associated with the task they are going to perform to mitigate the risks with the proper controls.
3. High-risk work license, which is required before starting any high-risk work. As a preventive measure, the hazards are identified and instruments, tools and people are designated to respond to any emergency.

We use internationally recognized methodologies to investigate accidents and determine the root cause. Accidents are investigated by health and safety committees at our worksites. Half of the members of these committees are named by the union and the other half by the site manager. In 2020, the investigation of 13 internal accidents was carried out, of which the main areas of opportunity were identified.

Occupational health services

GRI 403-3

All our operations have a medical service to attend to company personnel. **This attention may be:**

Preventive: When the employee voluntarily seeks advice on nutrition, disease prevention, exercise, etc. We identify any conditions that could affect the employee's health during these visits and actions are taken to address any anomalies.

Reactive: When the employee has suffered any injury and needs medical attention.

Our medical services were expanded in 2020 to provide prompt and appropriate care in the face of the COVID-19 pandemic.

The following actions were implemented on instruction from Senior Management:



COVID-19 testing. We processed more than 6,000 tests for our collaborators and extended this support to their families on request.



Remote healthcare by phone. A group of doctors responded to concerns raised by company employees and identified the major public and private healthcare facilities where they live.



Isolation facilities. The company opened two facilities with a capacity for over 100 people who needed to be isolated because of COVID-19, keeping them safe and protecting their families. These facilities provided meals, safe and clean spaces, and 24-hour medical attention.



Job security. Employees were free to seek medical attention without financial penalty.

The health of our collaborators is fundamental for the continuity of our operations. In this regard, the Infrastructure Division has invested over US\$2.0 million to protect the wellbeing of our collaborators and their families.

Worker participation, consultation and communication on occupational health and safety

GRI 403-4

The Infrastructure Division continually encourages our personnel to engage with health and safety. **The main channels of communication are:**

1. Joint hygiene and safety committees, which analyze employee issues and generate employer-employee agreements.
2. Safety talks at the start of each work shift, where the interaction is less formal, but focused on prevention, according to the tasks to be performed during the workday.
3. Media campaigns, on banners and screens at our worksites and cafeterias, disseminating messages on preventing accidents.
4. Reporting line, which receives all types of questions, comments or complaints from company personnel and the public.

We promote healthy work environments and insurance based on legal compliance. We also manage the risk for each operational activity.

Worker training on occupational health and safety

GRI 403-4

Training is provided through the following means:

- Orientation courses on health and safety in the workplace
- Technical and leadership training, according to the work activity
- Talks at the start of the workday
- *Universidad i* training platform
- In-person courses, emergency response

Promotion of worker health

GRI 403-6

We organize different activities throughout the year to raise awareness on topics related to health and safety. One of these is the health and safety week, which offers employees talks, learning activities, seminars with experts, practice drills, training and workshops. We also use the health and safety week to provide additional medical exams and testing to the routine checkups for all our collaborators.

Workers covered by an Occupational Health and Safety Management System

GRI 403-8

All Infrastructure Division operations are managed under health and safety management systems. Each worksite has safety leaders, medical staff and paramedics that oversee, advise and support all personnel.

Work-related injuries

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

The accident rate for the Infrastructure Division was 25% lower in 2020, compared with the previous year. These results reflect the collaboration and participation of our operational personnel, safety leaders and directors to build a more competitive company with more systematic and reliable processes.

a and b. 2020 Performance. Fatalities and incapacitating injuries, employees and contract personnel.

	Energy	Oil	Construction	Highways	Fuels	Engineering	Infrastructure Division	Rates*
i. Fatalities	a) Employees	0	0	0	0	0	0	0
	b) Contractors	0	0	0	0	0	0	0
ii. Permanent incapacitating injuries	a) Employees	0	0	0	0	0	0	0
	b) Contractors	0	0	0	0	0	0	0
iii. Temporary incapacitating injuries**	a) Employees	0	5	5	3	0	13	0.35
	b) Contractors	0	0	0	0	1	1	0.28
iv. Man hours worked	a) Employees	143,046	2,033,387	3,158,550	705,714	84,394	7,325,691	N/A
	b) Contractors	189,067	116,388	239,620	52,504	57,294	704,183	

Work-related diseases and illnesses

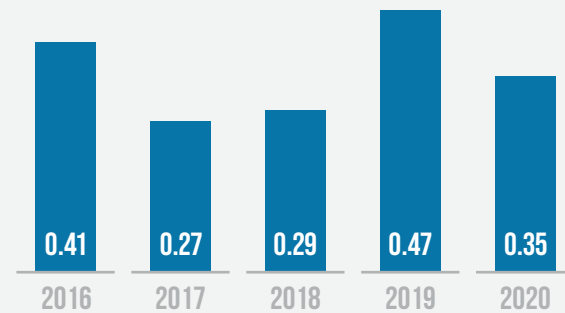
GRI 403-10

No work-related diseases have been identified or reported at any of our subsidiaries. The Infrastructure Division promotes safe work conditions that follow government guidelines and international good practices.

We reduce the accident rate by 25% compared to 2019.

Incapacitating injury rate (LTIFR)

Infrastructure Division 2016-2020



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

SUCCESS STORY

Celebrating life

We celebrated five years without a fatality in any of our lines of business in 2020, despite operating in high-risk sectors (Oil and Construction).

These results reflect the strong commitment and responsibility of the organization. We celebrate life in the Infrastructure Division, providing safe work conditions that follow international standards, and we offer our collaborators different channels of communication.

* The above rates are calculated considering 200,000-man hours worked.



📷 Locomotive repair shop “Casa Redonda”, Guadalajara, Jalisco, Mexico.

Transportation Division

A healthy workforce means we can meet the needs of our users and the market, maintaining the continuity and functioning of our value chains.

Occupational Health and Safety Management Systems | Workers covered by an Occupational Health and Safety System

GRI 103-2, 103-3, 403-1, 403-8

Our goal in the Transportation Division to reduce the accident rate and guarantee reliability in the handling of freight has been achieved gradually through prevention programs, like the Zero Accidents program, *Cuidado con el Tren* (Watch Out for the Train), health fairs and courses for first responders on handling chemical materials.

Through the Operations Department, Grupo México’s Transportation Division establishes guidelines, policies, objectives and metrics to avoid, reduce and mitigate accidents in all our operations. Constantly, the General Director evaluates the metrics that the Operations Director follows day by day and analyzes to understand and analyze accident trends and occupational health and safety risks in order to determine the course of the necessary actions in order to safeguard and guarantee the well-being of each of our collaborators.

The health and safety of our employees is a cornerstone in our business model.

The Transportation Division is committed to promoting safe work environments for all our collaborators. In this regard, we have adopted occupational health and safety management systems designed to meet and surpass the requirements of the different regulatory agencies in the countries where we operate. Although these systems are not mandatory, we have implemented them to ensure the physical integrity and wellbeing of all our collaborators, contractors and customers. We invested more than US\$13 million in 2020 in occupational health and safety, and we have the necessary resources and equipment in place at all our operations to keep our collaborators safe.

Transportation Division Management and Operations regularly analyze the effectiveness of our programs and mechanisms to continually improve the health and safety of our collaborators. The company began to implement a behavior-based health and safety system in 2020, seeking to complement the existing policies and procedures with additional actions to strengthen the safety commitment of our collaborators. Our effective audit practices, which encourage employee leadership, formed the base for a pilot project aimed at reducing accidents in the places on our network that report the highest accident rates.

We have processes to provide information and receive feedback from our collaborators to encourage them to engage in the implementation and evaluation of the Occupational Health and Safety System. These processes include ongoing tra-

inings and daily talks on occupational health and safety, informational bulletin boards, online platforms and performance reviews, where company management communicates directly with our collaborators to hear their concerns about the risks associated with occupational health and safety.

The Transportation Division uses a Workplace Safety Analysis to identify hazards and assess occupational safety risks, and also to define the controls to mitigate or eliminate these risks. As a result of this process, we have developed and revised our workplace safety procedures for the tasks performed in our operations. Also, employees have different mechanisms to report unsafe conditions and practices, which include reporting directly to their immediate supervisor or Human Resources representative, email and the intranet, inspections and visits by the local hygiene and safety commissions, and reports or complaints can be submitted anonymously through our reporting line. (For more information about the Reporting Line, see the chapter on Professional Ethics.)

Our collaborators are invited to volunteer to join the health and safety committees, which meet monthly. These committees are made up of 50% unionized employees and their union representatives, and 50% non-union employees. These committees participate in accident investigations and visit different areas of the company to check the working conditions. The findings are logged and assigned to the different supervisors for the implementation of corrective actions. This activity engages collaborators to be proactive in improving the occupational health and safety management system, and to identify training needs.

The Transportation Division has a process for investigating incidents involving workplace safety, conducted through the local hygiene and safety committees applying the methodology of the “Five Whys”. This methodology helps to identify the root cause of the incident and determine corrective and preventive actions. All initial incident investigations are started within 24 hours following the event. The risk identification and assessment, and incident investigation, processes, as well as follow-up on reports of unsafe conditions and practices are reinforced with ongoing training and regular audits and inspections.

Occupational health services | Promotion of worker health

GRI 403-3, 403-6

We have medical services and specialized information available on preventing workplace illnesses and accidents to keep our collaborators, contractors and customers safe at our operations, without being exposed to risks so that our contractors and customers can perform their tasks at our facilities safely.

We provide regular medical checkups and access to general healthcare services to guarantee the wellbeing and safety of everyone working at all our facilities, including contractors and customers. The medical

The General Director evaluates the metrics established to avoid, reduce and mitigate accidents, in order to determine the course of the necessary actions in order to safeguard and guarantee the well-being of each of our collaborators.

service at our operations and corporate offices is outsourced and managed by the Workplace Health and Safety Department, which also guarantees the confidentiality of our employee data, and we ensure the medical records for the people working at our facilities are safeguarded by experts. Our workplaces provide a daily health check service for crews starting trips in each district on our railroad network.

We have specific programs in place at our facilities and operations focusing on caring for the health of our collaborators and to monitor and prevent illnesses from exposure to noise, vibrations and other workplace-related elements. We are constantly promoting the overall health of our collaborators, disseminating relevant information on illnesses like high blood pressure, diabetes and obesity, and we are constantly emphasizing the importance of nutrition and its influence on our health. We also run vaccination campaigns and routinely check the aptitudes and health of our collaborators with testing to detect fatigue or the consumption of alcohol or other drugs.

All our programs are focused on the early detection of risk factors that could generate health problems for our collaborators. Medical services are available at all our sites and for all work shifts; personnel and contractors receive attention from qualified medical personnel at our infirmaries. We also hold “health fairs”, which include vaccination campaigns, medical exams and testing, and conferences and talks on topics such as weight control, high blood pressure, diabetes and nutrition.



The Transportation Division invested more than US\$13 million in occupational health and safety in 2020.



📷 Crew reviewing stretch of road in the Pacific to identify defects and risk to correct them.



We offer regular checkups
and provide access to medical attention for
general diseases for all our collaborators.

Worker training on occupational health and safety

GRI 403-5

Our 10,901 employees are the driving force that makes our company successful. We believe the key element to continue growing is to support their personal and professional development. We recognize that achieving long term goals is possible through the talent of our collaborators, therefore it is essential that our people be highly qualified, motivated and aligned with our values. We consider that a workforce with technical expertise, that is capable, flexible and collaborative, delivering excellence in service will reduce our labor costs and accidents, which will help us to achieve greater efficiency. We plan to improve the productivity of our workforce through more efficient training programs. In 2020, we delivered more than 204,851 hours of training to our employees, despite the pandemic, equal to an average 18.79 training hours per employee. We hope to restart our intensive training programs in 2021 as we come out of the pandemic, and it is safe for our collaborators to participate in workshops and training courses.

As we do every year, in 2020 we reinforced the knowledge and skills of our collaborators in reference to railroad transportation company codes and regulations, where supervisors and track personnel learn and consolidate their knowledge on the operation of the railroad infrastructure and the risks to which our personnel are exposed. This helps us to monitor track conditions more efficiently and the performance of our trains and movements to reduce accidents caused by deficiencies in the infrastructure. This also helps us to prioritize the maintenance of the railroad system.

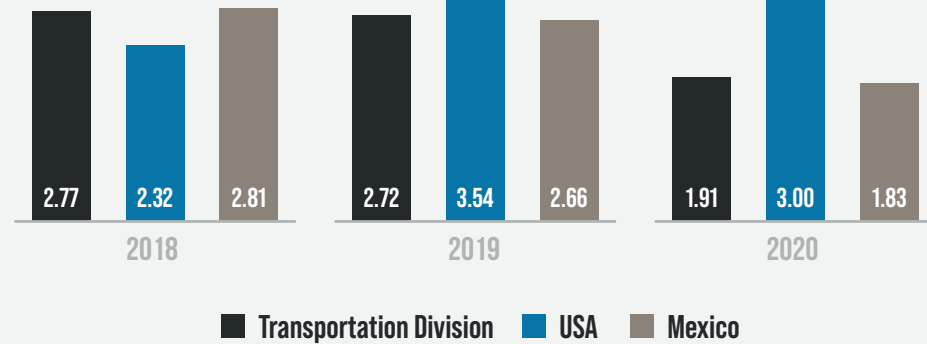
Safety performance

Work-related injuries | Work-related ill health

GRI 403-9,403-10 | SASB TR-RA-320a.1.

Incapacitating injury rate (LTIFR)

Transportation Division 2018-2020

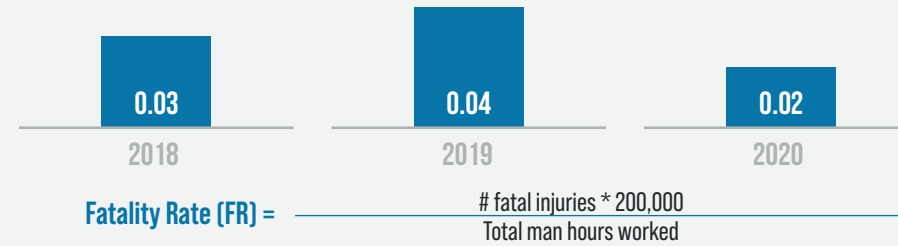


$$\text{Lost time injury frequency rate (LTIFR)} = \frac{\# \text{ lost time injury} * 200,000}{\text{Total man hours worked}}$$

Unfortunately, there were two fatal injuries in 2020, where one employee and one contractor lost their lives in separate events. Our employee lost their life as a result of acts of vandalism on our locomotives, while the contractor was involved in an accident while operating heavy machinery. We deeply regret these events and reaffirm our commitment to zero accidents at our operations. We know that behind every member of our organization, there is a family waiting for them at home.

Fatality Rate (FR)

Transportation Division 2018-2020



$$\text{Fatality Rate (FR)} = \frac{\# \text{ fatal injuries} * 200,000}{\text{Total man hours worked}}$$

CO-EXISTENCE OF THE RAILROAD WITH URBAN CENTERS

Safety at level crossings is essential to operating a quality and reliable transportation system. There are level crossings throughout our rail network and therefore it is a priority for us to close any crossings that are deemed unnecessary, and to install signaling and other equipment at those that represent a risk to the railroad and to the communities through which our railroad lines pass.

Addressing our concern for safety at level crossings, the Transportation Division started a program in 2017 to improve the co-existence of the railroad with urban centers, based on three lines of action: installing signaling equipment and barriers at level crossings, media campaigns and railroad safety initiatives, and the closing of redundant, unauthorized and dangerous level crossings.

During 2020 our efforts paid off, thanks to our ambitious program we were able to complete the signaling of 14 level crossings (which are included in the 66 that we have marked since 2018). In 2020 we invested more than US\$3 million for a total of US\$12.4 million in three years. As a result of the success of this project, we have reduced accidents at level crossings by 36.1%. By 2021 we will continue with this same effort.



📷 Collaborator in the metallurgical plant in Esqueda, Sonora.

Our People

GRI 103-1, 103-2, 103-3

At Grupo México, our people are the backbone of our organization, which is why we strive to provide and maintain an environment of wellbeing for all our collaborators. We understand the importance of encouraging and engaging the participation and voice of all groups at our company sites. We have organizational tools and mechanisms in place like the Reporting Line (see the chapter of Ethics) and workplace climate surveys (see the chapter of [Human Rights](#)) to understand and address the concerns of our employees.

The success of our business model lies in the talent and development of our workforce, so we strive to attract and maintain a motivated team through challenging and interesting work, adequate and competitive compensation plans, the promotion of training and development of skills to promote creativity and innovation in the processes and daily work of our company. We promote the retention of talent with growth options based on their performance. We constantly strive to improve the organizational climate and monitor the turnover rate of staff in order to achieve our goals.

Grupo México seeks to create environments where diversity, inclusion and gender equity are promoted, complying with equal opportunities without distinction of race, creed, age, gender, nationality or sexual orientation, as well as respect and non-discrimination of individuals and communities, including minority groups, in accordance with the values expressed in our [Code of Ethics](#) and [General Human Rights Policy](#).

The organizational management in regards to Our People is based on our company policies and procedures, and also on national and international standards and regulations. This management is built on four pillars:



Grupo México has policies in place that outline how we manage and develop our employee relations, aligned with the laws of the countries where we operate and complemented with international best practices in human resources management. These policies include the Code of Ethics, the General Human Rights Policy, the Policy on the Respect and Wellbeing of our Collaborators, General Policy on Our People (which communicates the commitments and how the company manages

our relationships with employees) and the Workplace Health and Safety Policy. All employees, contractors and suppliers that work with and on behalf of Grupo México are required to comply with our policies and company procedures.

The evaluation mechanisms for the four components of the chapter on Our People (labor practices, diversity, inclusion and non-discrimination, human capital development, and recruit and retain talent) are based on the design and application of performance indicators for our Human Resources departments, and documented policies and procedures. These annual and monthly indicators measure our results and reflect our Human Resources and company strategic planning. Additionally, Internal Control conducts reviews and there are also inhouse and independent audits.

Labor practices

GRI 103-1, 103-2

Grupo México ensures compliance with the labor laws in each country where we operate. Our actions are based on our Code of Ethics and our company policies are aligned with this legal framework and are strictly applied. We believe that the people who work at Grupo México are our most important asset. Our salary packages are fair and competitive to attract, develop

and retain highly capable and qualified people. We respect all our obligations and responsibilities as laid out in the collective bargaining agreements, acting within the framework of the law and according to our values and workplace culture.

For information on respecting the right of freedom of association and the risk of child and forced labor, see indicators GRI 407-1, 4081 and 409-1 in the chapter Human Rights.

Diversity, inclusion and non-discrimination

GRI 103-1, 103-2

Diversity, inclusion and non-discrimination are values that we promote starting with our Board of Directors and which are permeated through all levels of the organization and our subsidiaries. These values are taken into account every day in the strategies and decisions of the company. We strive to be inclusive and foster an environment of respect that extends to our collaborators, their families, the communities near our operations and the rest of our stakeholders.

To comply with and enforce our values of inclusion and non-discrimination, we have policies and procedures on recruiting and training that are applicable to our Human Resources leadership, and all personnel that attend the needs of our

collaborators. In parallel, the reporting line is available to all collaborators and contractors in the event they encounter anomalies, grievances or labor or human rights violations.

As part of these efforts, Grupo México recently released a Policy on Diversity, Inclusivity and Non-Discrimination, and Zero Tolerance for Workplace or Sexual Harassment, which defines the company's commitments in these areas and the mechanisms for applying the policy in the three divisions. Additionally, we prepared a diversity and inclusion diagnostic in 2020 to identify areas of opportunity. (For more information on the company's actions in 2020 to promote diversity and inclusion, see the chapter of [Human Rights](#).)

Human capital development

GRI 103-1, 103-2

Grupo México is committed to supporting and caring for the personal and professional growth of our collaborators. Through our training and development plans, we focus on technical training and competencies, and also skills development, to foster the individual and professional growth of our people aligned with the strategic goals of the company and our Institutional Competencies model. Our collaborators have the opportunity to select their own areas of interest and to pursue their own development according to their competencies.

The activities of our three divisions require highly specialized technical skills, therefore developing the specific skills and competencies required is a priority. We design training programs and career plans, as well as processes and campaigns to measure, assess, offer feedback and improve performance. These tools endeavor to reduce workplace risks and maximize engagement, proactiveness, knowledge, aptitudes and innovation. Additionally, training is part of our commitment to the communities where we operate, hence we have developed education programs in collaboration with different institutions.



📷 Collaborator in the Copper Refinery at the metallurgical plants in Nacoziari, Sonora, Mexico.

Education and training in Grupo México's Mining Division focuses on three main areas:



Education: programs for our collaborators that focus on their formal education, such as academic studies (elementary, middle school, high school, bachelor's degree) and postgraduate programs (master's and doctorate degrees). The company has incentive policies in place and offers financial support, and specific compensations are established in our collective bargaining agreements to support the studies of our collaborators and their families.



Training: developing technical safety skills (operation and maintenance), with an emphasis on the "human side of safety", going beyond technical safety knowledge, which is continually reinforced. We provide training in management skills and institutional competencies, and we continually provide refresher training on human rights and our Code of Ethics for all personnel.



Development: ongoing preparation for our collaborators to take on new tasks and responsibilities, as needed, supporting the growth of their professional careers within the company. Individual development plans are prepared, based primarily on our inhouse staffing tables.

Grupo México participates in creating educational programs for different levels in the communities where we operate. We also select students from these communities to complete their professional practices at different company sites.

Recruit and retain talent

GRI 103-1, 103-2

Grupo México is committed to maintaining a team that is fairly compensated, satisfied, motivated and committed to the organization, to maintain an appropriate workplace climate, which ensures a high level of permanency and a low turnover rate to achieve our goals. We offer an attractive benefits package over and above that required by law to contribute to the job stability of our employees.

We promote recruiting local talent, which has a positive impact on the economies of our neighboring communities. Our hiring practices are equitable and transparent, clearly stating the obligations and competencies required for each position, as well as how results are measured according to our assessment and performance review methods. We also offer competitive employment conditions. Annual reviews provide our employees with continual feedback on their performance, and the results of these reviews form the basis to design training, development, succession and personal career plans.

Labor practices¹

Workforce

GRI 102-8 | SASB EM-MM-000.B, TR-RA-000.E

The following table details our workforce by type of contract, gender and region, and also total number of contractors.

GRI 102-8 Workforce	Mining Division					Infrastructure Division	Transportation Division			Grupo México
	Mexico	Peru	SCC	USA	Total MIN	Total INF	Mexico	USA	Total TRA	Total
Total employees	9,000	5,110	14,110	1,906	16,016	2,669	9,694	1,207	10,901	29,586
Men	8,475	4,781	13,256	1,746	15,002	2,252	9,284	1,106	10,390	27,644
Women	525	329	854	160	1,014	417	410	101	511	1,942
Total permanent contracts	8,973	4,737	13,710	1,906	15,616	1,491	9,694	1,207	10,901	28,008
Full-time Men	8,455	4,439	12,894	1,746	14,640	1,220	9,284	1,106	10,390	26,250
Full-time Women	518	298	816	160	976	271	410	101	511	1,758
Total contract workers	27	373	400	–	400	1,178	–	–	–	1,578
Men	20	342	362	–	362	1,032	–	–	–	1,394
Women	7	31	38	–	38	146	–	–	–	184
Total contractors	6,100	5,144	11,244	16	11,260	2,861	1,643	850	2,493	16,614
Men	5,308	4,731	10,039	16	10,055	–	–	–	–	10,055
Women	792	413	1,205	–	1,205	–	–	–	–	1,205

¹ The figures in this chapter report 100% of the workforce in our three divisions.

A total of 11,260 contractors collaborated in the different subsidiaries of the Mining Division in 2020. However, there was a significant 52% decrease compared with 2019, due primarily to the deceleration of the mining activity because of the COVID-19 pandemic.

In the Transportation Division, 97% of our collaborators hold full-time permanent contracts, which contributes to the stability of our workforce. Some collaborators are under temporary contracts because they are completing their trial periods and are waiting to receive a permanent contract. These collaborators were included in the permanent contracts category.

Because of the physical nature of the work in our industries, our workforce is made up mainly of men. In the Infrastructure Division, the composition by gender varies greatly depending on the line of business. The percentage of women in our Oil and Construction subsidiaries is 9% and 7%, respectively, while 35% of our office staff are women, and in Highways, where many work in the operational area, women represent 30% of the workforce.

In the Infrastructure Division, 56% of employees hold permanent contracts. The remaining 44% holding temporary contracts are working in the Construction and Engineering subsidiaries, which use this form of hiring because of their business model, which is communicated to personnel when they join the company.



📷 Collaborators in the Copper Refinery at the metallurgical plants in Nacozari, Sonora, Mexico.

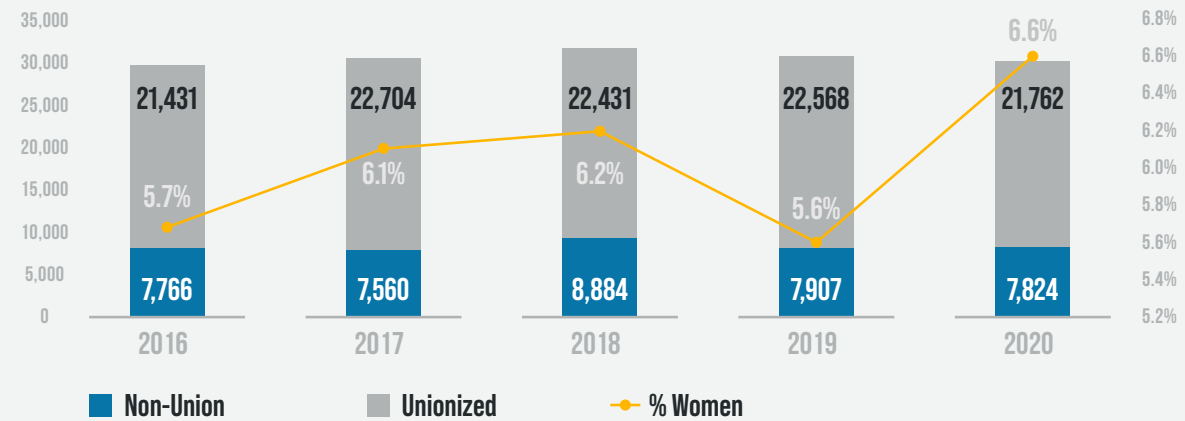
Workforce

COLLECTIVE BARGAINING AGREEMENTS

GRI 102-41 | SASB EM-MM-310a.1.

As noted in this graphic, we respect the collective agreements in place at all our operations, in accordance with the laws in the countries where we operate. The percentage of employees covered by collective bargaining agreements by division varies between 45% and 77%, and at the Grupo México level, 73.6%.

Grupo México Workforce



The company ensures all employees are familiar with the terms of the Collective Bargaining Agreements and their right to accept or reject these terms with their free, direct and secret vote. All collaborators, suppliers and contractors in our three divisions have access to a reporting line where they can report any violation of these rights.

GRI 102-41
Collective Bargaining Agreements

	Mining Division					Infrastructure Division	Transportation Division			Grupo México
	Mexico	Peru	SCC	USA	Total MIN	Total INF	Mexico	USA	Total TRA	Total
Total Employees	9,000	5,110	14,110	1,906	16,016	2,669	9,694	1,207	10,901	29,586
Unionized	6,625	4,001	10,626	1,539	12,165	1,189	7,524	884	8,408	21,762
Non-Union	2,375	1,109	3,484	367	3,851	1,480	2,170	323	2,493	7,824
% Unionized	73.6%	78.3%	75.3%	80.7%	76.0%	44.5%	77.6%	73.2%	77.1%	73.6%

Number of strikes and lockouts exceeding one week's duration, by country

MM4

MÉXICO

In the operations of the Mining Division in Mexico there was a work stoppage (in accordance with the terms of the Federal Labor Law) in the Charcas business unit that lasted 30 days: from April 27 to May 27, 2020. This strike was caused by a group of unionized workers who expressed their disagreement with the distribution of profits (stipulated in article 123, section A, of the Political Constitution of the United Mexican States). This group blocked the mine entrances. On May 27, during a meeting held with the Secretary of Labor of the Government of the State of San Luis Potosí, members of the Mines Union, workers' commissions and company representatives, it was agreed to immediately lift the work stoppage and restart the operations without any type of restriction or impediment, no later than the first shift on May 28, 2020.

PERU

There were no strikes or lockouts at Southern Peru in 2020.

UNITED STATES

For all the business units that we have in ASARCO, on October 13, 2019, a labor strike began, for economic reasons, which ended on July 7, 2020, with a duration of 267 days. The Basic Labor Agreement between the company and its unions expired on October 15, 2019, therefore, currently the employees of this business unit are working under the terms and conditions of the last offer implemented by the company on December 2 of 2019, because both the company and the employees did not reach a mutual agreement.

On July 15, 2020, according to the federal Worker Readjustment and Retraining Notification Act (WARN Act), and the rules and regulations promulgated thereunder, ASARCO issued a notice of a planned closure of the units. Hayden and Amarillo, hoping that the Planned Action will be a temporary measure, but of indefinite duration. In the labor legislation of the United States, labor freedom is contemplated, as well as the continuity of operations, so that during the time that the strike lasted ASARCO continued with its operations, hiring employees as permanent replacements.

In 2020, 10.7% of AMC employees participated in strikes or work stoppages exceeding one week in duration (591 in Mexico and 1,116 in the United States).

Minimum notice periods regarding operational changes

GRI 402-1

For the Mining Division, it is essential to strengthen trust between the company and its employees, including their union representatives, which is why we maintain a permanent dialogue through the Human Resources Department. To do this, we communicate any operational change with the anticipation indicated by law. In Mexico, the timing of notices to workers varies according to the relevance of the operational changes that arise. In the case of the United States of America, in

accordance with the National Labor Relations Act, the terms required for notification vary from one place to another and from one issue to another. At the same time, we are governed by the Worker Adjustment and Retraining Notification Act (WARN), which establishes a 60-day notice requirement in the case of mass layoffs and shutdown. In Peru, changes that are legally introduced in working hours must be communicated to workers and unions eight days in advance.

In the Transportation Division, employees receive advance notice of any significant or material change in the company as stipulated by the laws and regulations in the countries where we operate and international best practices.

The Infrastructure Division maintains ongoing dialog with all our collaborators and union representatives in an environment of trust, responsibility and autonomy. Changes that would have an impact on operations are communicated during our work meetings, respecting the advance notice required by the labor laws. Because of their temporary contract-based business model, the Construction and Engineering subsidiaries inform employees of the start and end dates for the project when they are hired, so they can make the best professional decisions for themselves. Wherever possible, these employees are transferred to other sectors within the same company to continue working and look after their families.

Diversity, inclusion and non-discrimination

Diversity of employees, by category

GRI 405-1

The following table details our workforce by gender:

GRI 405-1 b. Diversity by category		Mining Division												Infrastructure Division				Transportation Division								Grupo México				Total
		Mexico		Peru		SCC		USA		Total MIN				Total INF				Mexico		USA		Total TRA				Gender				
Category		W	M	W	M	W	M	W	M	%W	Total	%M	Total	%W	Total	%M	Total	W	M	W	M	%W	Total	%M	Total	%W	Total	%M	Total	
Senior Management	Officer	8.3%	91.7%	0%	100%	6.5%	93.5%	15.4%	84.6%	8.5%	5	91.5%	54	6.8%	3	93.2%	41	19.3%	80.7%	15.8%	84.2%	18.8%	25	81%	108	14.8%	91	85.2%	523	2.1%
	Directors, Senior Managers	14.5%	85.5%	8.3%	91.7%	13.5%	86.5%	18.2%	81.8%	14.3%	38	85.7%	228	17.9%	20	82.1%	92													
Middle Management	Managers	9.9%	90.1%	10.6%	89.4%	10.1%	89.9%	6.9%	93.1%	9.9%	189	90.1%	1,727	20.5%	87	79.5%	338	18.2%	81.8%	21.7%	78.3%	18.6%	440	81%	1,920	15.2%	716	84.8%	3,985	15.9%
Operational	Office staff / Operational	36.6%	63.4%	24.4%	75.6%	32.1%	67.9%	31.1%	68.9%	32%	515	68%	1,095	24.9%	224	75.1%	675													
	Unionized	0.6%	99.4%	3.4%	96.6%	1.6%	98.4%	6.0%	94.0%	2.2%	267	97.8%	11,898	7.0%	83	93%	1,106	0.2%	99.8%	3.6%	96.4%	0.5%	46	100%	8,362	4.7%	1,135	95.3%	23,136	82%
Total		5.8%	94.2%	6.4%	93.6%	6.1%	93.9%	8.4%	91.6%	6.3%	1,014	93.7%	15,002	15.6%	417	84.4%	2,252	4.2%	95.8%	8.4%	91.6%	4.7%	511	95.3%	10,390	6.6%	1,942	93.4%	27,644	100%

The gender composition of our company reflects the physical nature of work in the industries where we operate. However, we strive to increase the participation of women (for more information on progress on the issue of diversity and inclusion see chapter on [Human Rights](#)). It should be noted that the female workforce at AMC registered an increase of 23% in managerial positions compared to 2019.

Diversity of employees, by age

GRI 405-1

The following table details our workforce by age:

GRI 405-1 b.

Diversity, by age

Age range	Mexico	Peru	SCC	USA	Total MIN		Total INF		Mexico	USA	Total TRA		Grupo México	
					%	Total	%	Total			%	Total	%	Total
18 - 25	76.4%	7.4%	83.8%	16.2%	6.3%	1,008	10.1%	269	92.6%	7.4%	5.0%	544	6.2%	1,821
26 - 40	62.4%	28.2%	90.7%	9.3%	45.4%	7,272	53%	1,414	92.1%	7.9%	44.4%	4,837	45.7%	13,523
41 - 50	52.4%	34.7%	87%	13%	22.9%	3,663	19.3%	516	88.8%	11.2%	22.7%	2,474	22.5%	6,653
≥ 51	43.5%	42%	85.5%	14.5%	25.4%	4,073	17.6%	470	83.3%	16.7%	27.9%	3,046	25.7%	7,589
Total	56.2%	31.9%	88.1%	11.9%	100%	16,016	100%	2,669	88.9%	11.1%	100%	10,901	100%	29,586

In Grupo México we have a wide generational diversity, where most of the workforce is in the range of 26 to 40 years (45% in the Mining Division, 44% in the Transportation Division and 53% in the Infrastructure Division). In addition, the participation of people over 51 years of age stands out (25% in the Mining Division, 28% in the Transportation Division and 18% in the Infrastructure Division, who contribute knowledge and experience in decision-making.

Diversity of governance bodies and employees

GRI 405-1

There are nine women serving on different governing bodies, committees and working groups in the Mining Division, four of whom are over 50 years of age, and the others are between 30 and 50 years of age, representing 16.3% of the total. Meanwhile, 46 men are members of these same bodies, six of whom are between 30 and 50 years of age, and 40 are over 50 years of age.

In the Transportation Division, there are eight executives on the Management Committee, two of whom are women, representing 25% of the total. One of these women is between 40 and 50 years of age and the other is over 60 years of age.

The Management Committee (which serves as the highest governing body) in the Infrastructure Division has 12 members, with women representing 33% of the total. Half of these women are 30 to 40 years of age, while 25% are between 40 and 50, and the remaining 25% are over 60 years of age. In addition to being professionals, all these women are engaged in building an organization that recognizes the importance of the work-life balance.

Ratio of basic salary and remuneration of women to men

GRI 405-2

Grupo México promotes equal opportunities for men and women in salaries and professional advancement. We use equitable salary scales without distinction of gender, compensating the talent of our men and women under equal conditions.

The following table presents the comparative between salaries for men and women:

GRI 405-2

Ratio of basic salary and remuneration of women to men

		Mining Division	Infrastructure Division	Transportation Division	Grupo México
Category					
Senior Management	Officers	0.96	0.73	0.73	0.91
	Directors and Senior Managers	1.01	1.06		
Middle Management	Managers	0.98	0.83	0.95	0.92
Operational	Office staff / Operational	0.87	0.85		0.88
	Unionized	0.99	0.98	0.81	
Total		0.95	0.89	0.83	0.89

Human capital development

Average hours of employee training

GRI 404-1

The following table details the employee training provided by gender and category:

GRI 404-1 ² Average hours of training per year		Mining Division										Infrastructure Division		Transportation Division						Grupo México		
		Mexico		Peru		SCC		USA		Total MIN		Total INF		Mexico		USA		Total TRA		W	M	Total
Category		W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M			
Senior Management	Officers	10.3	11.9	–	5.8	10.3	10.5	1.0	0.9	6.8	8.6	34.6	17.8	–	0.4	6	3.1	0.7	0.8	30.9	17	19.1
	Directors and Senior Managers	50	32.8	5.3	9.9	45.5	28.9	1.0	0.9	36.3	24.5	64.1	22.2	–	0.4	6	3.1	0.7	0.8	30.9	17	19.1
Middle Management	Managers	48.1	38.3	9.7	15.6	36.3	31.7	1.1	0.9	34.3	29.1	24	9.9	0.2	16	2.2	7.4	0.5	14.9	12.3	20.6	19.4
Operational	Office Staff / Operational	37	60.6	8.8	14.2	29.0	41.4	1.0	1.2	26.5	37.6	15.2	4.8	–	0.6	3.4	5.5	2.3	21	19.9	13.3	13.6
	Unionized	3.7	9.1	3.7	4.3	3.7	7.3	–	–	2.5	6.4	57.6	10	–	0.6	3.4	5.5	2.3	21	19.9	13.3	13.6
Average hours of training, by gender		38	17	6.8	6.3	26	13	0.4	0.2	22	12	28	9.1	0.2	21.3	2.7	5.9	0.7	19.7	17.6	14.4	14.6
Average hours of training, by region		18.2		6.3		13.8		0.2		12.3		12.1		20.4		5.6		18.8				

² Total man hours of training by category / total collaborators by category.

The average hours of training in 2020 at the Grupo México level was 14.6 hours (12.3 hours per person in the Mining Division, 18.8 hours in the Transportation Division and 12.1 hours in the Infrastructure Division). The COVID-19 health crisis affected all training plans across the three divisions, but the company has made efforts to adapt to the new reality and minimize the impact on employee training.

In the Infrastructure Division, for example, although the total number of hours decreased 5% year-over-year, the educational offerings increased 12% with new online programs. Our digital platform, Universidad i, launched in 2017, was an essential tool in promoting the continuity of the training sessions. In 2020, 150 online training sessions were held, which are available to all employees 24 hours a day to encourage their self-training.

SUCCESS STORY

Infrastructure Division

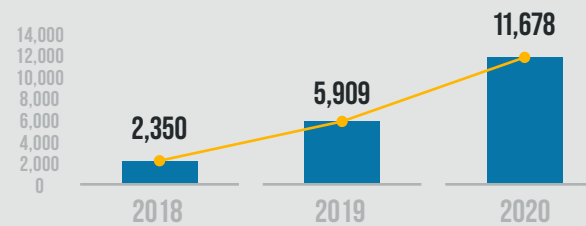
Women are essential to the growth of the Infrastructure Division. We have made efforts in recent years to increase their participation in trainings, logging five times more total hours than in 2018.

Women’s participation was mostly concentrated in institutional skills training programs and in the “Know Your Industry” program. With these tools, they can develop their human and professional potential.

Success Story

Infrastructure Division

Hours training, Women		
2018	2019	2020
2,350	5,909	11,678



📷 Collaborator in “Tabasco” Platform, Mexico.

Percentage of employees receiving performance reviews

GRI 404-3

At Grupo México, we evaluate employees by individual performance objectives aligned with the strategic objectives of the organization and by competencies. Below is the proportion of employees who had a performance evaluation in 2020 by job category:

GRI 404-3 % Employees receiving performance reviews		Mining Division										Infrastructure Division	Transportation Division						Grupo México
		Mexico		Peru		SCC		USA		Total MIN		Total INF	Mexico		USA		Total TRA		
Category		W	M	W	M	W	M	W	M	W	M	—	W	M	W	M	W	M	
Senior Management	Officers	100%	91%	N/A	90%	100%	91%	100%	100%	100%	93%	84%	100%	100%	100%	100%	100%	100%	
	Directors and Senior Managers	96%	94%	67%	82%	93%	92%	100%	100%	95%	93%	44%	100%	100%	100%	100%	100%	100%	
Middle Management	Managers	97%	99%	87%	93%	94%	97%	100%	100%	94%	98%	29%	100%	100%	100%	100%	100%	100%	
Operational	Office Staff / Operational	89%	96%	68%	73%	83%	86%	100%	100%	84%	88%	83%	0%	0%	100%	100%	70%	10%	
Total		96%		82%		92%		100%		92%		64%	22%		100%		31%		

In the Mining Division, during 2020, a total of 3,562 non-unionized employees, 92% of them, received an annual performance evaluation based on objectives defined at the beginning of the year. For all our unionized employees, we carry out a different type of evaluation on a monthly basis, which generally results in monthly bonuses based on their performance.

