PEÑOLES

Facing **challenges** with discipline and capitalizing on **opportunities**

2024 Sustainability Report

We remain committed **to addressing challenges** with discipline and determination, while identifying and capitilizang on opportunities to advance our transformation strategy and enhance sustainability efforts.

Grupo BAL is a cluster of state-of-the-art companies that incorporates a diversified group of businesses: Profuturo (an Afore pension fund), Grupo Nacional Provincial (insurance company), Peñoles (mining, metallurgical, and chemicals industries), Fresnillo plc (mining), Grupo Palacio de Hierro (department stores), TANE (jewelry stores), Solvimás (financial services), Valores Mexicanos (brokerage house), Crédito Afianzador (bonds), AgroBal (farming businesses), Médica Móvil (pre-hospitalization care), Instituto Tecnológico Autónomo de México (education), and ElectroBal (power generation). Each of these companies strives to be at the top of their corresponding industry in terms of profitability. As a whole, the goal of the conglomerate is to create great value for its stakeholders by offering exceptional products and services to clients, supporting the personal and professional growth of employees, and contributing to the development of Mexico.

Contents

We aspire to build an organizational culture aligned with our purpose and constantly evolving to meet the challenges and opportunities that arise. To achieve this, we develop initiatives aimed at strengthening key aspects of our culture, such as safety, ethics, well-being, and diversity, equity, and inclusion.

The following symbols will be used throughout this report:

t =	metric ton	Mm^3 =	million cubic meters
kt =	thousand metric ton	m^3 =	cubic meters
Mt =	million metric ton	Ml =	million liters
CO_2 =	carbon dioxide	mg/l =	milligrams per liter
CO_2e =	carbon dioxide equivalent	MW =	megawatt
		MWh =	megawatt per hour
CH_4 =	methane	MWhe =	megawatt per hour equivalent
N_2O =	nitrous oxide		
ha =	hectares	GWhe =	gigawatt per hour equivalent
		US$ M =	million dollars
		GHG =	Greenhouse Gas

ESG Disclosure

PE&OLES

APOYAMOS AL PACTO MUNDIAL

Esta es nuestra **Comunicación sobre el Progreso** en la aplicación de los principios del **Pacto Mundial de las Naciones Unidas.**

Agradecemos cualquier comentario sobre su contenido.

Our **performance**

We meet challenges with discipline and continuously strive to improve efficiency and sustainability in a demanding environment for our industry.

Our **performance**

ENVIRONMENTAL

Climate change

Our Board of Directors reviewed the results of our **decarbonization roadmap**.

We reduced GHG emissions by 11.7% compared to 2023 and by **24.2%** compared to our 2022 baseline.

48% of our electricity consumption came from **renewable sources**.

Our climate report aligns with the recommendations of **IFRS S2.**

Water stewardship

44% of the water used in our operations came from municipal wastewater and brackish sources.

We contributed **2.055 Mm³** to the National Agreement for the Human Right to Water and Sustainability in Mexico.

We maximize water reuse, achieving **78%** recirculation in industrial and sanitary processes.

47% of our water use, in arid and water-stressed areas, came from these alternative sources such as municipal wastewater and brackish water, contributing to business resilience.

We recorded **zero significant noncompliance incidents** related to **water** permits, standards or quality regulations.

Mining-metallurgical **waste** stewardship

We apply international **best practices** in engineering and governance tailings management.

3.33 Mt of tailings reprocessed and reused —**15.37%** of the total deposited tailings—strengthening our commitment to **circular economy** approach.

We recorded **zero significant incidents** related to mining and metallurgical waste.

Biodiversity Conservation

100% of our operations have **environmental management plans** that incorporate biodiversity considerations.

Air quality

Zero significant incidents related to air quality.

Mine closure

100% of our sites have a **conceptual mine closure plan**, which is periodically reviewed.

We reforested with a total of **85,816 plants** at our Bismark and Noche Buena closing sites.

Our performance

SOCIAL

Our people

Women make up **13.01%** of our total workforce and **15.1%** of leadership roles.

We implemented a **Protocol for addressing harassment, workplace bullying, and sexual violence** in the workplace.

We joined the **BAL sin Barreras** strategy to enhance our diversity, equity, and inclusion efforts.

Health and safety

We advanced the **High Potential Strategy** to strengthen our approach to health and safety.

A new **Safety, Occupational Health,** and **Environmental Standard** was developed for contractor management.

LTIFR: **5.49**
TRIFR: **10.82**

Communities

For the **second year** in a row, we were recognized as an **Empresa Excepcional** for our social investment initiatives, including the Peñoles Soccer Academies and the FIRST Robotics Program.

US$7.84 million
invested in social development.
75% of our workforce is locally hired.

64% of our value chain partners are local, accounting for 47% of total payments.

Our project **"Mujeres del Desierto y Mar"** was selected as a model initiative under the **Fostering Capacities for Sustainable Development in Mexico** program, as a leading project for promoting women's inclusion in productive activities.

Our performance

GOVERNANCE

Governance

The **Ethics and Corporate Values Committee** oversees and monitors compliance with our Code of Ethics and Conduct.

The **ESG Committee** evaluates our environmental, social, and governance performance, identifying risks and opportunities.

The **Tailings Review Committee** provides internal oversight of the governance and operation of our tailings facilities.

Ethics and integrity

We operate a confidential and secure whistleblower line, **Línea Correcta**, to report concerns about company operations or unethical behavior.

442 Reports received
356 Cases reviewed
65 Cases involving managers
109 Disciplinary actions taken
32 Control improvements implemented

Lines of **Defense in Cybersecurity**

First Line Operational Management: Responsible for daily implementation of cybersecurity risk controls.

Second Line Risk Management and Compliance: Manages the cybersecurity policies and procedures. Designs, defines, oversees and provides support to the implementation of controls.

Third Line Audit: Conducts independent internal and external audits to assess control effectiveness and ensure proper function of the first two lines.

Responsible value chain

In 2024, we updated our **Third-Party Code of Ethics and Conduct**, outlining the standards we expect from our business partners.

We maintain responsible sourcing certifications from the **London Bullion Market Association (LBMA)** and the London Metal Exchange (LME).

We collaborate with customers through sustainability assessments such as **EcoVadis** and ensure transparent reporting of our products' **carbon footprint**.

86 service providers in our Metals and Mining divisions were recognized for achieving the goal of **zero accidents, harm, and fatalities.**

We invited strategic suppliers to participate in the **Sustainable Supply Chains** program offered by the Mexican Stock Exchange.

Message from the **CEO**

At Peñoles, our core purpose is to create opportunities and well-being through the sustainable production of essential resources.

Message from the **CEO**

Facing challenges with discipline and capitalizing on opportunities

In 2024, we continued to advance our transformation by facing challenges with discipline and seizing opportunities to strengthen both our economic and socio-environmental performance. In recent years, we consolidated corporate governance on key topics such as health and safety and tailings management. This year, the ESG Committee began its formal activities, including the review of our decarbonization roadmap and active engagement with the most experienced board members on energy and climate matters. These efforts enabled us to present our progress on climate strategy to the Board of Directors.

Above any operating or financial result, our top priority remains the prevention of high-potential events that can cause serious injuries or fatalities. Our safety strategy is focused on identifying and managing critical controls to reduce the likelihood and eliminate the impact of such incidents. Despite this focus, we regret to report eight fatal injuries in 2024. This painful outcome reminds us that there are still areas of opportunity and underscores the urgent need to reverse the decline in our safety performance. We are committed to strengthening our High Potential Strategy through a concrete roadmap that includes clear expectations for visible leadership, robust accountability, and rigorous evaluation of critical controls. We are confident that, with discipline and commitment, we will achieve our goal of zero harm.

The alignment between our transformation strategy and our organizational culture is fundamental to navigating challenges with discipline and capitalizing on opportunities. Through visible leadership practices and increased presence in the field, we aim to embed the value of “Love for Life” in our culture. These practices empower our teams to identify risks and verify the effectiveness of controls. We uphold the right of our employees and contractors to say “NO” to any activity that does not meet our expected safety standards.

We aspire to an even stronger ethical culture, grounded in our daily actions and decision-making. In 2024, we reaffirmed our commitment to the annual training and endorsement of our Code of Ethics and Conduct, and we maintained effective mechanisms to report and address ethical concerns, including workplace and sexual harassment, and non-discrimination. We identified and worked to prevent psychosocial risks in the workplace, and we promoted holistic well-being through our "Live in Balance" program which, with the participation of specialists, supports the physical, emotional, social, and financial health of our employees and their families. During Diversity, Equity, and Inclusion Week, organized in partnership with other BAL Group companies, we fostered dialogue and reflection on this priority topic to build a more inclusive workplace, free of barriers to talent development.

The ESG Committee also reviewed the results of our decarbonization roadmap project, a key component of our climate strategy. This included identifying our most carbon-intensive processes and evaluating a range of decarbonization levers—assessed for emissions reduction potential, technological maturity, cost-benefit balance, and operational feasibility. As a result, we outlined roadmap alternatives with estimated emissions trajectories under different decarbonization scenarios and performed sensitivity analyses for each one.

The evaluation highlighted three key decarbonization levers with the greatest potential for emissions reduction, subject to validation at the site level:

1. Increasing the share of renewable electricity,
2. Electrifying vehicles and mining equipment, and
3. Substituting fuels with alternatives such as biomethane, biocoke, or green hydrogen.

This business-case-level analysis confirmed that our business model is compatible with long-term carbon neutrality ambitions, though achieving them will require discipline and commitment to capitalize on these opportunities. We are currently embarking on a second phase of the project, focused on rigorously validating the decarbonization levers at the site level and strengthening the governance of the decarbonization roadmap, ensuring that objectives and goal pledges are sustainably grounded.

Water is a shared resource of enormous environmental, social, cultural, and economic value. Our stewardship efforts focus on efficient use and collaboration with communities and authorities. In 2024, our closed-loop systems enabled the recirculation of 78% of process water, significantly reducing make-up water use and eliminating discharges of process water. We continued to lead industrial reuse in Mexico by collaborating with municipal governments to treat wastewater for industrial reuse, and repurpose 7.2 million cubic meters. In line with our commitment to the common good, we joined the National Agreement for the Right and Sustainability of Water, promoted by the President of Mexico, and contributed 2.055 million cubic meters of concessioned water for flexible reintegration into national reserves. Our responsible water use has helped build resilience in areas of water stress and maintain stakeholders' trust.

Our approach to responsible tailings management is based on engineering and governance best practices recommended by the Mining Association of Canada (MAC) and the Global Council on Mining and Metals (ICMM). This includes multiple layers of defense, including on-site operation teams, specialized consultants acting as Engineers of Record, specialized corporate teams supporting the governance, an independent panel of international experts, and executive-level oversight. Furthermore, the strength of this program continues to earn the trust of global reinsurance markets.

We strengthened third-party risk management with the adoption of "BAL Evalúa," improving both due diligence and the quality of our decisions on whether to initiate, maintain, or terminate business relationships. In a constantly evolving environment, we updated our Third-Party Code of Ethics and Conduct, setting

clearer ethical and sustainability expectations for our partners in the value chain. We also conducted a comprehensive review of contractor management in alignment with our High Potential Strategy. The new standard outlines key requirements such as contractor accreditation, implementation of critical controls, and the design and evaluation of safety, health, and environmental plans. Eighty-six contractor companies across our metals and mining divisions were recognized for achieving zero accidents, zero damages, and zero fatalities.

We are committed to supporting our customers in meeting their sustainability goals. Our metals value chain is certified under international standards aligned with the OECD Due Diligence Guidance, affirming our responsible sourcing practices. We regularly visit raw material suppliers to assess ESG performance and developed a program to strengthen their capabilities, which included their participation in the Sustainable Value Chain program of the Mexican Stock Exchange. In our chemical business, we engage in ESG assessments and collaborate with customers interested in learning about our goals to reduce the carbon footprint of our products.

We promoted preventive health programs in our communities with Health Fairs held in partnership with the UNAM Foundation, offering free specialized care in optometry, dentistry, and general health care. We continue to develop talent and promote STEM education for the young people of our communities through our FIRST Robotics program, and under the philosophy of Training for Life, we enhance the skills and values of children participating in our 11 soccer academies. Both programs received the Extraordinary Companies award for the second consecutive year from the Corporate Coordinating Council, the Communications Council, and the Institute for the Promotion of Quality. Similarly, our CETLAR Technical Training Center at Laguna del Rey remains committed to providing comprehensive training to young people from our operations' neighboring communities, with the goal of creating professional development opportunities for them in Peñoles.

We recognize the importance of the Sustainable Development Goals (SDGs) and the principles of the United Nations Global Compact in addressing global challenges and building a more sustainable future. By producing metals essential to human well-being, we are committed to doing so responsibly—for the benefit of present and future generations.

In 2024, we faced challenges with discipline and capitalized on opportunities for sustainable transformation.

Sincerely,

Rafael Rebollar González
Chief Executive Officer

Creating value

We generate value through low-cost operations, investments in exploration and capacity, energy generation, and continuous improvements in operational efficiency throughout the business cycle.

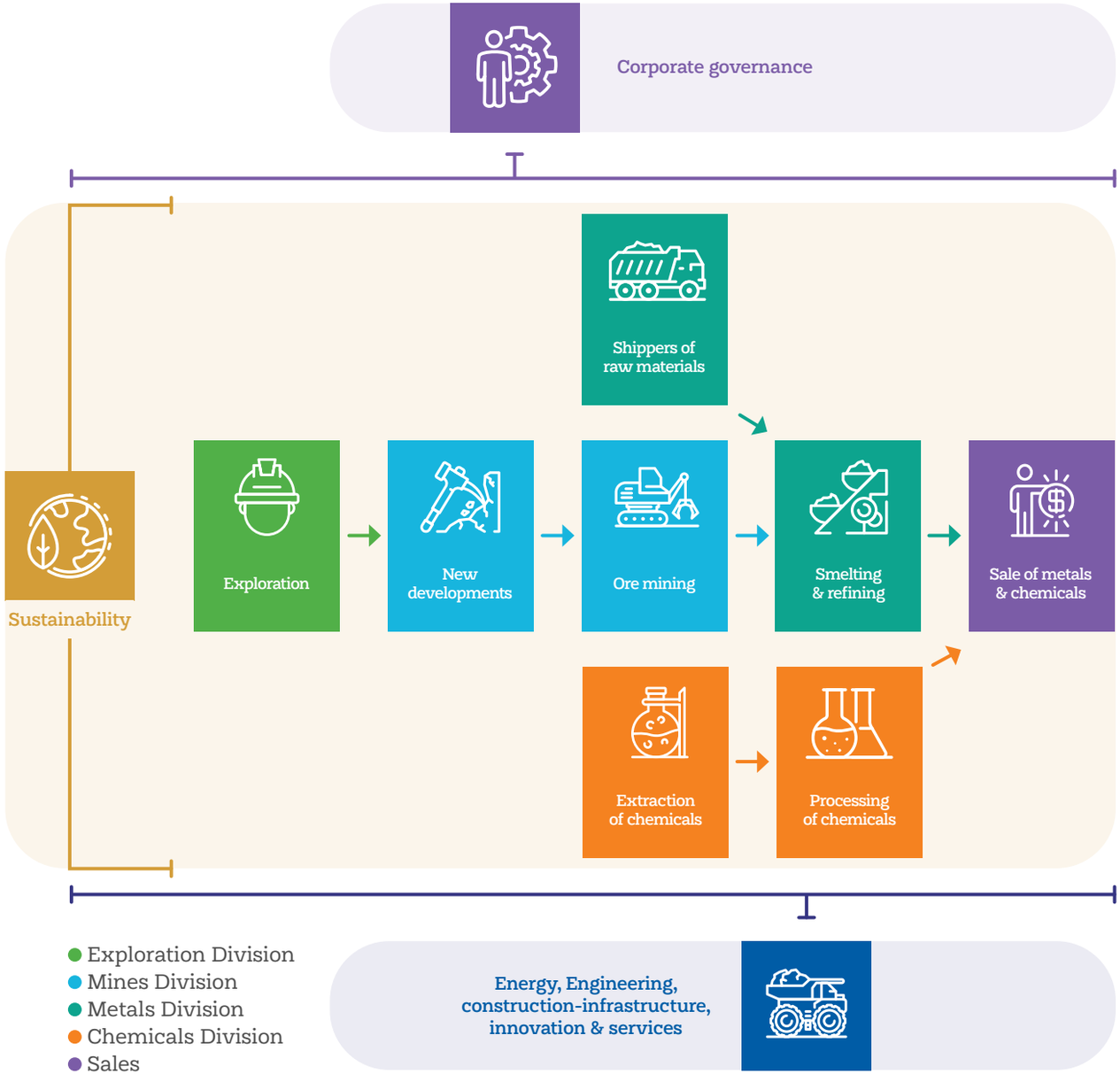
Business **model**

Founded in 1887 as a mining company, Industrias Peñoles, S.A.B. de C.V. is a mining, metallurgical, and chemical group with vertically integrated operations that span exploration, production, and the sale of refined metals and other products.

