

Southern Copper Corporation

Key Takeaways

- There is racial diversity on the board.
- A majority of the board is not independent.
- Oscar Gonzalez Rocha, Xavier Garcia de Quevedo Topete, and German Larrea Mota-Velasco serve as non-independent members of certain key board committees.
- Enrique Castillo Sanchez Mejorada and Gilberto Perezalonso Cifuentes attended less than 75 percent of the total meetings of the board and committees on which they served last year.
- Emilio Carrillo Gamboa serves on the boards of more than six publicly-traded companies.
- Southern Copper is involved in severe ESG controversies. A major incident at the Pasta de Conchos mine in 2006 has led to three long-term strikes beginning in 2007, only one of which has been resolved. The company also faced continued community opposition to the proposed Tia Maria mine expansion in Peru due to concerns over environmental contamination and excessive water extraction, as well as opposition over the distribution of royalties at its Cujone and Toquepala mines. Additionally, Southern Copper was fined USD 15.3 million stemming from a chemical spill at its Buenavista mine in Cananea, Mexico. *Source: MSCI ESG Research Impact Monitor Report dated March 17, 2015.*

Meeting Type: Annual
Meeting Date: 30 April 2015
Record Date: 6 March 2015
Meeting ID: 941085

New York Stock Exchange: SCCO
Index: Russell 3000
Sector: Diversified Metals & Mining
GICS: 15104020

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Agenda & Recommendations

Policy: SRI

Incorporated: Delaware, USA

Item	Code	Proposal	Board Rec.	SRI Rec.
MANAGEMENT PROPOSALS				
1.1	M0201	Elect Director German Larrea Mota-Velasco	FOR	WITHHOLD
1.2	M0201	Elect Director Oscar Gonzalez Rocha	FOR	WITHHOLD
1.3	M0201	Elect Director Emilio Carrillo Gamboa	FOR	WITHHOLD
1.4	M0201	Elect Director Alfredo Casar Perez	FOR	WITHHOLD
1.5	M0201	Elect Director Luis Castelazo Morales	FOR	WITHHOLD
1.6	M0201	Elect Director Enrique Castillo Sanchez Mejorada	FOR	WITHHOLD
1.7	M0201	Elect Director Xavier Garcia de Quevedo Topete	FOR	WITHHOLD
1.8	M0201	Elect Director Daniel Muniz Quintanilla	FOR	WITHHOLD
1.9	M0201	Elect Director Luis Miguel Palomino Bonilla	FOR	WITHHOLD
1.10	M0201	Elect Director Gilberto Perezalonso Cifuentes	FOR	WITHHOLD
1.11	M0201	Elect Director Juan Rebolledo Gout	FOR	WITHHOLD
1.12	M0201	Elect Director Ruiz Sacristan	FOR	WITHHOLD
2	M0101	Ratify Galaz, Yamazaki, Ruiz Urquiza S.C. as Auditors	FOR	FOR
3	M0550	Advisory Vote to Ratify Named Executive Officers' Compensation	FOR	FOR

Shading indicates that Social Advisory Services recommendation differs from Board recommendation

► Items deserving attention due to contentious issues or controversy

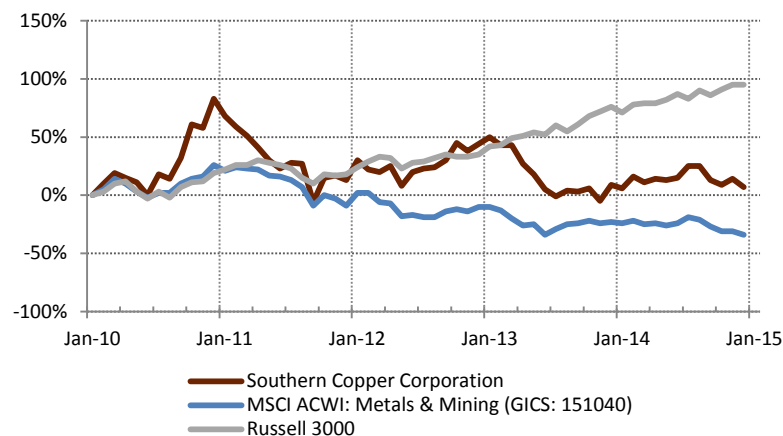
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Financial Highlights

Company Description: Southern Copper Corporation engages in mining, exploring, smelting, and refining copper and other minerals in Peru, Mexico, Argentina, Chile, and Ecuador.

STOCK PRICE PERFORMANCE



TOTAL SHAREHOLDER RETURNS

	1 Yr	3 Yr	5 Yr
Company TSR (%)	-0.30	2.85	2.43
GICS 1510 TSR (%)	1.02	15.31	14.05
Russell 3000 TSR (%)	12.56	20.51	15.63

Source: Compustat. As of last day of company FY end month: 12/31/2014

COMPANY SNAPSHOT

Market Cap (M)	22,915.8
Closing Price	28.20
Annual Dividend	0.46
52-Week High	33.90
52-Week Low	23.60
Shares Outstanding (M)	812.6
Average daily trading volume (prior mo)*	1,623.24

As of March 6, 2015 (All currency in USD)