In the Transportation Division, 3,377 employees, 31% of the workforce, had a formal performance evaluation, using metrics and indicators that we have established in order to identify the potential of each collaborator.

In the Infrastructure Division, 951 employees (64% of them) received an annual performance evaluation.

Programs for upgrading employee skills and transition assistance programs

GRI 404-2

MINING DIVISION

AMC offers different skill and competency management programs to all our collaborators, either through inhouse training programs or with financial support to receive training or education with another institution. These programs vary depending on the type of activity the employee performs.

The training programs this year included over **31 courses on continually improving employee skills and aptitudes, with more than 20,888 participants³.**

When a national state of emergency was declared in Peru because of the COVID-19 pandemic, the government determined mining would be considered an essential service, provided there was a reduced staff and all sanitation protocols were strictly enforced. As a result, there was an 80% decrease in the training hours provided to employees in 2020, compared with 2019.

Training programs - Mexico

Education Program (38 participants)

This program focuses on the professionalization of the productive force, offering basic, technical, college and post-graduate education opportunities. We have policies and programs in place that encourage employees to continue their education.

Webinars (800 participants in 69 webinars)

Webinars seek to innovate and create training programs in different formats that adapt to the current conditions of the company and the social environment. These online seminars focus on strengthening the learning strategy in alignment with institutional competencies, and the company's strategic goals, addressing the training and development needs of non-union employees.

Corporate Calendar (536 participants)

This annual and cyclical program develops the institutional competencies of the organization (leadership, communication, teamwork, etc.), specifically addressing the training needs identified.

E-Learning (1,235 participants)

The organization's training and development strategy uses different forms of learning to build skills and competencies, increasing the delivery of courses online in 2020 and taking advantage of various learning platforms.

Leadership Program (22 participants)

This is a comprehensive development program for Underground Mine Supervisors, which strengthens the planning, training and development of the company's human capital, resulting in a 79% retention rate.

English (739 participants)

We offer our personnel English classes to facilitate global communications between our operations and our value chain.

Technical Training (644 participants)

These trainings offer skills and competencies related to the operational and administrative areas, where personnel must perform their tasks properly to create safe work environments.

Remote Office Training (189 participants)

The situation worldwide in 2020 meant we were encouraged to work from home, generating the need to develop skills in the use of communication and collaborative technology tools for all personnel.

Safety Training (2,179 participants)

To create safe work environments, all personnel receive training on topics related to safety processes, which include safe work procedures, rules and regulations, to contribute to a Culture of Safety, Hygiene and Health for everyone.

COVID-19 prevention training (5,185 participants)

The main challenge of 2020 was the COVID-19 global pandemic, therefore training was offered to all personnel on preventing the virus from spreading.

³ Some collaborators in the Mining Division participated in more than one program.

Training programs - Peru

Professional and technical training program (21 participants)

This program is aimed at graduates from technical colleges in cities near our operations (Toquepala, Cuajone and Ilo), training them as 'junior professionals' to cover future needs within the company.

Internship Program (111 participants)

Graduates of different universities around the country are invited to participate in a selection process to be chosen for this one-year professional practices program.

Engineers-in-Training (26 participants)

This program offers additional training (over two years) and is aimed at former interns who were outstanding during their internship with the company and who were assigned to areas in the Operations Department. This program prepares junior professionals to cover the needs of the company in the short term.

New Hire Orientation Program (301 participants)

For all new hires, this program covers the rules, regulations and values laid out in both the code of conduct and corporate ethics, and the guidelines stipulated in our anti-money laundering policy. All new hires are required to be familiar with the code of conduct and corporate ethics, and the anti-money laundering policy.

Technical Training (1,298 participants)

This program closes the gaps in the competencies of our collaborators, covering technical topics related to the different processes in their work.

Online Competencies Development Program (50 participants)

This program offers company personnel training to develop soft skills. The focus of this 15-hour course offered by the ESAN University was on effective communication. 43 participants completed the course.

Supervisor ABCs Program (221 participants)

This program for company personnel develops the technical skills a supervisor is required to have to properly lead the team under their charge. There was a 97% completion rate in 2019, while in 2020 this decreased to 19% because of the pandemic.

Industrial Mine Safety and Hygiene Training Program (6,910 participants)

This program is mandatory and is delivered to all company personnel in compliance with law, to foster our culture of preventive safety according to the different roles and HIRAC (hazard identification, risk assessment and controls). Participation in 2019 was 92%, while in 2020 this dropped to 27% because of the pandemic.

Environmental Management (174 participants)

This program is mandatory for all company personnel in compliance with law.

English Classes Online (50 participants)

This program is offered to employees in roles where English is required. The training uses synchronous and asynchronous modalities.

Covid-19 Talk (162 participants)

Focused on all collaborators, this training raises awareness on topics related to prevention and how to deal with the psychological effects of the pandemic.

Training programs - United States

Harassment, Diversity and Discrimination Training

The trainings provide a clear understanding of the related laws and policies; and are aimed at all salary employees.

Individual coaching and teamwork

The sessions are designed to address the needs and challenges of the employee, providing a tailored set of resources to expand the individual's potential.

Supervisor training

Training for supervisors, planners and engineers who have at least one subordinate under them or who will soon be promoted to a position with subordinates. The topics covered include safety, environmental development, employee relations, labor laws and leadership.

MSHA and OSHA Health and Safety Training

This training is provided to all employees and contractors who enter a mine site, and is delivered by inhouse and outside providers, covering the health and safety rules applicable in the United States, to reduce fatalities, injuries and illnesses.

Leadership Programs

These programs focus on providing leadership (supervisors) with skills and knowledge to face the challenges of the workplace, focusing on self-awareness, effective communication, professional coaching, the importance of ownership and responsibility, conflict management, constructive training, driving change and handling work-related challenges when they arise.

Training on the Proper Use of Equipment

All employees assigned to new equipment receive training in the proper use of this equipment and equipment safety in the workplace or worksite.

MBTI Program

This program focuses on developing leadership among members of the corporate staff. It is designed to foster individual and team development, encouraging using personal differences constructively to improve communication and teamwork.

First Aid Certification

Provided for participants who volunteer to become certified in onsite pre-hospital care to respond to medical emergencies that may arise.

Emotional Intelligence

We provide a course on optimizing performance in the workplace and monitoring emotions and behaviors to improve relations at work and at home.

Role-Specific Trainings

Training is provided, using software, according to the employee's position or role to improve efficiency in their work.

Teamwork

Aimed at supervisors, engineers and planners, this course focuses on teamwork, collaboration, organizational efficiency, silos, commitment and customer service.

Support programs for retiring employees and career transition

Support programs for retiring employees

The Mining Division has a robust retirement plan for our employees, which in addition to the pensions provided by law, offers a respectable retirement for all employees. ASARCO, for example, offers 401K retirement benefits⁴.

Career transition

The Mining Division offers a training program, Outplacement, for employees leaving the company, which includes an assessment of their strengths, skills and interests as they continue on in their professional careers. The company contracts expert consultants on career transition, and 317 employees participated in this program in 2020.

The career transition program at our Mexico operations covers the following areas: re-training for those who wish to keep working, job placement services and severance, considering the age of the employee and their years of service.

⁴ The 401k is an employer-sponsored retirement plan into which a portion of the employee's salary is paid, before taxes, to build savings for retirement.

TRANSPORTATION DIVISION

The Transportation Division provides programs and trainings to foster a corporate culture of excellence, based on respect and professional development. More than 75 programs were implemented in 2020 for the ongoing improvement of employee aptitudes.

The most relevant programs delivered through our subsidiaries include:

Train conductor training

Basic first aid

Safety signals

Personal protective equipment

Dissemination of the NOM 030 STPS health and safety program and diagnostic to the safety and hygiene committees

These courses are part of our ongoing Occupational Health and Safety training programs, reaffirming and complying with our policy of zero accidents, and ensuring a safe and efficient operation, both for the communities where we operate and for our workforce.

INFRASTRUCTURE DIVISION

The professional growth programs offered to our personnel in 2020 include:

Institutional Competencies Training Program

Program that provides training in the competencies that Infrastructure Division employees are required to have. This program was delivered to 1,038 employees (40%) thanks to our Universidad i remote learning platform.

Technical Competencies Training Program

This program was designed based on the training needs detected and to professionalize our operational personnel, addressing deficiencies in performance associated with the technical aspects our collaborators are required to perfect, as well as the technological tools the company uses in our procedures. 527 employees participated in the program this year.

Specialized Technologies Training Program

This program is designed to train a select group of employees who operate high-risk specialized technologies, such as oil well drilling or automation and control systems. 42 of our specialist technicians received training in 2020.

Psychosocial Risks Awareness Program

The goal of this program is to ensure collaborators are familiar with the resources the company offers to prevent psychosocial risks, like workplace violence, negative relationships, fatigue, conditions in the work environment, and others. It focuses on the leader's role in preventing these risks. 510 collaborators participated in the program this year.

Occupational Health Program

Company employees, including those working from home, received first aid training through a family program to respond to emergencies as part of our health promotion activities. The program covered topics like emotional health and, in particular, prevention during the pandemic, including the official guidelines on what to do in suspected cases of COVID-19. This program reached 896 people.

Know your industry program

To strengthen our institutional identity, acknowledgment and taking pride in one's work, this program covers the origins, achievements and current projects of each company in the division. 696 employees throughout the division participated in the program.

Infra Initiation Program

This program is designed to orient employees during their first 90 days with the organization and to improve their integration into the company. The program begins with the ONE (Orientation for New Employees) course on the institutional culture, processes and procedures, as well as the work tools available, to facilitate the employee's entry into the company. A section on Re-orientation was included for employees who, despite having been with the company for many years, were not familiar with all the relevant aspects of the division. 436 people participated in this program.

Our initiatives in talent development include:

Remote Leadership Program

The Infrastructure Division believes the quality of our leadership impacts the value of our company. In addition to training collaborators on the use of productivity tools to work remotely, 163 leaders received training to face the challenge of maintaining cohesion and high performance while leading teams virtually during the pandemic. The number of leaders trained was double that for 2019. Particular emphasis was placed on leading multigenerational teams, as the profile of our workforce is becoming more and more diverse in terms of age.

Individual Development Plans

The first 16 extensive assessments were conducted under our new Career and Succession Plan process to explore the potential of high-performance employees. Each employee and their supervisor received feedback after these assessments to accelerate their personal and professional growth.

Executive coaching to improve performance

The company assigned a coach to support seven executives in achieving the strategic goals in their professional plans, using tools to improve their self-knowledge and self-learning, and to manage different situations that may arise with their teams.

Professionals in Development Program

This program identifies, recruits and trains young talent with the possibility of placement in key positions within the organization. Four professionals completed the program this year, participating in important projects for the company.

Recruit and retain talent

New hires and employee turnover

The following table reports our new hires and employee turnover, by age and gender:

GRI 401-1

GRI 401-1 a. New employee hires

Age range	Mining Division										Infrastructure Division		Transportation Division						Grupo México		
	Mexico		Peru		SCC		USA		Total MIN		Total INF		Mexico		USA		Total TRA		Total		
	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	Total
18 - 25	4	123	1	11	5	134	3	92	8	226	35	179	14	152	6	14	20	166	63	571	634
26 - 40	10	192	7	47	17	239	16	172	33	411	99	481	27	309	34	30	61	339	193	1,231	1,424
41 - 50	1	21	–	10	1	31	5	73	6	104	19	148	1	38	19	13	20	51	45	303	348
≥ 51	1	1	–	1	1	2	6	73	7	75	10	108	1	10	22	10	23	20	40	203	243
Total new hires	16	337	8	69	24	406	30	410	54	816	163	916	43	509	81	67	124	576	341	2,308	2,649
Total new hires rate	38.4%		8.9%		49.4%		50.6%		6.2%	93.8%	15.1%	84.9%	78.9%		21.1%		17.7%	82.3%	12.9%	87.1%	100%

GRI 401-1 b. Employee turnover

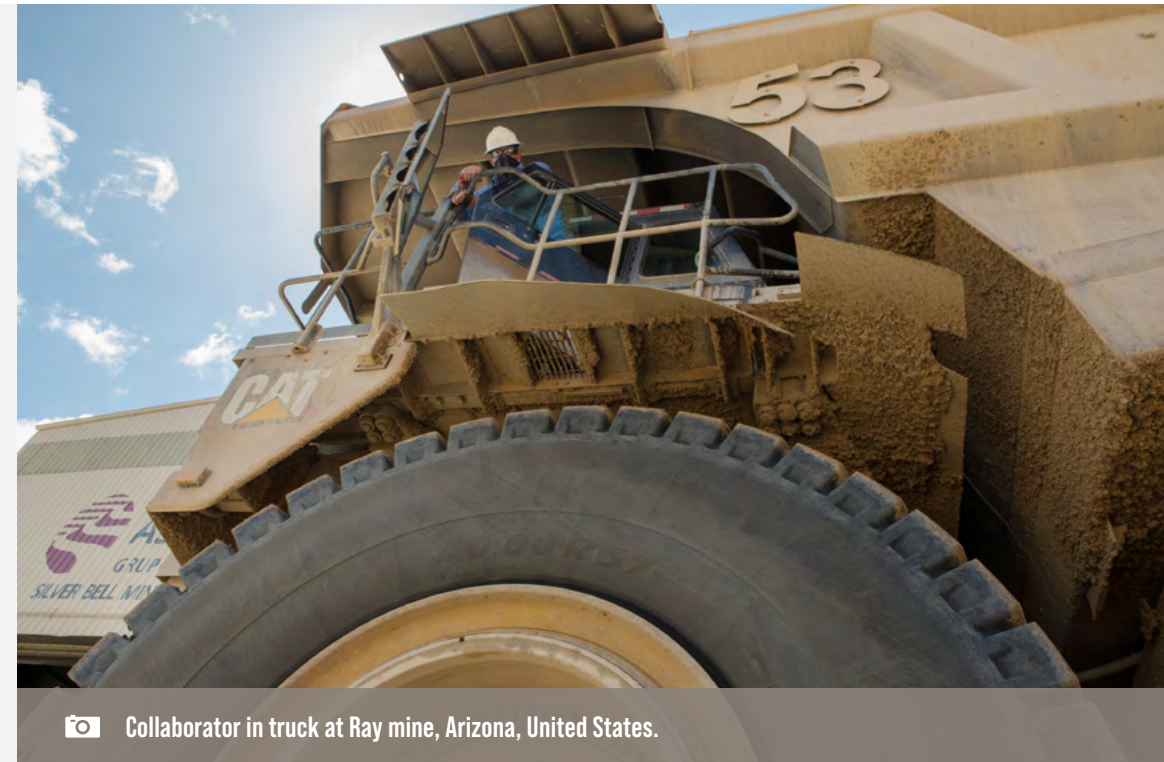
Age range	Mining Division										Infrastructure Division		Transportation Division						Grupo México	
	Mexico		Peru		SCC		USA		Total MIN		Total INF		Mexico		USA		Total TRA		Total	
	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M
18 - 25	10	112	–	–	10	112	7	107	17	219	16	265	3	60	–	10	3	70	36	554
26 - 40	28	390	5	42	33	432	22	389	55	821	76	735	26	286	10	92	36	378	167	1,934
41 - 50	6	140	1	18	7	158	16	232	23	390	29	358	7	102	3	74	10	176	62	924
≥ 51	16	245	5	149	21	394	30	331	51	725	14	290	8	380	10	147	18	527	83	1,542
Total turnover	947		220		1,167		1,134		146	2,155	135	1,648	44	828	23	323	67	1,151	348	4,954
Total turnover rate	10.5%		4.3%		8.3%		59.5%		14.4%	14.4%	32%	73%	8%		3.2%		13.1%	11.1%	17.9%	17.9%

There were 870 new hires at AMC, representing a 50.4% decrease compared with 2019, due primarily to Minera México reducing the number of new hires because of the pandemic and to comply with the government-mandated restrictions on the number of people permitted in enclosed spaces.

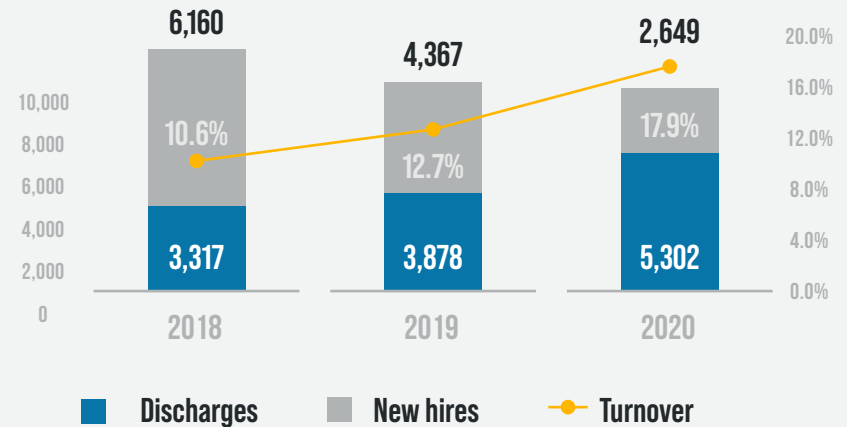
Although the turnover rate for the Mining Division was 14.4%, for the subsidiary ASARCO, it was 59.5% in 2020, much higher than the 25.6% reported for 2019. This increase was due to the higher number of voluntary retirements and the people who left the company because of the strike at all ASARCO sites, which ended in 2020. At the AMC level, there was an increase in retirements, discharges and resignations by mutual agreement.

There were 700 new hires in the Transportation Division in 2020, a 24% decrease year-over-year, due to the pandemic.

In the Infrastructure Division, of note is the growth of the Engineering subsidiary in 2020, which increased its workforce by 22%. In this case, the participation of women increased 27%. There were 1,783 discharges in 2020. These changes were due mainly to the completion of two projects in the Construction subsidiary.



New Hires and Employee Turnover Grupo México



Employee benefits

GRI 401-2

Our collaborators are the most important asset in the organization, so we offer a scheme of benefits superior to those required by law, which are summarized in the table:

The characteristics of 24/7 operation in our business lines, allows us to manage different schedules and shifts, adhering to the legislation of each country where we operate. Throughout the pandemic, personnel classified as vulnerable, restrictions on the number of personnel allowed to operate and work from home, were applied in strict accordance with the regulations of each country.

GRI 401-2

Employee benefits

	Mining Division	Infrastructure Division	Transportation Division
Salary-related	Full-time	Full-time	Full-time
Life insurance	•	•	•
Health insurance	•	•	•
Family protection insurance	•		•
Disability coverage	•	•	
Parental leave	•	•	•
Pension fund	•	•	•
Savings fund	•	•	•
Grocery vouchers	•	•	•
Productivity bonus	•		•
Interest-free personal loan (up to one month salary)	•	•	
Other	Full-time	Full-time	Full-time
Housing assignment and overnight stays	•		•
Utilities (power, water, etc.)	•		•
Healthcare clinics	•		•
Elementary and middle school for the children of employees	•		
Scholarships for employees and their children	•		•
Sports facilities	•		•
Employee cafeterias	•		•
Employee transportation	•		
Share purchase plan for employees	•	•	
Retirement plan	•		
Five-year bonus	•		
Vacation travel	•		

Parental leave

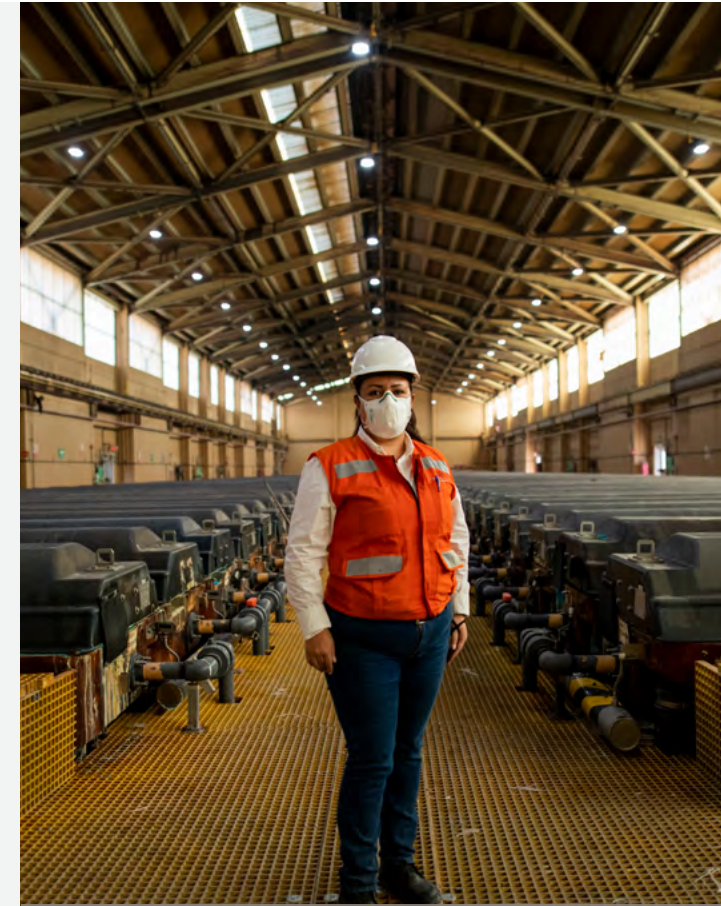
GRI 401-3

Grupo México encourages families spending time together and we adhere to the government guidelines for parents to achieve a work-family balance. The statistics for our male and female employees who took parental leave are reported as follows. Of note are the high rates of those who returned to work and the retention rate.

GRI 401-3

Parental leave

	Mining Division										Infrastructure Division		Total	
	Mexico		Peru		SCC		USA		Total MIN		Total INF			
	W	M	W	M	W	M	W	M	W	M	W	M	W	M
Total employees (with parental leave benefit)	525	8,475	329	4,781	854	13,256	160	1,746	1,014	15,002	11	1	1,025	15,003
Employees that took parental leave	22	378	7	144	29	522	3	9	32	531	11	1	43	532
Employees that returned to work after parental leave	21	378	7	144	28	522	3	9	31	531	11	1	42	532
Employees that remain on payroll at 2020 close	21	376	7	144	28	520	3	7	31	527	11	1	42	528
Return to work rate (%)	95%	100%	100%	100%	97%	100%	100%	100%	97%	100%	100%	100%	98%	100%
Employee retention rate (%)	100%	99%	100%	100%	100%	100%	100%	78%	100%	99%	100%	100%	100%	99%



Collaborator in Cananea, Sonora, Mexico.

Ratio of the standard entry level salary by gender compared to local minimum wage

GRI 202-1

Our commitment is to offer salaries above the minimum wage in each country, ensuring a decent living for our collaborators and their families. The total annual compensation that company employees receive, in the three divisions, comprises their base salary, productivity bonuses, cash benefits and employee profit sharing, when applicable⁵. At Grupo México, we offer an attractive salary package that ranges from more than double the minimum wage in the United States (Mining and Infrastructure divisions) up to 15 times the minimum wage in Peru.

GRI 202-1
Ratio of the standard entry level salary by gender compared to local minimum wage

Region	Mining Division					Infrastructure Division	Transportation Division			Grupo México
	Mexico	Peru	SCC	USA	Total MIN	Mexico	Mexico	USA	Total TRA	Total
	8.9	15.6	10.2	2.3	9	5.4	3.5	2.1	2.8	5.7

Workplace climate

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, and thus generate actions that improve the work environment and increase the commitment of our people. In 2019, 9,528 employees (6,232 in Mexico, 3,256 in Peru and 40 in Spain) answered the survey, which represents 70% participation⁶. Among the results obtained, for Mexico it was reported that 90.5% of employees are actively committed or satisfied with the company, while Peru registered 70.8%⁷. The objective for 2019-2020 was a level of employee satisfaction with the company greater than 60%, for which the Mining Division exceeded the goal.

⁵ Considering the Base Compensation (CB) and the Minimum Salary (SM), the calculation of the average CB / SM is determined by weighting the CB and SM of each country in which we operate based on the number of collaborators available to the Mining Division in each territory. Emphasizing that both genders are included in the Base Salary Ratio.

⁶ Given that the ECO is biannual, for 2020 the results obtained in 2019 are presented.

⁷ In the application of the ECO during 2019, ASARCO did not participate due to the internal changes it had.

CASE OF SUCCESS

Great Place To Work Certification

Infrastructure Division

During 2020, the Energy and Engineering subsidiaries achieved the Great Place to Work international certification. This recognition is obtained by organizations that consistently demonstrate the creation of work spaces characterized by credibility, respect, impartiality, pride and companionship.

To obtain this certification, the organizations were audited for policies, procedures and best practices that are developed for the benefit of collaborators. Also, surveys were applied to workers to validate their satisfaction about company practices. By 2020, a special category where the response capacity of organizations in the face of the COVID-19 health contingency.

Engineering and Energy are the first companies of Grupo México Infrastructure Division to obtain this distinction. Our goal is for the rest of our subsidiaries to achieve this certification.



📷 Collaborator in the metallurgical plant in Esqueda, Sonora.

Human Rights

GRI 103-1, 103-2, 103-3

At Grupo México, we respect and promote the human rights of all our collaborators and in the communities where we operate, in compliance with all international and local regulations in the countries where we have presence. Our human rights management practices strive to prevent, mitigate, and where necessary, remedy any negative impacts of our operations on these rights. [Our General Human Rights Policy](#) provides the backbone of the company's strategy in this area, and complements the commitments outlined in the [Code of Ethics](#). All employees of the company and its subsidiaries are subject to the policy, which also extends to our suppliers and service providers. As part of our process to strengthen our company policies and procedures to ensure compliance with the commitments laid out in the [Human Rights Policy](#), Grupo México recently released a [General Policy on Diversity, Inclusivity and Non-Discrimination, and Zero Tolerance for Workplace or Sexual Harassment](#), and our [Policy on Respect for Indigenous Peoples and Communities](#). Promoting respect for human rights is paramount within Grupo México, therefore all employees at all levels, and also our suppliers and service providers, are required to comply with the company's principles and policies on human rights.

These internal policies and processes can be divided into two broad categories: those designed to guarantee respect for the human rights of employees, and those designed to guarantee respect for the human rights of the communities surrounding the business units. The main responsible for its correct application are the directors of Human Resources, Occupational Health and Safety and the Ethics and Discipline Committee (for a description of the responsibilities of this committee see the chapter on [Business Ethics and Integrity](#)), as well as the director of Community Development in the Mining and Infrastructure Division, the directors of Rail Protection, Planning and Government Relations and Communication in the Transportation Division.

Due diligence process

Grupo México is committed to the application of the United Nations Guiding Principles on Business and Human Rights. **We have a human rights due diligence process that is embedded in our risk assessment processes and that seeks to identify, prevent, mitigate and, where appropriate, remedy the possibly adverse impacts on the human rights of both the communities close to the operations of the company and of our collaborators.** In 2020, Grupo México laid the foundations for the timely identification of risks to the human rights of employees or communities, classifying them under criteria of impact and probability of occurrence, prioritizing significant ones, and establishing monitoring and control mechanisms.

DUE DILIGENCE PROCESS WITH THE COMMUNITIES

SASB EM-MM-210a.3; EM-MM-210b.1.

The Mining and Infrastructure divisions apply our community human rights due diligence process throughout the life of each project (exploration, construction, operation and closure). This process has two components¹: the participative social diagnostic process and management plans, and the Community Care Service.

a.1. 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.

Grupo México seeks to identify the concerns, complaints and needs of the community, so the process to generate participatory social diagnoses includes continuous consultations through focus groups, workshops, semi-structured interviews and a survey of various groups (adults, youth and children). Throughout this process, community members are given the oppor-

tunity to express any concern or complaint related to possible negative impacts of the company's operations on their human rights. Members of civil sector organizations also participate in consultation groups and share their points of view, which are an additional input for the design of Social Management Plans. These plans incorporate all the information collected in the participatory social diagnosis and prioritize the issues to design the programs and projects that will meet the needs expressed by the community.

The programs and projects included in the Social Management Plan are reviewed regularly. The company reviews this performance considering not only numerical indicators but also the opinions of the participants and volunteers who participate in the projects. This helps the company to verify whether the projects are achieving the expected results and whether any adjustments are needed. In the event of any identified negative impact on the human rights of our communities, this process will aid in determining whether the impact has been mitigated or resolved satisfactorily. Programs and projects that have achieved their goals at the end of the first year are renewed for a second year until the next shared value participative social diagnostic, which will form the basis for a new Social Management Plan.

¹ See the chapter on [Human Rights](#) in the 2019 Sustainable Development Report for more information and a detailed description of these two components, particularly in regards to responding to incidents reported through the Community Care Service.

a.2. Community Care Service

GRI 102-17

The Community Care Service plays an essential role in the due diligence process, as it is a channel of communication between the community and the company that is always open. The Community Care Service was developed in consultation with the United Nations Office of the High Commission on Human Rights in Mexico and helps Grupo México to hear the concerns or grievances of members of the community particularly in regard to their human rights. We then process these complaints to define, implement, monitor and evaluate the mitigation or corrective measures that may be necessary. The Community Care Service is available not only to members of the community, but also to all employees, suppliers and contractors.

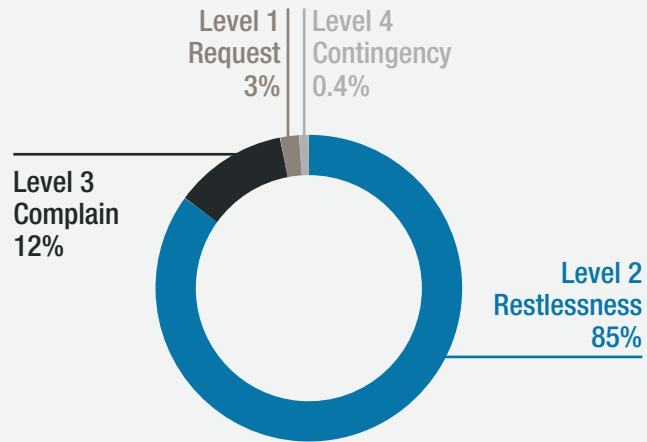


 Collaborator of Grupo México providing information about the operation of the Community Care Service to the local population.

The process for responding to the incidents reported via the Community Hotline is divided into five steps:

1. **Diffusion** in the local language via different media (print, digital, megaphones and company activities).
2. **Receiving reports** via five channels for receiving information.
3. **Logging and notification** 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:
 - Level 1. Request** regarding products or for support.
 - Level 2. Concern** regarding issues related to the company.
 - Level 3. Complaint** or grievance resulting from a disagreement or nonconformity related to the company.
 - Level 4. Emergency** regarding any situation that could potentially have an immediate impact on health or the environment.
 - Level 5. Dispute** involving the use of land or customary rights of the community or indigenous peoples.
4. **Management and resolution** 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.
5. **Reporting** regularly with statistics on cases by type, priority, status, details of open cases, and successful cases with evidence of the response and testimonials.

INCIDENT REPORTS, BY LEVEL



The Community Care Service is currently in operation at 14 Mining Division sites in Mexico, six in Peru and one in the United States, and also at four Infrastructure Division sites, with plans to extend the coverage to the other sites in the United States and the Infrastructure Division. Additionally, various special services were added to the Community Care Service in 2020, including medical, psychological and job-related guidance to support company personnel and the community in the face of the COVID-19 pandemic. This strategy was rolled out in the three divisions, Mining, Infrastructure and Transportation. For more information on Grupo México’s response to the pandemic, see the chapter on [COVID-19 Response](#).

The Community Care Service received 633 incident reports related to the company in 2020, all of which were resolved before year end with an average response time of six days (nine days faster than in 2019), or channeled to other mechanisms within the company on being related to administrative processes (like the Reporting Line, which receives reports of issues related to the company Code of Ethics). Of the 633 incident reports, 557 were Level 1 or 2 (requests and concerns) and the other 76 were Level 3 or 4 (complaints and contingencies), while no Level 5 (disputes) were reported.

Origin	Level 1 Request	Level 2 Concern	Level 3 Complaint	Level 4 Contingency	Level 5 Dispute	Total
Mexico	13	35	35	2	0	85
Peru	5	504	38	1	0	548
Total	18	539	73	3	0	633

Category	Requests & concerns, by category	Complaints & contingencies, by category	Total, by category	%
Recruitment and offers of services	28	0	28	4%
Community supports	143	11	154	24%
Access to information	35	0	35	5%
Incidents involving third parties (suppliers and contractors)	12	19	31	5%
Maintenance, damage or risk to property	8	8	16	3%
Other	312	19	331	52%
Code of Ethics	3	5	8	1%
Job-related issues	13	0	13	2%
Waste and effluents	0	4	4	1%
Emissions	0	3	3	1%
Accounts payable	3	7	10	2%
Total	557	76	633	100%

Three cases from 2020 are presented following showing different key aspects of the response and resolution process.

01 Level 3. Grievance – Coordination with the local government to remedy damage

Nacozari, Sonora.

The company completed a works project in coordination with the local authorities at an old La Moctezuma tailings deposit to prevent dust emissions and create a recreational space for the residents. After the project was started, three people from the community presented a letter and photographs showing how the work had damaged their homes. The local Community Development team accompanied representatives for the local authorities to visit the homes and speak with the people involved and attend to the case. The local Public Works department and the company Projects department then toured the area to offer a solution. The action plan included support to clean the homes, the municipality installed a temporary sandbag wall, the compost area was relocated, and the company built a ditch.

02 Level 3. Grievance – Response to a complaint from scientific community

Cananea, Sonora.

In December 2020, the Director of the Guillermo Haro Observatory in the Sierra La Mariquita, Cananea, complained that the light from the new workshops at the mine and the Sierra neighborhood in Cananea, where company employees live, was interfering with their space observation. He asked for the lighting to be changed. A specialist company was brought in to look at the lighting needs and other elements, determining whether the lighting could be redirected. These changes were made, and the director of the observatory was informed their case was being addressed. The director appreciated the attention given to the issue and shared photographs with the company showing the reduced lighting.

03 Nivel 4. Emergency - Accident involving a child

Valle de Tambo, Peru.

There was a minor accident in Islay province when a child was playing outside their home, and they ran into the street where they were hit by a company vehicle. The Community Development and Internal Affairs departments provided immediate assistance and took the child, with family members, to receive medical attention, staying in contact with the family to address any concerns. The child was discharged shortly after the accident.

The Impact Measurement office of our Community Development department conducts inter-property audits regularly to review and confirm the elements needed for the social management plans in the community. More broadly, the performance of the Community Development model is reviewed by both internal and independent auditors, including PwC, Deloitte, SRK, among others. We have sought input on various mechanisms, such as the consultation with the United Nations Office of the High Commission on Human Rights in Mexico regarding the Community Care Service. We have also received various recognitions from different bodies, like City Councils and, specifically, the Inter-American Development Bank, which recognized the Grupo México Community Development Model as good corporate practice for the extractive sector in Latin America.

DUE DILIGENCE PROCESSES WITH COLLABORATORS

At Grupo México, the employee human rights due diligence process has two components: the workplace surveys and the integral reporting system.

b.1. Workplace surveys

The three divisions of Grupo México use workplace surveys to assess the satisfaction and to hear the opinions of employees about different topic areas, including various that are directly related to human rights. All collaborators at both our business units and corporate offices regularly participate in these surveys. The survey the Mining Division uses, for example, is anonymous and covers 18 topic areas, including employee human rights, such as fair treatment, equity, life-work balance, working conditions and tools, and health and safety. The Infrastructure and Transportation divisions conducted a survey in 2020 to identify psychosocial risks, as required by NOM035, and various other surveys to identify employee work conditions and to respond to their needs. Additionally, the Infrastructure Division administered the Great Place to Work survey to 97% of our employees in the Engineering and Energy lines of business, measuring areas like respect and impartiality, both related to human rights. The company reviews the results to identify priorities (as expressed in the surveys) and design a work plan. This plan is then implemented and periodically reviewed locally, until the next survey and the areas of opportunity are evaluated again.



📷 Energy Generator certified as a Great Place to Work.


Many of these actions that seek to address the concerns expressed in the surveys are directly related to the human rights of our employees. For example, supervisor trainings on the collective bargaining agreements and the company work code to learn about and respect the rights of unionized employees as conferred by the company and by law. Additionally, the company identifies patterns in the surveys at the national level to design actions to apply at all business units. For example, a mentor plan, sessions on the Code of Ethics and how to use the Reporting Line, agreements with gyms, and agreements with schools².

b.2 Integral Reporting System

The Reporting Line is an essential component of the Human Rights due diligence process of our three divisions as it provides a mechanism for Grupo México employees and suppliers to report any violation of their human rights to the company and to receive a report of how their grievance has been addressed. For more information about the Integral Reporting System, see the chapter on [Business Ethics and Integrity](#). As with the Community Care Service, having the Reporting Line mechanism allows the company to not only hear the concerns and complaints of our employees and suppliers involving possible violations of their human rights, but to process these complaints to define, implement, monitor and assess the mitigation or corrective measures that may be necessary.

² The Mining Division, for example, has various education support programs, where the company covers in full the cost of primary and middle school education, offers scholarships covering 60% of the costs for university and post-graduate studies, and also offers scholarship support for the children of employees to pursue and complete their studies.



 Beneficiary of the credentialing program for the social fare of the Chepe-Regional train.

DUE DILIGENCE PROCESS IN THE TRANSPORTATION DIVISION

The due diligence process in the Transportation Division addresses the migration issue and how this interacts with the railroad, as well as our business model where the railway crosses or runs nearby multiple communities.

This process seeks to protect the human rights of four groups:

Our employees

We apply the same tools as described above for the other divisions.

Indigenous peoples and communities

The due diligence process in the Sierra Tarahumara communities consists of direct channels of communication at the stations and the regional offices of the Department of Tourism, the collaboration mechanisms established with the Chihuahua State Commission on Indigenous Peoples, and the program that issues cards to a receive a discount on the regional train that runs from Chihuahua, Chihuahua to Los Mochis, Sinaloa. Cardholders pay only 20% of the economy ticket price to travel on the Chepe Regional passenger train.

Communities

In the communities that interact with our operations, we carry out a communication process through social networks, in addition to having direct interaction and constant contact with social actors and local authorities. This allows the company to be aware of any possible local impact that its operations may have on communities.

When it is necessary to carry out an infrastructure work (for example, the construction or expansion of a railway yard) a dialogue is established with the nearby communities and an impact assessment is carried out, prior to the start of the work. In addition, through events on the way and visits to the communities with Dr. Wagon, the Health Train and the *Mexicanos Sembrando* program, we establish communication bridges to define strategic lines of action and priorities to develop the initiatives that the company implements for the benefit of the communities near the operation.

Our efforts to understand the social impact of the train on the communities through which the railroad passes have confirmed that safety at level crossings is a priority and is directly related to the human rights of the residents of our neighboring communities. In response, we continued with the third phase of our program, installing signaling equipment at 14 level crossings, representing an investment of over US\$2.5 million. As a complement to our work to foster a culture of respect between the community and the railroad, and on the initiative of Grupo México Transportes, the Asociación Mexicana de Ferrocarriles joined the Rail Safety Week campaign in 2020. This campaign is organized by Operation Lifesaver, a nonprofit organization in the United States and Canada that works to raise awareness on rail safety. The goal of this initiative in Mexico in 2020 was to raise

awareness on road safety and the train in the towns and cities through which the Mexican railroad lines pass. The messages for this safety campaign are based on the principle of co-responsibility between the train operators, drivers, cyclists and pedestrians to foster a culture of respect and safety.

As a result of the program to improve urban-rail coexistence, accidents at these points have been reduced by 36%

Migrant Populations

Because of its geographic location and the global economic and political context, Mexico is a natural route for migration flows to the United States. The people who ride the freight train as a mode of transportation put their safety at risk because the freight cars are not designed to carry passengers. This circumstance is particularly relevant to our operations in central and southern Mexico, as well as near the interchange points on the US border.

