

Stakeholders

Our commitment is to forge positive relations with all our stakeholders—employees, communities, customers, suppliers, shareholders and the government—based on ethical behavior, honesty, transparency, and respect for human and labor rights. By being aware of their expectations, we strive for proactive involvement and decisions on how to create value. We also expect each of these groups to behave ethically, in keeping with the principles listed in our Code of Conduct and Third-Party Code of Conduct.

We have identified our stakeholders on the basis of how they may influence or how they may depend on the company’s success. With all of them, we maintain open channels of communication to foster trust and dialogue. We are committed to responding promptly and efficiently to each of them, with reliable information. In this section we will list our stakeholders, their relevance, and the engagement mechanisms and activities we provide to maintain solid relations with them.

Goal/relevance for the company	Mechanisms	Metrics	Activities and efforts	Results	Potential risks
<p>To be the best place to work, a company they can feel proud of, which dignifies them by offering opportunities for development, respect and recognition in a safe and team environment.</p> <ul style="list-style-type: none"> • An experienced and motivated workforce that offers good ESG performance. • A workforce committed to safety and health improvement measures. • Commitment of the workforce, including senior management, offers valuable information for decision-making. • Diversity improves creativity, innovation, retention and productivity. 	<ul style="list-style-type: none"> • Strategic and operational planning • Code of Conduct • Regular work team meetings • Talent Development, Evaluation and Performance System • Labor modernization program focused on results and productivity <p>Internal communication mechanisms</p> <ul style="list-style-type: none"> • Materiality analysis • Annual reports: Financial and Sustainability • Whistleblowing line Línea Correcta • Training and development in administrative, human and technical competencies • Workplace environment survey 	<ul style="list-style-type: none"> • Fatal accidents • Total recordable injury and lost time injury frequency rates • New cases of work-related illness • Turnover rate • Gender diversity • Whistleblowing line reports 	<ul style="list-style-type: none"> • Creation of crisis management teams to supervise COVID-19 prevention measures. • Union participation in collective bargaining, prevention of harassment, outsourcing reform, cultural evolution, health and safety committees, and critical controls in the workplace. • Symposium on occupational health and safety with involvement of unionized employees. • Training in cultural evolution to encourage accountability and teamwork. • Comprehensive program to identify, prevent and address workplace harassment. • Creation of a Committee to Prevent Discrimination. • Surveys to better understand the concerns of our workforce. • Interviews and focus groups to better understand our employees perceptions regarding the company’s performance in the communities where we operate. • Whistleblowing line. • Mentoring program for women. 	<ul style="list-style-type: none"> • Positive relations with workers and unions. • No strikes or labor conflicts that affected our operational capacity. • Reduced impact from COVID-19 due to actions to prevent and reduce propagation. • Reduction of total recordable injury and lost time injury frequency rates. • A board level mechanism for workforce involvement. 	<ul style="list-style-type: none"> • Union relations • Safety: unsafe acts or conditions • Exposure to COVID-19 • Changes in responsible mining practices

1. EMPLOYEES



Our goal is to have communities committed to their development and to the company, that prosper and are owners of their destiny, and feel proud of having Peñoles as a neighbor.

Goal/relevance for the company

To have communities committed to their own development and to the company, that prosper and are owners of their destiny, who appreciate and are proud of having Peñoles as a neighbor and partner.

- Relations with local authorities and NGOs are crucial to the successful implementation of health and education programs and the development of skills and abilities in our communities.
- Arriving at a fair commitment to give indigenous peoples access to new projects is a concern of regulators, NGOs, investors and society at large.
- Leaving a positive legacy beyond the lifecycle of our mining operations is crucial for earning and maintaining the company's social acceptability.

