

# ANNUAL REPORT 2020



Employment, investment and sustainability



# Southern Copper



**Grupo México**  
MINERÍA

## **STATEMENT OF RESPONSIBILITY**

“To the best of our knowledge this document contains truthful and sufficient information regarding the development of the business of Southern Copper Corporation (“SCC”) during 2020. SCC takes responsibility for its contents according to applicable requirements”.

**Andres Ferrero Ghislieri**

General Counsel

**Raul Jacob Ruisanchez**

Vice-President Finance and Chief  
Financial Officer

**CONVERSION INFORMATION:** All tonnages in this annual report are metric tons unless otherwise noted. To convert to short tons, multiply by 1.102. All distances are in kilometers, to convert to miles, multiply by 0.62137. All ounces are troy ounces. U.S. dollar amounts represent either historical dollar amounts, where appropriate, or U.S. dollar equivalents translated in accordance with generally accepted accounting principles in the United States. “SCCO”, “SCC”, “Southern Copper” or the “Company” includes Southern Copper Corporation and its consolidated subsidiaries.

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Shovel loading dump truck at Cujajone mine, Peru.





# LETTER TO SHAREHOLDERS

In 2020, copper production topped 1 million tons, a new milestone in the Company's history. Growth in copper production was principally attributable to an increase in production at our Cuajone (+7.8%), La Caridad (+1.8%) and the IMMSA mines (+24.6%).

In 2020, net sales increased 9.6% with regard to those registered in 2019 principally due to the contribution of additional sales volumes of copper (+6.1%), silver (+8.8%), molybdenum (+12.7%) and zinc (+1.0%).

Southern Copper Corporation is positioned as the one of lowest- cost copper producers in the mining industry. Additionally, the Company has continued to reap the benefits of its expansion and cost reduction programs. In 2020, the operating cash cost per pound of copper, including by-product revenue credits, was \$0.69 per pound. This represented an improvement of 21.7% over the \$0.88 reported in 2019, which was primarily due to a decrease in the production cost.

Capital investments in 2020 were \$592.2 million, which represented 37.7% of net income. Our low production cost will strengthen our operating position to provide operating strength and liquidity and fuel on-going growth in Mexico and Peru, with an eye on producing 1.5 million tons of copper by 2028.

Cash flow from operating activities in 2020 was \$2,782.8 million, which represented an increase of 45.6% over the \$1,911.9 million posted in 2019. This improvement was attributable to strong cash generation at our operations, which was driven by an increase in copper and precious metals prices, higher sales volumes and cost control efficiencies.

In the context of the COVID-19 pandemic, Southern Copper has implemented a timely, well-designed protocols and strict hygiene and safety measures are in place at all of our operations. This, coupled with the isolated nature of our physical mining operations and low-density workforce, have helped us weather the pandemic. In this context, our units registered high economic contributions that led us to close the year with production records for copper, molybdenum and silver.

In 2020, Southern Copper faced the challenges of the pandemic with resilience, innovation and solidarity. The new normal that the virus has imposed on the world requires governments, companies and society to assume joint responsibility to protect citizens as we resume growth; generate value; and fuel economic recovery.

When Covid-19 reared its head in early 2020, Southern Copper moved quickly to preserve the health of its workers, their families, and the communities in the countries where we operate. The company is committed to guaranteeing safe work environments and has developed lines of action to prevent transmission; strengthen community outreach; and bolster capacities for medical response.

Our top priority is to roll out solidarity-based efforts with the communities in our areas of influence to work together to stem the pandemic and its impacts. In this regard, the Company has mounted intense communication campaigns to educate the population about the prevention and hygiene measures recommended by health authorities and to provide psychological support for families through on-line counseling and workshops.





### Dome at Toquepala Concentrator, Peru.

The year 2021 began with news of better things to come: several COVID-19 vaccines have been approved and are being rolled out around the globe. We trust that this marks the beginning of the end of the COVID-19 sanitary crisis. We believe this will open the door to significant economic recovery and drive an uptick in 2021 copper consumption. Accordingly, we believe the copper market will evolve positively, sustained by growth in consumption in China and in other economies.

Our current portfolio for approved projects in Peru totals \$2.8 billion, \$1.6 billion of which has already been invested. If we include the up-and-coming Michiquillay (\$2.5 billion) and Los Chancas (\$2.6 billion) projects, our total investment program in Peru reflects a commitment of \$7.9 billion.





 Panoramic view at Cananea mine pit, Sonora, Mexico.

In Mexico, our portfolio consists of: Buenavista Zinc in Sonora, this project includes the development of a new concentrator to produce approximately 80,000 tons of zinc and 20,000 tons of copper per year. The project has all the necessary permits and the capital budget is \$413 million. This new facility will double the Company's zinc production capacity and provide 490 direct jobs and 1,470 indirect jobs.

The second project is Pilares, also in Sonora. This project consists of an open-pit mine operation with an annual production capacity of 35,000 tons of copper in concentrate. The budget for Pilares is \$159 million. El Pilar will operate as a conventional open-pit mine with an annual production capacity of 35,000 tons of copper cathodes. The budget for El Pilar is \$310 million and we expect the project to start production in 2023.

On behalf of the Board of Directors of Southern Copper Corporation, we would like to express our gratitude to all the staff for its hard work and dedication; to our clients for their continued trust and loyalty; and to you, our shareholders, for your permanent support.

**GERMAN LARREA MOTA-VELASCO**

Chairman of the Board

**OSCAR GONZALEZ ROCHA**

President and Chief Executive Officer



## PRODUCTION STATISTICS

Southern Copper Corporation and Subsidiaries  
Five-year Production Statistics

	2020	2019	2018	2017	2016
<b>Mine production</b> (tons)					
Mined Material (thousand)	656,237	790,365	814,228	743,163	742,935
Copper in concentrates	851,323	841,452	741,488	711,720	715,360
Copper SX/EW	150,045	152,470	142,201	165,259	184,595
Total Copper	1,001,368	993,822	883,689	876,979	899,955
Molybdenum in concentrates	30,248	26,885	21,985	21,328	21,736
Zinc in concentrates	68,930	73,922	70,778	68,665	73,984
Silver in concentrates (thousand ounces)	21,540	20,273	17,308	15,926	16,172
<b>Smelter/refineries production</b>					
Copper	633,801	595,173	633,630	617,853	591,339
Zinc	102,440	104,977	107,536	104,402	106,093
Silver (thousand ounces)	13,888	12,588	13,583	13,688	15,196
<b>Toquepala</b>					
Mined Material (thousand)	168,715	249,083	241,514	203,778	209,064
Copper in concentrates	229,116	231,673	143,720	122,949	116,525
Molybdenum in concentrates	5,511	4,484	4,159	4,184	6,324
<b>Cuajone</b>					
Mined Material (thousand)	130,047	153,911	175,177	149,265	175,009
Copper in concentrates	168,663	156,393	160,579	158,105	171,448
Molybdenum in concentrates	4,225	3,285	3,099	3,746	3,926
<b>Smelter/refineries in Peru</b>					
SX/EW	26,010	26,329	26,526	25,093	24,800
Smelt concentrates	1,210,625	1,075,513	1,187,710	1,153,486	1,070,588
Blister produced	4,163	-	2,630	1,793	929
Anode produced	345,955	317,519	344,758	345,847	322,567
Cathode produced	286,271	256,647	292,654	291,373	270,183
<b>Mexicana de Cobre - Caridad</b>					
Mined Material (thousand)	93,373	94,578	96,541	98,534	98,435
Copper in concentrates	109,671	107,161	106,087	106,271	104,949
Molybdenum in concentrates	10,535	10,206	9,809	9,934	9,911

	2020	2019	2018	2017	2016
<b>Buenavista</b>					
Mined material (thousand)	259,860	288,882	297,718	288,716	257,395
Copper in concentrates	140,888	141,521	139,157	135,690	140,661
<b>Smelter/Refineries in Mexico</b>					
SX/EW	124,036	126,041	115,675	140,166	159,715
Smelt concentrates	1,029,486	1,011,374	1,041,663	997,657	1,004,829
Anode produced	283,683	277,654	286,242	270,213	267,843
Cathode produced	240,407	231,609	239,185	228,062	224,158
Rod produced	129,439	142,728	147,147	133,100	144,516
<b>Underground Mines</b>					
Contents in concentrates (tons)	68,930	73,922	70,778	68,665	73,984
Zinc	20,358	22,567	22,081	20,246	24,385
Lead	10,302	8,265	6,221	5,486	6,428
Copper in concentrates	7,983	6,943	5,649	4,760	5,622
Silver (thousand ounces)	8,734	7,647	6,423	5,428	6,420
Gold (ounces)	259,860	288,882	297,718	288,716	257,395

# COPPER RESERVES

We believe we hold the world's largest position of copper reserves. As of December 31, 2019, our copper ore reserves, calculated at a copper price of \$2.90 per pound, totaled 67.6 million tons of contained copper (in 2020, the average LME and COMEX per pound copper prices were \$2.80). Our internal ore reserve estimation value is as follows:

Copper contained in ore reserves	Thousand tons
Mexican open-pit	29,948
Peruvian operations	22,061
IMMSA	257
Development projects	14,628
<b>Total</b>	<b>66,894</b>

For more information about ore reserves refer to “Internal Ore Reserves Estimates”, on page 59 of our 2019 Form 10-K.



## FIVE-YEAR SELECTED FINANCIAL AND STATISTICAL DATA

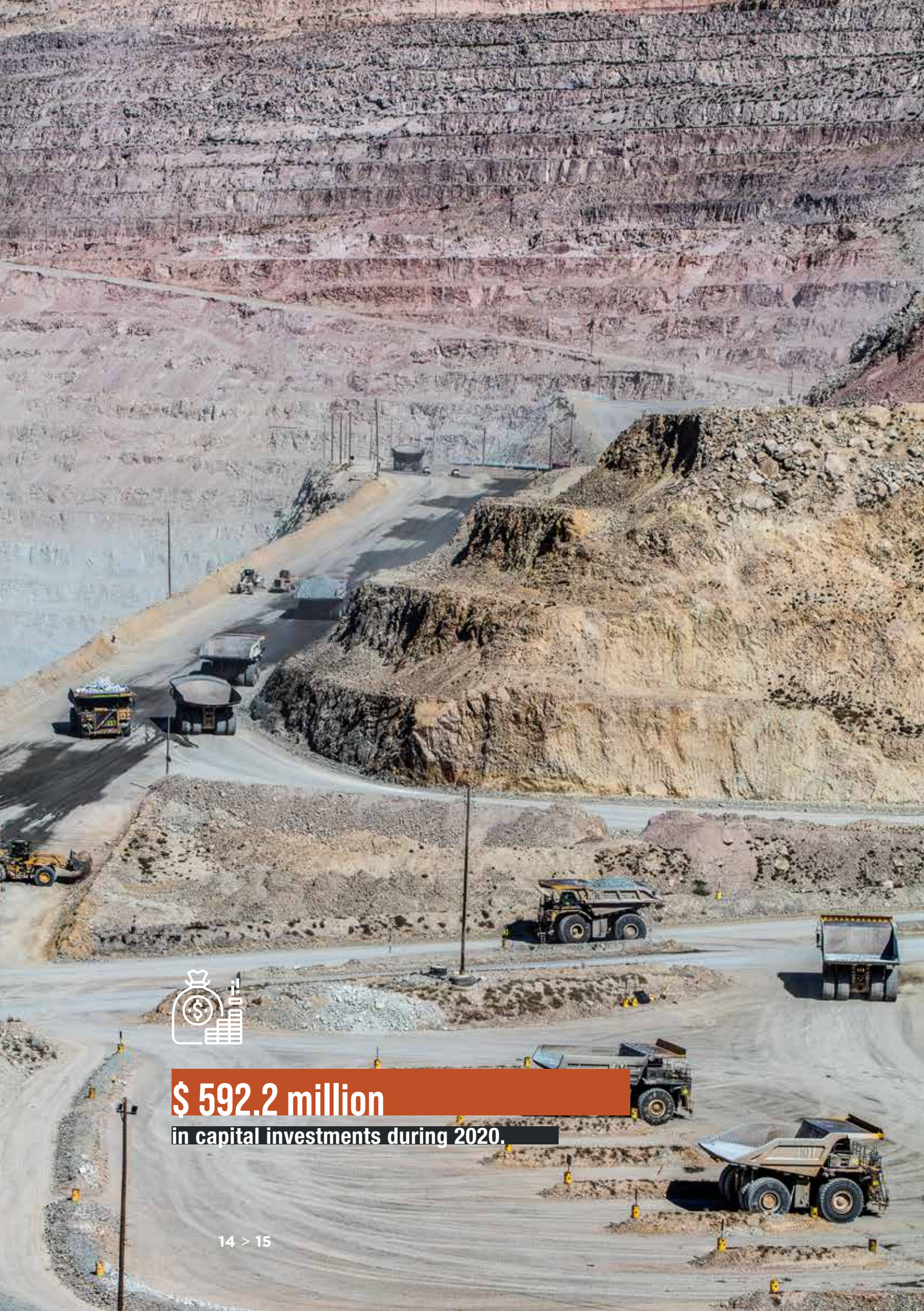
Southern Copper Corporation and Subsidiaries

For the years ended December 31

(in millions, except per share amounts, employee data and stock and financial ratios)	2020	2019	2018	2017	2016
<b>Consolidated Statement of Earnings</b>					
Net sales	\$ 7,984.9	\$ 7,285.6	\$ 7,096.7	\$ 6,654.5	\$ 5,379.8
Operating costs and expenses	4,864.2	4,532.6	4,215.5	4,035.6	3,815.6
Operating income	3,120.7	2,753.0	2,881.2	2,618.9	1,564.2
Net income attributable to Non-controlling interest	7.4	6.1	5.2	3.9	2.3
Net earnings attributable to SCC	\$ 1,570.4	\$ 1,485.8	\$ 1,543.0	\$ 728.5	\$ 776.5
<b>Per share amount:</b>					
Earnings basic and diluted	\$ 2.03	\$ 1.92	\$ 2.00	\$ 0.94	\$ 1.00
Dividends paid	\$ 1.50	\$ 1.60	\$ 1.40	\$ 0.59	\$ 0.18
<b>Consolidated Balance Sheet</b>					
Cash and cash equivalents	\$ 2,183.6	\$ 1,925.1	\$ 844.6	\$ 1,004.8	\$ 546.0
Total assets	16,946.5	16,407.4	14,267.8	13,780.1	13,234.3
Total debt	6,544.2	6,541.0	5,960.1	5,957.1	5,954.2
Total equity	\$ 7,276.0	\$ 6,858.2	6,612.9	\$ 6,149.4	\$ 5,870.9
<b>Consolidated Statement of Cash Flows</b>					
Cash provided by operating activities	\$ 2,783.6	\$ 1,911.9	\$ 2,235.1	\$ 1,976.6	\$ 923.1
Dividends paid	1,159.6	1,236.9	1,082.3	456.1	139.3
Capital investments	592.2	707.5	1,121.4	1,023.5	1,118.5
Depreciation, amortization and depletion	\$ 775.6	\$ 764.4	\$ 674.3	\$ 671.1	\$ 647.1
<b>Capital Stock</b>					
Common shares outstanding – basic and diluted (in thousands)	773,065	773,059	773,044	773,028	773,016
NYSE price – high	\$ 65.82	\$ 43.19	\$ 57.34	\$ 47.63	\$ 34.98
NYSE price – low	\$ 23.53	\$ 23.21	\$ 29.78	\$ 32.38	\$ 22.29
Book value per share	9.35	8.82	8.50	7.90	7.54
P/E ratio	32.06	22.10	15.42	50.35	31.82
<b>Financial Ratios</b>					
Current assets to current liabilities	3.50	2.83	2.61	2.71	2.57
Net debt as % of Net capitalization <sup>(1)</sup>	35.2%	41.8%	42.6%	44.4%	47.7%
Employees (at year end)	13,777	14,301	13,899	13,140	13,414

(1) Represents net debt divided by net debt plus equity. Net debt is defined as total debt minus cash, cash equivalents and short-term investments balance.