* Trading Volume in thousands of shares

FINANCIAL & OPERATIONAL PERFORMANCE

All currency in USD	Historical Performance (FY ending)					Compared to Peers (Compustat FY*) – 2014				
	12/2010	12/2011	12/2012	12/2013	12/2014	NEM	RS	STLD	ATI	WOR -FY13
Earnings						Newmont Mining Corporation	Reliance Steel & Aluminum Co.	Steel Dynamics, Inc.	Allegheny Technologies Incorporated	Worthington Industries, Inc.
Revenue (M)	5,150	6,819	6,669	5,953	5,788	7,292	10,452	8,756	4,223	3,126
Net Income (M)	1,554	2,336	1,935	1,619	1,333	508	372	157	-3	151
EBITDA (M)	2,927	3,914	3,751	2,928	2,769	2,133	855	856	264	268
EPS (USD)	1.81	2.73	2.28	1.92	1.61	1.10	4.78	0.68	-0.02	2.19
EPS Y/Y Growth (%)	68	51	-17	-16	-16	N/A	14	-21	98	11
Profitability										
Net Margin (%)	47	51	45	40	36	7	5	2	0	7
EBITDA Margin (%)	57	57	56	49	48	29	8	10	6	9
Return on Equity (%)	40	58	41	29	23	5	9	5	0	18
Return on Assets (%)	19	29	19	14	12	2	5	2	0	7
ROIC (%)	23	35	22	17	14	3	6	3	0	10
Leverage										
Debt/Assets	34	34	41	38	36	27	30	41	23	29
Debt/Equity	71	68	88	76	73	65	57	104	59	78
Cash Flows										
Operating (M)	1,921	2,070	2,004	1,857	1,356	1,438	356	618	56	229
Investing (M)	-474	-1,083	-669	-1,745	-1,655	-507	-365	-1,747	-316	-46
Financing (M)	37	-2,375	278	-865	-1,064	-65	33	1,096	-497	-44
Net Change (M)	1,420	-1,345	1,611	-787	-1,309	848	23	-34	-757	139
Valuation & Performance										
Price/Earnings	26.60	10.90	16.60	15.00	17.50	17.20	12.80	29.00	N/A	18.40
Annual TSR (%)	56.01	-33.58	40.78	-22.49	-0.30	-17.13	-17.56	3.45	-0.62	18.61

Source: Compustat. *Note: Compustat standardizes financial data and fiscal year designations to allow for accurate comparison across companies and industries. Compustat data may differ from companies' disclosed financials. See www.issgovernance.com/policy-gateway/company-financials-faq/ for more information. Peers used in Financial Highlights represent closest industry peers drawn from those peers used in ISS' pay-for-performance analysis.

Corporate Governance Profile

BOARD & COMMITTEE SUMMARY

	Independence	Members	Meetings
Full Board	42%	12	4
Audit	100%	4	6
Compensation	25%	4	2
Nominating	67%	3	3
Chairman classification		N/A	
Separate chair/CEO		Yes	
Independent lead director		N/A	
Voting standard		Plurality	
Plurality carveout for contested elections		N/A	
Resignation policy		No	
Total director ownership (000 shares)		1,818	
Total director ownership (%)		N/A	
Percentage of directors owning stock		91.7%	
Number of directors attending < 75% of meetings		2	
Number of directors on excessive number of outside boards		1	
Average director age		63 years	
Average director tenure		10 years	
Percentage of women on board		0%	

SHAREHOLDER RIGHTS SUMMARY

Controlled company	Yes
Classified board	No
Dual-class stock	No
Vote standard for mergers/acquisitions	Majority
Vote standard for charter/bylaw amendment	Majority
Shareholder right to call special meetings	Yes, 10%
Material restrictions on right to call special meetings	No
Shareholder right to act by written consent	Yes
Cumulative voting	No
Board authorized to issue blank-check preferred stock	No
Poison pill	No

Board Profile

Director Independence & Affiliations

EXECUTIVE DIRECTORS

On Ballot	Name	Affiliation	Independence Classification		Attend <75%	Gen-der	Age	Tenure	Term Ends	Outside		Key Committees			
			Company	Social Advisory Services						Boards	CEO	Audit	Comp	Nom	Gov
✓	Oscar Gonzalez Rocha	CEO	Non-Independent	Insider		M	76	15	2016	1			M		M
✓	Alfredo Casar Perez		Non-Independent	Insider		M	61	8	2016	1					M
✓	Xavier Garcia de Quevedo Topete		Non-Independent	Insider		M	68	15	2016	1			M	M	M
✓	German Larrea Mota-Velasco	Chair	Non-Independent	Insider		M	60	15	2016	1	✓		M		M
✓	Daniel Muniz Quintanilla		Non-Independent	Insider		M	41	6	2016	0					
✓	Juan Rebolledo Gout		Non-Independent	Insider		M	64	11	2016	0					

NON-EXECUTIVE DIRECTORS

On Ballot	Name	Affiliation	Independence Classification		Attend <75%	Gen-der	Age	Tenure	Term Ends	Outside		Key Committees			
			Company	Social Advisory Services						Boards	CEO	Audit	Comp	Nom	Gov
✓	Emilio Carrillo Gamboa		Independent	Independent Outsider		M	77	11	2016	6			C		M
✓	Luis Castelazo Morales	Other	N/D	Affiliated Outsider		M	59	4	2016	0					
✓	Enrique Castillo Sanchez Mejorada		Independent	Independent Outsider	✓	M	57	4	2016	5			M		
✓	Luis Miguel Palomino Bonilla		Independent	Independent Outsider		M	55	11	2016	1			F		M
✓	Gilberto Perezalonso Cifuentes		Independent	Independent Outsider	✓	M	72	12	2016	1			M	M	
✓	Carlos Ruiz Sacristan		Independent	Independent Outsider		M	65	11	2016	1	✓				M

Shaded cells indicate that the company's classification of the director is not disclosed.

M = Member | C = Chair | F = Financial Expert

Director Notes

Oscar Gonzalez Rocha

1) Grupo Mexico S.A.B. de C.V. ("Grupo Mexico"), which owns Americas Mining Corporation, beneficially owns more than 50 percent of the company's voting stock. Oscar González Rocha is an executive director of Grupo Mexico. 2) González Rocha is the father of Oscar González Barron, CFO at Asarco LLC, subsidiary of Grupo Mexico. 3) The company purchased \$3.2 million of industrial material from Higher Technology S.A.C. and paid \$1.3 million for maintenance services provided by Servicios y Fabricaciones Mecánicas S.A.C. Carlos González, son of González Rocha, has a propriety interest in those firms. 4) This director has additional relationships with the company. (Source: DEF14A, 3/27/15, pp. 6, 10, 11, 14, 29, 30, 31; 10-K, 3/2/15, p. 4.)

