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Rescue brigade of the San Martin unit in Zacatecas, Mexico, highly trained for emergencies of any kind throughout the country.

OUR COMMITMENT

MESSAGE FROM THE CHAIRMAN OF THE BOARD

The year 2020 set the beginning of the pandemic worldwide, which brought profound changes that made us stronger and highlighted the importance of working closely with society and the authorities. I am proud of the resilience and commitment shown by the Grupo México team to safeguard the health and well-being of our collaborators, their families, and the communities surrounding our operations. We have adapted our work environments to apply the highest standards of hygiene and safety required by the health authorities and implemented actions to ensure that each and every one of our collaborators would feel safe from the moment they were leaving for work until the moment they got home.

The pandemic required public and private health institutions to strengthen their installed capacity to cope with this unexpected contingency. To this end, Grupo México supported these institutions and organizations providing free care to vulnerable groups by donating US\$30.8 million, in close coordination with government authorities. In addition, we adapted our community development model to this new reality in order to continue serving the communities near our operations.



Grupo México Foundation donated US\$30.8 million in-kind to hospitals and vulnerable communities to fight the COVID-19 pandemic.

Together with health, the safety of our personnel and contractors is a priority both in our company and in our operations, which is why we enforced policies and protocols to meet the goal of Zero Accidents. The 13 silver helmets received in the last five years are proof of this priority, in recognition of the high standards in operations to ensure a safe working environment.

Our care for our people also extends to our environment. As part of our environmental agenda, we reduced our operational greenhouse gas emissions by almost 10% in 2020 compared to 2019. We continue to invest in self-consumption energy projects, such as the recently inaugurated 168 MW Fenicias Wind Farm in Nuevo León, in northern Mexico. Upon the commissioning of this park, we will achieve our goal of increasing the consumption of renewable energy to 25%.

We are committed to using water resources consciously in alliance with the communities near our operations. In the last five years, we have invested US\$100 million in works and projects to improve the quality and volume of water for human consumption and productive activities. The construction of the Cularjahuira dam in southern Peru is our most recent project, which will irrigate the Camilaca planting district in the Tacna region, one of the driest regions in the world.

Like no other year, 2020 highlighted the interdependence existing among us all. This is why we must work in coordination with other agencies to find solutions to the great challenges facing humanity. We will continue to improve our processes in order to make them more sustainable, innovating and incorporating renewable energies in all our operations and caring with the utmost dedication for the close bonds we have forged with the communities, for the well-being of 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

DRIVING DEVELOPMENT



We are committed to **Sustainable Development** and that is why we have incorporated both sectorial and universal principles and initiatives in our **Sustainable Development Policy**, which **applies to Grupo México's operations and all personnel, as well as to our suppliers and contractors.**

We focus on:



Creating and sharing value: we invest to generate opportunity and prosperity, driving positive change in the communities in which we operate.



Promoting well-being and safety: we strive to be good neighbors, to improve the life quality of our people and the communities in which we operate.



Caring for, preserving, and renewing the environment.

In 2020, we allocated 3.8% (US\$87 million) of our net income for investments in projects that support the UN Sustainable Development Goals (SDGs) in the communities surrounding our operations.

This contribution was distributed as follows:

Amounts and percentages of direct contributions

Millions of dollars



OUR COMMUNITY ACTIONS ADDRESS 10 OF THE 17 UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS.

ECONOMIC VALUE



Buenavista del Cobre, located in Cananea, Sonora, Mexico, is a municipality that has a high Human Development Index (HDI) according to the UN, above the national average in education, health, and per capita income

IN 2020, OUR DISTRIBUTED ECONOMIC VALUE WAS US\$8.435 BILLION.



Over the last 10 years, we have generated **an economic benefit of approximately US\$77 billion in the countries in which we operate.**



We are a primary company that contributes with more than **200 thousand indirect jobs and 30 thousand direct jobs.** In the last five years, we paid **US\$5,222 million in wages and benefits.**



In the last decade, we paid approximately **US\$13 billion in taxes.**



Over the past three years, we allocated **US\$854 million to environmental investments and expenditures and US\$210 million to community investments and donations.**

OUR VISION: ZERO ACCIDENTS

OCCUPATIONAL SAFETY AND HEALTH

IN 2020, THE MINING DIVISION PROVIDED 93,915 HOURS OF OCCUPATIONAL SAFETY AND HEALTH TRAINING.

