ADVANCES 2021

SUSTAINABLE DEVELOPMENT

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El Retiro Ecological Park
See our Sustainable Development Report
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Ite Wetland, remediated by Grupo México, Tacna Perú

OUR FOCUS

SUSTAINABLE DEVELOPMENT

Content

Our priorities are to minimize the environmental impact of the operations in the three Divisions, the safety of our workers and to grow responsibly.

To this end, we have invested in innovative technologies and improved practices that allow us to manage more efficiently.

We are based on three pillars:

GROW

Create and share value

- We invest responsibly to generate opportunities and prosperity for present and future generations.
- We are an engine of positive change for the regions in which we operate.

PROMOTE

Boosting wellness and safety

- We recognize the individual as our fundamental pillar.
- We work to improve the quality of life of our people and neighboring communities.

PROTECT

Caring for, preserving and renewing the environment

- We have a high responsibility with the care and conservation of the environment.
- We have a policy that is the basis of our sustainable progress and the construction of shared value.

We improve our performance year after year in environmental, social and corporate governance evaluations.

Dow Jones Sustainability Index

We have been part of the CJSI Sustainability Index since 2018, with results 79% higher than the average of the Mining and Metals industry in the Corporate Sustainability Assessment CSA).

Sustainability Yearbook

We are one of the 10 Mexican companies included in the Sustainability Yearbook 2022.

Constant advances in:

- Climate change strategy
- Water resources management
- Business ethics
- Labor practices
- Human rights
- Environmental and social management
- Philanthropy

Due to our orderly management of risks related to climate change in 2021, **we went up two levels in the CDP Climate evaluation.**

In 2022, we began our adherence to the **Copper Mark**, as a commitment to transparency and the best practices of responsible production.

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

ECONOMIC IMPACT

GENERATION OF SHARED VALUE

Our contribution to economic development ensures the growth of the countries where we operate and the prosperity of future generations.

Amounts in millions of dollars

Economic IMPACT	2019	2020	2021
Operating expenses	$5,063	$5,072	$5,522
Wages, salaries and benefits	$996	$870	$963
Payments to providers of capital	$1,132	$1,157	$1,006
Tax payment	$1,437	$1,249	$2,612
Community investments	$40	$39	$68
GM Foundation and donations	$17	$48	$11
Total	**$8,685**	**$8,435**	**$10,182**

Our economic value distributed in 2021 was US$10,182 million, equivalent to 4.6% of GDP in Peru and 0.8% in Mexico.

Watch the video:
Miners retired from Cananea

We created a solidarity fund worth US$30 million with the Federal Government of Mexico to grant pensions to retired miners. This bipartisan contribution benefits more than a thousand families in Cananea, Sonora, Mexico.

In 2021

- **We increased by 21% the economic benefit in the countries where we operate,** mainly in the payment of taxes, operating expenses and community investments.
- **We are the company that contributed the most taxes in Peru in the last three years and the 2nd in Mexico.** Doubling our contribution in reference to 2020, which allows governments to carry out more public works and improve services for the population.

In the last 3 years

- **We distributed US$2.8 billion in salaries and benefits to our 30,000 employees** and their families in Mexico, Peru and the United States, whose benefits are well above the market average.
- **We have strengthened more than 8,500 local suppliers** with a contribution of US$3.3 billion, generating progress and quality employment.
- **Our community investments of US$223 million** and donations through Foundation Grupo México allow us to generate sustained growth and responsible coexistence with neighboring communities.

ECONOMIC IMPACT
GENERATION OF SHARED VALUE

Contributions to the Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) of the United Nations are an action plan in favor of people, the planet and prosperity, which involves all sectors of society, with specific goals to be achieved by 2030.

We indirectly contributed to the SDGs by optimizing our operating processes with investments that exceeded US$380 million in 2021. These include renewable energy projects, reduction of water consumption and treatment, improvements in health and safety, and waste management.