Alfredo Casar Perez

1) Alfredo Casar Pérez beneficially owns more than 50 percent of the company's voting stock, through his affiliation with Grupo Mexico S.A.B. de C.V. ("Grupo Mexico"), which owns Americas Mining Corporation. Casar Pérez is an executive officer of Grupo Mexico. 2) In 2014, Grupo Mexico provided services that were primarily related to accounting, legal, tax, financial, treasury, human resources, price risk and hedging, purchasing,

procurement and logistics, sales and administrative and other support services. The total amount paid by the company to Grupo Mexico for such services in 2014 was \$13.9 million. 3) In 2014, the company purchased \$47.9 million in scrap and other residual copper mineral and sold \$24.7 million in copper cathodes, rod and anodes, as well as sulfuric acid, silver, gold and lime to Asarco LLC, a subsidiary of Grupo Mexico. 4) This director has additional relationships with the company. (Source: DEF14A, 3/27/15, pp. 7, 10, 11, 14, 29, 31; 10-K, 3/2/15, p. 4.)

Luis Castelazo Morales	1) Grupo Mexico S.A.B. de C.V. ("Grupo Mexico"), which owns Americas Mining Corporation, beneficially owns more than 50 percent of the company's voting stock. Luis Castelazo Morales is an executive officer and/or director of Grupo Mexico or its affiliates. 2) In 2014, Grupo Mexico provided services that were primarily related to accounting, legal, tax, financial, treasury, human resources, price risk and hedging, purchasing, procurement and logistics, sales and administrative and other support services. The total amount paid by the company to Grupo Mexico for such services in 2014 was \$13.9 million. 3) In 2014, the company purchased \$47.9 million in scrap and other residual copper mineral and sold \$24.7 million in copper cathodes, rod and anodes, as well as sulfuric acid, silver, gold and lime to Asarco LLC, a subsidiary of Grupo Mexico. 4) This director has additional relationships with the company. (Source: DEF14A, 3/27/15, pp. 7, 10, 11, 14, 28, 29, 31; 10-K, 3/2/15, p. 4.)
Xavier Garcia de Quevedo Topete	1) Grupo Mexico S.A.B. de C.V. ("Grupo Mexico"), which owns Americas Mining Corporation, beneficially owns more than 50 percent of the company's voting stock. Xavier Garcia de Quevedo Topete is an executive director of Grupo Mexico. 2) In 2014, Grupo Mexico provided services that were primarily related to accounting, legal, tax, financial, treasury, human resources, price risk and hedging, purchasing, procurement and logistics, sales and administrative and other support services. The total amount paid by the company to Grupo Mexico for such services in 2014 was \$13.9 million. 3) In 2014, the company purchased \$47.9 million in scrap and other residual copper mineral and sold \$24.7 million in copper cathodes, rod and anodes, as well as sulfuric acid, silver, gold and lime to Asarco LLC, a subsidiary of Grupo Mexico. 4) This director has additional relationships with the company. (Source: DEF14A, 3/27/15, pp. 8, 10, 11, 14, 29, 31; 10-K, 3/2/15, p. 4.)
German Larrea Mota-Velasco	1) Grupo Mexico S.A.B. de C.V. ("Grupo Mexico"), which owns Americas Mining Corporation, beneficially owns more than 50 percent of the company's voting stock. Germán Larrea Mota-Velasco is an executive officer of Grupo Mexico. 2) Larrea Mota-Velasco served as CEO of the company until October 2004. 3) Mexico Transportes Aereos, S.A. de C.V. ("MexTransport"), a company controlled by the Larrea family, provides air transportation services to, and leases office space from the company. During 2014, the company paid MexTransport \$2.5 million for aviation services and received \$0.3 million for services. 4) This director has additional relationships with the company. (Source: DEF14A, 3/27/15, pp. 6, 10, 11, 14, 29, 30, 31; 10-K, 3/2/15, p. 4.)
Daniel Muniz Quintanilla	1) Daniel Muñoz Quintanilla beneficially owns more than 50 percent of the company's voting stock, through his affiliation with Grupo Mexico S.A.B. de C.V. ("Grupo Mexico"), which owns Americas Mining Corporation. Muñoz Quintanilla is an executive officer of Grupo Mexico. 2) In 2014, Grupo Mexico provided services that were primarily related to accounting, legal, tax, financial, treasury, human resources, price risk and hedging, purchasing, procurement and logistics, sales and administrative and other support services. The total amount paid by the company to Grupo Mexico for such services in 2014 was \$13.9 million. 3) In 2014, the company purchased \$47.9 million in scrap and other residual copper mineral and sold \$24.7 million in copper cathodes, rod and anodes, as well as sulfuric acid, silver, gold and lime to Asarco LLC, a subsidiary of Grupo Mexico. 4) This director has additional relationships with the company. (Source: DEF14A, 3/27/15, pp. 8, 10, 11, 14, 29, 31; 10-K, 3/2/15, p. 4.)
Juan Rebolledo Gout	1) Juan Rebolledo Gout beneficially owns more than 50 percent of the company's voting stock, through his affiliation with Grupo Mexico S.A.B. de C.V. ("Grupo Mexico"), which owns Americas Mining Corporation. Rebolledo Gout is an executive officer of Grupo Mexico. 2) In 2014, Grupo Mexico provided services that were primarily related to accounting, legal, tax, financial, treasury, human resources, price risk and hedging, purchasing, procurement and logistics, sales and administrative and other support services. The total amount paid by the company to Grupo Mexico for such services in 2014 was \$13.9 million. 3) In 2014, the company purchased \$47.9 million in scrap and other residual copper mineral and sold \$24.7 million in copper cathodes, rod and anodes, as well as sulfuric acid, silver, gold and lime to Asarco LLC, a subsidiary of Grupo Mexico. 4) This director has additional relationships with the company. (Source: DEF14A, 3/27/15, pp. 9, 10, 11, 14, 29, 31; 10-K, 3/2/15, p. 4.)

