

At Peñoles, we support and guarantee:

Full respect for human and labor rights.

Freedom of thought, association and political affiliation.

A safe and healthy workplace.

A respectful, equitable working environment, free of discrimination and harassment.

A culture of prevention of accidents and occupational illness.

Professional training and continuous education.

Competitive, fair compensation based on performance.

In 2022 there were no reports of situations involving extortion, abuse, discrimination, forced or coerced labor, unfair labor practices, violation of indigenous people's rights nor any violation of human rights. We have a Code of Conduct, A Third-Party Code of Conduct and our Correct Line (Línea Correcta) ethical hotline to avoid practices that go against our ethical standards and apply sanctions when appropriate.

TALENT MANAGEMENT

Our recruitment and selection processes were designed to ensure we attract talent with the knowledge, skills and experience required to meet present and future organizational needs, and who show ethical behavior in accordance with our institutional values. The following is a description of the components of the system and the highlights for the period.

Process	Goal	Actions	Results
Recruitment and selection	Ensure that we recruit and hire new talent whose knowledge and experience match the organization's challenges and needs.	<ul style="list-style-type: none"> Promote outreach agreements with universities. Introduce internship, scholarship, and Engineers-in-Training programs. Post vacancies internally before listing them outside the company to prioritize internal candidates 	<ul style="list-style-type: none"> 225 people were hired with the Engineers-in-training program; since its creation in 2003, 2,470 engineers have graduated in key disciplines for our business, such as mining, geology, metallurgy and mechanics, among others. Of 1,456 personnel movements, 59% were new hires and 41% were internal promotions.
Performance evaluation	Measure accomplishment of established goals and expected behaviors, according to organizational competencies.	<ul style="list-style-type: none"> Evaluate employees according to clear, measurable and challenging goals. Provide feedback through performance notes. Give raises and other recognitions for their achievements and create training actions that address areas of opportunity detected. 	<ul style="list-style-type: none"> We are in the process of improving this system to align it with our transformation and the strategies of Cultural Evolution and Comprehensive Well-Being.
Compensation	Have an objective, competitive compensation system.	<ul style="list-style-type: none"> Provide compensation based on salary tables consistent with the market and with the level of professional responsibility and individual performance of each employee. Provide a compensation package superior to the legal minimum (savings fund, major medical expenses, pension plan, vacations and seniority bonus). 	<ul style="list-style-type: none"> Compensation (including salaries and benefits) totaled US\$ 513.0 M, 20.6% more than last year.
Training	Train personnel according to the needs detected in the performance evaluation.	<ul style="list-style-type: none"> Promote training in line with current and future needs for technical, administrative and human skills, to achieve better productivity, quality and competitiveness indicators for the company 	<ul style="list-style-type: none"> 447,583 hours of training given at Peñoles, equivalent to 32 hours per employee. 105 scholarships were awarded to high school, college and postgraduate students.
Development and retention	Promote the development of the people with better performance and higher potential.	<ul style="list-style-type: none"> Create ways to develop and recognize people and encourage them to stay with the company 225 people (Gold Program) for people who show outstanding performance and high leadership potential; scholarship program and bonuses for academic achievements; loyalty recognitions, etc.) Identify posts that are critical for the operating continuity of the business, and prepare succession and career plans so that the right people have been prepared with the necessary leadership and technical skills. 	<ul style="list-style-type: none"> 2,332 loyalty recognitions were awarded to employees working in the company for between five and 45 years; and 88 academic achievement bonuses. 542 key positions have been identified and 44% have authorized succession plans. 198 candidates are being prepared to fill upcoming vacancies due to retirement in the next five years.

LABOR STRATEGY

Peñoles respects the right to free association and collective bargaining, according to domestic laws and international conventions and treaties. Our labor relations are based on trust and mutual benefit, and we maintain a frank and open relationship with unions, emphasizing our commitment to continuous dialogue.

We share the values of workplace safety and competitiveness, and we implement modern labor practices and standards to ensure a safe, ethical, and productive workplace. Furthermore, our incentive system is based on productivity results, costs, safety and environmental protection, that allows to achieve our established goals and targets, while contributing to job stability and caring of the work source.