GMXT is working in coordination with the Mexican Department of Internal Affairs, the Mexican Immigration Office and the Railroad Regulatory Agency to prevent accidents involving migrants and to ensure the Mexican Immigration Office, within its authority, is the agency that interacts directly with the migrants.

Suppliers

GRI 102-17

As stated in the General Human Rights Policy, Grupo México promotes respect for human rights by all who form part of our value chain, including suppliers and contractors. Also, the Code of Ethics establishes that the company will work with suppliers and contractors who adhere to our values and observe our standards in workplace safety, caring for the environment and who are socially responsible companies, and comply with applicable laws and regulations. We started work on a Code of Conduct for Suppliers and Contractors in 2020, which seeks to add the company's commitments to sustainable development to the value chain. This code includes a section on human rights, a section on community relations and another on job-related issues.

The three divisions of Grupo México apply a series of procedures to ensure our suppliers respect the human rights of their employees. The company conducts an exhaustive analysis of each supplier before contracting, to verify all their employees are afforded all rights as conferred by the labor laws in the countries where we operate. These include prohibitions of forced and child labor. The Human Rights Policy and the Code of Ethics are provided to the supplier before the contract is signed and the supplier agrees to adhere to these documents with their signature. The contract includes clauses that require suppliers to respect the human rights of their employees, referring primarily to meeting compliance with the labor and workplace health and safety laws applicable. Also, a written statement is appended to the contract that requires the supplier to implement a series of measures to guarantee a safe and healthy work environment for their

employees, which is directly related to their human rights³. Suppliers are monitored each month to verify they are respecting the labor rights of their employees. If the monthly reviews find any irregularity, the supplier is required to correct the situation, or their payments will be frozen, and they may be removed from the Grupo México suppliers list and prevented from participating in future bids for contracts.

The company operates a Reporting Line in complement to the supplier assessment and monitoring process described here. This Reporting Line is available to the three divisions in Mexico, Peru and the United States, not only for all Grupo México collaborators, but also for the employees of our suppliers⁴. This tool allows any supplier employee to create a report on any human rights violation they have witnessed or suffered. The report can be on any issue related to human rights and does not need to be limited to labor rights.

In addition to the human rights due diligence process described in this chapter, the Occupational Health and Safety area, for its part, has been key in protecting the human rights of employees and suppliers, such as the right to life, to health, and to a safe and healthy work environment. In 2020, this area invested USD \$67 million in our three divisions to ensure that the conditions of respect and protection of the rights of all workers exists. For a detailed description of the internal process and programs that Grupo Mexico has implemented to ensure the health and physical integrity of its employees, see the chapter on [Occupational Health and Safety](#).

³This statement, which each supplier is required to sign, seeks to guarantee compliance with the Grupo México Health and Safety Management System. For more information, see the chapter on [Occupational Health and Safety](#).

⁴ For a detailed description of the Reporting Line, see the chapter on [Ethics and Integrity](#).

Voluntary principles on security and human rights

GRI 410-1 | SASB EM-MM-210a.3

Grupo México meets strict compliance with the legal framework in all the countries where we operate and has a series of policies and procedures in place that ensures adherence to the Voluntary Principles on Security and Human Rights. This set of principles, designed as a guide for companies, is divided into three areas: risk assessment, interactions between companies and police forces, and interactions between companies and private security.

Risk assessment

Grupo Mexico 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.

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 agreements⁵.

None of our business units in Mexico or the United States are guarded by police forces, therefore this point is not applicable.

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. In 2020, or in previous years, there has been no report of any human rights violations involving any member of our neighbor communities by the private security officers contracted by the company.

The three divisions of Grupo México apply a rigorous due diligence process for contracting security companies to ensure

compliance with the Code of Ethics and the Human Rights Policy. Additionally, the company confirms these officers receive regular human rights training, and the contracts contain clauses that ensure respect for human rights. The private security companies contracted by the Mining and Infrastructure divisions are posted on company property. The company has security protocols in place that describe the roles and responsibilities of the private security companies, and specify that the presence of the security officers on company property is primarily intended as a deterrent⁶. In the Transportation Division, private security officers are posted in the railyards and, sometimes, travel on the trains. As with the other divisions, the due diligence process is designed to minimize the risk of human rights violations by private security officers. No incidents were reported in 2020 involving the private security companies we contract.

Grupo México supervises the private security providers to identify any irregularity, and incidents can be reported via the reporting line available to all Grupo México collaborators and contractors. There are also procedures in place to investigate and penalize any human rights violations committed by private security officers⁷.

⁵ For more information on the content and management of these agreements, see the chapter on Human Rights in the 2019 Sustainable Development Report.

⁶ Of note is that no private security officers at ASARCO carry weapons.

⁷ For more information on the company's internal processes and controls in Mexico, Peru and the United States in reference to interactions with private security companies, see the chapter on Human Rights in the 2019 Sustainable Development Report.

Diversity and inclusivity

As part of the process to generate tools to aid Grupo México in meeting the commitments laid out in the Human Rights Policy, we recently released our Policy on Diversity, Inclusion and Non-Discrimination, and Zero Tolerance for Workplace or Sexual Harassment. This policy includes the company’s seven commitments to foster inclusive work environments, free of discrimination and harassment, to ensure a safe workplace for the development of our people and our stakeholders.

A diversity and inclusion diagnostic was prepared in 2020 to identify areas of opportunity. Minera México conducted 784 surveys, 64 interviews and six focus groups at five properties. This exercise served not only to raise awareness among our collaborators on the importance of diversity, inclusion, respect and gender equality, but also to design a strategic plan for AMC that will be rolled out in 2021 to gradually address the gaps identified.

This action complements our efforts in recent years to encourage greater participation of women in Grupo México⁸. Although industries like mining, railroads, oil and construction tend to predominantly attract men because of the physical nature of the work, **in the last three years, for example, the total number of women at Minera México has increased 18% and women in middle management positions has increased 24%**. Today, the Mining Division has more than a thousand women employees. **Additionally, the total number of women in the Infrastructure Division increased 33% between 2018 and 2020.**

⁸ Details of the workforce and the different groups (by age, gender, position, etc.) of company employees are provided in the chapter [Our People](#).



Grupo México values diversity and intergenerational inclusion, which ensures an exchange of ideas and learning among the members of our work team, who are made up of different age groups. As can be seen in the following table, the high percentage of people over 51 years of age who work in the company is notable, which ensures an exchange of learning and experiences between members of one generation and another, as well as a better performance of the equipment.

Employees by age group in 2020

Age group	Mining		Transportation		Infrastructure	
	Count	Percentage	Count	Percentage	Count	Percentage
18 - 25	1,008	6.3%	544	5.0%	269	10.1%
26 - 40	7,272	45.4%	4,837	44.4%	1,414	53.0%
41 - 50	3,663	22.9%	2,474	22.7%	516	19.3%
> 51	4,073	25.4%	3,046	27.9%	470	17.6%
Total	16,016	100.0%	10,901	100.0%	2,669	100.0%

Regarding the communities close to our operations, at Grupo México we develop social programs that, in addition to contributing to meeting local needs, promote gender equality and inclusion.

We organized 38 gender-based perspective activities in Mexico in 2020:



Gender equality:

six conferences on human development and empowering women, one gender-based perspective workshop for children, and seven activities for International Women's Day with 447 participants.



Volunteering:

13 workshops on Human Development to encourage leadership and community engagement among a group of volunteers made up of wives and families of our collaborators, with the participation of 79 women.



Health promotion:

nine virtual activities on breast and cervical cancer prevention, with 269 participants.



Sports:

two women's soccer tournaments, with 90 women participating.

“I studied mine engineering, and this workshop reaffirmed my passion for the industry; it is a great opportunity for us women. I’m young and worried that I don’t have experience, but I know I can accomplish my dream. Thank you for this opportunity.”

Workshop participant.

Most of our volunteers are women. We have 22 volunteer groups in Mexico and Peru (Youth Club, women volunteers, Community Environmental Brigade, among others) with 759 members, 64% of which are women.

Forjando Futuro (Forging Futures) program contributes to bringing women into mining through its job training component. For example, a committee was formed in Cananea, Sonora with representatives from the community, educational institutions, the company and the business committee, to promote the participation of women in mining. The “Introduction to job security for women in mining” workshop held in 2020 provided training to 106 women.

In terms of inclusion, censuses are carried out in the 11 educational centers supported by the company to identify students with special educational needs (SEN). In Mexico, we work in specialized tutorials with 277 students detected with SEN and in Peru with 88 students. In 2020 it was achieved that eight out of 10 students with special educational needs had an improvement in their academic performance. In addition, a face-to-face workshop on Mexican Sign Language was developed with 29 participants and 25 online workshops on the same topic, with a reach greater than 39 thousand users on social networks.

Incidents of discrimination and corrective actions taken

GRI 406-1

Two cases of discrimination were reported through the Reporting Line in 2019: one at Minera México and one involving Southern Peru Copper Corporation. These incidents were brought to the Ethics and Discipline Committee and appropriate actions were taken in a timely manner. Corrective actions were taken to raise awareness in the departments involved (Operations at Minera México and Office Management in Peru). Communication between department heads, supervisors and employees also improved through conversations between employees and Human Resources personnel to hear their concerns, opening direct and varied channels of communication to address the concerns of our collaborators to improve the work environment.

Operations and providers whose right to freedom of association and collective bargaining could be at risk | Operations and suppliers with significant risk of child labor | Operations and suppliers with significant risk of cases of forced or compulsory labor

GRI 407-1, 408-1 y 409-1

The three divisions of Grupo México operate a series of policies and procedures that guarantee no company operation will engage in child or forced labor, or restrict the freedom of association and collective bargaining, in strict compliance with the legislation in effect 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, the Global Compact and Save The Children, to protect children against the negative impacts of business on this vulnerable group.

Operations subject to human rights reviews or impact assessments

GRI 412-1

MINING AND INFRASTRUCTURE DIVISIONS

The participative social diagnostics help Grupo México to identify the risks that are present at each business unit, including risks to human rights, to then design actions to mitigate the negative impacts and optimize the positives. These diagnostics are prepared at the start of each project and are updated every two years for all business units in Mexico and Peru. Community human rights impact assessments are prepared for all operations:

- In Mexico, the Infrastructure Division prepares Social Impact Assessments for the Energy and Hydrocarbons units, which are reviewed by the Department of Energy, and voluntarily for the other operations. The El Retiro Wind Farm undergoes an Equator Principles audit each year, which includes human rights indicators, receiving satisfactory results. We conducted Social Impact Assessments for the

Fenicias Wind Farm in 2020 and for the fuel storage terminals in Guadalajara, Jalisco and Aguascalientes. The El Retiro Wind Farm was audited according to the Equator Principles, which include community linkage and human rights indicators, receiving a satisfactory result. Five of the seven operations (60%) of this division have current participative social diagnostics.

- The Mining Division in Peru updated two of their six participative social diagnostics early in 2020. In Mexico, as applicable, 10 of the 12 properties completed the first stage in updating



Group of young people in a workshop that is part of participatory social diagnoses.

their documentation. The second stage of the participative consultation process is expected to be carried out in-person in 2021 (workshops, interviews, surveys, focus groups) with our communities and stakeholders. These diagnostics were postponed to protect the health of those involved because of the COVID-19 pandemic and in adherence of the stay-at-home orders. The company decided to not conduct the consultation virtually in 2020 as the participative component needs to be held in-person to collect accurate information from the participants. Additionally, the Social Diagnostics procedure will be revised in 2021 to add international benchmarks.

Regarding employee human rights, all Mining Division operations in Mexico and Peru participated in the biannual workplace survey in 2019, therefore this survey will be administered again in 2021. All Infrastructure and Transportation division operations (100%) participated in the 2020 workplace surveys.

TRANSPORTATION DIVISION

All our operations in Mexico were analyzed in terms of human rights in 2020, in particular the safety of migrants on our network. We found that 30% of our operations in central and southern Mexico are more exposed to risks associated with protecting and respecting human rights, principally in regard to the migrant population. As mentioned, all our operations in Mexico have mechanisms in place to closely collaborate with the authorities.

Employee training on human rights policies or procedures

GRI 412-2

MINING DIVISION

In Mexico, Human Resources offers an online course for all collaborators on topics related to human rights. One of the main components of the course explains in detail the content of the Code of Ethics, as well as how to use the Reporting Line. Another component outlines the company's commitments as outlined in the new Human Rights Policy and the implications. The course includes a final test, which employees are required to complete successfully. This component includes a link to the policy and a link to the Mexican Human Rights Commission website.

Given the volume and conditions of our operations, the company runs this training every two years for unionized employees and annually for non-union employees. Meanwhile, there is ongoing communication to reinforce the content of the Code of Ethics and the Human Rights Policy at all business units. Although unionized employees take this course every two years, all new hires (unionized and non-union) receive a copy of the Human Rights Policy, the Policy on the Respect and Wellbeing of Our Collaborators, and the Code of Ethics, and they are asked to

sign the Code of Ethics in agreement. Human rights training (one-hour online course) was provided to 2,283 non-union employees (97.4% of the total) in Mexico in 2020.

The company was forced to suspend in-person training because of the COVID-19 pandemic and to prevent the virus from spreading among unionized personnel. Because of this, a document was prepared with information about the Code of Ethics and human rights to ensure all personnel have a clear understanding of these principles, declaring their commitment by signing the document. In 2020, 6,069 unionized employees (96.4% of Minera México) received human rights certification by reading and signing this document.

In Peru, our human rights training, which is linked to the training on the Code of Ethics and the Reporting Line, is conducted in-person as part of a Hygiene and Safety Day, as required by the Peruvian government. These training days were interrupted by the pandemic, which forced us to suspend all in-person training events as of March 7, 2020. As a result, we delivered human rights training (one-hour course) to 1,193 unionized employees (29.8% of the total) and 189 non-union workers (17% of the total) in 2020. Because of this situation, SPCC has turned to other means of communication to disseminate messages on the company's values, the Code of Ethics and human rights, like Cobresur (inhouse publi-

cation) and Radio Cultural (which is heard in Toquepala, Cuajone and Ilo). Also, all new hires in 2020 (unionized and non-union) received information on the Code of Ethics and the Reporting Line.

At ASARCO during 2020, 340 non-union employees (93% of the non-union personnel) received 30 minutes of training on the Code of Ethics, which includes components on human rights.

In addition to training on the Code of Ethics, we began to deliver a course on community ethics to Mining Division personnel. The goal of the course is to raise awareness and train company personnel on responsible co-existence with the communities near our operations, to build mutual trust and environments of social peace, promoting respect for human rights and co-responsibility by everyone at Grupo México. We are planning to train 14,860 people in 2021, including office staff, unionized workers and contractors in the Mining and Infrastructure divisions.

INFRASTRUCTURE DIVISION

Our training and leadership programs in particular are designed to meet compliance with the Grupo México Human Rights Policy. From day one, new hires receive training on our organizational culture, with emphasis on respect for human rights.

During the year, 1,203 employees received training on the Code of Ethics (1,597 total training hours), using practice cases to identify inappropriate behaviors at our worksites. The training sessions covered topics that include:

- Dynamic learning on the Code of Ethics via an online platform.
- Training on using the Community Care Service reporting line.
- Campaign that focuses on identifying and reporting inappropriate behaviors 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.

QR code for more information on
the community ethics course:





📷 Juchiteca girls at the La Ventosa Wind Farm.

Local Communities

Mining and Infrastructure Divisions

GRI 103-1, 103-2 | SASB EM-MM-210b.1.

While transforming mineral resources, generating power and developing communication routes, we are strengthening social and human capital in our neighboring communities. We focus our efforts on being good neighbors. Most of our operations are situated in rural areas, away from big cities. In some cases, the communities have grown and developed around our operations and projects, building close economic and social relationships.

In the social aspect, we prepare assessments of the potential positive and negative¹ impacts of the different stages of our projects (exploration, construction, operation and closure²) to define actions to continue building healthy and sustainable relationships with the community. In all areas of the company, we aim to prevent and mitigate any potential negative situation associated with our operations.

We require our suppliers and contractors to adopt our approach of respect for the community, through self-regulation (policies and codes). This is particularly relevant with those outside of the community, although we make every effort to contract with local suppliers.

¹ For a list of the potential positive and negative effects resulting from the different stages of our operations (exploration, construction, operation and closure), see the chapter on Local Communities in the 2019 Report.

² When operations are in their closure stage, we provide programs to foster economic development, such as offering collaborators and contractors training workshops on personal finances, entrepreneurship, and organizing job fairs, in addition to supporting project leaders with business incubation and trade certification. Even after the operations in Nueva Rosita (2018) and Santa Eulalia (2020) closed, for example, our community centers remain active to continue strengthening the social weave and supporting the communities that accompanied us throughout these projects.

Organizational Management

GRI 103-2

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 operation of the community development model is guided by the following values:

Co-responsibility	Inclusion	Active communication	Transparency	Building trust
<p>We begin by identifying each person as taking the lead in their own personal development and their surroundings. We believe positive transformations are possible when each individual shares their skills, knowledge and experiences in service to their community.</p>	<p>Nothing for the community without the community. Every action, program or project goes through an exhaustive process of listening to the ideas and needs of the different groups that make up a community, considering their diversity in terms of age, gender, language and specific needs.</p>	<p>Through different means of communication with our stakeholders, encouraging open and transparent dialog as the principal tool to identify the common ground that helps us to develop plans and programs for the common good.</p>	<p>We ensure relevant information is shared clearly and openly with our stakeholders, and we report the progress and results of our social initiatives implemented in the community.</p>	<p>Aligning our actions with the reality of each community where we operate helps us to consolidate relationships of mutual trust. To achieve this, we strive to understand the reality from the life experience of others and then we develop collaborative actions that respond to the needs and vision of the people in the communities where we operate.</p>

Policies

SASB EM-MM-210b.1.

The principal policies that guide our community development model and to which all collaborators, suppliers and contractors are held, are the Code of Ethics, the Human Rights Policy, the Community Relations Policy and the General Policy on Sustainable Development. The latter two are the responsibility of the Sustainability Department, which reports to and is in constant communication with the Vice-President of Grupo México.

Our day-to-day actions are backed by 16 procedures, which ensure we can implement, measure and continually improve our community actions. **These include:**

Community Committees: Formed with volunteer leaders recognized by the nonprofit community, which together with the company, define our social investments. The procedures the community committees follow set their objectives, the guidelines for selecting participants, their responsibilities, and also the processes and actions for their creation and operation.

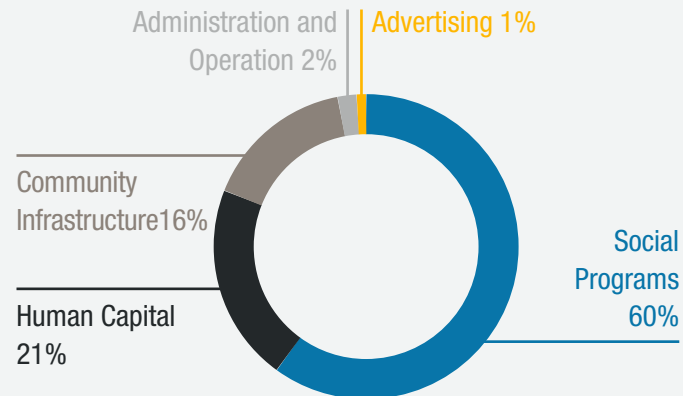
Calls for Project Submissions procedure: This procedure makes the administering of the Investment Fund (Seed Capital) more transparent and efficient. The company provides this fund for the development of social investment projects, which are selected by the Community Committee.

Resources

The 2020 investment of the Mining and Infrastructure divisions for the operation of our 32 community centers in Mexico and Peru was:

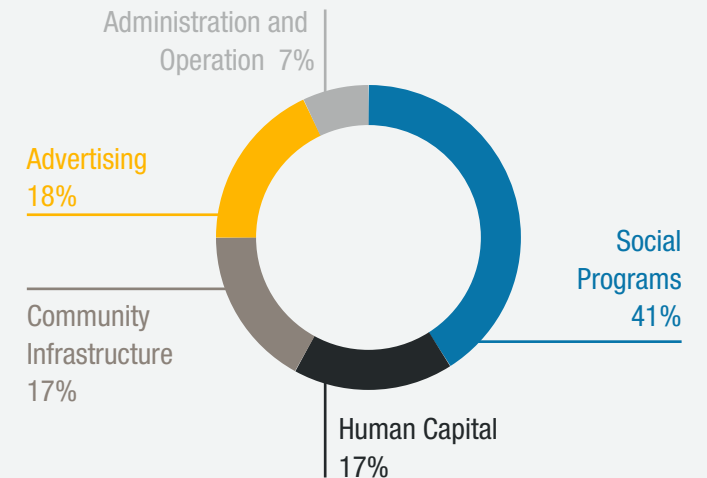
MEXICO

Total investment
US\$4.920
million



PERU

Total investment
US\$4.638
million



ASARCO invested US\$168,000 in Human Capital at the Mineral Discovery Center.

The Community Development department manages and accompanies other areas of Grupo México that expend company resources in the community (for more information about our investments in social aspects, see [GRI 203-1](#)).



📷 Collaborator at Talleres, Peru.

Specific actions: Community Development model

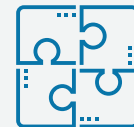
The Community Development model has three components:



Responsible coexistence: To foster a positive and healthy coexistence with our neighbor communities, and to have open and ongoing channels of communication to address complaints and concerns.



Economic development: It is important to share the economic value our operations generate with the community. We strive to build communities where people want to work, live, and also, invest.



Human development: To optimize the skills of members of the communities where we work, as these are the principal drivers of development in their communities.



COMPONENT 1. RESPONSIBLE COEXISTENCE



1.1 Tools

We have the following two tools to achieve adequate attention to the communities:

Participative social diagnostics

The company consults with each community near our operations to ensure decisions on operational and social plans are made collaboratively, considering the risks, needs and concerns as expressed by the communities themselves. For more information on how these diagnostics are prepared, see the chapter on [Human Rights](#).

Community Care Service

The Community Care Service plays a key role in the Community Development model. It was designed as a clear and reliable mechanism to receive and respond to requests, concerns, grievances, emergencies and disputes that may arise within the communities that coexist with the company and our operations. The Community Care Service is currently in operation at 14 Mining Division sites in Mexico, six in Peru and one in the United States, and also at four Infrastructure Division sites. For more information about the Community Care Service and a summary of the cases addressed this year, see the chapter on [Human Rights](#).



1.2 Programs












In addition, to provide services to the communities, we have programs or projects in three areas:

Disaster relief: When disasters occur, the company delivers aid to the community in an act of solidarity. In 2020, for example, Southern Peru took action following the landslide in the Achoma district to redirect the water and prevent major material damages and threat to human life.

Water management: Grupo México is committed to the right to water of our neighbor communities. As part of this commitment, we accompanied the municipalities with technical advice and investment in water management works projects. In 2020, for example, we invested in two works that are part of the Hydro-Agricultural Projects for the Sonora River Special Economic Zone, benefiting more than 150 local farmers. In Peru, construction continued on the Cularjahuira dam, which will benefit 885 families (see [GRI 203-1](#).)

Environmental transformation: We support farming and livestock farming communities with actions that care for the environment. In addition to organizing recycling campaigns, workshops and activities to raise the environmental awareness of our communities, we began studies in two locations in Mexico in 2020, in coordination with the municipalities, to promote proper handling of non-hazardous urban solid waste.

The 2020 results are reported following:

RESPONSIBLE COEXISTENCE 		
 Environmental transformation	 Citizen engagement and development	 Impact and transformation
<p> 47 activities</p> <p> 378 volunteers</p> <p> 7,822 people reached</p> <p> 22 linkages</p> <ul style="list-style-type: none"> • Environmental days • Environment Brigade • Cleaning beaches • Recycling workshops, talks and reading circles on environmental awareness • Improvement of spaces • Reforestation 	<p> 1,008 activities</p> <p> 567 volunteers</p> <p> 22,096 people reached</p> <p> 63 linkages</p> <ul style="list-style-type: none"> • Community Committee • Volunteering and youth volunteers • Social peace actions • Social projects fair 	<p> 12 activities</p> <p> 40 volunteers</p> <p> 14,274 people reached</p> <p> 87 linkages</p> <ul style="list-style-type: none"> • Gender equity studies- Nacozari, Mexico • Workshops on the Environmental Impact Assessment for the Michiquillay Project, Peru • Socioeconomic baseline for the Michiquillay Project, Peru



COMPONENT 2. ECONOMIC DEVELOPMENT

The following programs have a positive impact on the community:



2.1 Forjando Futuro (Forging Future)

This strategic program provides job and productive skills training to residents of our neighboring communities to improve their chances of being successful in joining the job market, as well as training suppliers to optimize their competitive advantages in the industry. Because of the pandemic and in support of reactivating the economy, we delivered virtual courses on biosafety to 2,768 people, helping them to work safely (for more information, see the chapter [COVID-19 Response](#)). Additionally, we provided training in trades to 193 people (welding, introduction to mining, flooring installation), hired 441 people into contract jobs, and we gave 166 people the opportunity to complete their professional practices at our mines.



2.2 Business Committee

These committees are made up of local businesspeople who come together to support social responsibility projects for their community. Grupo México oversees the creation and coordination of these groups and participates in the social projects the committees select. These committees are set up in the communities with the greatest economic spillover, currently involving 55 businesses in Cananea and Guaymas, Sonora. This association has strengthened the image, positioning and relationships of our companies with the community and has generated spaces for open dialog, increasing the positive actions in the community.



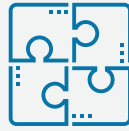
2.3 Mine investment funds

In 2020, US\$78 million was contributed in special mining rights in Mexico. In Peru, through Income Tax, US\$173 million was contributed to the Mining Canon, distributed to local and regional governments. For more information on these and other contributions, see [GRI 203-2](#) indicator on significant indirect economic impacts.

The 2020 results are reported following:

ECONOMIC DEVELOPMENT

Productive skills	Work and economic growth
<div style="display: flex; align-items: center; margin-bottom: 10px;"> <p>1,830 activities</p> </div> <div style="display: flex; align-items: center; margin-bottom: 10px;"> <p>290 volunteers</p> </div> <div style="display: flex; align-items: center; margin-bottom: 10px;"> <p>16,620 people reached</p> </div> <div style="display: flex; align-items: center;"> <p>73 linkages</p> </div> <div style="margin-top: 20px;"> <p>Workshops:</p> <ul style="list-style-type: none"> • Basic business skills and entrepreneurship • Trade and skills: Sewing and tailoring, styling and beauty, cooking and pastries, crafts and weaving, welding, photography, among others • Domestic technologies to create products </div> <div style="margin-top: 20px;"> <p>Training in technifying productive activities (farming/livestock farming/fishing):</p> <ul style="list-style-type: none"> • Composting and water systems • Bio-orchards • Animal health to improve and increase production • Genetic improvement • Leadership training for farmers • Fruit fly control program • Consulting </div>	<div style="display: flex; align-items: center; margin-bottom: 10px;"> <p>57 activities</p> </div> <div style="display: flex; align-items: center; margin-bottom: 10px;"> <p>227 volunteers</p> </div> <div style="display: flex; align-items: center; margin-bottom: 10px;"> <p>2,321 people reached</p> </div> <div style="display: flex; align-items: center;"> <p>80 linkages</p> </div> <div style="margin-top: 20px;"> <ul style="list-style-type: none"> • <i>Forjando Futuro</i> job skills training program: welding, introduction to mining and flooring installation • Call to submit project proposals for grant funds • Entrepreneurship program for women • Product marketing fairs • Business management skills training, administrative, marketing and financial consulting </div>



COMPONENT 3. HUMAN DEVELOPMENT

The tools available to provide opportunities and services to remote communities are the following:



3.1 Community centers and the Discovery Center

ASARCO

ASARCO

Mexico - Mining

301	Nueva Rosita Plant
337	Zinc Electrolyte Refinery
339	Angangueo Future Project
344	Charcas Mining Unit
352	La Caridad Mine & Plant
353	Metallurgical Complex
358	Guaymas Maritime Terminal
359	Santa Barbara Mining Unit
371	Santa Eulalia Mining Unit
377	San Martin Mining Unit
379	Taxco Mining Unit
384	Cananea Mining Complex
392	Chalchihuites Project
394	Guerrero Negro
CC	Malls (Commercial Centers)

Mexico - Infrastructure

400	El Retiro Wind
402	Drilling Base Mexico
401	Leon-Salamanca Highway
403	Fencias Wind Farm

Peru

Cuajone
Ilo
Toquepala
Michiquillay Project
Chancas Project
Tía María Project



There are 17 community centers in Mexico (14 in the Mining Division and 3 in the Infrastructure Division) and 15 community centers in Peru. These centers offer artistic, academic, human development and physical exercise activities, among many others for children, youth and adults, building social capital in the communities where we operate. The programs are built from the context, needs and expectations of each community, identified through Participative Social Diagnostics (for more information, see the chapter on [Human Rights](#).)

In response to the pandemic, the Casa Grande (Mexico) and Casa Nuestra (Peru) community centers took their programs online in 2020. We organized 4,634 virtual workshops, recording a reach of more than 9.4 million views, with a 63% increase in our followers on social networks, building a virtual community of more than 294,000 followers on Facebook. More than 110,156 people participated in in-person, hybrid and virtual activities organized as part of our many community programs in Mexico and Peru, representing a total investment of US\$4.8 million.

Community performance



110,156 people participated in in-person, hybrid and virtual activities in Mexico and Peru in 2020.



3,005 volunteers participated in our programs, largely contributing to delivering virtual workshops, giving their time, knowledge and skills to activities in benefit of their community during the health emergency.

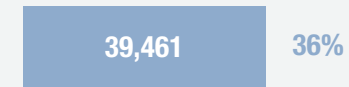


Participants

Mexico



Peru



Casa Grande Virtual

Mexico and Peru social programs migrates to a virtual mode, reporting the following results:

Mexico

4,292
online workshops.

+80 thousand
total followers.

4.6 million
million views.

139%
increase in followers on social networks, compared with 2019.

Peru

342
online workshops.

+214 thousand
total followers.

4.8 million
million views.

124%
increase in followers on social networks, compared with 2019.

In the United States, ASARCO runs and operates the Mineral Discovery Center, a mining museum that offers guided tours inside the company and receives, on average, 17,000 local, national and foreign visitors each year. The museum has a screening room, an exhibition of rocks and minerals, an interaction area on the copper extraction process, and a permanent display of antique and recent mining equipment. The greatest attraction are the guided tours of the mine, which are offered to the public.

The vision of the Discovery Center is focused on three actions:

1. Communicating the importance of mining.
2. Educating (conveying knowledge) students and teachers about the earth sciences.
3. Preserving a part of the history of mining in Arizona and in the western USA.



3.2.- Grant funds for seed capital

Grant funds are supports granted by the company to finance projects of social benefit in different areas, such as sports, the environment, education, culture, civil protection, productive projects and health. Any member of the community can submit a proposal on the call for project submissions. The proposals are submitted to the Community Committee (formed with representatives from the community with participation by Grupo México) for evaluation and selection according to criteria that include viability, sustainability, inclusion and innovation, and addressing a need in the community.

More than 1,158 projects have been approved since 2009, representing a social investment of US\$7.4 million. In 2020, US\$146,700 was approved to support 127 social and productive projects awarded on 7 calls for project submissions: 79 projects in Mexico (San Luis Potosi, Charcas, Taxco, El Arco Project and Juchitan) and 48 projects in Peru (Toquepala, Cuajone and Michiquillay).

Our seed capital investments include productive projects aimed at optimizing farming and livestock farming. The property owners thought that the project that would most benefit them would be the electrification of the areas where the Grupo México wind farm is located (La Soledad, El Retiro and Dos Arbolitos).

With electricity at their ranches, the property owners have been able to operate:

- Water pumps
- Milking machines
- Animal feed shredders
- Irrigation systems
- Electrical lighting to work from early in the day to after dark

17
thousand visitors

visited the Mineral Discovery Center Museum in 2020.

These types of actions and investments have helped the ranchers and property owners to work more efficiently, improve their harvests and their animal feed, increasing their milk and meat production.

We have invested US\$201,000 since 2015, reporting 85% progress in the electrification of these three areas. We expect to reach 100% coverage in 2021.

To date, this project has supported 120 people living on 30 of the 35 ranches in these areas.

QR code to know
Capital Semilla:





Scan this QR code to find out more from volunteering:

2,152 students are taught by 134 teachers at Grupo México schools in Mexico, while in Peru, we have 1,523 students and 163 teachers.



3.3.- Volunteering

The company promotes the value of co-responsibility. In 2020, 3,005 volunteers participated in our programs, largely contributing to delivering virtual workshops. They gave their time, knowledge and skills to activities in benefit of their community during the health emergency. Grupo México has three types of volunteers: corporate (employees), youth and employee wives and families.



3.4. Schools

At our four schools in Mexico and seven in Peru, more than 3,600 basic education students, children of our collaborators and the community, are enrolled in official study programs and also participate in a bilingual program where they learn English. We have complemented our school learning activities with different support programs for students and parents:

Psychological education support and strengthening: We organize tutorships, workshops for families and mental health fairs to promote the development of socio-emotional skills and offer psychological accompaniment and support for teachers and families with special needs students. Thanks to this support, 85% of our special needs students reported improved academic performance by the end of 2020.

Nutrition program: Raises awareness and provides training for students and families through workshops on nutrition and the importance of healthy eating, physical exercise and the impact of this on their overall health. The program also ensures healthy menus in our school cafeterias.

The company invested US\$6,446,000 in its 11 schools in 2020 to guarantee a quality service.



USD\$202,000 invested during 2020 to support **142 social and productive projects** of nine calls for competitive funds.



Scan the code for more information about Educational Programs:



📷 Mining League tournament in Sonora.



3.5.- Emblematic projects

These are programs with defined goals of social transformation in the medium term, applying a methodology that measures the scope of the positive results among participants. One of our highlighted projects is the **Youth orchestras and choirs**, an instructional model for social development among children and youth through the collective practice of music. There were four company orchestra programs in 2020, involving a total of 352 students at La Caridad in Nacozari, Buenavista del Cobre in Cananea, Santa Barbara and Nueva Rosita. The launch and operation of each orchestra represent an investment of US\$310,000, with the participation of seven professional musicians to support the goals of the program.

Mining Baseball League: This is an initiative of the Mexican Department of the Economy, Mining Department to foster camaraderie among the national mining sector through sport. The company invested 2 million pesos in this project. To prepare for the League, Grupo México organized a company tournament with 74 teams and more than 1,700 company employees. The 16 winning teams were chosen to represent the company, one of which won the final.

Scan the QR code to know more
about the educational programs:



HUMAN DEVELOPMENT



Social wellbeing and quality of life



2,042 activities



561 volunteers



13,455 people reached



150 linkages

- Youth orchestras and choirs
- Virtual summer course
- Inclusion: Workshops on Mexican Sign Language
Actions to share traditions, culture and to celebrate special dates
- Human Development workshops:
- Artistic workshops, painting, dance, literature and reading circles, theater, photography, guitar, traditional dance, music, ballroom dancing, crafts
- Community ethics



Educational skills



993 actividades



87 volunteers



5,750 people reached



68 linkages

- Open education
- Teaching strategies for teachers and parents
- English and computer studies
- Virtual library / Reading rooms
- Training literacy mediators
- Conferences and exhibitions

Results in 2020:

HUMAN DEVELOPMENT

Prevention in health and safety		Gender equality
<ul style="list-style-type: none"> 3,772 activities 758 volunteers 27,166 people reached 125 linkages 	<ul style="list-style-type: none"> • Training: First aid, vital signs, first responders • Food safety: Family orchards, healthy cooking, nutrition • Health fairs and workshops: breast cancer prevention, cervical cancer prevention, caring for the elderly, persons with disabilities and pregnant women, oral hygiene, disease prevention, biosafety, psychological first aid • Workshops on household safety, accident prevention, culture of civil protection, etc. • Sports: Mining Baseball League; Clinics and tournaments: soccer, volleyball, basketball, baseball • Physical activity: Zumba, yoga, cardio, exercise for vulnerable groups • Sterilization campaign for street animals 	<ul style="list-style-type: none"> 39 activities 97 volunteers 652 people reached 16 linkages
<ul style="list-style-type: none"> • Virtual COVID-19 prevention campaigns • COVID-19 detection fairs • Volunteering in solidarity: making face masks. • Virtual doctor's office: psychology, gynecology, geriatrics 		<ul style="list-style-type: none"> • Conferences and workshops on human development and female empowerment, Women's Day celebrations • Children's workshop on gender equality • Employee wives volunteering

Evaluation mechanisms

GRI 103-3

Our management system uses the following tools to evaluate the performance of our community programs:

1. Annual performance indicators for the Community Development model
2. 2022 Sustainable Development corporate goals
3. United Nations 2030 Sustainable Development Goals
4. Procedures and audits

ANNUAL PERFORMANCE INDICATORS FOR THE COMMUNITY DEVELOPMENT MODEL

Regular reports are prepared on the goals achieved and performance of the Community Development model in relation to the programs and activities conducted, the participants, people reached and volunteers, as well as financial spending.

The main results of social performance in 2020 in Mexico and Peru were the following:

403
programs with 9,800
in-person, hybrid or
virtual activities

110,156
participants and
people reached

3,005
volunteers

12,027
volunteer hours

684
linkages

USD\$35.4 million
Social investment in 2020

- Community development programs, social linkage and productive projects: US\$8.9 million
- Operating costs for our schools and neighborhoods: US\$15.1 million
- Infrastructure, works and equipment for our communities and neighborhoods: US\$11.4 million

The count is by participation; therefore, one person may receive more than one benefit per program and will be recorded more than once in the annual results.

SUSTAINABLE DEVELOPMENT GOALS

The Community Materiality of the company was based on the three principal dimensions of the Global Reporting Initiative (environment, social and economy), for the development and measuring of our programs and projects. The 12 Community Materiality topics are in harmony with each SDG and aligned with our Community Development model, as shown below.

PROCEDURES AND AUDITS

The methodology for measuring performance, and also evidence gathering, is based on two department procedures: Operating Procedure for the Comprehensive Impact Measuring System and Evidence Management Procedure. Also, internal cross-audits are conducted where the team from one business unit evaluates compliance with procedure and the performance results for another.

In the case of the El Retiro Wind Farm in Juchitan, Oaxaca, an independent audit is conducted annually as stipulated by the investors, based on the Equator Principles. These audits evaluate the social and environmental risks of the operation, the engagement of players and stakeholders, and the mechanism for handling grievances, among other aspects of social and environmental management. Similarly, the Fenicias Wind Farm will be subject to these principles during its construction phase and once in operation, there will be an annual monitoring of the social and environmental management plans.





Model



Good Neighbors

Economic Development

Human Development

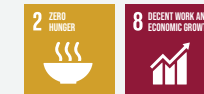
Materiality Grupo México Community Development

 Citizen engagement and development
  Impact and transformation
  Environmental transformation
  Water management

 Productive skills
  Work and economic growth

 Wellbeing and quality of life
  Gender equality
  Quality education
  Educational competencies
  Energy management
  Prevention in health and safety

Sustainable Development Goals (SDG)





📷 Student at a company school in Peru.

Operations with local community engagement, impact assessments and development programs

GRI 413-1

All Mining and Infrastructure Division operations in Mexico, Peru and the United States have different community engagement programs, the principal objectives of which are to identify the potential impacts (positive and negative) of our operations, as well as the concerns, grievances and wishes of the community, to then define a social management plan, together.

In Mexico, our 2020 social impact assessments were based on the federal laws and regulations for the energy and hydrocarbon sectors. In particular, the Electrical Industry Law and the Hydrocarbons Law mandate consideration of the principles of sustainability, applying gender perspective across the board and respect for the human rights of the communities and people in the regions where our projects are located. These laws also require stakeholder mapping, which we already do for all our business units. These social impact assessments include the identification, characterization, projection and estimate of the potential social impacts of our activities, as well as the corresponding mitigation measures. The Community Development team then considers the local needs identified with the Shared Value Diagnostics (explained in greater detail in the chapter on [Human Rights](#)) and prepares their social management strategy with programs and projects that are part of their Annual Plan and aligned with the material topics of Grupo México, which help to measure the contribution of our actions to the Sustainable Development Goals.

