

# Ethics and integrity

At Peñoles, our business vision stands out for the importance we place on ethics and integrity. We are convinced that a culture of ethics represents a strategic advantage for generating long-term value for our stakeholders.

We at Peñoles and Fresnillo have well-defined and deeply rooted ethical values and principles of conduct, which have earned us the commitment of our collaborators and the trust of investors, clients, suppliers, communities, and authorities throughout our long history. These values and principles have also contributed to the strength of our results and have helped reinforce the Group's image and credibility in the business world and in Mexico.

**Alejandro Baillères**

*Chairman of the Board of Directors,  
Letter of the President in the Code of Conduct*

Our ethics and integrity framework—aligned with international best practices—is an integral and permanent part of our business processes. It ensures that our actions and behaviors reflect our ethical culture and corporate values: Trust, Responsibility, Respect, Integrity, and Loyalty (CRIL).

This framework continues to evolve, in response to the dynamic nature of our processes and the expectations of our stakeholders. Within this framework, the Code of Conduct stands out as a key reference for decision-making and stakeholder engagement. We expect our employees, members of the Board of Directors, and third parties with whom we maintain business relationships to adhere to our Code of Ethics and Conduct.

I am certain that adhering to such Code will be very useful for all of us, as it will guide us in making better decisions, aligned with our values and principles and in full compliance with the regulatory framework and applicable laws. Likewise, the Code is an excellent means to maintain the integrity, equality, and non-discrimination that make our companies stand out.

**Alejandro Baillères**

*Chairman of the Board of Directors,  
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## Our ethics, integrity, and compliance journey

### 2013

- Design of the Ethics and Compliance Program

### 2014 - 2018

- Responsible Gold-Silver Certificate issued by the LBMA
- Launch and implementation of the Peñoles Ethics and Compliance Program

### 2019

- Creation of the Compliance Department
- Pilot of the “Reaffirming Our Commitment to Integrity” course on our Virtual Campus
- Development of the compliance guidelines
- Corporate Integrity ranking (IC 500)

### 2020-2023

- Third Party Code of Conduct
- Improvements to the personal endorsement of our commitment to integrity
- Improvements to our Compliance guidelines
- Code of Ethics and Conduct: incorporation of guidelines on conflicts of interest, laws and regulations on money laundering prevention, personal data protection, subcontracting of specialized services or works, and reinforcement of our stance on not accepting gifts from current or potential suppliers, among others

### 2024

- First implementation of Ethisphere’s Ethical Culture Survey
- Improvement to the Conflict-of-Interest Declaration process



### Ethics Culture

Our people’s ethical conduct is fundamental to our organizational purpose. We strive to uphold an ethical culture—reflected in our behaviors and decisions. We engage our people to raise awareness about the importance of compliance (“**Cumplir tiene valor**”) and to embed it within our ethics culture.

We assess the maturity of our ethics and compliance culture using Ethisphere’s Culture Assessment.

This evaluation contains eight pillars<sup>3</sup>: i. Awareness of the Ethics and Compliance Program and Resources; ii. Perception of the Compliance Function; iii. Observing and Reporting of Misconduct; iv. Pressure; v. Organizational Justice; vi. Perception of Managers; vii. Perception of Senior Leaders; viii. Perception of Peers and the Environment. The results help us monitor the state of our ethics culture and identify opportunities to adopt international best practices, which are essential for planning and strengthening our Integrity and Compliance Program.

<sup>3</sup> <https://ethisphere.com/solutions/culture-assessment/>



## Governance

The Committee on Ethics and Corporate Values—composed of company executives—oversees compliance with the Code of Ethics and Conduct and addresses cases of unethical behavior, applying sanctions when violations occur.

The compliance department reports to the Audit Committee of the Board of Directors on progress, performance, and continuous improvement efforts related to the Integrity and Compliance Program.

Our corporate compliance department—led by our Chief Compliance Officer—coordinates strategies and initiatives with a preventive approach to avoid incidents of bribery and/or corruption, and to ensure adherence to internal regulations. These efforts focus on processes, areas, and personnel that, due to their nature and level of exposure, are required to maintain an anti-bribery and anti-corruption focus.

