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.

Global Industry Standard on Tailings Management (GISTM)

We recognize the relevance and value of GISTM to the industry. Peñoles is currently developing and implementing a TMS based on the state-of-the-art guidance from the Mining Association of Canada (MAC) and the International Council of Mining and Metals (ICMM), as well as documents from the Canadian Dam Association (CDA).

These technical resources will enable us to align with many GISTM principles. Although we do not currently plan to adopt GISTM formally, we are actively monitoring our progress and industry developments and remain open to evaluating future adoption.

Impact, risk, and opportunity management

Our goal is zero harm to people and the environment. We manage impacts, risks, and opportunities by applying best governance and engineering practices to design, construction, operation, closure, and post closure of TSF, guided by a comprehensive Tailings Management System (TMS).

Maintaining the highest safety and environmental protection standards for TSF is an ongoing process that requires constant evaluation throughout the facility's life cycle. Standards for design, construction, monitoring, maintenance, and external review specify the protection of human health and the environment and establish parameters for closure of mining operations.

We apply the following basic principles to achieve a culture of safe tailings management throughout our facilities' life cycle:

i. **Accountability, Responsibility, and Competence:** Defined responsibilities and competencies to identify and manage facility risks

ii. **Planning and resourcing:** Ensuring necessary financial and human resources for the continuous management and governance throughout the facility's life cycle

iii. **Risk management:** Identifying risks, establishing control systems, and verifying performance targets. We apply a "critical controls" approach (see Safety section)

iv. **Change management:** Evaluating, controlling, and communicating risks related to changes that could impact facilities' safety

v. **Emergency preparedness and response:** Recognizing and responding to imminent failures and mitigating the impacts of a catastrophic failure

vi. **Review and assurance:** Internal and external reviews to evaluate and continuously improve risk controls

vii. **Meaningful community involvement:** Engaging communities to address questions and concerns, and plan visits to the facilities to learn about these infrastructures and responsible operating practices.