There is a Community Committee in place at all Mining and Infrastructure Division sites in Mexico and Peru. These committees are made up of leaders from the local community, people with a known track record of ongoing, known and active participation in favor development and achieving goals for the collective good. To ensure the committees are pluralist and inclusive, representatives of the health, education and business sectors are invited to participate, as well as youth and members of vulnerable groups, among others, being sensitive to gender equality and perspective. The committees are a mechanism for citizen engagement, made up of representatives from nonprofit organizations, the authorities and the company.

These committees collaborate to define the priorities for the location and the mechanisms for social engagement. They also act as citizen auditors, ensuring transparency and proper use of resources, as well as representing different sectors of the community, favoring economic, social and cultural development (as is the case of the Calls for Project Submissions for social or productive projects, which receive seed capital). They also help with the analysis of priorities from the social impact assessments and Shared Value Diagnostics the company prepares to address the needs of the community and prioritize issues of greater urgency.

Operations with significant actual or potential negative impacts on local communities

GRI 413-2 | SASB EM-MM-210b.1.

All mine operations carry the possibility of generating significant impacts in the communities where we operate. As a result, the company has a series of management policies and procedures in place, which assess different types of risk (environmental, job-related, health, occupational safety, social and those related to human rights). These risk management policies and procedures are described in the chapters on Local Communities, Indigenous Communities, Human Rights, Our People, Labor Practices, Environment (water, biodiversity, climate change and waste) and Occupational Health and Safety.

There was no significant impact in Mexico, Peru or the United States in 2020, understanding significant impact as any that the authorities define as requiring remediation, such as displacements, loss of traditional lands, resettlements or invasion of the cultural intimacy in the neighboring communities of our mine operations.

Number and description of significant disputes involving land use and customary rights of local and indigenous communities

MM6

In reference to this indicator, disputes are defined as conflicts between the company and the community affected, involving land use and the customary rights of the local and indigenous communities. Disputes are considered significant when they cannot be resolved together within a reasonable time, they repeat, are generalized or would carry financial or legal consequences, or would potentially harm reputations for the community or the company in the long term. Under this definition, there were no significant disputes reported in 2020 involving land use or the rights of indigenous communities or peoples at any Mining or Infrastructure Division operation. Although no such disputes arose between the company and the communities, we are aware of various nonconformities where the community invites us to get involved on being important issues to them. These nonconformities are mentioned following.

MEXICO

Bacanuchi, Arizpe, Sonora

Members of the Bacanuchi community turned to the Mexican Supreme Court in 2015 because they felt they should have been consulted before the preliminary environmental impact assessment was approved for the New Tailings Dam at Buenavista del Cobre, although the law does not require a consultation for these instruments of environmental regulation. The Mexican Supreme Court asked the Department of the Environment and Natural Resources (referred to by the Spanish acronym SEMARNAT) to explain to the community at a townhall meeting, how the preliminary report was evaluated and the considerations for its approval, including the safety measures for the tailings dam. The SEMARNAT has held two townhall meetings where local residents have received information and expressed their concerns, although most of these concerns were not related to the preliminary report, rather they were about repairing roadways and the need for healthcare at their clinic. Independent of the court's decision on compliance by the SEMARNAT, the company has strived to accompany the community with a team of three Community Development specialists who live in the community and who have opened channels for dialog in addition to launching activities in benefit of the community.

Juchitan, Oaxaca

The relationship between the wind energy industry and the communities in the Isthmus of Tehuantepec has some special characteristics that reflect the traditions of the region. These include the continual request of the landowners (of the lands leased for the operations) to hire certain people to work at the wind farm. Grupo México's response to these requests is the implementation of programs like *Forjando Futuro* (Forging Futures), which offer trainings in trades. We have made investments in the technification of their ranches to support their farm and cattle production, and offered trainings on farming techniques, in addition to support with seed capital and consulting on productive projects for community leaders.

PERU

Michiquillay

The Michiquillay mine project is a copper deposit that different companies have been trying to exploit since 1957.

There were no active mining rights on the Michiquillay project between 2014 and 2018. During this time, a group took possession of

the open areas within the project's footprint in the rural community of Michiquillay. The squatters do not recognize the community authorities and ask to be recognized by Southern Peru to as to obtain greater

benefits in the negotiations prior to the start of the explorations. The group has stated that any negotiation involving their property must be held directly with the land tenants and that no community authority will decide on allowing outside persons onto their property.

The company has met with the leaders of the squatters group and the community authorities stating the company will respect the decision they reach to resolve the dispute on the invasion of the open spaces associated with the project in the rural community of Michiquillay.

Southern Peru, through the Community Development department, has implemented actions and projects in the area to build a climate of good neighbors, drive economic development and support the human development of all residents. These actions have been in coordination with the local authorities to include all residents, according to the needs, expectations or interest in the initiatives.

Candarave

Our Toquepala operation is situated in the province of Jorge Basadre and some of the water infrastructure components are in the province of Candarave.

In August 2019, the Peruvian government organized a roundtable to address the water problem in Candarave province in the Tacna region. Officials from the federal government, the regional governor of Tacna, mayors from the province of Candarave, Candarave Water Users' Board and Irrigation Commission participated in this space.

The company is participating in the roundtable, as part of the responsible coexistence component of our community model, to collaborate in the search for solutions to improve the water supply for the community and farming, sharing our expertise in water infrastructure. This space has given us the opportunity to present our water management work at the Toquepala operation and to show, with concrete actions, that we are part of the solution to support the common good.



📷 Social investment in the Bacoachi highway in Sonora.

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

MM7

The company has addressed all grievances, concerns and requests from the community in relation to the disputes mentioned above, received through the Community Care Service. In all instances, we have installed a team of at least two Community Development specialists in the community, who have opened channels for dialog and trust, in addition to launching strategic activities in benefit of the community based on the Community Development model (responsible coexistence, human development, economic development).

Infrastructure investments and services support, and significant indirect economic impacts

GRI 203-1 y 203-2

Grupo México has a positive impact on the local communities through our operations and investments in our local communities. Indirectly, our impact is through paying taxes and contracting local suppliers. Of equal importance, the company makes voluntary investments with impacts on the economic wellbeing of the community.

In terms of the taxes that are transferred to the community, in 2020, Grupo México paid US\$78 million in special mining rights in Mexico, 85% of which will be used by the Department of Education for social impact projects, as mandated. In Peru, we paid US\$173 million into the Mining Fund, which is distributed to the local and regional governments to finance public investment and infrastructure maintenance projects. Also, we contributed US\$6.9 million via the Works for Taxes program and the Development Funds to support 32 water infrastructure, educational and farming projects in Peru.

During this period, 1,030 local suppliers were hired in the Mining and Infrastructure Division in Mexico and Peru, generating 5,965 indirect jobs.

The company voluntarily invested US\$31 million in 36 infrastructure projects and 53 service projects focused on strengthening the social weave and wellbeing.

These investments are listed following:

Type of Investment	Category	No. Projects	Invested in 2020 (US\$ 000)
Infrastructure	Water	15	\$2,093.54
	Education	4	\$669.32
	Health	2	\$866.18
	Transport and communications	8	\$243.83
	Environmental liabilities	2	\$704.30
	Environmental conservation	3	\$2,694.33
	Other	2	\$94.30
	Total	36	\$7,365.80
	Services	Environmental conservation	1
Economic development		19	\$1,643.13
Education		9	\$2,611.31
Cultural		4	\$264.21
Health promotion		10	\$17,738.57
Sports		3	\$562.45
Community engagement		5	\$797.40
Other s		36	\$39.44
Total		53	\$23,739.51
Grand total		89	\$31,105.32

Project Name	Goal	Spent 2020 (US\$ 000)	% Progress	Impacts in the communities	
				Impact generated	Description
Equipment for I.E. José Antonio Encinas Franco Schools	Educational infrastructure: preschool, elementary, middle school; space for cultural, artistic and social events; complementary services and infrastructure.	\$2,572.8	48%	Support education	Provide adequate infrastructure for student development, improving the conditions for quality education.
Irrigation and water infrastructure Cularjahuira	Install water infrastructure with a dam and the construction of a central dike with flood materials in the Sivincani and Tapala canals, and improvement of the Tacalaya canal.	\$1,578.2	87%	Water infrastructure	Improve the quality of life of the local farmers, extending the harvest season to year-round.
Studies and Public Works in Mexico	Improve the quality of life of our neighbor communities with studies and public works projects.	\$824.0	-	Water infrastructure, health, education and services	Install adequate infrastructure to improve the quality of life of the community through studies and public works projects in Nacozari de Garcia, Fronteras, Cananea and Bacanuchi in the state of Sonora, and also in Santa Barbara, Chihuahua and San Martin, Zacatecas.

Transportation Division

GRI 103-1

Open channels of communication are a priority in the Transportation Division to be able to operate safely and efficiently in the communities through which the train passes, ensuring a positive relationship with these communities. GMXT has presence in 24 Mexican states –more than 300 municipalities– and in two states in the United States, which includes both urban and industrial centers and various rural communities. As a socially responsible company, we look at both the positive and the negative impacts of our operations. In this regard, we have designed various community programs and developed infrastructure to ensure safe passage for our trains.

GRI 103-2

Our community linkage model is based on three lines of action: 1) Solidarity with the communities where we operate; 2) Social programs in the communities where we have presence, and 3) Promote respectful urban-railroad coexistence. To achieve this, we need to be in close and constant communication with the local authorities. In places where our operations have a major presence or where our operations could have a negative impact, we work in collaboration with the local authorities to resolve issues and we offer solutions for the benefit of the community.

GRI 103-3

Grupo Mexico's Transportation Division measures its community linkage with safety, efficiency and continuity of operations performance indicators.

Operations with local community engagement, impact assessments and development programs

GRI 413-1

It is vital to the Grupo México Transportation Division to maintain a relationship of respect and linkage with the people that live in the communities through which our trains pass. With this in mind, we invest economic, technical and human resources in the design and execution of actions that generate a respectful coexistence with the community. Our four lines of action in this area are:

Solidarity:

- **Dr. Vagón**, the Health Train. Together with the Grupo México Foundation, we deliver free health services to remote communities in Mexico.
- **We provide support** through donations and transportation services in areas affected by natural disasters.
- **We build** recreational spaces and development in the communities through which the train passes.

Strengthening tourism:

- **Chepe Express and tourist train services** in Chihuahua, Sinaloa, Jalisco and Puebla foster the growth and development of tourism-related economic activities, supporting economic development in the communities where we have presence.

Support for indigenous communities:

- **Community transportation.** We provide passenger services to communities in Chihuahua and Sinaloa at a discount rate to contribute to the economic and social development of the region.
- **Free transportation of goods.** We transport donated foodstuffs and materials to the Sierra Tarahumara free of charge.

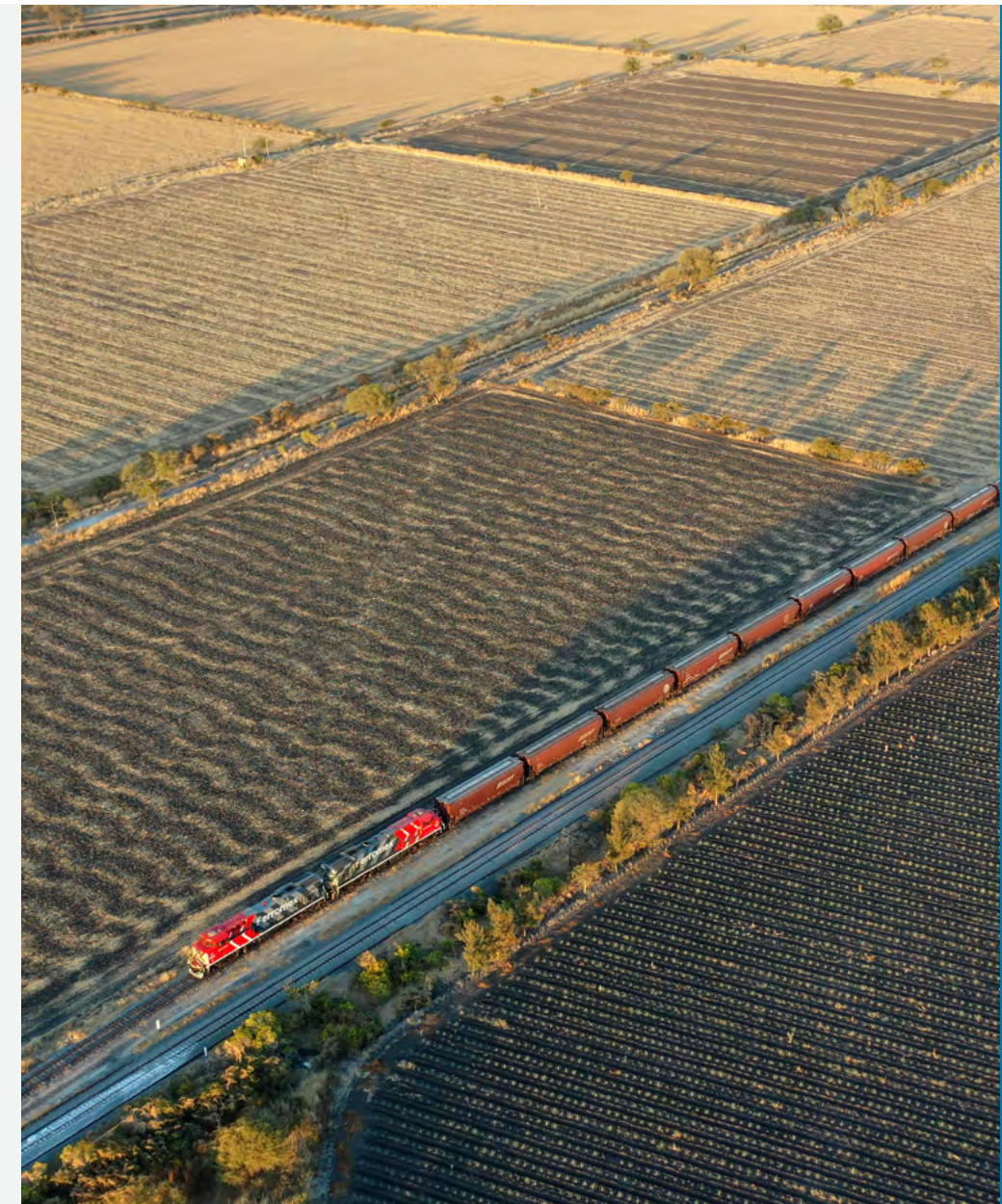
Railway coexistence with communities:

- **Roadworks.** We work closely with the authorities to improve safety around the railroad with investments in infrastructure to improve roadways
- **Campaigns and workshops.** We promote a road culture of respect and accident prevention to make the level crossings on our lines safer, saving lives.

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 actual and potential negative impacts on local communities**GRI 413-2**

The Transportation Division has presence in 24 Mexican states and in Texas and Florida in the United States. The Grupo México Transportation Division crosses many communities and the railroad right of way interacts with all types of urban centers. Therefore, to improve road safety and to foster a positive urban-railroad coexistence, during 2020 we continued our project to install barriers at the most dangerous level crossings.



Unit Train with grains in La Barca, Jalisco, Mexico.



📷 Beneficiary of the Weaving Workshop, Seed Capital.

Indigenous Populations

GRI 103-1

Our General Human Rights Policy for indigenous communities affirms the importance of respecting and fostering cultural diversity to build long-term harmonious relationships of co-responsibility with the communities where we operate.

Additionally, our company is aligned and committed to complying with national and local regulatory frameworks on indigenous peoples and communities. We recognize the multicultural and multilingual nature of the countries where we operate, and we respect the human rights of indigenous peoples in adherence of the United Nations Declaration on the Rights of Indigenous Peoples and ILO Convention 169.

Grupo México is committed to opening and maintaining channels of communication that are accessible and effective for indigenous communities, supporting good faith conversations, respecting equality and ensuring timely access to information. Grupo México strives to include culturally appropriate measures in our activities that involve indigenous peoples, respecting their world view, language, cultural expressions and representations, traditional wisdom spirituality, organizational structures and cultural heritage.

Mining and Infrastructure Divisions

GRI 103-2

Policies

The institutional frameworks that guide the management and development of our relationships with our communities are the [Grupo México Corporate Human Rights Policy](#) and [Code of Ethics](#), as well as the [General Policy on Sustainable Development](#), the [Community Development Policy](#) and, more recently, the [Policy on Respect for Indigenous People and Communities](#). These documents are public and available on the company website. These policies are reviewed and approved by the Auditing and Internal Control department of Grupo México.

Organizational management

SASB EM-MM-210a.3.

MEXICO

Our policies on relationships with indigenous peoples are promoted throughout the company and extend to our suppliers and contractors, and are included in our Community Development Model (explained in detail in the chapter on [Local Communities](#)). The starting point is to identify the presence of indigenous peoples and communities in the areas of influence of our operations, and when this is the case, understand the spectrum of potential impacts. In this regard, an ethnographic

study was conducted in 2020 that included semi-structured interviews, participative workshops and focus groups. This study opened the path for informed dialog with these peoples, with a better understanding of their extraordinary heritage.

Furthermore, we developed a Social Management Plan based on statistical, geographical, socioeconomical and qualitative data for the locations and indigenous communities identified, as well as their relationship with our company operations. **The plan has two parts:**

- i) Implementing mitigation measures to address specific potential impacts on indigenous peoples and communities.
- ii) Defining measures to optimize positive impacts, with a budget to create programs with shared value in Benefit of indigenous peoples and communities.

Once the Social Management Plan is implemented, the company generates records on progress and achievements of social performance, integrating at all times the opinions of beneficiaries and volunteers, including indigenous populations and communities, for continuous improvement of the management plans.

UNITED STATES

Arizona has 21 federally recognized indigenous groups and mining has been an essential activity for the development of the state since the end of the 19th century. Both the indigenous identity and mining are fundamental to the culture and economy of Arizona. In this regard, mining and the local indigenous peoples have maintained relationships of respect and in adherence of both federal law and the specific laws of each nation. In the United States, our operations maintain a constructive relationship with the indigenous communities within our area of influence, including mechanisms for transparent and timely communication.

PERU

In Peru, Grupo México promotes and maintains respectful relationships with the farming communities in the areas of influence of our operations and projects. In this regard, we have made significant contributions to improving the standard of living of these communities, in partnership with local institutions and governments.

Goals and objectives

The corporate goal for 2022 in terms of relationships with indigenous peoples is to institutionalize the process to identify and address the indigenous communities near the operations of the Mining and Infrastructure divisions (80% progress). **To achieve this, we have undertaken the following actions:**



Elaboration of a Policy of Respect for the Rights of Indigenous Peoples and Communities

This Policy was drafted in 2020 and published at the beginning of 2021. It complements the Human Rights Policy and the Code of Ethics and will serve as a guide for the actions of Grupo México in our relationships with indigenous peoples. Grupo México personnel, our providers and contractors across all three divisions, Mining, Transportation and Infrastructure, are subject to this policy in the countries where we operate.



Design of an Indigenous Peoples and Communities Action Protocol

The Grupo México Action Protocol with Indigenous Communities in Mexico was created in 2020 to facilitate the adoption of the Policy on Respect for the Rights of Indigenous Peoples and Communities. This protocol is being reviewed for its application in Peru and the United States. The purpose is to educate and ensure all company personnel, contractors and providers have the tools they need to build positive relationships with the indigenous communities near our operations, respecting their culture and identity.

The protocol is specifically designed for projects whose impacts would potentially affect indigenous peoples or communities, which are identified according to the directives of the expert authorities. The protocol was based on the mapping of indigenous peoples and communities that was completed in 2019 and includes information about the indigenous peoples and communities in Mexico: their rights and what it means to be culturally aware and relevant. The protocol was conceived as a practical tool for the Community Development department and therefore also includes a roadmap that outlines the steps to ensure respectful relationships with indigenous communities, as well as a series of basic tools for consultations, forms and recommendations for company personnel to guide their relationships and interactions in the field. The topics covered include recommendations on defining agreements together with the community on appropriate ways to interact, as well as steps and considerations for social impact assessments.

USD\$9.2 million

in attention to indigenous populations in Mexico in 2020.

Resources

The company invested US\$9.2 million in 2020 in actions with indigenous peoples in Mexico. This amount covered the construction of the Juchitan Hospital and the operation of Casa Grande Lidxinu' in Juchitan, Oaxaca, with community activities and invitations to apply for grant funds, as well as programs for the Casa Grande indigenous population in Guerrero Negro, Baja California Sur. We also provided support in response to the COVID-19 pandemic in both communities. The Juchitan Hospital has been delivered to the Oaxaca state government and opened its doors to receive COVID-19 patients, attended to by the Mexican National Department of Defense, on June 15.

In the United States, ASARCO paid US\$300,000 in royalties for lands leased from the Tohono O'odham, an indigenous nation near the Mission mine. The royalties paid made in prior years are detailed in the 2019 Sustainable Development Report.

For a more detailed description of the company's projects with indigenous communities, see indicator [MM5](#).

Formal complaint or grievance mechanisms

SASB EM-MM-210a.3.

Our Community Care Service plays a key role in the Community Development Model and provides an ongoing communication mechanism to assist both local communities in general and indigenous peoples (see the chapter on [Human Rights](#) for a description of this mechanism). The Community Care Service is publicized via different media, including social networks and print media, through the Community Development programs, presentations to volunteer groups, megaphones and general publicity. Members of the community are invited to use the Community Care Service to share their concerns or complaints with the company through a toll-free number or digital media. They can also use more traditional methods, like physical boxes installed at the Casa Grande and Casa Nuestra community centers in Mexico and Peru, or speak directly with the team in the field and operating areas that have contact with the local residents and with indigenous communities.

In Mexico, our community center offers services in Spanish and Zapotec in Juchitan, Oaxaca. At this Casa Grande, called

Lidxinu', which means "place for everyone", we have bilingual staff to attend to the population that does not speak Spanish, or who feels more comfortable communicating in Zapotec. All the materials for the Community Care Service have been translated into Zapotec in respect of the community and to keep the lines of communication open. We are currently in the process of implementing both a toll-free line and a WhatsApp number with bilingual service.

In the United States, ASARCO has a technical committee in place at the Mission mine with members from ASARCO and from the Tohono O'odham nation, offering comments and reviewing future mine and remediation projects on their property, in addition to addressing issues of mutual interest (like handling rainwater and relocating cattle that wander towards the mine). Any concern or complaint from members of this nation is channeled to the MARP (Mining and Reclamation Plan) technical committee. The Tohono O'odham are invited to contact the environmental affairs manager at the mine by phone or by email if they wish to present any concern or grievance between meetings of the technical committee.

Evaluation mechanisms

GRI 103-3

Our performance in our relationships and social programs with indigenous communities in 2020 was evaluated the same way as with other communities: through open dialog and participative social diagnostics; and a performance review of our social programs (see the chapter on [Local Communities](#) for more details about these processes). Endorsed and approved by the Audit and Internal Control Area of Grupo Mexico.

Incidents of violations involving rights of indigenous peoples

GRI 411-1

In compliance with federal law, the United Nations Declaration on the Rights of Indigenous Peoples, ILO Convention 169 and the Guiding Principles for Companies and Human Rights, Grupo México has received no reports of violations of the rights of indigenous peoples in Mexico, Peru or the United States through the Community Care Service, community centers, third parties or other media.

Total number of operations on or adjacent to indigenous lands and the number and percentage of operations that have formal agreements with indigenous communities

MM5

In total, Grupo Mexico has 33 operations in Mexico, Peru, and the United States, 5 of which have presence or are adjacent to indigenous people's territories. There are four formal agreements with indigenous communities, which represent 12% of Grupo Mexico's total operations.

MEXICO

The first step in building a respectful relationship with the indigenous communities near our operations is to identify and accurately map these communities, following the local guidelines and regulations, and international best practices. This helps the company to identify the significant elements in their cultures and identities, which then form the basis for developing culturally appropriate linkage mechanisms.

In order to identify the number of Grupo México operations close to or adjacent to indigenous populations, the starting point is the guidelines established by the authorities for their identification and characterization. In 2019, the company carried out an identification study of indigenous populations in Mexico with strict adherence to the information available from the corresponding agencies. **Based on this analysis (explained in greater detail in the chapter on indigenous populations of the SDR19), the following were identified:**



In the town of Guerrero Negro, Baja California Sur, located 74 km from the El Arco mining division project, there is a Cochimi indigenous population, with whom through the community development model we have a close and continuous relationship.



The El Retiro Wind Farm Project, of the infrastructure division, is located within the La Ventosa locality belonging to the Juchitan municipality, and the inhabitants are constituted as a Zapotec indigenous community.



📷 Wind Farm in Juchitan, Oaxaca, Mexico.

Below is a general summary of the agreements that exist between the company and the indigenous communities:

Juchitan, Oaxaca

When we arrived in La Ventosa in 2014, we prepared a shared value participative diagnostic, methodology that draws on community immersion, identifies the needs perceived by the community and encourages open dialog with our different stakeholders. Thanks to this ongoing exercise, we have reached agreements with both the owners of the lands we lease for our operation and the community of La Ventosa.

We interact with the property owners through a Property Owners Committee, the members of which are selected locally. We maintain bilateral communications with this Committee so that there is an open channel for dialog as may be needed to make requests or express concerns. We also ensure we keep the Committee informed of actions involving the work at the wind farm site and the programs undertaken for the community, in which the property owners, and their families, both participate and receive the benefits.

From Casa Grande Lidxinu the call “You, your project, your future” is held annually, in which various projects from La Ventosa entrepreneurs are received. A Community Council, made up of two owners, the municipal agent and three leaders recognized by the community (who are voluntarily trained in project evaluation, active listening and participatory decision-making), analyzes each of the proposals and chooses the initiatives to support, in accordance with criteria of sustainability, impact and community benefit, co-responsibility and attention to priority needs of the community.

33 operations

in Mexico, Peru and the United States.

Guerrero Negro, Baja California Sur

Since 2014 and through Casa Grande Guerrero Negro, we have held open dialog and linkage with the Cochimi community, ensuring they receive the benefits and participate in various social programs in our community development model. Among them, the “Rescuing the Cochimi language” initiative of the Milapá Civil Association, benefiting from the initiative of Projects by Call of Grupo Mexico to preserve the language and traditions that can be passed on to new generations. In addition, we have a direct and ongoing relationship, with volunteers, workshops, and members of the Community Committee who are Cochimi descendants. In a more advanced stage of the project, the authorities will define the corresponding attention to this indigenous community.

UNITED STATES

Mission Mine, Arizona

The Mission mine is located both on private property and on land in the Tohono O’odham reservation, and there is a lease agreement with them, which considers preference in access to work and a percentage of royalty payments for mining production from their lands. As mentioned in the section on Formal Complaint Mechanisms, there is a technical group made up of ASARCO members and members of the Tohono O’odham Nation, whose objective is to address issues of interest.

Ray Mine and Hayden Complex, Arizona

Our mining complex in Hayden and our mine in Ray, Arizona, are located near two important indigenous populations in the region: the San Carlos Apache Indian Reservation and the Gila River Indian Community (GRIC). The Gila River Indian Community is made up of two tribal groups: Akimel O’odham called Pima, and Pee-Posh, also known as Maricopa. The company has agreements in force with the Apache and SIRGs regarding the use of water by the company and these populations, which are the product of previous negotiations.

In total, Grupo México operates at 33 sites in Mexico, Peru and the United States, five of which are situated near indigenous lands. We hold four formal agreements with indigenous communities, representing 12% of the total Grupo Mexico operations.



Environment

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📷 Wind Farm in Juchitan, Oaxaca, Mexico.

Climate Change

Introduction

GRI 103-1

Science has proven that greenhouse gas (GHG) emissions produced by human activities are the main cause of the global warming the planet has experienced in recent decades. If GHG emissions continue at the same accelerated growth rate as today, there could be a profound and irreversible change in the climate that would have long-reaching effects at the social, economic and environmental levels. In this context, Grupo México recognizes and affirms our commitment to the Paris Agreement to limit the increase in global temperatures to below 1.5-2°C, compared with the pre-industrial era. Additionally, as part of this same commitment, we acknowledge our role in supporting the United Nations Sustainable Development Goals, particularly goal 13: “Climate action”.

We have undertaken actions to mitigate the emissions associated with our activities, while also applying adaptation measures to increase the resilience of our operations, and also our neighboring communities, to climate-related risks. With this, we are actively contributing to the fight against climate change, while ensuring the long-term continuity of our operations.

Grupo México decided to begin a process in 2020 to align our internal practices and our sustainable development reporting with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to inform our stakeholders about the company’s potential exposure to climate-related risks and opportunities. In keeping with these recommendations, we have structured this chapter to include relevant information on energy consumption, greenhouse gas emissions, and our strategy for assessing and managing climate-related risks and opportunities.

The [TCFD indicators index](#) is provided to reference the TCFD-related information presented in this report.

Energy consumption

GRI 302-1, 302-2

In 2020, the total energy consumption in Grupo México was 92,590,278 GJ*. This represents a 7.5% decrease compared to 2019, which is mainly due to a decrease in activities in some operations located in the United States. 71.2% of energy consumption corresponds to the use of fuels in our operations and the remaining 28.8% to 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	2020	2019	Variance (%)
SCC	43,244,904	43,208,095	0.1%
Mexico (MM)	26,743,178	26,450,947	1.1%
Peru (SPCC)	16,501,726	16,757,148	-1.5%
USA (ASARCO)	5,837,986	8,864,420	-34.1%
Total MIN	49,082,890	52,072,515	-5.7%
Mexico	15,873,940	17,190,295	-7.7%
USA	1,595,966	2,646,264	-39.7%
Total TRA	17,469,905	19,836,559	-11.9%
Total INF	26,037,483	28,189,659	-7.6%
Total Grupo México	92,590,278	100,098,732	-7.5%

* GigaJoules



📷 Combined Cycle Plant in Nacoziari de García, Sonora, Mexico.

Greenhouse gas (GHG) emissions

GRI 302-3, 305-1, 305-2; 305-5 | TCFD MT-A, MT-B

We report the GHG emissions from our activities (Scope 1 and 2) and for the second time, we are also reporting the GHG emissions associated with our value chain (Scope 3). Scope 1 emissions include all emissions from fixed and mobile source fossil fuels, emissions from chemical and physical processes, and fugitive emissions from the use of cooling equipment and air conditioners. Scope 2 GHG emissions include indirect GHG emissions from the consumption of electricity produced by third parties. Scope 3 emissions include all other indirect emissions associated with the company's activities. Including Scope 3 emissions produced by our value chain not only holds us to compliance with national and international best practices, but also opens the possibility of collaborating with our supplier and client stakeholder groups to promote emissions reduction measures outside of our Grupo México operations.

The 2020 carbon inventory was calculated according to the Greenhouse Gas Protocol¹, with a corporate focus that considers the multiple synergies between the three divisions of Grupo México to avoid a double accounting of the GHG emissions. For example, the power the Infrastructure Division provides to the Mining Division and the Transportation Division, and the rail services the Transportation Division provides to the Mining Division.

The emissions accounting applied an operational control approach that includes all the material operations of the three divisions. Also, and in keeping with the GHG Protocol guidelines, Scope 2 emissions were calculated with the 'market-based' method² and the 'location-based' method. Scope 2 emissions reported here refer to the 'market-based' method, unless otherwise indicated.

Operating emissions

SASB EM-MM-110a.1; TR-RA-110a.1; IF-EU-110a.1 | TCFD MT-B

The operating emissions include our Scope 1 and 2 emissions. In the particular case of Grupo México, the operating emissions are those produced by fixed and mobile source fuels, the electricity purchased from third parties outside Grupo México, the emissions from the lime production process (CO₂ emissions from transforming limestone to lime), fugitive emissions from coolants and those associated with the use of extinguishers.

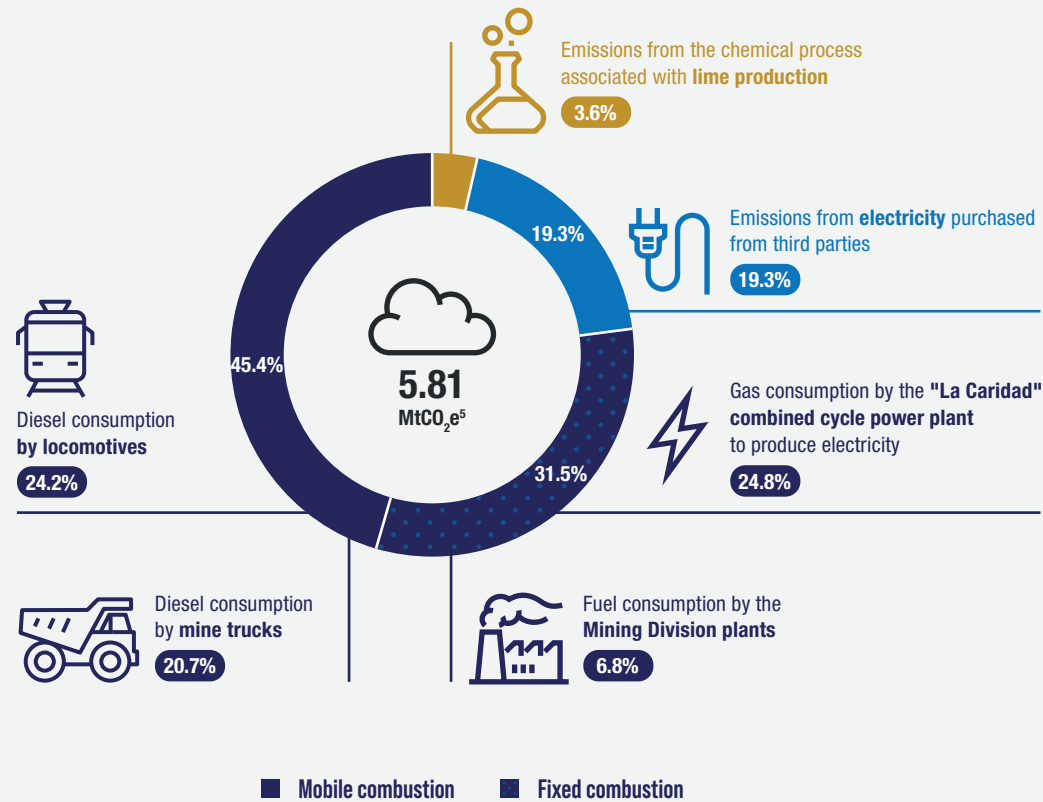
Considering our three divisions, the total operating emissions of Grupo México were 5,813 ktCO₂e³ in 2020. The most relevant source of emissions is the consumption of fuels by mobile source (representing 45.4% of the total operating emissions) followed by fixed source combustion (31.5%), and the consumption of power purchased from third parties (19.3%).

¹ "Corporate Accounting and Reporting Standard – Revised Edition" and the "Value Chain (Scope 3) Accounting and Reporting Standard" complement to the GHG Protocol, prepared by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

² Market-based calculations consider any contractual instruments on renewable energies (for example, renewable energy certificates, power purchase agreements and "green" tariffs), estimating the emissions associated with supplying power. Unlike the market-based calculations, the location-based calculations consider only regional power production averages.

³ Thousands of tons carbon dioxide equivalent.

The 2020 operating emissions are detailed by category below⁴:



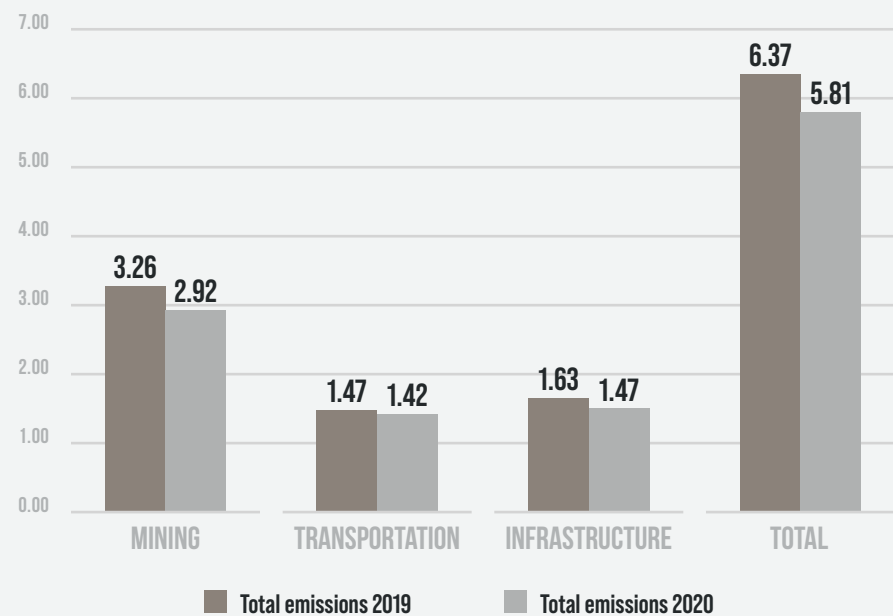
⁴ The percentages were rounded off and therefore do not add up to 100%.

⁵ Million tons of carbon dioxide equivalent.

The 2020 operating emissions of Grupo México were 8.7% lower than in 2019, due largely to the decreased use of fuels and electricity in the three divisions. However, it is important to note that 2020 was an atypical year because of the COVID-19 pandemic.

In the case of the Mining Division, there were significant reductions in energy consumptions mainly due to the reduced activities at various ASARCO operations in the United States. The Transportation Division also reduced its energy consumption because of the reduced activities in the United States as a result of the pandemic, and also the lighter type of freight transported. The Infrastructure Division also reported an overall reduction in its operations in 2020. For more details, see the sections [Fuels](#) and [Electricity](#).

Total emissions by division 2020 vs 2019 (MtCO₂e)



Breakdown of operational emissions in 2020 and 2019, by country and subsidiary, as well as the variation between both years.

Operating Emissions ⁶							
GRI 302-3, 305-1 y 305-2 SASB EM-MM-110a.1							
Division / Subsidiary	2020 (MtCO ₂ e)			2019 (MtCO ₂ e)			Total variance (%)
	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total	
SCC	1.64	0.61	2.24	1.73	0.60	2.34	-4.0%
Mexico (MM)	1.01	0.43	1.45	1.04	0.43	1.46	-1.2%
Peru (SPCC)	0.63	0.17	0.80	0.70	0.18	0.87	-8.7%
USA (ASARCO)	0.18	0.50	0.68	0.26	0.67	0.92	-26.4%
Total MIN	1.81	1.11	2.92	1.99	1.27	3.26	-10.4%
Mexico	1.30	0.01	1.31	1.28	0.01	1.29	1.3%
USA	0.10	0.00	0.11	0.18	0.00	0.18	-41.1%
Total TRA	1.40	0.01	1.42	1.46	0.02	1.47	-3.9%
Total INF	1.47	0.00	1.47	1.63	0.00	1.63	-9.6%
Total Grupo México	4.69	1.12	5.81	5.08	1.29	6.37	-8.7%



Fuel Terminal in Cadereyta, Nuevo León, Mexico.

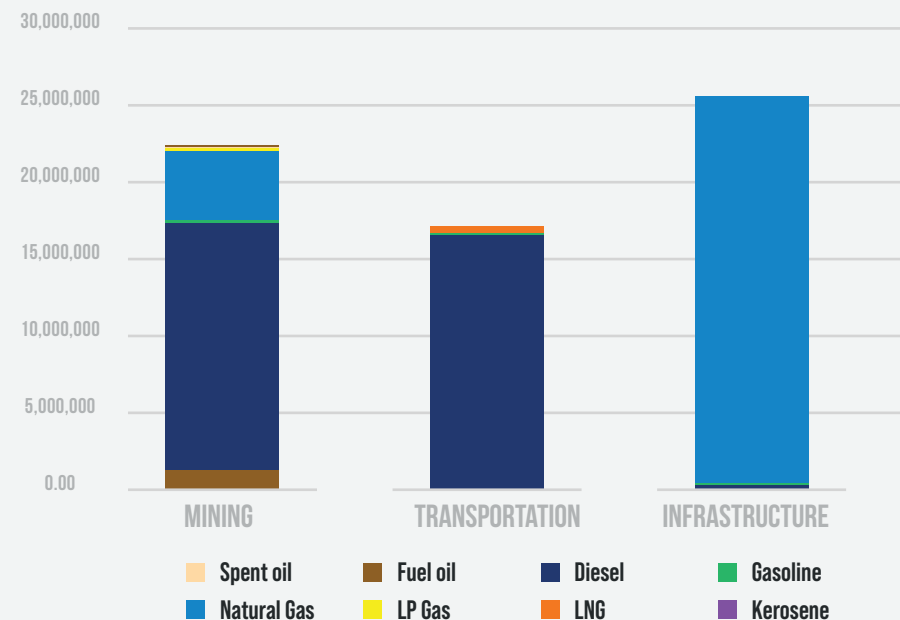
FUELS

GRI 302-1, 302-4 | SASB TR-RA-110a.3 | TCFD MT-A

The total fuel consumption of Grupo México in 2020 was 65,898,941 GJ, with diesel and natural gas accounting for most of this figure at 50.7% and 45.9% of our total energy consumption, respectively. In terms of total GHG emissions from fuels, diesel represented 58.5%, with natural gas at 37.9%.