**\$ 592.2 million**  
in capital investments during 2020.



# CAPITAL EXPENDITURES AND EXPLORATION PROGRAMS

## Expansion and modernization

In 2020, we made capital investments of \$592.2 million. In 2021, we plan to invest \$1,431.3 million in capital projects, which doubles the investment made in the previous year and will be accompanied by on-going capital maintenance and replacement spending. We are rolling out a growth program to develop the Company's full production potential. We are currently developing a new brownfield plan to increase our copper production volume to 1.5 million tons in 2028 by developing new projects.

In general, the capital investments and projects described below are intended to increase production, decrease costs or address social and environmental commitments.

Our principal capital programs include the following:



# Mexican Projects

## **Buena Vista Zinc, Sonora:**

This project is located within the Buena Vista facility and includes the development of a new concentrator to produce approximately 80,000 tons of zinc and 20,000 tons of copper per year. Currently, we have completed the basic engineering and obtained all environmental permits for the project. The project's budget is \$413 million, and we expect to initiate operations in the third quarter of 2022. When completed, this new facility will double the Company's zinc production capacity and will provide 490 direct jobs and 1,470 indirect jobs. The bidding process for the site preparation has started and purchase orders have already been placed for the main equipment.

## **Pilares, Sonora:**

This project, located six kilometers from La Caridad, will be developed as an open pit mine operation with an annual production capacity of 35,000 tons of copper in concentrate. The ore will be transported from the pit to the primary crushers of the La Caridad copper concentrator through a new 25-meter wide off road facility for mining trucks and will significantly improve the over-all mineral ore grade (combining the 0.78% expected from Pilares with 0.34% from La Caridad). The budget for Pilares is \$159 million and we expect it to start production during the first half of 2022. The connection road between Pilares mine and La Caridad mine is now under construction.

## **El Pilar, Sonora:**

This is a low-capital intensity copper greenfield project strategically located in Sonora, Mexico, approximately 45 kilometers from our Buena Vista mine. Its copper oxide mineralization contains estimated proven and probable reserves of 325 million tons of ore with an average copper grade of 0.287%. El Pilar will operate as a conventional open-pit mine and copper cathodes will be produced using



#### Buenavista Zinc project, Sonora, Mexico.

highly cost efficient and environmentally friendly SX-EW technology. We estimate a development investment of approximately \$310 million. The construction of the pilot plant is completed and the production tests have recently begun. We expect this project to start production in 2023.

#### **The San Martin mine restoration program:**

After eleven years of an illegal stoppage, we resumed control of the San Martin mine in August 2018. The San Martin facilities deteriorated during this period and we undertook a major renovation to restart operations during the second quarter of 2019. Currently, the mine has 200,000 tons of ore and the concentrator has initiated production. In 2019, we produced 5,837 tons of zinc, 1.2 million ounces of silver and 1,335 tons of copper. The budget for the restoration program is \$97.7 million. As of December 31, 2019 the program reported a total expense of \$73.6 million.





In the Quebrada Honda Dam Expansion project

**we have invested \$ 32 million**



## Peruvian Projects

### **Quebrada Honda dam expansion – Tacna:**

This project aims to enlarge the main and lateral dams in Quebrada Honda and includes the relocation of some facilities due to dam growth and implementation of other facilities for water recovery, among other factors. As of December 31, 2020, the engineering study is complete and we have initiated the procurement process for the necessary materials and equipment. This project has a total budget of \$140.0 million, of which we had invested \$32 million as of December 31, 2020. The Project is 41% complete and moving along according to the plan.

### **Tia Maria - Arequipa:**

On July 8, 2019, we were granted a construction permit for this 120,000-ton a year SX-EW copper greenfield project with a total capital budget of \$1,400 million. The Government awarded the permit after completing an exhaustive review process, complying with all established regulatory requirements and addressing all observations raised. The challenges surrounding the construction permit were overcome when on October 30, 2019, the Mining Council of the Peruvian Ministry of Energy and Mines ratified the construction permit for the Tia Maria project.

The Company has been consistently working to promote the welfare of the Islay province population. As part of these efforts, we have implemented successful social programs in education, healthcare and productive development to improve the quality of life in the region. We also have promoted agricultural and livestock activities in the Tambo Valley and supported growth in manufacturing, fishing and tourism in Islay.

We believe that the initiation of construction activities at Tia Maria will generate significant economic opportunities for the Islay province and the Arequipa region.

During the construction and operation phase, we will make it a priority to hire local labor to fill the 9,000 jobs (3,600 direct and 5,400 indirect) that we expect to generate during Tia Maria's construction phase. When operating, we expect Tia Maria to directly employ 600 workers and indirectly provide jobs for another 4,200. Additionally, from day one of our operations, we will generate significant contributions to revenues in the Arequipa region via royalties and taxes.

This greenfield project, located in Arequipa, Peru, will use state-of-the-art SX-EW technology with the highest international environmental standards. SX-EW facilities are the most environmentally friendly in the industry given that they release no emissions into the atmosphere.



# ENVIRONMENTAL AND SOCIAL MATTERS

Southern Copper Corporation (SCC) is a state-of-the-art, integrated mining company whose innovative style leverages the power of efficient processes and new technologies to improve of day-to-day operations to bolster results and ensure business sustainability. We constantly strive to ensure that the Company's performance in the social, economic and environmental ambits is aligned with the expectations of our stakeholders.

Our business focuses on sustainable development, which guides our actions, investments and the distribution of economic value. Every day, we work to consolidate the confidence of our stakeholders by engaging them in management; communicating our results; and listening to their expectations.

 Panoramic view at Tia Maria project, Arequipa, Peru.

## Our environmental commitment

We maintain an ongoing commitment to pursuing the goals of our expansion and modernization programs in ways that are in harmony with our environment. We seek to comply with all regulatory requirements and observe best environmental practices to achieve optimum environmental performance by identifying, evaluating and mitigating the impacts that our activities have on the environment.

### SCC'S ENVIRONMENTAL POLICY HAS THE FOLLOWING GOALS:

- Responsible use of water and natural resources
- Efficient use of energy and reduction of green-house-gas emissions
- Reduction, control and mitigation of air emissions to atmosphere
- Reduction in waste generation and its integrated management
- Reforestation and biodiversity conservation
- Mine closure

These lines of action are conducted in compliance with the requirements of international and local certifications that govern our operating units in the countries where we work. Five of our units were awarded ISO 14001: 2005, we obtained through the efforts of all our employees and a comprehensive effort to apply best environmental practices.

In 2020, \$144 million was allocated for environmental management to cover investments and environmental expenditures in the following areas: air, climate change, soil, waste, biodiversity, water and administrative management.





📷 New truck Komatsu, Cuajone mine, Moquegua, Peru.

## Energy and climate change

At SCC, we believe that the fight against climate change is a responsibility that everyone, including the private the sector and the industries in which we participate, shares. We are aware of climate change's effects on our operations and in anticipation of an increase in the probability of the occurrence of extreme weather events, have identified potential risks from global warming.

Given these challenges, we are taking measures, which include:

- Using energy more efficiently.
- Developing and using renewable energy sources.
- Increasing the level of electric power self-sufficiency.
- Promoting efforts to capture greenhouse gases.

Accordingly, we are diversifying our clean, renewable energy supplies. Our operations in Mexico have decreased their indirect greenhouse gas emissions by consuming clean energy supplied by SCC subsidiaries that generate electric power through high-efficiency combined cycle plant and a wind farm.

Alongside our environmental policy, we continue to take action to maximize electricity generation by using our own energy sources. In Peru, we generate energy, 62% from renewable sources, including hydroelectric plants principally.

We replaced traditional sources of energy with more efficient and renewable sources and in 2020, offset more than 600 thousand tons of CO<sub>2</sub> equivalent by removing 129,257 passenger vehicles from circulation for a year.

In addition to generating and consuming energy from renewable sources and cleaner fuels, we also follow best practices to obtain greater energy efficiency; redesign, convert and adapt equipment; and adequately train operating staff.

It is important to highlight that in terms of climate change, SCC has been working with Grupo Mexico and non-governmental organizations to contribute to the fight against climate change. These efforts are outlined in Grupo Mexico's fourth Carbon Disclosure Project, which was published in 2016 and contains information on SCC's greenhouse gas inventory

 **Smelter worker at La Caridad, Sonora, Mexico.**





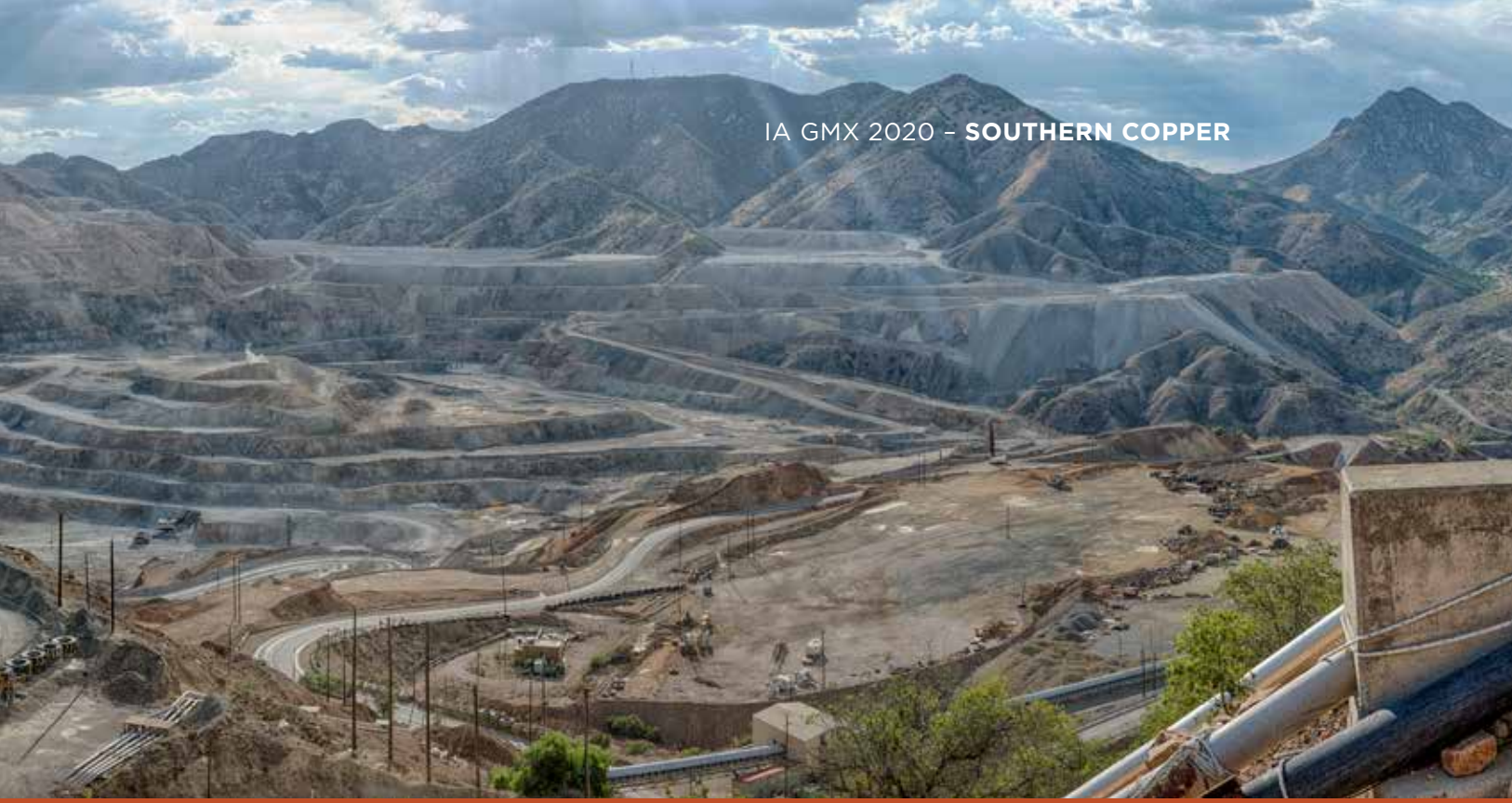




📷 Panoramic view at La Caridad mine, Sonora, Mexico.

On April 17, 2018, the Peruvian government enacted Law N. 30754, establishing a Climate Change Framework. Through this law, promoting public and private investment in climate change management is declared to be of national interest. The law proposes creating an institutional framework to address climate change in Peru and outlines new measures, particularly with respect to climate change mitigation. It includes, for example, provisions regarding: increasing carbon capture and use of carbon sinks; afforestation and reforestation practices; land use changes; and sustainable systems of transportation, solid waste management, and energy systems.

This constituted the first Latin American climate change framework law to incorporate responsibilities from the Paris Agreement. Regulations to this law were enacted by Supreme Decree 013-2019, which was published on December 31, 2019 and are applicable to all Peruvian institutions.



The Company anticipates initiating a multi-year process to adopt applicable reporting recommendations of the Task-Force on Climate Related Financial Disclosures (TCFD) once new Peruvian climate change regulations applicable to private sector entities. The Company is committed to the environment and to managing climate-related impacts. The Company's focus is on achieving on-going improvements in the responsible use of natural resources as it complies with strict applicable legal standards for prevention, mitigation, control and remediation of environmental impacts.

With these actions, and others, SCC confirms its commitment to reducing its carbon footprint and strengthening its position as a sustainable global company, thereby improving its competitiveness and contributing to the shift toward environmentally friendly economic development.

## Biodiversity

Our company is the largest producer of trees in the mining industry in Mexico. At our operating units, we have six forest nurseries and greenhouses that produce native species to reforest and rehabilitate ecosystems, including those areas not adjacent to our operations. These forest nurseries contribute to biological biodiversity; enrich flora and fauna; and act as natural carbon sinks by trapping CO2 from the atmosphere.

As part of our conservation efforts, we have an 89-hectare Environmental Management Unit (EMU) that focuses on replicating the wildlife environment of threatened and endangered species, including the Mexican Gray Wolf and Turkey Gould and other species.

The SCC UMA is one of the Mexican institutions that has the best installations and strategic locations to breed and release Mexican Gray Wolves. In 2013, we became part of the Binational Mexican Gray Wolf Recovery Program Mexico-USA. Since the onset of the program, 400+ wolves have been born and more than 50 have been released into the wild. Of this last number, 23 specimens were born at the facilities of SCC UMA.

In Peru, we continue to execute significant environmental expenditures for the Ite Bay remediation program in Tacna. The contaminant removal program, conducted over a 1,600-kilometer area, has been successful. Ite Bay, which is the largest and most diverse coastal waterfowl wetland in the country, is also a tourist attraction and contributes to economic development in the area.