Our portfolio includes polymetallic products and encompasses the smelting and refining of non-ferrous metals such as zinc, lead, silver, and gold, as well as the production of inorganic chemicals—primarily sodium sulfate, magnesium sulfate, and magnesium oxide.

We focus on maintaining low operating costs and continuously invest in exploration, capacity expansion, and improvements in energy use and operational efficiency throughout the business cycle. This strategy—combined with our sustainable development initiatives, talented and well-trained workforce, strong capital structure, and sound corporate governance—has set us apart and enabled us to generate long-term value for our shareholders.

Since 1968, Peñoles' shares have been listed on the Mexican Stock Exchange under the ticker symbol PE&OLES. Our subsidiary, Fresnillo plc, is listed on both the London and Mexican stock exchanges. The Group is organized into four main divisions: Exploration, Mines (Peñoles and Fresnillo plc), Metals, and Chemicals.



- **Exploration Division** is engaged in detecting, locating, acquiring, studying, analyzing, and developing polymetallic, copper, gold, and silver deposits in Mexico and South America—mostly in Peru and Chile—where we hold mining concessions that support future growth by generating new mining projects.

- **Mines Division** focuses on mining and processing ore with metallic content of gold, silver, lead, zinc, and copper to produce concentrates of lead, zinc, and copper, as well as copper cathodes. Peñoles operates four underground mines in Mexico: Velardeña in Durango, Sabinas in Zacatecas, Capela in Guerrero, and Tizapa in the State of Mexico, which is 51% company-owned. Milpillas currently operates leaching pads for the production of copper cathode. Fresnillo plc operates seven underground and open-pit mines. The underground mines include Fresnillo, Saucito, and Juanicipio (56% ownership), all located in Zacatecas; Ciénega in Durango; and San Julián on the border between Chihuahua and Durango. The open-pit mine is Herradura, located in Sonora. Bismark, operated by Peñoles, and Noche Buena, operated by Fresnillo plc, are currently transitioning toward restoration and closure.

- **Metals Division** comprises metallurgical operations that process concentrates from company-owned mines, subsidiaries, and third-party shippers to produce high-quality refined metals certified for sale on international markets. It operates Met-Mex, a metallurgical complex located in Torreón, Coahuila, which includes a lead smelter, a lead-silver refinery, and an electrolytic zinc refinery. Its main products are refined gold, silver, lead, and zinc. The division also operates the Aleazin plant in Ramos Arizpe, Coahuila, which produces special zinc alloys, and the Bermejillo facility in Durango, where various byproducts are processed and products such as sulfuric acid, cadmium, bismuth, antimony trioxide, and liquid sulfur dioxide are produced.

- **Chemicals Division** includes Química del Rey, located in Laguna del Rey in the municipality of Ocampo, Coahuila, whose main products are sodium sulfate, magnesium oxide, and magnesium sulfate. Industrias Magnelec, located in Ramos Arizpe, Coahuila, is also part of this division and produces magnesium oxide in electric and electrofused grades.

Peñoles has corporate offices in Mexico City and Torreón, Coahuila, as well as two commercial offices located in the United States and Brazil.

Operations

Peñoles is a proud Mexican company, with an international presence, that promotes development and creates opportunities in the regions where it has operated for more than 13 decades.

Mining operations

Base metals

1 Velardeña
2 Sabinas
3 Tizapa
4 Capela
5 Milpillas
6 Naica*

Precious metals

7 Herradura
8 Ciénega
9 Fresnillo
10 Soledad-Dipolos*
11 Saucito
12 Noche Buena
13 San Julián
14 Juanicipio

Metallurgical operations

15 Metalúrgica Met-Mex
16 Bermejillo
17 Aleazin

Infrastructure

18 Línea Coahuila-Durango
19 Termoeléctrica Peñoles
20 Termimar
21 Fuerza Eólica del Istmo
22 Eólica de Coahuila
23 Eólica Mesa La Paz

Operaciones químicas

24 Química del Rey
25 Fertirey
26 Industrias Magnelec

Offices

27 Exploración
28 Corporativo

Commercial offices

29 Bal Holdings
30 Wideco
31 Quirey do Brasil

* Operations in these units have been suspended.

137 years facing challenges with discipline and capitalizing on opportunities

Stakeholder **engagement**

We are committed to building mutually beneficial relationships with our stakeholders — employees, communities, government, customers, shareholders, suppliers, contractors, and raw material suppliers — that enable us to achieve our business objectives and contribute positively to sustainable development. Our relationships are guided by our organizational values, with a special emphasis on ethical behavior, a love for life, respect for human rights, and environmental care. Our engagement mechanisms allow us to identify material issues, fostering dialogue and trust to actively collaborate in managing impacts, risks, and opportunities.

	Why do we engage?	What are the significant issues and topics?	How do we engage?	What are the relevant metrics?	How do we manage impacts, risks, and opportunities?
EMPLOYEES	A strong relationship with our unionized and nonunionized employees fosters better conditions for productivity, safe work, well-being, and professional development. A well-established ethical culture, demonstrated through behaviors and actions, is the foundation for respect for human rights and compliance with legal frameworks. Visible leadership and a strong safety culture are essential for the reduction and mitigation of high-potential events such as serious and fatal accidents. Additionally, creating a work environment free from harassment and discrimination fosters a more inclusive atmosphere, where diversity becomes a source of innovation and prudent risk management.	• Working conditions and rights • Safety • Occupational and non-occupational health • Well-being • Work environment • Prevention of discrimination • Equity and inclusion • Prevention of harassment • Training and development • Community development	• Visible leadership • Code of Conduct • Talent development • Labor modernization • Internal communication • Línea Correcta (whistleblowing line) • Training and development in administrative, human, and technical competencies • Ethics, workplace environment, and safety surveys	• Injury frequency rates, total and lost time • Fatal injuries • Leadership practices • Quasi-accidents • New cases of occupational diseases • Turnover • Percentage of women • Number of reports and cases through the ethical whistleblowing line • Number of ethics cases related to people in leadership positions • Disciplinary actions and control reinforcement	Sections of the report: • Our People • Human Rights • Health and Safety • Zero Harm • Ethics and Integrity • Culture and Values • Sharing Value • Communities

A strong relationship with our unionized and nonunionized employees fosters better conditions for productivity, safe work, well-being, and professional development.

	Why do we engage?	What are the significant issues and topics?	How do we engage?	What are the relevant metrics?	How do we manage impacts, risks, and opportunities?
COMMUNITIES AND INDIGENOUS PEOPLE	A relationship based on trust and mutual benefit with communities is essential for the development and continuity of our operations. Respect for the rights of Indigenous peoples, particularly consultation, enables the development of projects with lasting agreements and contributions to sustainable development. Responsible management of socio-environmental impacts and community development opportunities strengthens trust and social support for our activities.	• Community development • Right to Indigenous consultation • Access to land • Local employment and supply chain • Education • Community health • Timely response to concerns/grievances • Management of environmental impacts • Water conservation • Responsible management of mineral waste • Mine closure – social transition • Biodiversity conservation	• Indigenous consultation processes • Community visits and circuits • Meetings, forums, and assemblies • Grievance mechanism • External communication • Interviews, focus groups, and perception surveys • Programs in education, health, and capacity buildin • Local employment and supply chain • Neighborhood/ community/Indigenous committees	• Perception surveys • Statistics of community grievances • Local employment and sourcing • Social investment • Direct economic value generated and distributed	Sections of the report: • Communities • Indigenous Peoples • Human Rights • Sharing Value • Water Stewardship • Biodiversity Conservation • Mining-Metallurgical Waste Management • Air Quality

Responsible management of socio-environmental impacts and community development opportunities strengthens trust and social support for our activities.

	Why do we engage?	What are the significant issues and topics?	How do we engage?	What are the relevant metrics?	How do we manage impacts, risks, and opportunities?
GOVERNMENT	Establishing institutional and collaborative relationships helps build a strong reputation that facilitates open communication to address strategic issues. We offer our perspective to promote public policies that favor the common good—based on verifiable and reliable data about the mining sector—and provide an open-door approach to our processes and best practices. By seeking alliances for the common good, we strengthen the vision of shared responsibility with governments and communities throughout the development, operation, and integrated closure of our business units.	• Job creation • Payment of taxes and fees • Creation of a regional value chain • Occupational health and safety • Labor conditions and rights • Responsible water management • Safe handling of mining and metallurgical waste • Decarbonization • Management of hazardous and special handling waste • Biodiversity and conservation • Public security • Corruption prevention • Indigenous peoples and communities • Public infrastructure in communities	• Participation in forums, events, and workshops • Synergy in community programs • Visits and inspections of operations • Collaboration agreements • Responses to requests for information • Interaction through chambers and business organizations: CAMIMEX, CONCAMIN, COPARMEX, CCE, CESPEDES, CCA, ANIQ, AMDEE, COMCE, and Mining Clusters	• Direct economic value generated and distributed: taxes and levies paid • Royalties paid in accordance with the federal royalties law • Environmental and social performance	Sections of the report: • Our People • Human Rights • Health and Safety • Sharing Value • Communities • Indigenous Peoples • Water Stewardship • Mining-Metallurgical Waste Management • Hazardous and Special Handling Waste Management • Air Quality • Biodiversity Conservation

	Why do we engage?	What are the significant issues and topics?	How do we engage?	What are the relevant metrics?	How do we manage impacts, risks, and opportunities?
CLIENTS	We seek to build long-term strategic relationships with our clients, offering metals and chemicals that contribute to achieving their business objectives and sustainability commitments. We aim to establish relationships founded on a deep commitment to ethics and sustainability, inspiring confidence for long-term business.	• Competitive prices • Quality and timeliness of products and services • Peñoles' ethical and sustainability performance • Relevant certifications on sustainability topics for value chains • Applicable regulatory compliance • Transparency and traceability of the carbon footprint • Peñoles' sustainable purchasing • Human rights • Ethics and integrity • Decarbonization of Peñoles' products	• Sales and technical meetings • Technical visits • Calls, videoconferences, and emails • Satisfaction surveys • Timely responses to sustainability requests and questionnaires	• Economic value generated: total sales • Local and international customers • Quality management system and certifications • Certifications such as LBMA and LME for precious and base metals • ECOVADIS certification for chemicals • International Cyanide Code certifications for gold mines • Carbon footprint of products • Environmental, health, and safety management system certifications	Sections of the report: • Responsible Value Chain • Climate Change • Ethics and Integrity • Human Rights
SHAREHOLDERS	Financial, operational, and ESG results, accompanied by collaboration and constructive dialogue, are essential to being a competitive investment option in the medium and long term.	• Cost competitiveness • Growth • Profitability • Dividends • ESG goals and performance	• Shareholders' meetings • Quarterly and annual presentations • Meetings with investors and rating agencies • Annual reports: financial and sustainability	• Return on investment • Dividend payments • Asset optimization • Profitability • Sustainability performance	Sections of the report: • ESG Governance • Climate Change • Our People • Health and Safety • Ethics and Integrity • Human Rights • Water Stewardship • Mining-Metallurgical Waste Management • Biodiversity Conservation • Communities • Indigenous Peoples

	Why do we engage?	What are the significant issues and topics?	How do we engage?	What are the relevant metrics?	How do we manage impacts, risks, and opportunities?
CONTRACTORS	A strong relationship with our contractors creates better conditions for productivity, cost efficiency, and safe work. Due diligence and adherence to the Third-Party Code of Conduct are essential to establishing a business relationship. We maintain absolute confidentiality regarding information received from contractors throughout the bid evaluation process. Contractors' safety, health, and environmental standards are key to reducing and mitigating high-potential events such as serious and fatal accidents, occupational diseases, and environmental incidents. We expect our contractors to commit to respecting human rights and creating working conditions free from harassment and discrimination.	• Productivity • Occupational health and safety • Ethics and integrity • Working conditions and rights • Equity and inclusion	• Visible leadership • Due diligence • Third-Party Code of Conduct • Safety, health, and environmental standards for contractors • Línea Correcta Program • Ethics and integrity training • Safety training	• Total and lost-time injury frequency rates • Fatal accidents • Quasi-accidents • Safety, health, and environmental assessments • Percentage of women • Number of reports and cases on the whistleblowing line	Sections of the report: • Responsible Value Chain • Ethics and Integrity • Health and Safety

Due diligence and adherence to the Third-Party Code of Conduct are essential to establishing a business relationship.

	Why do we engage?	What are the significant issues and topics?	How do we engage?	What are the relevant metrics?	How do we manage impacts, risks, and opportunities?
SUPPLIERS	The cost efficiency and resilience of our supply chain depend on building strong relationships with our suppliers. The ethics and integrity of our suppliers, as well as the sustainability of their products, are fundamental to building medium- and long-term relationships. We maintain absolute confidentiality regarding the information received from suppliers throughout the evaluation and procurement process. We expect our suppliers to commit to respecting human rights and responsibly managing socio-environmental impacts.	• Quality • Profitability • Service • Technical capacity • Competitiveness • Experience • Socio-environmental performance • Transparency of the socio-environmental footprint of products • Ethics and integrity • Human rights	• Due diligence • Third-Party Code of Conduct • Opinion surveys • Performance evaluations • Training and consulting • ESG questionnaires for our critical suppliers	• Number of reports and cases on the whistleblowing line	Sections of the report: • Responsible Value Chain • Ethics and Integrity • Human Rights
RAW MATERIALS SUPPLIERS	Our metallurgical activities require building strong medium- and long-term relationships with raw material suppliers. These suppliers operate mining sites and are expected to uphold ethical and safe practices, respect human rights, and manage the socio-environmental impacts of their operations responsibly. We strive to ensure our metals value chain maintains international certifications relevant to the sector, such as the London Bullion Market Association (LBMA).	• Production capacity • Quality • Timeliness • Reliability • Ethics and integrity / compliance • Health and safety • Socio-environmental performance • Human rights	• Due diligence • Visits to operations • Assessments • Third-Party Code of Conduct • Training on sustainability issues	• Reports on visits to raw material suppliers • Feedback on evaluations • Number of reports and cases on the whistleblowing line	Sections of the report: • Responsible Value Chain • Ethics and Integrity • Human Rights

The cost efficiency and resilience of our supply chain depend on building strong relationships with our suppliers.

Our **purpose**

To generate opportunities and well-being by sustainably supplying essential resources

Our purpose guides our strategic decisions, balancing our needs with those of our stakeholders and the environment. Sustainability is at the core of our purpose, ensuring the organization's long-term viability while upholding our socio-environmental responsibilities.

Our approach to sustainability is based on three principles:

1

Embed sustainability in our organizational culture

Our organizational culture, grounded in our CRIL values (trust, responsibility, respect, integrity, and loyalty), inspires us to manage both our positive and negative impacts on sustainable development responsibly. We aspire to conduct our activities without causing harm to people or the environment.

2

Operate in a socially and environmentally compatible manner

We aim to operate within the planet's limits and in line with the aspirations and expectations of our people, communities, and other stakeholders. Our approach focuses on preserving the health, safety, and well-being of our workforce, while respecting human rights and the rights of Indigenous peoples. We are committed to protecting the environment through efficient water use, reducing our carbon footprint, responsibly managing tailings storage facilities, controlling atmospheric emissions, restoring mining sites, conserving biodiversity, and implementing other sustainability initiatives. We also strive to responsibly manage our social impact by addressing community concerns and interests.

3

Share benefits with our stakeholders

Our mining, metallurgical, and chemical operations create and distribute economic value in the regions where we operate. We invest in developing our people's talent and strengthening the capabilities of our partners across the value chain. We generate employment and support local suppliers in our host communities. Beyond maintaining our social license to operate, we support causes that matter to our communities and contribute to their relevance and resilience through social programs and partnerships with governments and civil society.

ESG strategy

Our ESG strategy has three objectives:

Socio-environmental performance: Anticipate the challenges and expectations of society, transforming the company to achieve an excellent socio-environmental performance

Governance: Deliver results through strong internal coordination and accountability

Recognized sustainability leaders: Consolidate our sustainability journey to build trust and ensure business' success in the long term.

Culture and values

Our organizational culture is deeply rooted in our values and is reflected in the mindset and behaviors we demonstrate in our activities and relationships with stakeholders. At Peñoles, we are proud of the organizational culture we have forged over the years and consider it a key success factor.

We strive to foster a culture aligned with our purpose and constantly evolving to meet challenges and seize opportunities. To this end, we implement initiatives to strengthen our culture in key areas such as occupational safety, ethics, well-being, and diversity, equity, and inclusion.

Our values

Confidence

We are confident in our capacity as a team, the sum of our talents, and the consistent work of each person to achieve extraordinary results.

Responsibility and Respect

We keep our promises and meet our goals, assuming full responsibility for our actions, decisions, and results.

We recognize the inherent value of every person; we value different opinions and beliefs; and we comply with the law and protect the environment.

Integrity

We always abide by the ethical principles of this organization, acting in an open and above-board manner.