The main consumers of diesel were the Transportation Division (50.1%) and the Mining Division (48.8%), while the consumers of natural gas were the Infrastructure Division (84.8%) and the Mining Division (15.2%). The natural gas consumption of the Infrastructure Division is nearly completely associated with the La Caridad combined cycle power plant.

2020 fuel consumption by division and type



⁶ Due to rounding of figures, totals may differ from the sum of individual values.

There was a 9.3% reduction in fuel consumption in 2020, compared with 2019. Diesel consumption decreased 12.5% and natural gas by 6.1%. As noted, the most significant reductions in fuel consumption were reported in the Mining and Transportation divisions in the United States.

Fuel consumption in 2020 by country, division and type of fuel can be seen in the following table.

Total fuel consumption [GJ] ⁷			
GRI 302-1 y 302-4 SASB EM-MM-130a.1			
Division / Subsidiary	2020	2019	Variance (%)
SCC	19,948,886	20,615,271	-3.2%
Mexico (MM)	11,668,361	11,841,271	-1.5%
Peru (SPCC)	8,280,526	8,774,000	-5.6%
USA (ASARCO)	2,590,876	4,187,046	-38.1%
Total MIN	22,539,762	24,802,316	-9.1%
Mexico	15,764,106	17,073,314	-7.7%
USA	1,564,352	2,611,025	-40.1%
Total TRA	17,328,458	19,684,338	-12.0%
Total INF	26,030,720	28,182,646	-7.6%
Total Grupo México	65,898,941	72,669,300	-9.3%

Fuel consumption by division, country and type ⁸ (GJ)								
SASB TR-RA-110a.3								
Division/Subsidiary	Spent oil	Fuel oil	Diesel	Gasoline	Natural gas	LP Gas	LNG	Kerosene
SCC	61,580	1,160,910	14,221,292	170,046	4,137,180	187,878	0	10,000
Mexico (MM)	61,580	54,920	7,116,300	167,010	4,137,180	121,370	0	10,000
Peru (SPCC)	0	1,105,990	7,104,992	3,036	0	66,508	0	0
USA (ASARCO)	0	0	2,070,741	45,477	451,952	22,706	0	0
Total MIN	61,580	1,160,910	16,292,033	215,523	4,589,132	210,584	0	10,000
Mexico	0	0	15,603,979	156,689	0	3,438	0	0
USA	0	0	1,129,332	45,934	0	0	389,086	0
Total TRA	0	0	16,733,311	202,623	0	3,438	389,086	0
Total INF	0	0	383,560	18,352	25,627,557	1,252	0	0
Total Grupo México	61,580	1,160,910	33,408,904	436,498	30,216,689	215,274	389,086	10,000
Contribution (%)	0.1%	1.8%	50.7%	0.7%	45.9%	0.3%	0.6%	0.0%

⁷ Energy is reported in GJ or MWh, with a conversion factor of 3.6x (MWh to GJ).

⁸ Grupo México reports no consumption of biofuels in 2020.

The emissions associated with fuel consumption by **fixed sources** are presented following, by GHG type and subsidiary:

Grupo México fuel emissions from mobile combustion sources, by gas type

SASB SASB EM-MM-110a.1.

Division / Subsidiary	tCO ₂ e	tCO ₂ e		
		CO ₂	CH ₄ ⁹	N ₂ O ⁹
SCC	1,051,400	1,033,518	1,452	16,430
Mexico (MM)	538,729	529,422	787	8,520
Peru (SPCC)	512,671	504,096	665	7,910
USA (ASARCO)	151,491	149,283	93	2,114
Total MIN	1,202,890	1,182,802	1,545	18,544
Mexico	1,301,225	1,167,330	1,721	132,831
USA	103,145	102,280	208	657
Total TRA	1,404,371	1,269,610	1,929	132,174
Total INF	30,098	29,562	49	487
Total Grupo México	2,637,359	2,481,973	3,523	151,862

Grupo México fuel emissions from fixed sources, by gas type

SASB EM-MM-110a.1.

Division / Subsidiary	tCO ₂ e	tCO ₂ e		
		CO ₂	CH ₄ ⁹	N ₂ O ⁹
SCC	370,628	369,972	232	424
Mexico (MM)	259,005	258,707	126	172
Peru (SPCC)	111,623	111,265	106	252
USA (ASARCO)	23,981	23,952	12	16
Total MIN	394,609	393,924	244	440
Mexico	0	0	0	0
USA	0	0	0	0
Total TRA	0	0	0	0
Total INF	1,439,322	1,437,917	641	764
Total Grupo México	1,833,931	1,831,841	885	1,204



Collaborator at the Fuel Terminal in Cadereyta, Nuevo León, Mexico.

⁹ Totals are shown in their tCO₂e equivalent. Consider that the Global Warming Potentials (GWP) used in the calculation of emissions are those presented in the fourth assessment report of the Intergovernmental Panel on Climate Change (IPCC)

ELECTRICITY

GRI 302-1, 302-4 | TCFD MT-A

The total electricity consumption in 2020 was 7,414,260 MWh (26,691,337 GJ¹⁰). The Mining Division accounted for 99.4% of the total electricity consumed, while the Transportation Division and Infrastructure Division consumed only 0.5% and 0.03%, respectively. There was a 2.7% year-over-year decrease in electricity consumption, due primarily to the reduced activities in the ASARCO operations.

The total emissions associated with electricity consumption (Scope 2) were 1,123 ktCO₂e in 2020, representing a 12.9% decrease compared with 2019. The main reason, in addition to the reduced activities at ASARCO, was the increase in the proportion of renewable power consumed at the SPCC operations (4.9% increase over 2019, equal to 67,496 MWh or 242,985 GJ).

As a result, the proportion of renewable power consumed by the company increased to 19.8%¹² in 2020 (from 18.6% in 2019). Of the total electricity consumed by Grupo México, 43.8% was generated at the La Caridad combined cycle power plant in Mexico, with an emission factor 18.3% lower than the Mexican power grid in 2020. In energy terms, the combined cycle power plant produced 3,463,561 MWh (12,468,819 GJ), 93.8% of which was supplied to Grupo México and 6.2% was sent to the wholesale electricity market.

The Mining Division accounts for 99.4% of the electricity the organization consumes. The electricity consumption is presented following by origin and Mining Division subsidiary.

Electricity consumption, by country and division, 2020 and 2019 in MWh (GJ)

GRI 302-1

Division / Subsidiary	2020	2019	Variance (%)
SCC	6,471,116 (23,296,017)	6,275,785 (22,592,824)	3.1%
Mexico (MM)	4,187,449 (15,074,817)	4,058,243 (14,609,676)	3.2%
Peru (SPCC)	2,283,667 (8,221,200)	2,217,541 (7,983,148)	3.0%
USA (ASARCO)	901,975 (3,247,110)	1,299,271 (4,677,374)	-30.6%
Total MIN	7,373,091 (26,543,127)	7,575,055 (27,270,199)	-2.7%
Mexico	30,509 (109,834)	32,495 (116,981)	-6.1%
USA	8,781 (31,613)	9,789 (35,239)	-10.3%
Total TRA	39,291 (141,447)	42,283 (152,220)	-7.1%
Total INF	1,879 (6,763)	1,948 (7,013)	-3.6%
Total Grupo México	7,414,260 (26,691,337)	7,619,287 (27,429,432)	-2.7%

¹⁰ Energy units are expressed in GJ or MWh. The conversion between these units considers a factor of 3.6. For example, to convert from MWh to GJ, the number was multiplied by 3.6. The figures were rounded so the total does not add up to 100.00% exactly.

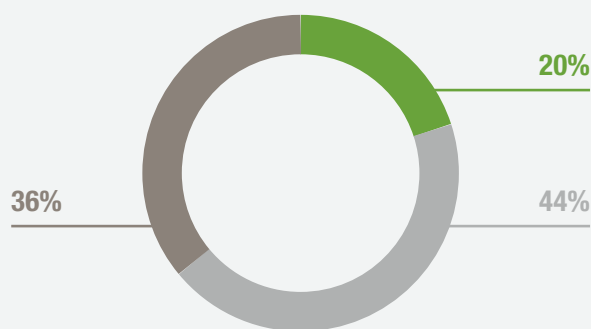
¹¹ The figures were rounded so the total does not add up to exactly 100.00%.

¹² This figure only considers energy backed by 100% renewable electricity contracts. If the proportion of renewable sources in the energy matrices of the networks that supply us is also considered, approximately 540,209 MWh of electricity consumed also comes from renewable sources (about 7% of Grupo México's total consumption in 2020, which would increase by more than 26% the proportion of renewable electricity consumed in the Group).

Electricity consumption by source, 2020 (MWh)¹³

GRI 302-1 | SASB EM-MM-130a.1

	Renewable Sources					Non-Renewable Sources					Total (renewable + non-renewable sources)
	Generated on site	Supplied by the Infrastructure Division (El Retiro)	Purchased from the grid (third parties outside Grupo México) ¹⁴	Subtotal renewable sources	Subtotal renewable sources (%)	Generated on site (Co-generation)	Supplied by the Infrastructure Division ¹⁵	Purchased from the grid (third parties outside Grupo México)	Subtotal non-renewable sources	Subtotal non-renewable sources (%)	
SCC	35,075	9,625	1,404,744	1,449,444	22.40%	50,739	3,248,219	1,722,713	5,021,671	77.60%	6,471,115
Mexico (MM)	0	9,625	0	9,625	0.23%	50,739	3,248,219	878,866	4,177,824	99.77%	4,187,449
Peru (SPCC)	35,075	0	1,404,744	1,439,819	63%	0	0	843,847	843,847	37%	2,283,666
USA (ASARCO)	0	0	0	0	0	0	0	901,975	901,975	100%	901,975
Total MIN (MWh)	35,075	9,625	1,404,744	1,449,444		50,739	3,248,219	2,624,688	5,923,646		7,373,090
Total MIN (%)	0.50%	0.10%	19.10%	19.70%		0.70%	44.10%	35.60%	80.30%		100%



- Electricity from renewable sources
- Electricity from low-carbon fossil sources
- Electricity from conventional fossil sources

As the above table shows, most of the electricity consumed by the mine operations in Peru comes from renewable sources (63%). The proportion of renewable power consumed by SCC and AMC is 22.4% and 19.7%, respectively. In Mexico, 77.6% of the power consumed comes from the Infrastructure Division’s La Caridad combined cycle power plant, which produces 18.3% less emissions than the national grid in Mexico. The grid power consumptions are reported in the following table for each subsidiary:

Mining Division grid power SASB EM-MM-130a.1		
Subsidiary	% electricity purchased from the grid ¹⁶	% electricity acquired off the grid ¹⁷
SCC	26.6%	73.4%
Mexico (MM)	21.0%	79.0%
Peru (SPCC)	37.0%	63.0%
USA (ASARCO)	100.0%	0%
Total MIN	35.6%	64.4%

¹³ 1kWh=0.0036 GJ.

¹⁴ This figure only considers energy backed by 100% renewable electricity contracts. If we also consider the proportion of renewable sources in the energy matrices of the networks that supply us, approximately 537,314 MWh of the electricity consumed also came from renewable sources (about 7% of the consumption of the Mining Division in 2020).

¹⁵ The electricity from the Infrastructure Division’s La Caridad combined cycle power plant is considered non-renewable power supplied by third parties outside the Mining Division. However, of note is that the emissions associated with this power consumption are reported in Scope 1 for the Infrastructure Division, and are therefore not included in the calculation of the Scope 2 emissions for the Mining Division.

¹⁶ Energy categorized as “from the grid” considers energy consumed from suppliers that have energy matrices that are not backed by 100% renewable energy contracts. If the proportion of renewable sources in the energy matrices of the networks that supply us is also considered, approximately 540,209 MWh of electricity consumed also comes from renewable sources (about 7% of Grupo México’s total consumption in 2020, which would increase by more than of 26% the proportion of renewable electricity consumed in the Group).

¹⁷ The power not purchased from the grid, the power generated on site (renewable and non-renewable), that produced by the La Caridad and El Retiro power plants, and the power purchased from third parties (100% renewable).

Scope 3 emissions

GRI 305-3 | TCFD MT-B

The total Scope 3 emissions in 2020 were 6,042 ktCO₂e. The three main categories for Grupo México are “processing of sold products”, “fuel and energy related activities” and “purchased goods and services”, which cover 40.8%, 23.1% and 18.9% of the Scope 3 emissions, respectively. It should be noted that the emissions from processing of sold products are relevant only to the Mining Division, as this division supplies raw materials to other companies that manufacture semi-finished and finished products. Although this emissions category is the most significant, it is important to recall that the principal product sold, copper, is essential in manufacturing clean and renewable technologies that are needed to transition to low-carbon economies to mitigate climate change.

Upstream emissions	(ktCO ₂ e)	54.6%
Fuel and energy related activities ¹⁸	1,394	23.08%
Purchased goods and services ¹⁹	1,144	18.94%
Upstream transportation and distribution ²⁰	365	6.04%
Capital goods ²¹	333	5.50%
Waste generated in operations ²²	32	0.54%
Employee commuting	28	0.46%
Business travel ²³	2	0.04%
Downstream emissions	(ktCO ₂ e)	45.4%
Processing of sold products ²⁴	2,467	40.83%
Downstream transportation and distribution ²⁵	258	4.27%
Downstream leased assets ²⁶	18	0.30%
Total Grupo México	6,041	100%

Our first calculation to estimate the Scope 3 emissions of Grupo México was reported in 2019. In 2020, we prepared a more detailed analysis to incorporate emissions that could not be quantified the previous year.

The main improvements in the methodology for 2020 are listed as follows:

- The calculation for the emissions associated with transportation and distribution (upstream and downstream) was expanded to include information for SPCC and ASARCO in the Mining Division, and the Infrastructure Division, primarily.
- Information on the use of fuels by leased assets in the Infrastructure Division was added.
- The principal customers of the Mining Division were contacted for the first time to gather information on emissions associated with the processing of sold products.
- The calculation of the goods and services acquired by the divisions of Grupo México was refined and expanded.

¹⁸ 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.

¹⁹ Includes the emissions associated with the manufacturing of the principal goods purchased and the material services contracted by Grupo México.

²⁰ 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).

²¹ Includes the emissions associated with the manufacturing of the capital goods acquired by Grupo México.

²² Emissions associated with handling waste from operations (dumps, recycling, incineration, etc.).

²³ Emissions associated with air travel by employees and contractors.

²⁴ 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.

²⁵ 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).

²⁶ Emissions associated with the consumption of fuels on the platforms leased by the Infrastructure Division. Considers only the fuels purchased by Grupo México.



Fenicias Wind Farm in Nuevo Leon, Mexico.

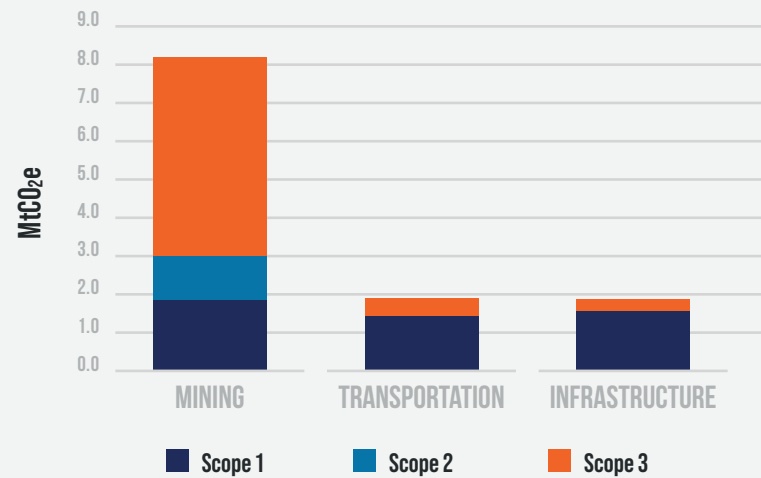
Summary of the Grupo México corporate carbon footprint

TCFD MT-B

In 2020, the total GHG emissions including the three scopes were 11,855 ktCO₂e. Scope 1 emissions decreased 8.7% between 2019 and 2020 mainly due to the reduction in energy consumption. Scope 2 emissions decreased 12.9%, mainly due to the decrease in activities at ASARCO and the increase in the proportion of renewable electricity consumed in SPCC operations. However, Scope 3 emissions reported in 2020 were 17.5% higher than those reported in 2019 due to a change in methodology.

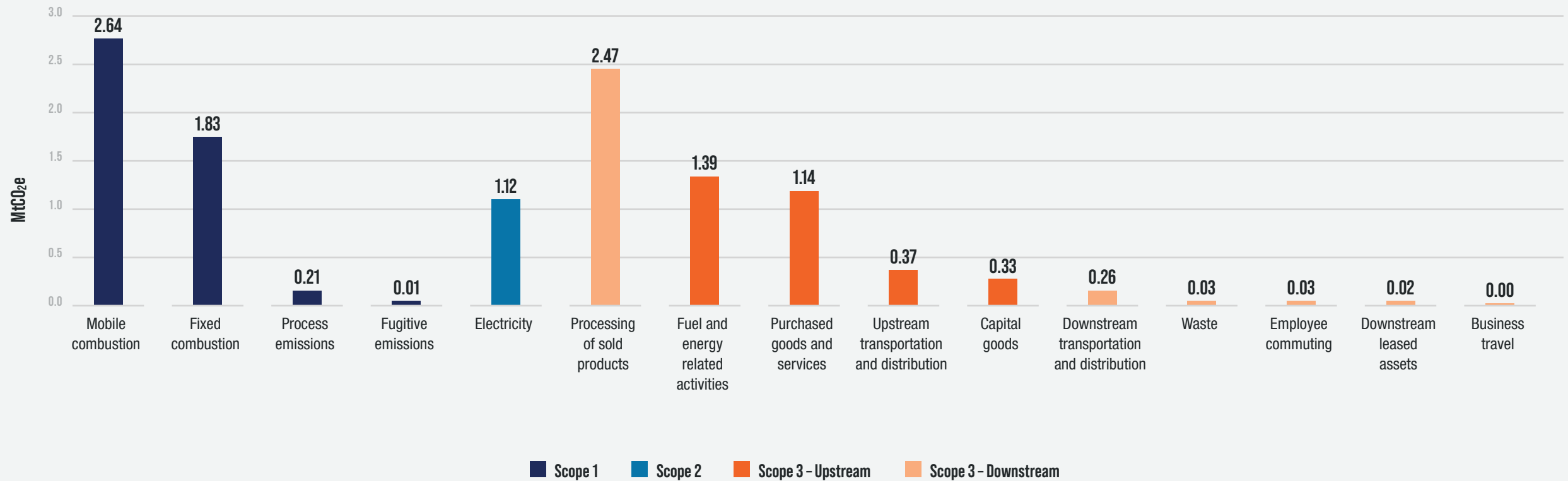
Scope 1 emissions are relatively comparable in the three Grupo México divisions; however, Scope 2 and 3 emissions are mainly associated with mining activities.

Total Scope 1, 2 and 3 emissions by division and scope



The main sources of emissions are fuel consumption by mobile source (22.2%) and fixed source (15.5%), the processing of mine products sold (20.8%), fuel and energy related activities (11.8%), the goods and services purchased by the three divisions (9.7%), and power consumption in the Mining Division (9.4%). These categories jointly account for 89.4% of the total Scope 1, 2 and 3 emissions associated with the activities of Grupo México.

Total Scope 1, 2 and 3 emissions, by category



Grupo México total emissions, by scope, subsidiary and country (ktCO₂e)
GRI 305

Division / Subsidiary	Direct emissions (Scope 1)	Indirect emissions from electricity consumption (Scope 2)	Emissions associated with our value chain (Scope 3)	Total Emissions
SCC	1,637	607	4,527	6,771
Mexico (MM)	1,012	434	2,779	4,225
Peru (SPCC)	625	173	1,748	2,547
USA (ASARCO)	176	504	717	1,397
Total MIN	1,813	1,111	5,244	8,168
Mexico	1,301	7	406	1,714
USA	104	3	36	143
Total TRA	1,405	11	442	1,858
Total INF	1,472	1	357	1,830
Total Grupo México²⁷	4,690	1,123	6,042	11,855

Considering the three scopes, the mine operations in Mexico are the principal source of emissions (35.6%), followed by Peru (21.5%), the Infrastructure Division in Mexico (15.4%), the railroad operations in Mexico (14.5%), and lastly, the mine and railroad operations in the United States (11.8% and 1.2% respectively).

²⁷ The figures are rounded off and therefore the totals may differ from the sum of the individual values.



 Fenicias Wind Farm in Nuevo Leon, Mexico.

Strategy

SASB EM-MM-110a.2; TR-RA-110a.2; IF-EU-110a.3 | TCFD MT-C

Grupo México recognizes that climate change may influence our strategy in various ways, both for our operations and value chain, and in the communities where we work. For example, at some sites, longer droughts may increase the water stress and affect the availability of water for our operations, or the implementation of regulatory carbon pricing mechanisms may increase our operating costs. We are also expecting to see an increase in demand in the coming years for products used in the manufacturing of clean technologies, products like copper.

In this context, we acknowledge the importance of defining a strategic response to limit the risks and impacts that climate change may have on our operations, while also supporting the attainment of the national and international climate goals, including the Paris Agreement and United Nations Sustainable Development Goal number 13: Climate Action.

Our response to climate change is based on the following pillars:

1. Deliver goods and services that support the transition to low-carbon economies.
2. Reduce the organization's carbon footprint.
3. Increase the resilience of our operations and neighboring communities to the effects of climate change.
4. Align our organizational management with international best practices.

These pillars support the following 2022 corporate goals:

- Increase the use of renewable electricity by 25% across the organization.
- Reduce the greenhouse gas emission intensity of the Mining Division by 5%.
- Revise our risks and opportunities assessment in relation to climate change.
- Set new GHG emissions reduction targets.

Deliver goods and services that support the transition to low-carbon economies

Grupo México works in sectors that promote and facilitate the transition to low-carbon economies. The Mining Division primarily produces copper, which, because of its high conductivity, is essential in the manufacturing of clean technologies. For example, copper is used to make components for wind generators, solar panels and electric vehicles. The Transportation Division offers freight transportation solutions that produce nearly four times less emissions than trucks²⁸. The Infrastructure Division develops construction and engineering projects generating clean and renewable energy. For example,

we operate wind power projects and a high-efficiency combined cycle power plant which supplies power to our mine operations that is 18% cleaner than the Mexican grid.

Reduce the organization's carbon footprint

OPERATING EFFICIENCY

GRI 302-4

One of the principles of our environmental strategy is energy efficiency. We strive to produce more with less. Under this principle, we are working on redesigning, converting and adapting equipment, improving and reorganizing processes, and training our collaborators on efficient energy use.

For example, the Transportation Division installed the Trip Optimizer system on 9 Ferromex and 51 Ferrosur locomotives in 2020, for a total of 252 locomotives with this system installed. We also implemented other operational actions to improve the efficiency of our locomotives (in terms of the horsepower required per ton transported). These actions resulted in a 38,350 tCO₂e reduction in emissions in 2020.

²⁸ Association of American Railroads, 2019, The Environment Benefits of Moving Freight by Rail.

The Mining Division modernized the Processing Plant in Nacozari, Mexico, which now uses smelter gases to generate electricity. This project generated 50,739 MWh (182,660 GJ) in 2020, equal to 25,065 tCO₂e not released into the atmosphere. Also, we have an energy co-generation project in Peru with a regenerative cycle condensing turbine that uses saturated steam from our smelter.

It is important to note that, year after year, Grupo México has increased our total copper production while we have reduced our operating emissions (Scope 1 and 2). These reductions are due to multiple factors, including improvements in efficiency, increased consumption of renewable power and the type of products we produce. For example, sales of copper concentrate increased in 2020, while sales of partially processed products (like copper rod) decreased, which meant a reduction in the energy consumed per ton of copper, compared with 2019. We use intensity indicators to measure our progress in terms of operating efficiency. These indicators include the emissions generated per ton of copper produced and the energy consumed per ton of copper produced. Our goal is to reduce the emission intensity of the Mining Division by 5% by 2022, compared with 2019. **The emission intensity reported for 2020 was 7.9% lower than the previous year,** as presented in the following table.

Mining Division efficiency indicators	2018	2019	2020	Variance (%) 2019-2020
Energy intensity in copper production (GJ/tCu) ²⁹	44.9	41.9	39.3	-6.1%
Emission intensity (tCO ₂ e/tCu) ³⁰	4.3 ³¹	3.7 ³¹	3.4	-7.9%

²⁹ Total energy consumed from fuels and electricity per ton of copper produced. Copper production in 2020 was 1,128,927 metric tons.

³⁰ The emission intensity per ton of copper produced (tCO₂e/tCu) is calculated dividing the total operating emissions of the Mining Division (Scope 1 and 2) by the total mine production, multiplied by the proportion the copper production represents in terms of the total mine production.

³¹ The historic intensity values were restated due to a change to the 2020 methodology, which produces more accurate data.

³² Millions of British Thermal Units (mmBTU) per megawatt hour produced.

³³ Tons of carbon dioxide equivalent per megawatt hour produced, considering a production of 3,567,467.72 MWh.

³⁴ If the proportion of renewable sources in the energy matrices of the networks that supply us is also considered, approximately 540,209 MWh of electricity consumed also comes from renewable sources (about 7% of Grupo México's total consumption in 2020, which would increase by more than of 26% the proportion of renewable electricity consumed in the Group).

The efficiency indicators for the Infrastructure Division also continue to improve year after year.

Infrastructure Division	2018	2019	2020	Variance (%) 2019-2020
Energy intensity (mmBTU/MWh) ³²	7.05	7.01	6.88	- 1.8%
Emission intensity (tCO ₂ e/MWh) ³³	0.418	0.413	0.407	- 1.5%

RENEWABLE ELECTRICITY

In 2020, the consumption of electricity from renewable sources in Grupo México increased to 19.8%³⁴ (from 18.6% in 2019), equivalent to a consumption of 1,464,967 MWh (5,273,881GJ). The renewable energy used in Grupo México came mainly from two sources:

1. Hydroelectric power plants in Peru (including the energy purchased from third parties and the energy generated on site)
2. 74 MW El Retiro wind farm, operated by the Infrastructure Division in Mexico

In Peru, SPCC consumed 1,439,819 MWh (5,183,350 GJ) of energy that was generated in hydroelectric plants. This consumption avoided the emission of approximately 287 ktCO₂e. On the other hand, the El Retiro wind farm generated 174,739 MWh (629,059 GJ) of energy in 2020. Of this total, 9,625 MWh (34,650 GJ) were supplied to the Mining Division, 15,363 MWh (55,305 GJ) to the Transportation Division, and 149,751 MWh (539,104 GJ) were sold to the wholesale electricity market. In total, the park avoided the emission of approximately 86 ktCO₂e.

In order to achieve our goal of increasing renewable energy consumption to 25% in 2022, the construction of the new Fenicias wind farm began in 2019, which will have an installed capacity of 168 MW and an approximate annual generation of 680,000 MWh. It is estimated that its entry into operation in 2021 will avoid emissions of more than 300 ktCO per year. This energy will be provided to the Mining Division, thus generating a significant reduction in Scope 2 emissions for next year.

CAPTURING GHG EMISSIONS

The Mining Division has a high capacity to produce trees to be planted in degraded areas. The company nurseries produced 4,350,363 trees in 2020, which were used to reforest 1,900 hectares in 26 Mexican states, in both areas where there are active mines and in other regions through volunteer projects organized by Grupo México Foundation.

SUMMARY OF AVOIDED EMISSIONS IN 2020

Grupo México has been developing energy reduction projects in recent years. These projects will increase our consumption of renewable energy and reduce our emission intensity, particularly with the El Retiro wind farm, the La Caridad combined cycle power plant, the co-generation at the Processing Plant in Nacozari, Mexico, and the on-site hydroelectric power generation at SPCC. We also use renewable energy in Peru supplied by third parties. These projects and initiatives will aid in reducing our corporate carbon footprint by avoiding greenhouse gas emissions each year, as summarized in the following table of the 2020 avoided emissions (including the mitigation projects implemented in prior years, as well as in 2020).

Summary of emissions avoided in 2020 by mitigation measures and renewable energy

Division	Project	Type	Avoided energy consumption (MWh/year) ³⁵	Avoided emissions (ktCO ₂ e/year)
Projects implemented in prior years				
SPCC (Min)	Various	Renewable energy - hydroelectric ³⁶	1,439,819 MWh	287
MM (Min)	METCO	Co-generation (reusing smelter gases to generate electricity)	50,739 MWh	25
Grupo México	El Retiro	Total energy – wind	174,739 MWh	86
		Self-supply (3 divisions)	24,988 MWh	12
		Wholesale electricity market	149,751 MWh	74
Grupo México	Combined cycle power plant ³⁷	Wholesale electricity market	3,463,561 MWh	314
		Self-supply (3 divisions)	3,248,219 MWh	294
		Wholesale electricity market	215,341 MWh	120
New project implemented in 2020				
Transportation	Trip Optimizer and operating efficiency	Trip Optimizer installed and operating efficiency improvement activities	12,303 m ³ diesel/year	38
			Total (ktCO₂e/year)	750



El Retiro Wind Farm, Juchitan, Oaxaca, Mexico.

³⁵ 1kWh=0.0036 GJ

³⁶ Includes the renewable energy purchased from third parties and power produced on site.

³⁷ The calculations of emissions avoided in the combined cycle plant consider the subtraction between the emissions that would have been generated by consuming the same amount of energy through the national electricity system of Mexico and the emissions that were generated in the plant by the use of fuels. The emission factor of the national electricity system for 2020 was 0.494 tCO₂e / MWh.

Increase the resilience of our operations and neighboring communities to the effects of climate change

TCFD STR-C

Climate change will bring new risks that could affect the operations of Grupo México across our three divisions depending on the geographic region and type of operation. In this context, Grupo México recognizes the importance of evaluating the implications of these risks overall to manage them appropriately.

The climate-related risks are managed through a multi-faceted approach at the corporate level, involving the different levels of our corporate governance structure, from the Board of Directors to the operational levels, to ensure these risks and opportunities are incorporated into the decisions that define the organization.

One of our 2022 corporate goals is to revise our climate-related risks and opportunities assessment. Having a deep understanding of the aspects that would influence our corporate strategy is essential in strengthening our resilience to this phenomenon. The corporate emissions associated with the Grupo México value chain (Scope 3) were calculated for the first time in 2019 to identify new risks and opportunities related to the organization's carbon footprint. In 2020, we built an analysis of the physical and transition risks associated with climate change, following the recommendations of the TCFD and as part of our efforts to identify, assess and mitigate the risks that could affect our operations and value chain.

A fundamental part of this analysis was to evaluate the implications of different climate change scenarios, both physical and transitional, and associated with carbon pricing mechanisms. By identifying the threats based on different possible futures, we are able to develop the elements we need to design strategies and actions that will increase the resilience of our operations and neighboring communities to the effects of global warming.

The scenarios were selected based on the recommendations of the TCFD³⁸. The TCFD recommends the Representative Concentration Pathways (RCP) for the physical risk analysis. The RCP are the most sophisticated scenarios available today and are based on the global and regional projections the Intergovernmental Panel on Climate Change (IPCC) has presented in their most recent reports. For the transition risk analysis, particularly those associated with carbon pricing mechanisms, the TCFD recommends using the scenarios developed by the International Energy Agency (IEA). These models support a comprehensive assessment of the carbon pricing ranges that could be reached in the future in the different regions where Grupo México operates, which also aids in quantifying the potential costs for the organization.

This climate risk analysis helped us to identify the scenarios that our operations may encounter, and Grupo México will use these results to develop additional adaptation measures against climate events that may occur with increased frequency.

³⁸ Particularly the technical supplement published in 2017, The use of the scenario analysis in disclosure of climate-related risks and opportunities.

PHYSICAL RISKS ANALYSIS

TCFD STR-A, STR-B, STR-C

To strengthen the resilience of our operations and communities to the effects of climate change, Grupo México began a rigorous process this year to identify and analyze the physical climate risks. The analysis was carried out in three stages:

1. Preliminary analysis.

The relevant risks associated with the operations of the three divisions and our value chain were mapped and prioritized, based on pertinent scientific literature and the characteristics of the assets (including factors like type of operation, geographic location, historic climate events, contribution to profits, etc.).

2. Scenario analysis.

After completing the initial identification of the relevant risks and their potential impacts, a climate trends and scenario analysis was prepared taking into account the following variables:

- a. **Different time horizons:** Three time horizons were selected:
 - Short term (2021-2025)
 - Medium term (2025-2050)
 - Long term (2050-2080)³⁹.

The analysis considered aspects like the end of the useful life of our sites, as well as the contract periods and concessions for the leased assets for each time horizon. We particularly focused on the long-term horizon as this would produce the most extreme scenarios.

Scenarios considered in the analysis of physical risks

- b. **Climate change scenarios:** Three of the four current Representative Concentration Pathways were selected for this analysis:

Scenarios ⁴⁰	Description
RCP2.6	Stringent mitigation Unlikely the average global temperature rise will exceed 2°C. Probable range of change in the average global temperature by 2100: 0.3-1.7°C.
RCP4.5	Intermediate mitigation Probable range of change in the average global temperature by 2100: 1.1-2.6°C.
RCP8.5	Business as usual (no mitigation) Unlikely the average global temperature rise will remain below 4°C. Probable range of change in the average global temperature by 2100: 2.6-4.8°C.

Our aim was to incorporate projections for different climate change scenarios in the analysis. Most of the sources consulted, particularly the regional sources, included RCP4.5 and RCP8.5 projections only. However, the RCP2.6 scenario was also considered when there was information available. The RCP6.0 scenario was not considered as most of the sources consulted did not include projections for this scenario.

The projections for the RCP8.5 scenario are the most relevant for Grupo México as they represent the worst-case scenario in terms of potential impacts. Additionally, we reviewed information to determine whether there has been any trend in recent decades (increase or decrease) that would continue in the short term for both chronic events resulting from gradual changes in temperature and rainfall, and the intensification of extreme climate events.

³⁹ It should be noted that other time horizons were considered in some cases, depending on the sources of information available at the national and regional level. For example, for some threats, like tropical cyclones, we found no studies that were sufficiently reliable to evaluate the changes within the time ranges selected. To close these information gaps, we considered projections that focused on the last decades of the 21st century.

⁴⁰ Source: IPCC, 2014: Climate change 2014: Synthesis report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Core writing team, R.K. Pachauri and L.A. Meyer (eds.)]. IPCC, Geneva, Switzerland, 157 pages.



 Drought event in the state of Sonora, Mexico.

2. Scenario analysis.

c. Geography: The analysis focused on the countries where Grupo México currently has active operations (Mexico, the United States and Peru), but also includes countries and regions where we have strategic projects in the planning stage (Spain, Ecuador and Chile). For more information on our active operations and future projects, see the section [About Grupo México](#).

d. Granularity: We set certain quality criteria for the sources and studies consulted (that they consider various climate change models and that the projections were based on high resolution data, wherever possible).



3. Review of the corporate mechanisms currently in place.

In parallel, we identified and reviewed the current adaptation and mitigation measures, starting with the protocols in place at the site level and ending with the policies applicable to all three divisions, for example our [Environmental Policy](#) and the [General Policy on Sustainable Development](#). In both policies, Grupo México affirms our commitment to the fight against climate change, including the perspective of risk management and prevention, and strengthening the resilience of our operations to this phenomenon.

4. Risk management.

The climate risk analysis lays the groundwork to define the critical controls needed to prevent, and where such is the case, mitigate the risks associated with extreme weather events and other climate-related risks, aligned with the [critical risk log](#) the Mining Division is developing.

Main results of the first analysis of physical risks, including some examples of existing initiatives to address them.

Potential impacts on operations	Potential impacts on the value chain	Examples of current initiatives
 Threat: Increases in maximum high temperatures		
<ul style="list-style-type: none"> • 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. • Effects on worker health from heat stress. • Increased energy consumption. • Heat expansion of train tracks affecting the operations of the Transportation Division, but also the highways operated by the Infrastructure Division. • 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. • 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%. • Increased water loss from evaporation at tailings heaps and dams, with the consequent reduced water recovery capacity. 	<ul style="list-style-type: none"> • Interruptions or delays in the supply of key inputs and raw materials, particularly electricity, because of the increased power demand. • Land transportation and distribution routes may be affected by melting asphalt. 	<ul style="list-style-type: none"> • 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. • 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. • Also, to prevent accidents, the Transportation Division has speed restrictions and operating policies for extremely high temperature conditions.
 Threat: Droughts		
<ul style="list-style-type: none"> • Potential decrease in the water supply, which could affect our mine operations: <ul style="list-style-type: none"> • Limitations on usage to reduce dust emissions. • Limitations on operations, like leaching. • Increased water demand with increased evaporation. • Additional investments to treat water at some mines situated in water stress areas 	<ul style="list-style-type: none"> • Competition for water resources, which could increase the cost of water or exacerbate community conflicts. 	<ul style="list-style-type: none"> • See the section Interaction with water as a shared resource.

Potential impacts on operations	Potential impacts on the value chain	Examples of current initiatives
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Threat: Extreme rainfall

<ul style="list-style-type: none"> • Damages to the infrastructure and facilities at our sites and tracks, particularly in the event of flooding. • Production interruptions at some Mining Division and Infrastructure Division sites. • In conjunction with other factors, there could be landslides, which would threaten worker safety and the infrastructure of some mines. • Service interruptions in the Transportation Division, particularly in the event of sinkholes and landslides. • Overflow of dams or deposits. 	<ul style="list-style-type: none"> • Interruptions or delays in the supply of key inputs and raw materials. • Transportation and distribution routes may be affected by damages to highways and train tracks. 	<ul style="list-style-type: none"> • 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. • 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. • Implementation of water retention ponds and side channels to redirect water flows at our mines. • Construction of more resilient dams to contain extreme rainfalls (including overflow channels).
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Threat: Flooding

<ul style="list-style-type: none"> • Potential damage to the infrastructure and facilities at some Mining Division and Infrastructure Division sites, and some Transportation Division train tracks. • Production interruptions at some Mining Division and Infrastructure Division sites. • Service interruptions or delays in the Transportation Division. • Dam or deposit overflows. 	<ul style="list-style-type: none"> • Interruptions or delays in the supply of key inputs and raw materials. • Transportation and distribution routes may be affected by damages to highways and train tracks. 	<ul style="list-style-type: none"> • All the mitigation measures for extreme rainfall described above.
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Potential impacts on operations	Potential impacts on the value chain	Examples of current initiatives
 Threat: Tropical cyclones		
<ul style="list-style-type: none"> • Damages and interruptions on the oil rigs. • Damages to the infrastructure and facilities of the Transportation Division situated in coastal areas, as well as service interruptions. • Service interruptions or delays in the Transportation Division. • Dam or deposit overflows. 	<ul style="list-style-type: none"> • Interruptions or delays in the supply of key inputs and raw materials. • Transportation and distribution routes may be affected by damages to highways in coastal areas and ports. 	<ul style="list-style-type: none"> • The Infrastructure Division's oil line of business has emergency response protocols in place for tropical cyclones. • The Mining Division has implemented mitigation measures for extreme rainfall, as described above.
 Threat: Extreme sea levels		
<ul style="list-style-type: none"> • Damages to the Infrastructure Division's oil platforms and to the infrastructure and facilities of the Transportation Division situated in coastal areas. • Potential effects on production at some sites. • Service interruptions or delays in the Transportation Division. 	<ul style="list-style-type: none"> • Interruptions or delays in the supply of key inputs and raw materials. • Transportation and distribution routes may be affected by damages to highways in coastal areas and ports. 	<ul style="list-style-type: none"> • 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. • The Transportation Division has an early warning system for extreme weather events that activates prevention and mitigation measures for these types of risks.