Mechanisms

- Social Management System
- Grievance mechanisms
- External communication channels and media monitoring
- Meetings with social leaders
- Annual reports: Financial and Sustainability
- Socioeconomic diagnosis
- Perception survey
- Materiality analysis
- Self-development promotion

Metrics

- Economic value distributed
- Perception surveys
- Local employment and procurement
- Payment of taxes to the Sustainable Development Fund for Mining States and Municipalities
- Community investment

Activities and efforts

- Support for health campaigns in our communities.
- Involvement of parents and school authorities in ensuring a safe return to school.
- Social investment with an emphasis on education, health and sports, skill-building and access to water.
- Commitment to leaders, local and regional authorities to identify, discuss and take action regarding their concerns, aspirations and needs.
- Conduct regular social studies to identify and evaluate community needs.
- Operate grievance mechanisms to address concerns and inquiries from the communities.

Results

- Community investment.
- Local employment and procurement.
- Economic value distributed in the regions where we operate in the form of salaries and benefits, payments to contractors and suppliers, and federal, state and municipal taxes.

Potential risks

- **Access to land:** Increased expectations of compensation, influence of outside interests in negotiations, effective consultation processes with indigenous peoples, and risks of lawsuits from agrarian communities.
- **Licence to operate:** Deficient social and environmental performance and/or presence of anti-mining activism increases the risk of opposition and conflict.
- **Water availability:** Climate change alters the availability of water resources where we operate.

Goal/relevance for the company

Establish cooperative, mutually beneficial and institutional relations by promoting open dialogue for the common good with legislators and representatives of local, state and federal governments.

- Address a wide range of strategic issues such as safety, environmental permits, taxes, promotion of local business, creation of a responsible value chain, positive public recognition of mining and of the company, public policies favorable to current and future operations, process for drafting legislation, community support and mediation, among others.
- Build a solid reputation and open communication with policymakers to offer our perspectives and information when drafting new laws or legal reforms.
- Create an Alliance for the Common Good, strengthening our vision of shared responsibility with regional governments, for the good of all mining communities.

Mechanisms

- External communication channels and media monitoring
- Meetings with local, state and federal authorities
- Annual reports: Financial and Sustainability
- Socioeconomic diagnosis
- Perception survey
- Executive meetings

Metrics

- Economic value distributed: payment of taxes and fees
- Royalties paid in keeping with the Federal Royalty Law

Activities and efforts

- Meetings with organizations such as CAMIMEX (Mexican Mining Chamber), CONCAMIN (Mexican Confederation of Industrial Chambers) and the CCE (Business Coordinating Council) and sustainability associations like CESPEDES (Mexican Chapter of the World Business Council for Sustainable Development) and the CCA (Mexican Water Advisory Council); meetings through mining cluster associations, Coparmex offices and independent hearings.
- Information provided to decision makers based on reliable data on the mining industry and an open-door approach to our processes.
- Meetings with local, state and federal authorities regarding operating safety, mining royalties, environmental permits, mining regulations, tax issues and successful implementation of public policy for the industry in the regions where we operate.
- Meetings with the corresponding tax authorities.

Results

- The company carried out a new restructuring to meet new labor and tax obligations, ensuring a segment of the workforce that is essential to our strategy, preserving employees' rights and cooperating with authorities in fulfilling contractors tax obligations.
- Excellent track record of compliance in health, safety and environment, as evident in national awards and certifications.

Potential risks

- **Potential government actions:** Changes in regulations and delays in their passage, which may have an adverse impact on obtaining the corresponding mining and water permits, rights and concessions; energy policies and reforms and connection to the electrical network; regulations on outsourcing; tax changes; burdensome tax obligations, including responsibilities on contractor compliance; environmental and property taxes, permits for explosives, reforms to the mining law and other important secondary laws that may affect the current way we do business; declaration of other further strategic minerals besides lithium, etc.
- Social climate adverse to operations due to lack of state support.



Create an Alliance for the Common Good, strengthening our vision of co-responsibility with regional governments.