Our 2021 contributions in favor of the Sustainable Development Goals **represent 2.2% of our net profits (US$80.9 million)** and are distributed as follows:

3 HEALTH AND WELLNESS	$10.6
4 QUALITY EDUCATION	$5.9
6 CLEAN WATER AND SANITATION	$0.7
8 DECENT WORK AND ECONOMIC GROWTH	$0.7
9 INDUSTRY INNOVATION AND INFRASTRUCTURE	$38.6
10 REDUCING INEQUALITIES	$5.2
11 SUSTAINABLE CITIES AND COMMUNITIES	$14.9
15 LIFE OF TERRESTRIAL ECOSYSTEMS	$2.7
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	$0.7
17 PARTNERSHIPS TO ACHIEVE OBJECTIVES	$0.9

* Figures in millions of dollars

Great Place To Work.®

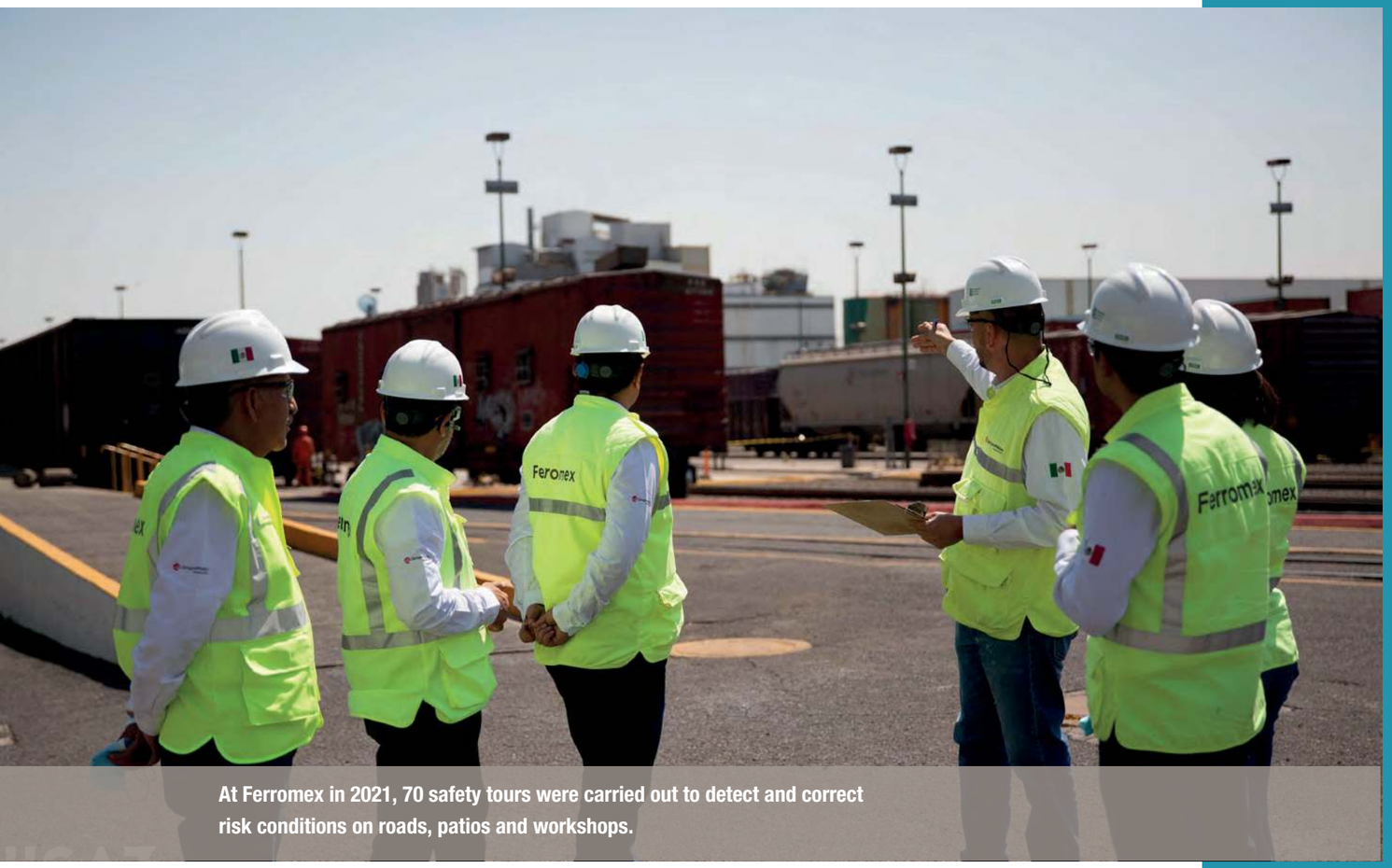
The La Caridad Plant and the Metallurgical Complex in Nacozari de García, Sinaloa, Mexico received the Great Place to Work certification in the category of 500 to 5,000 employees.

