



WE INVEST  
IN A SUSTAINABLE  
FUTURE

DISCIPLINE, INVESTMENT, WORK

ANNUAL REPORT 2021

**Southern Copper**

Cover:  
Ite Wetlands, Tacna, Peru.

**Southern Copper**

## 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 2021. 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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## 01

LETTER TO  
SHAREHOLDERS

2021 marked another important year in Southern Copper's history. This year, net sales, net income, adjusted EBITDA and cash from operations hit record highs.

2021 net sales hit a record high of \$10,934.1 million, which represented an increase of 36.9% over the figure reported in 2020. This growth was mainly driven by higher market metal prices for all our main products. Metal prices increased for copper (+51.1%, LME); molybdenum (+81.0%); zinc (+32.0%); and silver (+22.1%).

2021 net income was \$3,387.1 million, 116.3% higher than in 2020. These significant improvements also represented historic highs for net income, which were driven by an increase in sales and by our strict cost control measures, which allowed us to absorb last year increases in fuel, power and other operating costs.

EBITDA in 2021 also hit a historic high of \$6,852.7 million; 77.1% above the figure in 2020. The adjusted EBITDA margin in 2021 was 62.7% vs 48.5% in 2020.

Southern Copper Corporation is positioned as the one of lowest- cost copper producers in the mining industry. 2021's Operating cash cost per pound of copper, net of by-product revenue credits, was \$0.67, which represented a reduction of 3.0% compared to the \$0.69 reported in 2020. This result was mainly attributable to an increase in by-product revenue credits, which was partially offset by an uptick in production costs.

In 2021, we spent \$892.3 million on capital investments, which reflected a 50.7% increase YoY and represented 26.3% of net income in 2021.

These results clearly reflect the significant efforts our corporation has made in the last decade to double our copper production capacity to almost one million tons while maintaining our cost control measures. The positive environment we see for copper prices and our strong pipeline of high-potential projects make us optimistic about Southern Copper's capacity to deliver attractive results to our shareholders in coming years.

As the world braces for the economic effects of this new COVID-19 wave, particularly in terms of work force attrition, we have stepped up safety measures to preserve the health of our workers, the vast majority of whom are fully vaccinated. Throughout 2021, the bulk of our workforce has remained available for duties, which has allowed us to roll out

maintenance activities and capture opportunities for efficiencies. In tandem, we continue to recover normal operating levels at all of our mines and are bringing capital investment execution levels up to speed.

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.

The year 2021 began with news of better things to come: several COVID-19 vaccines were 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.

In Mexico, our portfolio consists of 5 projects, one of them is Buenavista Zinc in Sonora, this project includes the development of a new concentrator to produce approximately 100,000 tons of zinc and 20,000 tons of copper per year. As of December 31, 2021, we have invested \$217 million in this project. We expect to start operations in 2023. 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. The third project, El Pilar, will operate as a conventional openpit mine with an annual production capacity of 36,000 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

		2021	2020	2019	2018	2017
<b>Mine production (tons)</b>						
Mined Material	(thousand)	780,689	656,237	790,365	814,228	743,163
Copper in concentrates		825,226	851,323	841,452	741,488	711,720
Copper SX/EW		132,974	150,045	152,370	142,201	165,259
Total Copper		958,200	1,001,368	993,822	883,689	876,979
Molybdenum in concentrates		30,262	30,248	26,885	21,985	21,328
Zinc in concentrates		66,958	68,930	73,922	70,778	68,665
Silver in concentrates	(thousand ounces)	18,962	21,540	20,273	17,308	15,926

<b>Smelter/refineries production</b>						
Copper		598,569	633,801	595,173	633,630	617,853
Zinc		92,672	102,440	104,977	107,536	104,402
Silver	(thousand ounces)	13,691	13,888	12,588	13,583	13,688

<b>Toquepala</b>						
Mined Material	(thousand)	203,150	168,715	249,083	241,514	203,778
Copper in concentrates		203,624	229,116	231,673	143,720	122,949
Molybdenum in concentrates		10,642	10,019	7,277	4,159	4,184

<b>Cuajone</b>						
Mined Material	(thousand)	148,302	130,047	153,911	175,177	149,265
Copper in concentrates		168,990	168,663	156,393	160,579	158,105
Molybdenum in concentrates		4,190	4,225	3,285	3,099	3,746

<b>Smelter/refineries in Peru</b>						
SX/EW		25,754	26,010	26,329	26,526	25,093
Smelt concentrates		1,089,193	1,210,625	1,075,513	1,187,710	1,153,486
Blister produced		2,601	4,163	-	2,630	1,793
Anode produced		308,562	345,955	317,519	344,758	345,847
Cathode produced		260,173	286,271	256,647	292,654	291,373

<b>Mexicana de Cobre – Caridad</b>						
Mined Material	(thousand)	100,412	93,373	94,578	96,541	98,534
Copper in concentrates		102,689	109,671	107,161	106,087	106,271
Molybdenum in concentrates		10,203	10,535	10,206	9,809	9,934

	2021	2020	2019	2018	2017
<b>Buenavista</b>					
Mined material (thousand)	324,860	259,860	288,882	297,718	288,716
Copper in concentrates	142,912	140,888	141,521	139,157	135,690
<b>Smelter/Refineries in Mexico</b>					
SX/EW	107,221	124,036	126,041	115,675	140,166
Smelt concentrates	1,047,292	1,029,486	1,011,374	1,041,663	997,657
Anode produced	287,406	283,683	277,654	286,242	270,213
Cathode produced	242,667	240,407	231,609	239,185	228,062
Rod produced	150,122	129,439	142,728	147,147	133,100
<b>Underground Mines</b>					
Contents in concentrates (tons)					
Zinc	66,958	68,930	73,922	70,778	68,665
Lead	17,104	20,358	22,567	22,081	20,246
Copper in concentrates	8,719	10,302	8,265	6,221	5,486
Silver (thousand ounces)	6,589	7,983	6,943	5,649	4,760
Gold (ounces)	7,662	8,734	7,647	6,423	5,428

02

COPPER  
RESERVES



Panoramic view of La Caridad, Sonora, Mexico. |





We believe we hold the world’s largest position of copper reserves. As of December 31, 2021, our copper ore reserves, calculated at a copper price of \$3.30 per pound, totaled 42.4 million tons of contained copper. Our internal ore reserve estimation value is as follows:

Copper contained in ore reserves	Thousand tons
Mexican	11,319
Peruvian	22,712
Development projects	8,379
<b>Total</b>	<b>42,410</b>