Worker at IMMSA Tree Nursery, San Luis Potosi, Mexico.









**More than 70% of the total water**  
consumption of our mining operations was reclaimed water.

## Water management

Water is the most important input in our mining operations. SCC develops projects to ensure water sustainability; efficiently use resources; and reuse water discharged by third parties.

The efficient use of water and savings programs entails employing pumping systems to continuously recover water from tailings and thickener processes; implementing and maintaining closed circuits to use the total volume of process water; and implementing a Zero Wastewater Discharge Program to boost the efficient management of water resources.

Water from reuse programs feeds a large portion of total water consumption. In 2020, a whopping 70% of total water consumption at the mining operations entailed the use of reclaimed water.

In 2020, we invested in infrastructure and equipment to increase water recovery in our processes. Additionally, we installed high efficiency thickeners to recover more water.

At some of our units, SCC uses municipal wastewater, which is pre-treated (similar to the process at San Luis Potosi and Cananea (Mexico), to generate fresh water supplies for local populations.





# Our communities

## COMMUNITY DEVELOPMENT MODEL

SCC seeks to improve the quality of life in the communities around its operations by engaging in responsible management. SCC has developed a model where people are agents of their own development.

Our Community Development Model approaches developing relationships with communities through three specific components:



Community Development Model

Ensuring that the operations coexist in a positive and healthy manner in the places where we operate.

Sharing the wealth generated by the operations with the community by creating or regenerating the social fabric and strengthening the same to consequently increase economic value.

Strengthen the capacities the members of the communities in which we operate; these individuals are the main drivers of development at the personal, family and environmental levels.

### **Good neighbors**

To generate positive relations with neighboring communities, we maintain constant communication.

### **Economic development**

Through training and skill-building programs, as well as investments in infrastructure, we contribute to strengthening the productive and economic capacities of communities.

### **Human development**

To generate trust relationships and co-responsibility with communities, our Casa Grande model rolls out programs at community centers; these efforts focus on education, health, culture and the environment.

This model is known as “Casa Grande”, and it has been implemented through the following tools:

- **32 Community Development Centers.** (17 in Mexico and, 15 in Peru) These are Open Houses for communities that offer courses and workshops to promote development through programs and projects that focus on education, health, culture and environmental protection.
- **Participatory Diagnostics.** The community and SCC work together on Human Development initiatives. Through a community diagnostic, we identify needs and expectations that are subsequently satisfied through the Casa Grande model.

- **Community Committees.** Led by volunteers from the community and Company employees, who collaborate to assess proposals for sustainable projects.
- **Seed Capital.** We call on communities to present their own initiatives. SCC's primary axes are education and the environment, which are complemented by initiatives relative to health, safety and productivity.

Due to the SARS-CoV-2 coronavirus pandemic, in 2020, the Community Development programs in Mexico and Peru migrated to an on-line platform and provided 4,634 online workshops, which reached more than 9.4 million users. Additionally, reproductions in our social networks increased 63%. We consolidated a virtual community of more than 294 thousand followers on 19 Facebook pages.

Children and young people are our priority and we strive to ensure a better future for new generations. Community projects are assessed by committees that are comprised of both SCC employees and local personalities and the focus is on promoting dialogue and citizen participation.

- **Productive Projects:** Projects that transform community lives by generating productive skills.



Casa Grande workers at Santa Barbara mine, Chihuahua, Mexico.





Our team of experts uses this model to materialize the Company's initiatives with the participation of SCC volunteers and the community. Community centers are used to hold these meetings to generate shared value.

SCC's social team and volunteers from neighboring communities, an important number of projects were developed in 2020. We conducted 9,808 activities through more than 432 projects with 3,004 community and corporate volunteers. Through our Seed Capital and productive projects, we helped create development generators and promoted the participation of proactive leaders who work to enhance the well-being of their communities.

## Education and Entrepreneurship

Another way of contributing to people's development is by providing training and education opportunities to children and young people in neighboring communities at the elementary, secondary, vocational or university levels. At our mining operations in Mexico and Peru, we contribute to community education through 11 schools that are sponsored by the Company and which offer scholarships to employees and their families for different levels of study.

In Peru, we have implemented the TICs project (Information Technology and Communication) in Moquegua, which is considered a pioneer effort to reduce the technological gap in rural areas of Peru. Through cooperation between the Regional Government of Moquegua and SCC, TICs are incorporated in the teaching and learning process to benefit 33,560 students and teachers in Mariscal Nieto, Ilo, and Sanchez Cerro in the Moquegua Region. To date, SCC has invested more than \$33 million in TIC projects to benefit students and teachers in Peru.

We also continued efforts to promote and implement the job training selection program Forjando Futuro ("Forging the Future"). This program was created to generate the professional and vocational skills that residents in the areas of influence of our operations in the south of Peru require.



**Little students at the Elementary School Toquepala, Tacna, Peru.**





**More than \$40.2 million**  
in social development  
programs in 2020.



## Infrastructure and Services

In Peru, our mining operations are located in a remote rural area in the south of the country. In close cooperation with authorities and representative organizations from the region, we contribute to program development. Our commitment to the community is manifest in the following areas of action: education and capacity building, health, nutrition, infrastructure and support for the agricultural sector.

SCC contributes to expanding the infrastructure for water supply infrastructure and irrigation in the provinces in which we operate. In 2020, we invested more than \$2.1 million in projects to optimize the availability and use of water in agricultural activities in Mexico and Peru.



These projects include: developing the “Cularjahuira Dam”, with a capacity of 2.5 million cubic meters in the Camilaca district; engaging in engineering studies for water canals in the districts of Huanuara and Curibaya; and a study of the “Callazas Dam,” with an anticipated capacity of 11 million cubic meters. All of these projects are located in the Candarave province, Tacna region. In the Jorge Basadre province, efforts on engineering studies for the drip irrigation Project in the Cinto valley are on-going. Additionally, in the Torata district, Moquegua region, 10 test plots for mechanized irrigation (micro sprinkling and drip) have been installed to encourage farmers to use highly efficient irrigation systems.







## Social investment

In 2020, SCC invested more than \$ 40.2 million in social development programs related to education, health, productive projects, infrastructure and services.

Investment in Community Development Programs	US\$ (in millions)
Community development programs, social linking and productive projects	10.50
Operating expenses in schools and camps	18.5
Infrastructure and equipment in neighboring communities	10.1
SCC townsite infrastructure	1.1
<b>Total</b>	<b>40.2</b>

At Southern Copper Corporation, our business model is focused on continuously improving the quality of life of the communities living in our operating areas. We accomplish this by encouraging meaningful development and strengthening collective participation to serve the common good and where individuals act as the main agents of development.



# RESULTS OF OPERATIONS

Years ended December 31, 2020, 2019 and 2018.

Our net income attributable to SCC in 2020 was \$1,570.4 million, compared to \$1,485.8 million in 2019 and \$1,543.0 million in 2018. SCC's net income increased \$84.6 million in 2020, driven by growth in net sales.

In 2019, net income attributable to SCC decreased, which was primarily due to increases in the cost of sales and depreciation, amortization and depletion, as well as to lower prices for copper and molybdenum. The increase in 2018's net income was mainly driven by higher sales and lower taxes as the 2017 financial results included the one-time, non-cash income tax adjustment of \$785.9 million recorded in 2017 as a result of the U.S. income tax legislation enacted in the fourth quarter of 2017.

The Company presents its operating cash costs with and without the revenues of its by-products (molybdenum, silver, sulfuric acid, etc.). It excludes the cost of purchases of third-party metal, depreciation, amortization and depletion, exploration, workers participation provisions and other items of non-recurring nature, as well as royalty charges, from its operating cash cost calculation.

The Company's operating cash cost per pound of copper produced, as previously defined, for the three years ended December 31, is as follows:

Dollar per pound	2020	2019	2018
Operating Cash Cost without by-product revenues	1.37	1.52	1.54
Operating Cash Cost with by-product revenues	0.69	0.88	0.87

As seen in the table above, our per pound cash cost before by-product revenues in 2019 was 1.3% lower when compared with 2018. This decrease was the result of the unit cost effect of a 13.1% increase in production.

#### NET SALES:

**2020-2019:** Net sales in 2020 were \$7,984.9 million, compared to \$7,285.6 million in 2019, which represented an increase of \$699.3 million. This 9.6% increase was mainly attributable to higher sales volumes of copper (+6.1%), silver (+8.8%), molybdenum (+12.7%) and zinc (+1.0%) as well as to higher copper (+2.9%) and silver (+27.7%) prices. This effect was slightly offset by lower molybdenum (-24.0%) and zinc (-11.2%) prices.



**2019-2018:** Net sales in 2019 were \$7,285.6 million, compared to \$7,096.7 million in 2018, an increase of \$188.9 million. This 2.7% increase was mainly the result of higher copper (+11.3%), molybdenum (+21.7%) and silver (+5.7%) sales volumes, which was partially offset by a decrease in copper (–8.1%) and molybdenum (–5.0%) prices.

### PRICES:

The profitability of our operations is dependent on, and our financial performance is significantly affected by, the international market prices for the products we produce, and for copper, molybdenum, zinc and silver in particular. Sales prices for the Company’s metals are mainly pegged to the prices quoted on the London Metal Exchange (LME) and The New York Commodity Exchange (COMEX) or to those published in the Platt’s Metals Week for dealer oxide mean prices for molybdenum.

	2020	2019	2018
<b>Price/Volume Data</b>			
Average metal prices			
Copper (per pound - LME)	\$ 2.80	\$ 2.72	\$ 2.96
Copper (per pound - COMEX)	\$ 2.80	\$ 2.72	\$ 2.93
Molybdenum (per pound)	\$ 8.57	\$ 11.27	\$ 11.86
Zinc (per pound - LME)	\$ 1.03	\$ 1.16	\$ 1.33
Silver (per ounce - COMEX)	\$ 20.62	\$ 16.16	\$ 15.65
<b>Sales Volume (in million pounds, except silver – million ounces)</b>			
Copper	2,305.9	2,173.8	1,952.9
Molybdenum <sup>(1)</sup>	66.7	59.2	48.6
Zinc	230.9	228.5	234.8
Silver	22.4	20.6	19.4

(1) The Company’s molybdenum production is sold as concentrates. Volume represents pounds of molybdenum contained in concentrates.





# ENVIRONMENTAL AFFAIRS

## Environmental matters

The Company has instituted extensive environmental conservation programs at its mining facilities in Peru and Mexico. The Company's environmental programs include, among others, water recovery systems to conserve water and minimize the impact on nearby streams, reforestation programs to stabilize the surface of the tailings dams and the implementation of scrubbing technology in the mines to reduce dust emissions.

Environmental capital investments in years 2020, 2019 and 2018, were as follows (in millions):

	2020	2019	2018
Mexican operations	\$ 41.1	\$ 64.3	\$ 43.5
Peruvian operations [*]	\$(3.3)	\$ 18.6	\$ 59.3
<b>Total</b>	<b>\$ 37.8</b>	<b>\$ 82.9</b>	<b>\$ 102.8</b>

## Mexican operations

The Company's operations are subject to applicable Mexican federal, state and municipal environmental laws, to Mexican official standards, and to regulations for the protection of the environment, including regulations relating to water supply, water quality, air quality, noise levels and hazardous and solid waste.





View of the concentrator plant, La Caridad mine, Sonora, Mexico.

The principal legislation applicable to the Company's Mexican operations is the Federal General Law of Ecological Balance and Environmental Protection (the "General Law"), which is enforced by the Federal Bureau of Environmental Protection ("PROFEPA"). PROFEPA monitors compliance with environmental legislation and enforces Mexican environmental laws, regulations and official standards. It may also initiate administrative proceedings against companies that violate environmental laws, which in the most extreme cases may result in the temporary or permanent shutdown of non-complying facilities, the revocation of operating licenses and/or other sanctions or fines.

In 2011, the General Law was amended to provide an individual or entity the ability to contest administrative acts, including environmental authorizations, permits or concessions granted, without the need to demonstrate the actual existence of harm to the environment as long as it can be argued that the harm may be caused. In addition, in 2011, amendments to the Civil Federal Procedures Code ("CFPC")





were enacted, which established three categories of collective actions under which a group of 30 or more individuals can be considered sufficient to prove a “legitimate interest” to file civil actions for injuries derived from alleged violations of environmental, consumer protection, financial services and economic competition laws and to seek restitution or economic compensation for the alleged injuries or the suspension of the activities which allegedly generated the injuries in question. The amendments to the CFPC may result in more litigation, with plaintiffs seeking remedies, including suspension of the activities alleged to cause harm.

In 2013, the Environmental Liability Federal Law was enacted. The law establishes general guidelines for actions to be considered to likely cause environmental harm. If a possible determination regarding harm occurs, environmental clean-up and remedial actions sufficient to restore the environment to its pre-existing condition should be taken. Under this law, if restoration is not possible, compensation measures should be provided. Criminal penalties and monetary fines can be imposed under this law.

On February 2019, the Mexican Supreme Court confirmed the constitutionality of an ecological tax on extractive activities developed in the state of Zacatecas, which taxes the environmental remediation actions; emissions of certain gases to the atmosphere; emissions of pollutant substances to the soil or water; and waste storage within the state territory. The Company has determined that this new environmental regulation will have no impact on its financial position.

## Peruvian operations

The Company’s operations are subject to applicable Peruvian environmental laws and regulations. The Peruvian government, through the Ministry of Environment (“MINAM”) conducts annual audits of the Company’s Peruvian mining and metallurgical operations. Through these environmental audits, matters related to



environmental obligation, compliance with legal requirements, atmospheric emissions, effluent monitoring and waste management are reviewed. The Company believes that it is in material compliance with applicable Peruvian environmental laws and regulations. Peruvian law requires that companies in the mining industry provide assurances for future mine closure and remediation. In accordance with the requirements of this law, the Company's closure plans were approved by MINEM. See Note 10 "Asset retirement obligation," for further discussion of this matter.

**Air Quality Standards ("AQS"):** In June 2017, MINAM enacted a supreme decree that sets new AQS for daily sulfur dioxide in the air. As of December 31, 2020, the Company maintained a lower daily average level of  $\mu\text{g}/\text{m}^3$  of  $\text{SO}_2$  than that required by the new AQS.

**Soil Environmental Quality Standards ("SQS"):** In 2013, the Peruvian government enacted Soil Quality Standards. In accordance with the regulatory requirements of the law, the Company prepared Soil Decontamination Plans ("SDP") for environmentally impacted sites at each of its operation units (Toquepala, Cuajone and Ilo) with the assistance of consulting companies. The cost of these SDPs are not material, either individually or in aggregated form, to the financial statements of the Company.

The Company believes that all of its facilities in Mexico and Peru are in material compliance with applicable environmental, mining and other laws and regulations. The Company also believes that on-going compliance with environmental laws of Mexico and Peru will generate no material adverse effects for the Company's business, properties, operating results, financial condition or prospects and will not result in material capital investments.