Watch the video:
Grupo México Gender Equality

We generate more than 30,000 well-paid and highly specialized jobs in the countries where we have a presence.

SAFETY AND WELL-BEING

EVERYONE'S RESPONSIBILITY



At Ferromex in 2021, 70 safety tours were carried out to detect and correct risk conditions on roads, patios and workshops.

Management approach

At Grupo México, the safety and health of our employees is a priority. For this reason, care for the health and physical integrity of our staff and contractors is fundamental and forms an essential part of our operations. Safety at work is not negotiable at Grupo México, it is everyone's responsibility and it is a condition of employment.

OCCUPATIONAL HEALTH AND SAFETY POLICY

Commitments

1. Work with integrity to protect our employees, suppliers and contractors
2. Provide a safe and healthy work environment
3. Minimize risks
4. Improve our health and safety management systems
5. Involve all our workers in the design and application of security controls
6. Develop health and safety skills and competences in all employees

We have a complaint line that operates permanently for the attention of our collaborators, suppliers, contractors and communities of the three Divisions. During 2021, we registered 294 complaints that were dealt within their entirety, of which 56% were related to urban coexistence in the Transportation Division.

KEY INDICATORS

Occupational Health and Safety

WE INVEST	WE DECREASED	MORE THAN A HALF
$326 million	**17%**	ISO 45001
In the last three years in safety and health for our collaborators	Occupational accidents in the last three years	Of our work centers are certified under ISO 45001

More than **100,000 hours of safety training were given to our employees in the three Divisions,** on three main topics: first aid, risk control, and use of personal protection equipment in accordance with NOM-017-STPS.

We invested **US$87 million** in security in the three Divisions

- Engineering works
- Acquisition of personal protective equipment
- Training and coaching of collaborators
- Disease detection and prevention
- Treatment and rehabilitation of safety equipment

DISTRACTION AND FATIGUE PREVENTION

Since 2017 we have implemented an automatic system for detecting distraction and fatigue of our operators in the mining units of Mexico, Peru and the United States.

This preventive technology incorporated in heavy and light mining equipment consists of facial analysis through real-time scanning and image processing, which activates an alarm if sleepiness or situations that put health and safety at risk are detected. life of our collaborators.

Our goal for 2022 is for 100% of the units in the Mining Division to be certified in ISO 45001/2018, related to work management and safety systems.

Three thousand days without accidents La Caridad Power Plant

As a result of the active participation of employees in the identification of hazards and risks, the record of three thousand days without accidents was reached at the "La Caridad" Power Generation Plant.

Maintaining the operation of this Combined Cycle Plant represents a great safety challenge, since it requires the daily handling of 90 million cubic feet of natural gas to be able to generate the electrical energy that supplies the operations of the mines in Nacozari de García and Cananea, Sonora, Mexico.

ACTIONS THAT GIVE RESULTS

- A culture of safety was implemented.
- Clear procedures and protocols for work permits.
- Predictive monitoring for risk identification and incident investigation.
- Strict compliance with the maintenance plan.
- Permanent training for workers (100 in operation and 700 in maintenance stops).
- Permanent awareness plan.

Power Generation Plant "La Caridad", in Nacozari de García, Sonora, Mexico, with a capacity of 520 Mega Watts.

Watch the video: **Do you know what the Combined Cycle Plant is?**

La Caridad Power Plant	
Plant Configuration	2 Blocks 1x1 in Combined Cycle 260 MW
Rated Capacity	520 Mega Watts
Technology	SIEMENS SGT6-500F(6) Gas and SIEMENS sst-900RH Steam
Fuel	Natural Gas
Investment	US$640 million

Located in Nacozari de García Sonora

2013
First combined cycle plant "La Caridad I"

2015
The second "La Caridad II" came into operation. With this plant we self-supply our La Caridad and Buenavista del Cobre mining-metallurgical operations.