Director Employment, Compensation & Ownership

Name	Primary Employment	Outside Boards	Total Compensation*	Shares Held	60-day Options	Total	Voting Power (%)
Oscar Gonzalez Rocha	CEO, President - Southern Copper Corporation	Grupo Mexico S.A.B. de C.V.	**	126,539	0	126,539	<1
Emilio Carrillo Gamboa	Attorney	The Mexico Fund, Inc., Grupo Mexico S.A.B. de C.V., Grupo Nacional Provincial S.A.B., Grupo Posadas S.A.B. de C.V., Kimberly-Clark de Mexico S.A.B. de C.V., Grupo Profuturo S.A.B. de C.V.	108,682	14,515	0	14,515	<1
Alfredo Casar Perez	CEO of Ferrocarril S.A. de C.V. - Grupo Mexico S.A.B. de C.V.	Grupo Mexico S.A.B. de C.V.	78,682	3,625	0	3,625	<1
Luis Castelazo Morales	Other		78,682	2,025	0	2,025	<1
Enrique Castillo Sanchez Mejorada	Financial Services	Maxcom Telecomunicaciones S.A.B. de C.V., Grupo Herdez S.A.B. de C.V., Alfa S.A.B. de C.V., Organizacion Cultiva S.A.B. de C.V., Medica Sur S.A.B. de C.V.	96,682	6,025	0	6,025	<1
Xavier Garcia de Quevedo Topete	COO - Southern Copper Corporation	Grupo Mexico S.A.B. de C.V.	**	3,638	0	3,638	<1
German Larrea Mota-Velasco	CEO, Chairman, President - Grupo Mexico S.A.B. de C.V.	Grupo Mexico S.A.B. de C.V.	78,682	1,619,367	0	1,619,367	<1
Daniel Muniz Quintanilla	CFO - Grupo Mexico S.A.B. de C.V.		72,682	0	0	0	<1
Luis Miguel Palomino Bonilla	Consultant	Bolsa De Valores De Lima S.A.	114,682	3,814	0	3,814	<1
Gilberto Perezalonso Cifuentes	Retired	Grupo Gigante S.A.B. de C.V.	90,682	16,941	0	16,941	<1
Juan Rebolledo Gout	International Vice President - Grupo Mexico S.A.B. de C.V.		72,682	10,877	0	10,877	<1
Carlos Ruiz Sacristan	CEO, Chairman - Infraestructura Energetica Nova S.A.B. de C.V.	Infraestructura Energetica Nova S.A.B. de C.V.	72,682	10,674	0	10,674	<1

*Local market currency

**For executive director data, please refer to Executive Pay Overview.

Compensation Profile

EXECUTIVE PAY OVERVIEW

Executive	Title	Base Salary	Change in Pension, Deferred Comp, All Other Comp	Bonus & Non-equity Incentives	Restricted Stock	Option Grant	Total
O. Gonzalez Rocha	President and CEO	560	634	341	0	0	1,535
X. de Quevedo Topete	COO	557	543	817	0	0	1,916
H. Flury	Secretary	236	291	0	0	0	527
R. Jacob	Vice President, Finance and CFO	163	196	0	0	0	359
E. Corrales	Vice President, Exploration	156	184	0	0	0	341
Median CEO Pay	ISS Selected Peer Group	1,003	464	1,466	3,591	369	7,712
	Company Defined Peers	1,075	588	2,297	5,072	0	9,032

Source: ISS. Pay in \$thousands. Total pay is sum of all reported pay elements, using ISS' Black-Scholes estimate for option grant-date values. Note: Median total pay will not equal sum of pay elements medians. Company Defined Peers are as disclosed. More information on ISS' peer group methodology at www.issgovernance.com/policy-gateway/us-compensation-policy-guidance/.

OPTION VALUATION ASSUMPTIONS

For CEO's last FY Grant	Company	ISS
Volatility (%)*	N/A	N/A
Dividend Yield (%)*	N/A	N/A
Term (yrs)*	N/A	N/A
Risk-free Rate (%)*	N/A	N/A
Grant date fair value per option*	N/A	N/A
Grant Date Fair Value (\$ in 000)**	N/A	N/A

*Source: Standard & Poor's Xpressfeed;**Source DEF14A (company value); ISS (ISS value)

CEO PAY MULTIPLES

Compared to	Multiple
2nd highest active executive	0.80
Average active NEO	1.95
ISS peer median	0.20
Company peer median	0.17

Source: ISS

CEO TALLY SHEET

CEO	O. Gonzalez Rocha
CEO tenure at FYE:	10.2 years
Present value of all accumulated pension:	N/A
Value of CEO stock owned (excluding options):	\$3,568,400
Potential Termination Payments	
Involuntary termination without cause:	N/A
Termination after a change in control:	N/A

Source: DEF14A

Dilution & Burn Rate

DILUTION

	Dilution (%)
Southern Copper Corporation	0.04
Peer group median	6.74
Peer group weighted average	4.32
Peer group 75th percentile	11.33

Dilution is the sum of the total amount of shares available for grant and outstanding under options and other equity awards (vested and unvested) expressed as a percentage of total basic common shares outstanding as of the record date. The dilution figure typically excludes employee stock purchase plans (ESPPs) and 401(k) shares. The underlying information for the company is based on the company's equity compensation table in the most recent proxy statement or 10-K.

BURN RATE

	Non-Adjusted (%)	Adjusted (%)
1-year	0.00	0.00
3-year average	0.00	0.00

Burn rate equals the number of shares granted in each fiscal year, including stock options, restricted stock (units), actual performance shares delivered under the long-term incentive plan or earned deferred shares, to employees and directors divided by weighted average common shares outstanding. The adjusted burn rate places a premium on grants of full-value awards using a multiplier based on the company's annual volatility.

Vote Results

ANNUAL MEETING 29 APRIL 2014

Proposal	Board Rec	SRI Rec	Disclosed Result	Support Including Abstains (%) ¹	Support Excluding Abstains (%) ²
1.1 Elect Director German Larrea Mota-Velasco	For	Withhold	Majority	95.7	95.7
1.2 Elect Director Oscar Gonzalez Rocha	For	Withhold	Majority	95.2	95.2
1.3 Elect Director Emilio Carrillo Gamboa	For	Withhold	Majority	91.8	91.8
1.4 Elect Director Alfredo Casar Perez	For	Withhold	Majority	96.7	96.7
1.5 Elect Director Luis Castelazo Morales	For	Withhold	Majority	96.9	96.9
1.6 Elect Director Enrique Castillo Sanchez Mejorada	For	Withhold	Majority	95.3	95.3
1.7 Elect Director Xavier Garcia de Quevedo Topete	For	Withhold	Majority	95.1	95.1
1.8 Elect Director Daniel Muniz Quintanilla	For	Withhold	Majority	96.8	96.8
1.9 Elect Director Luis Miguel Palomino Bonilla	For	Withhold	Majority	99.8	99.8
1.10 Elect Director Gilberto Perezalonso Cifuentes	For	Withhold	Majority	99.8	99.8
1.11 Elect Director Juan Rebolledo Gout	For	Withhold	Majority	96.8	96.8
1.12 Elect Director Carlos Ruiz Sacristan	For	Withhold	Majority	99.8	99.8
2 Ratify Auditors	For	For	Pass	99.8	99.9
3 Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Pass	99.5	99.6

Shaded results reflect a majority of votes cast FOR shareholder proposal or AGAINST management proposal or director election

¹Support Including Abstains is defined as %FOR/(For + Against + Abstain), as expressed as a percentage.

