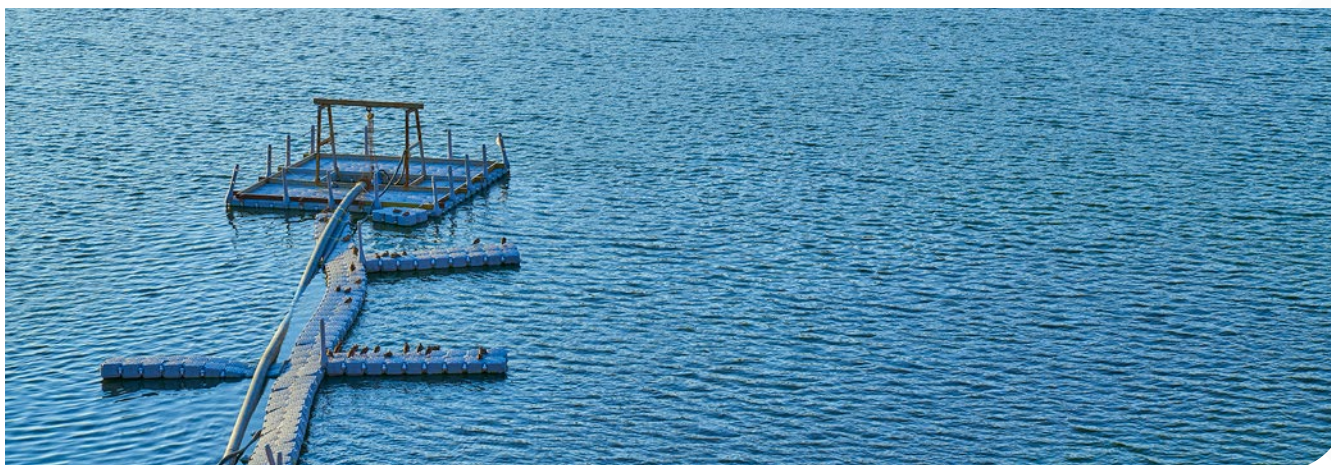


# Water stewardship



We recognize that water is a shared resource of great environmental, social, cultural, and economic value. Protecting it is key to earning and maintaining the trust of communities and regulators in the regions where we operate and develop projects. We are committed to effective water management and stewardship, stakeholder collaboration, and transparency in our performance.

## Governance

The ESG Steering Committee (see ESG Governance section) is responsible for evaluating the organization's water management and stewardship performance. The Tailings Steering Committee promotes synergies between good engineering practices and operational governance related to tailings and water management. The operational and environmental teams of our business divisions oversee water stewardship in mining, metals, chemicals, and project development. We have performance guidelines that define water management roles and responsibilities for everyone involved—from executive leadership to operational staff.

## Context of strategic considerations

In the mining industry, access to water depends on physical availability, compliance with the regulatory framework, and positive relationships with communities and other stakeholders. These strategic considerations include:

### Physical water availability: water stress and climate change

Water availability is increasingly threatened by water stress in the watersheds where we operate and by the physical impacts of climate change. In Mexico, climate change is expected to increase temperatures, evaporation rates, and reduce annual rainfall. It will also intensify extreme rainfall events and prolong droughts, all contributing to heightened water stress.

To identify water stress and risk across our operations, we use the [World Resources Institute's \(WRI\) Aqueduct](#) online tool. As of 2024, 73% of our operations are located in areas of extremely high-water stress, 9% in areas of medium-high stress, 5% in low-stress areas, and 14% in arid and low water use zones. For overall water risk-related in the mining sector—including physical, quality, and regulatory and reputational risks—9% of our business units fall into the extremely high-risk category and 64% into high risk.

Water stewardship

Biodiversity

Mining-metallurgical waste management

Waste management

Air quality

Mine closure

These conditions highlight the importance of operational practices and technologies that reduce water consumption, increase reuse

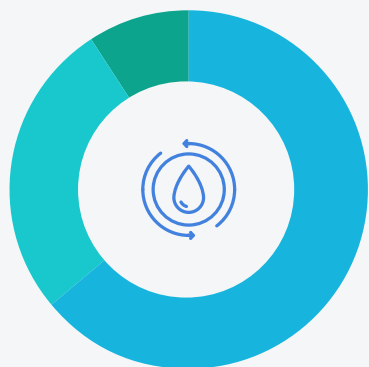
and recycling, explore the use of brackish or sewage water, and foster collaboration with communities and governments.

### Evolution of the regulatory framework and stakeholder expectations

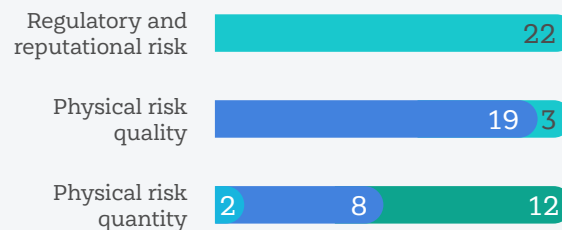
Water regulatory frameworks are expected to evolve globally in response to stakeholder demands and climate change. As water becomes scarcer, its real value will rise, potentially increasing costs. There will be growing expectations for collaboration between mining companies and other local water users, particularly neighboring communities. Projects located in watersheds within Indigenous territories will face heightened consultation expectations.

### Business units by risk category (WRI)

#### Overall water risk



- 0% Low-Medium (1-2)
- 27% Medium-High (2-3)
- 64% High (3-4)
- 9% Extremely High



### Implications for value creation levers

Strategic water challenges may affect key value drivers, highlighting the need for a robust water stewardship strategy.

These implications include:

- Limitation on growth
- Mine closure
- Reduced or interrupted production
- Lower revenues due to decreased output
- Higher production costs
- Upfront costs for implementing new practices
- Increased compliance expenses
- Reputational damage
- Deterioration or loss of social license
- Fines and penalties
- Litigation
- Supply chain disruption