Summary of the changes for the indicators that were evaluated, for the RCP4.5 and RCP 8.5 scenarios, in the long term.



Legend	Threat	Indicators analyzed	Changes projected under RCP4.5 and RCP8.5 Long term (2050-2080)	Probability ⁴¹
	Increases in maximum high temperatures	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
	Droughts	Probability of experiencing droughts that could last for several years	There would be a significant increase ⁴² 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
	Extreme rainfall	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
	Flooding	Changes in the magnitude of flooding with a return period of 100 years	As intense rainfall events become more acute and more frequent, the changes in the magnitude of flooding would also be more notable, but this would affect (directly or indirectly) a limited number of sites in Mexico (La Caridad, Processing Plant) and in the United States (Ray and Hayden).	Moderate

⁴¹ 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).

⁴² 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.

⁴³ 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.

Summary of the changes for the indicators that were evaluated, for the RCP4.5 and RCP 8.5 scenarios, in the long term.

Legend	Threat	Indicators analyzed	Changes projected under RCP4.5 and RCP8.5 Long term (2050-2080)	Probability ⁴¹
	<p>Tropical cyclones</p>	<p>Increased frequency of tropical cyclones category 3+ or higher on the Saffir-Simpson scale</p>	<p>The increased sea temperatures would lead to an increase in the number of tropical cyclones category 4+ or higher on the Saffir-Simpson scale with probability of landfall in Mexico and the United States. For example, the projections indicate 5-15 tropical cyclones category 4+ or higher on the Pacific coast could make landfall per decade in addition to those recorded during the historic period. The projections indicate up to five additional tropical cyclones per decade for the Atlantic Ocean for this category, compared against the historic period, with possibility of landfall in Mexico or the United States. The projections are similar for both the RCP4.5 and the RCP8.5 scenarios.</p>	<p>Low</p>
	<p>Extreme sea levels</p>	<p>Changes in the frequency of extreme sea levels with a return period of 100 years</p>	<p>The gradual increase in sea levels would lead to a substantial increase in the frequency of extreme sea levels (e.g. storm surges), which may cause coastal flooding, along the coasts of Sonora, Veracruz and Florida, for example.</p> <p>The increase, compared against the historic period, would reach approximately 10% for the RCP4.5 scenario, but would exceed 100% for the RCP8.5 scenario.</p>	<p>High</p>

The physical risks associated with climate change are listed following as identified for the RCP8.5 long-term (2050-2080) scenario, for the Grupo México sites with an end of life or concession after 2050⁴⁴.



Division	Country	Business Unit	Type	Location	Types of Risk					
					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	Andalucia	Future Project	Seville	☐	☐				
Mining	USA	Hayden	Plant	Arizona	☐	☐	☁	🌊		
Mining	USA	Ray	Mine & Plant	Arizona	☐	☐	☁	🌊		
Mining	Mexico	Angangueo	Future Mine Project	Michoacan	☐					
Mining	Mexico	Buenavista del Cobre	Mine & Plant	Sonora	☐	☐	☁			
Mining	Mexico	Buenavista Zinc	Future Mine Project	Sonora	☐	☐	☁			
Mining	Mexico	Chalchihuites	Future Mine Project	Zacatecas	☐	☐	☁			
Mining	Mexico	Processing Plant	Plant	Sonora	☐	☐	☁	🌊		
Mining	Mexico	El Arco	Future Project	Baja California	☐	☐	☁			
Mining	Mexico	El Pilar	Future Project	Sonora	☐	☐	☁			
Mining	Mexico	La Caridad	Mine & Plant	Sonora	☐	☐	☁	🌊		
Mining	Mexico	Pilares	Future Project	Sonora	☐	☐	☁			
Mining	Mexico	Lime Plant	Mine & Plant	Sonora	☐	☐	☁			
Mining	Mexico	Central Shop	Plant	Chihuahua	☐	☐	☁			
Mining	Mexico	Guaymas Terminal	Plant	Sonora	☐	☐	☁			🌊
Mining	Mexico	Zinc Refinery	Plant	San Luis Potosi	☐	☐	☁			
Mining	Peru	Tantahuatay	Gold Mine	Cajamarca			☁			
Mining	Peru	Los Chancas	Future Project	Apurimac			☁			
Mining	Peru	Tia Maria	Future Project	Arequipa		☐	☁			
Mining	Peru	Cuajone	Copper Mine	Moquegua		☐	☁			
Mining	Peru	Toquepala	Plant & Mine	Tacna		☐	☁			
Mining	Peru	Ilo	Plant	Ilo		☐	☁			
Transportation	USA	Florida East Coast	-	Florida	☐				🌀	🌊
Transportation	USA	Texas Pacifico	-	Texas	☐					
Transportation	Mexico	Ferromex	-	-	☐		☁		🌀	🌊
Transportation	Mexico	Ferrosur	-	-	☐		☁		🌀	🌊

⁴⁴ Active or future operations for which risks were not identified or which will terminate before 2050 have been omitted.

CARBON PRICING MECHANISMS RISK ANALYSIS

TCFD STR-A, STR-B, STR-C, RM-A


In addition to the physical risk analysis, Grupo México prepared a transition risk analysis focused on carbon price mechanisms that evaluated:

	
<p>Regulations currently applicable⁴⁵</p>	<p>The potential future costs of carbon emissions</p>
<p>The relevant carbon pricing mechanisms were identified (including carbon taxes and emissions trading systems), which are in place in the countries where Grupo México has operations and where the company has projects.</p>	<p>The potential financial impacts that could arise from carbon pricing mechanisms were calculated for the period 2025-2040, based on three global decarbonization scenarios⁴⁶.</p>

⁴⁵ The regulations in effect at the start of 2021 were considered.

⁴⁶ Two scenarios from the International Energy Agency were considered: 1) According to current regulations, and 2) Sustainable Development Scenario. Various decarbonization recommendations of the IPCC were considered, aligned with a 1.5°C temperature change to represent the most ambitious scenario.



 Electrical substation of the Combined Cycle Plant in Nacoziari de García, Sonora, Mexico.

ANALYSIS OF CURRENT REGULATION ON CARBON PRICE INSTRUMENTS

The regulations and mechanisms for carbon pricing relevant to the countries where Grupo México has operations and projects (Mexico, Peru, the United States, Spain, Chile, Ecuador and Argentina) were analyzed. They are summarized in the following map.



United States. There are carbon pricing mechanisms in 11 US states, but not in the states of Arizona, Texas and Florida, where we have operations.

There are currently no bases on which to estimate any carbon pricing for the United States at either the federal level or for any of the states where Grupo México has operations. However, this could change in the coming years, considering the agenda of the new Democratic government to lead the country to zero net emissions by 2050.



Mexico. There are federal and state fossil fuel taxes, and also an emissions trading system in pilot phase.

The tax rates vary from US\$2.5/tCO₂ to US\$12.5/tCO₂, approximately⁴⁷. The relevant taxes for Grupo México include a federal tax and two state taxes, Baja California and Zacatecas. Also, an emissions trading system is being piloted in Mexico. The allocation of allowances is currently free and will be determined by the federal government. Therefore, we are not currently able to accurately determine potential future costs.

However, considering other emissions trading systems around the world, it is estimated that the costs for allocation could be in excess of US\$7 for the startup of the emissions trading system in Mexico.



Peru. There is no carbon pricing system in place.

Although the Peruvian government has expressed its intention to set a carbon price, there are no plans to implement a carbon pricing mechanism in Peru in the short term. This is because the Peruvian Nationally Determined Contributions (NDC), revised in 2020, do not consider a carbon pricing system.

However, this could change in 2025 when the national contributions come up for review.



Ecuador. There are no plans to implement an emissions trading system or a carbon tax mechanism in the short term.



Chile. There is a federal carbon tax and the government is considering an emissions trading system.

The carbon tax is US\$5/tCO₂. A draft law was under consideration in 2020 that would include the implementation of an Emissions Trading System. This law has not yet been passed.



Argentina. There is a federal carbon tax.

Argentina has a tax on liquid fuels and another on CO₂ emissions, with the tax rates, in both cases, being based on the type of fuel. The range for fuels is US\$0.04-0.07 per liter, approximately, and for emissions US\$0.005-0.006 per liter or kilogram of fuel, approximately⁴⁸.



Spain. Our mine project, Los Frailes, will be subject to the European Union emissions trading system, as well as a federal tax on fluorinated gases.

There has been an Emissions Trading System in place in the European Union, and applicable to Spain, since 2005. The prices per ton of CO₂e have varied between US\$18 and US\$50 from March 2020 to March 2021. The system is going into its fourth phase, which will cover the period 2021-2030 and carry a linear reduction on the emissions cap, and by consequence, on emissions permits. Considering the changes to the emissions trading system will be aligned with a higher climate ambition, it is possible that the prices could increase in the future.

There is also a tax on fluorinated gases in Spain (which is not a carbon tax but a GHG tax).

⁴⁷ Approximate rates estimated using the average values and the January 2021 conversion rate.

⁴⁸ Approximate rates estimated using average values and the Argentinian peso to US dollar conversion rate on January 21, 2021.

CARBON PRICING ANALYSIS BASED ON GLOBAL DECARBONIZATION SCENARIOS (2025-2040)

The carbon pricing analysis based on decarbonization scenarios aids in understanding the potential transition risks associated with the carbon pricing mechanisms that may be in place during the period from 2025 to 2040. This analysis considered different scenarios with projections for both the Grupo México emissions and possible carbon pricing.

The emissions projections considered in the analysis include the operating emissions of Grupo México under “business as usual” (BAU) scenarios, as well as a scenario aligned with an absolute reduction equal to that associated with the Science Based Targets (SBT), with an ambition of “below 2°C” . Grupo México selected these two scenarios to be able to compare one scenario with climate action and one without.

The carbon pricing projections 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 below.

Scenarios	Current regulation IEA scenario (1.9-3.5°C) ⁴⁹ Considers the energy and carbon pricing regulations currently in effect.	Scenario aligned with the Sustainable Development Goals (1.75°C) ⁵⁰ Ambition aligned with the United Nations Sustainability Goals of the IEA.	IPCC 1.5°C scenarios ⁵¹ Most ambitious scenario with the highest carbon pricing.
Grupo México emissions – SBT (aligned with 'below 2°C')	Scenario of reduced emissions with the lowest carbon pricing. Minimum impact	Scenario of reduced emissions with moderate carbon pricing. Minor impact	Scenario of reduced emissions with high carbon pricing. Medium impact
Grupo México emissions – BAU	Scenario of increased emissions with the lowest carbon pricing. Medium impact	Scenario of increased emissions with moderate carbon pricing. High impact	Scenario of increased emissions with the highest carbon pricing. Major impact

The disparity between the potential future impacts of carbon pricing on Grupo México would suggest that this risk could be material for the company, particularly under the ambitious mitigation scenarios (1.75°C and 1.5°C) combined with a BAU corporate emissions scenario. Under these scenarios, the future pricing per ton of carbon could be around US\$70 in Europe by 2030, while the carbon markets in other regions where we operate would still be in the early stages.

According to this first risk analysis, the financial implications for Grupo México associated with the potential future carbon pricing would decrease 60% to 70% considering an SBT emissions scenario compared with a BAU scenario, for the scenario with current regulations, the SDG scenario or the 1.5°C scenario. In other words, this reduction in the potential financial impact is applicable to the three decarbonization scenarios considered in the analysis.

ADAPTATION

We are continually thinking about how to strengthen our risk management mechanisms and make our operations and neighbor communities more resilient, adopting a preventive approach to eliminate or mitigate the risks. For example, we have made improvements to the emergency response and contingency plans for our operations, and we have developed adaptation projects to make our operations safer and more resilient (increasing efficiency in the usage of fresh water, strengthening the infrastructure to improve conditions to face adverse weather conditions, developing engineering works to improve the rainfall management systems to prevent uncontrolled flooding, modernizing and improving the ventilation systems in underground chambers, among others).

⁴⁹ More information is available at: <https://www.iea.org/reports/world-energy-model/stated-policies-scenario>

⁵⁰ More information is available at: <https://www.iea.org/reports/world-energy-model/sustainable-development-scenario>

⁵¹ More information is available at: <https://data.ene.iiasa.ac.at/iamc-1.5c-explorer/#/about>

The Transportation Division has action protocols in place to minimize the impact of climate events on our infrastructure and facilities, considering multiple scenarios that range from damages to signaling systems to landslides, mudslides or flooding. The Transportation Division also operates a multiyear program to reinforce bridges, roads and tracks for natural water drainage and channeling.

We have also implemented measures to increase the resilience of our neighbor communities, including projects that focus on preventing the risks associated with water usage and water stress. In Peru, for example, we built more than 200 kilometers of irrigation channels and 400 reservoirs to benefit 20,000 farmers. In 2021, the Cularjahuira Dam, constructed in collaboration with the local authorities and communities, will be opened and contribute to the water sustainability of one of the most arid regions on the planet, situated near our mine operations and the Atacama Desert. These efforts are complemented with productive technification projects and land recovery, such as in Borogüeña in southern Peru, for example, where we have implemented a program to improve the productivity of more than 700 farmers.


We have invested over US\$79 million in the last five years in water projects in Peru and Mexico. Together with the communities and authorities in the regions where we operate, we have taken up the challenge of facing climate change, promoting projects that will help us adapt to changing environments.

Align our organizational management with international best practices

We have been refining the calculation of our carbon footprint since 2019, including the emissions generated by our value chain. In this 2020 report, we are also reporting the main physical and transition risks associated with climate change, considering different scenarios and time periods according to the TCFD recommendations. This analysis will serve as a base on which we will determine the need to develop additional adaptation measures to mitigate these risks.

We are also working on defining new emissions reduction targets for 2022, as well as developing a roadmap to achieve these targets. Additionally, we are actively participating in regional and sector initiatives, which will help us to accelerate this process. We are participating, for example, in the Global Copper Decarbonization Roadmap working group of the International Copper Alliance (ICA), which aims to ensure that the sector plays a proactive role in supporting the goals of the Paris Agreement, limiting global warming to under 2°C, compared against the pre-industrial era.



 Torata Dam, maintains constant water flow to the population in dry seasons, Cuacone Unit, Peru.

Water

Management Approach

GRI 103-1, 303-1

Water is a precious resource that is essential for sustainable development. Economic activities, ecosystems and humans depend on its availability and quality. Water is so important to sustainability that the United Nations has explicitly recognized the human right to water and sanitation since 2010, affirming these are essential rights that underlie all other human rights.

Responsible water management, from a comprehensive perspective and preventive approach, is one of the pillars in the Grupo México sustainable development strategy in support of United Nations Sustainable Development Goal 6, which calls for the efficient and sustainable use of water.

In a context where water is becoming more and more scarce, we recognize the importance and the challenges of the sustainable management of this resource. In this regard, Grupo México is committed to treating water as an essential and strategic element in our operations, for the wellbeing of the communities with which we interact, and for biodiversity conservation. This care includes activities throughout the lifecycle of our projects and the entire productive chain, where water usage and the quality of the water we return to the environment play an important role.

We are aware that we operate in a dynamic environment where increased population and their right to aspire to a better quality of life demand greater consumption of natural resources, such as water. To this we add the issue of climate change, which threatens the stability of the water cycle and its availability, increasing the vulnerability of our operations and the communities we interact with every day. In response, Grupo México is making significant efforts to better understand the risks associated with water management, not only at our facilities, but in the basins where we operate, to prevent these risks and address them in the best way possible, in collaboration with other players, but mainly with our communities.

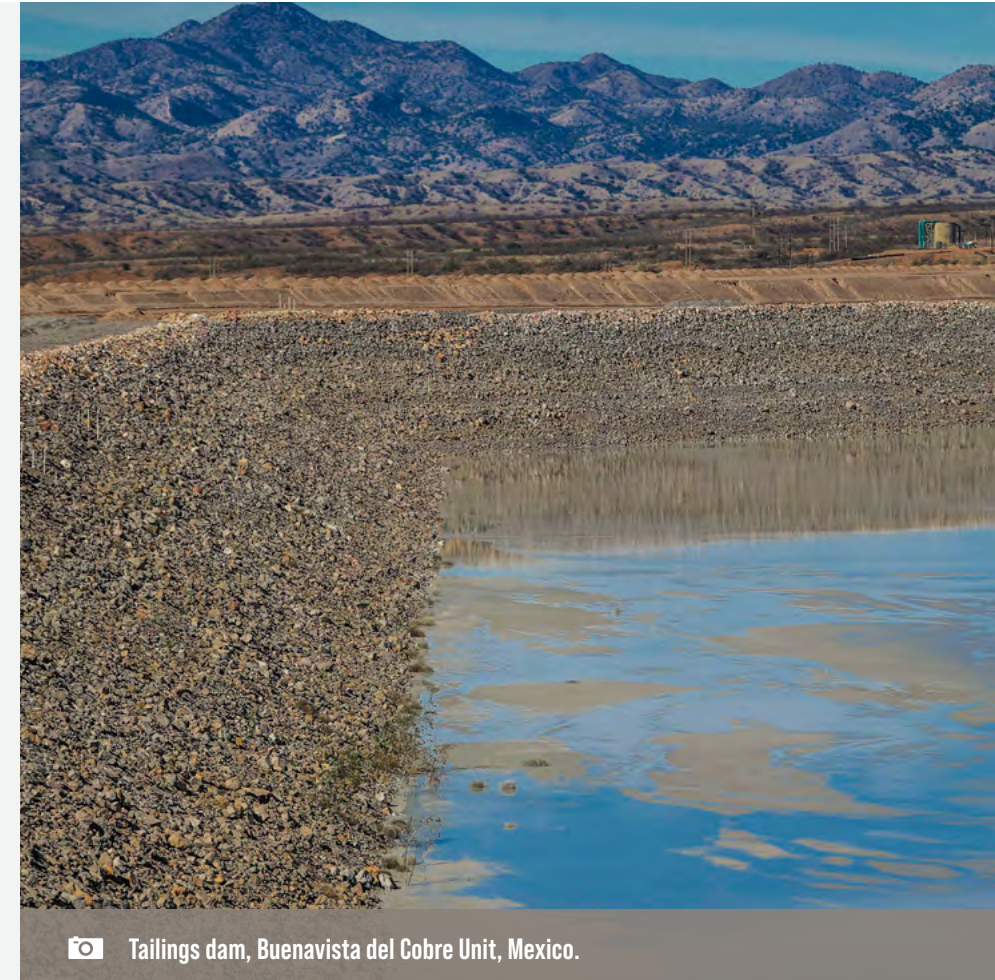
The Grupo México **Mining Division** operates 19 active mines in the United States, Mexico and Peru, which together account for 99% of the company's total water consumption. Our water comes from water tables, surface water, recycled water and, on occasion, from the public supply. We use different volumes of water for the different activities in the mining process, extraction and processing, for example. Water is also used to transport mine waste. Because of the close relationship between mining

and water, our management of this resource needs to be responsible and informed to ensure its sustainable use.

The water stress assessments we prepare for all our sites and neighboring communities form the base for our water management approach. These assessments identify the local conditions and the actual and future risks associated with this resource. They also help us to contribute to providing solutions to the needs of the community, protect the ecosystems and reduce the risks associated with water management in a timely manner.

The **Infrastructure Division** has more than 20 operating sites, where water is primarily used to generate electricity, supply the oil rigs and in construction activities, to prepare roads and mix cement, and for restroom facilities and office cleaning.

The **Transportation Division** operates 11,131 km of rail lines in Mexico and the United States, and these operations are not water-intensive, as this resource is only used for washing and cleaning locomotives and railcars, and at our offices.



📷 Tailings dam, Buenavista del Cobre Unit, Mexico.



Our Mining Division has 19 active mining units

in the United States, Mexico and Peru, which together represent 99% of the company's total water consumption.

GRI 103-2, 303-2

Grupo México has an environmental policy, which commits us to conserve water through more efficient production processes and contribute to its availability in the regions where we operate, as well as:



Minimize our discharges.



Strengthen our environmental performance, through ongoing improvements going further than regulatory compliance and adopting environmental best practices.



Avoid and reduce the risks and damages our operations may cause to waterbodies.



Contribute to protecting the environmental services the ecosystems provide.

Mining Division

Water management is a high priority material topic for the Mining Division; therefore, we are continually seeking out projects that will improve the efficiency of our water usage. We are planning to add a goal that highlights the water intensity of our processes.

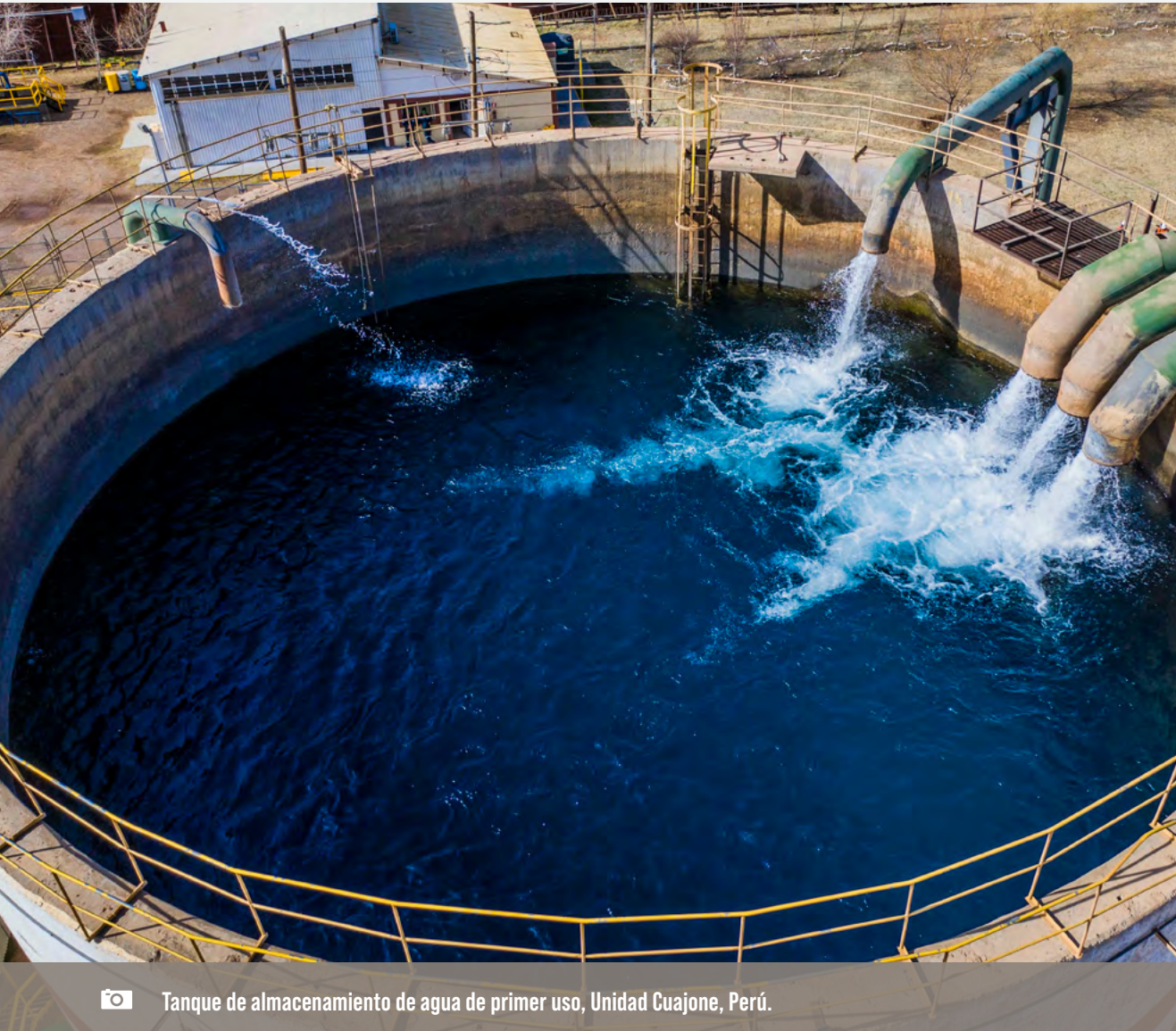
Our 2020 corporate goals in sustainable water management are:

1. Update the water baseline assessments in all Mining Division business units.

Our operations are currently preparing gap analyses based on the International Council on Mining and Metals (ICMM) Water Management Guide to determine the next actions to implement.

2. Systematically monitor operations and impacts on water resources at catchment level in high water-stress areas that supply the operations of the Mining Division.

With the help of the World Resources Institute Aqueduct Water Risk Tool, we have identified that 74% of our mine operations are situated in high water stress zones in Mexico, the United States and Peru. These sites represent 95% of Mining Division sales. We have an ongoing program to log and monitor water at our operations where these catchments are situated. The gap analyses will serve as a base to adjust and align our strategies to better manage the catchments on which we depend.



📷 Tanque de almacenamiento de agua de primer uso, Unidad Cuajone, Perú.

Our specific actions, such as processes, projects, programs and initiatives, focus on four pillars:



Protect the quality of the water we return to the environment, for which we systematically monitor and analyze the quality of the water we return to the environment at all our mine operations. We have water treatment systems that are designed to address the particular needs of the mine operations and for the neighborhoods where our collaborators live. Also, to protect the water quality of the catchments where we operate, we pay particular attention to how we handle mine waste to prevent the release of acid drainage or tailings eroding and being washed to the water sources downstream. Being proactive in our risk management to minimize the release of leaching solutions and affecting natural waterbodies is a priority for the Mining Division.



Improve efficiency in our water usage, for which we use high-tech devices and innovative systems to reduce water consumption and increase recirculation. For example, we have installed circuits to recirculate water in the processing processes and tailings deposits, and implemented cutting-edge technologies to thicken concentrates, continually improving our production processes to make our water usage more efficient and reduce operating costs. These actions have improved our recycled water volumes. One of our current initiatives is

using wastewater to restore degraded surfaces, a project we are working on in collaboration with the Universidad Nacional Autónoma de México, representing an investment of US\$250,000. In Peru, we have been developing a drought analysis with short-term scenarios and multiyear scenarios in collaboration with the University of Wisconsin. The first phase of this project was completed in 2017-2018, with the second phase beginning in 2020. The goal is to develop climate and hydrologic models to predict single and multiyear droughts and their impact on the availability of water for our operations. We have also developed a study of the surface and groundwater to find alternatives in the Locumba River basin and prioritize the use of the available water in this catchment according to a comprehensive development plan considering the total potential of the catchment. The study was shared with the water users and approved by the National Water Authority and represented an investment of approximately US\$2 million, concluded in 2018.



Collaborate with other players in managing the watersheds where we work.

We have adopted a comprehensive management approach. The focus is managing and developing water resources in a sustainable and balanced way, taking into account the social, economic and environmental interests. We seek a solution to problems aimed at achieving results that are socially equitable, environmentally sustainable, economically efficient and politically viable, while being acceptable for all. An example of this is Sonora, where the company represents the industrial sector on the High Northwest Watershed Council, which manages and regulates the Sonoyta, Concepcion, Santa Cruz and San Pedro River basins, cov-

ring 32 municipalities in the state of Sonora, including Cananea, where we have mine operations. In Peru, we participate in the Caplina-Locumba Water Council, where from 2017 to 2019 we represented the sector and headed the Council, achieving the implementation of a Drought Management Plan in the Tacna region, in collaboration with the Tacna regional government and financed by Southern Peru. We are currently active participants in the Council's Annual Water Demand Plan, approved by the National Water Authority. This Plan includes consideration of the water demands of our operations.



Manage the risks associated with water management at our operations. We continually monitor the availability and quality of the water in the aquifers from which we draw this resource, to determine the behavior and be able to take timely action to address any risk that would affect access to this resource. This monitoring led to changes to the company's standards for the construction and operation of large mine waste deposits, to ensure the screens on the new tailings deposits are built under the downstream method, with borrow materials, considering return periods of 10,000 years, spillway channels, infrastructure to redirect rainwater and contingency systems, among other measures. We also monitor the stability and behavior of the screens, and third parties conduct regular inspections to ensure these facilities are in the best condition to face extreme weather events, given that a scarcity of water would affect not only our mine operations, but also our neighbor communities and other economic activities. In Mexico, we have a water harvesting program to improve the filtering of water to the subsoil and reduce soil erosion and evapotranspiration, to increase runoff to the intake dams or the tailings dams, helping to improve water capture and maintain the ecological flows in the catchments, as appropriate for each mine operation. In 2020, we captured 626,859 m3 by water harvesting. In Peru, we have been developing a pilot

project to recharge the Titijones aquifer. To date, we have built 3 km of ditches to incorporate up to 30 l/s during the wettest part of the year, redirecting the runoffs during the rainy season. This project is situated on company property, constantly monitoring a stratified aquifer that is representative of the Torata river catchment, contributing to the artificial recharging of aquifers in the high Andes.

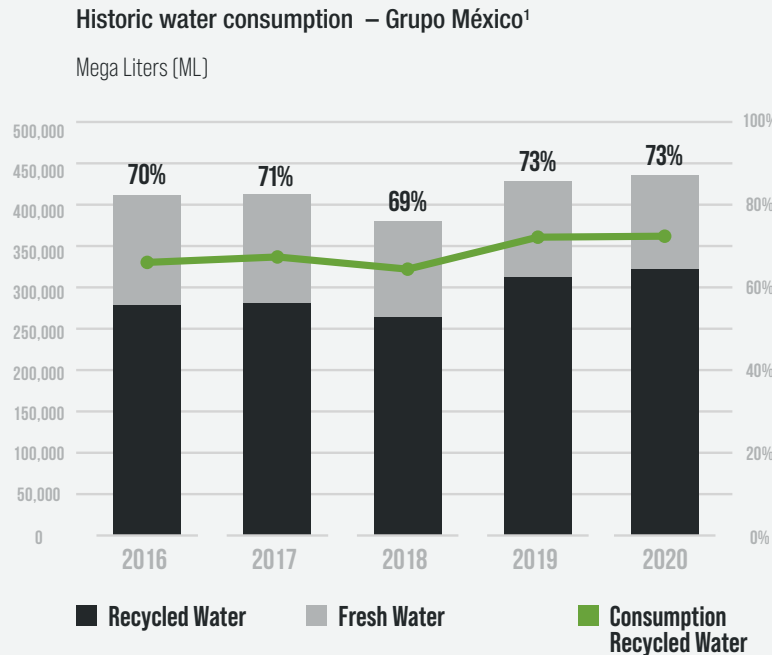
GRI 103-3, 303-3, 303-4, 303-5 | SASB EM-MM-140a.1, IF-EU-140a.1

The Mining Division uses management and performance indicators that are reviewed through internal and independent audits. These indicators include the consumption of fresh water and recovered water, volume and quality of water discharge, and the aquifer levels, primarily.

The Sustainable Development Committee, on which all senior management serve, including the Executive President and Vice-President, reviews and reports on the water performance quarterly, and sets the strategies to achieve the goals. Water cost and consumption indicators are reported to the Board of Directors. Each property manager is responsible for the water management at their sites. At the corporate level, the Sustainable Development Committee oversees our water management.

HISTORIC WATER CONSUMPTION - GRUPO MÉXICO¹

Grupo México reports a decrease in our consumption of fresh water² and a trend toward using recirculated water, which accounted for 73% of our water consumption.



Thickener tanks of the Concentrator Plant, Toquepala Unit, Peru.

¹ The freshwater consumption does not include the consumption by two mines in the United States as this information is not available.

² The freshwater and recycled water consumption figures do not include the consumption by two mines in the United States as this information is not available.

	Mining Division (DMIN)												Transportation Division (DTRA)									Infrastructure Division (DINFRA)			Grupo México		
	Mexico			Peru			SCC			Min			Mexico			USA			Tra			Inf			Total Grupo México		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
GRI 303-3 Fresh Water Abstraction in Megaliters (ML)																											
Surface water	21,537	18,408	24,414	15,810	15,574	15,216	37,348	33,982	39,630	37,348	33,982	39,630	0	0	0	0	0	0	0	0	0	106	82	57	37,454	34,064	39,687
Groundwater	39,409	38,648	39,978	35,996	36,481	36,506	75,405	75,129	76,483	75,405	75,129	76,483	209	215	151	11	11	0	221	226	151	3,932	3,917	4,172	79,559	79,272	80,806
Seawater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	105	168	58	105	168	58
Produced water	0	0	0	691	627	843	691	627	843	691	627	843	0	0	0	0	0	0	0	0	0	0	0	0	691	627	843
Third-party water	24	1,484	12	43	10	10	67	1,494	23	67	1,494	23	193	181	53	1	2	0	193	183	53	418	231	698	678	1,908	774
Total water Abstraction in ML	60,971	58,540	64,404	52,540	52,691	52,576	113,511	111,232	116,980	113,511*	111,232*	116,980*	402	396	204	12	13	0	414	409	204	4,561	4,398	4,985	118,487*	116,039*	122,168*
GRI 303-4 Water discharge in Megaliters (ML)																											
Surface water	40	59	0	0	0	0	40	59	0	40	59	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	573	781	699	613	840	699
Groundwater	156	141	0	0	0	0	156	141	0	156	141	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	156	141	0
Seawater	0	0	0	983	1,368	0	983	1,368	0	983	1,368	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	47	138	61	1,030	1,506	61
Third-party water	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	0	0	0	0	0	0
Total water discharge in ML	196	200	0	983	1,368	0	1,179	1,568	0	1,179	1,568	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	620	919	760	1,799	2,487	760
Consumption of recycled or reuse water in Megaliters (ML)	197,576	191,170	164,997	125,007	121,113	98,080	322,583	312,282	263,077	322,583*	312,282*	263,077*	0	0	0	0	0	0	0	0	0	0	0	0	322,583*	312,282*	263,077*
GRI 303-5 Total water consumption in Megaliters (ML)	258,352	249,510	229,400	176,564	172,436	150,656	434,915	421,946	380,056	434,915*	421,946*	380,056*	402	396	204	12	13	0	414	409	204	3,942	3,479	4,225	439,271*	425,835*	384,485*

*The fresh water and recycled water consumption figures do not include the consumption by two mines in the United States as this information is not available.

2020 PERFORMANCE

	Mining Division (DMIN)								Transportation Division (DTRA)						Infrastructure Division (DINFRA)	Grupo México		
	Mexico		Peru		SCC		Min		Mexico		USA		Tra		Inf	Total Grupo México		
	All zones	Water stress zones	All zones	Water stress zones	All zones	Water stress zones	All zones	Water stress zones	All zones	Water stress zones	All zones	Water stress zones	All zones	Water stress zones	All zones	Water stress zones	All zones	Water stress zones
GRI 303-3 Fresh water abstraction in Megaliters (ML)																		
Surface water	21,537	21,537	15,810	15,810	37,348	37,348	37,348	37,348	0	0	0	0	0	0	106	0	37,454	37,348
Groundwater	39,409	37,733	35,996	35,996	75,405	73,729	75,405	73,729	209	0	11	0	221	0	3,932	0	79,559	73,729
Seawater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	105	0	105	0
Produced water	0	0	691	0	691	0	691	0	0	0	0	0	0	0	0	0	691	0
Third-party water	24	24	43	0	67	24	67	24	193	0	1	0	193	0	418	0	678	24
Total water Abstraction in ML	60,971	59,294	52,540	51,806	113,511	111,101	113,511*	111,101*	402	0	12	0	414	0	4,561	0	118,487*	111,101*
GRI 303-4 Water discharge in Megaliters (ML)																		
Surface water	40	0	0	0	40	0	40	0	0	0	0	0	0	0	573	0	613	0
Groundwater	156	0	0	0	156	0	156	0	0	0	0	0	0	0	0	0	156	0
Seawater	0	0	983	0	983	0	983	0	0	0	0	0	0	0	47	0	1,030	0
Third-party water	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Water Discharge in ML	196	0	983	0	1,179	0	1,179	0	0	0	0	0	0	0	620	0	1,799	0
Consumption of recycled or Reuse water in Megaliters (ML)	197,576		125,007		322,583		322,583*		0		0		0		0		322,583*	
GRI 303-5 Total water consumption in Megaliters (ML)	258,352		176,564		434,915		434,915*		402		12		414		3,942		439,271*	

* The fresh water and recycled water consumption figures do not include the consumption by two mines in the United States as this information is not available.

Management and Performance in the Mining Division

Goals	Divisions Involved	2020 Performance	Performance Description
Update the water baseline analysis in all business units of the Mining Division.		✓	We systematically record the incoming and outgoing volumes of water in all operations, so this goal will be permanently met.
Systematically monitor operations and impacts on basins and aquifers located in areas of high-water stress that supply the operations of the Mining Division.		✓	According to the Aqueduct Water Risk Atlas, 14 of our mining operations are located in areas of high-water stress in Mexico, the United States and Peru. We systematically monitor the groundwater levels of the aquifers and the quality of the discharges in these operations and in all others, so this goal will be permanently met.

GRI 303-2

We adopt industry best practices in all the countries where the Mining Division has operations and ensure compliance with abstraction and discharge regulations, including:

- Compliance with surface and groundwater usage and abstraction permits.
- Monitoring the quality of wastewater and receiving bodies and, where required, the implementation of treatment systems for water returned to the ecosystems.
- Monitoring the water systems at our operations to record the availability, volume and quality of the water to then identify and mitigate the associated risks.

- Adoption of international good practices, such as the Water Stewardship guidelines provided by the International Council on Mining and Metals (ICMM).
- Identification and management of the risks associated with water management, as the availability of water for our operations is a major risk, for which we continually monitor our processes, seeking out actions to improve efficiency and wastewater usage.

The minimum standards for the quality of the water returned to the environment are set by federal regulations in each country where we operate and serve as a reference for managing the impacts of our discharges.

Mexico

Official Mexican Standard NOM-001-SEMARNAT- 1996-001 sets the limits permitted for pollutants in discharges of wastewater in Mexican waters and assets.

United States

Section 304 (A) of the Clean Water Act requires a permit when there is potential for discharges of wastewater to receiving bodies considered federal waters.

EPA 40 C.F.R. 440 requires mine acid drainage to comply with the discharge limits.

AAC-R-18-9-Article 2 requires an Aquifer Protection Permit (APP) for discharge facilities such as tailings dams, leaching heaps and industrial water dams.

Peru

Quality control is based on the criteria defined by the Environmental Quality Standards for water and the Permitted Limits established in the Federal Environmental Law, Law N° 28611.



Thickener tanks of the Concentrator Plant, Cujajone Unit, Peru.

GRI 303-3, 303-5

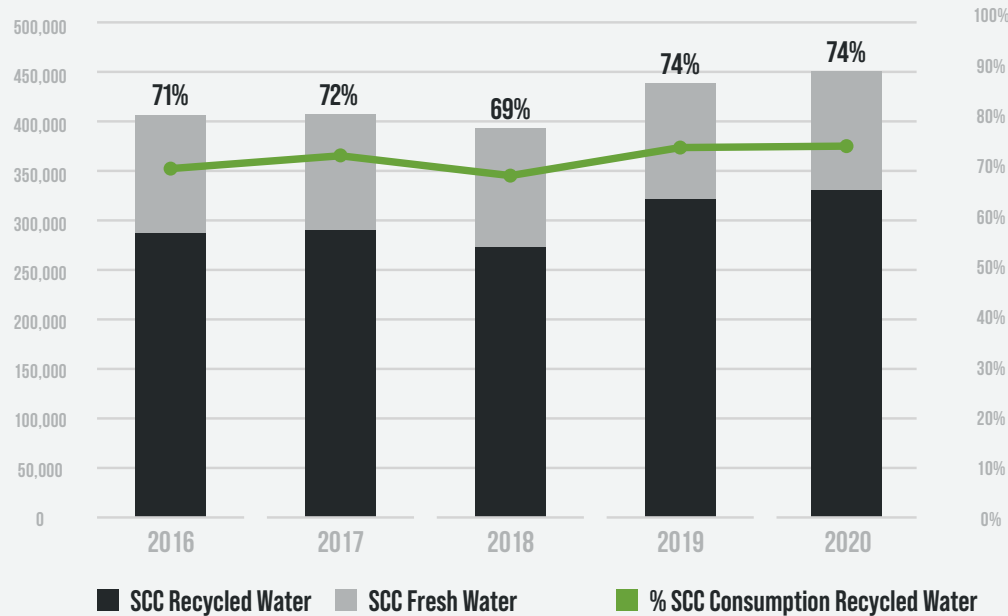
The total water abstraction in the Mining Division in 2020 was 113,511 ML³, 98% of which comes from sources with some degree of water stress, therefore we continue our efforts to increase the use of recirculated water.