For more information about ore reserves refer to “Summary Disclosure of Mineral Reserves”, on page 36 of our 2021 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)	2021	2020	2019	2018	2017
<b>Consolidated Statement of Earnings</b>					
Net sales	\$ 10,934.1	\$ 7,984.9	\$ 7,285.6	\$ 7,096.7	\$ 6,654.5
Operating costs and expenses	4,869.0	4,864.2	4,532.6	4,215.5	4,035.6
Operating income	6,065.1	3,120.7	2,753.0	2,881.2	2,618.9
Net income attributable to Non-controlling interest	14.1	7.4	6.1	5.2	3.9
Net earnings attributable to SCC	\$ 3,397.1	\$ 1,570.4	\$ 1,485.8	\$ 1,543.0	\$ 728.5
Per share amount:					
Earnings basic and diluted	\$ 4.39	\$ 2.03	\$ 1.92	\$ 2.00	\$ 0.94
Dividends paid	\$ 3.20	\$ 1.50	\$ 1.60	\$ 1.40	\$ 0.59
<b>Consolidated Balance Sheet</b>					
Cash and cash equivalents	\$ 3,002.0	\$ 2,183.6	\$ 1,925.1	\$ 844.6	\$ 1,004.8
Total assets	18,297.6	16,946.5	16,407.4	14,267.8	13,780.1
Total debt	6,247.9	6,544.2	6,541.0	5,960.1	5,957.1
Total equity	\$ 8,207.8	\$ 7,276.0	\$ 6,858.2	6,612.9	\$ 6,149.4
<b>Consolidated Statement of Cash Flows</b>					
Cash provided by operating activities	\$ 4,292.4	\$ 2,783.6	\$ 1,911.9	\$ 2,235.1	\$ 1,976.6
Dividends paid	\$ 2,473.8	1,159.6	1,236.9	1,082.3	456.1
Capital investments	\$ 892.3	592.2	707.5	1,121.4	1,023.5
Depreciation, amortization and depletion	\$ 806.0	\$ 775.6	\$ 764.4	\$ 674.3	\$ 671.1
<b>Capital Stock</b>					
Common shares outstanding – basic and diluted (in thousands)	773,087	773,073	773,059	773,044	773,028
NYSE price – high	\$ 81.53	\$ 65.82	\$ 43.19	\$ 57.34	\$ 47.63
NYSE price – low	\$ 56.14	\$ 23.53	\$ 23.21	\$ 29.78	\$ 32.38
Book value per share	10.54	9.35	8.82	8.50	7.90
P/E ratio	13.97	32.06	22.10	15.42	50.35
<b>Financial Ratios</b>					
Current assets to current liabilities	2.73	3.50	2.83	2.61	2.71
Net debt as % of Net capitalization <sup>(1)</sup>	27.1%	35.2%	41.8%	42.6%	44.4%
Employees (at year end)	14,463	13,777	14,301	13,899	13,140

(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.

Worker from the Toquepala mine. |





# 03

## CAPITAL EXPENDITURES AND EXPLORATION PROGRAMS



400 Tons truck at Buenavista del Cobre, Sonora, Mexico. |





## EXPANSION AND MODERNIZATION

We made capital investments of \$892.3 million in 2021, \$592.2 million in 2020 and \$707.5 million in 2019. In general, the capital investments and projects described below are intended to increase production, decrease costs or address social and environmental commitments. 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 1.8 million tons in 2028 by developing new projects:

### MEXICAN PROJECTS

#### BUENAVISTA ZINC, SONORA

This project is located within the Buenavista facility and includes the development of a new concentrator to produce approximately 100,000 tons of zinc and 20,000 tons of copper per year. We have completed the engineering study. In order to continue with the project, stronger preventive measures to combat COVID-19 have been put in place. Procurement has progressed 96% and all the main equipment is on site. Additionally, construction site works are in underway. The project has all the necessary permits, and its budget is \$413 million. We expect to initiate operations in 2023. As of December 31, 2021, we had invested \$217 million in this project. When completed, we anticipate that this new facility will double the Company's zinc production capacity and will provide 490 direct jobs and 1,470 indirect jobs.



| Panoramic view of La Caridad mine, Sonora, Mexico.

#### 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. A new 25-meter wide off-road facility for mining trucks had been built. This will significantly improve the overall 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 the project to begin production in the second half of 2022.

#### EL PILAR, SONORA

The low-capital intensity copper development project is strategically located in Sonora, Mexico, approximately 45 kilometers from our Buenavista mine. Its copper oxide mineralization contains estimated proven and probable reserves of 281 million tons of ore, with an average copper grade of 0.301%. El Pilar will operate as a conventional open-pit mine with an annual production capacity of 36,000 tons of copper cathodes. This operation



will use highly cost efficient and environmentally friendly SX-EW technology. We estimate a development investment of approximately \$310 million. The results from experimental pads in leaching process have confirmed adequate levels of copper recovery. We expect this project to start production in 2023 with an expected mine life of 13 years. The basic engineering study is finished and the Company continues developing project and site environmental activities.

#### THE SAN MARTIN MINE RECOVERY PROGRAM

After eleven years of illegal stoppage, we resumed control of the San Martin mine in August 2018. The San Martin facilities deteriorated during this period but we made executed major renovations and restarted operations in the second quarter of 2019. In 2020, we produced 14,361 tons of zinc, 2.8 million ounces of silver, 3,601 tons of copper, and 1,425 tons of lead. As of December 2021, the Company had completed most of the rehabilitation plan to restore operations at the San Martin mine with a total expense of approximately \$90.5 million; the mine has since reached full operating capacity.



| Quebrada Honda tailings disposal at Toquepa mine, Tacna, Peru.

## 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 implementing other facilities for water recovery, among other works. As of December 31, 2021, construction and pre-commissioning activities were underway with work on three fronts. This project has a total budget of \$140.0 million, of which we had invested \$114.6 million as of December 31, 2021.

### TIA MARIA - AREQUIPA

On July 8, 2019, we were granted the construction permit for this 120,000 ton annual 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.

On January 7, 2021, the Mayor of Islay Province (Arequipa, Peru) awarded a City Diploma to SPCC in recognition of the Company's efforts to help Islay's population during COVID-19 pandemic. SPCC also delivered a portable oxygen plant to a local hospital, and financed COVID monitoring unit that helped more than 7,000 people in 2021. This year, SPCC strengthened its relationship with the regional government and successfully overcame its opposition at the beginning of the project. This new consensus was reflected in the "Social Investment for taxes" agreement for projects related to sanitary facilities and roads. Our efforts to ensure the current and long-term well-being of population in the influence area of the Tía María project were recognized by several local associations, which sent letters to Central Government requesting the start of project. In July 2021, the Ministry of Energy and Mines sent a letter to Southern Copper acknowledging its progress in achieving social acceptance of Tía María project.

We reiterate our view 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.

We expect the Peruvian government to acknowledge the significant progress the project has made on the social front and the important contributions that Tia Maria will generate for Peru's economy and, consequently, take the necessary steps to provide SCC with adequate support to initiate construction.

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 due to their technical process with no emissions released into the atmosphere.

