

Ethics and integrity

Industrias Peñoles is bound by the highest ethical standards, and we endeavor for every one of our actions and behaviors to reflect our ethical culture and corporate values of trust, responsibility, respect, integrity, and loyalty. We expect all of our employees and everyone with whom we have business dealings to abide by the same standards, and by our [Code of Ethics and Conduct](#). This ethical culture gives us a strategic advantage over our competitors and ensures that we survive and prosper in the long term. It is reflected in the recognitions we received in 2023:

Our ethics, compliance, and ethical culture program has been evaluated by Ethisphere™ Ethics Quotient®, and the results will allow us to measure and monitor our ethical culture, as well as identify international best practices. We will use this as a basis for initiatives to strengthen ethics and take our integrity practices to the next level in 2024.

- 1st place in the Corporate Integrity Index (IC 500)
- 19th place in Industry Ethics and Value: Trajectory 2023
- Personal Data Protection Certification from INAI
- Recognition from the Exceptional Companies listing in the category of Transparency, with the exceptional practice: "Ethics, integrity, transparency and compliance toward a sustainable future"
- Participated in the World's Most Ethical Companies to assess our integrity and compliance initiatives during the year.



Our ethics, integrity & compliance journey

2012 - Antibribery and Anticorruption Program

- ABAC policies & procedures
- Whistleblowing mechanism "Línea Correcta" for reporting unethical behavior anonymously, managed by an external Third-Party and oversight by an Ethics Committee.
- Third party due diligence process.

2013 - 2014 - LBMA Responsible Gold & Silver Certificate

- First independent third-party audit of the company's supply chain for 2012, which complies with the London Bullion Market Association (LBMA) Responsible Gold Guidance.
- 2014:**
 - Voluntary adherence to the responsible Silver certificate
 - We maintain our LBMA certifications, which demonstrate to customers and investors that the precious metals chain is conflict free.

2017 - Índice IC 500

- Corporate Integrity index (IC 500) is an initiative of Mexicans Against Corruption and Impunity in conjunction with Transparencia Mexicana (both ONG's) to assess the existence and publicity of the integrity and anti-corruption policies of Mexico's 500 largest companies.
- The review criteria are divided into five components: statement of principles; third party relations; training and outreach; whistleblowing system; and availability of information.
- Since 2021, Peñoles ranks 1st in the IC500 index.

2019 - Third party Code of Conduct

- This is a sound strategy for establishing and meeting the performance expectations Peñoles has for its entire value chain.

2020 - Harassment Prevention Program

- Protocol for prevention and attention of labor and sexual harassment
- Training for personnel.
- Confidence is being built in the mechanism to attend cases of labour & sexual harassment.

2022 - Responsible sourcing

- We increased the scope of our metallurgical business to base metals (lead & zinc) using what we learned from the responsible sourcing program for precious metals.



Governance

The Committee on Ethics and Corporate Values—made up of company executives—supervises and monitors compliance with the , and addresses cases of unethical conduct, establishing sanctions when there has been a violation. The Compliance Department reports to the Board of Director's Audit Committee on the status and performance of the Integrity and Compliance Program.

Our corporate compliance structure coordinates strategies and initiatives using a preventive approach to avoid situations related to acts of bribery and/or corruption, and to verify compliance with applicable internal regulations. These efforts include processes, areas, and responsible persons that, due to the nature of their operations and their degree of exposure, are required to maintain an anti-bribery and anti-corruption focus.

Our [Code of Ethics and Conduct](#) defines the ethical standards that guide the conduct of all of the employees of Industrias Peñoles S.A.B. de C.V. The Code is based on the principles that distinguish us as a company, on what

we do and how we do it, on our organizational philosophy, and on our values. In 2023, we revised the Code to include a specific section on legal and regulatory compliance, including: prevention of money laundering, protection of personal data, and contracting of specialized services, in accordance with the recent reform to the Mexican Labor Law. We also deepened the definition of non-discrimination factors, as well as the issues of equal opportunities, harassment-free workplaces, and prevention of psychosocial risks. Although these issues were already incorporated into our internal policies, we have now made them explicit in the Code of Ethics and Conduct. We also have a set of [policies, guidelines, and procedures](#) to prevent fraud, corruption, bribery, misuse of donations and sponsorships, illegal dealings with governments, personal data breaches, discrimination, conflicts of interest, and reprisals.

Policies, guidelines and procedures



Integrity and compliance risk management

By preventing, detecting, and mitigating integrity and compliance risks, we earn the trust of our stakeholders and ensure the success of our business. Our program consists of three lines of defense:

First line: Supported by areas responsible for processes, controls, and technology, and focused on daily operations to avoid incidents and guarantee compliance with current laws and regulations.