Our commitment in all our operations is **“Zero Accidents”**. To achieve this, the health, safety, and hygiene strategy is divided into three components:

1 Maintaining safe and healthy work environments

- In the last five years, we have managed to reduce accidents by 36%. Our performance in 2020 was 44% better than in 2019
- La Caridad Mine has accumulated 24.4 million man-hours in more than four years without accidents.
- In the Infrastructure Division we have reached five consecutive years without fatal accidents

2 Consolidating our preventive and occupational safety and health culture

- **“Cuidado con el tren”** (Beware of the train) communication campaign in the Transport Division
- **Behavior Based Safety Program – BBS** in the Mining Division
- **“Zero accidents”** program in the Group’s three divisions
- Identifying and effectively controlling critical risks

3 Identifying and effectively controlling critical risks

- In 2020, the foundations were laid for the registration of critical risks at our mining operations
- Health and Safety Audits
- By the end of 2020, we will have 3 units certified under ISO 45001.

WE HAVE INVESTED MORE THAN US\$1.6 BILLION IN OCCUPATIONAL SAFETY, HEALTH, AND COMMUNITY DEVELOPMENT OVER THE PAST 10 YEARS.



We have obtained 37 silver helmets, recognition from the Mexican Mining Chamber (CAMIMEX), for mining operations with the best safety and industrial health standards.

Since 2018, we have signaled 66 at-grade crossings, of which 14 were installed in 2020, with an investment of US\$12.4 million over the past three years. Thanks to this project, **accidents at railroad crossings with the highest accident rates have decreased 36%.**



In 2020 we signaled 14 at-grade crossings as part of a comprehensive 66-crossing plan.

INNOVATION AND WATER CARE

OVER THE PAST FIVE YEARS, WE HAVE INVESTED US\$100 MILLION IN WORKS AND PROJECTS TO IMPROVE WATER QUALITY.

Water is a strategic input for mining and metallurgical processes and global development. The corporate strategy we apply guarantees informed, responsible, consensual, and sustainable management of water resources.

OUR FOUR FOUNDATIONS OF WATER MANAGEMENT



Protecting the quality and availability of water in the watersheds where we operate.

We optimize the use of water allocated to us by governments and create synergies with other users through watershed councils, in order to guarantee the availability of the resource for everyone and the care of ecosystems.



Investing in infrastructure and technology to reduce the use of fresh water.

Thanks to process improvements, innovation in laboratories, installed state-of-the-art technology, and teamwork, we recycled 87% of water at La Caridad Mine.



Collaborating with other stakeholders in the management of the watersheds in which we work.



Continuously improving responsible water management to ensure its sustainability in the communities and our operations.

Total first-use water consumption per ton of copper produced decreased 14% in 3 years.

Approximately 75% of the water used in our mining operations is reused.

DO YOU KNOW THE WATER FOOTPRINT OF EVERYTHING YOU CONSUME AND USE ON A DAILY BASIS?

Most of the water we use is in the products and services we consume every day. The amount of water needed to produce them is called the **WATER FOOTPRINT**.



COMPUTER

Computer = **37,800 liters of water**. There are some computers that require up to 160,000 liters of water to manufacture.



PAPER REAM

Package of 500 letter-size sheets = **5,000 liters of water**. This is one of the most water-intensive industries in the world.



COPPER

1 ton of copper rod = **315 liters of water**. Copper has been a key metal for the development of mankind and has countless applications in objects we use every day.



BEEF

1 kg of beef = **15,000 liters of water**. Water is used for fodder, watering and maintenance of livestock, as well as for refrigeration, transportation and storage.



COTTON T-SHIRT

Cotton T-shirt = **2,000 liters of water**. Manufacturing any cotton T-shirt requires the water from 100 water jugs.

CULARJAHUIRA

WATER AND AGRICULTURAL SUSTAINABILITY IN PERU

Together with the Ministry of Agriculture and Irrigation of Peru (MINAGRI) and the farmers of Camilaqueño, we built the Cularjahuira dam, with an investment of US\$12 million. This is one of the most eagerly awaited projects in the region, a milestone for agricultural and economic development due to its potential to generate local jobs.