²Support Excluding Abstains is defined as %FOR/(For + Against), as expressed as a percentage, provided if different from For + Against + Abstain.

Meeting Agenda & Proposals

Items 1.1-1.12. Elect Directors

WITHHOLD

VOTE RECOMMENDATION

- WITHHOLD votes for all nominees are warranted because a majority of the board is not composed of independent directors.
- WITHHOLD votes are further warranted for Oscar Gonzalez Rocha, Xavier Garcia de Quevedo Topete, and German Larrea Mota-Velasco for serving as non-independent members of certain key board committees.
- WITHHOLD votes are also warranted for Enrique Castillo Sanchez Mejorada and Gilberto Perezalonso Cifuentes for attending less than 75 percent of the board and committee meetings that were scheduled over the past year without a valid excuse.
- WITHHOLD votes are also warranted for Emilio Carrillo Gamboa for serving as a director on more than six public company boards.
- Significant risks to shareholders stemming from severe ESG controversies have been identified at the company, which reflects a failure by the board to proficiently guard against and manage material environmental, social and governance risks. WITHHOLD votes are warranted for CEO Oscar Gonzalez Rocha are warranted for failing to effectively supervise the management of risks to the company and its shareholders.

BACKGROUND INFORMATION

Policies: [Board Accountability](#) | [Board Responsiveness](#) | [Director Competence](#) | [Director Independence](#) | [Election of Directors](#) | [Social Advisory Services Categorization of Directors](#) | [Vote No campaigns](#)

Vote Requirement: The company has a plurality vote standard for the election of directors.

Discussion

CONTROLLED COMPANY STATUS

Southern Copper Corporation qualifies as a controlled company within the meaning of NYSE rules because Grupo Mexico, S.A.B. de C.V. indirectly owns more than 50 percent of the company's voting stock. The company has elected to be exempt from having a majority independent board and fully independent compensation and nominating committees.

While it is legal, at a controlled company, for the board to be non-majority independent and include non-independent directors on key committees, many institutional investors consider majority board independence and independent key board committees to be essential to ensure representation of shareholders as opposed to company management.

LACK OF A MAJORITY INDEPENDENT BOARD

More than half the members of Southern Copper's board are not considered independent by Social Advisory Services standards.

When directors are affiliated with the company or its management, they may be unwilling or unable to set company strategy independent from management. Furthermore, their ability to impartially scrutinize individual and corporate performance and executive compensation may be compromised, and they may suffer from conflicts of interest.

Social Advisory Services advocates that the board should comprise a majority of independent directors. Social Advisory Services recommends withhold votes for the entire board where a majority of the board is not independent.

NON-INDEPENDENT MEMBERS OF KEY COMMITTEES

Oscar Gonzalez Rocha, Xavier Garcia de Quevedo Topete, and German Larrea Mota-Velasco serve as non-independent members of the compensation committee. Additionally, Xavier Garcia de Quevedo Topete serves as a non-independent member of the nominating committee.

The presence of non-independent directors on key committees may diminish a committee's ability to oversee management objectively. Audit, compensation, and nominating committees should all be fully independent to ensure effective monitoring of these critical functions.

Social Advisory Services prefers that all board committees be composed entirely of independent outsiders. In cases where the key board committees are not independent, Social Advisory Services recommends withhold votes for insiders and affiliated outsiders serving on the audit, compensation and nominating committees.

POOR ATTENDANCE

Enrique Castillo Sanchez Mejorada and Gilberto Perezalonso Cifuentes attended less than 75 percent of the total board and committee meetings on which they served last year.

Directors who do not attend their board and committee meetings cannot be effective representatives of shareholders. When a director fails to attend at least 75 percent of the aggregate of his or her board and committee meetings, WITHHOLD votes may be recommended for that director in the absence of a valid excuse.

OVERBOARDED DIRECTOR NOMINEE (NON-CEO)

In addition to serving as a director of Southern Copper Corporation, Emilio Carrillo Gamboa serves on the boards of six publicly-traded companies.

Governance experts have raised concerns about the possibility that directors who serve on too many boards may be overextended and may not be able to meet the time commitments required to be an effective director. By serving on multiple boards, directors may compromise their ability to serve as representatives to shareholders in the full capacity required by today's demanding governance environment. Given an estimate of 300 hours per year of board service required for a public company, an individual cannot reasonably be expected to serve on more than six boards at a time.

INEFFECTIVE INTERNAL CONTROL OVER FINANCIAL REPORTING

In the company's Form 10-K for the year ended Dec. 31, 2014, management noted that the company did not maintain effective internal control over financial reporting. Specifically, management stated that, "A material weakness exists in the design and operating effectiveness of information technology controls. More specifically, the company did not establish an effective design of processes and procedures to restrict access to its business planning system ("ERP") in existence during 2014, known as Ellipse, at its Mexican operations. As such, the company failed to ensure that access to key financial systems was limited to appropriate users in order to maintain segregation of duties. Accordingly, information generated from those systems may have been impacted."

Remediation Plan

In response to the aforementioned material weakness, the company stated that it has developed a remediation plan, with oversight from the audit committee. SAP was implemented at the company's Mexican operations beginning Feb. 5, 2015. As part of the remediation plan, the company will implement the security tools that SAP provides and which will allow the company to assure that access control authorizations are functioning, and that transactions and data entered into the financial and related systems are properly authorized, based on the company's organizational structure, positions and assigned responsibilities.