Our [Code of Ethics and Conduct](#) sets out the ethical standards that guide the behavior of all employees at Industrias Peñoles, S.A.B. de C.V. It is grounded in the principles that distinguish us as a company—what we do, how we do it, our organizational philosophy, and our values.

In 2024, we updated the Third-Party Code of Ethics and Conduct, which outlines the standards our business partners are expected to follow. In turn, these partners are expected to promote and apply the same principles throughout their value chains, generating a virtuous cycle for the benefit of society.

We also maintain a comprehensive set of policies, guidelines, and procedures to prevent fraud, corruption, bribery, misuse of donations and sponsorships, unlawful interactions with government entities, personal data breaches, discrimination, conflicts of interest, and retaliation. This regulatory framework supports the implementation and enhancement of internal controls designed to mitigate these risks.

*In 2024, we updated the Third-Party Code of Ethics and Conduct.*



ESG governance

IROs management

Ethics and integrity

Responsible value chain

### Policies, guidelines, and procedures

Code of Ethics and Conduct	Third-Party Code of Conduct	Integrity and Compliance Policy	Labor Equality and Non-Discrimination Policy
Anticorruption and Anti-Bribery Guideline	Crime Prevention Guideline	Anti-Retaliation Guideline	Conflict of Interest Guideline
Fraud Prevention Guideline	Third-Party Due Diligence Procedure	Donations, Sponsorships, Gifts, Hospitality, and Entertainment Procedure	Personal Data Management Procedure
	Government Relations Procedure	Protocol for Handling Cases of Harassment, Stalking, and Sexual Violence in the Workplace	

#### Integrity and compliance risk management

Preventing, detecting, and mitigating integrity and compliance risks is essential to maintaining stakeholder trust and ensuring long-term business success. We have established formal processes to manage these risks, which are supported by a robust due diligence system and a three-lines-of-defense model:

**First line:** Operational areas are responsible for implementing processes, controls, and technologies to prevent incidents and ensure compliance with applicable laws and regulations in day-to-day activities.

**Second line:** Oversight functions—such as comptrollers, risk management, compliance, and legal affairs—are responsible for monitoring, reporting, and managing risk indicators.

**Third line:** The internal audit function provides independent assurance to the Audit Committee and senior management regarding risk mitigation, control effectiveness and efficiency, and corporate governance.

### Training and raising awareness

We aim to instill our culture of integrity from the moment employees join the company, extending it across our broader network of stakeholders.

#### Endorsement of the Code of Conduct

To ensure proper dissemination and training on the Code of Ethics and Conduct, we conduct the *Endorsement of Our Commitment to Integrity* certification annually. This program shares updates to the Code and reinforces understanding of our institutional values and internal policies, including zero tolerance for bribery and corruption, guidelines on gifts and hospitality, proper

information management, and the prevention of misconduct such as harassment and bullying. Each participant also completes a conflict-of-interest declaration.

This year, the learning experience was improved: completion time was reduced, new podcasts featuring leadership voices were included, and pre-filled forms made it easier to declare conflicts of interest. The certification achieved 99% coverage.

#### We Act with Integrity Workshop

Every two years, we provide in-person training across various locations. This year's workshop focused on conflicts of interest, anti-corruption and bribery, regulatory compliance, harassment and bullying prevention, and our

reporting system. Through real-life case studies, participants explored practical applications of these topics and received follow-up on questions or concerns. A total of 273 leaders from across business units took part.

#### Onboarding

Educating new employees on ethics and integrity is a priority. We deliver virtual training to engineers-in-training and new hires via our online platform. Topics include the Code of Ethics and Conduct, our institutional values, how to declare conflicts of interest, anti-corruption practices, and how to use our reporting channel, Línea Correcta. These sessions are part of our Integrity Workshop for New Employees and the Culture of Integrity Workshop on our "Virtual Campus" platform.



### Third-Party Code of Conduct Training

As part of our strategy to promote integrity beyond our organization, we provide training to service providers based on the principles of our Integrity and Compliance Program. This year, a group of raw material suppliers received training on our Third-Party Code of Conduct, including assurance procedures and the use of our reporting system. In total, 36 participants attended, reaching 85% of the target audience.