Mario Mayta is one of the 125 farmers who participated in the construction of the Cularjahuira dam in Peru —with an investment of US\$12 million —for the benefit of 2,000 families in the Camilaca District.







The new Cularjahuira dam in Peru will store up to 2.5 million cubic meters of water and will irrigate the agricultural area of the region.



We enabled more than 200 kilometers of irrigation canals and 400 water tanks, benefiting 20,000 farmers in the communities surrounding our operations in Peru.

THE CHALLENGE OF CLIMATE CHANGE

CLIMATE CHANGE IS ONE OF THE GREATEST CHALLENGES OF OUR TIME, AND GRUPO MÉXICO'S THREE DIVISIONS ARE WORKING IN KEY SECTORS TO ADDRESS IT.

Our 4 foundations to fight climate change	
 <p>Contributing to national and international goals.</p>	<p>We are working on a critical path to support the Paris Agreement goals toward containing global warming to below 2°C compared to the pre-industrial era.</p>
 <p>Provide products and services driving the transition to low-carbon economies.</p>	<ul style="list-style-type: none"> • Copper is our main product and is indispensable for the manufacture of renewable energy technologies and electric vehicles. • Freight rail transport emits 4 times fewer emissions than road transport. • We generate renewable and low-carbon energy.
 <p>Promoting emission reductions and process efficiencies.</p>	<p>In the last 3 years, copper production increased by 11%, while emissions per ton of copper produced decreased by 21%.</p>
 <p>Increasing the resilience of operations and communities.</p>	<p>We support communities in coping with changing climate environments. Such is the case of Borogueña, a town located in southern Peru, where we implemented a productive technification and land recovery program to improve the productivity of more than 700 farmers.</p>



The commissioning of the Fenicias Wind Farm will reduce the Mining Division's operating emissions by 7%.



We decreased our greenhouse gas emissions by 8.7% in 2020 compared to 2019.



Upon the commissioning of the Fenicias Wind Farm, we will overtake the goal set for 2022 of consuming at least 25% of our power consumption from renewable sources.



The El Retiro Wind Farm in Juchitán, Oaxaca, Mexico, has 37 wind turbines that produce approximately 170,800 MWh annually.


FENICIAS WIND FARM


Since 2012, together with El Retiro Wind Farm and La Caridad Combined Cycle Power Plant—which generate more than 3.6 million MW/h of energy each year—we initiated efforts towards the energy transition to renewable energy sources.

The Fenicias Wind Farm in Nuevo Leon, Mexico, is the third energy project that Grupo México is developing to address the challenges posed by global warming. It started operations in 2021 with the mission to generate wind power for all of the Group's subway mining facilities and the zinc refinery.

Grupo México owns 100% of the energy generation sources, as well as the consumption centers, having a pure self-supply.

 **SURFACE**
433.6 hectares

 **42**
wind turbines

 **CAPACITY**
168 MW

With the Fenicias Wind Farm, we will stop emitting 300 thousand tons of CO₂ per year, which is equivalent to taking more than 65 thousand vehicles off the road annually.



The wind turbine towers are 105m long, and each blade is 75m long. Its turbines are the largest and most modern in Latin America.

The Mining Division mainly produces copper, an essential mineral to manufacture clean technologies and generate renewable energy. It is an essential component for the manufacture of wind power generators, photovoltaic cells, and batteries for electric cars.

As part of our shared value strategy, we incorporated 100% of the community families and landowners as strategic partners, providing them with fair payments for land use, tools for their educational updating, and a reforestation program on 88 hectares, protecting 35,776 species of the ecosystem.



Scan this code to learn more about the Fenicias Wind Farm.

At Grupo México, we join global actions to fight climate change; therefore, we will continue to develop projects that contribute to reducing our emissions and protecting the environment.



INVESTMENT

US\$252 million.



SUPPLY

67% of the wind turbine components are manufactured domestically.



SOCIAL RESPONSIBILITY

Through the community centers, more than 3,000 people have benefited from social support and training on human rights and health crisis care.



JOBS

More than 3,600 direct and indirect local jobs have been generated.

REFORESTATION

The Grupo México Foundation *Mexicanos Sembrando* program joins the efforts to prevent, mitigate and remediate the environmental impacts of our operations by rescuing and relocating flora and fauna, recovering and preserving soils, and restoring ecosystems.