Conclusion

A material weakness in a company's system of internal controls indicates that there is a reasonable possibility that a material misstatement will not be prevented or detected on a timely basis. Material weaknesses should be corrected promptly after they are identified to ensure that the financial statements presented to investors portray an accurate picture of the company's financial position.

This issue could pose serious risks to shareholders and could indicate failure of the audit committee to provide sufficient oversight over the financial reporting process at the company should this issue not be rectified by the end of the next fiscal year. However, the company has taken or is taking steps to remediate the issue and may not have had sufficient time to fully remediate the issue identified.

MANAGEMENT AND OVERSIGHT OF ESG RISKS

The MSCI ESG Research Impact Monitor report dated March 17, 2015, has identified the following controversies:

Labor Rights Controversies

Southern Copper and its parent company, Grupo Mexico, have faced significant controversy over ongoing labor strikes at the Buenavista, Taxco, and San Martin mines in Mexico, which began after a 2006 explosion at the company's Pasta de Conchos mine that killed 65 workers. While work at the San Martin and Taxco mines have been suspended since 2007, operations at the Buenavista del Cobre mine restarted in 2010 after the company hired contract workers. The company has reportedly settled the labor dispute at the Buenavista mine and has invested in community projects.

The company also was fined USD 1.03 million by the Mexican government over an allegedly preventable February 2014 fatal accident at the company's Charcas zinc mine, which killed five people.

Environmental Controversies

Mexico's environmental regulator launched an investigation into a 10 million gallon sulfuric acid spill at the company's Buenavista mine in Cananea. A criminal complaint was filed and the company was ordered to undertake a full remediation of the contamination. The mine was partially closed after irregularities that could pose further risks were found. In September 2014, another toxic waste spill was reported at the Buenavista mine. In March 2015, the company was fined USD 15.3 million because of the spill.

Human Rights Controversies

The company's Tia Maria proposed mining project in Peru, has faced strong opposition from local communities since 2009 due to concerns about potential environmental contamination as well as diversion of agricultural water resources. After a violent protest in which three people died, the government cancelled the Tia Maria project, and required the company to present a new environmental study if it wanted to move forward. In February 2013, Southern Copper estimated that the start-up of Tia Maria would be delayed until 2016.

Since 2008, Southern Copper has also faced repeated demonstrations by community officials over the amount and distribution of taxes and royalties collected from its Cuajone and Toquepala mines in Tacna, Peru. As of November 2013, negotiations were still ongoing with the Moquegua local government over the Cuajone mine. However, in February 2013, the company and the Tacna local government agreed to a USD 98 million social investment fund for the Tequepala mine expansion.

Assessment of Management's Programs and Policies

The company operates primarily in Mexico and Peru, which exposes Southern Copper to higher potential risks related to labor-related disruptions, health and safety incidents and political instability than many industry peers operating in more developed markets, such as the United States and the European Union. In addition, the company's dominant copper operations expose Southern Copper to greater risks with regard to toxic emissions and waste. Overall, the company's policies and initiatives, while showing some improvements, continue to lag industry peers. *Source: MSCI ESG Intangible Value Assessment (IVA) report dated November 25, 2014.*

CONCLUSION

Social Advisory Services recommends voting against members of the board where significant ESG controversies have occurred or where material weaknesses in the management of ESG risks have been identified, and it is determined that the company has failed to adequately guard against or manage exposure to such risks. In this case,

due to Southern Copper's poor performance related to the management and oversight of ESG risks, WITHHOLD votes are warranted for Oscar Gonzales Rocha who bears ultimate responsibility for the board's oversight of executive management.

Item 2. Ratify Galaz, Yamazaki, Ruiz Urquiza S.C. as Auditors

FOR

VOTE RECOMMENDATION

A vote FOR this item is warranted because only 22.78 percent of the total audit fees paid to the auditor are for non-audit purposes.

BACKGROUND INFORMATION

Policies: [Auditor Ratification](#)

Vote Requirement: Majority of votes cast (abstentions count against; broker non-votes not counted)

Discussion

The board recommends that Galaz, Yamazaki, Ruiz Urquiza SC be approved as the company's independent accounting firm for the coming year.

Accountants	Galaz, Yamazaki, Ruiz Urquiza SC
Auditor Tenure	6 years
Audit Fees	\$1,116,000
Audit-Related Fees	\$99,103
Tax Compliance/Preparation*	\$52,310
Other Fees	\$373,851
Percentage of total fees attributable to non-audit ("other") fees	22.78%

*Only includes tax compliance/tax return preparation fees. If the proxy disclosure does not indicate the nature of the tax services and provides the fees associated with tax compliance/preparation, those fees will be categorized as "Other Fees."

The auditor's report contained in the annual report is unqualified, meaning that in the opinion of the auditor, the company's financial statements are fairly presented in accordance with generally accepted accounting principles.

Analysis

One of the most important issues relating to auditors is the independence of the auditing process. The auditor's independence from the company being audited reduces the potential for abuse. Many accounting firms have expanded their business to include broad-based consulting services. Social Advisory Services believes that in some cases, such consulting services, when operated side by side with the accounting business, can lower auditor objectivity.

Opposition to the ratification of the auditors is warranted where fees paid for non-audit services exceed 25 percent of total audit fees. In this case, only 22.78 percent of the total audit fees paid to the auditor are attributable to non-audit work. Therefore, there is no immediate reason to challenge this auditor's independence.

Item 3. Advisory Vote to Ratify Named Executive Officers' Compensation

FOR

VOTE RECOMMENDATION

The company would benefit from having a better defined short-term incentive program, and instituting a long-term incentive plan. However, pay is reasonably aligned with performance, and ISS finds no other significant issues at this time. Therefore, a vote FOR this item is warranted.