Second line: Includes oversight, reporting, and indicators from comptrollers, risk management, the Compliance and Legal Affairs Departments, among others.

Third line: Represented by the internal audit area, which provides independent assurance to the audit committee and management team regarding risk mitigation, control effectiveness and efficiency, and corporate governance.

We conducted national and international compliance assessments as a way to promote best practices in Peñoles and Fresnillo. Based on the 2022 third-party verification of Fresnillo plc's anti-bribery and corruption program—which considered the requirements established by the UK Bribery Act regulation, as well as Mexican regulation—an action

plan was drawn up to implement in both companies the improvements identified in the processes that carry the greatest risk. As a result, in 2023, we updated procedures for entering into project and service contracts, procurement, due diligence, and financial transactions to prevent bribery and corruption, and in 2024, a training plan for these areas will be deployed.



Third-party due diligence

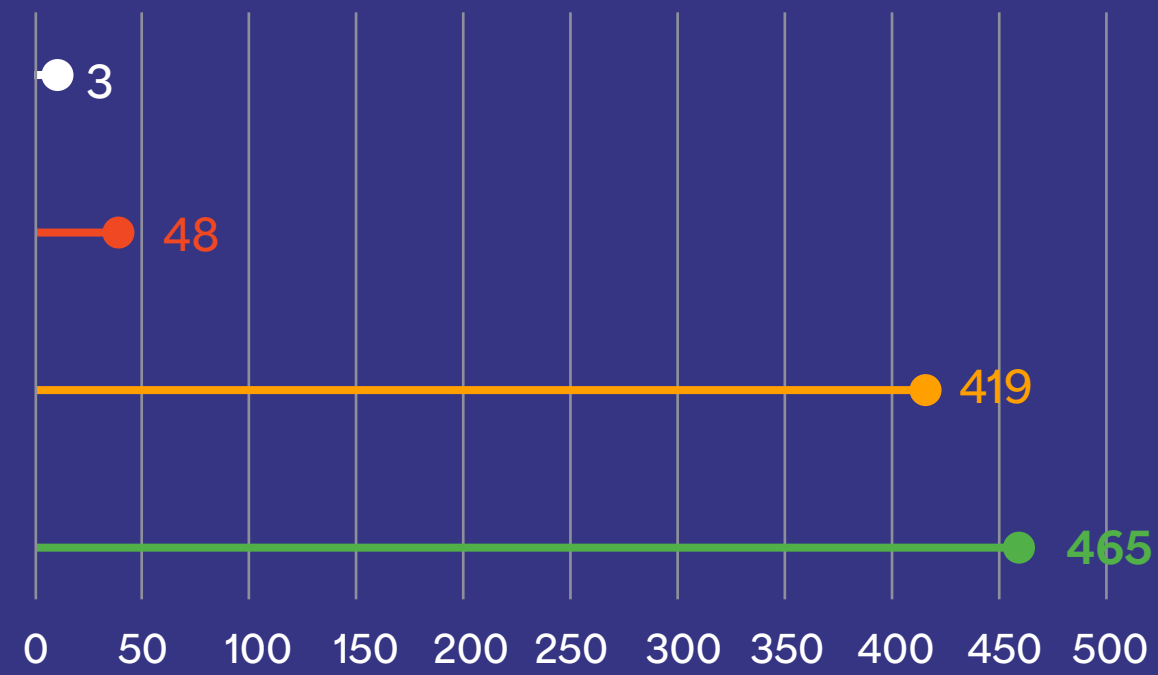
Our [Third-Party Code of Conduct](#) sets out Peñoles' expectations for responsible business conduct by all outside parties intending to do or doing business with Industrias Peñoles. Before entering into a business relationship with any [outside party](#)—raw material suppliers, contractors, customers, suppliers, or business partners—we complete a verification process based on risks and mitigation measures. As part of the due diligence process, our business partners pledge to comply with our expectations of ethical behavior and integrity, human and labor rights, occupational health and safety, and respect for communities and the environment.

In 2023, we concluded the installation of BAL's Evalúa platform to automate and optimize the third-party due diligence process.

This process transformation and standardization considers the criticality of outside parties from an approach based on risk levels, by which we can efficiently detect alerts and have an accurate methodology for making informed decisions on establishing or continuing the business relationships. The duration of due diligence—from one to three years—is determined based on the assigned risk.

