

# Governance

Having solid, reliable corporate governance—responsible in its decisions and supported by active oversight from experienced and diverse leadership—has been fundamental to the organization’s success.



# ESG Governance

The Board of Directors of Industrias Peñoles relies on the ESG Steering Committee to assess ESG performance, risks, and opportunities. Chaired by the CEO, this committee reports to the Board at least twice a year, with the participation of the President and Board members who have experience in sustainability-related matters. Board members Arturo Manuel Fernández Pérez and Jaime Lomelín Guillén bring expertise in strategic alignment, governance, and sustainability issues such as occupational health and safety, energy and climate change, tailings management, water conservation, and community relations.



## Most relevant activities of the ESG Steering Committee

The ESG Steering Committee evaluated the results of the decarbonization roadmap project—a key component of the company’s climate change strategy—with the participation of Board members Arturo Manuel Fernández Pérez and Jaime Lomelín Guillén. This evaluation considered:

- Identification of processes with the highest carbon footprint
- Analysis of alternative decarbonization levers, considering their emissions reduction potential, technological maturity, cost-benefit, and operational feasibility
- Evaluation of different decarbonization scenarios and sensitivity analyses
- Proposals for a decarbonization roadmap and estimation of emissions trajectories

Based on the business case, the decarbonization levers with the greatest potential impact were identified as viable alternatives, depending on their feasibility under the specific operating conditions of each site:

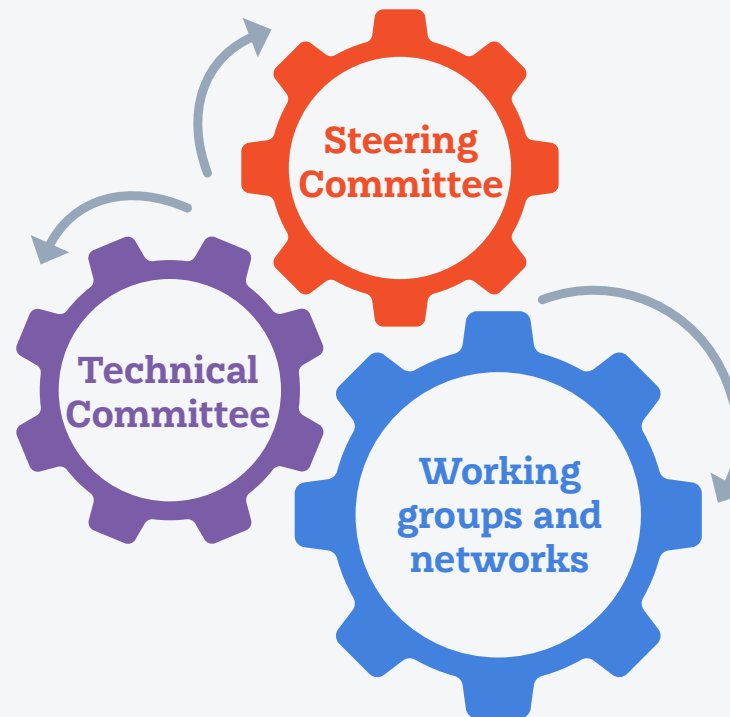
- Increased use of renewable energy
- Electrification of vehicles and mining equipment
- Fuel substitution with biofuels (e.g., biomethane) or green hydrogen

To ensure continuity of the strategy, the ESG Steering Committee recommended the following actions:

- Evaluate the feasibility of decarbonization levers at each business unit
- Develop an implementation and governance plan for the decarbonization roadmap
- Rigorously assess alternatives to propose and define a decarbonization goal

Environmental and social performance requires effective coordination, so our ESG governance framework consists of three levels:

- **ESG Steering Committee:** Responsible for strategic alignment, approval of goals, and evaluation of the organization's performance
- **Technical Committee:** Responsible for reviewing the sustainability of roadmaps and the feasibility of proposed goals generated by working groups and networks
- **Working groups and networks:** Responsible for identifying stakeholder expectations, designing roadmaps, and substantiating goal proposals



*For more information on Industrias Peñoles' corporate governance, see the [2024 Annual Report](#)*



This governance model was implemented for the Decarbonization Roadmap project. Multidisciplinary working groups were organized in each of the business units included in the pilot: Lead Smelter, Química del Rey, Penmont, Fresnillo, and Velardeña. These working groups validated the decarbonization levers and operating assumptions for their respective units, enabling them to generate

site-specific roadmaps at the business case level. A Technical Committee, comprised of executives from operations, finance, and energy, among others, validated the decarbonization levers under different scenarios to formulate alternative decarbonization roadmaps and the business case for Fresnillo plc and Industrias Peñoles. The ESG Steering Committee evaluated the project results and issued recommendations.