Biodiversity conservation

Managing biodiversity responsibly throughout the lifecycle of our operations is part of our commitment to sustainable development and a key element in meeting regulatory requirements and maintaining stakeholder trust. We take action to preserve ecosystems, promote reforestation, and protect wildlife and biodiversity at our projects and operations, in collaboration with local communities. All our operations are located outside legally protected areas.

Governance

The ESG Committee (see ESG Governance section) is responsible for evaluating the organization's performance on material sustainability issues. Biodiversity performance is closely monitored by the teams involved in exploration, new projects, expansions, and operations, as it is a critical aspect of the regulatory framework. Our mine closure teams also monitor the implementation of measures designed to restore ecosystems and generate positive biodiversity impacts.

We expect our partners in the value chain to support Peñoles' efforts to responsibly manage negative impacts and leverage opportunities to generate positive outcomes for biodiversity.

Context and strategic considerations

Biodiversity loss can destabilize ecosystems and reduce their capacity to provide essential ecological services, ultimately affecting the livelihoods of surrounding communities. Protecting biodiversity is essential to ensuring the long-term sustainability of natural resources—for both current and future generations, as well as for the species that coexist within these ecosystems.

The Montreal Biodiversity Agreement—also known as the Kunming-Montreal Global Biodiversity Framework—is an international accord adopted at COP15 of the Convention on Biological Diversity (CBD) in December 2022. It sets global goals for the conservation, restoration, and sustainable use of biodiversity. This global framework presents both risks and opportunities for the mining sector.

Given the nature of mining, the industry develops plans to minimize biodiversity impacts, using the mitigation hierarchy and best available practices when applicable. In addition to species protection, the industry is placing increasing emphasis on ecosystem quality and the preservation of ecosystem services.

There are many examples of good practices in the sector related to land-use planning in project design and biodiversity management in mine closure processes.

There is a growing ambition among industry-leading[8] companies to achieve "no net loss", which involves managing the impacts of mining operations with measures to mitigate impacts, restore affected areas, and offset impacts through conservation initiatives beyond operations.

8 https://www.icmm.com/en-gb/our-principles/mining-principles/principle-7 https://www.icmm.com/en-gb/our-work/nature/mitigation-hierarchy

Impact, opportunity, and risk management

We manage our biodiversity impacts in compliance with regulations applicable to the ecosystems in which we operate or develop projects. Before initiating any project—or during operations—we conduct environmental impact assessments that include biodiversity baselines to identify protected species under applicable laws. These studies help us to better understand potential risks and opportunities.

We apply the mitigation hierarchy to develop biodiversity plans that accompany our environmental impact studies. Biodiversity monitoring is implemented both at active sites and at those undergoing closure, to evaluate the effectiveness of the measures in place.

We participate in habitat preservation with sustainable forests in La Ciénega and San Julián. We protect biodiversity with wildlife conservation areas in Velardeña and Fresnillo. We collaborate with authorities in the conservation of the Sonoran pronghorn and its habitat. We contribute positively to reforestation, engaging society with our business units' nurseries.

Activity	Mitigation hierarchy with examples
Avoid	• Design infrastructure and facilities to minimize the footprint • Design projects to avoid sensitive habitats • Conserve undisturbed areas of significant habitat value within the project's area
Minimize	• Manage clearings responsibly • Relocation of species • Minimize the impacts of noise and dust • Soil conservation and water infiltration works • Protect watercourse, including excessive suspended solids
Restore	• Progressive restauration within the project's area • Biodiversity restoration as part of integral mine closure
Offset	• Voluntary conservation beyond the area of the project • Planning and implementation of offset areas

Peñoles Nursery

Our Torreón nursery, certified as Wildlife Management Facility (PIMVS), supports the reproduction and conservation of native species. Vulnerable and endangered species are grown and reintroduced in conservation areas within our premises. We monitored these areas to assess the survival rates and other biological parameters.

Beyond our operations, we supported the conservation efforts of the community with the donation of 60,176 native plants. Our visits to the sites reforested by the community have confirmed encouraging survival rates. Moreover, our nursery contributes to environmental education. We hosted 42 visits from schools of the community, totaling 1,535 visitors. In these visits, we raise awareness on the importance of conservation and environmental protection.

Biodiversity Monitoring at Met-Mex Unit

The biodiversity monitoring project aims to provide valuable information to support the protection of local wildlife around the Met-Mex unit in Torreón, particularly in the area surrounding the southern jarosite storage facility.

We have implemented measures such as the installation of watering troughs to reduce the likelihood of wildlife entering operational areas. Monitoring is carried out using cameras placed at these watering troughs to identify the species present in the area. Wildlife observed in the region includes a variety of species such as foxes, squirrels, hummingbirds, coyotes, eagles, hares, and frogs.

Peñoles remains committed to ongoing monitoring of wildlife at its operations and to taking actions to support their protection.

Saguaro Reproduction at the Noche Buena Mine

The Saguaro *(Carnegiea gigantea)* is one of the species in the Sonora Desert listed in the NOM-059, a Mexican standard aimed at protecting species at risk of extinction, classifying them according to their level of threat. It is a species of ecological, cultural, and economic importance in the desert, providing habitat and food for various animals, and is recognized as a typical desert plant with multiple cultural uses, ranging from food to medicinal purposes. Additionally, it helps prevent soil erosion through its roots. Saguaros can live between 150 to 200 years.

At the Noche Buena mine's forestry nursery, a germination technique for seeds has been developed, enabling the reproduction of this species.

The Saguaro germination and development process follows these steps:

1. Weighing, disinfecting, and soaking the collected seeds
2. Placing them in a germination tray at temperatures of 15°C to 20°C
3. Selecting the germinated seeds and placing them in substrate
4. Applying fungicides and biofertilizers
5. Transplanting, watering, and monitoring growth
6. Transplanting the germinated seeds into the field

The sprouting is followed by a growth period that typically lasts between six to eight months. During this period the seedling grows 3 cm and is ready to be transplanted to the surrounding land.

To date, 200 Saguaro seeds have successfully germinated, and they are being monitored to reach conditions suitable for transplantation into the soil and reforestation of the impacted areas, contributing to the conservation and propagation of these specimens.

Metrics

- **100%** of our operations have environmental management plans that include biodiversity aspects.
- All our new projects and expansions conduct biodiversity baseline studies as part of their environmental impact assessments.