Mining-metallurgical **waste management**

Tailings Management

Managing our mining and metallurgical waste responsibly and effectively is essential to maintaining stakeholder trust and executing our business strategy. Peñoles manages Tailings Storage Facilities (TSFs) responsibly, adopting best engineering and governance practices with the goal of zero harm to people and the environment.

Governance

Our governance structure defines and documents the roles, competencies, responsibilities, and accountabilities of the teams involved in the safe and effective management of TSFs throughout their life cycle—design, construction, operation, maintenance, and oversight. It incorporates the recommendations of leading practice guides from the International Council on Mining and Metals (ICMM) and the Mining Association of Canada (MAC).

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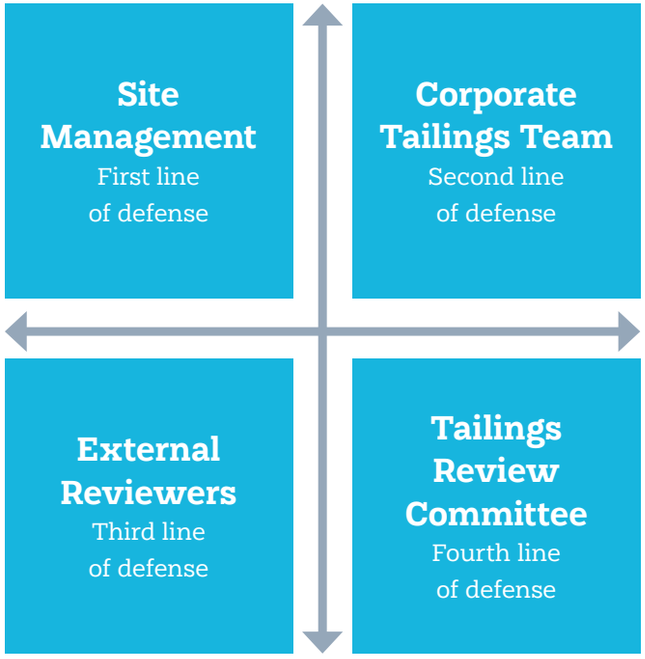
The Board of Directors is committed to protecting public health, safety, and the environment. Our Tailings Policy, endorsed by the Board, instructs senior management to ensure that every member of the Operating Group continues to:

- Implement all reasonable measures to safely manage tailings and minimize potential harm
- Allocate appropriate resources to support tailings management, including facility closure
- Implement and uphold an effective Tailings Management System (TMS), ensuring that all employees, contractors, and consultants adhere to it.

The CEOs of Peñoles and Fresnillo are designated as the Accountable Executives (AEs) by the Board, responsible for ensuring the responsible management of TSFs through sound governance and engineering practices.



I. **Site Management:** The General Manager (GM) of each mine is the risk owner and is accountable for operating the TSF in accordance with our TMS. The Responsible Tailings Facility Engineer (RTFE) and a qualified Engineer of Record (EoR) provide technical expertise to ensure safe facility management. The tailings management and operations teams work together to implement the TMS and operate safely.

II. **Corporate Tailings Team (CTT):** This team oversees the TMS and advises the AEs on the designation of EoRs and external reviewers for Dam Safety Reviews (DSRs), as well as coordination with the Independent Tailings Review Panel (ITRP).

III. **External Reviewers:** Independent experts, inspectors, reviewers, and auditors support our governance framework by confirming compliance with best engineering and governance practices. The review process includes evaluations by the ITRP, dam safety inspections by the EoR, and third-party safety reviews.

IV. **Tailings Review Committee (TRC):** This committee—composed of senior management and led by the AEs—provides internal oversight of TSF governance and operations. It engages independent experts to review operations, inspections, audits, and governance processes.

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Policies and guidelines

Peñoles' Tailings Policy and TMS guidelines offer a consistent, company-wide approach to managing TSFs throughout their life cycle. These documents establish clear expectations for roles and responsibilities.

Talings Policy	Guidelines for the Tailings Management System

Context and strategic considerations

Tailings

Tailings are a byproduct of mineral processing. Mineral is crushed and milled using water to liberate the ore, creating a slurry from which valuable minerals are separated. The residual material, or tailings, is transported to TSFs or repurposed for backfilling underground workings or as construction material.

Stakeholder trust

Although most of the mining industry has responsibly managed TSFs, catastrophic failures—such as those in Fundão (Mariana) and Feijão (Brumadinho), Brazil—have severely impacted public trust. These events, while rare, have had unacceptable consequences for people and the environment. As a result, stakeholders now expect zero harm. Therefore, responsible management is essential for maintaining trust from communities, workers, governments, investors, and insurers.

Effective tailings management

Ensuring sufficient storage capacity is critical to mining and metallurgical operational continuity and growth. Effective tailings management is a complex, multidisciplinary process involving best engineering practices and strong governance at every stage—from planning, design, and construction to operation, maintenance, monitoring, and post-closure. It also requires social best practices, including community engagement throughout the TSF life cycle.