The implementation, instrumentation and maintenance of closed circuits, and also pumping systems for recycled water at our Grupo México mine operations meant that in 2020, 74% of the water used

in our operations was recirculated, recovered from the mine processes, contributing to reducing our water footprint, guaranteeing the availability of this resource in our communities.

These actions contributed to achieving a water intensity factor of 623⁴ L of fresh water consumed per ton of crushed ore processed in 2020.

Water Consumption in (ML) – Southern Copper Corporation (SCC)



74%³
of water

used in our mining operations was recirculated water.

³ Total fresh water use and recirculated water use do not include data from our subsidiary ASARCO, due to a lack of information available.

⁴ The intensity reported corresponds to our subsidiary Southern Copper Corporation's performance.



Wastewater Treatment Plant, Zinc Refinery Unit, Mexico.

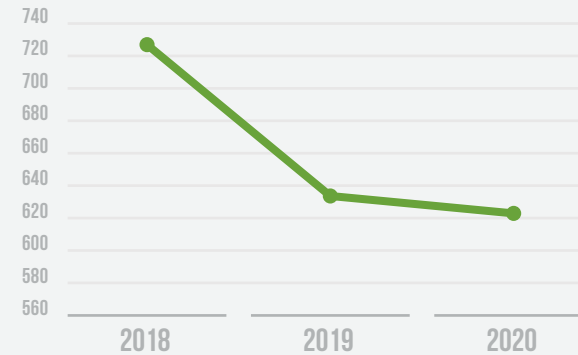
GRI 303-4

The total water discharge of our Mining Division in 2020 was 1,179 ML. Our operations in Mexico hold permits, where required, which set the Specific Conditions for Wastewater Discharges to which we are subject according to the type of receiving body, as defined in Official Mexican Standard NOM-001-SEMARNAT-1996.

Our Peru operations conduct physicochemical studies and analyses of the water quality in the discharges according to applicable regulations.

Our business units in the United States are considered “Zero Discharge” as all wastewater, with the exception of Amarillo, is reused. Amarillo has an Underground Injection Control (UIC) federal permit administered by the Texas Commission on Environmental Quality, to inject wastewater far below the aquifer with no impact on the environment, and reporting this wastewater as hazardous waste sent for final disposal.

SCC Water Intensity in L of fresh water / Ton crushed ore processed



Mining Division (DMIN)										
Mexico		Peru		SCC		USA		Total DMIN		
All zones	Water stress zones	All zones	Water stress zones	All zones	Water stress zones	All zones	Water stress zones	All zones	Water stress zones	

GRI 303-4
Water discharge in Megaliters (ML)

Volume discharged to water tables (ML)	0	0	0	0	40	0	0	0	40	0
Receiving water bodies	Calabazas stream		Calabazas stream		Calabazas stream		Calabazas stream		Calabazas stream	
Volume discharged in groundwater bodies (ML)	156	0	0	0	156	0	0	0	156	0
Receiving water bodies	Absorption wells		Absorption wells		Absorption wells		Absorption wells		Absorption wells	
Volume discharged in seawater bodies (ML)	0	0	983	0	983	0	0	0	983	0
Receiving water bodies	Pacific Ocean		Pacific Ocean		Pacific Ocean		Pacific Ocean		Pacific Ocean	
Total Water Discharge (ML)	196	0	983	0	1,179	0	0	0	1,179	0
Untreated (ML)	0	0	0	0	0	0	0	0	0	0
Primary treatment (ML)	4	0	983	0	987	0	0	0	987	0
Secondary treatment (ML)	40	0	0	0	40	0	0	0	40	0
Tertiary treatment (ML)	153	0	0	0	153	0	0	0	153	0
Third-party use of discharge water	No	No	No	No	No	No	N/A	N/A	No	No

Management and Performance in the Infrastructure Division

GRI 303-3, 303-5

The Infrastructure Division consumed a total volume of 3,942 ML of fresh water in 2020, with the Combined Cycle Power Plants in Nacozari, Sonora accounting for the most significant amounts, where we have reached a power generation ratio of 1,100 MWh/ML fresh water.

All of the fresh water our leased oil rigs consume comes from seawater, which is processed through desalination systems to prepare the water for human consumption and the drilling processes of our clients.

GRI 303-4

The industrial sites of the Infrastructure Division channel water discharge to two destinations, principally:

- Ground water bodies
- Seawater bodies

For the Oil business, we strictly comply with the international Marpol treaty, which prevents the pollution of ships in marine waters.

All water discharges comply with the quality required under Mexican regulations (NOM-001-SEMARNAT-1996). Our rigs operating in international waters are in compliance with the International Convention for the Prevention of Pollution from Ships (MARPOL).

	Infrastructure Division	
GRI 303-4 Water discharges in Megaliters (ML)	All zones	Water stress zones
Volume discharged at groundwater sites (ML)	573	0
Volume discharged in sea bodies (ML)	47	0



90% of the water consumed by the subsidiary México Compañía Constructora is recycled.

CASE OF SUCCESS

Oceans



The oceans are home to 80% of the biodiversity on our planet and they are the primary lung that supplies oxygen to all living things. The high anthropogenic impact associated with global economic activity threatens the stability of this ecosystem.



At perforadora México, we are aware of and committed to the growing global concern for the protection of the oceans. For this reason, for years, we undertook the task of re-evaluating the impact of our operations and adhering to more sustainable business models and international standards.



Today we have achieved that 100% of our active marine operations have environmental management systems certified by the international standard ISO-14001. At the national level, we have obtained the Clean Industry recognition from PROFEPA, as well as the Socially Responsible Company distinctive. With this, we consolidate our active commitment to the protection of marine ecosystems.



Perforadora México's Veracruz Lifting Platform in the Pacific Ocean, Mexico.

Management and Performance in the Transportation Division

GRI 303-3, 303-5


Water is not a material topic for the Transportation Division as water consumption in our operations is minimal.

Our Transportation Division consumed 414 ML of fresh water in 2020, used mostly for washing locomotives and trucks, and for cooling systems. See the performance tables for more details.



📷 Ferromex Locomotive, Mexico.



 Jaguar at the Environmental Management Unit, Buenavista del Cobre Unit, Mexico.

Biodiversity

Management Approach

GRI 103-1

Biological diversity is key to ecosystem balance. Grupo México seeks to contribute to the stability of these ecosystems in a shared effort with the rest of society. We are working to ensure that we have the least impact possible on the regions where we operate, particularly in zones with high biodiversity value. We have joined Goal 15 of the United Nations Sustainable Development Goals to sustainably manage the forests, combat desertification and revert the loss of biodiversity on our planet.

At Grupo México, we focus on all our projects and operations being developed responsibly, preventing, or minimizing when this is the case, adverse effects on ecosystems and biodiversity. Some of our operations are located near protected natural areas or zones with high biodiversity value, therefore sustainable biodiversity management at these sites is a priority, taking up the commitment to limit our operations in protected areas and maintain a more stringent environmental performance than is required by applicable laws and regulations.



We rely on biodiversity mitigation hierarchy, and we work to prevent, rescue, restore and compensate, in that order, these effects, as well as to achieve a net positive impact on the biodiversity of the sites where we maintain operations.

Among the effects that our mining, transportation and infrastructure operations could cause, are mainly the reduction in the availability of water, the fragmentation of ecosystems and the transformation of the landscape.

GRI 103-2 | SASB EM-MM-160a.1

Grupo México has an [Environmental Policy](#) that commits us to contribute to the protection and conservation of biodiversity and the environmental services that ecosystems provide us, in order to achieve a net positive impact. Therefore, we perform with a higher requirement than mere compliance with our regulatory obligations. We develop and maintain important projects to protect and conserve biodiversity with the participation of various actors, mainly environmental authorities and academic and research institutions.

Our actions seek to:



Prevent, mitigate and offset the environmental impacts of our operations through different measures, including the rescue and relocation of flora and fauna, the recovery and conservation of soils, and the restoration of ecosystems.



Develop landscape recovery and environmental restoration plans on the closure of our operations, through reforestation and different works to avoid soil erosion from wind and water.



Build a harmonious coexistence with protected natural areas and zones with high biodiversity value.

The Mining Division is working to achieve the 2022 corporate goals on biodiversity management:



1. Update the biodiversity baseline assessments for all Mining Division business units.

We are using the International Council on Mining and Metals (ICMM) Good Practices in Biodiversity Guide as a basis to prepare gap analyses to integrate biodiversity management at all our operations, through action plans to identify and monitor performance indicators and potential impacts, as well as actions to prevent, mitigate and offset these impacts.

These analyses have been started for our operations in Mexico and will begin for the United States and Peru operations in 2021.



2. Guarantee the production of five million trees per year and join efforts with reforestation organizations.

Tree production in 2020 was 4,350,363 due to issues related to the COVID-19 pandemic that affected the company's seven nurseries. Of the trees produced, 75% are native and there is a plan to produce endemic species and with protection status in increasing numbers in the coming years.



4,350,363 plants
produced during 2020.

Grupo México has an organizational structure to address biodiversity management efficiently at the local level by each operation, supervised by the Environmental Affairs department for each Division and in each country.

At the Mining Division level, biodiversity management is periodically reported to the Corporate Directorate for Sustainable Development. Additionally, information on environmental performance is presented quarterly to the Sustainable Development Committee, where all the senior executives of the company participate, including the President and Executive Vice President, and where strategies are designed to achieve the defined objectives. Additionally, water consumption and cost indicators are reported in the Board of Directors.

Grupo México has a Community Care Service that operates a detailed procedure for responding to grievances and comments on issues related to biodiversity, among others, received from our stakeholders and business partners.





GRI 103-3

Grupo México uses management and performance indicators that are reviewed through internal audits. These indicators include the following components:


- Reforested Areas
- Number and types of plants produced.
- Protected animal species

Once the plants have been planted, their survival is monitored, and reports are prepared for the environmental authorities (usually quarterly or every six months). After the third year of written reports, the environmental authorities conduct an inspection before releasing the reforested sites (as this is the timeframe for plants to reach approximately two meters in height and no longer require help to survive).

Additionally, our participative environmental monitoring involves representatives from the community and the authorities to verify, together, compliance with environmental regulations in the areas of influence of our operations. Independent of this, all operations and their environmental areas of influence are supervised regularly by the state environmental auditors.

Goals	Divisions Involved	2020 Performance	Performance Description
Update the biodiversity baseline analysis in all business units of the Mining Division		●	The baseline analysis began in the Mexican operations and will begin in 2021 for the United States and Peru operations.
Guarantee our tree production at 5 million copies per year and join efforts with the entities in charge of reforestation.	  	●	Tree production decreased to 4.3 million plants in 2020, due to difficulties caused by the Covid-19 pandemic to operate the company's seven nurseries. 296 hectares were reforested in our operations, and more than 1,900 hectares in 26 states of the Mexican Republic through the Mexicanos Sembrando program of Fundación Grupo Mexico



 Didactic Greenhouse, San Luis Potosi, Mexico.

Management and Performance in the Mining Division

Operational sites owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

GRI 304-1

Operational sites in or adjacent to protected areas and areas of high biodiversity value

GRI 304-1

Location of the site (state and municipality)

	La Caridad	Silver Bell	Mission	Ray	Hayden
Location of the site (state and municipality)	Nacozari de Garcia, Sonora.	Arizona, Pima County, Marana.	Arizona, Pima County, Sahuarita.	Arizona, Pinal County, Kearmy.	Arizona, Gila & Pinal Counties, Hayden and Winkelman.
Size of the site in ha (total dimension of the land under concession)	9,570	2,801	8,337	3,431	14
Physical specification of the site	Shallow lands	Shallow lands	Shallow lands	Shallow lands	Shallow lands
Total area of the mine physically altered by the mine activity, in ha	1,485	929	6,761	346	14
Biodiversity mapping and assessment in the last five years	Yes	No	No	No	No
Position of the site in relation to a protected 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 impacted	Area of great value for biodiversity	Protected area	Protected area	Protected area	Protected area
Name of the high biodiversity or protected area	* Bavispe	* Ironwood Forest National Monument	* Pima pineapple cactus restrictive pact Conservation area	* Gila river area	* Gila river area
Type of operation that causes the impact	Extraction	Extraction	Extraction	Extraction	Extraction
Biodiversity value of the protected area	Terrestrial ecosystem	Terrestrial ecosystem	Terrestrial ecosystem	Terrestrial ecosystem	Terrestrial ecosystem
Status of protected species	National regulations	UICN List	UICN List	UICN List	UICN List
Site has a biodiversity management plan	Yes	In planning	In planning	In planning	In planning

* For the purposes of this disclosure, "near or adjacent" is defined as within 5 kilometers of a protected area.

Each year, we strive to lower our impact on zones classified as high biodiversity value. Given the nature of our operations and their effects on the surrounding environment, we are implementing an environmental management system that seeks to minimize our impacts on ecosystems. Some of our operations are situated adjacent to protected natural areas, listed below:



📷 Ite Wetland restored in collaboration with SPCC, Tacna, Peru.

Significant impacts of activities, products and services on biodiversity

GRI 304-2

In the Mining Division, we are aware of the nature of the significant direct and indirect impacts on biodiversity, regarding each of our operations. For this reason, we implement actions that allow the reduction of these impacts, actions that are described below:

Type of impact	Actions to address significant impacts
Construction or use of mine processing plants	An environmental impact assessment is prepared for and prior to all mine projects, and includes actions to maintain the biodiversity and preserve ecosystems, establishing mitigation, offsetting and restoration measures. We also plan for the rehabilitation of sites at the end of their useful life, among other measures and actions.
Reduction of species	Rescue, relocation and monitoring activities are carried out to prevent the reduction of species, using known animal paths and creating biological corridors. We also clear vegetation or sediment, with limited disturbance.
Habitat transformation	There are mitigation measures in place for all our mine activities, which elevate the level of resilience to maintain the integrity of the biodiversity. Mitigation or offsetting measures are defined according to the specific requirements and needs to maintain the biodiversity and the local ecosystems.
Relevant species identified	We have identified species at our operations with different levels of vulnerability, according to the national regulations and the IUCN Red List, which we continually monitor and protect in accordance with regulation.
Dimension of the zones that have been impacted	A total of 31,607 ha have been identified as impacted as a result of our activities in 2020.
Duration of the impacts	Temporary and definitive (pits).
Reversibility or irreversibility of the impacts	The impacts are reversible. A series of mitigation, offsetting, restoration and reforestation measures to ensure reversibility.

Habitats protected or restored

GRI 304-3

One of Grupo México’s environmental programs is that of reforestation, for its promotion it has been necessary to increase the tree production capacity in our nurseries and greenhouses. Part of the reforestation projects that the Mining Division carries out is in conjunction with Grupo México’s Foundation, which donates plants to various civil society organizations, which are used to reforest various areas; Other reforestation projects are developed in a coordinated manner with the authorities, mainly for the definition of lands to be reforested. It should be noted that, during 2020, restoration actions were carried out consisting of the execution of works for soil conservation, water catchment and reforestation in 333 ha.



📷 Reforestation Greenhouse, Buenavista del Cobre Unit, Mexico.

Habitats protected or restored GRI 304-3	MM			SPCC		
	Buenavista del Cobre	La Caridad	METCO	Nueva Rosita	Toquepala	Cuajone
Name of the habitat protected or restored	South power substation and Landfill, type C mine BVC	La Caridad Properties	METCO properties	"La Conquista", "Conquista Poniente" and "La Lavadora" pits	Toquepala Forestation	Cuajone Forestation
Total area reforested in ha	7	206	10	107	0.4	2
Total specimens reforested	8,954	206,000	11,000	108,000	600	800
Reforestation technique implemented	Common strain in staggered arrangement	Common strain in framework pattern	Common strain in framework pattern	Common strain and individual terracing	Nursery propagation	Nursery propagation

IUCN Red List species and national conservation list species with habitats in areas affected by operations

GRI 304-4

In terms of biodiversity, we actively participate in the rescue of flora and fauna that approach our facilities, as well as in the conservation and reproduction of species classified in some risk category, for which we also work on the regeneration of their habitats.

IUCN Red List species and national conservation list species with habitats in areas affected by operations
GRI 304-4

Mining Division (MM)

IUCN Red List classification	Mexico	Peru	SCC	USA	Total MIN
Near threatened	12	4	16	0	16
Data deficient	3	0	3	0	3
Endangered	0	2	2	0	2
Low concern	541	157	698	4	702
Uncategorized	104	0	104	0	104
Vulnerable	3	4	7	0	7

National Lists	NOM-059 SEMARNAT-2010	Supreme Decree 004-2014 y 046-2006	SCC	Endangered Species Act - ESA	Total MIN
Threatened	59	3	62	2	64
In danger of extinction	14	5	19	3	22
Probably extinct in the wild	6	13	19	0	19
Uncategorized	533	6	539	0	539
Subject to special protection	84	0	84	0	84

Sites identified requiring biodiversity management plans

MM2

The actions of Grupo México in this area are aimed at preventing, reducing, restoring and offsetting the environmental impacts of our activities according to the mitigation hierarchy for biodiversity.

In 2020, we completed a diagnostic on the biodiversity management at the operations of our Mining Division in Mexico, following the best practices outlined in the ICMM Good Practices Guide for Mining and Biodiversity. This diagnostic will serve as a base for the biodiversity management plans for each operation as it identifies not only the characteristics of the ecosystems near our sites, but also opportunities for the company to promote positive impacts on biodiversity.

SUCCESS STORY

To the rescue of the Mexican gray wolf

The Mexican gray wolf (*Canis lupus baileyi*) has a function that is fundamental to maintain the balance of the ecosystems in which it inhabits, since it regulates the populations of other species and thus contributes to maintaining biological diversity.

Until the first half of the last century, the Mexican gray wolf inhabited the wild areas of Arizona, New Mexico and Texas in the United States; and in the Western and Eastern Mother Sierras of Mexico, up to the neo-volcanic axis in the center of the country. After a strong eradication campaign in the first half of the 20th century, the Mexican gray wolf practically disappeared in its free life and was declared probably extinct.

Aware of the environmental repercussions generated by this situation, and in accordance with the objective of sustainable development number 15 of the United Nations: the life of terrestrial ecosystems, Grupo México adopted since 2011 the Mexican gray wolf as the insignia of the Unit for the Conservation, Management and Sustainable Use of Wildlife (UMA) of Buenavista del Cobre, in Cananea, Sonora. This UMA has among its objectives to contribute to the recovery of this species through the reintroduction of specimens in their natural habitat.

To date, our UMA has housed 51 specimens of the Mexican wolf and has achieved the birth of 23 puppies in its facilities. In a coordinated effort with the Mexican and United States authorities through the Binational Mexican Wolf Recovery Program, 25 specimens have been reintroduced in sites where this species originally inhabited.

With this important contribution of Grupo México to the conservation efforts of the species, the Mexican Gray Wolf has recently moved from the category “Probably extinct in the wild” to that of “Endangered”, reaffirming the company’s commitment with the protection of biodiversity.



 Mexican wolf in the Environmental Management Unit, Buenavista del Cobre Unit, Mexico.

Performance and Management in the Infrastructure Division

SASB IF-EN-160a.2

The Infrastructure Division recognizes that flora and fauna play a fundamental role in the fight against climate change, providing what are known as ecosystem services, for example recharging waterbodies, climate regulation and pollination. In this regard, we actively promote environmental responsibility and compliance under national and international standards.

Specifically, the impacts of the Infrastructure Division on biodiversity are associated with the construction processes for our power plants, wind farms and highways, which are regulated by the environmental impact statements issued by the environmental authorities. These impacts are mitigated or offset through flora and fauna rescue programs, or the reforestation required by the authorities as measures for each project.

Operational sites owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

GRI 304-1

The Grupo México Infrastructure Division has more than 20 operational sites, most of which are located outside of natural protected areas or with limited development of flora and fauna of interest to biodiversity conservation.

- **La Caridad power plant:** Located in a land ecosystem situated in the West Sierra Madre, 20 km from the Sierra de Ajos, Buenos Aires and Purica natural protected areas, and classified as a national forest reserve.
- **Oil, Ciudad del Carmen, Campeche:** The site of our subsidiary Perforadora de México is located near the “Laguna de Terminos” protected wildlife area. It is important to note that we only conduct administrative activities at this site.
- **Highways:** Located in the state of Guanajuato, outside the cities of Leon, Silao and Irapuato. The sites are mostly situated in farming areas, where the soil has been changed. The closest protected area is 30 km away and is the “Cerro del Cubilete”. The highway and bypass projects do not invade or affect protected areas.



📷 La Caridad Combined Cycle Plant, Nacozari, Mexico.

Significant impacts of activities, products and services on biodiversity

GRI 304-2

No damage to ecosystems caused by the land or offshore activities of the Infrastructure Division was reported in 2020. We met our environmental commitments with the authorities, and we developed initiatives to care for species of flora and fauna to improve the ecosystems.

In the case of marine ecosystems, our oil rigs are International Oil Pollution Prevention certified, which validates the integrity of the facilities to prevent damages such as leaks or wastewater contamination, resulting in negative effects on biodiversity.

Habitats protected or restored

GRI 304-3

We restored three sites in 2020:

- **Combined cycle power plant, Nacozari, Sonora:** 600 oak trees were planted around the plant. This initiative is voluntary and arose from our concern and commitment to the ecosystems and the community. Our inventory since the start of the project is 1,283 specimens of 11 different native species, which receive constant care. Their survival rate is 95%. In parallel, we are working on the reproduction of walnut and peach trees using agroforestry techniques. The goal is to improve the ecosystems

in the area and to reuse water from the industrial process, as these species are watered with treated water. The quality of this treated water meets strict compliance with Mexican regulations in terms of contaminants, giving a second use to this resource.

- **Carmen Sector, Ciudad del Carmen, Campeche:** We are working on a Coastal Dune Soil Conservation and Reforestation Program in a migratory bird nesting area. This program is based on the environmental impact statement for the maintenance of the Sonora Jack-Up Rig and will reforest two hectares. Fifty specimens of the *Coccoloba uvifera*, also known as sea grape, were planted in 2019 and the indicators show a 97% survival rate. It is important to note that this species has a high biodiversity value as an endemic species. With this project, our subsidiary Perforadora de México is meeting its commitment to the environment and the community, in collaboration with the city of Ciudad del Carmen and the Mexican Department of Natural Resources.
- **Silao Bypass, Silao, Guanajuato:** Derived from the Environmental impact manifesto of the Northeast Arch of Silao, Section II, Sub Section b, during 2020, 2,882 individuals of 6 different typical species of the locality were reforested, achieving a cumulative total of 11,383 individuals, with a minimum percentage of 80% survival.

Species	Common Name	Quantity
<i>Prosopis laevigata</i>	Mesquite	3,853
<i>Eysenhardtia polystachya</i>	Kidneywood	854
<i>Agave ferox</i>	Agave	440
<i>Bursera schlechtendallii</i>	Copal	2,523
<i>Opuntia streptacantha</i>	Prickly pear	3,443
<i>Ipomoea murucoides</i>	Morning glory	47
Total		11,383

Reforestation was carried out along the Bypass right of way with a length of 8.2 km, with this, the subsidiary Autopista is committed to caring for the environment. During 2020, we planted 2,882 new elements in the Silao Bypass area, where internal personnel actively participate in the care of the species.

During 2020, no damage to ecosystems derived from land or marine operations was identified.



 Mexican gray wolf.

IUCN Red List species and national conservation list species with habitats in areas affected by operations

GRI 304-4

Most of the species protected by the Infrastructure Division are classified as low concern, with only two species that could present a higher vulnerability.

IUCN Red List species and national conservation list species with habitats in areas affected by operations

GRI 304-4

NOM-059
SEMARNAT-2019

Category of risk	Mexico
Critically endangered	0
Endangered	0
Vulnerable	2
Nearly threatened	6
Low concern	10
Total	18

Management and Performance in the Transportation Division

GRI 304-1, 304-2

The primary business of the Transportation Division is to transport freight by rail, which, unlike other Grupo México operations, does not have the same disruptive effect on the ecosystems with which we interact. Although infrastructure works require environmental impact assessments, in the context of rail transportation, the effect on the ecosystems is minimal. The matrix of material topics for the railroad transportation industry issued by the Sustainability Accounting Standards Board (SASB) do not mark biodiversity as a material topic for the sector as a whole, therefore impacts on biodiversity are not a material topic for the Grupo México Transportation Division.

GMXT acquired the control and operation of the railway in 1998 under concession. Almost all of the railroad network in Mexico was built in the 19th and 20th centuries, with the most significant impacts on biodiversity and high ecological value zones occurring during that time. The concessionaires have built no new rail lines since 1998, as stipulated in Mexican law, as the concessionaires do not have this authority, which means there has been no expansion of the network.

Regarding effects on soil, vegetation and water systems, the railroad infrastructure currently represents no significant impact as the ecosystems and the regions where the railway was built were impacted more than 100 years ago.

There is no vegetation growth in the right of way, as this is required to be cleared and controlled for safety reasons. The soil that could have formed naturally in the right of way was impacted a long time ago with the construction of the rail lines when the soil that had been there was stripped. In terms of water, the railroad infrastructure has filtering systems that have been in place for a hundred years, which means the rains can filter through to the subsoil without affecting the water cycle.



📷 Ferromex Railway, Mexico.



📷 Ferromex locomotive, Mexico.

Taking this into account, the operations of the Transportation Division have no negative impacts on the environmental services provided by the ecosystems. The GMXT railroad network does not negatively affect the environmental services of support, supply, provision, culture and regulation provided by the ecosystems through which we pass.

The operations of the Transportation Division are not generally located in areas with high biodiversity value, with the exception of tracks that cross some zones that were declared protected after the construction of the railway system. These zones are mostly located in the states of Coahuila, Colima, Sinaloa, Sonora and Veracruz. When our operations could impact the biodiversity, on crossing zones declared protected, we comply with all environmental requirements in the design, construction and operation of works, in addition to having monitoring mechanisms in place for clearing vegetation and soil compaction and erosion.

The Transportation Division always adopts environmental best practices and in 2020, we maintained Environmental Quality certification at our mechanic shops and fueling zones under the National Environmental Audit program.

We make every effort to ensure the impacts on the environment (biodiversity, soil, water, air) from our activities and operations are reduced to the minimum possible. Although we have no significant impacts on biodiversity, our management approach is based on protecting and caring for the environment under a perspective of sustainability, meeting the needs of today without compromising those of the generations to come.



📷 Tailings dam in La Caridad, Sonora, Mexico.

Waste

Management approach

GRI 103-1

Responsible waste management is a fundamental part of our sustainable development strategy. Grupo México has adopted UN Sustainable Development Goal 12, which focuses on reducing the waste produced and promoting reuse and repurposing.

We encourage comprehensive management and prevention of non-hazardous solid waste, waste requiring special handling and hazardous waste, complying with all rules and regulations. In this regard, we apply the principles of circular economy by identifying opportunities and risks that would support waste prevention, and accordingly, the mitigation and control of the risks associated with handling waste.

At Grupo Mexico we promote the comprehensive management of non-hazardous, special handling and hazardous waste.

Given the nature of our operation, our mine activities generate the most waste. Mine waste is produced by the extraction and processing of ore and can potentially produce acid drainage and contain some metals in concentrations that would require special handling and disposal to prevent impacts on the environment. Our mine operations also tend to disturb large areas of land that need to be reintegrated into the natural landscape. We therefore ensure the design, construction, operation, closure and post-closure of mine waste management infrastructure meets all environmental regulations.

As a result of our company processes and the services we offer our customers, most of the waste produced by the Infrastructure Division is sewer sludge associated with our wastewater treatment processes at our production sites. It should be noted that this sludge does not become waste as it is passed through a stabilization process and resulting organic matter serves as compost. Another waste present in our processes is lubricant oils. We are continually looking for activities where this waste can be reused, in compliance with current regulations.

Waste is not a material topic for our Transportation Division. However, we manage waste as a priority in environmental compliance. Our operations are considered small producers of hazardous waste by the environmental authorities. The Transportation Division does not generate significant waste requiring special handling.

GRI 103-2

The Grupo México environmental policy requires us to minimize the environmental impacts caused by the waste produced at all our operations.

We incorporate best practices in waste management through the following actions:



The comprehensive and sustainable management of waste at our operations combines collection methods, separation systems, recovery and use, for which we have implemented management plans. We have organized different awareness campaigns on the correct segregation of waste to reinforce these issues.

Our commitments are:



Prioritize waste prevention or minimization above all other alternatives.



Recover or improve land use on closing operations.



Minimize the environmental risks associated with our operations.



Ensure our sites are safe, post-closure.



Provide clear and transparent information on our tailing's deposits to our stakeholders.

Mining Division

Our 2022 corporate goals in sustainable waste management are:

1. Steadily increase the proportion of waste we integrate into cycles of reuse and recycling.

We are identifying and implementing actions to extend the useful life of the materials and products we use. In the area of mine waste, we are exploring alternatives for using tailings and overburden as fill for underground mines, smelter slag for metal recovery, tailings deposits for urban solid waste sites (landfills), and tailings in techno soils to restore degraded areas.

2. Develop plans to respond to environmental liabilities.

We have conducted an exercise to identify the environmental liabilities of the Mining Division in Mexico, on which we have established priorities and concrete plans for their remedation and restoration.

3. Allocate the necessary resources for closures and for managing environmental liabilities.

In adherence of international best practices, we have identified all our sites that have closure requirements and we have allocated the reserves necessary to ensure these sites will present no potential environmental risk at the end of their useful life. We will update this information regularly and to explore improving the reserve estimates.



📷 Tailings dam, Buenavista del Cobre Unit, Mexico.

4. Have emergency response plans for tailings systems at all our sites.

The commitments laid out in our General Tailings Systems Policy include preparing emergency response plans for all our sites that have tailings systems.

Our sustainable waste management at our Mining Division is built on three pillars:

Safe handling of tailings and waste.

Which is covered by our General Tailings Systems Policy, incorporating international best practices in handling and preventing accidents and setting the obligation to prioritize (as possible) the construction of tailings deposits using the downstream method; the use of borrow materials for the construction of screens; ongoing and independent monitoring of the performance of these, and emergency preparedness and response. The policy also defines the obligation for all our tailings systems to have an Operating, Maintenance and Supervision Manual, and a Closure Plan. The most recent inventory (2019) reports AMC has 11 active tailings deposits.

Safe closure of mine waste deposits.

Where we ensure the physical and chemical stability of these deposits, taking into account environmental and social considerations to reintegrate the lands into the local ecosystems, ensuring their compatibility with future use and in harmony with the interests of the nearby communities. Grupo México is committed to building a sustainable social legacy for the environment and for the generations to come, through our Community Development model (for more information about this model, see the chapter on Local Communities).

Application of the priorities for handling non-mining waste: prevent, reduce, reuse and recycle, in this order and as feasible.

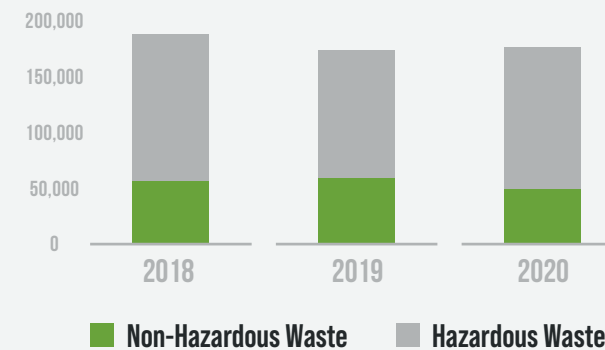
Seeks the best management of waste to prevent harmful substances from being released into the environment, and promote reuse or recycling, according to the hierarchy for handling our non-mining waste.

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.

Performance is reported in the sustainable development committees that are held each quarter. All the senior executives of the company participate in them, including the President and Executive Vice President, and where strategies are designed to achieve the defined objectives.

Waste generation (ton) – Grupo México¹



¹ The historic statistic for the waste generated has been adjusted to report the wastewater generated at the Amarillo refinery, which is considered hazardous waste and is disposed of by well injection. The graphic does not show the historic generation of mine waste. For this detail, see the section on Mining Division Mine Waste in this chapter.

2020 Performance

GRI 306-2, 306-3 | SASB EM-MM-150a.1

	Mining Division								Transportation Division								Division Infrastructure		Grupo México	
	Mexico		Peru		SCC		USA		Min		Mexico		USA		Tra		Inf		Total GM	
GRI 306-2 Waste by type and disposal method (ton)																				
	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	385	111	0	276	385	387	30	0	414	387	0	0	0	0	0	0	0	0	0	0
Recycling	8,989	1,981	98	1,761	9,087	3,743	2,498	0	11,585	3,743	0	0	0	0	0	0	265	253	11,850	3,996
Composting	1,640	0	287	0	1,927	0	0	0	1,927	0	0	0	0	0	0	0	5,777	0	7,704	0
Repurposing or Restoration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale	4,131	87	5,984	602	10,115	690	0	0	10,115	690	0	0	0	0	0	0	0	0	10,115	690
Other	2,833	299	3,317	0	6,149	299	0	0	6,149	299	0	0	0	0	0	0	0	0	6,149	299
Total resource recovery waste generated (ton)	17,978	2,479	9,686	2,640	27,663	5,119	2,528	0	30,191	5,119	0	0	0	0	0	0	6,042	253	36,233	5,372
Waste sent for final disposal																				
Incineration with energy recovery	0	133	0	0	0	133	24	0	24	133	0	0	0	0	0	0	0	114	24	247
Incineration without energy recovery	0	0	0	7	0	7	1	0	1	7	0	0	0	0	0	0	0	4	1	11
Sent to disposal sites or confinement	863	79	6,163	1,127	7,026	1,206	1,326	47	8,351	1,253	0	1,303	0	2,026	0	3,329	100	58	8,452	4,640
Sent to uncontrolled landfills	89	0	3,007	0	3,096	0	0	0	3,096	0	0	0	0	0	0	0	0	0	3,096	0
Well injection	0	0	0	0	0	0	0	114,987	0	114,987	0	0	0	0	0	0	0	0	0	114,987
Other	3,874	1,643	0	0	3,874	1,643	0	0	3,874	1,643	0	0	0	0	0	0	0	0	3,874	1,643
Total waste sent for final disposal generated (ton)	4,826	1,855	9,170	1,133	13,996	2,988	1,351	115,034	15,347	118,022	0	1,303	0	2,026	0	3,329	100	176	15,447	122,527
Total waste generated (ton)	22,804	4,334	18,855	3,773	41,659	8,107	3,879	115,034	45,538	123,141	0	1,303	0	2,026*	0	3,329*	6,142	429	51,680	126,899*
GRI 306-3 Significant spills																				
Number of events	0		0		0		0		0		3		0		3		0		3	
Total volume spilled (ML)	0		0		0		0		0		0.2		0		0.2		0		0.2	

* The amount of waste reported by the Transport Division only considers the total solid waste (ton) generated. Additionally, there is a record of 98m³ of spent oil, filters and other hazardous waste reported by the subsidiaries in the United States; which are not reported in the table because they are reported in units of volume (m³) and not mass (ton).



📷 Urban solid landfill, Buenavista del Cobre Unit, Mexico.



In 2020, 4% of the hazardous waste and 66% of the non-hazardous

waste generated were destined for a recovery process by third parties.

Management and Performance in the Mining Division

We produced 123,141 tons of non-mining hazardous waste in 2020, 4% of which was recovered by third parties. The processed water at our Amarillo refinery is considered a hazardous waste by local regulations and accounts for 93% of this hazardous waste. The Amarillo refinery has an Underground Injection Control (UIC) federal permit administered by the Texas Commission on Environmental Quality, which allows wastewater to be injected into injection wells at a depth that will not affect the water tables.

Regarding the generation of non-hazardous waste, in 2020 we generated 45,538 tons, within which special handling wastes are counted, highlighting that more than 66% were destined to a recovery process in our facilities and by our business partners. It should be noted that, in compliance with the comprehensive management of waste that the Mining Division has promised to provide, in September, our Buenavista del Cobre mining unit began operations of a sanitary landfill, which will allow the disposal of solid urban waste, and will improve the waste management performance of this mining complex. This sanitary landfill was designed and built-in accordance with the specifications of the Mexican national regulations and has a surface area of four hectares.

With these actions, Grupo Mexico reaffirms its responsibility to design facilities that allow the implementation of better environmental practices and controls to avoid damage to the environment.

Additionally, we actively verify that the suppliers who are in charge of the handling, transport and final disposal service of the waste have the necessary authorizations for the transport of the same. This requirement is contractually established and is followed up through the manifests generated.

Spills²

GRI 306-3

We have emergency response plans in place to address accidental spills. These plans are activated immediately to reduce the impact of the spill. During 2020, no significant spill was reported at any Mining Division site.

In 2020, our Buenavista del Cobre mining unit began operations of a sanitary landfill to provide adequate disposal of the urban solid waste produced within the mining complex.

² Although there is no fixed definition for this term, we consider significant spill to be any over 1 m³ or 1,000 pounds that would affect water bodies or soils outside the business unit.

Mine waste

MM3

Corporate goals in mining waste

2022 Goals	Status	Performance
Implement a policy and standards for a safe management of mine waste deposits.	✓	A monitoring system for the provisions of the Policy was implemented for all the active tailings dams of the Mining Division, so this goal was achieved.
Update the safety assessment for all operating mine waste deposits.	●	We will begin safety assessments for the operations pending in the United States in 2021.
Standardize the Operation, Maintenance and Monitoring Manuals for all mine waste deposits.	●	We have started a process to unify the manuals for all the operations in Mexico.

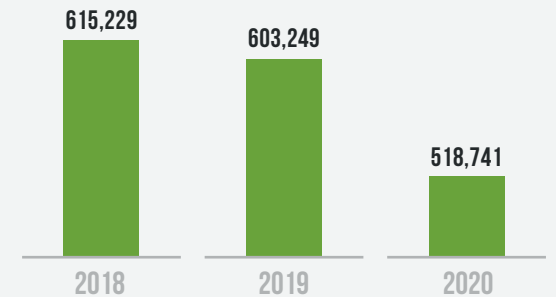
Safety is a fundamental pillar in our sustainable management. Our General Tailings Systems Management Policy adopts international best practices in handling and preventing accidents, and states that priority will be given (as possible) to constructing tailings deposits using the downstream method; the use of borrow materials for the construction of screens; ongoing and independent monitoring of the performance of these, and emergency preparedness and response. The policy also defines the obligation for all our tailings systems to have an Operating, Maintenance and Supervision Manual, and a Closure Plan. In 2020, 85% of the tailings generated were managed at downstream tailings dams.

Most of the waste the Mining Division produces is classified as high-volume mine waste, which is characterized as inert or posing a minimum risk to the environment.

We generated 518,740,783 tons of mine waste in 2020, a large portion of which (60%) was rock waste, which has a minimal effect on the environment. Each property manager is responsible for managing the mine waste their sites produce. At the corporate level, the Sustainable Development Department supervises and monitors that mine waste is managed properly.

Mine waste is disposed of in situ at company sites, at overburden and slag heaps and tailings dams. These are infrastructure and engineering works that meet the design and operating requirements set by environmental regulations to confine waste in stable geological formations.

Mine Waste Generate (Thousand of ton) 2018-2020



	Mining Division (MIN) 2020				
	Mexico	Peru	SCC	USA	Total MIN
Slag and other smelter and refinery waste	759,970	936,821	1,696,792	0	1,696,792
Rock waste and overburden	87,742,100	174,274,000	262,016,100	52,056,000	314,072,100
Tailings	110,021,747	68,440,563	178,462,310	24,509,581	202,971,891
Total mine waste generated (ton)	198,523,817	243,651,384	442,175,202	76,565,581	518,740,783

In relation to the usage of generated mining waste:

- Slag with a high iron content can be used by third parties for metal recovery.
- Overburden that is not suitable for acid drainage can be used at the site to build or reinforce slopes and to line tailings dams, among other uses. At underground mines, overburden can be used as a filler for empty spaces, to improve stability. It is costly to move this waste, therefore it tends to be used on site.