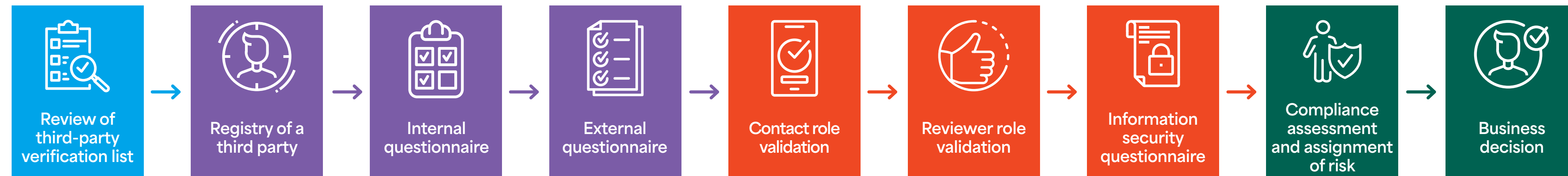
Automating this process ensures better traceability of transactions with outside parties and reduces response times, in addition to simplifying the process for both our business partners and our internal personnel. In 2024, we will continue to train employees in the use of the BAL Evalúa platform and stabilize the process in order to ensure that due diligence is performed exclusively using the platform.

Requests for third-party due diligence



Note: 33 of these requests were addressed through the BAL Evalúa platform.

- High risk with veto
- High risk
- Medium risk
- Low risk



Phase conducted in the platform

Money laundering and bribery prevention

Our people's ethical conduct is key to our organizational purpose. We strive to maintain an ethical culture—which we embody in our conduct and actions—with zero tolerance for any form of corruption or bribery. Our due diligence process avoids business relations with others when there is any doubt as to their involvement in illegal activities on our behalf.

Any suspicion of bribery or corruption is reported through our institutional whistleblowing mechanism, *Línea Correcta*, and investigated. Disciplinary measures for those who participate directly or indirectly in bribery or corruption practices through an outside party include—in addition to the possibility of subsequent legal action—termination of the employment contract, if they are part of our workforce, and termination of the business relationship, in the case of third parties. Furthermore, we cooperate with authorities in investigating any alleged violations, imposing the corresponding sanctions and taking the necessary corrective action.

All employees are obligated to abide strictly to the bribery and corruption laws governing Industrias Peñoles, including the General Administrative Responsibility Law, the Federal Criminal Code of Mexico, and secondary federal and state laws applicable to corruption and the private sector.

Our anti-bribery and anti-corruption mechanisms reflect international best practices and guidelines, such as the United Nations Global Compact, the core conventions of the International Labor Organization (ILO), the guidelines promoting corporate responsibility issued by the Organization for Economic Cooperation and Development (OECD) and the United Nations (UN).

Money-laundering prevention

We continued to comply with current regulations on transactions involving proceeds of dubious origin by closely tracking operations and presenting notices of vulnerable activities. We will continue to track this group's vulnerability to such transactions and adapt as necessary to emerging regulatory changes.

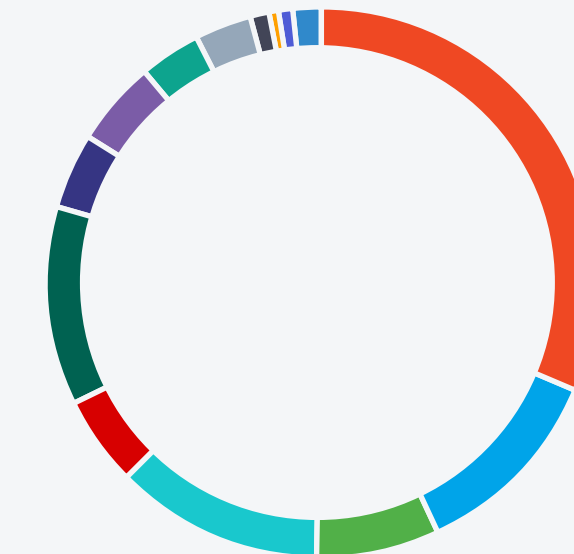
Whistleblowing Mechanism

Our whistleblowing mechanism, *Línea Correcta*, is a confidential and secure channel for reporting concerns about the company's operations or any unethical behavior. EthicsGlobal, an independent supplier that guarantees whistleblower anonymity, operates the hotline. It is open to all staff, suppliers, contractors, and other stakeholders, as well as members of surrounding communities. The Ethics and Corporate Values Committee reviews the reports received on a quarterly basis, which are overseen by the Audit Committee.

