

# Responsible value chain

Society increasingly expects businesses to be more involved in pressing issues—like corruption prevention, respect for human rights, water stewardship, and climate change mitigation—and to extend these concerns to their value chain. Industrias Peñoles is aware of this expectation and has taken action to manage the impacts, risks, and opportunities of sustainable development in the value chain. The [Third-Party Code of Conduct](#) sets our ethics and sustainability expectations for our partners in our value chain.



## Raw materials suppliers

- Mining companies that supply complex ore concentrates and other materials to the metallurgical business for processing and production of refined metals



## Suppliers

- Companies that supply equipment and services to our mining, metallurgical, and chemical businesses



## Contractors

- Companies that supply specialized services and work outside of Peñoles' main activity for its mining, metallurgical, and chemical businesses.



## Clients

- Companies that purchase the products of our metallurgical and chemical businesses.

### Raw materials suppliers

At Industrias Peñoles, we apply best practices in the metals value chain to which we add value through our metallurgical complex. We hold responsible sourcing certifications from the London Bullion Market Association (LBMA) and the London Metal Exchange (LME)—both based on the OECD Due Diligence Guidance—which enable us to demonstrate to clients and investors that the precious and base metals value chain is conflict-free. Both certifications include annual audits of our shippers and refinery. Our precious metal (Fresnillo plc) and base metal mines that supply raw materials to the metallurgical complex are audited by a third party to avoid the risk of conflicts of interest.



*We perform visits to our raw material suppliers to assess their sustainability practices and level of risk.*

The internal and external audits include interviews to understand the measures taken to protect the human rights of Indigenous peoples, manage impacts on communities and the environment, and implement ethics and integrity programs to combat money laundering and prevent terrorism financing, as well as other labor practice issues such as health, safety, and labor relations.

We perform visits to our raw material suppliers to assess their sustainability practices and level of risk using our due diligence process—which is based on the LBMA Gold and Silver Responsible Sourcing Guidelines. Also, as part of our commitment to building strategic relationships and working together sustainably, we provided training on the Third-Party Code of Conduct and on relevant sustainability topics.

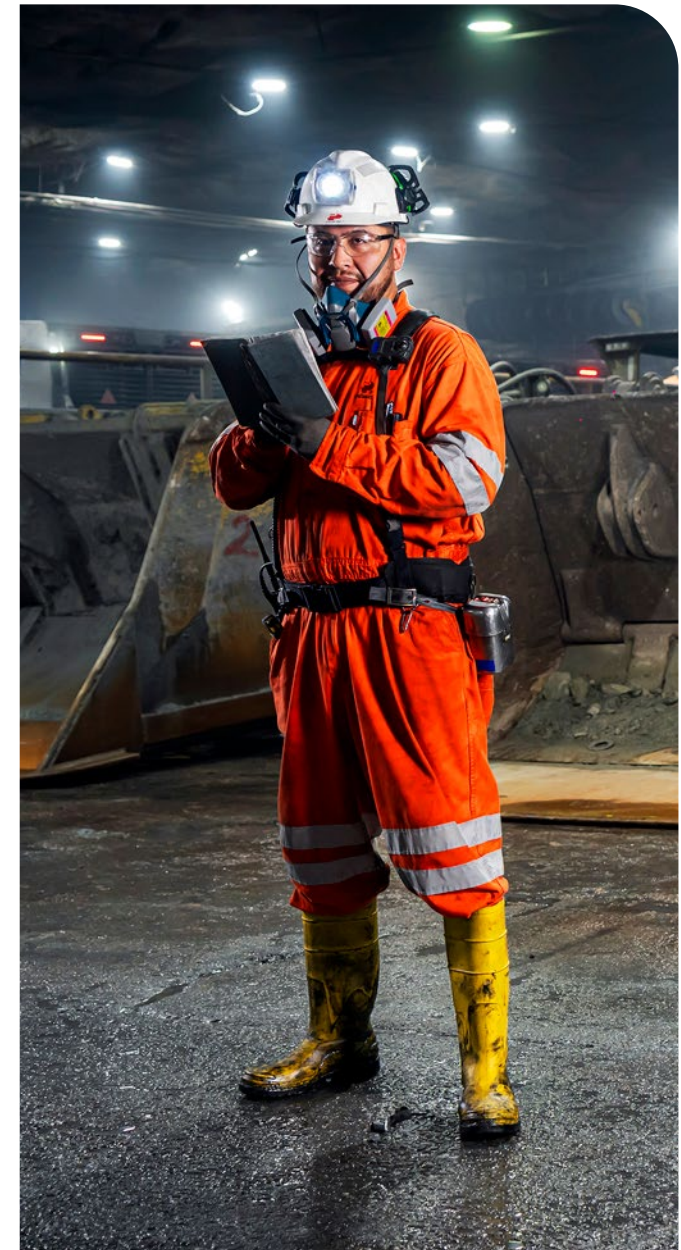
## Mentoring Program: “Sustainable Chains” of the Mexican Stock Exchange

