



# COMPLIANCE

## Guideline on Conflicts of Interest

<b>Objective</b>	<p>The objective of this guideline is to prevent the materialization of conflicts of interest or, in cases where they do occur, to manage them with due care and diligence.</p> <p>The present document has been designed to help all employees to:</p> <ol style="list-style-type: none"><li>Identify and prevent situations that might result in Conflicts of Interest,</li><li>Define the way Conflicts of Interest shall be reported; and</li><li>Establish the proper way Conflicts of Interest shall be managed.</li></ol>
<b>Scope</b>	<p>The present guideline is applicable to all employees with Industrias Peñoles SAB de CV, Baluarte Minero, Fresnillo plc and their subsidiaries hereinafter referred to as the "Organization".</p>
<b>Regulatory Framework</b>	<ul style="list-style-type: none"><li>Law of General Administrative Liabilities</li><li>UK Bribery Act</li></ul>
<b>Applicable Risks</b>	<p>Herein defined as events, situations or consequences resulting from the materialization of any conflict of interest. Some of them are describe below:</p> <ul style="list-style-type: none"><li>Concentration of activities related to approval, safekeeping or management of assets as well as transactions postings that might prevent or damage the due workflow of the organizational processes.</li><li>Hiring personnel who do not meet the position requirements to perform the duties of any position within the Group.</li><li>Undue advantages or preferential treatment to third parties with whom a business relationship is established.</li><li>Performance of functions in other companies, non-profit organizations or government institutions that interfere with the activities of personnel employed in the Organization.</li><li>Use of property (intellectual capital/industrial secrets/resources) or confidential information of the company to obtain undue advantages/benefits of personal interest or in favor of third parties due to the business relationship.</li></ul>

### General rules, principles and guidelines

<b>General Provisions</b>	<p>The Organization conducts its business in an ethical manner under sound business practices; therefore, decision making should not be influenced by the particular interests of its employees, hereinafter referred to as "personnel".</p> <p>When personnel have a vested interest that differs from the interests of the Organization, their ability to influence or act in the best interests of the Organization may be affected, which could result in a breach of duty in the performance of their duties, known as a conflict of interest.</p> <p>In the normal course of business, situations may arise that, if not properly analyzed and addressed, may generate conflicts of interest that may unduly influence decision-making, causing financial, operational or reputational damage, or generating conditions of advantage or particular benefit for personnel and Third Parties, therefore conflicts of interest must be promptly identified and evaluated, seeking to address them in an ethical and responsible manner. Avoiding, mitigating and resolving them in an appropriate manner helps to maintain the integrity and sustainability of the Organization, creates trust among personnel and Third Parties with whom the Organization interacts, such as suppliers, customers, investors, authorities, community and government.</p>
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## Understanding Conflicts of Interest to recognize them.

Personnel and their family members or, if applicable, affective relationships must refrain from taking advantage of the Organization's own opportunities for their direct or indirect benefit, so it is their responsibility to give notice when a situation arises that may place them in a Conflict of Interest, whether Real, Potential or Apparent, so that they can be analyzed and the appropriate measures can be taken.

A conflict of interest (COI) occurs when personnel put their own private interests first in order to obtain a Direct or Indirect Benefit for themselves, their family members, emotional relationships or third parties, and have a real, potential or apparent influence on decision-making in operations or negotiations, in opposition to the responsibility they have to act for the benefit of the Organization. A conflict of interest may occur at all organizational levels and may be of an economic or non-economic nature.

### Types of conflicts of interest

- a) Real: It is the Conflict of Interest that has materialized. For example, where the employee made decisions, influenced them, performed functions, performed or performs specific actions with the intention of obtaining a benefit that is contrary to the interests of the Organization and / or gives a personal benefit either to a third party, family member or affective relationship.
- b) Potential: This refers to assumptions that could materialize at a future time with respect to decisions, performing specific functions or actions that place personnel, their family members, affective relationships or third parties in a Conflict of Interest. Examples of scenarios can be found in the [Annex 1: Matrix of authorizations COI](#). For this type of conflict, given that it has not yet materialized, it is indicated to declare it as a notification based on what is defined in the Declaration of Conflicts of Interest section of this document.
- c) Apparent: It is manifested when there are suspicions or indications that the particular interest of personnel for the benefit of themselves, family members, affective relationships or third parties could be materializing at a specific moment; however, when identifying it, there is no certainty and it must be analyzed. For these purposes, it is recommended to notify the Compliance Department as a question to the following e-mail address [orientacion\\_etiacumplimiento@penoles.com.mx](mailto:orientacion_etiacumplimiento@penoles.com.mx).

In case of questions or concerns about the circumstances or facts that may generate a Conflict of Interest according to the description in a, b or c above, you should consult with the Compliance area of the Organization at the following e-mail address: [orientacion\\_etiacumplimiento@penoles.com.mx](mailto:orientacion_etiacumplimiento@penoles.com.mx)

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## Conflicts of Interest Disclosure.