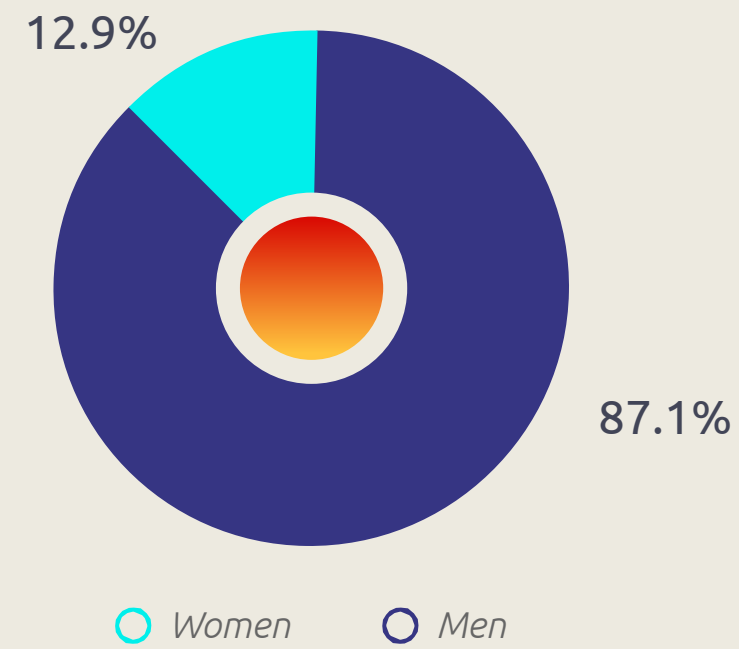
During the period, labor negotiations with the various unions that have collective bargaining agreements with our business units were conducted in a framework of respect and cooperation. There were no work stoppages or strikes, which meant we were able to operate continuously throughout the year. We continue to focus our efforts on strengthening our relations with unions, based on mutual trust and understanding to co-create a better future.

We also ensure compliance with the new rules on labor outsourcing, taking the necessary measures and engaging specialized services as established in the applicable legislation.

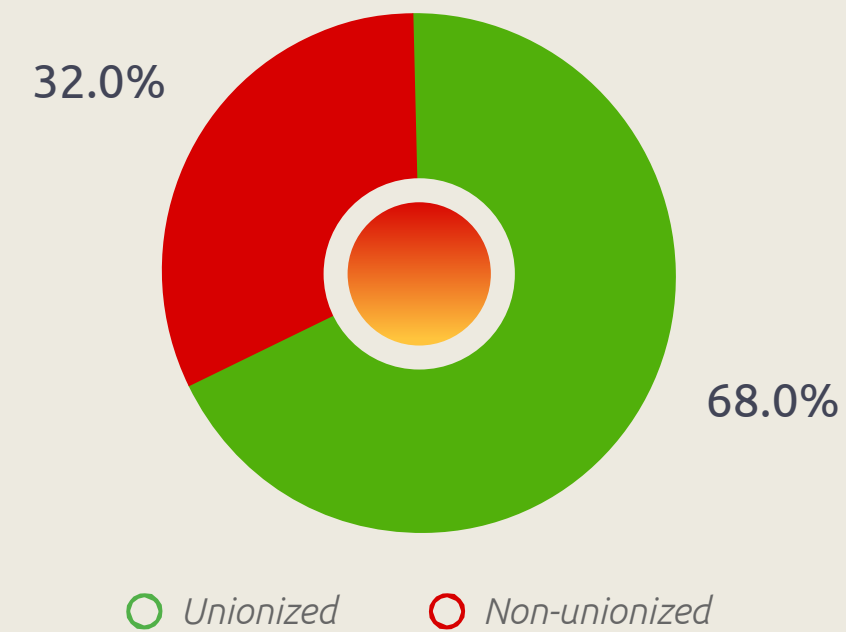
COMPOSITION AND GENDER DIVERSITY OF OUR PERSONNEL

At the close of 2022, the workforce of Peñoles and its subsidiaries was 16,811 employees —excluding affiliate companies—breaking down as follows:

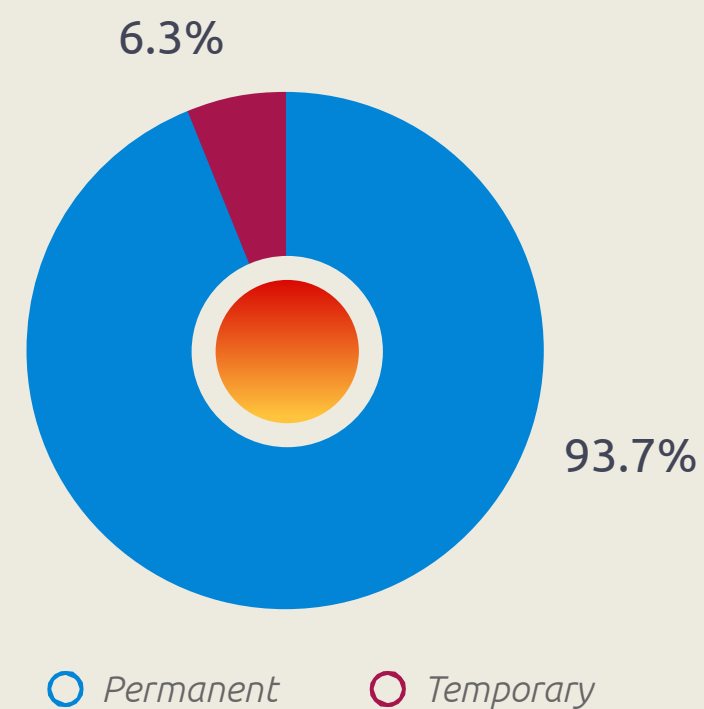
By gender



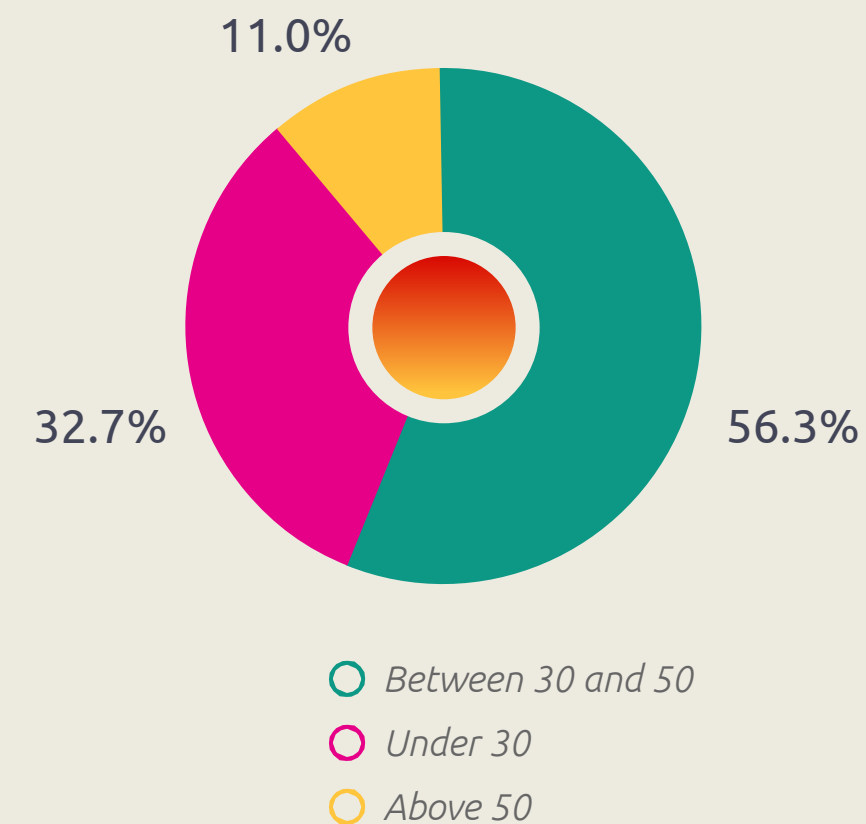
By affiliation



By type of contract



By age



The total number of women employees increased from 12.6% in 2021 to 12.9% in 2022. There are some units where women share is higher than the company's overall average—for example, Velardeña (16.9%), Capela (18.6%), and Servicios Administrativos Peñoles (41.0%). This brings us close to the national average of 16.3% for women in the mining and metallurgical industry, according to figures from the Mexican Mining Chamber at the end of 2021.

HEALTH AND SAFETY

Peñoles is committed to the health and safety of its people, so we focus on identifying and controlling risks, with special attention to critical risks that could result in severe or fatal injuries.