Loyalty

We build solid and trustworthy relations, honoring the principles of the organization.

Safety – “Love for Life”

Our “Love for Life” safety culture promotes leadership and safe behavior among employees and contractors. In synergy with our High Potential Strategy, we aim to prevent high-potential events that can lead to severe or fatal injuries, occupational diseases, and environmental incidents. Visible leadership is the driving force behind a successful safety culture. Leadership teams across our business units engage directly with personnel in the field through key activities that foster safety and trust—such as empowering people with the right to say “No,” identifying risks, and evaluating critical controls.

Ethics – “Comply creates value”

We aspire to build a strong ethical culture, reflected in our behavior and actions. Aligned with our Ethics and Integrity Framework, we work to prevent unethical conduct that could negatively impact the organization, its stakeholders, and the environment. We encourage our people to use the Code of Conduct as a tool to make better, values-based decisions in full compliance with laws and regulations. To measure the strength of our ethics culture, we use Ethisphere’s Ethics Quotient.

Well-being – “Live in Balance”

The BAL Group companies have launched the “Live in Balance” initiative, focusing on four key aspects of well-being: physical, emotional, social, and financial. This initiative promotes the overall well-being of our employees and their families, with support from wellness specialists and experts. Through “Live in Balance,” we aim to embed well-being as a core value in our culture, placing people at the center of our business strategy.

Diversity, Equity, and Inclusion – “BAL with no obstacles”

Diversity is a proven driver of innovation and effective risk management. Equity and inclusion are essential for building a fair and dynamic workplace that fully leverages the benefits of diversity. “BAL with No Obstacles” is an initiative of the BAL Group companies that takes a strategic approach to diversity, equity, and inclusion, integrating these principles into our organizational culture. Our annual Diversity, Equity, and Inclusion Week serves as a collective effort to raise awareness and inspire change through conferences and panel discussions.

“Security Is Everyone's Responsibility”

In addition to occupational safety, we seek to contribute to a safe environment for our people in the regions where we operate. Our “Security Is Everyone’s Responsibility” campaign is a strategic effort to raise awareness about the importance of a prevention mindset, self-care, and shared responsibility. The campaign emphasizes the benefits of creating and maintaining a safe environment for all personnel within the organization.

Monitoring culture

Monitoring enables us to better understand how our people perceive our culture, mindset, and behaviors. This feedback provides valuable insights into how well our culture aligns with our purpose and values. It also helps us assess the effectiveness of our initiatives aimed at strengthening key cultural components such as safety, ethics and integrity, wellness, and DEI. Ultimately, this insight supports better decision-making around actions that shape and influence our culture.

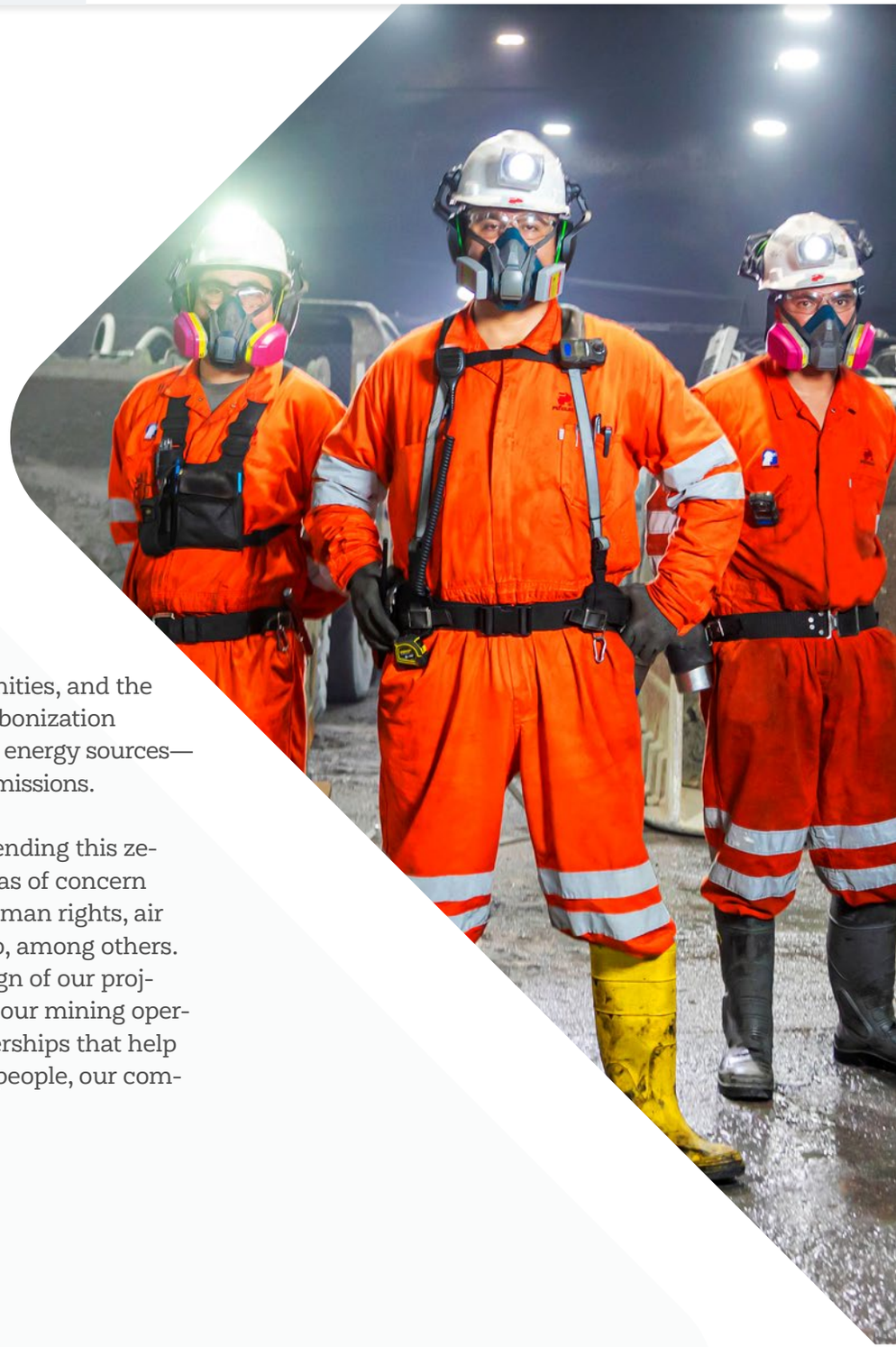
ETHISPHERE®
GOOD. SMART. BUSINESS. PROFIT.®

Culture monitoring mechanisms:

- Psychosocial risk factor survey
- Ethical culture assessment (Ethisphere® Ethics Quotient)
- Live in Balance survey
- Diversity surveys
- Reports to Línea Correcta
- Diversity metrics
- Comprehensive well-being metrics
- Turnover rate

Zero-harm

At Peñoles, we seek to minimizing the socio-environmental impacts of our activities. To this end, we strive to embed a zero-harm philosophy throughout the organization.



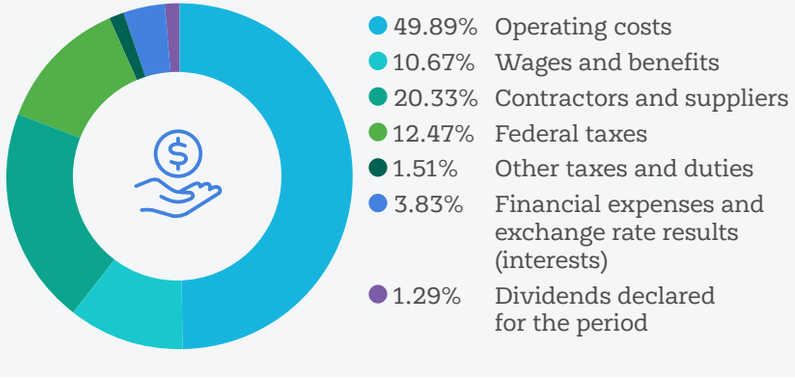
Through our High Potential Strategy, we work to implement critical controls in the field that are essential for preventing or mitigating high-potential events such as occupational diseases, severe or fatal injuries, and environmental incidents. We are dedicated to fostering a strong safety culture and promoting visible leadership, empowering both employees and contractors to do the right thing when confronted with unsafe conditions.

Our approach to critical controls aligns with our broader governance efforts and engineering best practices. Our safe tailings management program, grounded in a zero-harm philosophy, is designed to reduce risks to people, communities, and the environment. Likewise, our decarbonization strategy—supported by renewable energy sources—aims to mitigate greenhouse gas emissions.

We are equally committed to extending this zero-harm mindset to other key areas of concern for our stakeholders, including human rights, air emissions, and water stewardship, among others. This mindset also guides the design of our projects and the integrated closure of our mining operations. We actively pursue partnerships that help us leave a positive legacy for our people, our communities, and biodiversity.

Sharing **value**

Our activities generate value in the regions where we operate. We are convinced that we build trust with our stakeholders by transparently communicating the Direct Economic Value Generated and Distributed (EVG&D). Clearly disclosing how the value we create is distributed—as wages and benefits, payments to governments, social investment, and other economic contributions—helps communities and governments better understand the economic benefits of our activities.



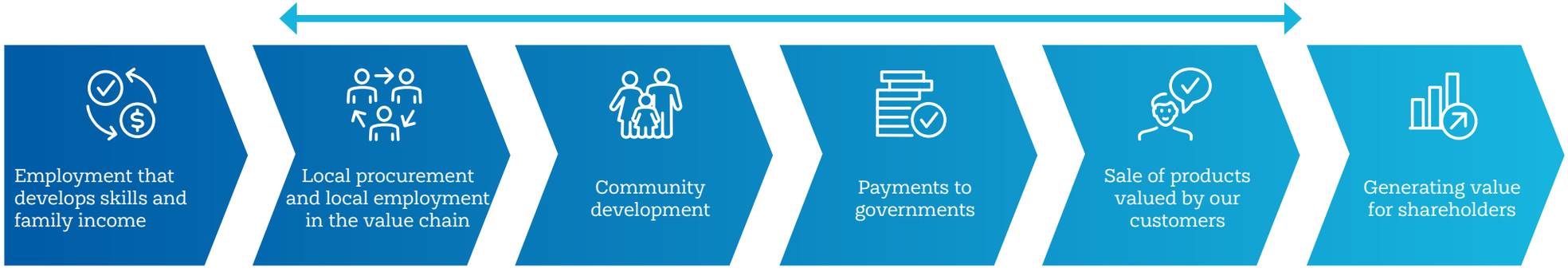
In thousand of dollars

Economic value generated	2024	2023
Revenue	**6,650,079**	5,928,965
Financial income (interests)	**78,292**	100,797

Economic value distributed		
Operating costs	**2,907,620**	3,072,031
Wages and benefits	**622,060**	621,235
Contractors and suppliers	**1,184,930**	1,307,199
Federal taxes	**727,084**	-342,649
Other taxes and duties	**88,213**	82,482
Financial expenses and exchange rate results (interests)	**223,376**	429,264
Dividends declared for the period	**75,336**	56,492
TOTAL	**5,828,619**	5,226,054

The information was obtained from the audited financial statements and consolidated income statement accounts, that are based on accrual accounting.

Direct Economic Value Generated and Distributed

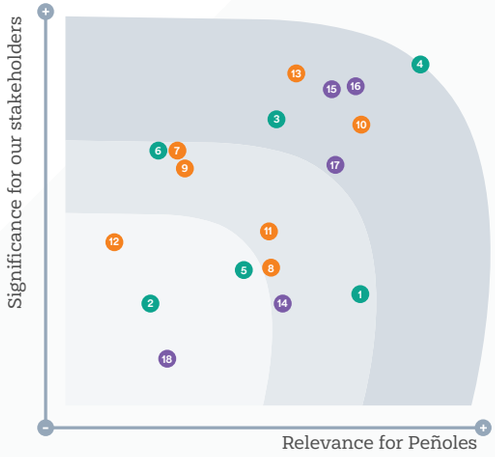


Materiality

Assessing the materiality of our impacts on sustainable development is one of the main sources of information for reviewing our sustainability strategy. We have periodically conducted materiality assessments—using an impact-based methodology—to identify the most significant issues for our stakeholders and those most relevant to our business model and strategy. We have integrated both current and forward-looking assessments of material sustainability issues to better inform our strategy. The results provide valuable input for our management systems, stakeholder engagement and communication, and ESG disclosures.

Materiality 2023

Materiality 2033



We adopted the recommendations of the GRI 3: Material Topics 2021 standard from the Global Reporting Initiative (GRI) Universal Standards. This has enabled us to prioritize topics effectively and serves as a starting point for analyzing their future evolution.

Environmental		
1	Environmental Management	✓
2	Biodiversity Conservation	
3	Climate Change*	✓
4	Water Stewardship	✓
5	Waste Management	✓
6	Asset Closure	

Social		
7	Human Rights at the workplace	
8	Talent Development	
9	Diversity, Equity, and Inclusion	
10	Community Engagement	✓
11	Relations with Authorities and Governments	
12	Relations with Indigenous peoples	
13	Occupational Health, Safety and Security	✓

Govenance		
14	Responsible Supply Chain	✓
15	Corporate Ethics and Integrity	✓
16	Governance, Risk, and Crisis Management	✓
17	Innovation and Technology*	✓
18	Data Privacy and Cybersecurity	

✓ TOP 10 *in 2033 their increase their materiality.

Materiality assessment process

1

Identifying material issues and topics

Currently managed impacts and issues are the starting point. Issues detected in interactions with stakeholders are added, and completeness is ensured by consulting external sources such as national and international regulations, industry standards, ESG rating organizations' questionnaires, and industry ESG studies.

2

Evaluating issues

The evaluation of issues is carried out qualitatively through surveys, interviews, and focus groups that rate the present and future relevance of sustainability issues.

3

Validating results

Once the results of the assessment are analyzed and validated, they serve as a guide for the disclosure of our sustainability report.

We recognize the importance of materiality assessment in managing sustainability impacts and risks. In 2025, we will be preparing to incorporate the financial materiality approach provided for in IFRS sustainability standards. We seek to generate synergy between the GSSB[1] impact materiality and the ISSB[2] financial materiality to better understand Impacts, Risks, and Opportunities from a dual materiality perspective.

We have integrated both current and forward-looking assessments of material sustainability issues to better inform our strategy.

1 Global Sustainability Standards Board
2 International Sustainability Standards Board

Contribution to the **UN Sustainable Development Goals**

Adopted in 2015 by all member states of the United Nations, the 17 Sustainable Development Goals (SDGs) serve as a compass for building a more sustainable future. They address the most pressing and urgent challenges facing humanity, such as climate change, poverty, inequality, water stewardship, and biodiversity, among others.

Businesses play a key role in helping society achieve the SDGs. We are committed to communicating how we contribute to sustainable development, protecting and creating value for our stakeholders.

We aim to make our sustainability reporting—based on the Global Reporting Initiative (GRI) framework—the foundation for our SDG-related disclosures. We have begun integrating the GRI and the Sustainability Accounting Standards Board (SASB) of the International Sustainability Standards Board (ISSB), structuring our disclosures into: i) governance, ii) strategy, iii) impact and risk management, and iv) performance and metrics. We will continue working to disclose how we support the SDGs, while advancing the integration and maturity of these reporting frameworks.

We have identified the SDGs most closely aligned with our materiality matrix—those where we can have the greatest impact in creating value for our stakeholders.

Material to our business

Creating value

Protecting value

We also identified the SDGs to which we indirectly contribute:

Relationship between the SDGs and our management of impacts, risks, and opportunities

✓ TOP 10

ENVIRONMENTAL

Environmental Management	✓
Climate Change	✓
Waste Management	✓
Water Management	✓
Biodiversity Conservation	
Integrated Mine Closure	

SOCIAL

Occupational Health and Safety	✓
Community Relations	✓
Human Rights	
Talent Management	
Relations with Indigenous peoples	
Our People	
Relations with Authorities	

GOVERNANCE

Corporate Ethics and Integrity	✓
Innovation and Technology	✓
Governance, Risk, and Crisis Management	✓
Responsible Supply Chain	✓
Data Privacy and Cybersecurity	

Assurance

Deloitte.

Galaz, Yamazaki,
Ruiz Urquiza, S.C.
Paseo de la Reforma 505, piso 28
Colonia Cuauhtémoc
06500 Ciudad de México
México

Tel: +52 (55) 5080 6000
www.deloitte.com/mx

Independent Practitioner's Limited Assurance Report for selected sustainability information of Industrias Peñoles, S.A.B. de C.V.

Information subject to the assurance engagement

We have been engaged by the Management of Industrias Peñoles, S.A.B. de C.V. ("Industrias Peñoles" or the "Entity") to perform a limited assurance engagement on selected sustainability information included in the 2024 Sustainability Report for the year ended December 31,2024.

Our work was performed by an independent and multidisciplinary team including assurance practitioners and sustainability specialists.