# GENERAL INFORMATION

## INFORMATION RELATED TO ITS CONSTITUTION AND INSCRIPTION IN THE PUBLIC REGISTRY:

**See: “Brief historical review from the constitution of the Company”  
on page 30.**

Brief Description: Southern Copper Corporation (SCC) is one of the largest integrated copper producers in the world. We produce copper, molybdenum, zinc, silver, lead and other by-products. All of our mining, smelting and refining facilities are located in Peru and in Mexico and we conduct exploration activities in those countries and in Chile, Ecuador and Argentina. Our operations make us one of the largest mining companies in both Peru and Mexico. We are one of the largest copper mining companies in the world. We were incorporated in Delaware in 1952 and have conducted copper mining operations since 1960. Since 1996, our common stock has been listed on both the New York and the Lima Stock Exchanges.





📷 Worker at La Caridad Smelter, Sonora, Mexico

Our Peruvian copper operations involve mining, milling and flotation of copper ore to produce copper concentrates and molybdenum concentrates; the smelting of copper concentrates to produce anode copper; and the refining of anode copper to produce copper cathodes. As part of this production process, we produce significant amounts of molybdenum concentrate and refined silver. We also produce refined copper using SX/EW technology. We operate the Toquepala and Cuajone mines high in the Andes mountains, approximately 860 kilometers southeast of the city of Lima, Peru. We also operate a smelter and refinery west of the Toquepala and Cuajone mines in the coastal city of Ilo, Peru.





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HEAVY WEIGHT  
AFTER SERIES

Our Mexican operations are conducted through our subsidiary, Minera Mexico S.A. de C.V. (“Minera Mexico”), which we acquired in 2005. Minera Mexico engages principally in the mining and processing of copper, molybdenum, zinc, silver, gold and lead. Minera Mexico operates through subsidiaries that are grouped into three separate units. Mexicana de Cobre S.A. de C.V. (together with its subsidiaries, the “Mexcobre unit”) operates La Caridad, an open-pit copper mine, a copper ore concentrator, a SX/EW plant, a smelter, refinery and a rod plant.

Operadora de Minas e Instalaciones Mineras S.A de C.V. (the “Buenavista unit”) operates Buenavista, formerly named Cananea, an open-pit copper mine, which is located at the site of one of the world’s largest copper ore deposits, a copper concentrator and two SX/EW plants. The Buenavista mine was operated by Mexicana de Cananea S.A. de C.V. and by Buenavista del Cobre S.A. de C.V. until December 11, 2010. From this date, Industrial Minera Mexico, S.A. de C.V. (together with its subsidiaries, the “IMMSA unit”) operated five underground mines that produce zinc, lead, copper, silver and gold, a coal mine and a zinc refinery until July 2012. Effective February 1, 2012, Minerales Metalicos del Norte S.A was merged with Industrial Minera Mexico S.A. de C.V. (IMMSA). IMMSA absorbed Minerales Metalicos del Norte S.A.

We utilize modern/state-of-the-art mining and processing methods, including global positioning systems and computerized mining operations. Our operations have a high level of vertical integration that allows us to manage the entire production process, from ore mining to the production of refined copper and other products, as well as most related transport and logistics functions, using our own facilities, employees and equipment.







**ECONOMIC GROUP**

SCC, indirectly, is part of “Grupo Mexico S.A.B. de C.V.” which owns 100% of Americas Mining Corporation (“AMC”).

	Name of the company	Location	Inscription in the RPMV	%
1	Grupo Mexico, S.A.B. de C. V.	Mexico		
2	Grupo Mexico Servicios, S.A. de C.V.	Mexico		100
	<b>MINING ACTIVITIES</b>			
3	Americas Mining Corporation (“AMC”)	USA		100
4	Southern Copper Corporation (SCC)	USA	YES	88.90
5	Minera Mexico, S. A. de C. V.	Mexico		99.96
6	Industrial Minera Mexico, S.A. de C. V.	Mexico		100
7	Buenavista del Cobre, S.A. de C. V.	Mexico		100
8	Mexicana de Cobre, S.A. de C. V.	Mexico		98.20
9	Southern Peru Copper Corporation, Agencia en Chile	Chile		100
10	Southern Peru Copper Corporation, Sucursal del Peru	Peru	YES (1)	99.29 <sup>1</sup>
11	Compañía Minera Los Tolmos, S.A.	Peru		100

(1) Investment shares

Corporate Capital and Common Stock	Shares
The authorized number of shares	2,000,000,000
Issues an Paid Capital: Common Shares	884,596,086
Nominal Value of Common Shares	\$ 0.01

Total number and percent of shares	Shares	Interest
Americas Mining Corporation	687,275,997	88.90%
Common Shares owned by 3rd parties	85,797,272	11.1%
<b>Total outstanding shares</b>	<b>773,073,269</b>	<b>100.0%</b>

<sup>1</sup> Include 82.69% of common shares and 16.60% of investment shares.



Panoramic view at Cuajone mine, Moquegua, Peru



📷 Smelter worker in La Caridad, Sonora, Mexico.

## SOUTHERN COPPER CORPORATION

Variable Income

Symbol ISIN	Mnemonic	Year-Month	Open \$	Close \$	Maximum \$	Minimum \$	Average Price \$
US84265V1052	SCCO	2020-01	42.50	38.00	44.59	37.98	40.64
US84265V1052	SCCO	2020-02	38.01	33.27	40.33	32.29	37.23
US84265V1052	SCCO	2020-03	34.27	28.14	35.75	24.29	28.11
US84265V1052	SCCO	2020-04	26.86	32.57	34.41	26.82	29.24
US84265V1052	SCCO	2020-05	31.98	36.81	36.90	31.98	34.59
US84265V1052	SCCO	2020-06	37.02	39.50	39.82	36.40	37.88
US84265V1052	SCCO	2020-07	38.60	43.33	45.85	38.60	42.80
US84265V1052	SCCO	2020-08	44.09	48.32	48.41	43.00	46.12
US84265V1052	SCCO	2020-09	48.88	44.50	48.88	44.12	46.49
US84265V1052	SCCO	2020-10	46.00	52.25	52.31	45.85	48.54
US84265V1052	SCCO	2020-11	53.24	60.93	60.93	52.90	56.34
US84265V1052	SCCO	2020-12	60.05	65.90	65.90	59.00	62.04





📷 Open pit at Toquepala mine, Tacna, Peru.



## **DESCRIPTION OF OPERATIONS AND DEVELOPMENT REGARDING THE ISSUING ENTITY PURPOSE**

The purpose of SCC is to engage in activities allowed by the laws of the State of Delaware. Its main activity is to extract, mill, concentrate, smelt, treat, prepare for market, manufacture, sell, exchange and, in general, to produce and negotiate for sales of copper, molybdenum, gold, silver, lead, zinc, iron and any other class of minerals and materials or other materials, effects and goods of any nature or description; as well as to explore, exploit, sample, examine, investigate, recognize, locate, appraise, buy, sell, exchange, etc., mining concessions and mining deposits. SCC belongs to the CIU 1320 group.

The term of duration of the Company is indefinite.

### **BRIEF HISTORICAL REVIEW FROM THE CONSTITUTION OF SCC:**

The Company was organized on December 12, 1952, according to the Laws of the State of Delaware of the United States of America, under the original denomination of Southern Peru Copper Corporation (“SPCC”), which was renamed on October 11, 2005, to Southern Copper Corporation.

In 1954, SCC established a Branch in Peru to carry out mining activities in this country. The Branch was established under public instrument certified by public notary from Lima, Dr. Ricardo Fernandini Arana, on November 6, 1954.

The Branch is registered in the Electronic Record N° 03025091 of the Juridical People of the Registry Office of Lima and Callao.

**ACTIONS FOLLOWING COMPANY INCORPORATION:**

**CAPITAL INCREASE:**

By Public Deed dated May 31, 1995, signed before notary public of Lima, Dr. Carlos A. Sotomayor Bernos, the Branch capital increase was formalized. Said increase was made through a money contribution by the Company in favor of its Peru Branch and by the owners of labor shares, pursuant to Legislative Decree No. 677. The capital contribution made by the Company aimed to increase the capital allotted to the Branch by Headquarters and registered in Peru. The capital contribution made by the owners of Labor Shares (today Investment Shares) was assigned to the Labor Shares account of the Branch for issuing new Labor Shares.

 Panoramic view of the open pit at Cuajone mine, Moquegua, Peru







ATENCION

Part of the money contributed by the Company in favor of its Branch and by the Labor Shares owners was applied as a capital premium to the Resident account as Additional Capital.

#### **EXCHANGE OF INVESTMENT SHARES (LABOR SHARES) FOR COMMON SHARES:**

Dated September 7, 1995, “Southern Peru Copper Holding Company” was also incorporated pursuant to the Laws of the State of Delaware to act as the holding company that owns all of Southern Peru Copper Corporation ‘s shares. This was executed through an exchange of shares that were formerly denominated “Labor Shares” (now, Investment Shares), which were issued by the branch in Peru; through this operation, owners of labor shares were given a number of Common Shares issued by SPCC in the United States. As a consequence of this share exchange, previous owners of Labor Shares acquired 17.31% of SPCC’s Capital and this company acquired ownership of 80.77% of Labor Shares (now, Investment Shares).

On December 31, 1995, Southern Peru Copper Corporation changed its corporate name to “Southern Peru Limited”, and “Southern Peru Copper Holding Company” changed its corporate name to Southern Peru Copper Corporation.

After the corporate name change, the mining activities of the Company in Peru were performed under the name of Southern Peru Limited, Peru Branch (SPL).

On December 31, 1998, the merger between Southern Peru Copper Corporation and Southern Peru Limited was agreed. The first company absorbed the second and assumed all its assets and liabilities, including the Branch in Peru. This merger did not imply any change to the share percentage in the corporate capital or in the Equity Participation Account (Investment Shares), which remained unchanged.

As a consequence of the merger, the mining activities of the corporation in Peru were again carried out under the name of Southern Peru Copper Corporation, Peru Branch, or the abbreviated name of “Southern Peru” and/or the acronym SPCC.

**CHANGE OF ECONOMIC GROUP:**

In November 1999, Grupo Mexico S.A.B. de C. V., a firm incorporated pursuant to the Laws of the Republic of Mexico, acquired, in the United States, 100% of ASARCO Incorporated, the main shareholder of Southern Peru Copper Corporation at that time. In this way, SPCC became a subsidiary of Grupo Mexico, which holds its shares through Americas Mining Corporation (AMC).

**ACQUISITION OF MINERA MEXICO (“MM”), AND OTHER CORPORATE CHANGES:**

SCC shareholders, in a shareholder extraordinary meeting dated March 28, 2005, approved the issuance of Common Shares and required actions related to the acquisition of MM, a firm incorporated pursuant to the Laws of the Republic of Mexico. This transaction was approved by more than 90% of the stocks and circulating capital of SCC. To acquire Minera Mexico, SCC issued 67,207,640 shares in exchange for MM shares. Once the shares related to the acquisition were issued, AMC increased its share in SCC from 54.2% to approximately 75.1%.

**AMC INCREASED ITS PARTICIPATION IN SCC:**

In 2008 and 2009, Grupo Mexico, through its wholly owned subsidiary Americas Mining Corporation, purchased 11.8 million and 4.9 million shares of the Company’s common Stock, respectively.



**SCC MILLION SHARE REPURCHASE PROGRAM:**

In 2008, our Board of Directors (“BOD”) authorized a \$500 million share repurchase program that has since been increased by the BOD and is currently authorized to \$3 billion. The SCC share repurchase program has registered no activity since the third quarter of 2016. The NYSE closing price of SCC common shares at December 31, 2020 was \$65.12 and the maximum number of shares that the Company could purchase at that price was 1.3 million shares.

As a result of the repurchase of shares of SCC’s common stock, Grupo Mexico’s direct and indirect ownership was 88.9% as of December 31, 2020 and 2019.

**CHANGE IN THE CERTIFICATE OF INCORPORATION:**

On March 28, 2005, following Board of Directors recommendations, SCC shareholders approved, during an extraordinary meeting, the amendments to the Articles of Incorporation Deed that changed the composition and obligations of some Board committees.

**SPECIAL NOMINATING COMMITTEE AND SPECIAL INDEPENDENT DIRECTORS:**

The changes to the Certificate of Incorporation require the Board to include a certain number of special independent directors. The Special Nominating Committee functions as a special committee to nominate special independent directors to the Board. Pursuant to our Amended and Restated Certificate of Incorporation, as amended, a special independent director is any director who (i) satisfies the independence requirements of the New York Stock Exchange or NYSE (or any other exchange or association on which the Common Stock is listed) and



Water recovery pond at Buenavista mine, Sonora, Mexico

(ii) is nominated by the Special Nominating Committee. The Special Nominating Committee has the right to nominate a number of special independent directors based on the total number of directors in the Board multiplied by the percentage of Common Shares all the shareholders (that are not Grupo Mexico and its affiliates) have, rounding up to the following integer number. Notwithstanding the aforementioned, the total number of individuals appointed as special independent directors (not belonging to Grupo Mexico) cannot be less than two or more than six.

The Special Nominating Committee consists of three directors. Two of these directors (2) are Luis Miguel Palomino and Carlos Ruiz Sacristan (each is an “Initial Member” and, together with their successors, “Special Designees”) and the third is currently Xavier Garcia de Quevedo (who is appointed by the Board of Directors or the “Board Designee”. The Board Designee will be selected annually by the Board of Directors. The Special Designees will be selected annually by the members of the Board who are special independent directors or Initial Members. Only Special Independent Directors can fill vacancies on the Special Nominating Committee. Any member of the Special Nominating Committee may be removed at any time by the Board of Directors for cause. The unanimous vote of all members of the nominating committee will be necessary for the adoption of any resolution or the taking of any action.

Notwithstanding the foregoing, the power of the Special Nominating Committee to nominate special independent directors is subject to the rights of the stockholders to make nominations in accordance with our by-laws.

The provisions of the Amended and Restated Certificate of Incorporation, as amended, relating to Special Independent Directors may only be amended by the affirmative vote of a majority of the holders of shares of Common Stock (calculated without giving effect to any super majority voting rights) other than Grupo Mexico and its affiliates.

#### **TRANSACTIONS WITH AFFILIATES:**

In 2019, the Company entered into certain transactions in the ordinary course of business with parties that are controlling



shareholders or their affiliates. These transactions include the lease of office space, air and railroad transportation, construction services, energy supply and other products and services related to mining and refining. The Company lends and borrows funds among affiliates for acquisitions and other corporate purposes. These financial transactions bear interest and are subject to review and approval by senior management, as all are related party transactions. It is the Company's policy that the Audit Committee of the Board of Directors shall review all related party transactions. The Company is prohibited from entering or continuing a material related party transaction that has not been reviewed and approved or ratified by the Audit Committee.

**CHANGE OF CORPORATE NAME AND OTHER CORPORATE CHANGES:**

On September 20, 2005, by written consent instead of an extraordinary shareholder meeting, the majority shareholder approved renaming Southern Peru Copper Corporation "Southern Copper Corporation or SCC." The change was adopted because the new corporate name more accurately reflects the Company's operational reach outside the Republic of Peru after its acquisition of Minera Mexico, and the latter's presence in the Republic of Chile through the acquisition of some mining exploration concessions, and its exploration activities in the Republics of Argentina and Ecuador.

Additionally, on the same date, the majority shareholder approved an amendment to our Articles of Incorporation to remove others' provisions in our Articles of Incorporation related with our Class A Common Shares that were formerly in circulation, which were converted to Common Shares on May 19, 2005, and to change the number of Corporate directors from fifteen to a number that will be regularly established by a consensus reached by the majority of Board members and stipulating that the number of directors will not be less than six or more than fifteen.