We have **7 nurseries** in the Mexican Republic located in Sonora, Coahuila, San Luis Potosi, and Zacatecas. They **produce more than 6 million trees annually** from more than 90 varieties of species, which are used **for reforestation to mitigate the effects of climate change** and help **maintain ecosystem stability**.



Since 2017, we have donated 8 million trees of different species to reforest 9,461 hectares in 29 states of the Mexican Republic.



Our nurseries save 70% of the water required for production.



In the last 5 years, tree production increased by 362% while the production cost per plant decreased by 75%.

We have a **comprehensive, long-term sustainability vision to align the company's strategy with the challenges of today and tomorrow.**

VAGÓN VERDE (GREEN TRAIN)

In coordination with the Transportation Division and using *Vagón Verde* (Green Train), Grupo México Foundation has been transporting trees and plants to the communities along the railway lines since 2015. These trees are donated to the children to care for them, thus teaching them the importance of environmental care.

SINCE 2015, BY MEANS OF VAGÓN VERDE (GREEN TRAIN), WE HAVE DELIVERED 1.1 MILLION TREES TO 39 COMMUNITIES IN 26 STATES OF THE MEXICAN REPUBLIC



Over the past three years, through the *Mexicanos Sembrando* program, we have planted more than 5.5 million trees in Mexico produced in our seven nurseries.



Delivery of 150,000 trees to Altamira, Tamaulipas, Mexico, for the municipal nursery and eight elementary schools.

DEVELOPMENT WITH PURPOSE

SOCIAL RESPONSIBILITY

Most of our operations are located in rural environments, where communities have **developed alongside our productive activity, generating important economic and social relationships.**

Therefore, our community model is based on:



RESPONSIBLE COEXISTENCE



ECONOMIC DEVELOPMENT



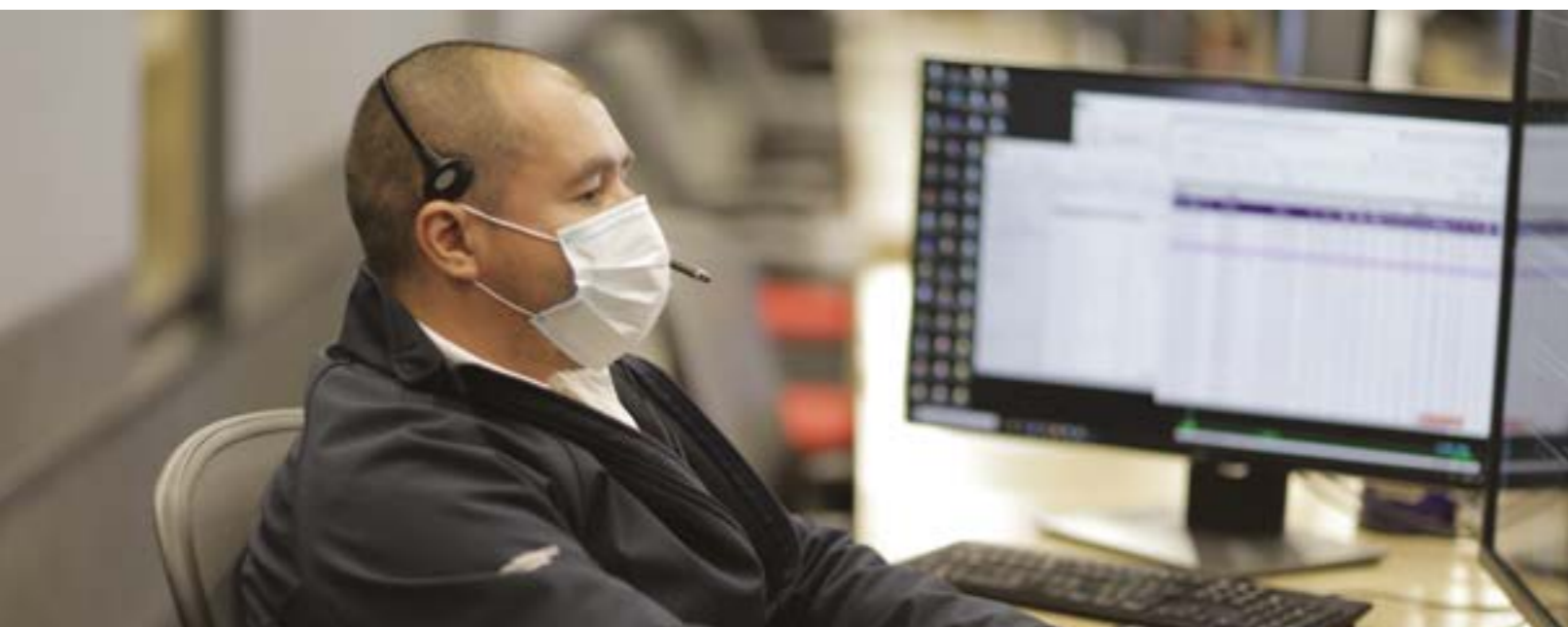
HUMAN DEVELOPMENT



ECONOMIC DEVELOPMENT

With the *Forjando Futuro* (Forging Future) program, we have trained more than **2,750 small and medium-sized companies** in Mexico and Peru.

In addition, **we trained more than 2,818 people** in mining trades. The program currently operates in 5 locations in Mexico and Peru. By 2022, we will increase its reach to 15 locations, including the United States.



RESPONSIBLE COEXISTENCE

With advice from the UN High Commissioner for Human Rights in Mexico, we created the **Community Attention Service (SAC)**, which attends to requests, concerns or complaints from the communities 24/7. **It operates in 21 locations in Mexico and Peru.**

We will expand coverage in the U.S. mining units, and the Infrastructure and Transportation Division.



HUMAN DEVELOPMENT

We operate four schools in Mexico and seven in Peru, ranging from kindergarten to high school, which are fully subsidized by the company. The schools will soon also offer high school education.

In 2020, we invested **US\$6.4 million in 11 educational centers** to serve **3,698 students** in Mexico and Peru.



In the community of Juchitán, Oaxaca, Mexico, where the El Retiro Wind Farm is located, we provided seed capital to a group of 15 women who make traditional garments, such as huipil blouses and underskirts, so that they could open a shop to sell them.



Our educational centers include sports facilities, laboratories, computer rooms, and libraries.



The project Traveling Documentary Film Workshop has benefited more than 200 students, who have produced 190 documentaries. The project was granted the José Rovirosa Award and the AMCO 2021 Award, rewarding it as a communication tool in the communities where we operate.

2020 ACHIEVEMENTS



32 community centers in Mexico, Peru, and the United States.



More than **1,175 projects** approved since 2009.



Social investment of US\$7.5 million, through calls for competitive funds (seed capital).



More than **97 thousand people** have participated in our social programs.



US\$31.1 million invested in 89 infrastructure and services projects in Peru and Mexico, generating positive impact and economic well-being in the communities.



92% of our suppliers are local.



88% of the municipalities near our operations **have high Human Development Indexes**, according to United Nations reports.



Since 2018, the **Inter-American Development Bank (IDB)** has recognized our model as **one of the best community practices in the extractive industry in Latin America.**

EDUCATIONAL PROGRAM FOR COLLABORATORS

To promote the educational development of unionized personnel in Mexico, we are working on an adult education program. The goal is to increase the average level of schooling to 12 years, equivalent to high school, certifying the educational level of our collaborators.

As of 2022, we will start the *Supérate* (Better Yourself) program to meet this goal by 2025. The company provides incentives for formal education, such as scholarships of up to 80%, free courses, and discounts at educational institutions.



The 2014-2017 generation was made up of 80 collaborators of La Caridad Mine, who graduated from the Technical Vocational Training Program at the Sonora State College of Technical Vocational Education (Colegio de Educación Profesional Técnica del Estado de Sonora).

THE PARTICIPATION OF WOMEN IN THE INFRASTRUCTURE DIVISION HAS INCREASED BY 13.4% IN THE LAST THREE YEARS.



Environmental Manager for the 7 platforms in Perforadora Mexico.

EDUCATIONAL CENTERS

WE HAVE 11 EDUCATIONAL CENTERS FROM KINDERGARTEN TO HIGH SCHOOL FINANCED BY THE GROUP.



Four schools in Mexico and seven in Peru



93% of students in both countries are children of our collaborators



3,698 students



288 teachers in Mexico and Peru



Together with the University of Sonora, we took the “Mining Pavilion” to the communities, with playful workshops on the properties of minerals.