Production of 4,205 GW/H per year through its two 520 MW generation units

It works based on:
- **Gas**
- **Air**
- **Water**

This plant generates energy equivalent to that consumed by **2.5 million homes in a year**

40% cost savings of electricity for the three mining complexes

We contribute to the environment by **diversifying our energy sources.** Our combined cycle plant generates 18.3% fewer emissions than Mexico's national electricity grid.

The Power Generation Plant was certified as a Great Place to Work.

ACHIEVEMENTS

- Great Place to Work Certification
- Clean Industry Certification of the National Environmental Audit Program
- ESR Certification of Socially Responsible Company from the Mexican Center for Philanthropy

WE´LL KEEP MOVING FORWARD

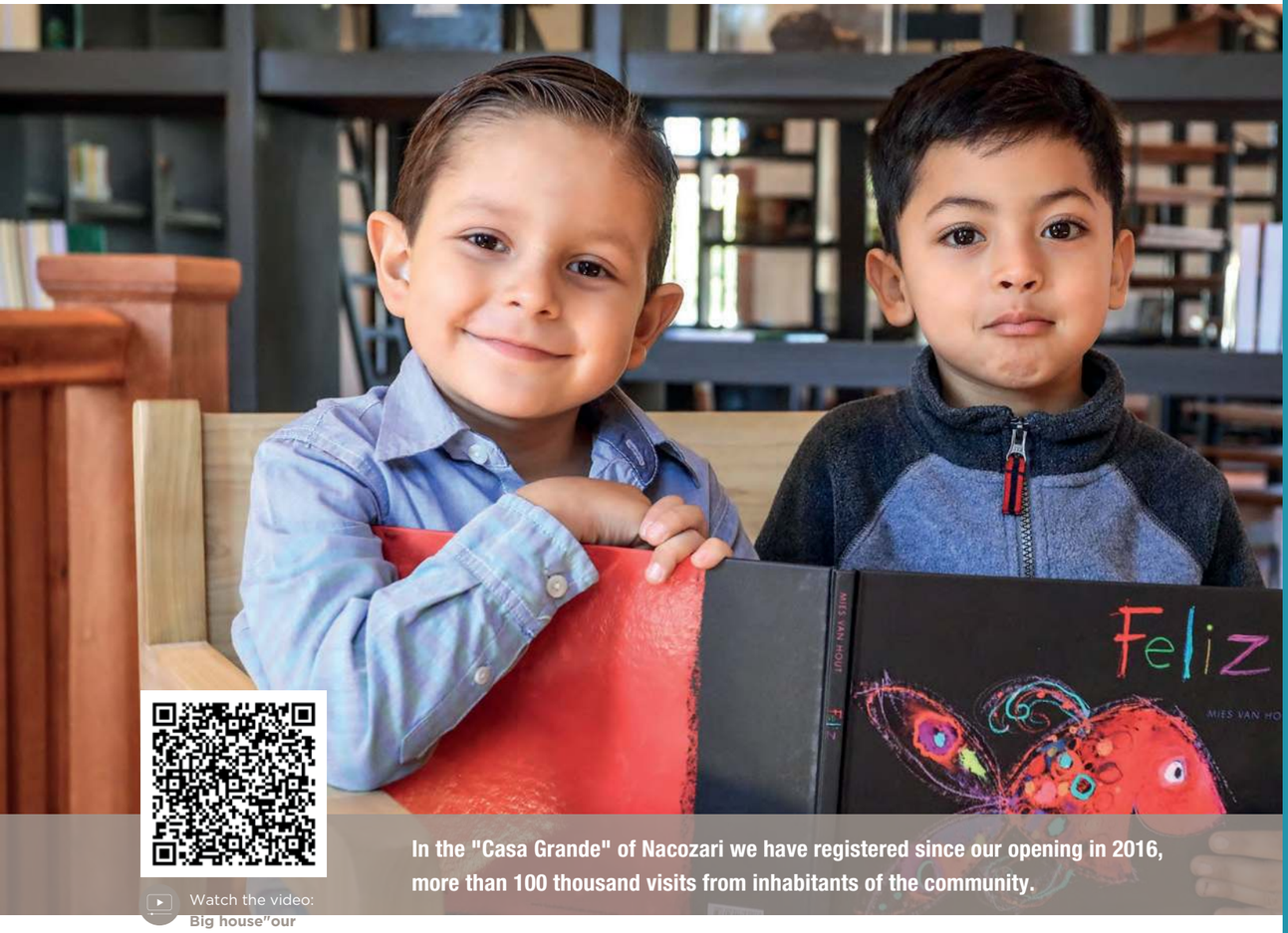
- Achieve the certification of the Integrated Management System in the quality sections (ISO 9001). Safety and Health (ISO 45001) and environment (ISO 14001) and the certification of the Self-Management Program for Safety and Health at Work (PASST) of the Ministry of Labor and Social Welfare (STPS)
- Replicate the good practices of this division in other areas of the company