### Gifts and Hospitality

We engaged our employees to raise awareness on the company’s policy on receiving and giving gifts and hospitality. We launched an internal campaign supported by a trivia contest, where employees responded to hypothetical scenarios involving third-party interactions. A total of 584 people participated. Among the training, outreach, and coaching activities, in addition to staff training, we also inform business partners—through digital communications— about expectations regarding gifts and hospitality, referencing our Promotional Expenses Policy, Anti-Corruption and Bribery Guidelines, and Conflicts of Interest Guidelines, all available on our corporate website.

### Communication

The Integrity and Compliance Program implements a permanent communication strategy to promote ethical behavior among employees and stakeholders. Through our “Cumplir tiene valor” campaign, we highlight the importance of regulatory compliance and its role in building long-term organizational value.



### “Cumplir tiene valor” (Comply creates value)

- Communication of our **reiterated commitment to integrity**: Wallpaper, WhatsApp, e-mail, and internal portals
- Communication on **cybersecurity**: reminder button on websites, posting alerts with infographics
- Communication on **gifts and hospitality**: banner on internal website, e-mail, external website, and trivia prompts
- Weekly publication of **Línea Correcta statistics**: e-mail and posting on internal websites
- **Personal information**: Infographics on definitions and ARCO rights
- Communication on **conflicts of interest**: infographics on myths and realities, and trivia prompts

### Third-party due diligence

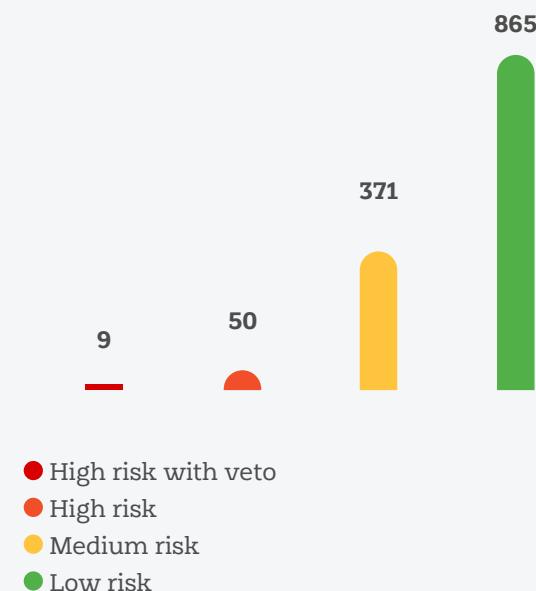
The [Third-Party Code of Conduct](#) outlines our expectations for responsible business conduct from all third parties that conduct—or wish to conduct—business with Peñoles. Before entering into any business relationship with third parties, such as raw material suppliers, contractors, customers, suppliers, or other business partners, we conduct a comprehensive verification process based on risk levels and mitigation measures.

As part of this due diligence process, all business partners commit to upholding our standards in ethics and integrity, human and labor rights, occupational health and safety, and respect for communities and the environment.

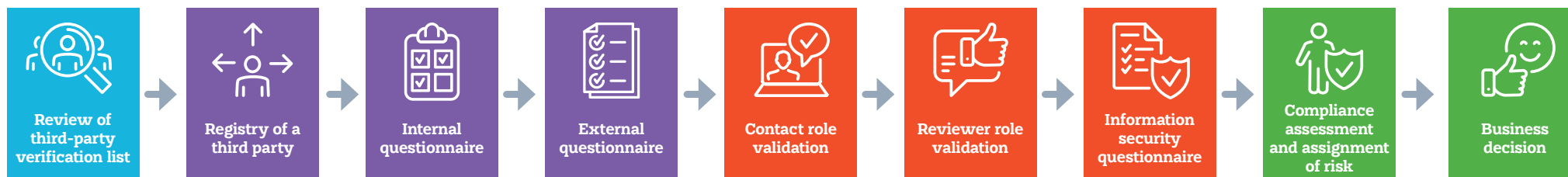
The validity of due diligence assessments ranges from one to three years, depending on the level of risk. We use **BAL Evalúa**, an automated system that enhances and streamlines third-party due diligence, empowering our compliance team with risk-based decision-making. Our updated methodology prioritizes criticality and risk exposure, resulting in improved alert identification and more consistent decisions regarding the initiation and continuation of business relationships.