The Organization requires personnel to disclose in a timely manner, through the means made available to them, any situation that may represent a Conflict of Interest for its evaluation, mitigation and, if applicable, authorization or rejection, during the hiring process, in the annual fiscal year and at any time when they determine that a Conflict of Interest may have arisen, as follows:

- New personnel: All personnel during the hiring process must make their Conflict of Interest Disclosure Statement through the means made available to them.
  - Annual Disclosure Statement of Conflicts of Interest  
Personnel must complete a Conflict of Interest Disclosure Statement as part of the annual certification process.
  - Amendments to the Conflicts of Interest Disclosure Statement  
Personnel must update the Conflict of Interest Disclosure Statement whenever a change in the information previously reported arises or is identified. They must send the new Statement to the Compliance area of the organization, (along with the necessary documentation to adequately evaluate the reported situation) to the following email address: [orientacion\\_etiacumplimiento@penoles.com.mx](mailto:orientacion_etiacumplimiento@penoles.com.mx) or by the computer system assigned for such purpose, within 30 days from the occurrence or identification of the situation, as well as notifying and submitting it for authorization in accordance with the provisions established in the [Annex 1- Matrix of authorizations COI](#).
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## Preventing Conflicts of Interest

Any situation of Conflict of Interest (Real, Potential or Apparent) related to the following must be notified or, if applicable, authorization must be requested in accordance with the provisions set forth in the [Annex 1- Matrix of authorizations COI](#).

Prior to requesting authorization, Conflicts of Interest must be discussed with the Compliance Department by sending an e-mail to the following address: [orientacion\\_etiacumplimiento@penoles.com.mx](mailto:orientacion_etiacumplimiento@penoles.com.mx)

- Performance of Duties  
Personnel should avoid becoming involved in situations that could result in Conflicts of Interest. Any decisions and actions of personnel related to the performance of their duties should be made

in the best interest of the Organization.

Personnel shall refrain or decline to become involved, discuss, vote or participate in any decision-making process or activity related to the Organization in which a Conflict of Interest exists or may arise.

Personnel may not perform a function and also review it, i.e., they may not simultaneously perform a business function and a control function within the Organization, as this could lead to a Conflict of Interest. Nor should there be a concentration of activities of approval, safeguarding or management of assets and record of transactions. The aforementioned cases could lead to situations in which the objectivity of their functions is lost and they prioritize one or the other, compromising their work and the interests of the Organization.

- Performance of Additional Positions or Activities and Interests in External Businesses or Organizations.

No management personnel may accept the functions of director, member of corporate governance committees, secretary, director or officer in any company outside the BAL Group or provide consulting or advisory services, labor or professional (paid or unpaid), without obtaining prior authorization from the Chairman's Office. Similarly, personnel at other levels who are in these situations may only accept them with the authorization of the General Management, in accordance with the provisions of the [Annex 1- Matrix of authorizations COI](#).

Staff may not be an owner, partner or be directly or indirectly involved in any company that has a direct or indirect relationship with Industrias Peñoles SAB de CV, Baluarte Minero, Fresnillo plc and subsidiaries or companies belonging to BAL Group or that is an actual or potential competitor of the Organization, except in cases where the shares are acquired in the stock market.

For the purposes of re-hiring personnel, the provisions of the [PR-RH- 0011 Procedure for recruiting, selection and hiring personnel](#) shall be strictly enforced. The Compliance Department may request access to rehire authorizations at any time.

When staff or a member of their family holds or intends to hold an administrative, managerial or leadership position in a charitable, sports, voluntary or civil society organization that has a relationship with the Organization, staff must abide by the provisions set out in the [Annex 1- Matrix of authorizations COI](#).

The Organization recognizes and respects the right of its personnel to participate in academic, charitable, community or trade union activities, which are acceptable to the extent that such activities do not interfere with their activities in the Organization, are notified in the Conflict of Interest Disclosure Statement and are conducted in accordance with these guidelines.

On particular occasions, senior management of the Organization may request personnel to serve as members of Boards of other companies or organizations, either in a BAL Group Company or in a strategic affiliate. When requested and known to the Organization, it will not be considered a Conflict of Interest since their function is to promote a strategic interest of the BAL Group.

- Interpersonal Relationships

- a) Sentimental and affective relationships between personnel.

A conflict of interest is considered to exist when there is a sentimental and affective relationship between personnel who are directly or indirectly subordinate to each other, and measures must be taken to avoid such subordination.

- b) Clients, Third Parties and Business Partners.

Personnel shall refrain from carrying out operations for BAL Group companies, with customers or Third Parties for the purpose of obtaining a Direct or Indirect Benefit.