We provide more than 400 direct and indirect jobs that boost the region's economy.

Watch video: **3,000 days without accidents**

LISTENING AND PERMANENT DIALOGUE

SOCIAL RESPONSABILITY



In the "Casa Grande" of Nacozari we have registered since our opening in 2016, more than 100 thousand visits from inhabitants of the community.

Watch the video: **Big house"our model of community development**

Management approach

For Grupo México, it is a priority to be a good neighbor of the towns in which we have a presence. Together, the company and the communities have the possibility of accompanying each other in social and economic development.

COMMUNITY DEVELOPMENT POLICY

Our main commitments in terms of Community Development involve all the communities where we have a presence.

1. Ensure that operations coexist in a sustainable manner with the communities
2. Listen and dialogue permanently with the communities
3. Provide timely and adequate information to our stakeholders
4. Promote projects based on co-responsibility that benefit the communities in which we have a presence
5. Promote voluntary initiatives that benefit the people of the communities near our operations
6. Be an ally of communities and local governments in emergency situations
7. Promote the economic and social development of the localities in which we operate
8. Be respectful of the cultural practices of the communities in which we operate

In Mexico and Peru, the populations neighboring our operations **reached higher human development indices (HDI) than the national average,** according to the United Nations Development Program 2020.

LISTENING AND PERMANENT DIALOGUE

KEY INDICATORS

Community development

32 community centers

17 in Mexico and 15 in Peru

11 educational centers

provide quality education to more than 3,700 children and young people, children of our employees and neighboring communities in Mexico and Peru

9,552,282 trees

have been donated in the last 5 years

1,518,606 medical attentions

free aboard the Dr. Wagon, the Health Train, in 258 communities in Mexico in the last eight years

1,175 projects

they have been financed through the Seed Capital program since 2009, with an investment of US $75 million

Approximately one million people participated in our social programs in person and online.

In the last three years, we have made an investment of US$68 million in social infrastructure, teaming up with government authorities at the three levels where we are present to promote the education, health and water services sectors.

The Community Assistance Service (SAC) serves as an open and permanent communication channel in the communities close to the company's operations.

2019

We start with the operation of the SAC, being a **communication tool between the community and the company.**

SAC

The SAC operates in **18 sites in Mexico, 6 in Peru and 1 in the United States.**

It has various communication channels:

- 800 999 1498
- hello@mm.gmexico.com
- +52 558 058 5882
- Physical mailboxes
- Equipment on sites

Attention is provided in the English, Zapotec, Aymara, Mayan and Quechua languages.

2021

As of 2021, **more than 2,000 cases have been treated and resolved.**

During the pandemic, we adapted this service with free medical and psychological guidance for the community in general.

The Program was designed with advice from the Office in Mexico of the United Nations High Commissioner for Human Rights.

Watch the video: **SAC: Community Care Service**

Forging Future: Opening new paths

The Forging Future (Forjando Futuro) program aims to contribute to local development, generating opportunities and strengthening the capacities of people and enterprises in the surrounding communities, through employment and supply.