Goal/relevance for the company

Mechanisms

Metrics

Activities and efforts

Results

Potential risks

4. CUSTOMERS	<p>Be a strategic partner that offers comprehensive solutions and inspires the trust needed to do business over the long term.</p> <ul style="list-style-type: none"> Mutually beneficial relations with a deep ethical commitment, which build trust and long-term cooperation with our various clients. 	<ul style="list-style-type: none"> Customer administration system Service and satisfaction surveys Technical visits Product catalogue External communication channels and media monitoring Annual reports: Financial and Sustainability Process certifications Socioeconomic diagnosis Perception survey Materiality analysis 	<ul style="list-style-type: none"> Economic value distributed: total sales Local and international customers 	<ul style="list-style-type: none"> Conduct LBMA and LME responsible supply audits. Supply the required products and services with the highest quality and timeliness possible. Conform to current Peñoles policies and procedures. Maintain quality, trust and process improvements. 	<ul style="list-style-type: none"> LBMA and LME certifications guaranteeing a conflict-free supply chain. Positive relations between the company and its customers. 	<ul style="list-style-type: none"> Fluctuation in the prices of commodities like metals. Longer shipping times due to stricter regulations and permits. New purchasing trends and needs. Changes in logistics and transport.
5. SHAREHOLDERS	<p>To be the best investment option in the medium and long term, by guaranteeing cost competitiveness, growth, profitability and business continuity.</p> <ul style="list-style-type: none"> Constructive dialogue and constant cooperation of shareholders are fundamental to our operations. Ensuring equal treatment for all company shareholders. Environmental and social performance are today considered decisive investment criteria. Partnering with the community of businesses that invest in Mexico can have a positive impact on public policies and Mexican business. 	<ul style="list-style-type: none"> Shareholders' meetings Board meetings Meetings with committees that support the Board Executive meetings External communication channels (web page) Financial and performance reports to investors Annual reports: Financial and Sustainability CEO Reports 	<ul style="list-style-type: none"> Return on investment Dividend payments Asset optimization Profitability 	<ul style="list-style-type: none"> Provide information for decision makers based on concrete, reliable data regarding the performance of the company and the mining industry, and offer them an open-door policy on our industrial processes and our business strategy. 	<ul style="list-style-type: none"> Positive relations between the company, shareholders and other stakeholders. Clear accounting through quarterly and annual reports and presentations. Solid corporate governance that builds confidence among the investing public. Increasing interest in disclosure of ESG performance in investor reports. Long-term performance and profitability. 	<ul style="list-style-type: none"> Rapid evolution of financial markets. Differing regulations in international trade and markets. Stricter environmental regulations.

Goal/relevance for the company

To be a strategic partner, whose business relations are based on good commercial practices and ethical commitment, with whom suppliers can establish mutually beneficial, long-term relationships.

- Solid environmental and social performance by every component of our value chain is fundamental for minimizing negative impacts and conflicts.
- A lasting ethical culture expressed in our actions is the foundation for building trust with our supply chain

Mechanisms

- Trusted supplier catalogue
- Visits and audits
- Due diligence evaluations
- Opinion surveys
- External communication channels and media monitoring
- Annual reports: Financial and Sustainability
- Training workshops
- Training and advice
- Socioeconomic diagnosis
- Perception survey
- Materiality analysis

Metrics

- Responsible value chain
- Local, regional and international suppliers

Activities and efforts

- Hire suppliers and contractors based on quality, profitability, service, technical capacity, competitiveness and experience criteria.
- Keep all information received from suppliers and contractors strictly confidential during the entire process of accepting bids for the assignment of purchase orders and contracts.
- Share ethical and socially responsible business practices, with strict adherence to the Code of Conduct and respect for human rights.
- Due diligence and ESG questionnaires applied to critical suppliers.

Results

- We continue to work on incorporating new suppliers according to Canacina, and our DC3 certification program for welding, according to Cecati 83.
- Our Third-Party Code of Conduct is a solid strategy for establishing Peñoles' expectations for its entire value chain and ensuring these are met.
- We have introduced a due diligence process for responsible sourcing of gold and silver and reviews of permits and concessions.
- Positive relations between the company and its suppliers.
- Local employment and procurement.

Potential risks

- Price fluctuations due to international situations.
- Society, regulators and investors are increasingly interested in human rights protection, diversity, equity and inclusion throughout the value chain.
- Changes in regulations and delays in their passage may make it harder to obtain the necessary social and environmental permits.

Our Third-Party Code of Conduct is a sound strategy for establishing and meeting the performance expectations Peñoles has for its entire value chain.