Our limited assurance engagement was performed solely in respect of the selected sustainability information included in Appendix A. Our assurance report does not extend to information from previous periods or other information included in the 2024 Sustainability Report, including other information related to such report that may contain images, audio or videos.

Criteria used for the preparation of the information subject to the assurance engagement ("Criteria")

The selected sustainability information, included in Appendix A, has been prepared and presented by the Management of Industrias Peñoles in accordance with the guidelines of Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB").

Industrias Peñoles' responsibility in relation to the selected sustainability information

The Management of Industrias Peñoles is responsible for the preparation of the selected sustainability information in accordance with GRI and SASB. This responsibility includes the design, implementation, and execution of internal controls over the relevant information for the preparation of the selected information that is free from material misstatement, whether due to fraud or error.

Inherent limitations to the assurance engagement

The selected sustainability information is subject to inherent uncertainty due to the use of non-financial information which is subject to greater inherent limitations than financial information, given the nature of the methods used to determine, calculate, sample or estimate such information. In preparing the selected information, the Entity makes qualitative interpretations about the relevance, materiality and accuracy of the information that are subject to assumptions and judgments.

Deloitte.

Our independence and quality control

We have complied with the independence and ethical requirements of the Code of Ethics for Public Accountants issued by the International Ethics Standard Board for Accountants ("IESBA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our Firm applies the International Standard on Quality Management 1 ("ISQM 1") and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a limited assurance conclusion on selected sustainability information for the year ended December 31, 2024, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), assurance engagements other than audits or reviews of historical financial information ("ISAE 3000") issued by the International Auditing and Assurance Standards Board ("IAASB"). This standard requires the planning and performance of this engagement to obtain limited assurance about whether the selected sustainability information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of Industrias Peñoles' use of methodologies in accordance with GRI and SASB as the basis for the preparation of the selected sustainability information, assessing the risks of material misstatement of the selected sustainability information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluation of the appropriateness of quantification methods, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Performed inquiries through which we obtained an understanding of the Entity's internal policies related to the selected sustainability information.
- Performed inquiries through which we obtained an understanding of Industrias Peñoles' control environment and information systems relevant to the preparation of selected sustainability information; but did not evaluate the design of particular control activities, obtain evidence about their implementation or test operating effectiveness.
- Evaluated whether Industrias Peñoles' methods for developing estimates are appropriate and had been consistently applied in the preparation of the selected sustainability information.
- Performed substantive tests on the selected sustainability information referred in this report to corroborate that the data has been adequately measured, recorded, compiled, and reported through:
  - Inspection;
  - Observation;
  - Confirmation;
  - Re-calculations.

Deloitte.

- Comparison of the contents presented by the Management with what is established in the Criteria section of this report.

The procedures performed in a limited assurance engagement vary in nature and opportunity, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Industrias Peñoles' selected sustainability information has been prepared, in all material respects, in accordance with the guidelines provided by GRI and SASB.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Limited assurance conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected sustainability information for the year ended December 31, 2024, was not prepared in all material aspects, in accordance with the Criteria section of this report.

Restriction on use and distribution

Our report is intended solely for the Management of Industrias Peñoles, S.A.B. de C.V., in accordance with the terms of our engagement letter and should not be used by or distributed to any other party.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Affiliated of a member firm of Deloitte Touche Tohmatsu Limited

C.P.C. David Alejandro Solano Zúñiga
Mexico City, Mexico
April 30, 2025

Assurance

Appendix A

The following include the GRI and SASB indicators subject to limited assurance engagement defined by the Management of Industrias Peñoles the period ended December 31, 2024.

GRI Indicators	Metrics
2-7 Employees *Bal Holdings, Inc. employees are not included	Peñoles*: • **1,053** women and **7,197** men employees (unionized and non-unionized) • **3** women interns and **6** men interns Fresnillo: • **843** women and **6,633** men employees (unionized and non-unionized) • **16** women interns and **11** men interns Total of Industrias Peñoles: • **1,910** women and **13,852** men employees (unionized and non-unionized)
2-8 Workers who are not employees	Peñoles: • **5,855** contractors Fresnillo: • **10,619** contractors Total of Industrias Peñoles: • **16,474** contractors
2-30 Collective bargaining agreements	Total of Industrias Peñoles: • **67.91%** of unionized employees (**10,704** unionized employees / **15,762** total employees unionized and non-unionized).
201-1 Direct economic value generated and distributed	• Direct economic value generated (revenue) of $**6,650.08** million of US dollars • Distributed economic value (expenditures) of $ **5,828.62** million of US dollars
201-2 Financial implications and other risks and opportunities due to climate change	We reviewed that the entity included in the report the financial implications and other risks and opportunities derived from climate change, specifically: • Description of the risks or of the opportunities and their classification as either physical or transitional nature • Description of the impacts related with the risks or the opportunities • Financial implications of the risks or the opportunities before taking measures to manage them • Methods used to manage the risks or the opportunities
202-1 Ratios of standard entry level wage by gender compared to local minimum wage *Only non-unionized employees are considered	Peñoles: • Ratio of **1.89** (using as standard initial category salary $14,300 / minimum wage of $7,567.47) Fresnillo: • Ratio of **2.02** (using as standard initial category salary $15,310 / minimum wage of $7,567.47) Total of Industrias Peñoles: • Ratio of **1.89** (using as standard initial category salary $14,300 / minimum wage of $7,567.47)

GRI Indicators	Metrics
203-1 Infrastructure investments and services supported	Peñoles: • Total social investment balance during 2024 of **USD $3,072,670.06** Fresnillo: • Total social investment balance during 2024 of **USD $4,776,403.59** Total of Industrias Peñoles: • Total social investment balance during 2024 of **USD $7,849,073.65**
204-1 Proportion of spending on local suppliers	• **47.93%** payments to local suppliers
205-3 Confirmed incidents of corruption and actions taken	**98** complaints, of which there are: • **42** benefits, malpractice, or unethical dealings with suppliers • **18** complaints related to conflict of interest • **19** fraud-related complaints • **19** complaints related to theft or destruction of assets
302-1 Energy consumption within the organization	Energy consumption of: • **4,347,492.40** MWh of fuel consumption • **3,238,360.35** MWh of electricity consumption Total energy consumption of **7,585,852.75** MWh
303-3 Water withdrawal	• Water withdrawn of **46,773.44** ML
303-4 Water discharge	• Water discharge of **21,482.42** ML
303-5 Water consumption	• Water consumption of **25,291.02** ML
305-1 Direct (Scope 1) GHG emissions	• Emissions of **1,196,134** tCO2e from fuel consumption
305-2 Energy indirect (Scope 2) GHG emissions	• Emissions of **1,141,629** tCO2e from electricity consumption
306-3 Waste generated *The verification was limited to Peñoles information. Fresnillo waste was not verified.	Peñoles: • **30,047** tons of hazardous waste • **319,687** tons of special handling waste Total: • **349,734** total tons of waste generated
401-1 New employee hires and employee turnover *For hiring purposes, only non-unionized members are considered. **For turnover, both unionized and non-unionized members are considered. ***Only operations in Mexico, Chile, and Peru are considered, excluding operations in the Línea Coahuila-Durango and Quirey du Brasil. ****For Peñoles, Bal Holdings, Inc. is not considered.	Hirings of Industrias Peñoles*: • **252** hirings under 30 years • Hiring rate under 30 years of **22.99%** • **159** hirings between 30 and 50 years • Hiring rate between 30 and 50 years of **4.93%** • **6** hirings over 50 years • Hiring rate over 50 years of **0.81%** • **87** hirings women • Hiring rate women of **11.05%** • **330** hirings men • Hiring rate men of **7.73%** • Total hirings of **417** • Total hiring rate of **8.24%** Turnover of Peñoles**: • Turnover of **316** under 30 years • Turnover rate under 30 years of **14.56%** • Turnover of **475** between 30 and 50 years • Turnover rate between 30 and 50 years of **9.80%** • Turnover of **158** over 50 years

GRI Indicators	Metrics
	• Turnover rate over 50 years of **12.72%** • Turnover of **174** women • Turnover rate women of **16.48%** • Turnover of **775** men • Turnover rate men of **10.76%** • Total turnover of **949** • Total turnover rate of **11.49%** Turnover Fresnillo**: • Turnover of **407** under 30 years • Turnover rate under 30 years of **18.19%** • Turnover of **436** between 30 and 50 years • Turnover rate between 30 and 50 years of **9.52%** • Turnover of **83** over 50 years • Turnover rate over 50 years of **12.06%** • Turnover of **133** women • Turnover rate women of **12.08%** • Turnover of **793** men • Turnover rate men of **12.39%** • Total turnover of **926** • Total turnover rate of **12.34%** Turnover Industrias Peñoles**: • Turnover of **723** under 30 years • Turnover rate under 30 years of **16.40%** • Turnover of **911** between 30 and 50 years • Turnover rate between 30 and 50 years of **9.67%** • Turnover of **241** over 50 years • Turnover rate over 50 years of **12.49%** • Turnover of **307** women • Turnover rate women of **14.23%** • Turnover of **1,568** men • Turnover rate men of **11.53%** • Total turnover of **1,875** • Total turnover rate of **11.90%**
403-9 Work-related injuries *A base of 1,000,000 hours worked was used for the calculation of the rates. ** The total hours worked (employees and contractors) used for the calculation of rates includes estimates made by the Management of Industrias Peñoles.	Peñoles**: • **3** fatalities as a result of work-related injury **employees** • Fatality rate as a result of work-related injury **employees** of **0.15*** • **129** high-consequence work-related injuries **employees** • Rate of high-consequence work-related injuries (excluding fatalities) **employees** of **6.41*** • **335** recordable work-related injuries **employees** • Rate of recordable work-related injuries **employees** of **16.65*** • **20,124,731.52** hours worked **employees** • **3** fatalities as a result of work-related injury **contractors** • Fatality rate as a result of work-related injury **contractors** of **0.26*** • **79** high-consequence work-related injuries **contractors** • Rate of high-consequence work-related injuries (excluding fatalities) **contractors** of **6.74*** • **156** recordable work-related injuries employees **contractors** • Rate of recordable work-related injuries employees **contractors** of **13.30*** • **11,727,164.16** hours worked **contractors** Fresnillo**: • **2** fatalities as a result of work-related injury **employees** • Fatality rate as a result of work-related injury **employees** of **0.11***

Assurance

GRI Indicators	Metrics
	• **91** high consequence work related injuries **employees** • Rate of high-consequence work related injuries (excluding fatalities) **employees** of **5.23*** • **149** recordable work-related injuries **employees** • Rate of recordable work-related injuries **employees** of **8.56*** • **17,406,200** hours worked **employees** • **0** fatalities as a result of work-related injury **contractors** • Fatality rate as a result of work-related injury **contractors** of **0.00*** • **125** high-consequence work-related injuries **contractors** • Rate of high-consequence work-related injuries (excluding fatalities) **contractors** of **4.46*** • **196** recordable work-related injuries **contractors** • Rate of recordable work-related injuries **contractors** of **6.99*** • **28,025,400** hours worked **contractors** Total of Industrias Peñoles **: • **5** fatalities as a result of work-related injury **employees** • Fatality rate as a result of work-related injury **employees** of **0.13*** • **220** high-consequence work-related injuries **employees** • Rate of high-consequence work-related injuries (excluding fatalities) **employees** of **5.86*** • **484** recordable work-related injuries **employees** • Rate of recordable work-related injuries **employees** of **12.90*** • **37,530,931.52** hours worked **employees** • **3** fatalities as a result of work-related injury **contractors** • Fatality rate as a result of work-related injury **contractors** of **0.08*** • **204** high-consequence work-related injuries **contractors** • Rate of high-consequence work-related injuries (excluding fatalities) **contractors** of **5.13*** • **352** recordable work-related injuries **contractors** • Rate of recordable work-related injuries **contractors** of **8.85*** • **39,752,564.16** hours worked **contractors** • **8** total fatalities as a result of work-related injury • Total fatality rate as a result of work-related injury of **0.10*** • **424** total high-consequence work-related injuries • Total rate of high-consequence work-related injuries (excluding fatalities) of **5.49*** • **836** total recordable work-related injuries employees • Total rate of recordable work-related injuries of **10.82*** • **77,278,507.52** total hours worked
403-10 Work-related ill health *Only unionized employees and non-unionized employees are included. The scope of the assurance does not include contractors.	• **Zero** deaths as a result of work-related ill health* • **177** cases of recordable work-related ill health*, of which 131 were in Peñoles and 46 in Fresnillo

GRI Indicators	Metrics
405-1 Diversity of governance bodies and employees *Unionized employees are not considered **Only operations in Mexico, Chile, and Peru are considered, excluding operations in the Línea Coahuila-Durango and Quirey du Brasil. ***Only senior, professional, and non-professional categories are considered; executives and managers are excluded ****Exploraciones Mineras Parreña employees are not considered	Peñoles: • Women under 30 years (number and percentage): **151 – 5%** • Men under 30 years (number and percentage): **431 – 14%** • Women between 30 and 50 years (number and percentage): **432 – 14%** • Men between 30 and 50 years (number and percentage): **1,560 – 51%** • Women over 50 years (number and percentage): **63 – 2%** • Men over 50 years (number and percentage): **428 – 14%** • Women in senior positions (number and percentage): **202 – 8%** • Men in senior positions (number and percentage): **668 – 25%** • Women in professional positions (number and percentage): **266 – 10%** • Men in professional positions (number and percentage): **970 – 36%** • Women in non-professional positions (number and percentage): **120 – 4%** • Men in non-professional positions (number and percentage): **458 – 17%** Fresnillo****: • Women under 30 years (number and percentage): **177 – 9%** • Men under 30 years (number and percentage): **339 – 18%** • Women between 30 and 50 years (number and percentage): **178 – 9%** • Men between 30 and 50 years (number and percentage): **1,006 – 53%** • Women over 50 years (number and percentage): **24 – 1%** • Men over 50 years (number and percentage): **191 – 10%** • Women in senior positions (number and percentage): **52 – 4%** • Men in senior positions (number and percentage): **347 – 25%** • Women in professional positions (number and percentage): **220 – 16%** • Men in professional positions (number and percentage): **707 – 50%** • Women in non-professional positions (number and percentage): **37 – 3%** • Men in non-professional positions (number and percentage): **43 – 3%** Total of Industrias Peñoles: • Women under 30 years (number and percentage): **328 – 7%** • Men under 30 years (number and percentage): **770 – 15%** • Women between 30 and 50 years (number and percentage): **610 – 12%** • Men between 30 and 50 years (number and percentage): **2,566 – 52%** • Women over 50 years (number and percentage): **87 – 2%** • Men over 50 years (number and percentage): **619 – 12%** • Women in senior positions (number and percentage): **254 – 6%** • Men in senior positions (number and percentage): **1,015 – 25%** • Women in professional positions (number and percentage): **486 – 12%** • Men in professional positions (number and percentage): **1,677 – 41%** • Women in non-professional positions (number and percentage): **157 – 4%** • Men in non-professional positions (number and percentage): **501 – 12%**

Assurance

GRI Indicators	Metrics
405-2 Ratio of basic salary and remuneration of women to men *Only senior, professional, and non-professional categories are considered; executives and managers are excluded **Only operations in Mexico are considered ***Unionized employees are not considered **** Only the basic salary is considered	Peñoles: • Ratio of the basic salary of women to men in senior positions of **0.97** • Ratio of the basic salary of women to men in professional positions of **0.98** • Ratio of the basic salary of women to men in non-professional positions of **1.05** Fresnillo: • Ratio of the basic salary of women to men in senior positions of **0.93** • Ratio of the basic salary of women to men in professional positions of **0.99** • Ratio of the basic salary of women to men in non-professional positions of **0.96** Total of Industrias Peñoles: • Ratio of the basic salary of women to men in senior positions of **0.96** • Ratio of the basic salary of women to men in professional positions of **0.98** • Ratio of the basic salary of women to men in non-professional positions of **1.04**
406-1 Incidents of discrimination and corrective actions taken	• **Three** discrimination incidents during the reporting period.
G4-MM3 Total amounts of overburden, rock, tailings, and sludges and their associated risks	• **102,330,536** tons of overloads, rocks, tailings and debris

SASB indicators	Metrics
EM-MM-110a.1 Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Emissions of **1,196,134** tCO2e from fuel consumption
EM-MM-140a.1 (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	**35,688.38** ML of fresh water withdrawn (**94.09%** in regions with extremely high baseline water stress) • **294.01** ML from surface sources • **421.24** ML from municipal sources • **34,973.13** ML from underground sources **14,394.60** ML of fresh water consumed (**85.34%** in regions with extremely high baseline water stress)
EM-MM-140a.2 Number of incidents of non-compliance associated with water quality permits, standards and regulations	• **Zero** incidents of non-compliance related to water quality permits, standards, and regulations.
EM-MM-150a.4 Total weight of non-mineral waste generated *Verification was limited to Peñoles information.	• **349,734** tons of non-mineral waste generated
EM-MM-150a.5 Total weight of tailings produced	• **20,928,967.96** tons of tailings waste generated • **15.37%** of recycled tailings waste

SASB indicators	Metrics
EM-MM-150a.6 Total weight of waste rock generated	Peñoles: • **4,104,284** tons of waste rock generated Fresnillo: • **76,608,132** tons of waste rock generated Total of Industrias Peñoles: • **80,712,417** tons of waste rock generated
EM-MM-150a.7 Total weight of hazardous waste generated *Verification was limited to Peñoles information	• **30,047.1** tons of hazardous waste generated
EM-MM-150a.8 Total weight of hazardous waste recycled *Verification was limited to Peñoles information	• **509.47** tons of recycled hazardous waste
EM-MM-150a.9 Number of significant incidents associated with hazardous materials and waste management	Peñoles: • **Zero** significant incidents (emissions and spills) related with the management of materials and hazardous waste. Fresnillo: • **Zero** significant incidents (emissions and spills) related with the management of materials and hazardous waste. Total of Industrias Peñoles: • **Zero** significant incidents (of emissions) related with the management of materials and hazardous waste. • **Zero** significant incidents (spills) related with the management of materials and hazardous waste.
EM-MM-160a.1 Description of environmental management policies and practices for active sites	Qualitative review of the description of environmental management policies and practices for active sites
EM-MM-310a.1 Percentage of active workforce employed under collective agreements	Total of Industrias Peñoles: Unionized personnel of **67.91%** (**10,704** unionized employees / **15,762** total unionized and non-unionized employees)

* * * * * *

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.