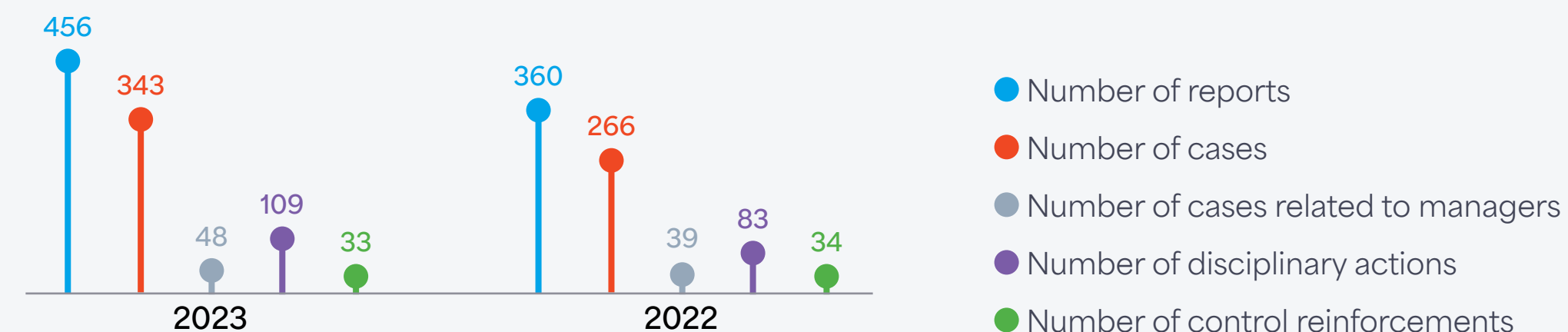
In 2023, we performed an independent survey to identify the extent to which employees trust *Línea Correcta*. Based on the results, we developed a comprehensive plan to strengthen the processes for receiving, handling, and resolving reports in order to reduce the risk of information leakage and reprisals, and improve communication with those who report through *Línea Correcta* or any other channel. This plan will be deployed during 2024, and will include a communication campaign on key aspects: confidentiality, anti-reprisals, and how to properly cooperate in an investigation. It will also include workshops to strengthen the capacities of key areas that, due to their position, receive the complaints.

Type of report	2023	2022
● Mobbing	108	90
● Abuse of authority	40	38
● Others	25	22
● Sexual harassment	42	28
● Theft or destruction of assets	18	2
● Kickbacks/unethical dealings with suppliers	40	23
● Conflicts of interest	15	14
● Violation of policies	17	13
● Professional/occupational negligence	13	18
● Unsafe actions or conditions	11	2
● Incorrect use of assets	4	3
● Fraud	2	5
● Breach of trust	3	6
● Improper conduct	0	2
● Discrimination	5	-
TOTAL	343	266

Cases reported to Línea Correcta



Ethical conduct indicators



Integrity workshop

for 38 newly hired engineers-in-training at Peñoles' mines division

CRIL Values Workshop

for 124 unionized employees

Online Integrity Culture

course (permanent training)

for 140 new hires through our Virtual Campus

Training Workshop

(conflict of Interest)

at Química del Rey, 51 employees, and for controllers in the Mines division, 48 people

Mobbing and harassment prevention

for Exploraciones Peru, 38 people.

Training and raising awareness

We seek to embed the organizational culture in our people from the moment they join the company and extend it to our different stakeholders.

In 2023, we once again reiterated our commitment to integrity, involving 4,830 people—the equivalent of 100% of non-unionized employees in Mexico

and Peru (see case study). We also trained 395 contractors of goods and services through online workshops to ensure their adherence to our [Integrity and Compliance Policy](#) and our [Third-Party Code of Conduct](#).

Contractors were selected based on two factors: number of permanent employees in our business units and continual or permanent engagement.

In 2024, we will provide segregated training according to the roles and responsibilities of the areas more prone to corruption and bribery risks.



Case study - Reiterating our commitment to integrity

Through our Talent University internal technological platform, we annually reiterate our commitment to integrity through a training exercise in which all employees and managers pledge to comply with and enforce compliance with the company's Code of Ethics and Conduct. Furthermore, compliance regulations are reinforced and internalized through the following initiatives:

- Exercises to socialize updating of the Code of Ethics and Conduct
- Knowledge and evaluation of procedures for preventing and deterring fraud, donations, sponsorships, gifts, and hospitality; anti-bribery and anticorruption, conflict of interest guidelines, crime prevention, and legal non-compliance
- Clips on mobbing and harassment prevention and the importance of personal data protection
- Use of the whistleblowing mechanism and how to make a report
- Questionnaire to identify potential conflicts of interest (Annual Conflict of Interest Statement).