In 2013, it was identified that more than 20,000 young people from neighboring communities in Peru and Mexico were unemployed or underemployed and with an insufficient local educational offer that would allow them to have development opportunities given the job options offered by mining.

Faced with this reality, Grupo México created the Forging Future program to give them the opportunity to receive professional training and subsequent insertion in the labor market.

Opportunity of life. Young people from neighboring communities have access to first-level training and can participate in pre-professional internship programs at the company.

ACHIEVEMENTS IN THE LAST 3 YEARS

- **More than 2,000 young** people from Peru and Mexico have been incorporated into the work program.
- **30% of the people trained are women,** who currently work in the mining sector.
- 58% of people registered in the database were employed in the labor market.

WE´LL KEEP MOVING FORWARD

- Analysis and replication of the program in the environment of our operations in the United States.
- Consolidate the Single Window for attention and advice to micro and small companies that are in the communities of the operating units.
- Certification of local suppliers.
- Basic education for adults in connection with public entities.

In 2022, our goal is to incorporate 1,500 people in Mexico, Peru and the United States into the program.

In connection with Educational Institutions, we certify the workforce in different work trades according to regional vocations, in addition to the job offer that the Group has in the communities where we operate.

Participant of the Forging Future program, as a shovel operator in the mine located in Cuajone, Peru.

Watch video:
Forging Future

"We have learned mechanical maintenance, materials, welding: these are things that I had never participated in. This program seems to me to be as a good opportunity to develop skills and competencies in young people."

Flor del Rosario Valdez, Forging Future Beneficiary in Yacango, Torata, Peru

Watch video:
Forging Future

Abigail Romero was trained as a Security Supervisor, in Cananea, Sonora, Mexico. The Forging Future program allowed her to access better job opportunities, when in 2021 she joined a contractor company within a Buenavista Zinc project.

2013

Grupo México started the Forging the Future Program **to train people who could join the expansion works of the Concentrator Plant** in Toquepala, Peru.

The program aims to provide:

- Productive technical skills
- Training and certification in trades
- Promote local supply

2022

It has managed **to benefit 2,818 people between Mexico and Peru.**

The main trainings are:

- Productive technical skills
- Security supervisor
- Paramedic
- Operation of heavy machinery
- Biosafety
- Entrepreneurship

Meets the Sustainable Development Goals:

Inequality reduction

Decent work and economic growth

Gender equality

Quality education

ENVIRONMENTAL COMMITMENTS

A train with conventional locomotives is equivalent to taking 300 trucks out of circulation, while those that use liquified natural gas represent 500 fewer trucks on the roads.

Management approach

Our new liquified natural gas locomotives further reduce CO_2 emissions.

At Grupo México, sustainable development is an essential part of our business model. Let us give priority to the efficient use of resources and reaffirm our commitment to future generations.

We are committed to the Paris Agreement on climate change, to the continuous improvement of our performance in environmental matters and to the promotion of the adoption of best environmental practices in our operations.

ENVIRONMENTAL POLICY

Our main commitments in environmental matters are essential to achieve a green economy in our business model.

1. Plan, design, build and operate responsibly
2. Prevent environmental impacts at all stages of our processes
3. Minimize our impact on the soil, the generation of waste, discharges and emissions
4. Strengthen our environmental performance through a process of continuous improvement and the promotion of better environmental practices
5. Reduce our carbon footprint and contribute to operations that can face the effects of climate change
6. Conserve water and contribute to its availability in the regions where we operate
7. Do more with less energy
8. Contribute to the protection and preservation of nature and the services it provides us

Our efforts to meet the global challenge of climate change:

- Optimize our energy efficiency
- Minimize the use of fossil fuels
- Use environmentally friendly energy sources

ENVIRONMENTAL COMMITMENTS

Grupo México's operating emissions decreased 9.6% in the last three years, with higher production volumes

In 2021, we reused **75% of the water consumed** in our operations

Our renewable energy and energy efficiency projects **avoid more than 750 thousand tons of CO_2 each year** (equivalent to the annual emissions of more than 163 thousand cars).