BACKGROUND INFORMATION

Policies: [Advisory Votes on Executive Compensation](#)

Vote Requirement: Majority of votes cast (abstentions count against; broker non-votes not counted)

Executive Compensation Analysis

COMPONENTS OF PAY

(\$ in thousands)	CEO			CEO Peer Median	Other NEOS	
	O. Gonzalez Rocha	O. Gonzalez Rocha	O. Gonzalez Rocha			
	2014	Change	2013	2012	2014	
Base salary	560	-1.1%	566	575	1,003	1,112
Deferred comp & pension	0		0	0	64	0
All other comp	634	-7.2%	683	733	106	1,213
Bonus	341	-3.7%	354	279	0	817
Non-equity incentives	0		0	0	1,466	0
Restricted stock	0		0	0	3,591	0
Option grant	0		0	0	369	0
Total	1,535	-4.2%	1,603	1,587	7,712	3,142
% of Net Income	0.1%					0.2%
% of Revenue	N/A					0.1%

Non-Performance-Based Pay Elements (CEO)

Key perquisites (\$)	None disclosed
Key tax gross-ups on perks (\$)	N/A
Value of accumulated NQDC* (\$)	N/A
Present value of all pensions (\$)	N/A
Years of actual plan service	N/A
Additional years credited service	N/A

*Non-qualified Deferred Compensation

Disclosed Benchmarking Targets

Base salary	None Disclosed
Target short-term incentive	None Disclosed
Target long-term incentive (equity)	None Disclosed
Target total compensation	50-75th percentile

Severance/Change-in-Control Arrangements (CEO unless noted)

<i>Contractual severance arrangement</i>	None
<i>Non-CIC estimated severance (\$)</i>	N/A
<i>Change-in-Control Severance Arrangement</i>	
<i>Cash severance trigger*</i>	No Agreement
<i>Cash severance multiple</i>	N/A
<i>Cash severance basis</i>	N/A
<i>Treatment of equity</i>	N/A
<i>Excise tax gross-up*</i>	No
<i>Estimated CIC severance(\$)</i>	Not disclosed

*All NEOs considered

Compensation Committee Communication & Responsiveness

Disclosure of Metrics/Goals

<i>Annual incentives</i>	No
<i>Long-term incentives</i>	N/A

Pay Riskiness Discussion

<i>Process discussed?</i>	Yes
<i>Material risks found?</i>	No

Risk Mitigators

<i>Clawback policy*</i>	No
<i>CEO stock ownership guideline</i>	No stock ownership guidelines
<i>Stock holding period requirements</i>	N/A

*Must apply to cash incentives and at least all NEOs.

Pledging/Hedging of Shares

<i>Anti-hedging policy</i>	The proxy statement does not disclose a robust policy
<i>Anti-pledging policy</i>	The proxy statement does not disclose a robust policy

Compensation Committee Responsiveness

<i>MSOP vote results (F/F+A)</i>	2014: 99.6%; 2013: 99.5%
<i>Frequency approved by shareholders</i>	Annual with 96.6% support
<i>Frequency adopted by company</i>	Annual (year of adoption: 2011)

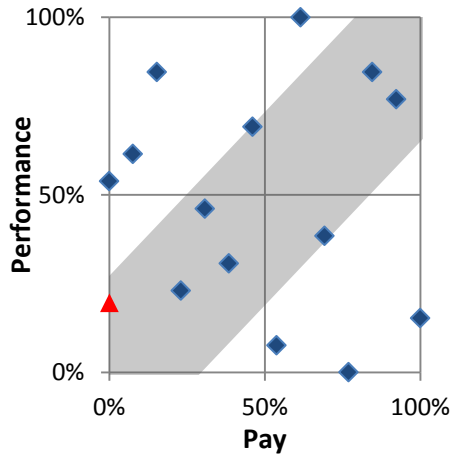
Repricing History

<i>Repriced/exchanged underwater options last FY?</i>	No
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Pay for Performance Evaluation

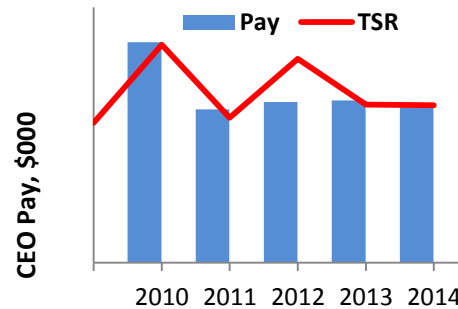
RELATIVE ALIGNMENT

The chart plots percentiles of the annualized 3-year performance and pay rankings for the company (▲) and ISS' derived peers (◆). The gray bar indicates pay and performance alignment.



ABSOLUTE ALIGNMENT

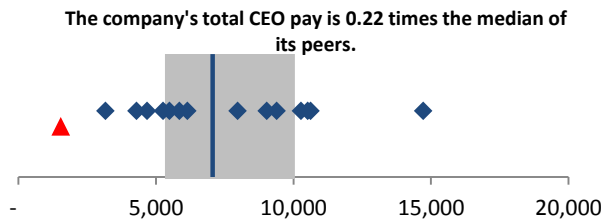
CEO granted pay trends versus value of a \$100 investment made on the first day of the five-year period.



	2010	2011	2012	2013	2014
Pay(\$000)	2,179	1,516	1,587	1,603	1,535
Indexed TSR	156.01	103.62	145.88	113.07	112.73
CEO	Gonzalez Rocha	Gonzalez Rocha	Gonzalez Rocha	Gonzalez Rocha	Gonzalez Rocha

MAGNITUDE OF PAY

Pay in \$thousands. The gray band represents 25th to 75th percentile of CEO pay of ISS' selected peer group with the blue line representing the 50th percentile.



PAY-FOR-PERFORMANCE QUANTITATIVE SCREEN

Measure	Result	Level
Relative degree of alignment	19	Better than 67% of Companies*
Multiple of peer group median	0.22	Better than 98% of Companies
Absolute alignment	5	Better than 41% of Companies

Initial Quantitative Screen **Low Concern**

*Constituents of Russell 3000 index.