Our safety and health governance is based on our sustainability policy, by which we commit to ensuring safe operations based on a culture of prevention, elimination of hazards and risk reduction, with the participation and involvement of our employees and outside experts. The Central Committee on Environment, Safety and Health establishes safety and health standards, monitors their enforcement, evaluates operating performance and promotes adoption of best practices. Division heads are responsible for meeting those standards, led by the Assistant Vice President of Safety, Health and Environment, who defines key programs for eliminating fatal accidents and reducing incidents, in shared responsibility with the Vice Presidents of Operations, Explorations and Projects. Our safety performance, progress and metrics are reviewed in executive committees.

We continue to implement our High-Potential Management strategy with a focus on three dimensions: (i) managing critical risks and controls; (ii) managing leadership behaviors and practices; and (iii) managing incidents. In 2022, we reinforced the control of critical risks identified in our operations through verifications, training and education. Industrias Peñoles also encourages visible onsite leadership, with direct involvement by the chief operating officers to foster a culture of accident prevention. We also published communiqués, alerts and lessons on accidents and incidents.

We deeply regret the report of three fatal accidents in 2022, at our Fresnillo, Milpillas and Met-Mex units, and the death of one worker in the first quarter of 2023 as the result of an accident at Saucito. We took corrective action to minimize the potential for recurrence of such incidents and conducted a detailed investigation and shared the lessons with all of the Peñoles and Fresnillo plc business units. These fatal accidents are a vivid reminder that we must never cease in our efforts to eradicate fatal accidents.

In 2022, we reviewed our criteria for qualifying and classifying accidents involving personal injury to align them with the criteria of the ICMM and OSHA. This reclassification involved eliminating injuries treated by first aid and not requiring medical treatment from the calculation of the lost time injury frequency rate (LTIFR). Fresnillo plc has applied this criteria since 2020. Additionally, in the case of Fresnillo plc, we have included the Exploration Division and corporate offices in the calculation of both rates.

The following indicators will be our new baseline for future reporting.

2022 safety indicators	Total
Hours of risk exposure	85,560,784
Lost time injuries	474
Total recordable injuries	977
TRIFR	11.42
LTIFR	5.54

** Recordable injuries: fatal accidents + lost time injuries + restricted work injuries + injuries requiring medical treatment per 1,000,000 hours worked.*

** Lost time injuries: number of injuries with lost time per 1,000,000 hours worked.*

In our 2022 Sustainable Development Report, we communicate our progress on safety indicators over a period of five years.

In matters of health, with the COVID-19 pandemic still ongoing, we extended sanitary protocols to prevent contagion among our employees and our communities. We encouraged vaccination for our employees and supported government campaigns, offering our facilities to set up vaccination centers onsite, where more than 347,000 doses were applied to employees and others, in coordination with the authorities. We also supported communities with various donations of medical and sanitary supplies, personal protection equipment, food parcels and water.

A total of 12,117 positive cases of COVID were detected in the company during the year, including contractors. Unfortunately, three of these people died from the illness.

All of our workplaces have both the COVID-19 Sanitary Safety and the Safe and Healthy Workplace distinctions from the IMSS. Additionally, six workplaces have ISO 45001 certification: two Peñoles mines and four Fresnillo plc units, as well as one workplace in the Metals and Chemicals division.

We identified the chief risks to health in our business units, which include exposure to dust, gases and noise, and evaluated them in order to decide on measures to control them. In 2023, we will be reviewing our standards to focus on controlling potential risks.

We also monitored both the physiological and psychological condition of our employees through medical exams at the time of hiring as well as regular checkups, occupational health checks and gynecological exams. These evaluations enabled us to offer preventive intervention, primarily in occupational health. We continued to encourage healthy lifestyles to prevent chronic degenerative diseases.

Monitoring lead as an occupational health standard is highly important in our processes and we have a strategic hygiene and medical oversight program according to our zero-damage approach, which has enabled us to prevent and control exposure.

We conducted industrial hygiene and ergonomic studies in our workplaces, using the results to guide our health monitoring programs. When we identify some activity that presents an ergonomic risk, we review our procedures to establish controls and change the way the job in question is done.