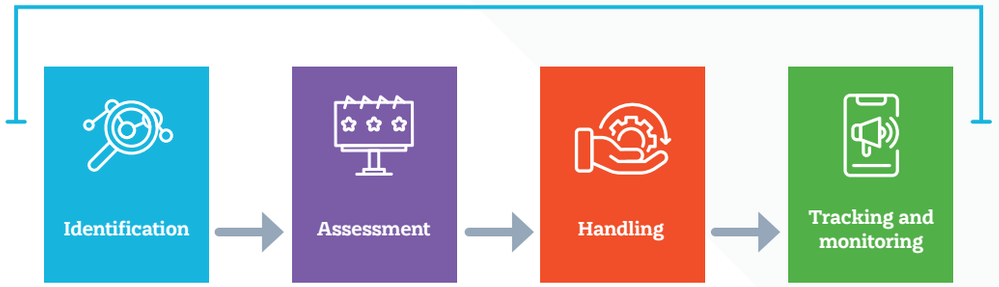
IROs Management

Our activities have an impact on sustainable development, while the socio-environmental context, in turn, affects our strategy, business model, and operations. This is what we refer to as "dual materiality". It is important for us to understand these impacts, the expectations of our stakeholders, and the risks that both impacts and expectations generate in our business activity. The management of impacts, risks, and opportunities (IROs) takes on special relevance in order to report consistently in alignment with the GRI and IFRS S1 and S2 standards adopted in Mexico.

Enterprise Risk Management (ERM)

We have made progress in integrating relevant sustainability issues into Peñoles' ERM risk assessment, which enhances our understanding of the relevance of ESG topics within the company's overall risk profile.

Risk management process



Identification: We identify risks by considering our impacts and analyzing the strategic implications these impacts have for our business. To do this, we use the "Bow Tie" tool—a graphic representation of the activities or processes in which a risk originates, the potential event that could occur, and the possible consequences if that risk materializes. The outcome of this stage is a risk catalog specific to the topic being analyzed.

Assessment: We assess the identified risks based on their likelihood of occurrence and the severity of their consequences—for both the company and its stakeholders.

Handling: Identifying risks alone is not sufficient; we must address them appropriately. This requires the development of a control framework designed to prevent, detect, and/or correct the potential consequences of the risk. This step is essential for creating effective strategies that reduce both the probability of risk occurrence and the severity of its consequences.

Tracking and monitoring: This process initiates a cycle of continuous improvement. We review the effectiveness of controls and actions taken, identify new risks, and take advantage of opportunities arising from our improved processes.

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,
Letter of the President in the Code of Conduct

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[3]: 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.

3 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.

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 prefilled 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

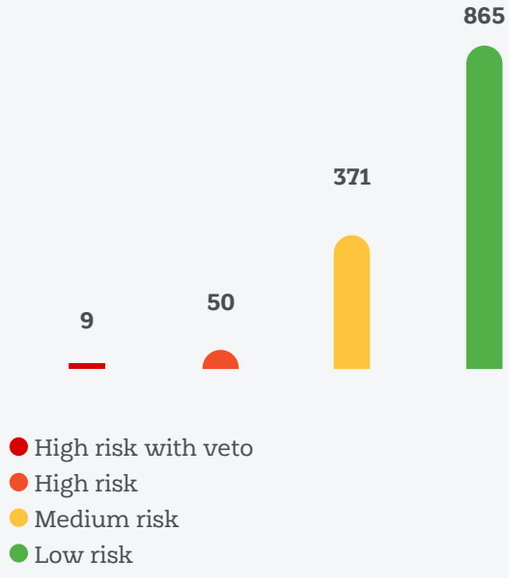
The Third-Party Code of Conduct outlines our expectations for responsible business conduct from all third parties that conduct—or wish to conduct—business with Peñoles. Before entering into any business relationship with third parties, such as raw material suppliers, contractors, customers, suppliers, 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.

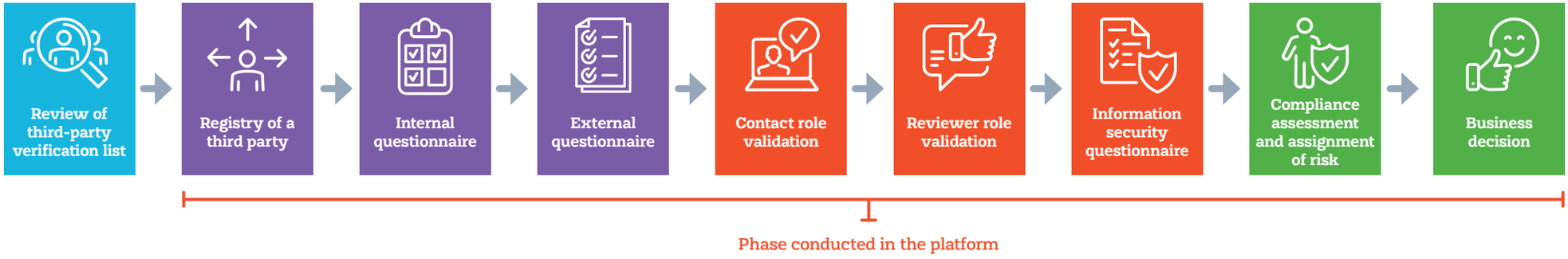
The validity of due diligence assessments ranges from one to three years, depending on the level of risk. We use **BAL Evalúa**, an automated system that enhances and streamlines third-party due diligence, empowering our compliance team with risk-based decision-making. Our updated methodology prioritizes 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 Dilligence requests in 2024



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



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

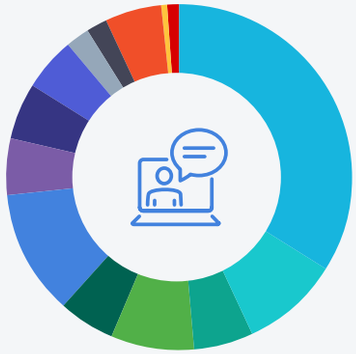
Our Línea Correcta whistleblower line is a confidential and secure channel for raising concerns about the company's operations or any unethical behavior. The whistleblower line is operated by Ethics Global, a third-party provider that guarantees the anonymity of whistleblowers when filing a report. This 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.

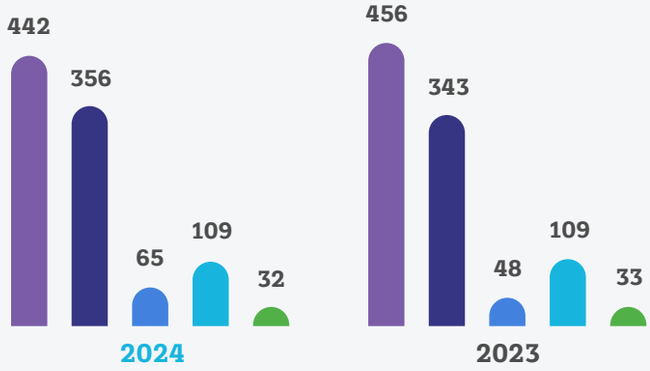
The compliance department was assigned the responsibility to manage the cases of workplace and sexual harassment. The Protocol for *Handling Cases of Workplace/Sexual Harassment and Sexual Violence in the Workplace* was issued, and the implementation of the response mechanism will begin with the establishment 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
TOTAL	**356**	343

Reports by issue denounced



Ethics Conduct Indicators



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.

CÓDIGO HACKER

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.

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.

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.

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.

LBMA MEMBER

LONDON METAL EXCHANGE

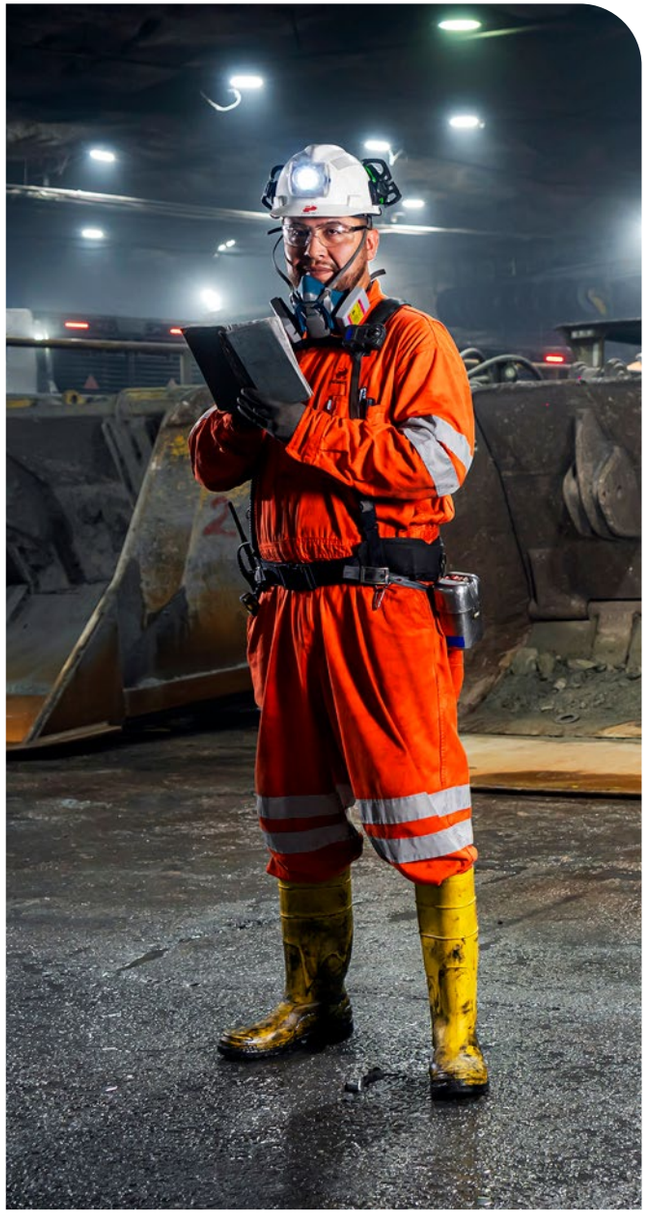
We perform visits to our raw material suppliers to assess their sustainability practices and level of risk.

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.

Social

We promote education, sports, and recreational initiatives to strengthen the social fabric and support health care, within a framework of respect for human rights and cultural diversity.

Human **rights**

We are committed to respecting the human rights of our employees, contractors and suppliers, communities, and Indigenous Peoples. Our Code of Conduct and Third-Party Code of Conduct require employees and partners in the value chain to respect human rights. We do not tolerate discrimination, harassment, unsafe working conditions, or any form of modern slavery, including forced labor and child labor.

We respect the freedom of association and collective bargaining, as applicable within the country's legal framework. We respect the right of Indigenous Peoples to consultation, and we manage security in accordance with the principles of the Voluntary Principles on Security and Human Rights.

Our sustainability report considers the reporting recommendations of the United Nations Guiding Principles on Business and Human Rights (UNGP), providing information on how our activities may have potential impacts on human rights and how we identify and address these risks.

Governance

Leadership and governance play an important role in creating a culture of respect for human rights and integrating it into the organization's processes. The Ethics and Corporate Values Committee and the Honor Commission are the highest governance bodies for ethical conduct and attention to human rights incidents. These committees work in synergy with the ESG Steering Committee (see ESG Governance section), which oversees performance in health, safety, environmental, and community aspects relevant to the respect for human rights.

Context and strategic considerations

"Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Everyone is entitled to these rights, without discrimination.[4]" Human rights positively contribute to a dignified life, with freedom from want and fear.

Society's growing expectations for corporate transparency and accountability on human rights have materialized in several international frameworks and regulations—notably the UNGP—that set the principles to identify, prevent, mitigate, and address potential human rights impacts. The activities of the mining, metals, and chemical industry, when conducted without appropriate preventive and corrective measures, have the potential to impact the human rights of workers and communities. The industry at both international and national levels has made significant progress in capacity building and in developing best practices to address human rights risks and opportunities.

4 https://www.un.org/en/global-issues/human-rights

Impact, Risk, and Opportunity Management

Our approach to managing impacts, risks, and opportunities draws on our Human Rights Due Diligence framework and comprises key implementation components: governance, policies and guidelines, training, compliance, monitoring and reporting, and engagement with other organizations.

Governance	Policies and Guidelines
Training	Compliance
Monitoring and Reporting	Engagement with Other Organizations

Risk Management

A multidisciplinary team with good knowledge of our operations in the field participated in the identification of potential impacts and evaluation of the salient risks.

The following table identifies the most relevant potential human rights risks and the sections of the report that document the measures we implement to manage impacts, risks, and opportunities—both in our own activities and in our value chain.

Salient risks	Section of the report
Health and safety	Health and safety
Water and environmental management	Water stewardship Biodiversity conservation Mining-metallurgical waste management Hazardous and special handling waste Air quality Mine closure
Equality and nondiscrimination	Our people Value chain Culture
Work conditions and rights	Our people Value chain
Indigenous peoples	Indigenous peoples
Communities	Communities Mine closure
Security	Presented in this section

Potential Impacts

- Life, health, and social security
- Access to safe water and healthy environment
- Equality and freedom from discrimination
- Labor rights and obligations
- Respect for indigenous peoples and communities
- Education and culture
- Modern slavery and child labor

Risks

1. Placing our employees' lives in jeopardy due to hazardous or unsafe conditions in the workplace
2. Exposing employees to temporary or permanent injury due to hazardous or unsafe conditions in the workplace and/or occupational diseases due to unhealthy conditions
3. Establishing labor relations (employees) with salaries and benefits below the standards of the law
4. Establishing business relationships with third parties (suppliers and/or service providers) close to the locations where we operate that do not offer their community workers compensation that covers a living wage
5. Engaging in pressure or intimidation against people who hold positions contrary to those of the company
6. Depleting the quality of the ecosystems (soil, water, and air) on which the health and well-being of communities near our operations depend
7. Infringing on personal freedom, limiting opportunities for development and/or discriminating for any reason
8. Engaging in or allowing physical disciplinary abuse, harsh treatment, sexual or verbal harassment or any other form of intimidation
9. Establishing business relations with other parties that violate guarantees and obligations regarding employment conditions
10. Operating without the prior, free, and informed consent of indigenous peoples and/or denying them access to land
11. Limiting access to education or opposing the values, customs, cultural traditions, and other aspects of human development in the communities where we operate
12. Allowing working conditions where people are forced to work against their will (modern slavery) and/or where human trafficking is present
13. Permitting child labor in our value chain

Security

Collaboration, trust, and respect among our stakeholders are essential elements of our physical security strategy, which emphasizes a culture of prevention, self-care, and the protection of people and assets. Our top priority is to safeguard the physical integrity of our personnel while upholding the human rights of all stakeholders. Our security practices are aligned with the Voluntary Principles on Security and Human Rights.

> Risk Assessment

Understanding the broader environment and its security and social dynamics is critical for preventing risks and responsibly managing human rights impacts. We use two complementary approaches to risk assessment: strategic-level external assessments within our Enterprise Risk Management (ERM) framework, and asset-level assessments that account for the specific context of each facility. This alignment helps us monitor and mitigate risks across strategic, tactical, and operational levels.

> Interaction with Private Security Forces

Peñoles contracts unarmed private security providers that operate exclusively within our facilities and focus on prevention. This approach minimizes the risk of violent confrontations that could endanger our workers or nearby communities.

As part of our due diligence, we assess the background of each contractor, including any human rights concerns. These companies are required to comply with our Third-Party Code of Conduct and to implement internal mechanisms for managing risks associated with their personnel.