In 2024, we emphasized training and support for staff using BAL Evalúa, ensuring familiarity with the platform and its automated processes. This automation has led to more efficient transaction tracing, shorter response times, and an easier process for both internal teams and third-party collaborators.

### Due Diligence requests in 2024



Of the 1,295 due diligence requests received in 2024, 1,110 were processed using BAL Evalúa.



Phase conducted in the platform

### Corruption and Bribery Prevention

We have zero tolerance for any form of corruption or bribery. All employees and third parties must strictly adhere to the bribery and corruption laws governing Industrias Peñoles. In Mexico, these regulations include the General Administrative Responsibility Law, the Federal Criminal Code of Mexico, and secondary federal and state laws applicable to corruption and the private sector.

Our anti-bribery and anti-corruption mechanisms reflect principles, international best practices, and guidelines such as the United Nations Global Compact, the core conventions of the International Labor Organization (ILO), and the guidelines promoting corporate responsibility issued by the Organization for Economic Cooperation and Development (OECD) and the United Nations (UN).

Our due diligence process avoids business relations with others when there is any doubt as to their involvement in corruption or bribery. Any suspicion of bribery or corruption is reported through our institutional whistleblower mechanism, Línea Correcta, and investigated. Disciplinary measures for those who participate directly or indirectly in bribery or corruption practices through an outside party include—in addition to the possibility of subsequent legal action—termination of the employment contract, if

they are part of our workforce, and termination of the business relationship, in the case of third parties. Furthermore, we cooperate with authorities in investigating any alleged violations, imposing the corresponding sanctions, and taking the necessary corrective action.

### Money laundering prevention

We continued to comply with current regulations on transactions involving proceeds of dubious origin by closely tracking operations and presenting notices of vulnerable activities. We will continue to track this group's vulnerability to such transactions and adapt as necessary to emerging regulatory changes.

### Prevention of involvement in political activities

Peñoles is dedicated to the pursuit of the common good. We work together with governments and participate responsibly in dialogues on public policy initiatives. In our due diligence process, we seek to understand and manage the risks involved in our business partners' public exposure. Our Code of Ethics and Conduct makes clear our stance on relations with political parties: we prohibit any direct or indirect contribution by or on behalf of the organization to political parties or campaigns or to any individual, corporation, association, organization, union, or any other type of public or private entity involved in political activities in Mexico or abroad.

### Collaboration and outreach

We are active members of Ethisphere's Business Ethics Leadership Alliance (BELA) and contribute to advancing ESG and compliance best practices. We also serve on the board of the Center for Leadership Ethics at the University of Arizona and support various initiatives such as the High School Ethics Forum, Collegiate Ethics Case Competition, and the Executive Ethics Symposium.



### Whistleblowing mechanism

Our [Línea Correcta](#) whistleblower line is a confidential and secure channel for raising concerns about the company's operations or any unethical behavior. The whistleblower line is operated by Ethics Global, a third-party provider that guarantees the anonymity of whistleblowers when filing a report. This reporting mechanism is available to all our employees, suppliers, contractors, and other stakeholders, including members of the surrounding communities. Reports received through this channel are reviewed quarterly by the Ethics and Corporate Values Committee and overseen by the Board's Audit Committee.