Mental health care is another priority goal, and we provide preventive attention to mentally related occupational disorders and illnesses by promoting holistic health, emotional containment, rehabilitation and detection of job stress, through workshops and lectures. We offer individual psychological counseling for employees with anxiety or depression resulting from COVID-19 or the loss of some family member. We applied and followed-up on the NOM-035 questionnaire “Severe traumatic events (STE)” to support and provide psychological guidance to employees.

The most frequently recorded occupational diseases in the company are hypoacusis—hearing loss—and silicosis—respiratory disease—which are monitored and treated, as well as musculoskeletal disorders and the aftereffects of work-related accidents. Monitoring lead as an occupational health standard is highly important in our processes and we have a strategic hygiene and medical oversight program according to our zero-damage approach, which has enabled us to prevent and control exposure. In the past five years, we have recorded no occupational illness resulting from high levels of lead in the blood.

CULTURAL EVOLUTION AND COMPREHENSIVE WELL-BEING

In 2021, we launched the first phase of our cultural evolution strategy. We prepared a diagnosis of the current culture and use the results to define the necessary competencies and methodologies to close the gap between the culture we have and the culture we want.

To continue moving forward, overcoming challenges and strengthening our vision, in 2022

we launched our Cultural Evolution strategy, which pursues total commitment to results, co-creation and teamwork, with the TRIL institutional values as its foundations.

Also during the year, we adopted a Policy on Equality and Non-discrimination that formally establishes our commitment to being the best employment option for everyone, offering real opportunities for advancement and recognition in a safe, equitable, inclusive work environment of respect and equal opportunity, and in which all of our people feel valued and inspired to contribute to their fullest potential. This policy can be viewed on our website at www.penoles.com.mx.

Finally, we launched the Champions program, designed to inspire change in people and promote their overall well-being through leadership and the positive influence of our leaders to implement the Cultural Evolution strategy critically and generally. Our champions give workshops on the elements of the culture we want in our company, train new champions and distribute the key messages of our strategy in their network of contacts.



The well-being of our people is a priority and crucial for the success of the company. We make efforts to redefine our comprehensive well-being strategy, focused on six dimensions.

Dimension	Goal	Actions
Intellectual	Achieve optimum mental function in order to reflect, analyze and make decisions, learn continually and be open to change.	We created Talent University, a virtual platform that inspires and enables people to take charge of their own personal and professional advancement by building technical and human skills through more than 5,000 online courses.
Emotional	Recognize, manage and appropriately express emotions and feelings, successfully handle stress and have a positive relationship with oneself and others.	At Peñoles, we applied the NOM-035 questionnaire on psychosocial risks at work to identify and prevent them and provide attention to those who need it, creating a positive work environment for everyone. More than 70% of our unionized and non-unionized employees took part in this survey.
Physical	Be and feel physically secure, healthy and energetic, in order to fully enjoy life and to do our jobs to the best of our abilities.	We began analyzing programs and work plans in conjunction with the occupational safety and health areas, to design unified plans aligned with our Comprehensive Well-Being strategy.
Transcendental	Expand our consciousness, discover a purpose in life, experience love, joy, peace and a sense of achievement (self-realization) so that we can be the best version of ourselves and contribute to the well-being of others.	We introduced mentoring programs that encourage participants to develop the best version of themselves and to gain a sense of helping others. The first of these is the Women for Women mentoring program, whose goal is to promote and develop leadership skills on an equitable basis, and build a network of women based on solidarity and empathy.
Cultural	Bring our personal traditions, beliefs and values, expressed in behaviors, actions and habits, into a single business culture capable of adapting to social environmental changes and building high quality relations with the world around us.	We launched the Women's Leadership project in order to increase recruitment of women and offer equal opportunities for advancement. Based on the results of a leadership and Diversity, Equity and Inclusion (DEI) culture survey, and according to best equity practices, we defined 15 organizational indicators of women's leadership to close the gaps identified. The information collected in the survey supported drafting of a master plan, incorporating best practices, divided into three categories: cultural transformation, leadership and governance, and processes.
Professional	Develop the abilities and competencies required by our jobs and responsibilities, always learning new skills, building a cooperative interaction with coworkers and leaders, and achieving job satisfaction.	We began reviewing organizational practices like recruitment, selection and hiring; skill-building; performance evaluation; success and career plans; and retention, to focus on securing professional advancement for our people, generate sustainable employability and ensure their comprehensive well-being.