For more information on ISS' quantitative pay-for-performance measures, visit <http://issgovernance.com/policy/USCompensation>

Peer Groups

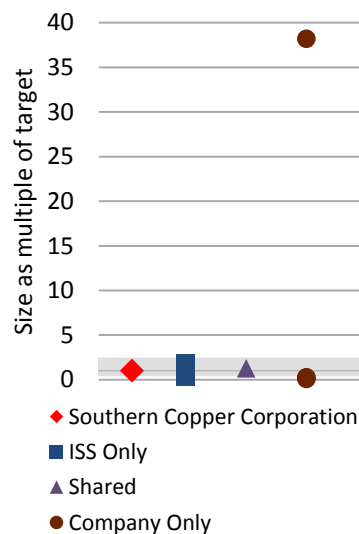
ISS AND COMPANY DISCLOSED PEER GROUPS

ISS- Selected Peers (13)	Air Products and Chemicals, Inc.	Albemarle Corporation
	Allegheny Technologies Incorporated	Ashland Inc.
	Cabot Corporation	Celanese Corporation
	CF Industries Holdings, Inc.	Martin Marietta Materials, Inc.
	Reliance Steel & Aluminum Co.	Steel Dynamics, Inc.
Shared Peers (1)	The Mosaic Company	Vulcan Materials Company
	Worthington Industries, Inc.	
Company- Disclosed Peers (4)	Newmont Mining Corporation	
	Glencore plc	Hochschild Mining plc
	Minsur SA	Sociedad Minera Cerro Verde SA

The shaded area represents the overlap group of companies that are in both ISS' comparison group and the company's disclosed CEO compensation benchmarking peer group. Excludes company peers for which financial data is not available. More information on the ISS peer group methodology at www.issgovernance.com/policy/USCompensation

PEER GROUP SIZE ANALYSIS

Size (by revenue) of the ISS, company and overlap peer groups. Gray indicates 0.4- 2.5 times the company's revenue.



Short-Term Cash Incentives

STI performance metrics/goals Not disclosed

Other Short-Term Incentive Factors

Discretionary bonus?*	Yes
CEO's last FY award (\$)	340,731 (61% of base salary)
CEO's last FY award target	ND
Future performance metrics	Not disclosed

*Based on the Bonus column in the SCT; per SEC rules, amounts disclosed in this column were not based on pre-set goals.

Long-Term Incentives

CEO's last FY LTI target (%)	None disclosed
NEOs' last FY award type(s)	None
Most recent performance metrics/goals	None disclosed
CEO's last FY long-term cash earned award(\$)	0
CEO's last FY options granted (#)	None
CEO's last FY stock granted*(#)	None
CEO equity pay mix (by value)*	N/A – CEO received no equity awards

*Performance shares, if any, are counted and valued at target.

Executive Summary

Evaluation Component	Level of Concern
<i>Non-Performance-Based Pay Elements</i>	Low
<i>Peer Group Benchmarking</i>	Low
<i>Severance/CIC Arrangements</i>	Low
<i>Comp Committee Communication/Responsiveness</i>	Low
<i>Pay for Performance Evaluation</i>	Low
SRI Recommendation: FOR	

Analysis

The compensation plan does not include incentive programs; bonuses for NEOs are largely mandated by Mexican and Peruvian employment laws. The company pays "bonuses" as mandated by the country of operation. These payments are listed under "Bonus" and "All Other Compensation" in the Summary Compensation Table. The payments include:

- Profit sharing
- Company housing
- Family assistance (Peru only)
- Holiday bonuses (one month's salary per employee)

Stock purchase plans are available to Mexican NEOs. Every two years Mexican NEOs are able to purchase shares under the Stock Purchase Program. At the end of an eight year period, the company will grant the participant a "bonus" of one share for every ten shares purchased. In 2014, CEO Rocha received a cash bonus of \$340,731, which was used to purchase shares under this plan.

Tax gross-up on stock purchase plan paid to the CEOs. In 2014, the CEO received a tax gross-up of \$146,027 related to the reimbursement on compensation received under the stock purchase plan.

Insufficient risk Mitigators. As Social Advisory Services highlighted in last year's report, the company does not disclose a compensation clawback policy, stock ownership guidelines or stock holding requirements for executives. Such provisions are considered to mitigate compensation-related risk and their adoption would be beneficial for shareholders.

Conclusion

The company's compensation program has a few minor concerns. A tax gross-up is paid on the stock purchase program and the company does not have a clawback policy. Though there is no formal incentive program, total compensation is modest, and there were no practices that raised significant concerns. The company's bonus program consists of country mandated payments and a discretionary bonus program tied to the stock purchase plan. Executive pay is reasonably aligned with performance at this time. Therefore, a vote FOR this item is warranted.

Equity Ownership Profile

Type	Votes per share	Issued
Common Stock	1.00	804,100,892

Ownership - Common Stock	Number of Shares	% of Class
Grupo Mexico S.A.B. de C.V.	687,275,997	84.00
T. Rowe Price Associates, Inc.	8,316,927	1.02
BlackRock Investment Management (UK) Ltd.	8,193,131	1.00
BlackRock Fund Advisors	7,779,605	0.95
BlackRock Advisors LLC	6,067,164	0.74
SSgA Funds Management, Inc.	5,280,930	0.65
Norges Bank Investment Management	2,782,012	0.34
DuPont Capital Management Corp.	2,556,068	0.31
Parametric Portfolio Associates LLC	2,417,433	0.30
TIAA-CREF Investment Management LLC	2,428,798	0.30
T. Rowe Price International Ltd.	2,096,593	0.26
Colonial First State Asset Management (Australia) Ltd.	1,649,593	0.20
LARREA MOTA VELASCO GERMAN	1,619,367	0.20
Templeton Asset Management Ltd. (Hong Kong)	1,640,500	0.20
The Caisse de depot et placement du Quebec	1,355,499	0.17
Northern Trust Investments, Inc.	1,323,570	0.16
Quantitative Management Associates LLC	1,220,199	0.15
UBS Global Asset Management (Singapore) Ltd.	1,199,627	0.15
Merrill Lynch, Pierce, Fenner & Smith, Inc.	1,112,433	0.14
BlackRock Advisors (UK) Ltd.	1,024,070	0.13

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Additional Information

Meeting Location	Edificio Parque Reforma, Campos Eliseos No. 400, 9th Floor, Col. Lomas de Chapultepec, Mexico City, C.P. 11000, Mexico
Meeting Time	09:00
Shareholder Proposal Deadline	December 3, 2015
Solicitor	Georgeson Inc.
Security IDs	84265V105(CUSIP)

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