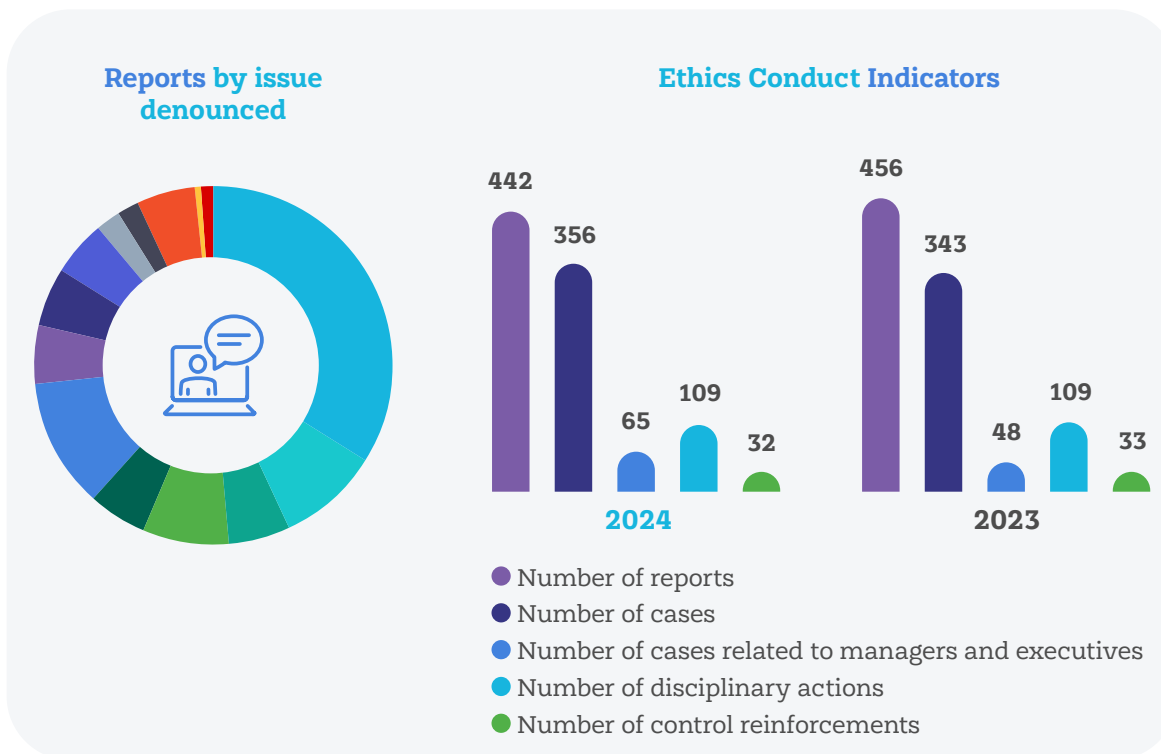
Based on the results of the 2023 survey to evaluate people's trust in the whistleblower line, we worked during the first half of 2024

to design a robust communications campaign. The objectives were to reduce the risks associated with information leaks and retaliation and to better communicate with potential whistleblowers who use any channel to report violations of our Code of Ethics and Conduct. This campaign began in the second half of 2024 and includes practical communication materials such as infographics and videos to explain to our staff what behaviors should be reported, the expected behavior of both leaders and staff in general, the importance of maintaining confidentiality throughout the complaint investigation process, and to demystify beliefs that may discourage a whistleblowing culture.

The compliance department was assigned the responsibility to manage the cases of workplace and sexual harassment. The Protocol for *Handling Cases of Workplace/Sexual Harassment and Sexual Violence in the Workplace* was issued, and the implementation of the response mechanism will begin with the establishment of Workplace Behavior Commissions that will operate as multidisciplinary bodies responsible for resolving workplace and sexual harassment cases.



Number of cases by issue denounced	2024	2023
● Work harassment	121	108
● Abuse of authority	33	40
● Others	20	25
● Sexual harassment	27	42
● Theft or destruction of assets	19	18
● Kickbacks/unethical dealing with suppliers	42	40
● Conflicts of interest	18	15
● Violation of policies	19	17
● Professional/occupational negligence	18	13
● Unsafe actions or conditions	8	11
● Incorrect use of assets	7	4
● Fraud	19	2
● Breach of trust	2	3
● Discrimination	3	5
<b>TOTAL</b>	<b>356</b>	<b>343</b>



### Metrics

In 2024, we received **442 reports**, corresponding to 356 cases, 65 of which involved individuals in leadership positions. We took 109 disciplinary actions and implemented 32 enforcement measures.