We reforested 10,355 hectares in the last six years in Mexico

ISO 14001:2004

ISO Our mining units are ISO14001:2004 certified

- Our new Fenicias Ecological Park will help reduce the emission of greenhouse gases by 300,000 tons and will increase the use of renewable electricity in the organization to 25%.
- In the last three years, we have invested US$884 million to optimize our operations in energy efficiency, improve waste management, and mitigate greenhouse gas (GHG) emissions.
- Performance in water management is evaluated through internal and external audits.

ITE WETLANDS

With the arrival of Grupo México in Southern Peru, a remediation project begins in the Bay of the Tacna region, in southern Peru, where the tailings from the Toquepala and Cuajone mines were previously deposited.

- It is one of the wetlands with the greatest diversity of birds on the coast of Peru, with an area of **1,600 hectares**
- Highlights are mirrors of water, vegetation (floating herbs, cattails, reeds, grasslands) and a beach area

Watch the video: **Ite Wetlands**

- Meets the Sustainable Development Goals:

Climate Action | **Life Underwater** | **Life on Land**

- **15 thousand birds of 126 different species of native and migratory birds** live in these wetlands. Some species are:

Cocoi heron

Black-crowned night heron

Lake duck

Peregrine Falcon

Perched Falcon

Yellow-billed pintail

Yellow-billed teal

Nurseries México, to sow the future

Biodiversity is the variety and variability of life on Earth. The continuity of the existence and stability of ecosystems depends on it. According to the Global Risk Report 2022 of the World Economic Forum, the loss of biodiversity is the third most severe risk that humanity will face in the next 10 years.

With our reforestation activities we seek to recover and improve ecosystems, as well as contribute to carbon capture, in order to mitigate the adverse effects of climate change.

28 years ago we built our first nursery in San Luis Potosí, to provide neighboring communities with local plants. Today we have a process that begins with the collection of seeds in the areas surrounding our operations, which feed seven highly tensified nurseries. Six of them are intended for the production of forest plants endemic to the regions in which they are located and a nursery specializing in ornamental and horticultural plants.

We are a company that contributes to the productive capacity of trees in Mexico, with an average production of 6,000,000 plants per year. With these actions we add to the conservation of biodiversity and comply with our obligations in environmental matters.

Watch the video:
Viveros México

ACHIEVEMENTS

- In the last 10 years we have increased our annual production by 455%
- In 2021 we managed to reforest 2,955 hectares with the help of 70,684 volunteers
- In 2021 we planted 2,955 trees in 24 states of the Mexican Republic
- Thanks to the quality of production in our nurseries and the methodology used. **The survival rate is more than 80% of the reforested species**