The company’s 11 educational centers maintained academic results above the national average and increased their academic average in mathematics and Spanish by 10%.



In the 2020-2021 school year, we will provide 1,190,270 hours of classes, pedagogical counseling, and recreational activities.

ORCHESTRAS AND CHOIRS

Our Youth Orchestras and Choirs project was born in 2018 in the community of Nacoziari, Sonora.

For me, combining mining and music results in joy, family and art.”

Ángel Gabriel García, student of Nacoziari Symphony Orchestra (Sonora, Mexico)

In 2020, this program was extended to Peru, through an agreement with the organization “*Sinfonía por el Perú*”, led by international tenor Juan Diego Flórez, resulting in 1,300 young people and children benefiting from the program.

In Mexico, the musical composition workshop will allow students to create 4 unpublished musical pieces.

Main benefits of the Orchestras and Choirs program:



80% of the students improved their school performance after one year of being part of the project.



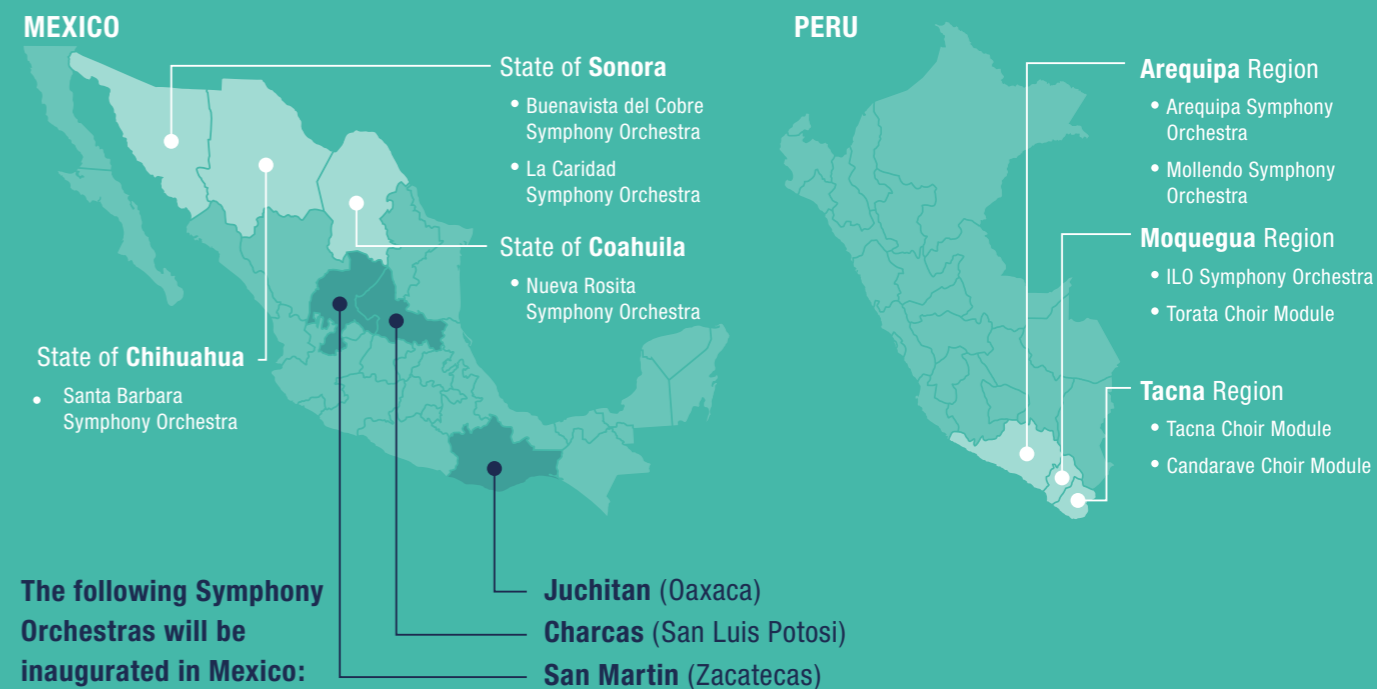
Violence in the homes and social environments of students was reduced by 100%.



9 out of 10 students started a major (2% chose a Bachelor's Degree in Music).

