

# Audit and Corporate Governance Committee

Industrias Peñoles, S.A.B. de C.V.

## ANNUAL REPORT

Mexico City, March 3, 2023.

### To the Board of Directors of Industrias Peñoles, S.A.B. de C.V.

#### Dear Board Members:

In accordance to article 43 of the Securities Market Law ("SML"), in my capacity as Chairman and on behalf of the Audit and Corporate Governance Committee of Industrias Peñoles, S.A.B. of C.V. (the "Company"), as well as in compliance to our Rules of Operation and the Code of Principles and Best Practices of Corporate Governance (*Código de Principios y Mejores Prácticas de Gobierno Corporativo*), I hereby submit the Annual Report of activities of such Committee corresponding to the 2022 fiscal year.

The Committee held five sessions regarding the abovementioned fiscal year to review and follow up the business performance, according to the following:

- It was reviewed that the external auditors firm, as well as the external auditor and his team, fulfilled and maintained, during the term of their external audit services, the independence, personal and professional requirements, and that they had a quality control system as required by the General Regulations Applicable to the Public Companies Supervised by the National Securities and Bank Commission that hire External Audit Services of Basic Financial Statements (Disposiciones de Carácter General Aplicables a las Emisoras Supervisadas por la Comisión Nacional Bancaria y de Valores que Contratan Servicios de Auditoría Externa de Estados Financieros Básicos) (hereinafter referred to as the "Regulations").
- We became acquainted of and followed up the work plan of the External Auditor, including the scope, nature and opportunity of the audit processes, the meaningful procedures that they decided to analyze, as well as the risks and key matters that they determined. In addition, during the year, the internal control findings reported in the suggestions letter were followed.
- We evaluated the performance of the audit firm, concluding that it fulfilled the necessary requirements for the execution of the assigned job, in accordance with the Regulations and that the additional services received met the assigned objectives.

- The Annual Plan of the Internal Auditor was approved, and we reviewed its quarterly reports, the important aspects observed during the execution of the Plan, as well as the corrections made during 2022 and, as the case may be, those aspects that remained outstanding.
- We reviewed the Statement issued by the external auditors referred to in article 35 of the Regulations, so we were aware of the materiality and the tolerable error considered in their audit, the evaluated meaningful processes, the nature of the audit adjustments and their amount, as well as the conclusion they reached.
- Each quarter we followed up the financial information of the Company. Also, the consolidated and individual Financial Statements prepared by the management as of December 31, 2022, were analyzed, as well as the unqualified opinion expressed by the external auditors on their opinion about them.
- We reviewed the information provided by the management on the most significant transactions carried out with related parties, subsidiaries and other affiliate companies of the consortium of which it is part, during the year 2022, which correspond, among others, to the sale of metals, treatment fees, concentrates purchase, energy purchase, royalties, rendering of services and revenues for financial instruments. These transactions were made at market prices and have transfer pricing studies prepared by specialists.
- We followed up the legal, accounting and tax matters presented by the management as well as by the external and internal auditors during the fiscal year and we were informed about different internal control issues presented by the management.
- The main risks to which the Company is exposed were analyzed, with special emphasis in the cybersecurity risks, the way the Company is managing them as well as the review of compliance with the most relevant legal provisions applicable to the Company.
- We reviewed the compliance of the Company's Code of Ethics and Conduct and the complaints received through the mechanism of disclosure of undue acts and protection to informants.
- We supported the preparation of the Board of Directors' Report to the Shareholders' Meeting.

We assessed the report presented by the Chief Executive Officer ("CEO") in accordance to article 42, section II, subparagraph e) of the SML; we consider that the information contained therein reflects in a reasonable manner the financial position and the results of the Company, due to: (i) the accounting policies and criteria applied in the preparation of the financial information, included in the notes to the audited Financial Statements, are adequate and sufficient, taking into consideration the specific circumstances of the Company; and, (ii) the accounting policies and criteria have been consistently applied. Therefore, the Committee recommends to the Board of Directors the approval of the consolidated and individual Financial Statements corresponding to the fiscal year 2022, as well as the accounting policies and criteria applied by the Company in the preparation of the financial information.

In several minutes of sessions of the Board of Directors, resolutions were included regarding the operations and activities in which the Committee intervened in accordance with the SML, therefore the Secretary of the Board of Directors certified the resolutions of the Shareholders Meetings and the Board of Directors corresponding to the 2022 fiscal year, which were followed up by the Committee. Likewise, through this certification it was informed that, during this year, the Board of Directors did not grant any waiver to Directors, Relevant Officers or individuals with Power of Command, to take advantage of business opportunities for their own benefit or for that of third parties that correspond to the Company or to legal entities controlled by it or in which the Company has a significant influence.

There was no knowledge that Shareholders, Board Members, Relevant Officers, employees or, in general, any third party, had made observations regarding the accounting, internal controls and issues related to internal or external audit, or of complaints made during 2022 regarding irregularities in the administration.

The Nomination, Evaluation and Compensation Committee of the Company submitted a report to the Committee, in which it reported that, during 2022, it reviewed the performance of the Relevant Officers without finding any remark, and that it examined the compensation packages of the CEO and the Relevant Officers which, in opinion of the Nomination, Evaluation and Compensation Committee, are in accordance with the policy approved by the Board of Directors.

On behalf of the Audit and Corporate Governance Committee,

#### Mr. Ernesto Vega Velasco

*Chairman of the Audit and Corporate Governance Committee.*

Industrias Peñoles, S.A.B. de C.V.