# 04

## DEVELOPMENT - COMMUNITY OUTREACH



According to its sustainable development policies, SCC collaborates with surrounding communities





Responsible production is an essential axis of our sustainable development strategy, which is comprised of specific goals and objectives in areas such as water management, climate change and mining waste, human talent, occupational safety and health, labor relations, community development, among others. The Company has also updated a range of sustainability-related corporate policies, which are publicly disclosed on Grupo Mexico's website: <https://www.gmexico.com/en/Pages/Politicsds.aspx>. These policies, which are applicable to SCC and its subsidiaries, set forth our vision, commitments and objectives to promote sustainable development and generate shared value for our stakeholders. For further information on our disclosure on Human Capital Resources, see the section included in Part I, Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2021. Also, see our disclosure on our COVID-19 response, environmental disclosure and support of our local communities elsewhere in this report.

We are committed to improving our ESG performance by adopting best practices. Southern Copper Corporation has consistently increased its scores on the Corporate Sustainability Assessment (CSA) of S&P Global over the past four years, and achieved a score of 61 in 2021. As a result, the Company has earned a place in the Dow Jones Sustainability Index MILA ("Integrated Latin-American Markets" in Spanish) every year for the past 3 years. SCCO's 2021 score of 61 points is significantly above the average in the Mining and Metals industry, and the Company achieved one of the highest scores in the industry for the following 4 indicators: Environmental Reporting, Operational Ecoefficiencies, Social Reporting, and Corporate Citizenship and Philanthropy. This result was thanks to the good ratings we obtained for business ethics, labor relations, community development, environmental and social reporting, human rights, water management and climate change, among others.



SCC social policies generate positive relationships.

## COMMUNITY OUTREACH

We have implemented several sustainable development policies designed to integrate the Company's operations with local communities in areas influenced by our operations. Some of the relevant policies include the General Policy for Sustainable Development; a Community Outreach Policy; a General Policy of Respect for the Rights of Indigenous Peoples and Communities, a Human Rights Policy Statement. These policies are disclosed publicly on Grupo Mexico's website and fully apply to Southern Copper Corporation.

These policies focus on creating permanent and positive relationships to generate optimal social conditions and promote sustainable development in the area. We continue to make significant expenditures for community programs. For additional information on our community programs, refer to Corporate Social Responsibility under Note 13 "Commitments and contingencies" to the consolidated financial statements.

The government of Sonora recognized Southern Copper Corporation as a “Culturally Responsible Company” for the voluntary initiatives implemented to promote and safeguard the state’s history, culture and traditions. Three of the community programs launched by the Company were pinpointed as particularly relevant: the Itinerant Documentary Cinema Workshop, which led to the creation of over 200 videos; the funding provided for organizing the “Festival Alfonso Ortiz Tirado” (“FAOT”) in Nacozeni and Cananea; and the creation of Youth Orchestras, which has led to the creation of six orchestras and four choirs . These educational music programs, which are offered to more than 2,100 children in the communities surrounding our mining operations in Mexico and Peru.

**COMMUNITY DEVELOPMENT MODEL**

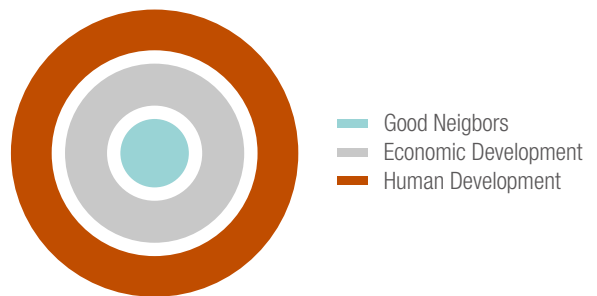
SCC seeks to improve the quality of life in the communities around its operations by engaging in responsible management. SCC has developed a model where people are agents of their own development.

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

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.





SCC calls on communities to present their own initiatives.

#### 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:





Young volunteers from Casa Grande program. |

- **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.

In 2021, to respond to the special needs of each community, the “Casa Grande Movil” format continued to bring services to the communities near our operations in Mexico. A similar program, “Casa Nuestra,” was delivered in Peru. During the pandemic, these programs migrated to an online format. In 2021, 4,566 online workshops were imparted through more than 15.3 million views. Our offerings increased their followers by 62% in the social networks and reached a virtual community of more than 486,220 thousand followers on Facebook.

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.

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 2021, we conducted 2,008 activities, 315 programs and projects with 323 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.

Worker at the Nursery Forest, San Luis, Potosi Mexico. |



## **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.

These company-sponsored schools are home to 3,705 students from the preschool to high school levels. Most students are children of employees or of community members. In addition, we have complemented school subjects with programs for students and parents and have continued efforts to promote and implement the job training program Forjando Futuro ("Forging the Future"). This program was created to train the employees needed to man the Company's operations and to strengthen the vocational skills of residents in the Company's areas of influence in Peru. This program was replicated in Mexico in 2021.

## **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 the development program. Our commitment to the community is in the following areas: education, reinforcing capabilities, health, nutrition, infrastructure, and support to agricultural sector.

SCC contributes to the provinces in which it operates by expanding water infrastructure for irrigation programs. In 2021, we invested more than \$6.7 million in projects to optimize the use of water in agricultural activities in Mexico and Peru.



In 2021, we invested \$66 million in education, health, and productive projects, and also another infrastructure and services.

Projects underway include the “Cularjahuira Dam,” with a capacity of 2.5 million cubic meters in the Camilaca district; the recovery of 452 hectares in platform areas, with the participation of the Candarave Irrigation Users Board (these platforms are located in the districts of Candarave and Camilaca); and engineering studies for the “Callazas Dam,” which has the capacity to hold 11 million m<sup>3</sup> of water. Studies for channel improvement in the districts of Huanuara and Curibaya are also being conducted. All these projects are in the province of Candarave in the Tacna region.

## SOCIAL INVESTMENT

In 2021, SCC invested more than \$ 66 million in social development programs related to education, health, productive projects, infrastructure and services.

Southern Copper Corporation's business model is focused on continuously improving the lives of the residents of the communities in which we operate by encouraging them to participate in efforts to enhance society's wellbeing by identifying local leaders who operate as agents for development.

Investment in Community Development Programs	\$ (in millions)
Community development programs, social linking and productive projects	7.1
Operating expenses in schools and camps	17.0
Infrastructure and equipment in neighboring communities	41.9
<b>Total</b>	<b>66.0</b>

## RESPONSE TO COVID-19

The Company has launched several programs and initiatives in all of the regions where we operate to help communities combat the COVID-19 pandemic. In Peru, a partnership was established with the government in July 2021 to help vaccinate 40% of the population in the five regions where our operations are located. The Company donated over \$2.45 million to help build, modernize, equip and operate vaccination centers. In the context of this partnership, more than one million doses of COVID-19 vaccines were applied in five regions of Peru (Apurimac, Arequipa, Cajamarca, Moquegua and Tacna) where Southern Copper Corporation has operations or projects. This achievement surpassed our initial goal of administering 850 thousand doses and reached 48% of the target population. As of December 31, 2021 96.1% of Southern Copper Corporation's workforce was fully vaccinated against COVID-19.