The amendment of our Articles of Incorporation was submitted to the Secretary of State of the State of Delaware, and came into effect on October 11, 2005.

**PERU BRANCH NAME:**

Generally, any change in the corporate name of headquarters should comprise the corresponding name of the ancillary organizations linked to it, as is the case of the Peru Branch through which the Corporation develops its mining activities in Peru.

After consulting with Peruvian lawyers, the Board of Directors, in acknowledgement of the importance of the net worth and assets of the Branch, decided it was necessary to: continue acknowledging the position of the Peruvian Branch with its local and international copper clients; preserve its proceeds, position and good name in the copper market; prevent any possible client loss; and guarantee the Branch's revenue flow from sales, its financial and economic revenues and solvency, agreed to maintain the original corporate name of the Peru Branch, that is, Southern Peru Copper Corporation, Peru Branch, or the abbreviated name "Southern Peru" and/or the acronym SPCC.

**CHANGES TO THE ARTICLES OF INCORPORATION AND BY-LAWS:**

On January 26, 2006, the Board approved an amendment to Southern Copper Corporation's Articles of Incorporation and by-laws: (i) to remove the provisions related to Class A Common Shares among other changes. (ii) add a new provision for advance notice to shareholders seeking to nominate directors or to propose other business at annual or special meetings of the Common Stockholders (as applicable) (iii) substitute Grupo Mexico for ASARCO Incorporated in the "Change in Control" definition in the Corporation's by-laws (iv) and eliminate the 80% supermajority vote requirement for certain corporate actions. The modification of the Modified Certificate of Incorporation increased the capital stock from

167,207,640 shares to 320,000,000 shares. These modifications were submitted for approval of the shareholders at the shareholders annual meeting held on April 27, 2006 which was adjourned and reconvened for May 4, 2006, and later on adjourned and reconvened for May 11, 2006.

At the annual meeting, on April 27, 2006, the proposal to amend the by-laws to eliminate certain extraneous provisions relating to the retired series of Class A Common Stock had an affirmative vote of 79.85% of the required votes. Given that the required vote for the approval of this proposal was 80% and because some votes still needed to be tabulated, the annual meeting for this proposal was adjourned until May 4, 2006. On May 4, 2006, at the adjourned and reconvened meeting the stockholders approved the proposal with an affirmative vote of 80.61% of the required votes.

On April 27, 2006, stockholders approved (i) the amendment to the by-laws to introduce a new provision for advance notice to shareholders seeking to nominate directors or to propose other business at annual or special meetings of the Common Stockholders (as applicable); (ii) the amendment to the by-laws to substitute Grupo Mexico for ASARCO Incorporated in the "Change in Control" definition in the Corporation's bylaws; (iii) the amendments to the Amended and Restated Certificate of Incorporation to increase the number of shares of Common Stock, which the Corporation is authorized to issue from 167,207,640 shares to 320,000,000 shares; and (iv) the selection of the independent accountants.





On April 27, 2006, the proposal to amend the by-laws to eliminate the 80% supermajority vote requirement for certain corporate actions had received preliminary votes, representing an affirmative vote of 78.35% of the required votes. Given that the required vote for the approval of this proposal was 80% and because some votes still needed to be tabulated, the annual meeting for this proposal was adjourned first until May 4, 2006, and subsequently until May 11, 2006. On May 11, 2006, at the adjourned and reconvened meeting stockholders did not approve the proposal having received an affirmative vote of 79.61% of the required votes.

SCC is, indirectly, part of Grupo Mexico S.A.B. de C.V. which owns 100% of Americas Mining Corporation (AMC) shareholding, owner of 88.91% of SCC shares.

### **INFORMATION ABOUT PLANS AND INVESTMENT POLICIES:**

See Capital Expenditures and Exploration on page 9.

### **RELATIONSHIP BETWEEN THE ISSUER AND THE GOVERNMENT**

On November 20, 1996, SCC and the Peruvian Government (Ministry of Energy and Mines) signed a contract that remained effective until the year 2010 and guaranteed the tax stability and the availability of exchange to foreign currency of the Branch's earnings related to the operation of the SX/EW plant at Toquepala and the Solvent Extraction (SX) operation in Cuajone. Also, on April 18, 1995, SCC and the Peruvian Government (CONITE) signed a contract that remained effective during ten years and guaranteed the availability of foreign currencies, free remittance of dividends to the exterior, among other guarantees related to the acid plant of the Ilo Smelter.

SCC obtains refunds for tax credits in Peru for the general sales tax (IGV) paid in connection with the acquisition of capital goods and other goods and services used in its operations, counting these credits as a paid expense in advance. By virtue of these refunds, SCC is entitled to credit the amount of the IGV against its Peruvian tax obligations or to receive a refund.

### **SPECIAL MINING TAX**

In September 2011, the Peruvian government enacted a new tax for the mining industry. This tax is based on operating income with graduated rates increasing from 2% to 8.4%. The Company recognized \$50.0 million, \$38.1 million and \$30.6 million in 2020, 2019 and 2018, respectively, with respect to this tax. These amounts are included as "income taxes" in the consolidated statement of earnings.





📷 Worker at tailings dam at Quebrada Honda, Toquepala mine, Tacna, Peru.



## **MINING ROYALTY**

In 2011, the Peruvian Congress approved an amendment to the mining royalty charge. The new mining royalty charge is based on operating income margins with graduated rates ranging from 1% to 12% of operating profits; the minimum royalty charge is equivalent to 1% of net sales. If the operating income margin is 10% or less, the royalty charge is 1% and for each 5% increment in the operating income margin, the royalty charge rate increases by 0.75%, up to a maximum of 12%. In 2020, 2019 and 2018, we made provisions of \$60.6 million, \$42.3 million and \$32.9 million, respectively.

At the same time the Peruvian Congress amended the mining royalty charge, it enacted a new tax for the mining industry. This tax is also based on operating income and its rates range from 2% to 8.4%.

## **SOCIAL INVESTMENT FOR TAXES**

SCC has signed agreements with Ministry of Education, regional and local governments of Tacna, Moquegua, and Arequipa, and a public university “Universidad Nacional San Agustín de Arequipa” under the law of Social Investments for Taxes (Obras por Impuestos). Once the investments are completed, the municipalities benefiting from these investments must submit a certificate of public, local or regional investment. SCC has the right to use these investment amounts as an advance payment on its income tax liability for up to 50% of the income tax levied for the prior year.

# Operations in Mexico

## LA CARIDAD MINE

**“La Caridad Concentrator”**, began operations in 1979. The concentrator has a current capacity of 94,500 tons of ore per day. “Molybdenum Plant” started operations in 1982, with a production capacity of 2,000 tons of copper-molybdenum concentrate per day.

“La Caridad SX-EW” has an annual design capacity of 21,900 tons of copper cathodes. Approximately 919.7 million tons of leaching ore with an average grade of approximately 0.241% copper was extracted from the La Caridad open pit mine and deposited in leaching dumps through December 31, 2020.

## LA CARIDAD METALLURGIC COMPLEX

**“La Caridad Smelter”**, started operations in July, 1986. The current installed capacity of the smelter is 1,000,000 tons per year, which is sufficient to treat all the concentrates of La Caridad and almost 40.5% of the total production of the OMIMSA I and OMIMSA II concentrators from Buenavista. In 2010, the smelter also began processing concentrates from the IMMSA mines after we closed the San Luis Potosi smelter.

**“La Caridad Refinery”**, started operations in July, 1997 with a production capacity of 493 tons of copper cathode per day, which was expanded to 822 tons in January, 1998. The installed capacity of the refinery is 300,000 tons per year.

**“La Caridad Precious Metals Plant”**, started operations in May, 1999 with a production capacity of 43,836 ounces of silver per day; 247 ounces of gold per day; and 342 kilograms of selenium per day.

**“La Caridad Wire Rod Plant”**, a rod plant at the La Caridad complex, began operations in 1998 and reached its full annual operating capacity of 150,000 tons in 1999. The plant is producing eight-millimeter copper rods with a purity of 99.99%.

Effluent and Dust Treatment Plant, a dust and effluent plant with a treatment capacity of 5,000 tons of smelter dusts per year, which will produce 1,500 tons of copper by-products and 2,500 tons of lead sulfates per year. This plant began operating in 2012.

📷 Casa Grande does volunteer work in the schools of the communities near our operations.





## **BUENAVISTA MINE**

**“Buena Vista Concentrator”**, the original concentrator currently has a nominal milling capacity of 82,000 tons per day. The second concentrator began operations in 2015 with a nominal milling capacity of 100,000 tons per day.

**“Buena Vista SX/EW I Plant”**, started operating in 1980, with a capacity of 30 tons per day.

**“Buena Vista SX/EW II Plant”**, started operating in 1989 with a capacity of 66 tons per day, which was expanded to 120 tons per day in 2001.

**“Buena Vista SX/EW III Plant”** started operating in June 2014; we completed the construction of a new SX-EW plant that has significantly increased the production of leachable material by approximately 120,000 tons per year. The SX-EW facilities have a cathode production capacity of 174,470 tons per year.

## **UNDERGROUND MINES**

- The Santa Barbara Unit with a milling capacity of 5,800 tons of ore per day.
- 2.- The Santa Eulalia Unit with a milling capacity of 1,450 tons of ore per day.
- 3.- The San Martin Unit with a milling capacity of 4,400 tons of ore per day.
- 4.- The Charcas Unit with a milling capacity of 4,100 tons of ore per day.
- 5.- The Taxco Unit with a milling capacity of 2,000 tons per day.
- 6.- Coque Coal Plant, in Coahuila Unit, with a capacity of 105,000 tons of coke per year.
- 7.- The Zinc Refinery with a capacity of 288 tons per day of refined zinc.

# Peruvian operations

## TOQUEPALA

**“Toquepala Concentrator”**. Directorial Resolution No.455-91-EM/DGM/DCM dated July 5, 1991 approved the operation of the Toquepala Concentrator. The resolution granted 240 hectares of surface land and authorized a throughput of 39,000 tons/day.

Based on Report No. 413-97-EM/DGM/DPDM dated July 7, 1997, the “Director General de Minería” authorized the expansion of the Toquepala Concentrator to a 43,000 tons/day throughput.

Based on Report N° 547-2002-EM/DGM/DPDM, dated November 6, 2002, the “Director General de Minería” authorized the expansion of the Toquepala Concentrator to a capacity of 60,000 MT per day.

Resolution N° 0163-2020-MINEM-DGM/V, dated June 11, 2020, based on Report N° 081 – 2020 - MINEM-DGM-DTM/PB, the “Director General de Minería” authorized the operation and auxiliary facilities of Il Molibdenum Circuit at the Toquepala Concentrator to a capacity of 120,000 MT per day. According with this Report, the Company must comply with, among other aspects, environmental recommendations and commitments; safety regulations; and occupational Health and Safety Regulations.

**“Toquepala Leaching Plant (SX/EW)”**. Directorial Resolution No. 166-96-EM/DGM dated May 7, 1996, approved the operation of the Toquepala SX/EW plant. The resolution granted 60 hectares of surface land and authorized a throughput of 11,850 tons/day.

Based on Report No. 660-98-EM-DGM/DPDM dated November 10, 1998 the “Director General de Minería” authorized construction and expansion of Toquepala SX/EW plant to 18,737 tons/day throughput. Directorial Resolution dated May 19, 2003, based on Report No. 291-2003-EM-DGM/DPDM, authorized operation of the SX/EW plant to a throughput of 18,737 tons/day.

## CUAJONE

**“Botiflaca Concentrator in Cuajone”**. Directorial Resolution No. 150-81-EM/DCM dated August 14, 1981 approved the operation of Botiflaca Concentrator. The resolution granted 56 hectares of surface land.

Based on Report No. 266-99-EM/DGM/DPDM dated July 20, 1999 the “Director General de Minería” authorized the expansion of Botiflaca Concentrator to 87,000 MT per day throughput.

Resolution N° 379-2010-MEM-DGM/V dated October 7, 2010 and based on Report N°312-2010-MEM-DGM-DTM/PB, authorized construction and expansion of Botiflaca Concentrator to 90,000 MT per day throughput.

For operating reasons, and as part of crusher process optimization, on November 18, 2011, we requested, through resource N° 2144941, that Peruvian authorities consider the addition of three more facilities (HPGR mill and others).

On May 2012, through Directorial Resolution N° 153-2012-MEM-DGM-V and based on report 165-2012-MEM-DGM-DTM-P, MEM approved and authorized the project to include the three aforementioned additional facilities in the amendment and increased the installed capacity from 87,000 to 90,000 MT per day.

**“Cuajone Leaching Plant (LX/EW)”**. Directorial Resolution No.155-96-EM/DGM dated May 6, 1996 approved the operation of the Cuajone Leaching plant. The resolution granted 400 hectares of surface land and authorized a throughput of 2,100 MT per day. Based on Report No. 988-2009-MEM-DGM/V, dated December 16, 2009, the Cuajone SX plant operation was approved and authorized with a capacity of 3100 MT per day.





## Copper cathodes.

### ILO

**“Ilo Smelter”.** Authorized (definitely) by Directorial Resolution No. 078-69-EM/DGM dated August 21, 1969 approved the operation of the Ilo Smelter. The resolution authorized production of 400 short tons/day of blister copper.

Based on Report No.204-2000-EM-DGM-DPDM dated June 20, 2000 the “Director General de Minería” authorized the Ilo Smelter to expand its capacity to 3,100 MT per day throughput of copper concentrates.

On February 4, 2010, by the Application N° 1961695, the Company began the process to obtain authorization from the MINEM to operate a capacity of 3,770 MT per day, which is included as an ancillary facility to Acid Plant No. 2, with a capacity of 2,880 MT per day or 1,051,200 MT per year.

**“Ilo Refinery”:** Authorized by Report No. 056-94-EM/DGM/DRDM dated May 27, 1994 the “Director General de Minería” authorized the operation of the Ilo Copper Refinery at 533 MT per day throughput of blister copper.

Based on Report No. 506-97-EM/DGM/DPDM dated September 2, 1998 the “Director General de Minería” authorized expanding Ilo Copper Refinery’s capacity to 658 MT per day throughput.

Based on Report N° 080-2002-EM-DGM/DPDM, dated March 14, 2002, the “Director General de Minería” authorized the Ilo Copper Refinery to expand its capacity to 800 MT per day.

Resolution N°520-2010-MEM-DGM/V dated December 30, 2010, based on Report N° N°414-2010-MEM-DGM-DTM/PB, authorized changes in Ilo copper refinery without expanding its capacity throughput.

**“Sulfuric Acid Plant”** Authorized by Directorial Resolution No. 024-96-EM/DGM dated January 19, 1996, approved the operation of the sulfuric acid plant, installed at the smelter, at a production rate of 150,000 tons per year.

Based on Report No. 313-98-EM/DGM/DPDM dated May 21, 1998 the “Director General de Minería” authorized the expansion of the Ilo Sulfuric Acid Plant to a capacity of 300,000 tons per year production.