Materials used

GRI 301-1

The Mining Division uses a large amount of input in our operations, the principal materials being fuel, electricity and water. We use natural gas to a lesser extent as a fuel for boilers and generators, and for the metallurgical processes at our processing operations, and diesel and gasoline as fuel for mine equipment. We use water, grinding balls and some chemicals in our ore processing, as well as explosives for blasting.


The following materials were used at our Mining Division business units in 2020:


 **Natural gas**
4,359,107 MMBTU

 **Fresh water⁴**
113,511 ML

 **Fuels³**
454,569,274 L

 **Grinding balls and rods**
183,752 ton


 **Electricity**
7,368,158 MWh

 **Explosives**
186,105 ton

³ Includes diesel, gasoline and other fuels.

⁴ Includes surface, ground and third-party water. Does not include the consumption by 2 mines in the United States as this information is not available.



 Central Warehouse, Ilo Unit, Peru.

Management and Performance in the Infrastructure Division

The Infrastructure Division ensures our more than 20 sites are in compliance with all laws and regulations on waste and waste management. The waste produced in 2020 was managed comprehensively, encouraging repurposing, separation, recycling and any other method to enable waste recovery. In the particular case of the Infrastructure Division, the amount of waste generated depends on the number of projects and their size. We also promote best practices among our contractors and business partners.

We generated 429 tons of hazardous waste in 2020, 59% of which was sent for recovery, in adherence of our comprehensive waste management approach and leading us to a more sustainable operation.

In 2020, 82% of the hazardous waste were repurposed by other industrial chains, being used as a raw material by other users.

Most of the non-hazardous waste (or also referred to as waste requiring special handling) the Infrastructure Division generates is produced by the water treatment process at the La Caridad combined cycle power plant, with 5,777 tons per year, 98% of which was recovered, affirming the commitment of our Infrastructure Division to developing a circular economy for the materials we use.

Its transport, use or final disposal in controlled confinement is carried out by a third-party specialist, recognized by the authority.

CASE OF SUCCESS

Less paper, more trees.

Without doubt, digitalization has provided us with tools to communicate globally and to adapt to our changing environment. The company started to migrate to electronic systems for our processes and information several years ago. Today, 90% of our procurement processes and payments are digital and more efficient, supporting our commitment to going paperless, reducing our paper usage by 3.53 tons per year. With actions like these, the Infrastructure Division is reducing waste or incorporating waste into new productive chains, building virtuous circles that help to protect the environment.

During 2020, none of our operations presented any type of significant spill.



Fuel Station, Cadereyta, Mexico.

Spills

GRI 306-3

The Infrastructure Division operates under environmental management standards, which prevent potential spills at our industrial sites. As part of these standards, we train personnel on the use and handling of hazardous waste and substances each year, including sharing plans to reduce this waste. We also regularly inspect our facilities to prevent any type of spill that would pose a threat to the ecosystems or to our neighboring communities. As a result, none of our operations reported any significant spill in 2020.

Materials used


GRI 301-1

The Infrastructure Division depends on various inputs to guarantee the operation of the six different lines of business. As a summary, the materials with the highest consumption during 2020 are presented:


 **Diesel**
13,701,680.65 L


 **Natural gas**
684,165,732 m³

 **PG76-22 Grade modified asphalt**
6,126,130 kg

 **Ocean diesel**
1,980,011 L

 **High-octane gasoline**
985,814.34 L

 **23% Aluminum chloralhydrate**
1,090,000 kg

 **Overburden**
640,232 m³

Management and Performance in the Transportation Division

In the Transportation Division, we manage waste in accordance with regulations, including its handling, storage and shipment for recycling or final disposal. We generate 3,329 tons and 98m³ of hazardous waste, for which we keep strict control.

Spills

GRI 306-3 | SASB TR-RA-540a.2

In relation to spill events that could occur as a consequence of rail accidents, we have a set of mechanisms to prevent and act in this regard, including those incidents involving dangerous chemical substances.

In the Transportation Division we have a protocol for action in the event of a chemical spill, which is structured as follows:

Prevention

The prevention actions the Safety Committee will take are defined.



Response

The Contingency Plan is activated on the occurrence of a chemical incident.



Remediation

With the emergency under control, the track is reported as clear and the damages to the line and surrounding areas are surveyed. The damages to equipment and infrastructure are assessed and quantified, as well as the environmental restoration that may be required.




Tender with Liquefied Natural Gas for hybrid locomotives, Ferromex, Mexico.

However, in 2020 three significant spill events were reported to the environmental authority, with a total volume of 0.2 ML of fuels. There were no non-accidental spills.

We responded immediately to these events and took corrective actions, sending the spilled product and the contaminated soil for final disposal by certified third parties and cleaning the site fully. None of these events had a significant impact on the environment or the soil and were considered low severity.



 Panoramic view of Buenavista del Cobre in Cananea, Sonora, Mexico.



External Verification Letter



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Independent assurance report on the 2020 Sustainable Development Report to Grupo México, S.A.B. de C.V., to the Management of Grupo México.

Responsibilities of Grupo México and independent reviewer

The Management of Grupo México is responsible for the elaboration of the 2020 Sustainable Development Report (SDR) for the period from January 1st to December 31st, 2020, as well as ensuring its content, definition, adaptation and maintenance of the management systems and internal control from which the information is obtained, and which is also free of material misstatement due to fraud or error. Our responsibility is to issue an independent report based on the procedures applied during our review.

This report has been prepared exclusively in the interest of Grupo México in accordance with the terms of our agreement letter dated April 30th, 2019, therefore we do not assume any responsibility to third parties and is not intended to be nor should it be used by someone other than the Management of Grupo México.

Scope of our work

The scope of our assurance was limited which is substantially lower than a reasonable assurance scope, therefore the assurance provided is also lower. This report in no case can be understood as an audit report.

We conducted the 2020 SDR review under the following conditions and/or criteria:

- a) The review of the GRI Standards disclosures in accordance with the reporting requirements as specified in the GRI Content Index of the 2020 SDR.
- b) The data consistency between the information included in the 2020 SDR with supporting evidence provided by the Management.

We have complied with the independence and ethics requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) based on integrity, objectivity, professional competence and due care, confidentiality and professional behavior principles.

Assurance standards and procedures

We have performed our work in accordance with the International Auditing Standard ISAE 3000 Revised Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Boards (IAASB) of International Federation of Accountants (IFAC).

Our review work included the formulation of questions to the Management as well as various departments of Grupo México that have participated in the elaboration of the 2020 SDR and the application of certain analytical and sample screening tests procedures described below:

- a) Meetings with staff of Grupo México to learn the principles, systems and applied management approaches.
- b) Analysis of the process to collect, validate and consolidate the data presented in the 2020 SDR.
- c) Analysis of scope, relevance and integrity of the information included in the 2020 SDR in terms of the understanding of Grupo México and of the requirements that stakeholders have identified as material issues.
- d) Selected sample review from the evidence that supports the information included on the 2020 SDR.
- e) Quality assurance by an independent partner of the project to verify consistency between this report and the proposal, as well as work process quality and deliverables.

The following table details the revised contents according to the GRI Sustainability Reporting Standards Guideline:

102-15	102-17	102-41	204-1	205-1	205-2	205-3	301-1
302-1	302-2	303-1	303-2	303-3	303-4	303-5	304-1
304-2	304-3	305-1	305-2	305-3	305-5	306-2	306-3
401-1	403-2	403-4	403-9	403-10	404-1	412-2	413-1
MM3	MM4	MM5	MM6				

These indicators were selected for the independent review in accordance with the following criteria:

- a) Materiality of Grupo México referred in the 2020 SDR.
- b) Information contained in the 2020 SDR.
- c) Information provided during the meetings and site visits with the interviewed staff.
- d) Review of the evidence provided by Grupo México staff of this project.

Conclusion

Based on our work described in this report, the performed procedures and the evidence obtained, nothing comes to our attention that could make us believe that the indicators and disclosures reviewed in the 2020 SR contain significant errors or have not been prepared in accordance with the reporting requirements established in the GRI Standards. For those GRI Standards disclosures and indicators of the Disclosure Sector where Grupo México did not report in quantitative terms (numeric) the independent reviewer reviewed the qualitative information, which includes procedures, policies, evidence of the activities performed, among others.

Action alternatives

Deloitte has provided Grupo México a report with the most significant action alternatives for future reporting, which do not modify the conclusions expressed in this independent review report.

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Deloitte Asesoría en Riesgos, S.C.

Deloitte Touche Tohmatsu Limited affiliated Firm


 Rocío Canal Garrido
 Partner of Deloitte Asesoría en Riesgos, S.C.
 August 4th, 2021



📷 Cananea, Sonora, Mexico.

GRI Disclosure Index



Section	GRI	Description	Global Compact Principles	External Verification	Chapter	Additional Notes
GRI 102: GENERAL DISCLOSURES 2016						
Organizational Profile	102-1	Name of the 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 the 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 its supply chain in 2020.
	102-11	Precautionary principle or approach			Sustainability Risk Management	
	102-12	External initiatives			Stakeholder Engagement	
	102-13	Membership 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 Material 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 México Ethics and integrity	
	102-17	Mechanisms for advice and concerns about ethics	Principles 1, 2, 10	✓	Ethics and integrity	
Governance	102-18	Governance structure				
	102-19	Delegating authority			Corporate Governance	
	102-20	Executive-level responsibility for economic, environmental and social topics				

Section	GRI	Description	Global Compact Principles	External Verification	Chapter	Additional Notes
GRI 102: GENERAL DISCLOSURES 2016						
Governance	102-22	Composition of the highest governance body and its committees				
	102-23	Chair of the highest governance body				
	102-24	Nominating and selecting the highest governance body				
	102-26	Role of the highest governance body in setting purpose, values and strategy	Principles 7, 8			
	102-29	Identifying and managing economic, environmental and social impacts	Principles 1, 2, 6, 7, 8, 9, 10		Corporate Governance	
	102-30	Effectiveness of risk management processes	Principles 1, 2, 6, 7, 8, 9, 10			
	102-31	Review if economic, environmental and social topics	Principles 1, 2, 6, 7, 8, 9, 10			
	102-32	Highest governance body's role in sustainability reporting				
	102-33	Communicating critical concerns	Principles 1, 2, 10			
Stakeholder engagement	102-40	List 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 boundaries			About this Report	
	102-47	List 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			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	

Section	GRI	Description	Global Compact Principles	External Verification	Chapter	Additional Notes
GRI 102: GENERAL DISCLOSURES 2016						
Reporting practice	102-53	Contact point for questions regarding the report			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
Biodiversity	103: Management Approach 2016	103-1	Explanation of the material topic and its boundary			Biodiversity
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected 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 that require biodiversity management plans, and the number of those sites with plans in place	Principle 8			
Business Ethics	103: Management Approach 2016	103-1	Explanation of the material topic and its boundary			Ethics
		103-2	The management approach and its components			
		103-3	Evaluation of the management approach			
	205: Anti-corruption 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: Anti-competitive 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 laws and regulations	Principle 8		
	415: Public policy 2016	415-1	Political contributions			
	419: Socioeconomic compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area			

Material Topic	Standard	GRI #	Description	Global Compact Principles	External Verification	Chapter
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 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 of the organization		✓	
		302-3	Energy intensity	Principle 8		
		302-4	Reduction of energy consumption			
		302-5	Reductions in energy requirements of products and services			
	305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Principles 8, 9	✓	
		305-2	Energy indirect (Scope 2) GHG emissions	Principles 8, 9	✓	
		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	✓	
	Economic Performance	201: Economic performance 2016	201-1	Direct economic value generated and distributed		
204: Procurement practices 2016		204-1	Proportion of spending on local suppliers	Principle 1	✓	

Material Topic	Standard	GRI #	Description	Global Compact Principles	External Verification	Chapter
Human Rights	103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	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			
Indigenous Peoples	103: Management Approach 2016	103-1	Explanation of the material topic and its boundary			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	✓	

Material Topic	Standard	GRI #	Description	Global Compact Principles	External Verification	Chapter
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			
Occupational Health and Safety	103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	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 system	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	✓			

Material Topic	Standard	GRI #	Description	Global Compact Principles	External Verification	Chapter
Our People	103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	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 of training per year per employee		✓	
		404 -2	Programs for upgrading employee skills and transition assistance programs			
		404 -3	Percentage of employees receiving regular performance and career development reviews			
	405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Principle 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	✓	
Waste	103: Management Approach 2016	103-1	Explanation of the material topic and its boundary			
		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	✓	

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	Interactions 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	✓	



📷 Locomotive in “Casa Redonda”, Guadalajara, Jalisco, Mexico.

SASB Disclosures Index



SASB Standard: Metals and Mining 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 tons (t) to market			Production by subsidiary/country and metal ore is reported in detail following the SASB content tables. The consolidated figures for the Mining Division are also provided in the financial report at: https://www.gmexico.com/GMDocs/ReportesFinancieros/Esp/2020/RF_ES_2020_IFN.pdf
		Production of finished metal products	Metric tons (t) to market			
	EM-MM-000.B	Total number of employees, percentage contractors	Number, percentage (%)		Our People	Percentage of contractor workers (out of total workers, including own and contractors): Mexico: 40.4%; Peru: 50.2%; SPCC: 44.3%; USA: 0.8%
ACCOUNTING PARAMETERS						
Greenhouse gas emissions	EM-MM-110a.1	Gross global Scope 1 emissions	Metric tons (t) of CO ₂ -e		Climate Change	
		Percentage Scope 1 emissions covered under emissions-limiting regulations (metric ton (t) CO ₂ -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	NO ₂ emissions (excluding N ₂ O)				We are in the process of standardizing our calculation methodology across our three divisions.
	EM-MM-120a.1	SO ₂ 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 PARAMETERS						
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		Total fresh water withdrawn	Thousand cubic meters (m ³)	Information not available for ASARCO	Water and Effluents	
		Total fresh water consumed	Thousand cubic meters (m ³)	Information not available for ASARCO	Water and Effluents	
	EM-MM-140a.1	Percentage water withdrawn in regions with high or extremely high water stress (thousand cubic meters (m ³))	Percentage (%)	We report the abstraction value for water stress regions (mega liters). Information not available for ASARCO.	Water and Effluents	Following 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%.
	EM-MM-140a.2	Number of incidents of non-compliance 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 applications 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			We operate 21 tailings impoundments: 14 in USA, 1 in Peru and 6 in Mexico 11 active, 2 inactive (for emergency deposits only), 3 undergoing maintenance, 2 closed and 3 rehabilitated. The impoundments or tailings dams in Mexico have been classified as low risk, according to the Official Mexican Standard NOM - 141 - SEMARNAT - 2003. The tailings dams in Peru and USA have been classified according to the Canadian Dam Association (CDA) Guidelines: Low: 8 High threat: 1 Very high threat: 1 Extreme threat: 5
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.		
	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.		

SASB Topic	Code	Description	Unit of Measure	Omissions and/ or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
	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 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 2020 involving more than 1,000 employees.
Workforce health and safety	EM-MM-320a.1	MSHA all-incidence 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			The Mining Division defined the scope for near miss incidents in 2020 and we began to record this information, which will be included starting the 2021 reporting year. We define a near miss incident as any work-related event that could have caused personal injury or a fatality.
	EM-MM-320a.1	Average hours of health, safety and emergency response training for (a) full-time 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 has operations in Mexico, the United States and Peru only with 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 (México and Perú); Minera México (México), SPCC (Perú), and ASARCO (USA)).

The Mining Division's consolidated production is also disclosed in our annual financial report.

Copper (tons)															
Distribution	2018					2019					2020				
	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total
Concentrates (TMS)	3,029,658	1,840,777	1,188,881	331,777	3,361,435	3,411,263	1,900,592	1,510,671	347,409	3,758,672	3,480,643	1,917,206	1,563,437	365,419	3,846,062
Content in Concentrates	741,488	437,189	304,299	80,907	822,395	841,452	453,386	388,066	88,704	930,156	851,324	453,545	397,779	95,762	947,086
ESDES Content (Cathodic)	142,201	115,675	26,526	37,465	179,666	152,370	126,041	26,329	36,721	189,091	150,048	124,038	26,010	31,796	181,844
Total Mine Content	883,689	552,864	330,825	118,372	1,002,061	993,822	579,427	414,395	125,425	1,119,247	1,001,372	577,583	423,789	127,558	1,128,930
Foundry Content	730,660	375,440	355,220	101,349	832,009	688,142	362,873	325,269	97,311	785,453	735,471	372,816	362,655	119	735,590
Refinery	531,844	239,185	292,659	127,479	659,323	488,261	231,609	256,652	125,933	614,194	526,682	240,407	286,275	85	526,767
Refined (Refineries + ESDES)	674,045	354,860	319,185	136,019	810,064	640,631	357,650	282,981	131,205	771,836	676,730	364,445	312,285	31,796	708,526
Refined turned into Almabron	147,149	147,149	-	119,034	266,183	142,730	142,730	-	101,343	244,073	129,441	129,441	-	69,988	199,429
Refined turned into Planchón	0	-	-	7,790	7,790	0	-	-	6,050	6,050	0	-	-	-	-

Zinc (tons)

Distribution	2018					2019					2020				
	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total
Concentrates	135,322	135,322	0	0	135,322	146,661	146,661	0	0	146,661	132,519	132,519	0	0	132,519
Content in Concentrates	70,778	70,778	0	0	70,778	73,922	73,922	0	0	73,922	68,452	68,452	0	0	68,452
Refinery	107,536	107,536	0	0	107,536	104,977	104,977	0	0	104,977	102,440	102,440	0	0	102,440

Lead (tons)

Distribution	2018					2019					2020				
	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total
Concentrates	39,077	39,077	0	0	39,077	43,843	43,843	0	0	43,843	38,343	38,343	0	0	38,343
Content in Concentrates	22,081	22,081	0	0	22,081	22,567	22,567	0	0	22,567	20,277	20,277	0	0	20,277

Gold (tons)

Distribution	2018					2019					2020				
	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total
Content in Concentrates (ounces)	69,889	61,266	8,623	-	70,196	68,698	57,660	11,038	-	68,698	73,186	61,955	11,231	-	73,186
Refinery (ounces)	49,732	40,654	9,078	-	49,731	45,690	37,393	8,297	-	45,690	41,044	33,729	7,315	-	41,044

Silver (tons)

Distribution	2018					2019					2020				
	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total
Content in Concentrates (ounces)	17,308,007	13,039,195	4,268,812	995,208	18,303,215	20,272,668	14,644,298	5,628,370	1,042,837	21,315,505	21,539,687	15,798,340	5,741,347	1,270,766	22,810,453
Refinery (ounces)	13,582,751	9,699,119	3,883,632	-	13,582,751	12,587,711	9,244,197	3,343,514	-	12,587,711	12,620,970	8,653,764	3,967,206	-	12,620,970

Molybdenum (tons)

Distribution	2018					2019					2020				
	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total
Content in Concentrates	21,985	14,727	7,258	0	21,985	26,886	16,324	10,562	0	26,886	30,249	16,005	14,244	0	30,249

Other products (tons)

Distribution	2018					2019					2020				
	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total	SCC	Minera México	SPCC	ASARCO	Total
Coal	108,605	108,605	0	0	108,605	52,661	52,661	0	0	52,661	0	0	0	0	0
Metallurgical Coke	0	0	0	0	-	0	0	0	0	-	0	0	0	0	0
Sulfuric acid	2,347,895	1,178,839	1,169,056	361,281	2,709,176	2,225,817	1,153,183	1,072,634	386,280	2,612,097	2,352,408	1,148,558	1,203,850	0	2,352,408
Cadmium	632	632	0	0	632	609	609	0	0	609	640	640	0	0	640
Metallurgical lime	254,596	254,596	0	0	254,596	274,056	274,056	0	0	274,056	279,626	279,626	0	0	279,626

SASB Standard: Rail Transportation 2018

SASB Topic	Code	Topic	Unit of Measure	Omissions and/or restatements	Chapter	Additional notes
ACTIVITY METRICS						
Activity Metric	TR-RA-000.A	Number of loaded cars transported	Number			In 2020 we moved 1,753,069 cars, 7.1% less than in 2019. You can expand the detail of the operating results in the report to the BMW, in the following link: https://gmxt.mx/wp-content/uploads/externalFiles/Reporte_Anual_2020_GMXT.pdf
	TR-RA-000.B	Número de unidades intermodales transportadas	Number			More than 700,000 containers mobilized for the domestic and international market.
	TR-RA-000.C	Miles of track	Miles			Ferromex: 8,130.5 km; Ferrosur 1,822.8 km; FEC: 565 km; Texas Pacific: 619 km Total Grupo México Transportes: 11,137.3 km, equivalent to 6,920.4 miles.
	TR-RA-000.D	Revenue per ton / mile	RTM	Not available, not used as internal metric.		Ferromex: 8,130.5 km; Ferrosur 1,822.8 km; FEC: 565 km; Texas Pacific: 619 km Total Grupo México Transportes: 11,137.3 km, equivalent to 6,920.4 miles.
	TR-RA-000.E	Number of employees	Number		Our people	Ferromex: 8,130.5 km; Ferrosur 1,822.8 km; FEC: 565 km; Texas Pacific: 619 km Total Grupo México Transportes: 11,137.3 km, equivalent to 6,920.4 miles.
ACCOUNTING PARAMETERS						
Greenhouse gas emissions	TR-RA-110a.1	Global gross of scope 1 emissions (metric tons (t) CO ₂ -e)	Tons metric (t) of CO ₂ -e		Climate change	
	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	
	TR-RA-110a.3	Total fuel consumed, and what percentage is renewable fuel (Gigajoules (GJ))	Gigajoules (GJ), percentage (%)		Climate change	We do not use biofuels.
Air Quality	TR-RA-120a.1	1.1 NO ₂ emissions (Excluding N ₂ 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

SASB Topic	Code	Topic	Unit of Measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Workforce health and safety	TR-RA-320a.1	1.1 incident rate		We report the rate of incapacitating incidents (Lost Time Injury Frequency Rate, LTIFR). We do not use TRIFR as an internal metric.		
		1.2 fatality rate	Various		Occupational health and safety	The fatality rate in the year was 0.01 for the employees of the Transportation Division (it does not include contractor workers). 21,367,862 hours worked were considered. The formula applied corresponds to (number of deaths * 200,000) / hours worked.
		1.3 near miss rate		Near-miss monitoring is not yet available.		
Competitive behavior	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	
Safety and accident management	TR-RA-540a.1	1.1 Number of accidents and incidents	Number			We report accidents with personal injuries (collaborators, third parties), in accordance with those reported to the Railway Transport Regulatory Agency: 2018: 305 2019: 297 2020: 204
	TR-RA-540a.2	Number of accidental releases of hazardous material	Number			During the year we had 12 accidents in the transport of hazardous materials, although not all had leaks or spills. Only three of them had significant spills, with a volume of 226.50 m ³ , of fuel oil and diesel.
		2.2 Number of non-accidental releases of hazardous material (releases not caused by derailment, collision, or other accidents).	Number			

SASB Topic	Code	Topic	Unit of Measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Safety and accident management	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.		In 2020, USD \$ 260 million was invested in new tracks and sleepers, locomotive reconditioning, track maintenance, tools and equipment.

SASB Standard: Engineering and Construction Services 2018

SASB Topic	Code	Topic	Unit of Measure	Omissions and/or restatements	Chapter	Additional notes
ACTIVITY PARAMETERS						
Activity metric	IF-EN-000.A	Number of active projects	Number			We present the active projects at the end of each year: 2018: 13 projects 2019: 12 projects 2020: 13 projects
	IF-EN-000.B	Number of projects commissioned	Number			In 2020 no project was delivered, all were in development.
	IF-EN-000.C	Total accumulation	Currency to communicate			At the end of 2020, the value of the part of the projects not yet completed, that is, income that was contractually foreseen but that we still cannot account for in our balance sheet, was \$898,286,789 pesos.

ACCOUNTING 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	
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SASB Topic	Code	Topic	Unit of Measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Environmental effects of project development	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	Not available in our monitoring indicators.		
	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.		
		1.2 fatality rate for (a) direct employees and (b) contract employees	Various		Occupational health and safety	
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 (ej. 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.

SASB Topic	Code	Topic	Unit of Measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
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			There were no hydrocarbon projects, they will start in 2021. Of the renewable energy projects, we are working on the construction of the Fenicias wind farm, for Grupo México Energía; the project that does not have significant delays.
	IF-EN-410b.2	Monetary amount to enter lost due to cancellations associated with hydrocarbon projects	Currency to communicate			There were no hydrocarbon projects in 2020.
	IF-EN-410b.3	Amount of money (value) of non-energy projects associated with climate change mitigation	Currency to communicate			There have been no projects of this type.
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 Transparency International's 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	
	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.

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) residential, (2) commercial and (3) industrial	Number			<p>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-); sells the surpluses to the Federal Electricity Commission (CFE) and in the Mexican Wholesale Market (MEM).</p> <p>On the other hand, the El Retiro Wind Farm sells 23% for Cinemex; the rest is destined for Grupo México; 31% of production to Ferromex (Transportation Division) and 46% to IMMESA (Mining Division).</p>
	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 (Kilometers (KM))	Kilometers (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).
	IF-EU-000.D	Total energy generated, percentage by energy source, percentage in regulated markets	Megawatts hour (MWh), Percentage (%)			<p>Below we present the power generation of the Nacozari combined cycle plant and the El Retiro Wind Farm:</p> <p>Combined Cycle Power Plant - México Generadora de Energía (MGA)</p> <ul style="list-style-type: none"> • 3,732,554.65 MWh in 2018 • 3,456,418.89 MWh in 2019 • 3,463,560.89 MWh in 2020 <p>El Retiro Wind Farm (ERSA)</p> <ul style="list-style-type: none"> • 189,601.44 MWh in 2018 • 160,755.39 MWh in 2019 • 174,738.64 MWh in 2020
	IF-EU-000.E	Total electricity purchased	Megawatts (MWh)			<p>The totality of electricity consumption in the facilities of the combined cycle plant is self-generated. 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:</p> <p>2018: 1,153 MWh 2019: 992 MWh 2020: 813 MWh</p>

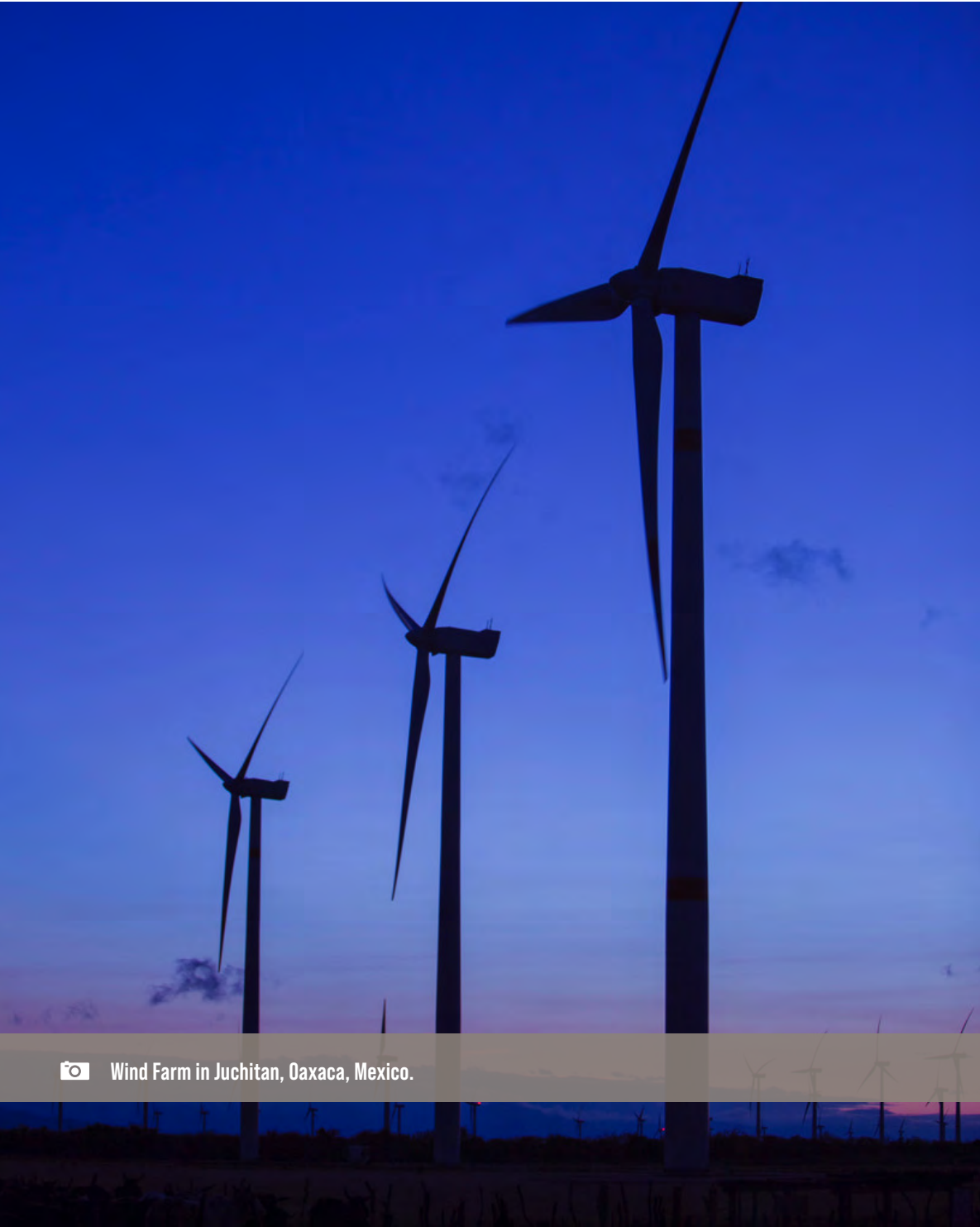
SASB Topic	Code	Topic	Unit of Measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Greenhouse gas and emissions and energy resource planning		Global gross of scope 1 emissions (metric tons (t) CO ₂ -e)	Tons metric (t) of CO ₂ -e		Climate change	
	IF-EU-110a.1	Percentage of emissions covered by regulations with the intention of limiting or reducing emissions (metric tons (t) CO ₂ -e)	Percentage (%)			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) CO ₂ -e)	Tons metric (t) of CO ₂ -e			The emissions subject to disclosure are those generated at the "La Caridad" combined cycle plant. They are presented below: 2018: 1,557,371 tonCO2e 2019: 1,477,567 tonCO2e 2020: 1,451,714 tonCO2e
	IF-EU-110a.2	Emissions of greenhouse gases (GHG) associated with energy supplies	Tons metric (t) of CO ₂ -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 (%)			The Mexican regulations designated to promote renewable energies do not establish renewable energy targets for generators to be generated; yes to purchase CELs in case they consume fossil fuels in generation.

SASB Topic	Code	Topic	Unit of Measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Air quality	IF-EU-120a.1.	Emissions to the atmosphere of SO2	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.
Water management	IF-EU-140a.1	Water withdrawal (thousands of cubic meters (m ³))	A thousand meters cubic (m ³)		Water and Effluents	
		Total water consumption (thousands of cubic meters (m ³))	A thousand meters cubic (m ³)		Water and Effluents	
		Percentage of each in regions of high or extremely high water stress (thousands of cubic meters (m ³))	Percentage (%)		Water and Effluents	
	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	
	IF-EU-140a.3	Description of water risk management and discussion of strategies and practices to mitigate these risks	n/a			Due to the type of generation sources we use: combined cycle and wind, we do not have significant water risks.

SASB Topic	Code	Topic	Unit of Measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
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 México 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 because it does not retail the energy generated.		
		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 per 1000 kWh of electricity delivered per month.	Currency to communicate			
	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 (%)			
IF-EU-240a.4	Discussion of the impact of external factors on the affordability of electricity for the customer, including the economic conditions of the service territory	n/a				

SASB Topic	Code	Topic	Unit of Measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
Occupational health and safety	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 TRIFR as an internal metric.		
		Fatality rate			Occupational health and safety	
		Near misses frequency rate				We consider near-misses as those that involve economic losses, even if there is no impact on employees. They were 0 in 2020.
Efficiency and end-use demand		Percentage of revenue from companies electrical services that come from rate structures that (1) are decoupled	Percentage (%)			
	IF-EU-420a.1	Percentage of revenue from companies electrical services that come from tariff structures that (2) contain a mechanism loss of income adjustment (LRAM)	Percentage (%)	This topic does not apply due to the type of operation and commercialization, mainly internal.		
	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 customers, thanks to efficiency measures, for each market	Megawatts hour (MWh)			

SASB Topic	Code	Topic	Unit of Measure	Omissions and/or restatements	Chapter	Additional notes
ACCOUNTING PARAMETERS						
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 preparation for an emergency	n/a			
Network resilience	IF-EU-550a.1	Number of incidents due to non-compliance with physical or cybersecurity standards or regulations	Number	This topic does not apply because we are not 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	Minutes, number			



📷 Wind Farm in Juchitan, Oaxaca, Mexico.

TCFD Disclosures index

TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

TCFD Disclosures index					
Topic	Recommendation	Recommended Disclosure	Code	Chapter	Section
Governance	TCFD G: Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	GOV-A	Corporate Governance	<ul style="list-style-type: none"> Board of Directors Sustainable Development Management
		b) Describe management's role in assessing and managing climate-related risks and opportunities.	GOV-B	Corporate Governance	<ul style="list-style-type: none"> Sustainable Development Management
Strategy	TCFD S: Disclose the actual and potential impacts of climate-related 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.	STR-A	Climate Change	<ul style="list-style-type: none"> Physical risk analysis Carbon pricing mechanisms risk analysis
		b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	STR-B	Climate Change	<ul style="list-style-type: none"> Physical risk analysis Carbon pricing mechanisms risk analysis
		c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	STR-C	Climate Change	<ul style="list-style-type: none"> Increasing the resilience of our operations and neighbor communities to the effects of climate change Physical risk analysis Carbon pricing mechanisms risk analysis
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.	RM-A	Climate Change	<ul style="list-style-type: none"> Risk management Physical risk analysis Carbon pricing mechanisms risk analysis
		b) Describe the organization's processes for managing climate-related risks.	RM-B	Climate Change	<ul style="list-style-type: none"> Risk Management
		c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	RM-C	Climate Change	<ul style="list-style-type: none"> Risk Management
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 climate-related risks and opportunities in line with its strategy and risk management process.	MT-A	Climate Change	<ul style="list-style-type: none"> Greenhouse Gas Emissions Operational Efficiency Fuel Electricity
		b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	MT-B	Climate Change	<ul style="list-style-type: none"> Greenhouse Gas Emissions Operational Emissions Scope 3 Emissions Summary of the Grupo México corporate footprint
		c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	MT-C	Sustainable Development Strategy Climate Change	<ul style="list-style-type: none"> Sustainable development corporate goals Strategy



📷 Refined plant in Nacoziari de García, Sonora, Mexico.

Glossary and Acronyms

List of acronyms throughout the entire report:

°C	Degree Celsius	COSO	<i>Committee of Sponsoring Organizations of the Treadway</i>	GEI	Greenhouse gases
AMC	Americas Mining Corporation	CSA	<i>Corporate Sustainability Assessment</i>	GJ	Gigajoule
ANA	National Water Authority	Cu	Copper	GM	Grupo México
AR5	<i>Fifth Assessment Report. (Intergovernmental Panel on Climate Change)</i>	DCDS	Corporate Directorate for Sustainable Development	GMXT	GMéxico Transportes
ASARCO	<i>American Smelting and Refining Company</i>	DINFRA	Infrastructure Division	GRI	<i>Global Reporting Initiative</i>
ESG	Environmental, Social and Governance	DMIN	Mining Division	GRIC	<i>Gila River Indian Community</i>
AST	Safe Job Analysis	Dr	Doctor	GWh	Gigawatt-hour
BAU	<i>Business as usual.</i>	DTRA	Transportation Division	H	Man
BTU	<i>British thermal unit.</i>	ECA	Environmental Quality Standards	Ha	Hectares
BVC	Buenavista del Cobre	ECO	Employee Survey	I.A.P.	Private Assistance Institution
C.P.	Public accountant	Edo.	State	ICA	<i>International Copper Alliance.</i>
BC	Base Compensation	EPA	<i>Environmental Protection Agency.</i>	ICMM	<i>International Council on Mining and Metals.</i>
CDMX	Mexico City	ERM	<i>Enterprise risk management</i>	IDS	Sustainable Development Report
CDP	<i>Carbon Disclosure Project</i>	ESDE	Electrodeposition copper cathode plant	IDS19	Sustainable Development Report 2019
CEMEFI	Mexican Center for Philanthropy	ESG	<i>Environmental, Social and Governance.</i>	IEA	<i>International Energy Agency.</i>
CH ₄	Methane	ESR	Socially responsible company	IPCC	<i>International Organization for Standardization.</i>
CHRB	<i>Corporate Human Rights Benchmark</i>	EUA	United States of America	ISO	<i>International Organization for Standardization.</i>
CMNUCC	United Nations Framework Convention on Climate Change	FCPA	<i>The Foreign Corrupt Practices Act</i>	Kcal	Kilocalorie
CO ₂	Carbon dioxide	FGM	Grupo México Foundation	Kg	Kilograms
CO ₂ e	Carbon dioxide equivalent	FR	<i>Fatality rate.</i>	Km	Kilometers
COEPI	State Commission for Indigenous Peoples of Chihuahua	FTSE	<i>Financial Times Stock Exchange</i>	L	Liter

List of acronyms throughout the entire report:

Lic.	Graduate	MWh	Megawatt-hour	VP	Voluntary Principles
LMP	Maximum Allowable Limits	MXP	Mexican peso	RCP	<i>Representative Concentration Pathway.</i>
LTIFR	<i>Lost Time Injury Frequency Rate.</i>	N/A	Does not apply	Ref	Reference
M	Woman	N₂O	Nitrous oxide	HR	Human Resources
M³	Cubic meters	NEE	Special educational needs	S&P	<i>Standard & Poor's</i>
MARP	<i>Mining and Reclamation Plan</i>	NOM	Official Mexican Standard	S.A. de C.V.	Stock Company of Variable Capital
MARPOL	<i>The International Convention for Prevention of Marine Pollution for Ships.</i>	OCDE	Organization for Economic Cooperation and Development	S.A.B de C.V.	Variable Capital Stock Market Company
MBTI	<i>Myers-Briggs Type Indicator.</i>	SDGs	Sustainable Development Goals	SAC	Community Care Service
METCO	Sonora Metallurgical Complex, Mexico.	OHSAS	<i>Occupational Health and Safety Assessment Series.</i>	SASB	<i>Sustainability Accounting Standards Board</i>
MHSA	<i>Mine Safety and Health Administration</i>	OIT	International Labor Organization	SBC / BBS	Behavior Based Safety
MILA	Latin American Integrated Market	OMS	Operation, Maintenance and Supervision	SBT	<i>Science Based Target</i>
MiPyMEs	Micro, small and medium enterprises	OSC	Civil society organizations	SCC	<i>Southern Copper Corporation</i>
MI	Megaliters	Págs	Pages	SCCO	<i>Southern Copper Corporation</i>
MM	Mining Mexico	PASST	Self-Management Program in Safety and Health at Work	SCT	Ministry of Communications and Transportation
MMBTU	Million BTU. Million British Thermal Unit	PCR	<i>Polymerase Chain Reaction.</i>	SEMARNAT	Ministry of the Environment and Natural Resources
MPD	Mexico Projects and Development	PNP	National Police of Peru	MS	Minimum salary
MtCO₂e	Millions of tons of carbon dioxide equivalent	PROFEPA	Federal Attorney for Environmental Protection of Mexico	SPCC	<i>Southern Peru Copper Corporation</i>
MTKB	Million tons gross kilometer	PST	Safe Work Procedure	SST	Security and health at work
MW	Mega watt	PTU	Employee participation in profits	TCFD	<i>Task Force on Climate-related Financial Disclosures</i>

List of acronyms throughout the entire report:

Tj	Terajoule	IUCN	International Union for Conservation of Nature	EVC / VEC	Economic Value Created
Ton	Tons	UMA	Unit for the Conservation, Management and Sustainable Use of Wildlife	EVC / VEG	Economic Value Generated
EU	European Union	UNICEF	United Nations Children's Fund	REV / VER	Retained Economic Value
UIC	<i>Underground Injection Control.</i>	USD	American dollar	WARN	<i>Worker Adjustment and Retraining Notification.</i>