Minera Mexico has invested approximately \$600,000 to purchase and operate a molecular laboratory for PCR tests in the community of Cananea, Sonora. This facility is offering testing to members of the community and beneficiaries of the Federal Public Health System. The federal sanitary authority is currently using the Company facilities as vaccination sites, where Minera México's personnel are providing medical support, food and technical assistance to register vaccination in the official portal of the Mexican Federal Government.

### **OUR ENVIRONMENTAL COMMITMENT**

Southern Copper mining operations are aligned with the best practices in the sector, in order to guarantee that our environmental impacts are minimal and preserve the environment. In this sense, we operate following our environmental management system:

- Plan, design, build and operate our facilities with a preventive approach throughout their life cycle.
- Reduce the riskiest and damage that could be caused to the environment by changes in land use, waste management, emissions, and discharges.
- Improve our environmental performance by going beyond environmental compliance.
- Reduce our carbon footprint and contribute to an environment resilient to climate change.
- Conserve water by efficient process production and contributes to the availability of water in close basins.
- Promote the efficient use of energy.
- Contribute to the conservation of biodiversity and the environment, which generates ecosystems with a positive impact.
- 8. SCC adds value to its customers and suppliers, indirectly to society, and improves its activities for a better environment.





SCC's operations units have international and local certifications in the countries we operate. SCC also has six environmental management systems that have been certified by ISO 14001:2015. This reflects the Company's keen commitment to preserving the environment. SCC's copper production is committed to the "Copper Mark" standard, which promotes responsible production practices in the industry, and adheres to the UN Sustainable Development Goals. The open-pit mine La Caridad and the Sonora Metallurgical Complex (smelter and refinery) were the first facilities in SCC to initiate the process to obtain the Copper Mark certification. SCC expects to demonstrate to customers, investors, communities, and other stakeholders that our copper production meets Copper Mark (32 in total) criteria in the environment, social, and governance aspects. An independent audit verifies commitment with these criteria.

In 2021, \$150 million were invested in environmental areas: air, climate change, soil, waste, biodiversity, water, and administrative management.

## **CLIMATE CHANGE**

Southern Copper Corporation is committed to preserving the environment, minimizing the carbon footprint of our operations, and efficiently managing climate-related risks and opportunities. Our approach seeks continuous improvement in the responsible use of natural resources, complying with strict applicable legal standards for the prevention, mitigation, control and remediation of environmental impacts.



| SX/EW III Plant, Sonora, Mexico.

Everyone is responsible for stemming climate change, including the private sector. Climate change may impact our operations; as such, we have identified potential risks linked to global temperature change to anticipate any situation that may be adverse for the Company.

We recognize that climate change will likely influence our strategy in various ways, and we aim to meet the expectations of global business trends, which are moving toward demanding products with lower carbon footprints. SCC recognizes the importance and urgency of addressing climate change, evidenced by the significant decrease in our operating greenhouse gas emissions in the last three years and the decrease in carbon footprint per ton of copper produced. Our focus is to seek continuous improvement in the responsible use of natural resources, implementing efficiency measures to minimize energy, water, and other natural resources consumption.

Since 2006, Grupo Mexico, our indirect parent company, has generated annual reports on SCC's performance with regard to the Global Reporting Initiative Standards (GRI). As of 2020, the Group's sustainability reports also include the metrics of the Sustainability Accounting Standards Board (SASB) and the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD).

Since 2016, Grupo Mexico has participated in the annual assessment of Climate Change of CDP (formerly known as Carbon Disclosure Project). In 2021, its score improved two levels from C to B, which is superior to the Metal, smelting, refining & forming average; the averages in the region where the Company operates, and the global average.

The Company is committed to continuously improving its management of the aforementioned issues. Accordingly, it has initiated a multi-year process to align its disclosures on climate change with the TCFD recommendations. As of 2020, Grupo Mexico's Sustainable Development Report includes sections on climate-related risks and opportunities, as well as more detailed information on climate targets, strategy and governance mechanisms. Further details are available in the report, which can be accessed at <https://www.gmexico.com/en/Pages/development.aspx>

We refer our investors to the website, our parent company, for details on the aforementioned initiatives only for informational purposes. We do not claim that this Internet link is an active one or incorporates contents of the website in this Report on Form 10-K.



SCC implements best practices for efficient energy use at its operations.

Climate change represents challenges to SCC. We are working on:

- Efficiency use of energy.
- Increase the consumption of renewable energy sources and their development.
- Increase our electricity self-supply.
- Promote forest greenhouse gases capture activities (GHG).

In this sense, we are diversifying our energy supply sources to contemplate clean and renewable generation. Our operations in Mexico mitigate a portion on their greenhouse emissions by utilizing electricity from clean energy sources, which are generated through high-efficiency combined-cycle power plants and a wind farm.



Additionally, we take advantage of smelter emissions and recovery boilers to generate energy.

In Peru, 63% of the electricity consumed is generated by hydroelectric and renewable sources.

By implementing efficient energy projects, as well as using cleaner fuels and renewable energy, we mitigated scope 1 and 2 emissions in 2021 for a total of 250,000 tons of CO<sub>2</sub>. This would be equivalent to removing 55,000 passenger vehicles from circulation for one year.

In addition to generating and consuming energy from renewable sources and cleaner fuels, we also implement best practices to allow us to boost the energy efficiency of our operations by improving, redesigning, converting and adapting equipment; rationally using resources; and improving staff training.

## CLIMATE-RELATED TRANSITION RISKS

SCC recognizes that climate change has the potential to generate transition risks for the Company associated with, for instance, technological and other operational changes; changing market trends; or credit risks. Based on its assessment, however, SCC does not believe at this time that said risks have had or will have a material impact on its business, financial condition or results of operation. The impacts of climate change policy and regulatory changes in Mexico and Peru are described below.

**Mexican Operations:** Several taxes are applicable to SCC's mining operations in Mexico, including federal and state fossil fuel taxes and taxable obligations under Mexico's emission trading scheme. These taxes range from US\$2.5/tCO<sub>2</sub> to US\$12.5/tCO<sub>2</sub> (approximately) and entail regional taxes applicable in the States of Baja California and Zacatecas as well as a federal tax linked to Mexico's carbon market system, which is currently in its pilot phase. The requirements associated with this scheme are currently applicable to only two business units, the metallurgic and lime plants located in Sonora, which generate annual GHG emissions levels above the threshold of 100,000 tCO<sub>2</sub>e per year contemplated by the scheme. These business units are required to report and verify their emissions once a year if their average costs run less than \$6,000 per each unit. SCC units located in Mexico that emit more than 25,000 tons of CO<sub>2</sub> equivalent per year (all our units except the Guaymas Terminal and the Taxco underground mine) must report their emissions to the National Emissions Registry (RENE) each year and verify emissions reported every three years. Our total annual compliance costs related to climate change regulations in Mexico were less than \$30,000 for each of the three years ended December 31, 2021; this amount had no material impact on the Company.