The Integrity and Compliance program includes a permanent communication strategy; we organize campaigns to foster the desired culture within our company and among stakeholders. Through “The Value of Compliance” campaign, we spread the word about the importance of regulatory compliance and how it builds value for our organization.

Communication of our **reiterated commitment to integrity 2023**: Wallpaper, WhatsApp, e-mail, and internal portals

Communication on **cybersecurity**: reminder button on websites, posting alerts with infographics

Communication on **gifts and hospitality**: banner on internal website, e-mail, external website, and trivia prompts

Biannual publication of **Línea Correcta statistics**: e-mail and posting on internal websites

Personal information: Infographics on definitions and ARCO rights

Communication on **conflicts of interest**: infographics on myths and realities, and trivia prompts

Cybersecurity

For Industrias Peñoles, information is an invaluable asset that must be protected, and all employees share the responsibility to safeguard it. With this in mind, we created a Cybersecurity Office in 2019, which establishes a model of cybersecurity governance that, besides being based on the [three lines of defense](#), involves every level of our business. In 2023, we continued to strengthen cybersecurity in all of our business processes, aligned with our business strategies and mindful of our responsibility, as a compliance area, to safeguard digital security as a second line of defense in all of our technological processes.

Our cybersecurity governance initiatives continue to strengthen regulatory capacities for respecting the various laws governing the company and protecting information and technological assets at all levels of the organization. These initiatives encompass the three types of technology we work with: information technology, operating technology, and specialized technology.

We manage a **Cybersecurity Architecture Review Board** a multi-disciplinary work team with decision-making capacity that contributes perspectives and analysis on technology projects and ensures that we meet international standards and internal guidelines, thus avoiding new cyberthreats. Based on its recommendations, we ensure that all technology projects are deployed in a secure manner and that we maintain the necessary level of protection for the entire organization. We are constantly on the alert for cybersecurity threats around us, and we analyze, identify, and remediate failures effectively through vulnerability management. We work as a team and in partnership with our technology areas to establish best security practices and standards for the evolution and technological innovation our business processes.

The **Access Identity Management Committee** a multidisciplinary team of representatives from the IT Depart-

ment, functional leadership, and cybersecurity office, is responsible for overseeing compliance with policies and standards related to access control identities (IAM) to reduce the risks inherent to identities and access.

In the interest of full compliance with the Federal Law for the Protection of Personal Data in Possession of Private Parties, our Personal Data Management System has completed the second phase of its **audit** by the firm NYCE, and we now have certification for our business units.

We are in continuous communication and collaboration with Grupo BAL companies to share experiences, address challenges, and foster cybersecurity and risk culture (*see case study*). This is strengthened at all levels of the organization through various workshops; for example, IT Security workshop, simulation exercises at operational and executive levels, postings on news, and alerts to keep our people

aware of the different threat environments that currently exist.

Public policy

Peñoles is dedicated to the pursuit of the common good. We work together with governments and participate responsibly in dialogues on public policy initiatives. In our due diligence process, we seek to understand and manage the risks involved in our business partners' public exposure. Our Code of Ethics and Conduct makes clear our stance on relations with political parties: we prohibit any direct or indirect contribution by or on behalf of the organization to political parties or campaigns or to any individual, corporation, association, organization, union, or any other type of public or private entity involved in political activities in Mexico or abroad.

Case study - Código Hacker

For the third year in a row, we attended the Código Hacker cybersecurity congress, where, together with other Grupo Bal companies, we discussed topics such as security and trust in the cloud, artificial intelligence, cyber hygiene and personal safety, cyber resilience, and cybersecurity in collaborative environments. We also participated in a cyber-attack simulation, in which all members involved in IT issues participated.

Case study - Cybersecurity is our responsibility

We are continually raising awareness of the need to remain alert as we receive and consult information in a variety of media. With the slogan "Cybersecurity is our responsibility," we developed the following recommendations for staying secure in the face of cyber-attacks:

- **Be more alert**, Cybercriminals use certain types of news to create fake pages and links containing malicious software.
- **Promptly report**, any email, call or message you consider to be suspicious or of dubious origin.
- **Use corporate devices** to access the organization's services.
- **Use authorized media** for sharing sensitive or confidential information.
- **Use secure passwords** and do not share them with anyone.
- **Use only official sites** to consult information on the Internet.

For more information on how we manage relations with authorities, see the section on [Alliance for the Common Good](#).