We are working to achieve a 30% increase in the number of students benefiting, both children of our collaborators and children from the communities in which we operate.

Currently, we have 10 musical groups in both countries:



The Youth Orchestras and Choirs are made up of 54% women and 46% men, who receive 1,550 hours of classes per year.

SWIMMING TEAM

HIGH-PERFORMANCE DISCIPLINE

A group of 16 students was selected in 2016 to create the swimming team representing the community of Cananea, Sonora.

More than 50 young people from 8 to 18 years old have participated in the project. The swimming team has positioned itself as one of the best teams in the northern region of the state of Sonora, officially joining the Sonora Swimming Association (ASN) in 2017.



Tamosura Sports Center
• Operating since 2015

Scan this code to learn more about Grupo México's sports programs in communities across the country.

Two semi-Olympic pools are planned for 2022 in the following premises:
• Nacozeni Sports Center San Luis
• Potosi Sports Center



During the pandemic, 800 hours of classes per student were given through the Entrenamiento en seco (Dry Training) methodology, which allowed keeping the fitness level, reaction speed, and breathing exercises.

The following are the main competitions in which 26 medals were won:



“Short Course Swimming State Championship” in Hermosillo



Nationals such as the “Nelson Vargas Tournament: Long Course New Values - Oaxtepec”



Short Course Swimming National Championship in Veracruz



Binationals in Tucson and Sierra Vista, Arizona USA



In April 2019, they participated in the “Nadatón”, a relay event of 24-hour swim of more than 88 km, held at our Cananea Sports Center in Cananea, Sonora.



In December 2019, Kariela, a member of Grupo México's swimming team, participated with the Sonora State Team in the National Competition in Veracruz. Out of 104 participants in her category, she placed 19th.

RESPONSE TO COVID-19

IN OUR OPERATIONS IN MEXICO AND PERU

As essential industries, we have implemented protocols with strict prevention and care measures to promote the safety and health of our collaborators, contractors, and their families.



In coordination with the Peruvian Ministry of Health, we donated more than 318 thousand liters of liquid oxygen, in addition to supporting the logistics and application of more than 850 thousand vaccine doses against COVID-19 in the communities surrounding our operations.

WE DONATED MORE THAN US\$30.8 MILLION IN-KIND TO HOSPITALS AND VULNERABLE COMMUNITIES IN 21 STATES IN MEXICO AND 5 REGIONS IN PERU.



639
ventilators



318,000 liters
of liquid oxygen



More than 503 thousand
personal protection kits for physicians



120,000 liters
of antibacterial gel and protective equipment for the National Guard



Medical equipment
and various hospital supplies COVID-19

- 135 monitors
- 160 beds
- 52 resuscitation trolleys



22 temporary
hospital modules in Mexico and Peru with a combined bed capacity of 385 beds



107,510
pantries and 270 tons of food for vulnerable communities



60,000
prepared meals for doctors



We supported the operation of the Comprehensive Center for Pulmonary Rehabilitation Post-COVID



120,000
rapid tests and 10,000 molecular tests



4/7 medical guidance and psychological counseling hotline and WhatsApp



Two ambulances
and two oxygen plants in Peru



Scan this code to learn more about COVID-19 support.

COMMUNITIES



300
free counseling on
psychological, medical, and
employment issues, through
the Community Care Service



6 thousand
virtual community workshops
on preventive health, physical
activation, and education



52 thousand
masks made by 292 volunteers
from 24 locations in Mexico
and Peru



3 thousand
neighbors who promote
health in their community
on a voluntary basis



2,150
kits for implementing kitchen
gardens in Mexico and Peru, as
a strategy for self-consumption
of food



During the pandemic, we contributed to the fight against the emergency derived from COVID-19 in 21 states of Mexico and 5 regions of Peru.



We created the Ite Wetland as part of our environmental management program. This 1,600 hectare area is home to 126 birds species. It is the largest on the coast of Peru and one of the largest in South America.

GRUPO MÉXICO INTEGRATES THE FOLLOWING SUSTAINABILITY INDEXES:

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA



For more information, please contact:

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or check our Sustainable Development

Report 202 at the following link:

https://www.gmexico.com/GMDocs/InformeSustentable/Eng/IDS2020_FULL_ING.pdf