**Peruvian Operations:** On April 17, 2018, the Peruvian government enacted Law No. 30754, which establishes a Climate Change Framework. Through this law, it is declared of national interest to promote public and private investments in the management of climate change. The law proposes creating an institutional framework to address climate change in Peru and outlines new measures, particularly with respect to climate change mitigation. For example, it includes provisions relating to: increasing carbon sequestration and the use of carbon sinks; afforestation and reforestation practices; changes in land use; and sustainable transportation systems, solid waste management, and energy systems. This is the first climate change framework law in Latin America that incorporates obligations of the Paris Agreement. The Regulation of this law was enacted by Supreme Decree 013-2019, which was published on December 31, 2019, and is applicable to all Peruvian institutions and organizations. Peruvian regulations are expected to be extended to non-governmental entities in the future.

For the Company's operations in Peru, no mechanism to place carbon pricing, and seems unlikely to change before 2025, when the country is due to review its NDCs (nationally determined contributions) according to the Paris Climate Agreement.

The Company recognizes that national or global greenhouse gas emission reduction goals have an impact on the business. Climate-related changes in market trends may include a lower demand for goods that produce significant greenhouse gas emissions or those derived from carbon-based energy sources and an increase demand for goods that generate lower emissions. Additionally, there will be greater demand for goods that have a lower carbon footprint or for materials that help reduce emissions from the point of origination. Large copper consumers will more than likely increasingly seek to acquire low or zero-emission products to achieve their own GHG emission reduction targets. Adapting to this trend inadequately or with insufficient speed might result in reputational risks or loss of market opportunities for SCC. Based on these assessments, the Company does not believe that these impacts have been, or are reasonably expected to be, material at this time.





La Caridad mine, Sonora, Mexico. |

The Company will continue evaluating how climate-related risks could affect its financial interests and will define appropriate mitigation and adaptation responses as necessary. The Company will also continue evaluate how variations in global and national GHG emissions may increase the regulatory burden as well as the demand for low-carbon or carbon-free products from customers, investors, and stakeholders in general. Recently, investors have been asking the Company to disclose its GHG emission reduction goals, aligned with the Paris Agreement to limit global temperature rise to below 2 degrees Celsius. The Company is currently defining these targets, and aims to publicly disclose the same in forthcoming reporting.



Ilo refinery, Moquegua, Peru.

#### CLIMATE-RELATED OPPORTUNITIES

In accordance with the goals of the Paris Agreement on climate change, global GHG emissions reductions must be achieved to contain global warming below 1.5 degrees Celsius above pre-industrial average temperature. Copper is a critical component for many technologies required for transition to low-carbon economies, including wind and solar photovoltaic power generation, electric vehicles, power grids, and more. Consequently, the demand for copper is expected to increase significantly, which could boost copper prices and positively impacts in Company's.

Additionally, we believe that the cost of renewable electricity generation will become increasingly competitive with the costs of conventional power plants, offering an opportunity to reduce both operating costs and GHG emissions.



As one of the world's largest copper producers, we believe that the implications of climate change could benefit SCC's reputation as stakeholders increasingly recognize the vital role that copper plays in helping societies migrate to low carbon economies. However, we realize that this is conditional upon the Company's commitment to help achieve the objectives of the Paris Agreement and its ability to demonstrate clear and sustained progress in decarbonizing its operations as required by said agreement.

SCC is a sustainable company. Always improving its competitiveness and contributing to a low-carbon economy, reducing its carbon footprint.

## **BIODIVERSITY**

Southern Copper Corporation implements actions to generate positive impacts, reaffirming its commitment to the environment and biodiversity and in accordance with its Environmental Policy. Our biodiversity plans are aligned with the guide of Good Practices for Mining and Biodiversity published by the International Council of Mining and Metals (ICMM). The Company is implementing mitigation measures, contributing to environmental preservation.

SCC is the largest tree producer in the mining industry in Mexico. For areas inside and outside of our operations, SCC has 6 forest nurseries and greenhouses to grow flora and fauna to contribute to reforestation and rehabilitation.

As part of our effort to conserve biodiversity, we have an 89-hectare Environmental Management Unit (UMA), which has been conditioned to replicate -through enclosures- threatened and endangered species such as the Mexican Gray Wolf and Gould's Turkey.

SCC's UMA in Mexico is located in a strategic area to boost Mexican Gray Wolf reproduction. Since the beginning of this program, 400 wolves have been born; of the 50 that were released into the wild, 23 were born at UMA. SCC is part of the US-Mexico Binational Program for Recovering the Mexican Gray Wolf.

Our recovery program in Ite Bay (Tacna, Peru) secured 1,600 hectares of wetland, which is home to a variety of waterfowl life. This area has become a new tourist attraction.

## **WATER CARE**

SCC has developed projects to guarantee the sustainability of water resources. In our operations, we reuse our water as well as resources discharged by third parties. At some of our units, we utilize municipal wastewater, which we treat prior to use. At our operations in San Luis Potosí and Cananea (Mexico), we provide freshwater to the local population.

SCC has implemented modern pumping systems and thickeners to recover water from tailings and also utilizes closed circuits to recirculate water. In 2021, 74.5% of water consumption was recovered, which reflects good management.

In 2021, SCC has invested in infrastructure and technology for reusing water consumption, including the optimization of closed circuits, as well as the installation of thickeners and high-efficiency tailings filters.

05

RESULTS OF  
OPERATIONS



Cathodes at Ilo refinery, Moquegua, Peru. |







**YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019.**

Net income attributable to SCC in 2021 was \$3,397.1 million, compared to \$1,570.4 million in 2020 and \$1,485.8 million in 2019. In 2021, net income attributable to SCC increased by \$1,826.7 million (116.3%), which was mainly due to higher metal prices and strict cost controls.

In 2020, net income attributable to SCC increased by \$84.6 million, which was driven primarily higher net sales. In 2019, net income decreased in a context marked by increases in the cost of sales; depreciation, amortization and depletion; as well as lower copper and molybdenum prices.

The Company presents its operating cash costs with and without the revenues of its by-products (molybdenum, silver, sulfuric acid, etc.). SCC excludes the cost of purchases of third-party metal; depreciation, amortization and depletion; exploration; workers participation provisions; 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:

	2021	2020	2019
	(dollar per pound)		
Operating Cash Cost without by-product revenues	1.64	1.37	1.52
Operating Cash Cost with by-product revenues	0.67	0.69	0.88

As is evident in the table above, our cash cost per pound before by-product revenues in 2021 was 19.7% higher than the figure in 2020 and 7.9% higher than 2019's result. The 2021 increase was due to an increase in the production cost, coupled with a decrease in production. Our cash cost per pound of copper with by-product revenue decreased 3% versus 2020 and 24% versus 2019, which was attributable to an increase in by-product revenue, which was partially offset by higher costs.