**“Coquina Wash Plant and Sea shell Concentrates”** Authorized to operate by Directorial Resolution N° 110-93-EM/DGM of August 3, 1993. The plant processes 95 TC/h of raw material (coquina) recovered from nearby mines. Seashell is produced separating sand and other materials from the coquina using seawater-washing screens.

Resolution N°038-2011-MEM-DGM-DTM/PB dated February 2, 2011, based on Report N°035-2011-MEM-DGM-DTM/PB, authorized

modifications to the concession of “Coquina Wash Plant and Seashell Concentrates” to designate it a dry seashell plant without expanding its capacity throughput, which represents 2,068 tons/day. Through N° 2499277, dated May 19, 2015, SPCC requested a temporary, three-year suspension of its Dry Seashell Concentrates plant.

Resolution N° 0850-2018 – MEM-DGM/V dated November 15, 2018, based on Report N° 162-2018 /MEM-DGM-DTM-PCM, SPCC communicated to MEM that it was initiating the closure of the facilities at Coquina Mine.

## Safety and health

At Southern Copper Corporation, caring for the lives, health and welfare of our employees and their families is a priority at all of our operations. No task is more important.

Accordingly, our main commitment is to create optimal and safe work environments for our employees by applying the highest safety and occupational health standards. Our goal: ZERO accidents.

An Integrated Occupational Health and Safety Management System allows us to implement effective processes and to provide our employees with the knowledge and skills necessary to identify, control and mitigate risks. The focus is on prioritizing actions and taking the necessary precautions to prevent accidents.





## 📷 Refinery plant in Ilo, Peru.

In 2020, we operated 12 units in Mexico and Peru, where Occupational Safety and Health Management Systems have been certified according to OHSAS 18001: 2007. Additionally, in Mexico, we maintain 27 units that are certified by the Secretariat of Labour and Social Welfare in Self-Managed Occupational Health and Safety (PASST), which have endorsed our commitment to best practices in health and safety at work.

During 2020, the accident rate (IR) decreased 40% compared to 2019. We will continue working to reinforce prevention activities to diminish risks and ensure the physical integrity of our collaborators.







**ACCIDENT RATE(IR)**

SCC, 2016-2020

2016	0.77
2017	0.75
2018	0.74
2019	0.82
2020	0.49

**SEVERITY RATE (GR)**

SCC, 2016-2020

2016	0.32
2017	0.51
2018	0.31
2019	0.89
2020	0.19

$$IR = \frac{\text{No. of disabling accidents}}{\text{No. of disabling accidents}} \times 200,000$$

$$GR = \frac{\text{No. of days lost}}{\text{No. of total men - hours worked}} \times 1,000$$

The accomplishments 2020 on the occupational health and safety front include:

- The occupational accident rate at our mining operations in SCC is 71% below the average in the mining industry in the USA, according to the Mine Safety and Health Administration.
- The Mining Chamber of Mexico (CAMIMEX) in 2020 awarded the “Jorge Rangel Zamorano” Silver Helmet Trophy to the Mexicana de Cobre and Santa Eulalia unit La Caridad and SX/EW plant, (Mexicana del Cobre); and, Zinc Refinery (IMMSA), after it reported the lowest accident rates in the industry and in recognition of its efforts in the field of accident prevention.

These results reflect our efforts to strengthen our safety culture; implement inspection plans; and, most importantly, work and commitment of our employees.

**OCCUPATIONAL HEALTH**

Healthy environments are part of the organizational culture and management system. The Company assumes the responsibility to establish culture of involvement, participation and commitment to generate better health conditions that improve the quality of life of our employees, their families and the communities in which we operate.



## OCCUPATIONAL DISEASE RATE

SCC 2016-2020

2016	0.41
2017	0.34
2018	0.18
2019	0.42
2020	0.17

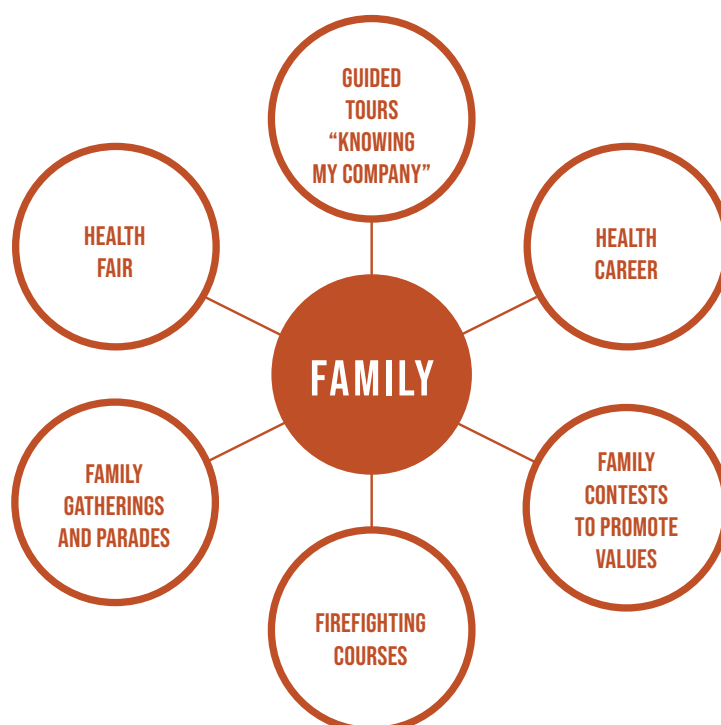
$$\text{ODR} = \frac{\text{No. of Cases of Occupational Diseases}}{\text{No. of Total Men-Hours Worked}} \times 200,000$$

We continued efforts to implement several programs relative to education, prevention, risk control and medical treatment. We aim to preserve our workers' health. These programs cover our employees and, in some cases, their family members, contractors, suppliers, institutions and the general public.

### ACTIVITIES TARGETING WORKPLACE PERSONNEL:



## ACTIVITIES TARGETING EMPLOYEES' FAMILIES AND COMMUNITY:



## INVESTMENT IN SAFETY AND HEALTH

In 2020, we invested over \$50 million in occupational safety and health efforts for engineering work; to purchase personal protective equipment; provide training and coaching; and conduct industrial hygiene studies. To enhance the culture of occupational health, we have developed programs to promote and protect health and focused on primary prevention, treatment and rehabilitation.

## EMPLOYEES FOR THE YEAR ENDED DECEMBER 31TH

	2020	2019	2018	2017	2016
<b>Total Employees in SCC</b>					
Mexico	8,962	9,358	9,002	8,450	8,762
Peru	4,739	4,890	4,850	4,628	4,562
Ecuador	58	23	30	27	47
Argentina	4	15	5	18	20
Chile	6	9	5	10	20
Corporate Office	3	1	2	2	3
OHYSA	5	5	5	5	5
<b>Total</b>	<b>13,777</b>	<b>14,301</b>	<b>13,899</b>	<b>13,140</b>	<b>13,414</b>

# Principles of Corporate Governance

Information referred to the Resolution of “Superintendencia del Mercado de Valores” No. 012-2014-SMV / 01, consisting of a “Report on Compliance with the Code of Good Corporate Governance for Peruvian Companies” is applicable only to Peruvian companies. Given that SCC is not a Peruvian company, this report is not submitted to the “Superintendencia del Mercado de Valores” (SMV) of Peruvian Republic. Notwithstanding, SCC submits the “Annual Written Affirmation” to SMV. This document provides information on Good Corporate Governance, which our company remits annually to the New York Stock Exchange.

Economic relations with other companies due to loans that commit more than 10% of the stockholder’s equity of the issuing entity.

To the date, there are no loans with other companies that comprise more than 10% of SCC’s property.

Administrative Judicial or Arbitration Processes Litigation: See Note 13 “Commitments and Contingencies” to our Consolidated Financial Statements on our 2020 Form 10-K.

Changes of those responsible for the preparation and revision of the financial Information

At December 31, 2020, no changes have been made.

Information related to the stock entered in the Stock Market Public.





## 📷 Mining operations in Cuajone mine, Moquegua, Peru.

### **Common Stock**

On November 29, 1995 the Company offered to exchange the recently issued common shares for any and all labor shares of the Peruvian Branch of the Company at a ratio of one common share per four S-1 shares and one common share per five S-2 shares. The exchange expired on December 29, 1995, and 80.8% of the total labor shares in circulation were exchanged for 22,959,334 common shares. These common shares are quoted in New York Stock Exchange and the Lima Stock Exchange and are entitled to one vote per share.

Along with the exchange of labor shares, the holders of common shares of the Company exchanged their shares for Class A common shares, with the right to five votes per share.

In connection with the Minera Mexico acquisition (April 1, 2005), 134,415,280 new common shares were issued and class A common shares of the Company were converted to common shares, and preferential votes were eliminated. On June 9, 2005, Cerro Trading Company, Inc., SPC Investors L.L.C., Phelps Dodge Overseas Capital Corporation and Climax Molybdenum B.V., subsidiaries of two of SCC's founding shareholders and affiliates, sold their shares in SCC.

On August 30, 2006, the Executive Committee of the Board of Directors declared a two-for-one split of the Company's outstanding common stock. On October 2, 2006, common shareholders of record at the close of business on September 15, 2006 received one additional share of common stock for every share owned. The Company's common stock began trading at its post-split price on October 3, 2006. The split increased the number of shares outstanding to 294,460,850 from 147,230,425.

On June 19, 2008, the Executive Committee of the Board of Directors declared a three-for-one split of the Company's outstanding common stock. On July 10, 2008, common shareholders of record at the close of business on June 30, 2008 received two additional shares of common stock for every share owned. The split increased the number of shares outstanding to 883,410,150 from 294,470,050.

All share and per share amounts were retroactively adjusted to reflect the stock splits.

Between 2008 and 2016, the Company and AMC had bought shares periodically.

At December 31, 2020, there were of record 773,073,269 shares of common stock of the Company, par value \$0.01 per share, outstanding.







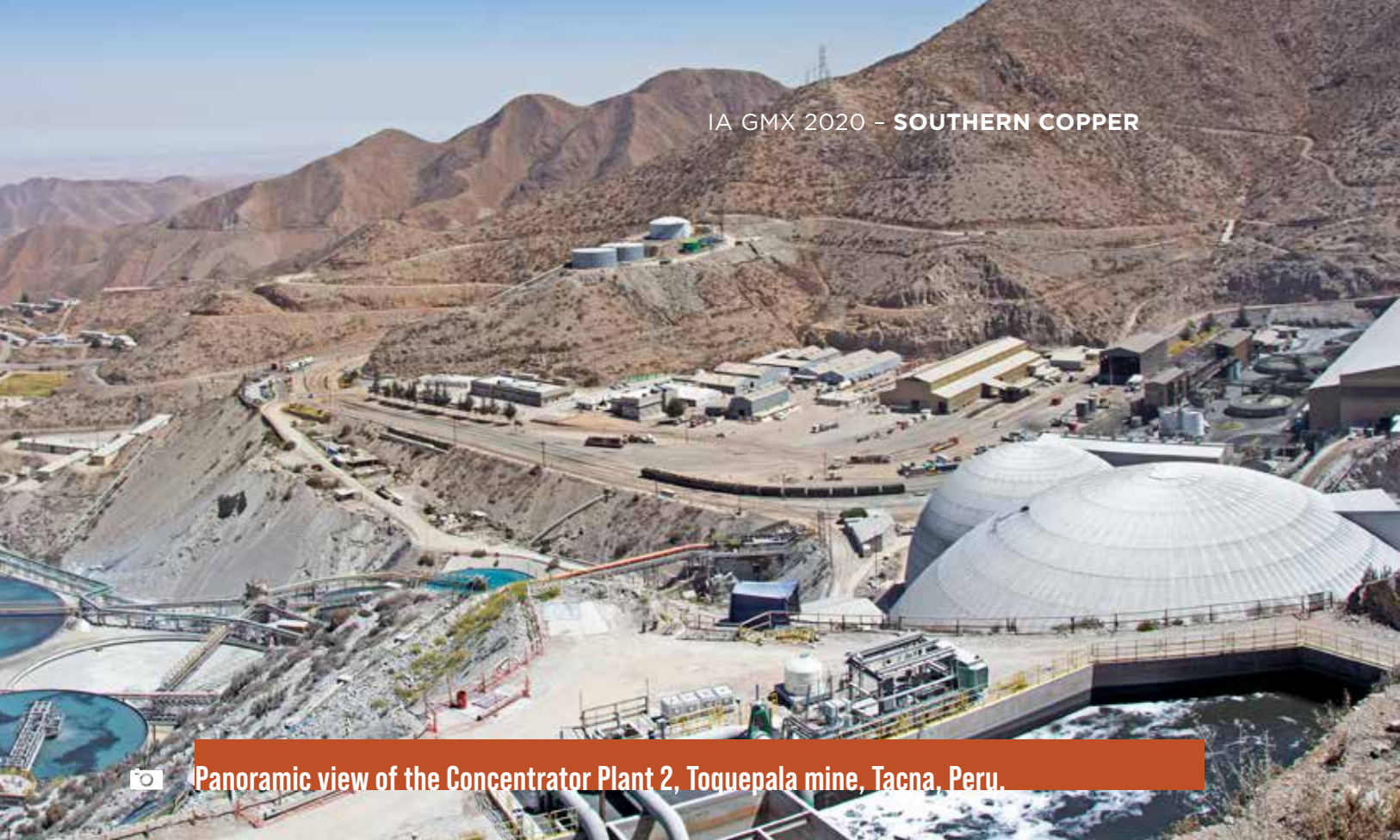


## **CORPORATE NOTES**

Between July 2005 and October 2015, the Company issued senior unsecured notes eight times totaling \$6.2 billion. Interest on the notes is paid semi-annually in arrears. The notes rank pari passu with each other and rank pari passu in right of payment with all of the Company's other existing and future unsecured and unsubordinated indebtedness.

The indentures relating to the notes contain certain restrictive covenants, including limitations on liens, limitations on sale and leaseback transactions, rights of the holders of the notes upon the occurrence of a change of control triggering event, limitations on subsidiary indebtedness and limitations on consolidations, mergers, sales or conveyances. Certain of these covenants cease to be applicable before the notes mature if the Company obtains an investment grade rating. The Company obtained investment grade rating in 2005.

In addition, the Company's Mexican operations hold \$51.2 million in bonds referred above as "Yankee bonds", contain a covenant requiring Minera Mexico to maintain a ratio of EBITDA to interest expense of not less than 2.5 to 1.0 as such terms are defined in the debt instrument. At December 31, 2029, the Company was in compliance with this covenant.



📷 Panoramic view of the Concentrator Plant 2, Toquepala mine, Tacna, Peru.

On September 26, 2019, Minera Mexico S.A. de C.V., a subsidiary of SCC, issued \$1 billion Senior Notes at a fixed rate with a discount of \$12.7 million, which will be amortized over the corresponding debt period. This debt was issued in a single tranche, maturing in 2050 at an annual interest rate of 4.5%. Interest on the notes will be paid semi-annually at maturity. The Company aims to use the net proceeds from the offer (i) to finance the expansion program of Minera Mexico, including the Buenavista Zinc, Pilares and El Pilar projects, (ii) for other capital expenditures, and (iii) for general corporate purposes.

The notes constitute general unsecured obligations of Minera Mexico. The notes were issued in an unregistered offering pursuant to Rule 144A and Regulation S under the Securities Act of 1933.

Please see Note 11 “Financing” for a discussion about the covenants’ requirements with regard to our long-term debt, on our 2020 Form 10-K.