WE´LL KEEP MOVING FORWARD

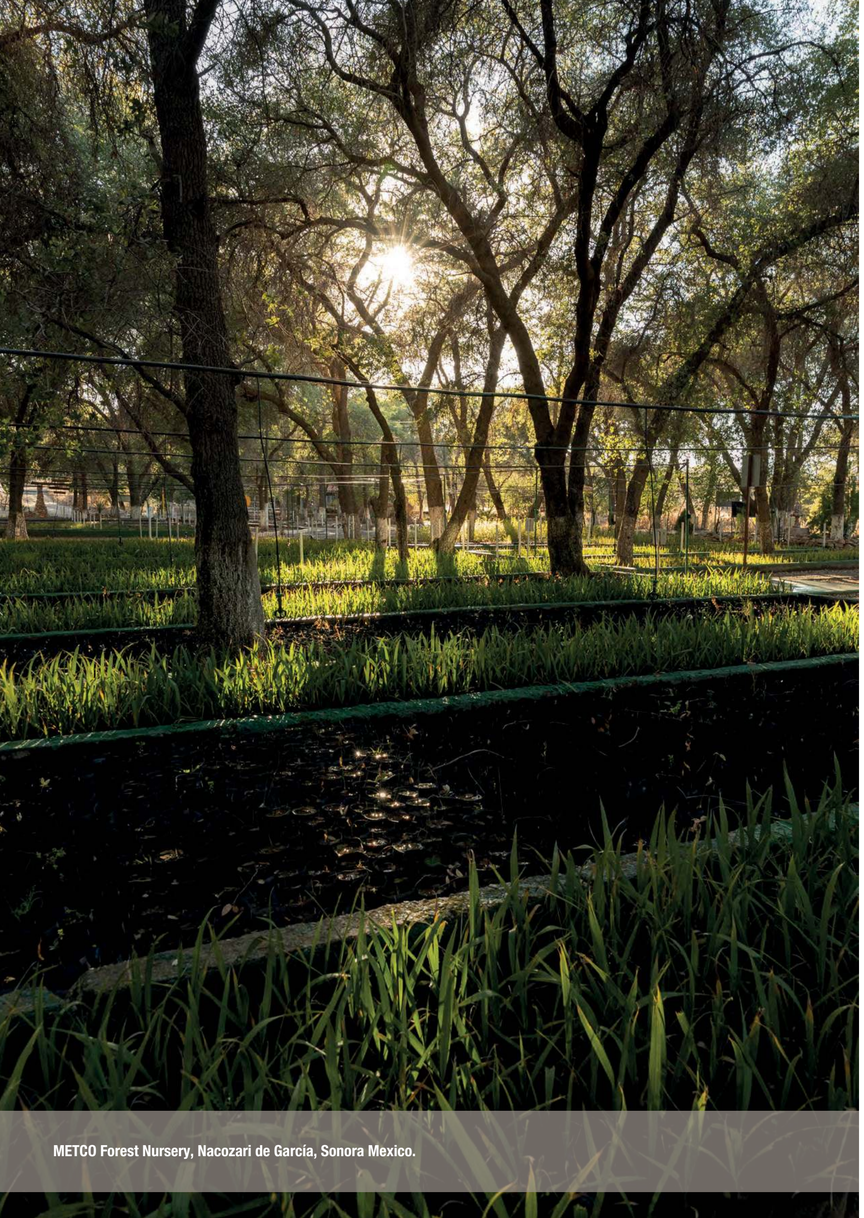
- We seek to expand our productive capacity, as well as the diversity of the species that are produced in our nurseries. In the medium term, we will incorporate other regions of Mexico into our donation and reforestation actions with native species.
- We continue to generate activities and invest in infrastructure to raise awareness and join forces, with the aim of protecting biodiversity and combating climate change.

We have seed areas authorized by SEMARNAT where we produce more than 100 different species.

Of the seven nurseries in Mexico, three are in **San Luis Potosí,** two in **Sonora,** one in **Zacatecas** and one in **Coahuila.**

37 years

Since 1985 we have produced trees in our nurseries, thanks to the fact that an average of 850 kilos of seeds are collected per year according to the endemic species of the region.



METCO Forest Nursery, Nacozari de García, Sonora Mexico.

- Thanks to high-tech irrigation systems, shade mesh, automatic ventilation walls, solar screens and fogging mechanisms, a saving of 70% of the water required for its production is achieved.
- As a result of investments in research and development we have the best specimens to reforest.
- We have created alliances with state and municipal governments, as well as with environmental conservation institutions and civil society. As a team we have been able to generate a greater impact with our actions and managed to promote greater awareness in society.

We donated more than 1 million trees in 19 communities in 26 states of the Mexican Republic.

PRODUCTION PROCESS IN OUR NURSERIES

1. Switch to seed selection and collection
2. Reception of the seed in the greenhouse
3. Cleaning and quality control of the selected seed
4. Storage in the germplasm bank
5. Preparation for planting, which is done with peatmoss substrate, vermiculite, fertilizer and perlite
6. Place seed in germination trays
7. Care until the seedling grows
8. Seedling bagging
9. Take care for 5 months to 1 year so that the plant reaches 30 cm and can be reforested
10. These plants will reforest different spaces in Mexico and near our operations through Grupo México Foundation campaigns

Nacozari Orchestra, Sonora, Mexico.

Watch the video:
Orchestra

Grupo México integrates the following sustainability indices:

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

FTSE4Good

For more information, contact us via:

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You can also consult our Sustainable Development report in the following link:

https://www.gmexico.com/GMDocs/InformeSustentable/Eng/IDS2021_ING.pdf

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