### NET SALES

2021-2020: Net sales in 2021 were \$10,934.1 million, the highest in our history, compared to \$7,984.9 million in 2020. This growth represented a YoY increase of \$2,949.2 million, or 36.9%, and was primarily driven by growth in copper (+51.1% - LME), molybdenum (+81.0%), silver (22.1%) and zinc (+32.0%) prices. This effect was partially offset by lower copper (-11.0%), silver (-14.1%) and zinc (-12.6%) sales volumes.

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 the result of higher sales volumes of copper (+6.1%), silver (+8.8%), molybdenum (+12.7%) and zinc (+1.0%) as well as higher copper (+2.9%) and silver (+27.7%) prices. This effect was slightly offset by lower molybdenum (-24.0%) and zinc (-11.2%) 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 the prices 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.



La Caridad mine, Sonora, Mexico. |

PRICE/VOLUME DATA	2021	2020	2019
<b>Average metal prices</b>			
Copper (per pound - LME)	\$ 4.23	\$ 2.80	\$ 2.72
Copper (per pound - COMEX)	\$ 4.24	\$ 2.80	\$ 2.72
Molybdenum (per pound)	\$ 15.51	\$ 8.57	\$ 11.27
Zinc (per pound - LME)	\$ 1.36	\$ 1.03	\$ 1.16
Silver (per ounce - COMEX)	\$ 25.18	\$ 20.62	\$ 16.16
<b>Sales Volume (in million pounds, except silver – million ounces)</b>			
Copper	2,052.9	2,305.9	2,173.8
Molybdenum <sup>(1)</sup>	66.8	66.7	59.2
Zinc	201.9	230.9	228.5
Silver	19.2	22.4	20.6

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

# 06

## COMMITMENT - ENVIRONMENTAL AFFAIRS



Worker at anode casting wheel at the Smelter, Sonora, Mexico. |





## 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 2021, 2020 and 2019, were as follows (in millions)

	2021	2020	2019
<b>PRECIO PROMEDIO DE METALES</b>			
Mexican operation	\$ 62.3	\$ 41.1	\$ 64.3
Peruvian operation (*)	6.4	(3.3)	18.6
<b>Total</b>	<b>\$ 68.7</b>	<b>\$ 37.8</b>	<b>\$ 82.9</b>

(\*) 2020 activity includes prepayment settlements classified as expenses.

## 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.

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.

| Pine seedlings, Forest Nursery, San Luis Potosi, Mexico.

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 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, 2021, the Company maintained a lower daily average level of  $\mu\text{g}/\text{m}^3$  of  $\text{SO}_2$  than those 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.

# 07

## GENERAL INFORMATION





## 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 Peru, Mexico and 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.

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. SCC operates a smelter and refinery west of the Toquepala and Cuajone mines in the coastal city of Ilo, Peru.

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 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”).

	SEVERAL ACTIVITIES	Location	Inscription in the RPMV	%
1	Grupo Mexico, S.A.B. de C. V.	Mexico		
2	Grupo Mexico (Services), S.A. de C.V.	Mexico		100
Mining Activities				
3	Americas Mining Corporation (“AMC”)	USA		100
4	Southern Copper Corporation (SCC)	USA	Si	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 <sup>(1)</sup>	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</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.

## VARIABLE INCOME

SYMBOL ISIN	Mnemonic	Year - Month	COTISATION 2021				Average Price \$
			Open \$	Close \$	Maximun \$	Minimun \$	
US 84265V1052	SCCO	2021-01	68.18	66.40	71.67	66.40	69.44
US 84265V1052	SCCO	2021-02	67.00	71.33	83.00	67.00	73.78
US 84265V1052	SCCO	2021-03	73.30	68.52	79.32	65.50	72.78
US 84265V1052	SCCO	2021-04	71.77	69.95	77.39	65.15	72.39
US 84265V1052	SCCO	2021-05	69.85	69.90	82.58	67.23	72.35
US 84265V1052	SCCO	2021-06	70.90	64.35	72.10	58.72	68.16
US 84265V1052	SCCO	2021-07	64.00	65.45	65.45	60.00	62.44
US 84265V1052	SCCO	2021-08	66.85	62.45	67.08	60.50	64.41
US 84265V1052	SCCO	2021-09	61.55	55.80	63.15	55.49	57.63
US 84265V1052	SCCO	2021-10	56.80	60.30	66.50	56.15	61.75
US 84265V1052	SCCO	2021-11	59.90	58.63	62.30	56.45	59.95
US 84265V1052	SCCO	2021-12	58.00	61.78	61.78	56.43	59.33



| La Caridad mine, Sonora, Mexico.

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

### CORPORATE 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 as “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.

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, an agreement was reached to merge Southern Peru Copper Corporation and Southern Peru Limited. The first company absorbed the second and assumed all its assets and liabilities, including the Branch in Peru. This merger did not imply any changes to the share percentage in the corporate capital or in the Equity Participation Account (Investment Shares).

As a consequence of the merger, the mining activities of the corporation in Peru once 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.



Workers inside the Santa Barbara Mine, Chihuahua, Mexico. |

#### 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. Accordingly, SPCC became a subsidiary of Grupo Mexico, which holds its shares through Americas Mining Corporation (AMC).



## SX/EW III Plant, Buenavista del Cobre, Sonora, Mexico.

### 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 \$500 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, 2021 was \$61.71 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, 2021.

#### 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 (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 next 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

The Company has 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 are all related party transactions. Article Nine of the Amended and Restated Certificate of Incorporation of the Company prohibits the Company from engaging in a Material Affiliate Transaction that was not the subject of prior review by a committee of the Board of Directors with at least three members, each of whom is independent, and defines a Material Affiliate Transaction as a transaction or series of related transactions between Grupo Mexico or one of its affiliates (other than the Company or its subsidiaries), on the one hand, and the Company or one of its subsidiaries, on the other hand, that involves consideration of more than \$10.0 million in the aggregate. It is the Company's policy that (i) a Material Affiliate Transaction not be entered into or continued without the review and approval by the Audit Committee or its subcommittee of related party transactions comprised of independent directors, (ii) any potential related party transaction process with aggregate consideration between \$8.0 million and \$10.0 million be authorized by the General Counsel and Chief Financial Officer of the Company and (iii) all related party transactions, including any Material Affiliate Transaction, be reported to the Audit Committee of the Board of Directors or to its subcommittee of related party transactions.

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.



### | Hauling at Toquepala mine, Tacna, Peru.

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



### La Caridad mine, Sonora, Mexico. |

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 18.

#### 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 \$ 114 million, \$50.0 million and \$38.1 million in 2021, 2020 and 2019, respectively, with respect to this tax. These amounts are included as “income taxes” in the consolidated statement of earnings.