Our suppliers of raw materials are a fundamental part of our metals business value chain. We are interested in collaborating to develop their capabilities for managing environmental, social, and governance (ESG) issues, encouraging them to adopt responsible business practices and move toward a more sustainable future. That is why we invite strategic shippers to participate in the Mentoring Program—Sustainable Chains—offered by the Mexican Stock Exchange. This program is aimed at public and private companies and suppliers at all levels and from various industries. The program provides training and support in adopting ESG criteria from recognized expert leaders in Mexico. The feedback we received from participating shippers was very positive and valuable, helping participants identify their level of maturity in these issues and areas for opportunity. Our goal is to encourage shippers, contractors, and strategic suppliers to participate in this workshop.

### Suppliers

Our supply chain strategy uses criticality concepts to manage risks and opportunities, including those related to sustainable development. Critical suppliers are those that provide Industrias Peñoles with goods and services that have the greatest impact on operating costs because their quality could affect our processes, the products are scarce, the supplier is the only source, or their purchase and/or import is restricted. For these critical suppliers, we have a

monitoring and evaluation program in place that covers their business management, as well as piloting sustainability questionnaires on issues such as climate change, water management, human rights, community relations, and diversity, equity, and inclusion. From these assessments, we identify risks, their sustainability maturity, and their strengths and areas of opportunity in organizational structure, and we select suppliers to participate in skill-building programs.



## Contractors

We have conducted a thorough review of our approach to contractor management, deepening and strengthening the safety, occupational health, and environmental considerations that are essential for the effective implementation of our High Potential Strategy. Our contractor standard specifies the requirements for contractors—particularly their accreditation, adoption of critical controls, and safety, occupational health, and environmental plans. Moreover, the standard sets clear accountability and controls for our own corporate functions and operations to manage the contractor life cycle.

We hold annual meetings in which we recognize our contractors' safety performance, and we encourage them to develop their own safety recognition mechanisms for their employees. We require them to provide their personnel with adequate working conditions, accommodation, food, services, and recreation.

*The supplier and contractor development program recognized **86** companies from our metals and mining divisions for achieving the goal of zero accidents, zero injuries, and zero fatalities.*

### Recognizing Contractors' Safety Performance

The supplier and contractor development program recognized 86 companies from our metals and mining divisions for achieving the goal of zero accidents, zero injuries, and zero fatalities. With this, we reaffirm our commitment to the High Potential Strategy, contributing to the achievement of shared goals and commitments for continuous improvement in safety, environment, integrity, and quality.

## Local suppliers and contractors

We seek to integrate local suppliers to strengthen our social license in the regions where we operate and reduce costs. We also collaborate with other companies and service providers in regional mining clusters, which increase supply opportunities and economic development in the regions where we operate. Our metallurgical complex has a well-established Supplier-Contractor Development Program to support the growth of local companies, so they can provide better service with more qualified personnel.



### Contractor and Supplier Evaluation and Development Program – MetMex Metallurgical Complex

Our Metals Division has a formal program for the evaluation and development of its suppliers and contractors, the purpose of which is to support their growth and ensure that the services they provide are competitive. The program consists of four phases and is based on a scheme of continuous improvement.

#### 1. Selection

We select suppliers that are relevant to our operations, currently divided into four categories by level of development: competitive, visionary, productive, and under development.

#### 2. Evaluation

We conduct a diagnostic based on documentation and site visits to identify how reliable the supplier is in its ethics and leadership, service, and business management, and to recognize suppliers' risks and opportunities at the technical, administrative, and human levels.

#### 3. Execution

We ensure that the recommendations made during the evaluation phase are followed and that proposed action plans are in place.

#### 4. Recognition

We create incentives for participation and strengthen commitment through recognitions such as the annual meeting of service suppliers, "supplier of the year" awards, public recognition of achievements (internal magazine and local media), and priority in project and service bids, contractor results meetings, and training and consultancy on safety, health, and compliance.

#### Clients

Our business operations are conducted in accordance with the highest [ethical standards](#); we abide by applicable laws and avoid doing business with countries and third parties that do not meet these standards. All of Peñoles' clients are treated fairly and honestly, and we work hard to provide them with top-quality, on-time products and services that meet their needs. With this, we have built up a strong presence in the U.S., European, Central, and South American markets, and we remain the top choice for our domestic clients.

We are closely monitoring the key sustainability trends and expectations of our clients and markets for our products. Certifications for precious and base metals—particularly the LBMA and LME—are highly relevant to international markets. There is also increasing interest in understanding the carbon footprint of our products, our decarbonization plans, and our overall sustainability practices for chemical products, including certifications such as EcoVadis. We are committed to working closely with our customers to support their sustainability goals.