# MEMBERS OF THE BOARD

at December 31, 2020

**GERMAN LARREA MOTA-VELASCO, DIRECTOR.**

Mr. Larrea has been Chairman of the Board of Directors since December 1999, Chief Executive Officer from December 1999 to October 2004, and a member of our Board of Directors since November 1999. He has been Chairman of the board of directors, President and Chief Executive Officer of Grupo Mexico, S.A.B. de C.V. (“Grupo Mexico”) (holding) since 1994. Mr. Larrea has been Chairman of the board of directors and Chief Executive Officer of Grupo Ferroviario Mexicano, S.A. de C.V. (railroad company) since 1997. Mr. Larrea was previously Executive Vice Chairman of Grupo Mexico and has been member of the board of directors since 1981. He is also Chairman of the board of directors and Chief Executive Officer of Empresarios Industriales de Mexico, S.A. de C.V. (“EIM”) (holding) and Fondo Inmobiliario (real estate company), since 1992.

Mr. Larrea, presides over every Board meeting and since 1999 has been contributing to the Company his education, his leadership skills, industry knowledge, strategic vision, informed judgment and over 20 years of business experience, especially in the mining sector. As Chairman and Chief Executive Officer of Grupo Mexico, of Grupo Ferroviario Mexicano, S.A. de C.V. and of EIM, a holding company engaged in a variety of business, including mining, construction, railways, real estate, and drilling, he brings to the Company a valuable mix of business experience in different industries.



**OSCAR GONZALEZ ROCHA, DIRECTOR.**

Mr. Gonzalez Rocha has been our President since December 1999 and our President and Chief Executive Officer since October 21, 2004. He has been a director of the Company since November 1999. Mr. Gonzalez Rocha has been Chief Executive Officer and director of Asarco LLC (integrated US copper producer), an affiliate of the Company, since August 2010 and President and Chief Executive Officer of Americas Mining Corporation (“AMC”), a holding company of Grupo Mexico, since 2015. Previously, he was the Company’s President and General Director and Chief Operating Officer from December 1999 to October 20, 2004. Mr. Gonzalez Rocha has been a director of Grupo Mexico since 2002. He was General Director of Mexicana de Cobre, S.A. de C.V. from 1986 to 1999 and of Buenavista del Cobre, S.A. de C.V. (formerly Mexicana de Cananea, S.A. de C.V.) from 1990 to 1999. He was an alternate director of Grupo Mexico from 1998 to April 2002. Mr. Gonzalez Rocha is a civil engineer with a degree from the Autonomous National University of Mexico (“UNAM”) in Mexico City, Mexico.

Mr. Gonzalez Rocha is a civil engineer by profession and a businessman with over 40 years of experience in the mining industry. He has been associated with our Mexican operations since 1976. His contributions to the Company include his professional skills, his leadership, an open mind and a willingness to listen to different opinions. Mr. Gonzalez Rocha has proven his ability to deal with crises to lessen negative impacts to the Company. His devotion of time to the Company and his hands-on management of the operations in Mexico and Peru contribute to his effective leadership of the Company. Mr. Gonzalez Rocha has been recognized as Copper Man of the Year 2015 and was inducted into the American Mining Hall of Fame in December 2016 in Tucson, Arizona and into the Mexican Mining Hall of Fame in October 2017 in Guadalajara, Mexico.

**MR. VICENTE ARIZTEGUI ANDREVE, INDEPENDENT DIRECTOR.**

Mr. Ariztegui Andreve has been a director of the Company since April 25, 2018. Mr. Ariztegui Andreve is Managing Director and Chairman of Aonia Holding, a wholly owned private investment firm he founded in 1989. Aonia has made investments in the following industries: gold mining, global commodity trading, retailing (e.g. duty free shops), infrastructure (e.g. airport terminal operation), asset management and real estate. During the last seven years, Mr. Ariztegui has been actively selling and buying stakes in non-public companies, including Pallium Trading (fish meal) and MK Metal Trading (copper, zinc, lead, gold and silver concentrates). He also sold Aonia's equity stake in Fumisa and Aerodom, airport terminal operating companies in Mexico City and in the Dominican Republic, respectively. In 2013, Mr. Ariztegui Andreve made inroads in the financial asset management business by acquiring a stake in InverCap, the fifth largest pension fund manager in Mexico, which he sold in April 2017. Mr. Ariztegui Andreve worked as a Corporate Banker and Vice President of international operations and trade finance for Citibank in New York and Mexico City for eight years (1979-1987). Mr. Ariztegui Andreve co-founded and was President and Chief Executive Officer of MK Metal Trading, a global based metal and mineral (copper, zinc, lead, gold and silver concentrates) trading company start-up for 18 years (1994-2012). MK Metal Trading was sold in 2012. Mr. Ariztegui Andreve currently sits on the boards of several non-public companies, including InverCap Holding (financial assets management), Reim (real estate mid-size residential development), Alvamex (international storage and logistics). He also is a director of the University Club, in Mexico. Previously, he was director of Dufry AG (leading global retail and airport duty free operator), Latin American Airport Holdings (airport infrastructure and terminal operator), Satelites



Mexicanos (SATMEX) (telecommunications), Banco Mexicano, Grupo Financiero Inverlat (financial services) and Minera Santa Gertrudis (mining). During the last five years, Mr. Ariztegui did not serve as a director of any other US public company. Mr. Ariztegui Andreve received a Master in Business Administration degree from the Wharton School of Business and Finance and a Master in Systems Engineering degree from the University of Pennsylvania.

Mr. Ariztegui Andreve brings to the Company his vast experience in the financial, mining and commercial sectors. He also adds to the Board of Directors his leadership experience and expertise attained through his participation as a director of other companies.



### **ALFREDO CASAR PEREZ, DIRECTOR.**

Mr. Casar Perez has been a director of the Company since October 26, 2006. He has been a member of the board of directors of Grupo Mexico since 1997. He is also a member of the board of directors of Ferrocarril Mexicano, S.A. de C.V., an affiliated company of Grupo Mexico, since 1998 and its Chief Executive Officer since 1999. From 1992 to 1999, Mr. Casar Perez served as General Director and member of the board of directors of Compañía Perforadora Mexico, S.A. de C.V. and Mexico Compañía Constructora, S.A. de C.V., two affiliated companies of Grupo Mexico. Mr. Casar Perez served as Project Director of ISEFI, a subsidiary of Banco Internacional, in 1991 and as Executive Vice President of Grupo Costamex in 1985. Mr. Casar Perez also worked for the Real Estate Firm, Agricultural Ministry, and the College of Mexico. Mr. Casar Perez holds a degree in Economics from the Autonomous Technological Institute of Mexico, ITAM, and a degree in Industrial Engineering from Anahuac University of Mexico City, Mexico. He also holds a Master's degree in Economics from the University of Chicago in Chicago, Illinois.

Mr. Casar Perez has been associated with Grupo Mexico or its affiliated companies in different executive positions for more than 21 years. He contributes to the Company his background in engineering and economics, his extensive business experience, his high performance standards, leadership and mature confidence. As Chief Executive Officer of Ferrocarril Mexicano, S.A. de C.V., Mr. Casar Perez contributes to the Company a unique experience and ability to address challenging issues and propose creative solutions.

### **ENRIQUE CASTILLO SANCHEZ MEJORADA, INDEPENDENT DIRECTOR.**

Mr. Castillo Sanchez Mejorada has been a director of the Company since July 26, 2010 and is our fifth independent director nominee. From May 2013, Mr. Castillo Sanchez Mejorada has been Senior Partner of Ventura Capital Privado, S.A. de C.V. (Mexican financial company), and, since October 2013, he has been Chairman of the board of directors of Maxcom Telecomunicaciones, S.A.B. de C.V. (Mexican telecommunications company).

From April 2011 to May 2013, Mr. Castillo Sanchez Mejorada was a senior advisor at Grupo Financiero Banorte, S.A.B. de C.V. (“GFNorte”) a financial holding institution that controls a bank, a broker dealer and other financial institutions in Mexico. From October 2000 to March 2011, Mr. Castillo Sanchez Mejorada was the Chairman of the board of directors and Chief Executive Officer of Ixe Grupo Financiero, S.A.B. de C.V., a Mexican financial holding company that merged into GFNorte in April 2011. In addition, from March 2007 to March 2009, Mr. Castillo Sanchez Mejorada was the President of the Mexican Banking Association (Asociacion de Bancos de Mexico). Currently, Mr. Castillo Sanchez Mejorada is Chairman of the Board of Banco Nacional de Mexico, S.A. (Citibanamex), one of the largest banks in Mexico, and member of the board of Grupo Financiero Citibanamex, where he serves as a member of the practices committee and audit committee. He serves as an independent director on the board of directors of (i) Grupo Herdez, S.A.B. de C.V., a Mexican holding company for the manufacture, sale and distribution of food products; (ii) Alfa, S.A.B. de C.V., a Mexico-based holding company that, through its subsidiaries, is engaged in the petrochemical, food processing, automotive and telecommunication sectors. Mr. Castillo Sanchez Mejorada also serves as a member of the audit committee (iii) Medica Sur, S.A.B. de C.V., a Mexico-based company engaged in the hospital business, (iv) UNIFIN Financiera, S.A.B de C.V. , an independent leasing company; and (v) Laboratorios Sanfer S.A. de C.V., one of the leading companies in the Mexican pharmaceutical market. He is also a Senior Advisor for General Atlantic in Mexico, a private equity firm based out of New York. From April 2012 to April 2016, Mr. Castillo Sanchez Mejorada served as a member of the board of directors of Organizacion Cultiba, S.A.B. de C.V. (formerly Grupo Embotelladoras Unidas, S.A.B. de C.V.), a Mexico-based holding company primarily engaged in the beverage industry. Mr. Castillo Sanchez Mejorada holds a Bachelor’s degree in Business Administration from the Anahuac University, in Mexico City, Mexico.

Mr. Castillo Sanchez Mejorada became a member of our Audit Committee on April 18, 2013. Mr. Castillo Sanchez Mejorada brings to the Company more than 40 years of experience in the financial sector. He also adds to the Board of Directors his leadership experience and expertise attained through his participation as an independent director of other companies.







**XAVIER GARCIA DE QUEVEDO TOPETE, DIRECTOR.**

Mr. Garcia de Quevedo has been a director of the Company since November 1999. He was our Chief Operating Officer from April 12, 2005 until April 23, 2015. Since November 1, 2014, Mr. Garcia de Quevedo Topete has served as the President of the infrastructure division of Grupo Mexico, composed of the energy, gas, oil and construction subsidiaries of Grupo Mexico. He is also Vice-chairman of Grupo Mexico. He was the President and Chief Executive Officer of Southern Copper Minera Mexico from September 2001 until November 1, 2014. He was the President and Chief Executive Officer of Americas Mining Corporation from September 7, 2007 to October 31, 2014. From December 2009 to June 2010, he was Chairman and Chief Executive Officer of Asarco LLC. Previously, he was President of Asarco LLC from November 1999 to September 2001. Mr. Garcia de Quevedo began his professional career in 1969 with Grupo Mexico. He was President of Grupo Ferrovionario Mexicano, S.A. de C.V. and of Ferrocarril Mexicano, S.A. de C.V. from December 1997 to December 1999, and Executive Vice President of Exploration and Development of Grupo Mexico from 1994 to 1997. He has been a director of Grupo Mexico since April 2002. He was also Vice President of Grupo Condumex, S.A. de C.V. (telecommunications, electronics and automotive parts producer) for eight years. Mr. Garcia de Quevedo was the Chairman of the Mining Chamber of Mexico from November 2006 to August 2009. He is a chemical engineer with a degree from the UNAM in Mexico City, Mexico. He also attended a continuous business administration and finance program at the Technical Institute of Monterrey in Monterrey, Mexico.

Mr. Garcia de Quevedo contributes to the Company his extensive business experience and leadership, his industry knowledge, his skills to motivate high-performing talent, and his general management skills. During his more than 41 years of experience as an executive with Grupo Mexico and subsidiaries, he was responsible for developing the integration strategy of Grupo Mexico. He was directly responsible for the development of the copper smelter, refinery, precious metal and

rod plants of Grupo Mexico. Mr. Garcia de Quevedo also headed the process for the acquisition of railroad concessions for Grupo Mexico, the formation of Grupo Ferroviario Mexicano, S.A. de C.V. and its partnership with Union Pacific. Previously, he had a distinguished career as Vice President of sales and marketing for Grupo Condumex, S.A. de C.V., where among other achievements, he was responsible for the formation of a division for the sale, marketing and distribution of products in the United States and Latin America and where he headed the Telecommunications division. Mr. Garcia de Quevedo also contributes to the Company his diversified business experience gained from having served on the boards of different Mexican and United States companies and as Chairman of the Mining Chamber of Mexico.

**RAFAEL A. MAC GREGOR ANCIOLA, INDEPENDENT DIRECTOR.**

Mr. Mac Gregor has been a director of the Company since July 2017. Mr. Mac Gregor has served as managing Partner of RMAC Asociados (Mexican consulting firm) since 2016. He has been an independent director of the Board of Grupo Financiero Citibanamex (Mexican banking company), Chairman of its Risk Committee and member of Citibanamex's Audit Committee since 2016. He is also an independent member of the board of directors of Black Rock Mexico (asset management). In addition, he has been an independent member of the board of directors of Corporacion Multi Inversiones (CMI) (multi-national agro-industrial company) since 2016. From February 1999 to July 2015, he served as a Corporate Director of Grupo Bal (Mexican companies principally engaged in agricultural and livestock, commercial operations, industrial operations, and financial services businesses). From April 1999 to 2015, he was a member of the board of directors of the Mexican Stock Exchange. From 2001 to 2016, he served as a member of the board of the Instituto Tecnológico Autónomo de México (ITAM) and from April 2008 to 2016, he served as a member of the board of Fresnillo PLC (Mexican-based mining company). From April 1995 to July 2015, he served as President of the board of a Mexican Brokerage House and Valmex Leasing Company (Mexican leasing company).

Additionally, from April 1995 to July 2015, Mr. Mac Gregor Anciola served on the boards of Grupo Nacional Provincial, S.A.B. (Mexican insurance company), Grupo Palacio de Hierro, S.A.B. (Mexican department stores), Industrias Peñoles, S.A.B. (Mexican mining company), Credito Afianzador, S.A. (Mexican financing company), Minera Tizapa, S.A. de C.V. (Mexican mining company), Minera Penmont, S.A. de C.V. (Mexican mining company), Profuturo G.N.P., S.A. de C.V., Afore, Profuturo GNP Pensiones, S.A. de C.V. (Mexican insurance and pension holding company) and Vice President of the MexDer (Mexican derivatives exchange). Mr. Mac Gregor Anciola holds the recognition of the Professional Merit Award from ITAM. Mr. Mac Gregor Anciola holds a degree in Business Administration from the Instituto Tecnológico Autónomo de México in Mexico City and he attended the Stanford University Executive program in Palo Alto, California.

Mr. Mac Gregor Anciola brings to the Company more than 30 years of experience in the financial sector. He also adds to the Board of Directors his leadership experience and expertise attained through his participation as a director of the Mexican Stock Exchange and as an independent director of various other companies.