### 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 2021, 2020 and 2019, we made provisions of \$140.8, \$60.6 million and \$42.3 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%.



| Operador at Cuajone mine, Moquegua, Peru.

#### 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 953.8 million tons of leaching ore with an average grade of approximately 0.24% 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, as 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.

## 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 115,000 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

1. 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

1. Toquepala Concentrator. Directorial Resolution N° 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 N° 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 II 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.

2. Toquepala Leaching Plant (SX/EW). Directorial Resolution N° 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 N° 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 N° 291-2003-EM-DGM/DPDM, authorized operation of the SX/EW plant to a throughput of 18,737 tons/day. Resolution dated December 15, 2021, based on Report N° 0457-2021-MINEM-DGM-DTM/PB, authorized operation of the SX/EW plant from 18,737 tons/day to 18, 756 TMD.

## CUAJONE

1. Botiflaca Concentrator in Cuajone: Directorial Resolution N° 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 N° 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.

2. 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 N° 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.

Aerial view of Concentrador 2, Toquepala mine, Tacna, Peru. |





## Cathodes at the Refinery, Ilo, Moquegua, Peru.

### ILO

1. Ilo Smelter: Authorized (definitely) by Directorial Resolution N° 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 N° 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.

2. Ilo Refinery: Authorized by Report N° 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 N° 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° 414-2010-MEM-DGM-DTM/PB, authorized changes in Ilo copper refinery without expanding its capacity throughput.

3. Sulfuric Acid Plant: Authorized by Directorial Resolution N° 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.



Smelter workers, Ilo, Moquegua, Peru.

Based on Report N° 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.

4. “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. In 2021, the Company updated its health and safety policy, as disclosed on the Grupo México website.

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.

In 2021, we operated 12 units in Mexico and Peru, where Occupational Safety and Health Management Systems have been certified according to OHSAS 18001: 2007 and ISO 45001:2018. We maintain 8 units that are certified by ISO45001-2019. Additionally, in Mexico, we maintain 26 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 2021, the accident rate (IR) increased 61% compared to 2020, but with similar rate to previous years. We will continue working to reinforce prevention activities to diminish risks and ensure the physical integrity of our collaborators.

Accident Rate (IR) SCC, 2017-2021	
2017	0.75
2018	0.74
2019	0.82
2020	0.49
2021	0.79

$$IR = \frac{\text{N}^\circ \text{ of disabling accident}^\circ}{\text{N}^\circ \text{ of total men - hours worked}} \times 200,000$$

Severity Rate (GR) SCC, 2017-2021	
2017	0.51
2018	0.31
2019	0.89
2020	0.19
2021	0.81

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

The accomplishments 2021 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 2021 awarded the “Jorge Rangel Zamorano” Silver Helmet Trophy to the 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 2017-2021	
2017	0.34
2018	0.18
2019	0.42
2020	0.17
2021	0.14

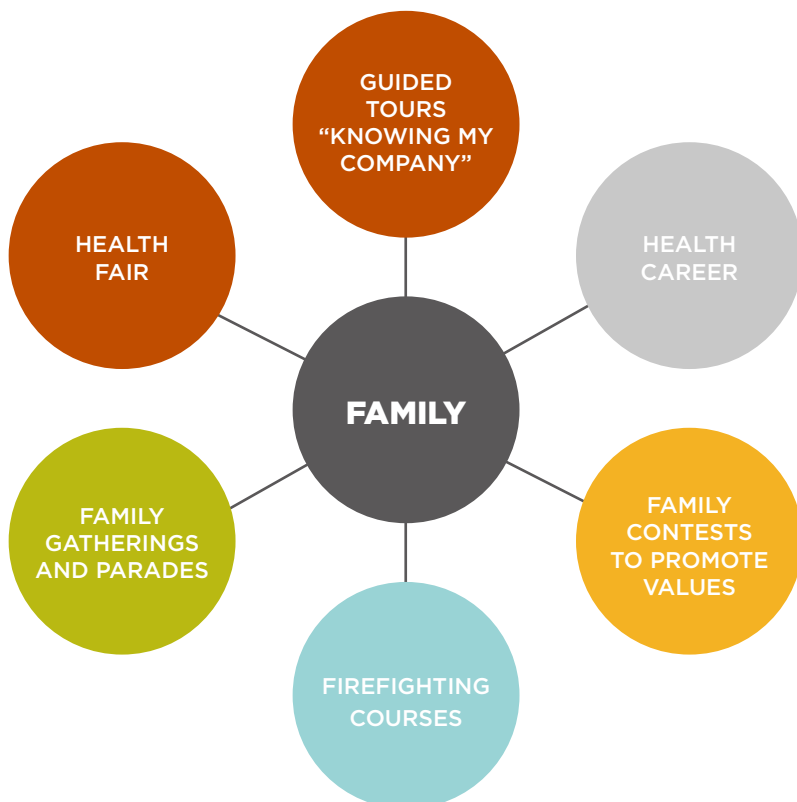
$$\text{ODR} = \frac{\text{N}^{\circ} \text{ of Cases of Occupational Diseases}}{\text{N}^{\circ} \text{ of Total Men-Hours Worked}} \times 200,000$$

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.

TARGETING WORKPLACE PERSONNEL



TARGETING EMPLOYEES' FAMILIES AND THE COMMUNITY



## INVESTMENT IN SAFETY AND HEALTH

In 2021, we invested over \$70 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

	2021	2020	2019	2018	2017
<b>TOTAL EMPLOYEES IN SCC</b>					
Total Mexico	9,722	8,962	9,358	9,002	8,450
Total Peru	4,675	4,739	4,890	4,850	4,628
Total Ecuador	35	58	23	30	27
Total Argentina	15	4	15	5	18
Total Chile	7	6	9	5	10
Total Corporate Office	4	3	1	2	2
Total OHYSA	5	5	5	5	5
<b>Total</b>	<b>14,463</b>	<b>13,777</b>	<b>14,301</b>	<b>13,899</b>	<b>13,140</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.



Leaching Pads, Buenavista del Cobre, Sonora, Mexico.

#### ADMINISTRATIVE JUDICIAL OR ARBITRATION PROCESSES LITIGATION

See Note 13 “Commitments and Contingencies” to our Consolidated Financial Statements on our 2021 Form 10-K.

Changes of those responsible for the preparation and revision of the financial Information At December 31, 2021, no changes have been made.

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

#### 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, 2021, a record number of 773,086,869 shares of common stock of the Company, par value \$0.01 per share, were outstanding.