When the personnel have Family members or sentimental and affective relationships with third parties that have relevant business (see concept of Relevant Business in the Definitions section of this document) with the Companies of Industrias Peñoles, Baluarte Minero, Fresnillo plc and subsidiaries or BAL Group, the Compliance Department must be notified and submit it for authorization in accordance with the provisions of the [Annex 1. Matrix of authorizations COI](#). Along with the notification, the manner in which the potential or apparent conflict of interest is proposed to be mitigated should be outlined for evaluation.

When contracting a Third Party or a Business Partner in which a Relative or a sentimental and affective relationship of the personnel holds a managerial position or has an economic or

proprietary interest, the personnel must report it to the Compliance Department and submit it for authorization considering the relevance to the Organization as set out in the [Annex 1. Matrix of authorizations COI](#). In addition, related personnel may not participate in or influence in any way the selection and hiring process.

c) Former Employees and Retirees

The contracting of third parties where employees, retirees or former employees who were executives of the companies belonging to Industrias Peñoles, SAB de CV, Baluarte Minero, Fresnillo plc and subsidiaries hold any position must be authorized by the Presidency. In the case of lower levels, they must be authorized by the General Director. In both cases, notice must be given in accordance with the provisions of [Annex 1. Matrix of authorizations COI](#). Retired or former employees are those who have been employed for more than 3 years after termination of their employment with the Organization.

• Receiving Gifts and Hospitality

Personnel must not ask for or accept gifts, travel, entertainment, invitations to shows or sporting events, courtesies or compensation of any kind (such as cash or its equivalent, shares, gift certificates, discounts or commissions, among others), directly or indirectly from any Third Party, potential Third Party or any other interested party with whom they have business relations or may have in the future and must follow the guidelines set forth in the [Procedure for donations, sponsorship, presents, hospitality and entertainment](#).

Invitations to personnel for business and training purposes, such as presentations, meals, conferences and seminars, must follow the guidelines of the internal regulations issued by the Organization for these purposes, which must establish that, in general, travel, hospitality and meal expenses must be paid by the Organization itself.

## COI assessment and management

La The Organization undertakes to treat the information in a confidential and objective manner during the evaluation of the disclosed Conflict of Interest. Similarly, the reported situation will be impartially assessed, taking into account the risks applicable to the Organization.

Compliance Management is responsible for managing disclosed Conflicts of Interest and may request access to Conflict of Interest clearances at any time.

When the Conflict of Interest assessed involves the interests of the Organization, the Compliance Department will seek the best way to mitigate the risks that may arise from it.

Considering the nature of the Conflict of Interest subject to evaluation, the risk mitigation measures that can be implemented, among others, are as follows:

- i) Organizational measures: to avoid Conflicts of Interest due to inadequate assignment of roles, responsibilities and reporting lines.
- ii) Exclusionary measures: that employees are excluded from decision making to prevent them from exerting improper influence.
- iii) Abstention measures: to ensure that when there is no satisfactory solution to safeguard the interests of the Organization, the activity that leads to the Conflict of Interest is avoided.

In the event that the personnel do not agree with the conflict of interest assessment made by Compliance, it must be submitted to the Ethics and Corporate Values Committee for review prior to its request for authorization under the [Annex 1 Matrix of authorizations COI](#).

## Training

Personnel must familiarize themselves with the contents of this guideline and participate in courses and training sessions on this guideline. Failure to comply with the corresponding training within the established deadlines will be considered a misconduct and may lead to disciplinary action.

The Conflict of Interest Guidelines shall be published on the organization's internal portal.

## Supervision and verification of observance of the guideline

La The Compliance Department is responsible for the application and supervision of this Guideline, periodically evaluating its effectiveness; as well as assisting the Corporate/Divisional areas in the adoption of appropriate measures to mitigate deficiencies. Consequently, such areas shall implement response actions based on the findings and recommendations provided by the Compliance Department.

It is the responsibility of management or supervisory positions to enforce compliance with this Guidelines, as well as leading by example and providing guidance to staff.

The Human Resources area, in coordination with the Organization's Compliance Department, shall ensure

that new hires are aware of this Guideline and maintain adequate control of the personnel employed who have reported a labor Conflict of Interest and its resolution (including pertinent authorizations). In addition, they shall have access to the means available for the corresponding procedures.

**Consequences for failing to comply**

Cases of non-compliance with this policy must be filed with the Ethics and Corporate Values Committee so that it may propose the applicable sanctions, which may range from a reprimand to termination of the employment relationship, without prejudice to referral to the authorities in the case of criminal conduct.

The Ethics and Corporate Values Committee will submit to the consideration of the General Management, the Human Resources area or the contracting area, the disciplinary actions depending on the severity of the misconduct.