### Cybersecurity

Peñoles is committed to proactively managing cybersecurity risks and building organizational resilience against evolving threats. Our cybersecurity strategy is built on collaboration among the three lines of defense and technology teams. This synergy has allowed us to more effectively focus our efforts and increase our cybersecurity capabilities.

*Our cybersecurity strategy is built on collaboration among the three lines of defense and technology teams.*

### Governance and risk management

In 2024, we strengthened our commitment to cybersecurity through a collaborative environment at all levels of the organization and across our business processes. The Audit and Corporate Practices Committee analyzes the company's main risks—including cybersecurity—and evaluates compliance with relevant regulations. We implement controls following best practices from the NIST cybersecurity framework.

Our cybersecurity office, under the leadership of our CISO (Chief Information Security Officer), has played a central role in developing and implementing governance and risk management with a model based on three lines of defense that involves all levels of the organization:

### Operational management

We strive for maximum efficiency in the use of resources and technological solutions we acquire. We utilize various sources of information that give us greater visibility into the main threats facing the technological environment and help us identify potential vulnerabilities.

We continue to make progress in increasing and strengthening the visibility of our operational technology at our mines and plants, facilitating the identification of vulnerabilities and the timely diagnosis of potential failures or anomalies. This is essential for its integration into our Security Operations Center (SOC) and enabling rapid and timely alerting.

### Risk management and compliance

We consolidated our cybersecurity initiatives under a unified program to raise maturity levels. We also completed the implementation of our tool for managing cybersecurity risks across the organization—in accordance with our internal methodology—which allows us to maintain a unified risk assessment process for our technology assets.

Furthermore, we added the identification and cybersecurity assessment of our technology providers to the due diligence process to validate that they have an acceptable level of risk, and we maintain constant risk monitoring throughout their lifecycle with the organization.

## Cybersecurity Risk Management Framework

**First Line (Operational Management):** Implements and operates the day-to-day controls for cybersecurity risks. This line includes IT (Information Technologies), OT (Operating Technologies), and ST (Special Technologies).

**Second Line (Risk Management and Compliance):** Manages the cybersecurity policy and procedures. Designs, defines, oversees, and provides support to the controls for cybersecurity risks. Promotes the cybersecurity culture. This line is managed by the Cybersecurity Office.

**Third Line (Audit):** Performs internal and external audits to evaluate the effectiveness and independence of the controls for cybersecurity risks. Ensures, with independence, the effectiveness of the first two lines. Provides recommendations based on the findings of the audits. This line is managed by the internal audit team.

## Training and cybersecurity awareness

### Safe use of the technology workshop: Cybersecurity is our responsibility

We are continually raising awareness of the need to remain alert as we receive and consult information in a variety of media. With the “Cybersecurity is our responsibility” slogan, we developed the following recommendations for staying secure in the face of cyberattacks:

- **Be more alert** Cybercriminals use certain types of news to create fake pages and links containing malicious software.
- **Promptly report** any email, call or message you consider to be suspicious or of dubious origin
- **Use corporate devices** to access the organization's services
- **Use authorized media** for sharing sensitive or confidential information
- **Use secure passwords** and do not share them with anyone
- **Use only official sites** to consult information on the Internet.

### “Código Hacker”

For the fourth consecutive year, we participated in the “Hacker Code” cybersecurity conference. This event, together with other BAL Group companies, addressed topics such as: Cyberattack Simulation, Identity Theft, Protecting Your Finances in the Digital Age, Boosting Cybersecurity with Artificial Intelligence, Social Engineering, and Digital Violence. Corporate Directors and CEOs also participated.

### Audit

We maintain a rigorous audit process that objectively and critically assesses how risks are managed, controls are applied, and policies are enforced. The audit line remains independent of the first two lines of defense to maintain an objective and critical view of the effectiveness of our processes, issuing prioritized and practical recommendations to close any control gaps, improve processes, and strengthen the cybersecurity position.

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We maintain ongoing communication, lessons learned, and knowledge sharing with BAL Group companies to pursue joint efforts to enrich and standardize best practices aimed at improving cybersecurity operations and governance at the Group level.