We also support their ongoing development by offering regular training in our expectations around human rights, as defined in the Third-Party Code of Conduct. Our comprehensive oversight includes periodic evaluations and regular meetings with these providers.

In 2024, no human rights complaints related to private security companies were received through our grievance mechanisms.

> Interaction with Public Security Forces

We have formal agreements with the Federal Protection Service of Mexico and the Protection Service of the State of Chihuahua for the Fresnillo, Penmont, and San Julián mines. These public security forces work exclusively within our facilities, following a preventive approach and receiving training on human rights. We periodically review these agreements to ensure continued alignment with our standards, particularly in terms of human rights performance.

In addition to these formal agreements, we maintain an institutional engagement program with public security authorities, aligned with our internal protocols and Code of Conduct.

In 2024, no human rights violations involving the Federal or State Protection Services were reported through our grievance mechanisms.

> Grievance Mechanisms

Peñoles offers stakeholders multiple channels to raise concerns, including a dedicated grievance mechanism for communities and the Línea Correcta, whistleblower channel, which covers the conduct of both the company and its partners throughout the value chain.

Respect for other positions and opinions

We maintain a firm stance against any form of attack, harassment, or discrimination against individuals whose views or positions differ from ours. Likewise, we do not tolerate threats, intimidation, or efforts to gain illicit business advantages.

Performance and metrics

Training

We regularly conduct workshops and training sessions on human rights and related topics, including environmental protection, occupational health, industrial safety, cultural evolution, diversity and inclusion, data privacy, and our Codes of Conduct.

All members of the Federal Protection Service receive human rights training, focusing on the relationship between their duties and the need to promote, protect, and respect human rights in daily operations.

Compliance and performance verification

Peñoles's Línea Correcta hotline is in the process of being strengthened with a broader mandate and greater authority. We rely on our existing protocols to investigate and address potential violations and to protect the psychosocial well-being of our people.

In 2024, no complaints about human rights violations against communities by the Federal Protection Services, the Chihuahua State Police, or private security companies were recorded in our reporting mechanisms.

Engagement with other organizations

To share and strengthen best practices, we actively participate in the Mexican Mining Chamber's Commission for Community Development and Human Rights. Within this commission, we contribute to the Working Group on Companies and Human Rights. We also engage with programs, strategies, and training platforms recommended by the OECD.

We participate in dialogues with investors from the Principles for Responsible Investment (PRI) 'Advance' initiative to share and learn best practices in human rights within the private sector.

Our **people**

Our people's talent and commitment are fundamental to fulfilling Peñoles' purpose of *generating opportunities and well-being by sustainably supplying essential resources*.

We are committed to offering a workplace environment where people feel physically and psychologically safe, included, and motivated to develop their full potential. To do so, we nurture a strong culture that supports diversity, equity, and inclusion, and we implement responsible practices to address discrimination and harassment in the workplace. We recognize the importance of well-being, and encourage and support our people in living in balance. We have comprehensive talent development programs and outreach initiatives to cultivate future leaders within the company and our community.

We respectfully engage with unions and our unionized employees on a regular basis across our operations to nurture a solid relationship based on trust. We fully recognize and respect the rights to freedom of association, union membership, and collective bargaining.

Governance

The Committee on Ethics and Corporate Values—made up of company executives—supervises and monitors compliance with the Code of Ethics and Conduct and addresses cases of unethical conduct, including harassment and discrimination. Senior leaders at the corporate and divisional levels are involved in developing and implementing our people strategy, under the leadership and coordination of the Head of Human Resources. We benefit from close collaboration with the companies of Grupo BAL to identify and implement best practices.

Set of policies, guidelines, and procedures

- Code of Ethics and Conduct
- Human Resources Policy
- Equality and Non-Discrimination Policy
- Psychosocial Risk Prevention Policy
- Protocol for Handling Cases of Workplace and Sexual Harassment and Violence
- Anti-Retaliation Guidelines
- Procedure for Identifying, Analyzing, and Preventing Psychosocial Risks and Violence in the Workplace

We are committed to offering a workplace environment where people feel physically and psychologically safe, included, and motivated to develop their full potential.

Context and strategic considerations

People are fundamental to delivering on our business strategy. Constructive labor relations with unions and unionized employees support improvements in safety and productivity in the industry. Training and talent development are essential to building the capacities and competencies the industry needs in the short and long term.

It is recognized that when culture and business strategy are well aligned, companies are more successful. A strong culture helps to effectively manage ethics and integrity, health, safety, environmental concerns, and other relevant industry risks. Moreover, a diverse workforce connects better with the communities where the industry operates and contributes to innovation and productivity when people feel respected and included. Therefore, equality and the elimination of harassment and discrimination are priorities across the industry. Culture, workplace environment, and well-being are significant non-monetary factors that attract and retain the best talent to operate productively and sustainably.

Impact, risk, and opportunity management

Organizational culture

Aligned with our purpose, we strive to maintain a solid culture that enables us to meet the challenges and opportunities of our business strategy and a changing environment. To this end, we develop initiatives to strengthen our culture in key areas such as occupational safety, ethics, well-being, and diversity, equity, and inclusion.

More information see the Culture and values section.

Work environment

At Peñoles, we promote workplace modernity, focused on the three pillars of work: ethical, safe, and productive. This approach allows our employees to reach their full potential, contribute to job stability, protect sources of employment, and ensure the well-being of their families and the communities where we operate.

> Competitive compensation

We offer our employees competitive and fair salaries and benefits, based on salary surveys and the Korn-Ferry/Hay Group methodology for job evaluations and salary scales. In Mexico, where more than 99% of our workforce is located, all employees and contractors must be affiliated with the Mexican Social Security Institute, the Retirement Savings System (SAR), and the National Workers' Housing Fund Institute

(INFONAVIT), guaranteeing access to public social security, healthcare, retirement savings, and housing savings, among other benefits.

> Psychosocial risks

Mental health is an important component of overall well-being and essential for healthy, safe, and productive work. Therefore, we are committed to addressing psychosocial risk factors, preventing workplace violence, and promoting a supportive organizational environment. A key element of our approach is the identification and analysis of psychosocial risks, as well as the assessment of organizational support through a biannual survey.

> Harassment and discrimination

Our Línea Correcta reporting mechanism allows for the reporting and handling of cases of workplace and sexual harassment. In 2024, we established a protocol for handling such cases, including sexual violence. Implementation of this mechanism will begin with the formation of Workplace Behavior Commissions, which will serve as multidisciplinary bodies responsible for resolving these cases.

> Termination of personnel

When layoffs are unavoidable to preserve the company's viability, Peñoles manages its obligations responsibly and in compliance with applicable laws.

Talent

> Attraction and selection

Having the best talent is essential to achieving our goals. We look for individuals who share our values and behaviors, so their skills contribute to our success and their own professional development. Our selection process is designed to identify top candidates and provide advancement opportunities based on ability, performance, and merit.

We look for individuals who share our values and behaviors, so their skills contribute to our success and their own professional development.

The Engineers in Training program, initiated in 2003, aims to attract top talent from Mexico's leading universities in engineering and earth sciences—strategic areas for our business. With over 100 cohorts to date, engineers in training follow a structured program upon joining Peñoles that introduces them to the business, builds skills, and instills the company's culture and values.

> Talent development and retention

Talent development is critical to business success. To support this, we offer a range of internal and external training programs in both technical and soft skills. We have a strategic alliance with the Autonomous Technological Institute of Mexico (ITAM) to develop managerial and executive capabilities.

Through the BAL Fellows program, we recruit talented young individuals—recent graduates or those nearing graduation—to lead projects with organizational impact over a nine-month period.

One of our high-impact strategic actions is identifying critical positions that ensure business continuity. We implement succession planning and career development to ensure we have the right people in the right roles at all times.

Diversity, equity, and inclusion

Diversity is a driver of innovation and effective risk management. Equity and inclusion are vital to a fair workplace and to harnessing the full benefits of diversity.

We strive to provide real opportunities for professional growth and recognition in a safe, equitable, inclusive, and respectful environment where all employees feel valued and inspired to reach their full potential.

"BAL Without Barriers" is a Grupo BAL initiative to strategically integrate diversity, equity, and inclusion into our culture. Diversity, Equity, and Inclusion Week raises awareness and inspires change through conferences and panels.

Our initiatives include unconscious bias training for managers, harassment prevention training, awareness campaigns on key dates, and online modules on discrimination, diversity, equity, and inclusion. The Women for Women mentoring program supports female leadership development.

We also created Inclusive Leadership training to promote disability awareness among executives and managers. Talent acquisition staff are trained in inclusive recruitment practices to reduce unconscious bias and prioritize skill and competency—regardless of disability.

Gender pay gap

We are committed to ensuring equal pay for men and women. We use an equity indicator to measure the gender pay gap for nonunionized, non-managerial employees based on average salary.

This gap is primarily influenced by average length of service and the proportion of women to men at different hierarchical levels. Peñoles applies a gender-neutral salary scale and compensation policy. Compensation is determined by the position's value, not by gender, sexual orientation, religion, or other personal characteristics. Our starting salary ratio for men and women is 1:1.

"BAL Without Barriers" is a Grupo BAL initiative to strategically integrate diversity, equity, and inclusion into our culture.

Live in Balance

The Live in Balance program, an initiative by Grupo BAL companies, promotes the comprehensive well-being of employees and their families, with support from wellness specialists. As part of the program, the “Vive en Balance” survey was conducted in October and November to assess overall employee well-being.

Live in Balance survey in 2024

This comprehensive survey promotes self-care and covers seven dimensions of well-being via confidential, self-administered questionnaires. Participants received individualized feedback to help identify health and risk factors.

A total of 2,545 unionized and nonunionized employees participated voluntarily. Each received personalized recommendations to improve their quality of life, and a wellness program will be developed based on the results, with monthly follow-ups throughout 2025.

We also launched a webinar campaign on lifestyle habits, nutrition, and physical activity, along with infographics and video capsules for employees and their families.

BAL Games and Cultural Saturday

These programs promote healthy competition through sports and cultural activities, supporting physical and mental health, building team identity, and strengthening pride in being part of Grupo BAL.

Labor relations

We work collaboratively with unions and unionized workers to build trust and foster a culture centered on ethics, safety, and mutual benefit. Company-union interaction is based on ongoing dialogue with union representatives.

At Peñoles, we fully comply with labor laws, treaties, international conventions, and regulations respecting workers’ rights, including freedom of association and collective bargaining.

Unions periodically appoint review commissions that partner with the company to analyze and negotiate collective bargaining agreements. These agreements define mutual rights and responsibilities and reflect a shared commitment to safety, ethics, productivity, and quality of work life.

***68%** of our direct employees are covered by collective bargaining agreements.*

Social commitment

Peñoles participates in programs aimed at strengthening youth development.

> 7th Edition of the BAL UNAM Award in Earth Sciences and Renewable Energy

In collaboration with UNAM, the BAL Group promotes scientific research in earth sciences, renewable energy, and environmental studies. In 2024, BAL Group invited students to the 7th edition of the BAL-UNAM Award, and received 84 submissions from university students.

> Leaders in Motion Program

We support this Mexican Business Council initiative that promotes leadership and talent development among high school and university students.

> Baleños for Education

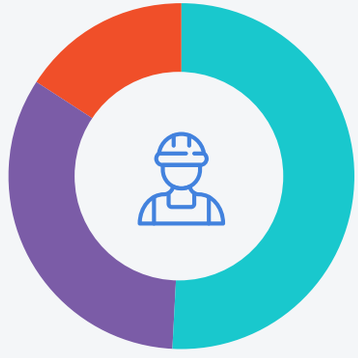
This program supports undergraduates at ITAM through voluntary staff donations from Industrias Peñoles. The contributions help students complete their studies.

Performance and metrics

Workforce

Segment	Peñoles	Fresnillo plc	Industrias Peñoles
Nonunionized employees	3,143	1,915	5,058
Unionized employees	5,116	5,588	10,704
Contractors	5,855	10,619	16,474
TOTAL	**14,114**	**18,122**	**32,236**

Bal Holdings employees are not included.



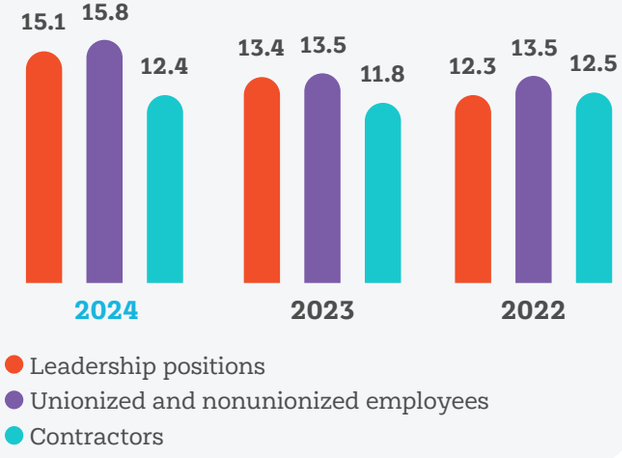
Ratios between standard entry-level wage by gender and local minimum wage

Company	Ratio
Peñoles	1.89
Fresnillo plc	2.02
Industrias Peñoles	1.89

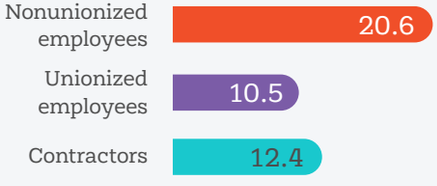
For nonunionized employees only.

Employees covered by a collective agreement	%
Peñoles	61.94
Fresnillo plc	74.48
Industrias Peñoles	**67.91**

Women's participation by labor segment (%)



Total participation of women (%)



Composition of the workforce by gender

Segment	Peñoles			Fresnillo plc			Industrias Peñoles		
	Men	Women	%	Men	Women	%	Men	Women	%
Nonunionized employees	2,419	646	21.1	1,536	379	19.8	3,955	1,025	20.6
Unionized employees	4,715	401	7.8	4,869	719	12.9	9,584	1,120	10.5
Contractors	4,984	871	14.9	9,452	1,167	11.0	14,436	2,038	12.4
TOTAL	**12,118**	**1,918**	**13.7**	**15,857**	**2,265**	**12.5**	**27,975**	**4,183**	**13.0**

Participation of women by segment of nonunionized employees

Segment	Peñoles		Fresnillo plc		Industrias Peñoles		
	Men	Women	Men	Women	Men	Women	Women's participation (%)
Executive	40	3	22	3	62	6	8.8
Manager	277	52	145	15	422	67	13.7
Senior professional	668	202	347	52	1,015	254	20.0
Professional	970	266	707	220	1,677	486	22.5
Non-professional	458	120	43	37	501	157	23.9
Interns	6	3	16	11	22	14	38.9
TOTAL	**2,419**	**646**	**1,280**	**338**	**3,699**	**984**	

Figures for nonunionized employees from Mexico, Chile and Peru. Workers of Exploraciones Mineras Parreña, Linea Coahuila Durango and Quirey du Brazil are not included. Senior professional, professional, and non-professional categories were audited.

Wage gap (ratio) between women and men

Segment	Peñoles				Fresnillo plc				Industrias Peñoles			
	Ratio	Men	Women	%	Ratio	Men	Women	%	Ratio	Men	Women	%
Senior professional	0.97	668	200	23.04	0.93	337	51	13.14	0.96	1,005	251	19.98
Professional	0.98	960	256	21.05	0.99	694	218	23.90	0.98	1,654	474	22.27
Non-professional	1.05	452	126	21.80	0.96	41	37	47.44	1.04	493	163	24.85
TOTAL	**0.99**	**2,069**	**582**	**21.86**	**0.97**	**1,072**	**306**	**22.21**	**0.99**	**3,152**	**888**	**21.98**

The ratios are calculated with the base salary of nonunionized employees in Mexico.

Workforce by age group

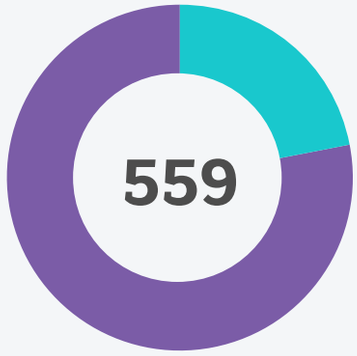
Segment	Peñoles			Fresnillo plc			Industrias Peñoles		
	<30 years	30 - 50	>50	<30 years	30 - 50	>50	<30 years	30 - 50	>50
Nonunionized employees	582	1,992	491	516	1,184	215	1,098	3,176	706
Unionized employees	1,586	2,817	713	1,724	3,389	475	3,310	6,206	1,188
Contractors	1,921	3,098	836	3,626	6,057	936	5,547	9,155	1,772
TOTAL	**4,089**	**7,907**	**2,040**	**5,866**	**10,630**	**1,626**	**9,955**	**18,537**	**3,666**

Figures for nonunionized employees from Mexico, Chile and Peru. Workers of Exploraciones Mineras Parreña, Linea Coahuila Durango and Quirey du Brazil are not included.