**Reporting Non-compliance**

In accordance with the provisions of the Code of Ethics and Conduct, employees must report any non-compliance with the Conflict of Interest Guidelines to the Hotline available 24 hours a day, 365 days a year using the following methods:

- a. Telephone: 800 002 8477 (Mexico)
- b. Electronic mail: [penoles@lineacorrecta.com](mailto:penoles@lineacorrecta.com)
- c. Internet Website: <https://penoles.lineacorrecta.com>

We reiterate the existence of [Anti-Retaliation Guidelines](#) to prevent retaliation against whistle blowers, so the confidentiality of the report and of the whistle blower will be kept confidential in any situation that may result in a Conflict of Interest. For each report, an objective, detailed and fair investigation will be conducted before a sanction is imposed. Employees are expected to cooperate in internal or external investigations. Once the investigation is completed, appropriate disciplinary and corrective action will be taken.

**Controls**

- Conflicts of Interest Disclosure Statement.
- Segregation of duties.
- Mitigation measures resulting from conflict of interest disclosure analysis and conflict of interest risk assessments.

**Orientation of process**

If you have any questions regarding this document, please contact the Compliance area by sending an e-mail to the following address: [Orientacion\\_EticaCumplimiento@penoles.com.mx](mailto:Orientacion_EticaCumplimiento@penoles.com.mx)

**Glossary**

<b>Direct Benefit</b>	When benefits are received directly by personnel in an inequitable manner compared to their peers or in contravention of the Code of Ethics and Conduct. E.g. approved vacation promotions, financial compensation or gratuities; entertainment, hospitality, or gifts beyond the Organization's accepted standards.
<b>Indirect Benefit</b>	When the benefits are not received directly by the personnel, but by a family member, person(s) linked to a sentimental and affective relationship, or a third party related to the personnel. E.g. hiring of a family member without meeting the expected profile for the position, assignment of purchases, projects, hiring of services without justification or prior evaluation in favor of a third party.
<b>Personnel</b>	Any person who is employed under an individual written employment agreement with the Organization with a subordinate relationship with the Organization. Includes managers, employees and temporary personnel. For the purposes of this guideline, interns are included without implying that they have an employment relationship.
<b>Management Officers</b>	Personnel at the level of Sub directorate, Directorate and Directorate General.
<b>Family Member</b>	A family relationship up to the 4th degree of natural kinship (consanguinity) or 2nd degree of political kinship (affinity) is considered to exist in accordance with the terms of the <a href="#">Annex 2</a> . For the purposes of this guideline, spouses will be considered family members, as well as relatives by affinity: compadres, comadres, godfathers, godmothers, godsons and goddaughters.
<b>Sentimental Affectionate Relationship</b>	<b>and</b> A bond that is established between two people by mutual knowledge of intimate aspects based on a level of trust and emotional closeness that results in undue benefits. For the purposes of this guideline, close friendships are also considered to be Sentimental/affectionate relationships.
<b>Business Partner</b>	Company in which the Group has investments with significant interests.

<b>Relevant Businesses</b>	Refers to the type of business that, according to its characteristics, degree of specialization, amount of transactions and level of dependence, is critical for the management, operation or continuity of activities of the Organization.
<b>Gifts</b>	Anything of value that is given or received, whether in cash or in kind, such as: objects, vouchers, gift certificates, entertainment, travel, invitations to shows or sporting events or courtesies. Promotional items are excepted, as they are not considered gifts.
<b>Public Servant</b>	.Any current official or employee, or who has served as such during the last year, of a government body or decentralized unit thereof, federal or national, state or municipal; representing, but not limited to, its legislative and administrative bodies, ministries or secretariats, judicial bodies, investigative agencies and public bodies of any nature or productive enterprises of the state and who performs his functions at hierarchical levels such as Secretary of State, Undersecretary of State, Chief of Staff, Head of Unit and General Directorate or equivalent. Furthermore, any member belonging to a political party or candidate for any elected office. Includes officials of any supplier that is controlled by the government..
<b>Third Party</b>	These are individuals or legal entities that maintain or may come to maintain Business Relationships with the Organization, such as clients, suppliers, consultants, associations, commercial partners, representatives, distributors, agents, concessionaires, advisors, promoters, independent professionals with fee contracts, specialized service providers, franchisees, licensees, accountants, lawyers, auditors, sales representatives, customs agents, brokers, intermediaries or service providers. It also includes any person who interacts with private or public entities or public servants whose activities are carried out on behalf of the company they represent.

	<b>Procedure Flows</b>	<b>Annexes</b>
<b>Annexes</b>	N/A	<ul style="list-style-type: none"> <li>• <a href="#">Annex 1: Matrix of authorizations COI</a></li> <li>• <a href="#">Annex 2: Levels of Kinship</a></li> <li>• <a href="#">Annex 3: Questionnaire of Conflicts of Interest Disclosure Statement.</a></li> </ul>

**Information for document updating purposes**

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