

# Social impact and risk management

## Life cycle engagement

Our community engagement strategy is tailored to community expectations and potential impacts at each stage of the mining and metals life cycle. Communities expect the company to give them an opportunity to be heard and to participate in development. That is why we get involved early in the project life cycle:

- **Exploration:** Our teams establish contact with the communities to introduce us as a company, socialize our activities, and negotiate land access permits for exploration. During this stage, we identify their issues of interest, needs, expectations, and concerns; we address concerns and complaints related to our activities and become positively involved—generating opportunities for temporary employment, supply, and social investment. In advanced exploration stages, we conduct baseline studies to gain a better understanding of the communities. We conduct due diligence of indigenous peoples in company concessions to identify in advance the need to take steps to establish respectful relations with indigenous communities.

- **Projects:** We promote engagement with exploration and operation teams through a social management continuity plan that includes management evaluation, commitment tracking, and strengthening of project community relations teams to provide them with a working vision throughout the business life cycle.

Our teams expand on baseline social studies and impact assessments to design a social management plan. We make our social programs more ambitious by involving communities and civil society organizations. We conduct awareness activities for engineering and mining teams on key community aspects and consider social aspects in TSF site analyses. Additionally, we train our contractor partners on social issues. We increase our presence through meetings with communities and their authorities, as well as field visits to address their concerns and complaints, which helps to build trust. We work closely with land acquisition teams to address community expectations and concerns and connect them with local job and supply opportu-

nities with the projects. In projects located in indigenous territories, we work with the authorities to prepare and organize the Free Prior and Informed Consent processes. All of this is carried out through a comprehensive risk management plan, in coordination with technical and administrative areas.

- **Mining, metallurgical, and chemical operations:** Our community relations teams create social management plans to benefit causes of interest to communities. These plans include relationship-building activities and dialogue with communities and local authorities on topics relevant to them and the company. Institutional social investment programs are deployed during operations, and mechanisms for addressing concerns and grievances are maintained. To identify performance gaps and opportunities in our social strategy, we conduct social studies annually or biannually to incorporate viewpoints, expectations, and concerns. During the operational phase, longer-term employment and local sourcing opportunities are developed.

## Case study – Forum and interactive workshops with the community

In keeping with our commitment to transparency with the communities surrounding the Rodeo project, we shared with them how the company manages environmental, social, and innovation issues in mining processes through a series of forums and informative workshops for ejido residents and the community at large. The purpose was to talk about the good practices in place at our units and to have a chance to listen to questions and concerns from the general public.



103 people work in community relations.





### Social studies

Every year, we conduct social diagnostics in our operations, consulting communities about their concerns and expectations and learning about how they perceive our social and environmental commitment—as an employer and as a neighbor—and how they see our institutional image. This process helps us to identify risks and opportunities for improving our social performance. The studies include social impact assessments and due diligence with a focus on human rights.

### Social management plans

We develop social management plans to address the positive and negative impacts that we find in the social impact assessments, and incorporate mechanisms for addressing these appropriately. We also form strategic partnerships on relevant issues with governments, other businesses, and civil society organizations.

### Tailing storage facilities

Together with communities, we identify and manage impacts and social risks during the various phases of the TSF life cycle. This includes:

- Involvement of the community through infrastructure (TSF) socialization processes
- Concrete and transparent communication with the community
- Design of emergency response plans
- Audits with community participation.

### Land acquisition and resettlement

When we acquire land for our activities, we also carry out a process of community engagement to support the negotiations. From the project design phase, we are committed to studying alternatives to avoid any physical relocation of families and communities. When this is not possible, the resettlement must be backed by impact studies and action plans, with communities' involvement in identifying measures to mitigate impacts and restore the means of subsistence.

### Mechanism for addressing concerns and grievances

Our operations, projects, and explorations all have feedback mechanisms by which we can understand the real or perceived impacts of our activities and take action to address them. A grievance is a concern that requires a response or action from the company.



\*Statistics on grievances are reported in the Metrics section.



### Artisanal mining

We identify and characterize any ongoing artisanal mining activities in the company's zones of interest starting in the exploration phase, in order to assess the inherent risks and opportunities. We include attending to groups of artisanal miners in our social management plans, according to the context and local laws.

### Social transition for closure of operations

Contributing to the means of subsistence in communities during the mining life cycle is fundamental. For this reason, we identify social impacts and opportunities starting from the exploration phase and continuing through the final closure of operations. We design a management plan, setting targets for social transition and taking meaningful action for the community through monitoring and assurance during post-closure (*see the Closure section*).

No resettlements were necessary for developing our activities during 2023.



The following is a list of our community consultations on social performance perceptions in 2023.

Units with perception surveys

Tizapa	*
Sabinas	*
Milpillas	*
Velardeña	*
Capela	*
Met-Mex	*
Bermejillo	*
Química del Rey	*
Fuerza Eólica del Istmo	*
Penmont	*
Ciénega	*
San Julián	*
Fresnillo	*
Saucito	*
Juanicipio	*



Indigenous peoples

We conduct due diligence to identify whether there are indigenous groups present in the areas of interest surrounding our projects, so we can take the necessary steps for community engagement. Through social impact studies, we identify the potential impacts and mitigation measures to respect indigenous rights and take their interests and expectations into account.

We work together with the competent authorities, whenever possible, to obtain the required PFIC. We have a specific action protocol for conducting the PFIC process (*see the section on Human rights - Indigenous peoples*).

Community engagement

Understanding our communities' expectations and concerns is a priority for us. All units and projects have engagement plans that include permanent attention to and dialogue with communities. We also go through a formal process of asking them how they see our performance as an employer and good neighbor, our institutionalism, and our environmental and social performance. This is done through focus groups, interviews with the population at large, and in-depth interviews.

Jobs and local sourcing

We try to diversify local economies through skill-building and local entre-

preneurship programs with stakeholders—prioritizing local labor and supporting families' economic development. Our social management plan also includes actions to develop capacities in the community, so people can access local jobs and sourcing opportunities in our value chain.

Social investment and shared value

Our social investment portfolio—which is aligned with the SDGs—fosters mutual understanding and a harmonious relationship with communities, stronger relations of trust and shared responsibility, development of local capacities, and productive alliances with civil society organizations; all for the purpose of creating social well-being.

Case study – Water stewardship committees

Together with the community, we created committees to track our activities in managing and caring for water and the actions taken to maintain our supply system. This encourages social participation by offering to contribute organizational tools that the community can appropriate in its own processes in the future.