## CORPORATE NOTES

Between July 2005 and November 2012, the Company issued senior unsecured notes six times totaling \$4.2 billion, as listed above. 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. On April 20, 2015, the Company issued \$2.0 billion of fixed-rate senior unsecured notes. This debt was issued in two tranches, \$500 million due 2025 at an annual interest rate of 3.875% and \$1.5 billion due 2045 at an annual interest rate of 5.875%. These notes are general unsecured obligations of the Company and rank equally with all of its existing and future unsecured and unsubordinated debt. Net proceeds are being used for general corporate purposes, including the financing of the Company's capital investment program. The notes were issued with an underwriters' discount of \$20.2 million. Additionally, issuance costs of \$11.8 million associated with these notes were paid and deferred. The unamortized balance of the discount and the costs are presented net of the carrying value of the debt issued and are amortized as interest expense over the life of the loan.

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. The Company has registered these notes under the Securities Act of 1933, as amended. The Company may issue additional debt from time to time pursuant to certain of the indentures.



Anode casting wheel at the Smelter, Ilo, Moquegua, Peru. |

If the Company experiences a “Change of Control Triggering Event”, the Company must offer to repurchase the notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any. A Change of Control Trigger Event means a Change of Control (as defined) and a rating decline (as defined), that is, if the rating of the notes, by at least one of the rating agencies shall be decreased by one or more gradations.

At December 31, 2021, the Company was in compliance with the covenants of the notes.

Please see Note 11 “Financing” for a discussion about the covenants’ requirements with regard to our long-term debt, on our 2021 Form 10-K.





## 08

MEMBERS OF  
THE BOARD OF DIRECTORS

AT DECEMBER 31, 2021

**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.

| Buenavista del Cobre mine, Sonora, Mexico.

**OSCAR GONZALEZ ROCHA, DIRECTOR.**

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 November 1st, 2014. 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 1988 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 nine 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, which are 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 seven 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.

**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. Since 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, has acted as 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 that is 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.

**LEONARDO CONTRERAS LERDO DE TEJADA, DIRECTOR NOMINEE.**

Mr. Leonardo Contreras Lerdo de Tejada joined AMC on September 10, 2018. He was appointed President of ASARCO in January 2019, Director for Commercial and Supply Chain of AMC in August 2019 and President of IMMSA, a subsidiary of the Company, in August 2020. Mr. Contreras Lerdo de Tejada has more than 10 years of experience in private equity, investment banking, and entrepreneurship. Prior to joining AMC, Mr. Leonardo Contreras Lerdo de Tejada founded Murano Capital in September 2015, a private investment vehicle targeting primary investments in companies with solid operating teams with the potential to transcend globally. Prior to founding Murano Capital, Mr. Contreras Lerdo de Tejada worked at Nexus Capital for almost five years during which time he participated in several private and public equity and debt transactions. At Nexus Capital, he was a member of the investment and fundraising teams, as well as responsible for day-to-day involvement, monitoring and reporting of three portfolio companies engaged in healthcare, education and e-commerce. Earlier on in his career, he co-founded a toy manufacturing and distribution start-up, which was acquired by a strategic buyer, and co-founded a Smoothie and Juice Bar start-up company. Mr. Contreras Lerdo de Tejada holds a BS in Industrial Engineering from Universidad Anahuac in Mexico City and earned an MBA degree from The University of Chicago Booth School of Business. Mr. Contreras Lerdo de Tejada is son-in-law of Mr. Germán Larrea Mota-Velasco.

Mr. Leonardo Contreras Lerdo de Tejada brings to the Company his financial and operating skills and his more than 10 years of experience in private equity, investment banking and entrepreneurship.

**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 and 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 Ferroviario 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 his extensive business experience and leadership; industry knowledge, skills to motivate high-performing talent; and general management skills to the Company. During his more than 42 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.

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

Dr. Palomino has been a director of the Company since March 19, 2004. Dr. Palomino was a member of the board of directors and served as Vice-chairman of the Central Bank of Peru (Banco Central de Reserva del Peru) since September 2016 to October 2021. He is director of the Master's in Finance Program at the University of the Pacific in Lima, Peru and since July 2009, has served as member of the board of directors of Laboratorios Portugal (personal care products manufacturer) since September 2017. Dr. Palomino is also a member of the board of directors of Summa Capital, S. A. (corporate consulting firm) since April 2014. He 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 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. From March 2021 to date, Dr. Palomino has served as director of Mall Aventura S.A.

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 his education in economics and finance to the company, acquired from extensive academic studies, including a PhD in Finance from the Wharton School of the University of Pennsylvania in Philadelphia, Pennsylvania; as well as his expertise; wise counsel, and extensive business experience, which was gained from his past and current activities as a financial analyst of numerous sectors, including the mining sectors of 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 Aeroméxico (Aerovías de México, 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 of which was General Director of Administration and Finance. Mr. Perezalonso was also a member of the Advisory Council of Banco Nacional de México, S.A. de C.V. (banking) and member of the board of directors and the investment committee of Afore Banamex (banking). He has sat on 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), Telefonía Móviles México, S.A. de C.V. (wireless communication), Marhnos Construction Company (housing construction); and Fomento de Investigación y Cultura Superior, A.C. (Foundation of the Iberoamerican University in Mexico). Mr. Perezalonso was also a director of Cablevisión, 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 through his legal and financial education, which was acquired from extensive academic studies and includes a Master's degree in Business Administration from INCAE in Nicaragua, and through his business experience, which was acquired while 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, which were 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 as 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 through his extensive business studies, including a Master's Degree in Business Administration from Northwestern University in Chicago, Illinois, and via his investment banking experience and broad business experience as a former Chief Executive Officer of PEMEX (Mexican oil company). The aforementioned is complemented by 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 diversified business experience, which was 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, and as the former Chairman of Asarco LLC and 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 Ruisanchez  
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. Vicente Ariztegui Andreve and Enrique Castillo Sanchez Mejorada are our fourth and fifth independent directors.

At its meeting on April 22, 2021, the Board of Directors determined that Messrs. Luis Miguel Palomino Bonilla, Gilberto Perezalonso Cifuentes, Carlos Ruiz Sacristan, Vicente Ariztegui Andreve and Enrique Castillo Sanchez Mejorada would 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, only affinity relationship existing among the members of the Board of Directors and between them and the Executive Officers of SCC is that related to Mr. Leonardo Contreras Lerdo de Tejada, who is the son-in-law of the Chairman of the Board.

## **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.
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, which 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. This committee is delegated the authority to administer and manage the aforementioned plans and to oversee the performance of trust agents and that of 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 0.11%.

### **ANNUAL MEETING**

The Annual Stockholders Meeting will be held on May 27, 2022.

## **CORPORATE OFFICES**

### **UNITED STATES**

7310 North 16th St. Suite 135

Phoenix AZ 85020, 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

Chararilla del Estanque

Santiago de Surco,

Postal Code 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 2021 (free of charge) contact to Investor Relations Department at our corporate offices:

### **SOUTHERN COPPER CORPORATION**

#### **USA:**

7310 North 16th St. Suite 135  
Phoenix AZ 85020, USA  
Phone: (602)264-1375

#### **MEXICO:**

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Col. Lomas de Chapultepec  
Mexico D.F.  
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