Hiring of non-union employees

Age range	Men	Women	Total
< 30 years	186	66	252
30 - 50 years	138	21	159
> 50 years	6	0	6
TOTAL	330	87	417

Promotions of non-union employees



Other training

Segment	Average of total hours
Nonunionized employees	20.96
Unionized employees	40.67
Contractors	7.62
TOTAL	20.69

Other training on environmental issues, technical skills, humanities, and values, anti-corruption policies and procedures, and human rights. Safety and health training can be found in the Health and safety section.

Turnover rate (%)

	Peñoles	Fresnillo plc	Industrias Peñoles
Age range			
< 30 years	14.6	18.2	16.4
Between 30 and 50 years	9.8	9.5	9.7
> 50 years	12.7	12.1	12.5
Gender			
Women	16.5	12.1	14.2
Men	10.8	12.4	11.5
TOTAL	11.5	12.3	11.9

Turnover rates for unionized and nonunionized employees for Mexico, Chile and Peru. Linea Coahuila Durango, Bal Holdings and Quirey du Brazil are not included.

Health and safety

At Peñoles, we believe that nothing is more important than the safety and health of our people. We are committed to fostering a *Love for Life* culture—demonstrated daily through the safe behaviors of our employees and contractors. Above any operational or financial outcome, our top priority is to prevent high-potential events that could lead to serious injuries, fatalities, or occupational diseases. To address this imperative, we have established a comprehensive roadmap to strengthen and deepen our *High Potential Strategy*.

From their first day and throughout their careers at Peñoles, employees and contractors receive ongoing safety training and are expected to remain constantly aware of operational risks. All personnel have the right to say "NO" when a task does not meet established safety standards. Our leadership teams regularly engage with employees in the field—reinforcing safe behaviors, identifying risks, and evaluating critical controls. When incidents occur, we conduct rigorous investigations and implement corrective measures to avoid recurrence.

> "In our operations, the life and safety of each of our workers is a serious responsibility, the most serious responsibility we all have at Peñoles and Fresnillo, far greater than any financial result".
>
> Alejandro Baillères
> *Chairman of the Board of Directors, Health Week speech*

Governance

Health and safety performance is a matter of strategic oversight. The Chairman of the Board, Mr. Alejandro Baillères Gual, along with Directors Arturo Manuel Fernández Pérez and Jaime Lomelín Guillén, maintain active engagement with the CEO, divisional COOs, and the Vice President of Safety, Occupational Health and Environment to evaluate safety performance and monitor the implementation of our High Potential Strategy.

Progress in the implementation of our High Potential Strategy in health and safety is directly linked to the performance evaluations of the CEO, divisional COOs, and other senior executives in our Metals, Mining, and Chemical divisions.

Our policies, standards, and procedures apply to all our employees and contractors, clearly outlining our expectations regarding leadership, accountability, requirements, and controls to manage the safety and health risks of our activities.

Industry context and strategic considerations

Strong safety and health performance is essential to gaining and maintaining the trust of our people, safeguarding operational continuity, and ensuring long-term value creation. Over the past decade, the mining and metals industry has significantly advanced its commitment to reducing safety and health hazards and risks. Operational improvements have led to better safety outcomes and performance, with risk management, leadership, safety culture, and incident investigation now seen as core competencies among leading companies.

Unlike safety incidents, which often have immediate consequences, health risks can take years of exposure to manifest the first symptoms. This underscores the importance of occupational health

and hygiene practices to identify and mitigate both short- and long-term risks. The industry has made meaningful progress in understanding and controlling exposure to physical and chemical agents—such as gases, dust, and noise—and in implementing health monitoring programs.

Still, high-potential events continue to occur, resulting in injuries, fatalities and occupational diseases. Incident and accident investigations across the industry frequently point to deficiencies in the implementation known risk controls. The International Council of Mining and Metals[5] (ICMM) has promoted Critical Control Management as a best practice to focus resources on managing the most significant risks.

In many mining operations, contractors make up a substantial portion of the workforce—sometimes even outnumbering employees. Industry leaders are implementing comprehensive systems to ensure contractor safety. Best safety and health practices include contractors' prequalification, onboarding, incident reporting, and regular performance evaluations.

Impact and risk management

The right to say no

Safe working conditions are a human right. We actively promote awareness of each person's right to refuse or stop work that does not meet the expected safety standards. We encourage our people—employees and contractors alike—to speak up when they observe unsafe behaviors or conditions.

Love for Life safety culture

We are building a preventive safety culture that places people at the center of everything we do. Love for Life is a core value that defines everything we do, who we are and what we stand for as an organization. It inspires our collective commitment to creating a work environment that is safe, orderly, and free from fatalities and occupational diseases—delivered through the implementation of our High Potential Strategy.

> "Love for your life, love for the lives of your colleagues, and love for your family who loves you and for whom you are irreplaceable, just as you are for your friends and coworkers".
>
> Alejandro Baillères
> *Chairman of the Board of Directors, Health Week speech*

AMOR POR LA VIDA

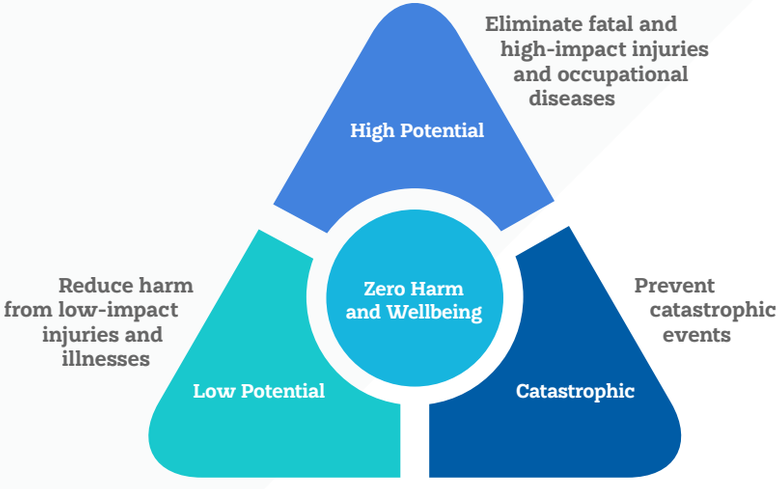
In 2024, our commitment to safety and health was reinforced at the highest levels of leadership. Grupo BAL's Chairman of the Board delivered a clear and direct message at the opening of Safety Week, setting the tone for renewed urgency across our organization. The CEOs of Fresnillo and Peñoles followed by urging their leadership teams to demonstrate visible commitment and actively promote a culture of safety in the field.

At the core of our High Potential Strategy is the belief that visible leadership—through direct field engagement—is essential to building and sustaining safety culture between our leadership teams, employees, and contractors in key activities such as risk identification and critical control assessment. Our love for life culture defines clear expectations for visible leadership, as expressed in our leadership standard.

5 https://www.icmm.com/en-gb/our-work/innovation-for-sustainability/health-and-safety

Safety strategy

Our strategy addresses the prevention of catastrophic, high potential, and low potential events. In response to an unacceptable decline in safety performance in 2024, Peñoles and Fresnillo strengthened their safety strategy with a focused commitment to eliminate fatalities, serious injuries, and occupational diseases.



Incidents Classification

Incident	Impacts	Objective	Approach
Low Potential	Injuries and minor impacts	Reduce harm from low-impact injuries and illnesses	• Hazard and risk awareness • Safe and healthy workplaces • Preventive culture • Ergonomics • Contractor management
High Potential	Fatal and high-impact injuries and occupational diseases	Eliminate fatal and high-impact injuries and occupational diseases	• Learning from every HP incident • Assurance and improvement of critical controls • Performance and competency of our people • Change management
Catastrophic	Mass fatality incidents, natural and anthropogenic environmental incidents, and major damage to infrastructure and equipment	Prevent catastrophic events	• Stewardship of metallurgical and chemical processes • Prevention of massive rockfall and fires in underground mines • Monitoring of slope instability in open pit mines • Tailings storage facility stewardship • Emergency preparedness and response • Safety processes administration • Safety and ergonomics in project design

High Potential Strategy

Our strategy concentrates resources and attention on managing the most critical controls that minimize the probability and impacts of high-potential events in safety, occupational health, and the environment. The goal is to build a shared understanding of high-potential risks and to implement controls effectively in the field. To deliver on this goal, we have set concrete expectations on visible leadership and clear accountability for the implementation and evaluation of critical controls. Our approach It is guided by best practices for safety and health critical control management and implementation —including those from the International Council of Mining and Metals (ICMM)[6].

High Potential Management Strategy

Our high potential and critical risk strategy aims for a goal of zero harm in our activities.

Strengthening and Deepening of Our High Potential Strategy

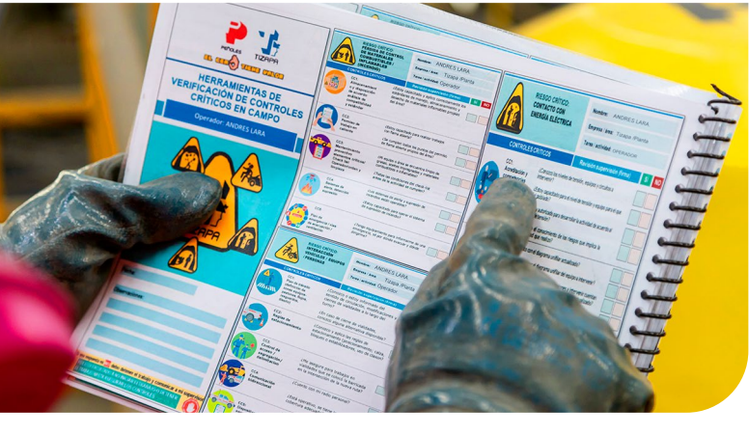
Objectives:

- Consolidate a portfolio of critical risks and controls, setting the minimal requirements to manage risks and designing controls at the occupational level
- Set performance standards and verification tools in the field for the critical controls, prioritizing those associated with our fatal injuries and occupational diseases
- Develop implementation, monitoring, and follow-up plans using leading indicators to evaluate the quality of implementation and lagging indicators to validate performance
- Ensure visible leadership through the adoption of leadership practices and effective communication to foster changes in processes and behaviors
- Strengthen the learning process and continuous improvement by reinforcing preventive reporting and the quality of investigations and evaluating the effectiveness of our plans

6 https://www.icmm.com/en-gb/guidance/health-safety/2015/ccm-good-practice-guide

> Critical risk management

In all our business units, we engage our people to identify critical risks that need to be managed. We use historical data and our people's experience to identify prior and foreseeable high-potential events. Further insights are gained by field observations of these critical risks. The existing and potential controls are analyzed using bow-tie methodologies to identify those that are critical to prevent or mitigate the consequences of a high-potential event.



Critical risks based on our historical data and our people's experience

The main critical safety risks in our portfolio include risks identified throughout the different operations (explorations, projects, open-pit and underground mines, metallurgy, smelting, chemicals, and logistics, among others):

- Rock fall (underground)
- Loss of control of vehicles and equipment
- Interaction between equipment, vehicles, and people
- Uncontrolled release of energy
- Entrapment by moving parts
- Contact with or exposure to hazardous substances
- Contact with electrical energy
- Loss of control in the handling of explosives/ blasting
- Fire
- Entry into confined spaces
- Work at heights
- Hoisting maneuvers
- Falling objects
- Contact with molten materials
- Landslide/ slippage

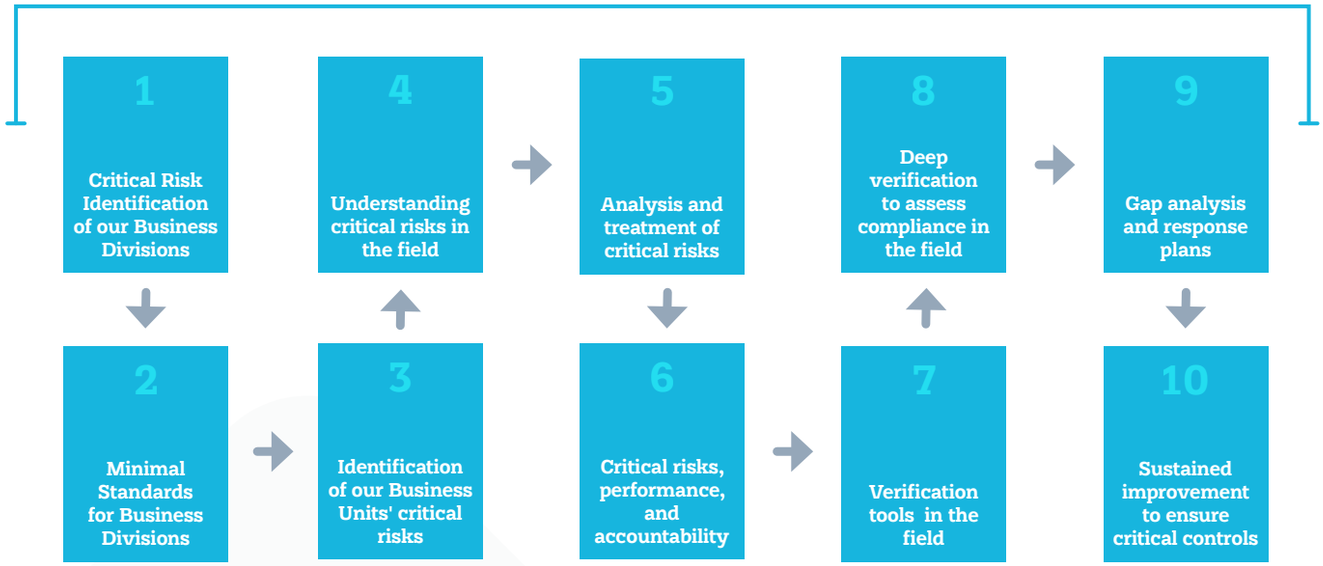
Business units must set clear objectives for critical controls and define performance and reporting requirements. Critical controls must have clear accountability and verification tools for their implementation in the field.

Our business divisions have determined minimum standards, including, but not limited to 1) role-focused safety training and work certification, 2) fitness-for-duty evaluations, and 3) administrative authorization. Our business divisions and units develop plans for the implementation of critical controls in the field. We implement verification activities in the field, effectiveness reviews, and preparation of response plans to address the gaps.

In-depth Verifications and Safety and Health Committees

Progress on our strategy is continuously monitored, and in-depth verifications are conducted on critical risks with the greatest impact on our operations. We work as a team with the members of the Safety and Health Committees to reinforce our strategy's actions through certifications in the CONOCER 0391.01 standard and training in critical risks and controls, in addition to conducting monthly walk-ins that support the company in its efforts to eradicate fatalities.

High Potential Roadmap



Eliminating high-impact events and their consequences is a continuous journey that requires sustained and concerted efforts. Our High Potential Roadmap aims to focus our efforts, strengthen leadership and accountability to consistently deliver on our zero-harm vision.

Progress on our strategy is continuously monitored, and in-depth verifications are conducted on critical risks with the greatest impact on our operations.

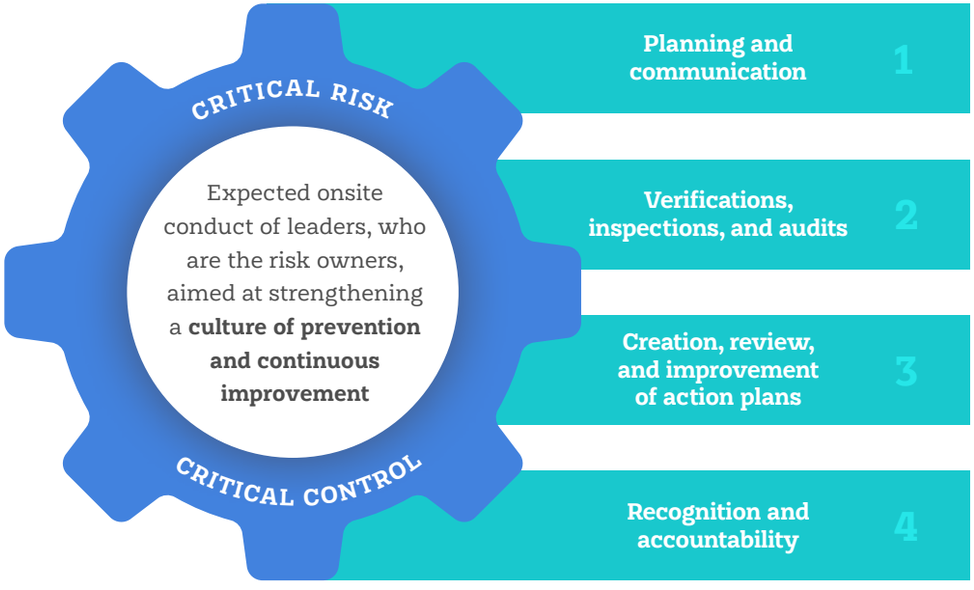
> Behavioral management

In 2023, the Chairman of the Board, Mr. Alejandro Baillères, addressed the organization to raise awareness of our shared responsibility and commitment to eradicate serious and fatal injuries. Our “Love for Life” culture and “Leadership Standard” were introduced to inspire commitment and accountability from senior management to our employees and business partners.