**LUIS MIGUEL PALOMINO BONILLA, SPECIAL INDEPENDENT DIRECTOR.**

Dr. Palomino has been a director of the Company since March 19, 2004. Dr. Palomino is a member of the board of directors and Vice-chairman of the Central Bank of Peru (Banco Central de Reserva del Perú) since September 2016, a director of the Master's in Finance Program at the University of the Pacific in Lima, Peru since July 2009, a member of the board of directors of Laboratorios Portugal (personal care products manufacturer) since September 2017, and a member of the board of directors of Summa Capital, S. A. (corporate consulting firm) since April 2014. Dr. Palomino was Chairman of the board of directors of Aventura Plaza, S.A. (commercial real estate developer and operator) from January 2008 to June 2016, member of the board of directors and Manager of the Peruvian Economic Institute (economic think tank) from April 2009 to August



2016, Partner of Profit Consultoria e Inversiones (a financial consulting firm) from July 2007 to July 2016, and a member of the board of directors and chairman of the audit committee of the Bolsa de Valores de Lima (Lima Stock Exchange) from March 2013 to July 2016. Dr. Palomino was Principal and Senior Consultant of Proconsulta International (financial consulting) from September 2003 to June 2007. He was First Vice President and Chief Economist, Latin America, for Merrill Lynch, Pierce, Fenner & Smith, New York (investment banking) from 2000 to 2002. He was Chief Executive Officer, Senior Country and Equity Analyst of Merrill Lynch, Peru (investment banking) from 1995 to 2000. Dr. Palomino has held various positions with banks and financial institutions as an economist, financial advisor and analyst. He has a PhD in finance from the Wharton School of the University of Pennsylvania in Philadelphia, Pennsylvania and graduated from the Economics Program of the University of the Pacific in Lima, Peru.

Dr. Palomino is a member of our Audit Committee and a special independent director nominee. He is also our “audit committee financial expert,” as the term is defined by the SEC. Dr. Palomino contributes to the Company his education in economics and finance, acquired from extensive academic studies, including a PhD in Finance from the Wharton School of the University of Pennsylvania in Philadelphia, Pennsylvania, his expertise, his wise counsel, and his extensive business experience gained from his past and current activities from serving as a financial analyst, including of the mining sectors in Mexico and Peru.

**GILBERTO PEREZALONSO CIFUENTES, SPECIAL INDEPENDENT DIRECTOR.**

Mr. Perezalonso has been a director of the Company since June 2002. Currently, Mr. Perezalonso is a member of the board of directors of Gigante, S.A. de C.V. (retail and real estate) and Blasky (hotel chain in Baja California, Mexico). He is also National Vice President of the Cruz Roja Mexicana (Red Cross). Mr. Perezalonso was Chairman of the board of directors of Volaris Compañía de Aviación, S.A.P.I. de C.V. (airline) from March 2, 2011 to November 2014. He was Chief Executive Officer of Corporación Geo, S.A. de C.V. (housing construction) from February 2006 to February 2007. Mr. Perezalonso was the Chief Executive Officer of



 **Ite bay in Jorge Basadre, Tacna.**

Aeromexico (Aerovias de Mexico, S.A. de C.V.) (airline company) from 2004 until December 2005. From 1998 until April 2001, he was Executive Vice President of Administration and Finance of Grupo Televisa, S.A.B. (media company). From 1980 until February 1998, Mr. Perezalonso held various positions with Grupo Cifra, S.A. de C.V. (retail and department stores), the most recent position being that of General Director of Administration and Finance. He was also a member of the Advisory Council of Banco Nacional de Mexico, S.A. de C.V. (banking), the board of directors and the investment committee of Afore Banamex (banking), the board and the investment committee of Siefore Banamex No. 1 (banking), Masnegocio Co. S. de R.L. de C.V. (information technology), Intellego (technology), Telefonica Moviles Mexico, S.A. de C.V. (wireless communication), Marhnos Construction Company (housing construction), and Fomento de Investigacion y Cultura Superior, A.C. (Foundation of the Iberoamerican University in Mexico). Mr. Perezalonso was also a director of Cablevision, S.A. de C.V., and a member of the audit committee of Grupo Televisa, S.A.B. from March 1998 to September 2009. Mr. Perezalonso

has a law degree from the Iberoamerican University in Mexico City, Mexico and a Master's degree in Business Administration from the Business Administration Graduate School for Central America (INCAE) in Nicaragua. Mr. Perezalonso has also attended a Corporate Finance program at Harvard University in Cambridge, Massachusetts.

Mr. Perezalonso is a member of our Audit Committee and a special independent director nominee. Mr. Perezalonso contributes to the Company his legal and financial education acquired from extensive academic studies, including a Master's degree in Business Administration from INCAE in Nicaragua, and his business experience acquired serving in the financial areas of several companies and as Chief Executive Officer of different companies. Mr. Perezalonso also brings to the Board of Directors his informed judgment and his diversified business experience gained from serving on the boards of directors of different Mexican companies.

**CARLOS RUIZ SACRISTAN, SPECIAL INDEPENDENT DIRECTOR.**

Mr. Ruiz Sacristan has been a director of the Company since February 12, 2004. Since November 2001, he has been the owner and Managing Partner of Proyectos Estrategicos Integrales, a Mexican investment banking firm specialized in agricultural, transport, tourism, and housing projects. Mr. Ruiz Sacristan has held various distinguished positions in the Mexican government, the most recent being that of Secretary of Communications and Transportation of Mexico from 1995 to 2000. While holding that position, he was also Chairman of the board of directors of the Mexican-owned companies in the sector, and member of the board of directors of development banks. He was also the Chairman of the board of directors of Asarco LLC. Mr. Ruiz Sacristan is Chairman of the board of directors



and Chief Executive Officer of Sempra's Energy North America Infrastructure Group since September 2018. Prior to this appointment, Mr. Ruiz Sacristan was Chairman and Chief Executive Officer of IEnova, the Mexican operating subsidiary of Sempra Energy from 2012 to 2018 and a member of the board of directors of Sempra Energy from 2007 to 2012. Mr. Ruiz Sacristan remains as Chairman of IEnova. He is a member of the boards of directors of Constructora y Perforadora Latina, S.A. de C.V. (Mexican geothermal exploration and drilling company) and of Banco Ve Por Mas, S.A. (Mexican bank). Mr. Ruiz Sacristan holds a Bachelor's degree in Business Administration from the Anahuac University in Mexico City, Mexico, and a Master's degree in Business Administration from Northwestern University in Chicago, Illinois.

Mr. Ruiz Sacristan is one of our special independent director nominees. Mr. Ruiz Sacristan contributes to the Company his extensive business studies, including a Master's Degree in Business Administration from Northwestern University in Chicago, Illinois, his investment banking experience and his broad business experience as a former Chief Executive Officer of PEMEX (Mexican oil company), combined with his distinguished career in the Mexican government as a former Secretary of Communications and Transport of Mexico and as a director of Mexican-owned enterprises and financial institutions.

Mr. Ruiz Sacristan also brings to the Board of Directors his informed judgment and his diversified business experience gained from serving on the board of directors and of the audit, and environmental and technology committees of Sempra Energy, a Fortune 500 energy service company, based in San Diego, California, as the former Chairman of Asarco LLC, and as the Chief Executive Officer of IEnova.

# Executive Officers

**German Larrea Mota Velasco**

**Chairman of the Board of Directors**

**Oscar Gonzalez Rocha**

**President and Chief Executive Officer**

**Raul Jacob Ruisánchez**

**Vice President, Finance Treasurer and Chief Financial Officer**

**Edgard Corrales Aguilar**

**Vice President, Exploration**

**Jorge Lazalde Psihas**

**Secretary**

**Andres Ferrero Ghislieri**

**General Counsel**

**Lina Vingerhoets Vilca**

**Comptroller**

**Raul Vaca Castro**

**General Auditor**





## Controlled companies- affinity and inbreeding

A company with more than 50% of the voting power held by a one single entity is a “controlled company”, and does not need to comply with the Corporate Governance requirements of the New York Stock Exchange (“NYSE”), which requires a majority of independent directors and independent Compensation and Nomination/Corporate Governance committees.

SCC is a controlled company as defined by the rules of the NYSE. Grupo Mexico owns indirectly 88.9% of the stock of the Company, as of December 31, 2020. The Company has taken advantage of the exceptions to comply with the corporate governance rules of the NYSE. The Board of Directors of the Company determined that Messrs. Luis Miguel Palomino Bonilla, Gilberto Perezalonso Cifuentes, and Carlos Ruiz Sacristan, the three members of the Company’s Audit Committee, are independent of management and financially literate in accordance with the requirements of the NYSE and the Securities and Exchange Commission (“SEC”), as such requirements are interpreted by the Company’s Board of Directors in its business judgment. Additionally, Messrs. Emilio Carrillo Gamboa, Enrique Castillo Sanchez Mejorada and Rafael Mac Gregor Anciola are our fourth, fifth and sixth independent directors.

At its meeting on January 21, 2021, the Board of Directors determined that Messrs. Luis Miguel Palomino Bonilla, Gilberto Perezalonso Cifuentes, Carlos Ruiz Sacristan, Vicente Ariztegui Andreve, Enrique Castillo Sanchez Mejorada and Rafael Mac Gregor Anciola continue to be independent of management, in accordance with the requirements of the NYSE as such requirements are interpreted by our Board of Directors in its business judgment.

To the best of the Company’s knowledge, no relationship of affinity and/or consanguinity exists among the members of the Board, and between them and the Executive Officers of Southern Copper Corporation.

## Special Committees of the Board

### SCC'S BOARD OF DIRECTORS HAS ORGANIZED THE FOLLOWING SPECIAL COMMITTEES:

1. Executive Committee. It is comprised of five members who substitute for the Board when sessions or decisions are required concerning urgent matters, or matters for which the Board would have expressly delegated its mandate.

2. Audit Committee. It is comprised of three independent Board members who are knowledgeable in accounting and financial matters. Its main purpose is to: (a) assist the Board in monitoring (i) the quality and integrity of the Company's financial statements; (ii) the qualifications and independence of the independent auditors; (iii) the performance of the internal audit function and of the independent auditors; and (iv) the Company's compliance with legal and regulatory requirements; and (b) prepare the report required by the Securities and Exchange Commission (SEC) rules.

3. Compensation Committee. It is comprised of four Board members and its principal objective is to evaluate and establish the remunerations of principal officers and key employees of the Company and its subsidiaries.

4. Special Nominating Committee. It is comprised of two independent Board members and one nominated by the Board and it has the exclusive authority to propose and evaluate individuals who are proposed as special independent directors.



Workers at Smelter Plant, San Luis Potosí, Mexico.

5. Corporate Governance Committee. It is comprised of four Board members and has as its primary functions to consider and make recommendations to the Board concerning the appropriate function and needs of the Board, to develop and recommend to the Board corporate governance principles of SCC, to oversee evaluation of the Board and management, and to oversee and review compliance with the disclosure and reporting standards of the Company that require full, fair, accurate, timely, and understandable disclosure of material information regarding the Company in reports and documents that it files with the SEC, the NYSE and equivalent authorities in the countries in which the Company operates, as well as in other public communications that it regularly makes.

6. Administrative Committee. It is designated by the Named Fiduciary appointed by the Board for the benefit plans as required by the Employee





Retirement Income Security Act – ERISA of the United States. ERISA is the law that covers employee retirement and other benefit plans for employees that are US citizens or residents. The Named Fiduciary controls and manages the Company's benefits plans subject to US regulations, including ERISA. This Officer appoints an Administrative Committee, which is comprised of three management members and its purpose is, with delegated authority, to administer and manage said plans and to oversee the performance of the trust agents and other fiduciaries charged with investing the plans' funds.

#### **ADMINISTRATION AND BOARD INCOME**

Total remunerations of Board and Administration members, in relation to the Company's gross income is 0.18%.

### **ANNUAL MEETING:**

Up to date, SCC has not established when will be hold the annual stockholders meeting for the year 2021.

### **CORPORATE OFFICES:**

#### **UNITED STATES**

1440 East Missouri Avenue, Suite 160, Phoenix, Az. 85014, USA

Phone: +1(602) 264-1375

#### **MEXICO**

Edificio Parque Reforma, Campos Eliseos N°. 400

Col. Lomas de Chapultepec Mexico D.F.

Phone: +(52-55) 1103-5000

#### **PERU**

Avenida Caminos del Inca N° 171, Chacarilla del Estanque

Santiago de Surco, Cod postal 15038, Peru

Phone: +(511) 512-0440, Ext. 3181

### **TRANSFER AGENT, REGISTRAR AND STOCKHOLDER SERVICES**

#### **COMPUTERSHARE**

480 Washington Boulevard Jersey City, NJ 07310-1900

Phone: +1(866)230-0172

### **DIVIDEND REINVESTMENT PROGRAM**

SCC stockholders can have their dividends automatically reinvested in SCC common shares. SCC pays all administrative and brokerage fees. This plan is administered by Computershare. For more information, contact Computershare at phone +1(866) 230-0172.

## **STOCK EXCHANGE LISTING**

The principal markets for SCC's Common Stock are the New York Stock Exchange ("NYSE") and the Lima Stock Exchange ("BVL"). Effective February 17, 2010, SCC's Common Stock changed its symbol from PCU to SCCO on both the NYSE and the Lima Stock Exchange.

## **OTHERS**

The Branch in Peru has issued, in accordance with Peruvian law, 'investment shares' (formerly named labor shares) that are quoted in the Lima Stock Exchange under the symbol SPCCPI1 and SPCCPI2.

Transfer Agent, registrar and stockholders services to the SCC Common and Investment shareholders are provided by Credicorp Capital, at Av. El Derby 055, Tower 4, 10th floor, Santiago de Surco, Lima, Peru (Cod. Postal 15038-Peru.

Phone +(511) 313-2478.

## **OTHER CORPORATE INFORMATION**

For other information on the corporation or to obtain additional copies of the annual report, Form 10-K 2019 (free of charge) contact to Investor Relations Department at our corporate offices:

### **USA:**

1440 East Missouri Avenue, Suite 160, Phoenix, Az. 85014, USA. Phone: (602)264-1375

### **MEXICO:**

Campos Eliseos No. 400, 11 floor, Col. Lomas de Chapultepec Mexico D.F.

Phone +(52-55) 1103-5000, Extension 5855

### **PERU:**

Av. Caminos del Inca 171, Chacarilla del Estanque, Santiago de Surco, Cod postal 15038- Peru.

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Web Page: [www.southerncoppercorp.com](http://www.southerncoppercorp.com)

Email address: [southerncopper@southernperu.com.pe](mailto:southerncopper@southernperu.com.pe)



## Members of the Board of Directors

**German Larrea Mota-Velasco**

**Oscar Gonzalez Rocha**

**Vicente Ariztegui Andrave**

**Alfredo Casar Perez**

**Enrique Castillo Sanchez Mejorada**

**Xavier Garcia de Quevedo Topete**

**Rafael Mac Gregor Anciola**

**Luis Miguel Palomino Bonilla**

**Gilberto Perezalonso Cifuentes**

**Carlos Ruiz Sacristan**

### **AUDIT COMMITTEE**

**Luis Miguel Palomino Bonilla, Chairman**

**Gilberto Perezalonso Cifuentes**

**Enrique Castillo Sanchez Mejorada**





 Worker in rod plant in Mexico









# Southern Copper







**Southern Copper**