Leadership practices

We cultivate transformational, adaptive, and decisive *visible leadership*—anchored in our Love for Life culture. The presence of our leaders in the field, openly and frankly interacting with our workers, is fundamental for detecting areas for improvement, ensuring the effectiveness of our High Potential Strategy, and building a safety culture. This interaction leads to a safer workplace, serving as an example for our workers to follow—inspiring greater commitment and conviction.

Our Leadership Standard outlines the expectations for risk owners to demonstrate visible leadership in the field on safety, occupational health, and the environment. This expectation takes the form of leadership practices to verify critical controls in the field, engaging and empowering workers to be stewards of a preventive safety culture.



Jorge Rangel Zamorano Award - Silver Helmet

In 2024, the Fertirey operation received the “Jorge Rangel Zamorano - Silver Helmet” award, granted by Mexico’s mining chamber (CAMIMEX) to recognize the business units with the best safety performance. CAMIMEX introduced the Silver Helmet award to recognize and reinforce the mining industry’s safety culture.

Participation and accountability

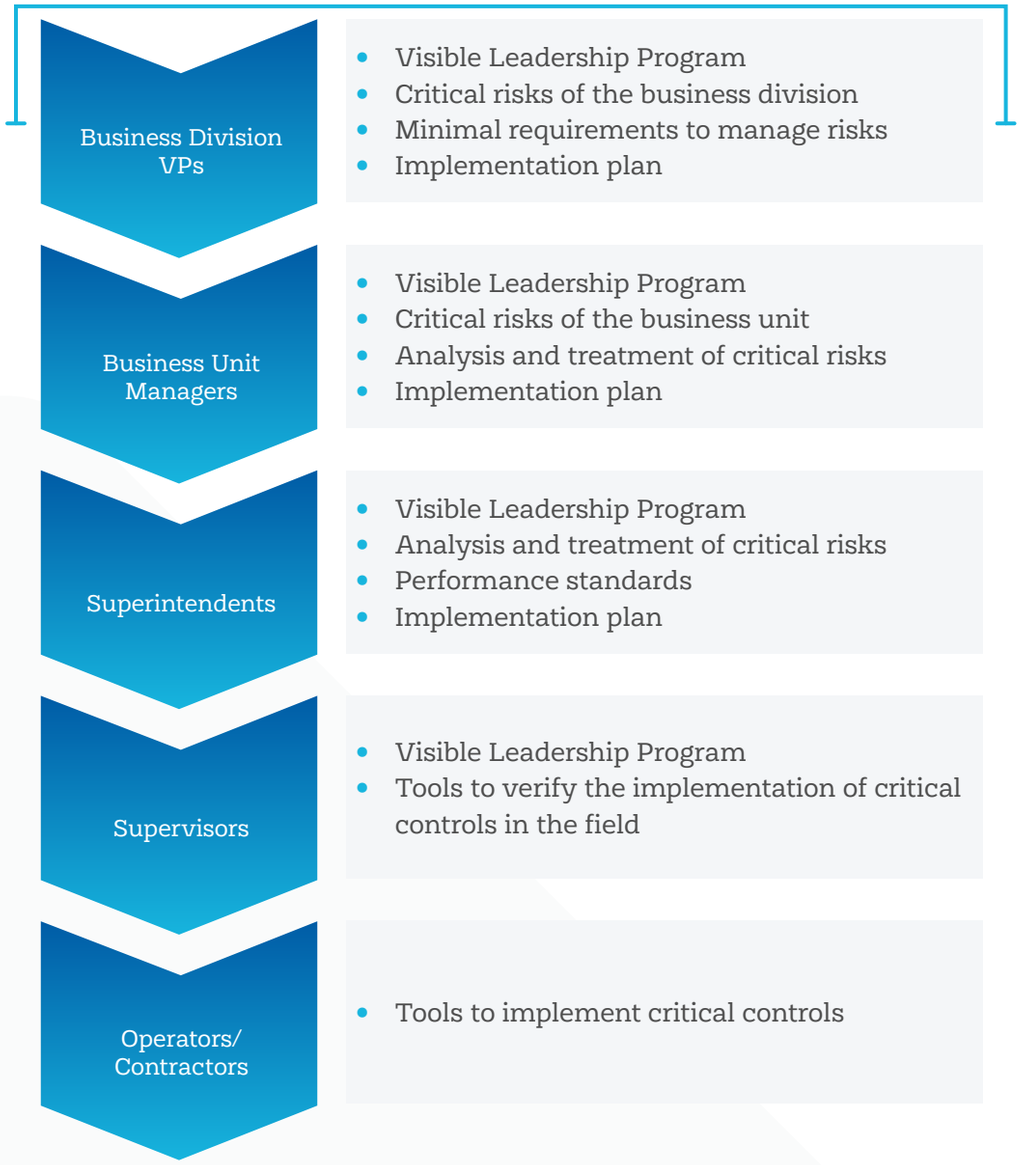
Our High Potential Strategy's success depends on the participation and ownership of both employees and contractors. Accountability has been clearly defined and communicated across the organization to ensure the implementation of critical controls, visible leadership practices, evaluations, and corrective measures, and empowerment of the right to say NO.

> Incident management

We review every incident to learn from failures and mistakes and as a critical tool to avoid repetition. Quality research, timely communication, reflection on lessons learned, and the implementation, verification, and evaluation of actions are all critical factors in strengthening our culture of prevention in safety, occupational health, and the environment.

When a significant event occurs, our investigation procedure begins with a root cause analysis (RCA). Subsequently, to learn from the incident, we use the high potential methodology, based on the incident cause analysis method (ICAM). Staff from the various divisions have been prepared to act as trainers and facilitators in this method. Additionally, workshops for leaders have been held throughout the company to reinforce their commitment and responsibility for incident investigation and compliance, as well as for follow-up and control of the recommendations stemming from each investigation.

Accountability of Our High Potential Strategy



Our approach to incident management includes reporting quasi accidents, that allows us to detect missing or failed critical controls that could lead to high potential events in safety, occupational health, and environment.

Engaging our people in responsibility and benefits preventive reporting. Protecting your life and that of your co-workers

- Anticipating risk as an early warning system
- Supporting your team and your company
- Actively participating in risk management
- Assessing the appropriate level of implementation for critical controls in the field

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 to effective implementation of our High Potential Strategy. Our contractor standard specifies the requirements for contractors, notably 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 lifecycle of contractors.

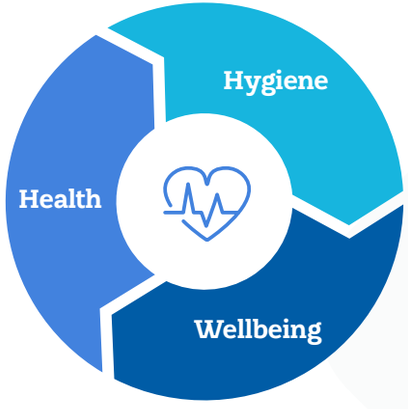
What we expect from our contractor standard

- Establish a formal performance-based prequalification process
- Manage contracts based on the level of risk of exposure
- Certify that the company's minimum requirements are met by contractors
- Require formal safety and health plans and verify their compliance
- Evaluate performance to inform remediation and improvement plans
- Manage incentives and sanctions formally and systematically

Our contractor standard specifies the requirements for contractors, notably their accreditation.

Life cycle of contractor management

1. Service requirement
2. Tendering
3. Accreditation
4. Mobilization
5. Risk level classification
6. Safety, occupational health, and environment program
7. Self-evaluation
8. Monthly evaluation
9. Demobilization
10. Appraisal and record keeping



Health impact and risk management

While safety incidents often have immediate impacts, occupational health impacts are typically cumulative and develop over time through repeated exposure. Our business units implement comprehensive safety and health plans that address both short- and long-term exposures, including hygiene and occupational health. Our High Potential Strategy efforts focus on the critical health risks and controls. The health teams in our business units oversee the recovery of personnel who have suffered accidents and the management of cases with accident after-effects.

We also promote total wellbeing, recognizing that health is not just the absence of disease, but includes physical, mental, and social dimensions. Our efforts in safety and health work in synergy with our program to address psychosocial risks in the workplace, wellbeing, healthy lifestyle campaigns, and community health initiatives.

> Occupational hygiene

Our occupational hygiene efforts aim to reduce exposure to hazardous agents in the workplace, with activities that include the identification, evaluation, control, and monitoring of sources of gases, dust, and noise. Our most recent action plan for our business units to address dust and noise focuses on critical areas and on evaluating sources directly in the field. The measures to address these critical risks include occupational hygiene standards, medical surveillance, and case management guidelines. Critical controls include a combination of fitness-for-duty assessments, engineering controls (i.e., dust suppression), personal protective equipment (i.e., respirator masks), and administrative measures (i.e., prescribed work cycles) to limit exposure.

> Occupational health

Our occupational health programs anticipate, detect, address, and monitor the symptoms that lead to occupational diseases with a role-based focus. We implement a medical surveillance program to determine fitness for duty and to identify early symptoms that could be aggravated by exposure to hazardous agents, ergonomic factors, and other conditions present in the workplace. Similarly, these check-ups allow us to identify risk factors and health conditions that could make someone more vulnerable in the workplace. The medical surveillance program informs case management, training, and industrial hygiene controls. We engage our people on preventive health and hygiene through their training and communication campaigns.

> Accident recovery

A safe and effective return to work requires a recovery process that addresses the physical and mental aspects of an accident. Our health teams monitor the recovery process to promptly detect and address setbacks in physical rehabilitation and psychological support needs. Health teams also play a key role in defining and monitoring return-to-work plans. This includes identifying a job role compatible with the worker's capacities, which may have been temporarily or permanently affected, and corresponding restrictions such as working hours, the physical demands of critical tasks, and others.

> Non-occupational health

We implement a non-occupational health surveillance program through medical check-ups and gynecological examinations. This allows for the early identification of non-occupational illnesses and the issuance of recommendations. Moreover, it is key to identifying risk factors relevant to maintaining and improving the health of our people. To address breast and cervical cancer, we engage our people with initiatives that include communication campaigns, prevention talks, detection campaigns, and photography contests, among others. We follow a similar approach to raise awareness of and prevent prostate cancer. We support our people in monitoring chronic-degenerative illnesses and provide special follow-up during pregnancy and breastfeeding.

> Wellbeing

We promote healthy lifestyles, such as eating well and staying physically active, through communication campaigns, sporting events, and facilities. Capitalizing on learnings from the COVID-19 pandemic, in recent years we have piloted various initiatives, including psychological first aid workshops, post-traumatic stress management, one-on-one psychological sessions, and group anti-stress workshops. We have a dozen nursing rooms in our operations that enhance work-life compatibility and support the retention of women.

Management systems and certifications

We have made significant progress in our business units to certify the safety and health management systems in the ISO 45001 standard. In 2024, we earned third-party ISO 45001 certification for our metallurgical complex MetMex and Aleazin, joining Magnelec, Velardeña, Sabinas, and Fresnillo plc.

Emergency preparedness and response

We have emergency response plans and teams in place across our operations and projects. These plans are supported by local teams through capacity building, training, and drills. Our emergency response teams include members trained as emergency medical responders. We also collaborate with municipal, state, and federal authorities to ensure coordinated emergency responses.

Mexico's mining chamber (CAMIMEX) organizes an underground rescue competition to strengthen the competencies of emergency response teams and foster collaboration among mining companies, equipment suppliers, and government authorities. This competition serves as a valuable benchmark for certifying crew members under the Underground Mine Rescue Competency Standard. In 2024, the Fresnillo mine hosted the XVII competition.

We have made significant progress in our business units to certify the safety and health management systems in the ISO 45001 standard.

Performance and metrics

We are deeply grieved to report eight fatal accidents in our group during the year: two in our metallurgical operations, two in our mining divisions, two in our exploration projects, and two in Fresnillo plc. We conducted detailed investigations of these accidents and shared the lessons learned with all the business units across our group. These investigations were followed by the implementation of corrective actions to prevent the recurrence of similar accidents in our operations.

Average hours of safety and health training

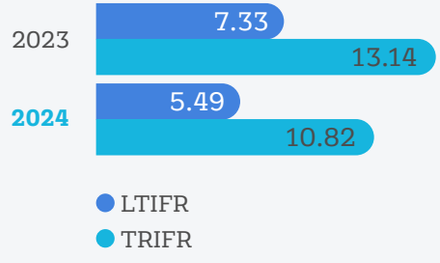
Segment	Training hours	Average hours of training
Non-union employees	68,212	13.37
Unionized employees	287,972	26.90
Contractors	426,103	25.87

Lost time injury frequency rate (LTIFR), total recordable injury frequency rate (TRIFR) and fatality rate

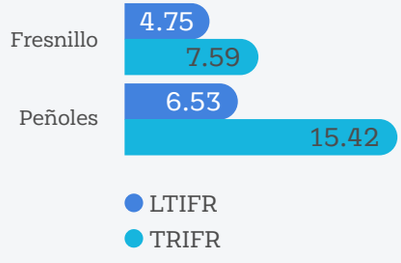
Industrias Peñoles Consolidated	2024	2023
Work exposure hours	77,278,508	83,948,544
Lost time injuries	424	615
Total recordable injuries	836	1,103
TRIFR	10.82	13.14
LTIFR	5.49	7.33
Fatality rate	0.10	0.05

Fatalities

Injury Frequency Rates Industria Peñoles



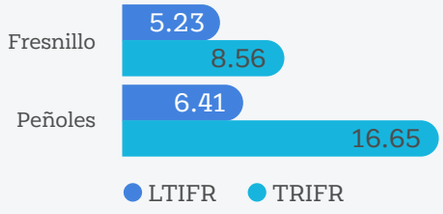
Injury Frequency Rates by company



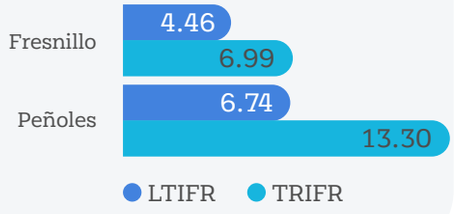
Lost time injury frequency rate (LTIFR): Number of lost-time injuries for every 1,000,000 hours worked
Total recordable injury frequency rate: Fatal accidents + lost-time injuries + restricted work injuries + medically treated injuries, for every 1,000,000 hours worked
Fatality rate: Number of fatalities for every 1,000,000 hours worked

LTIFR and TRIFR of employees and contractors

Injury Frequency Rates – Employees

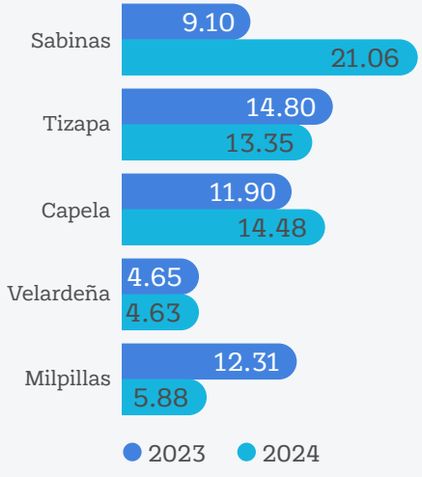


Injury Frequency Rates – Contractors

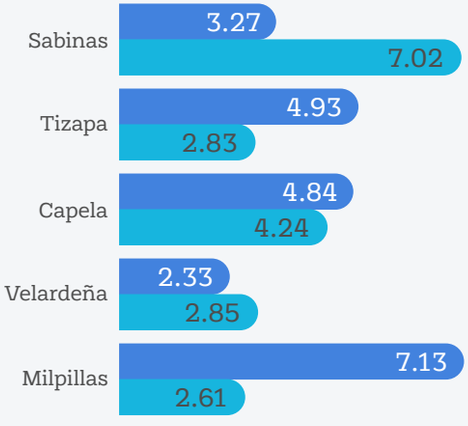


LTIFR and TRIFR by division

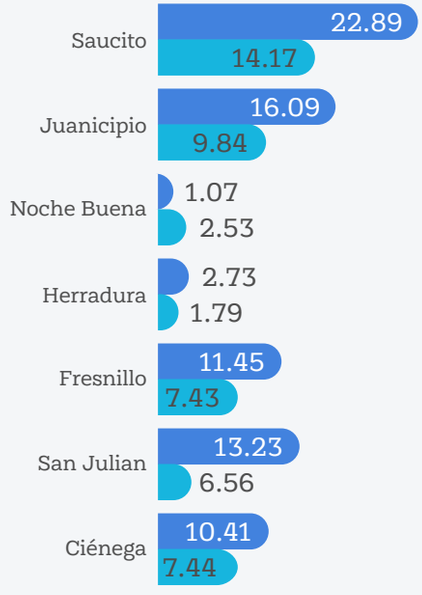
TRIFR – Peñoles Mines



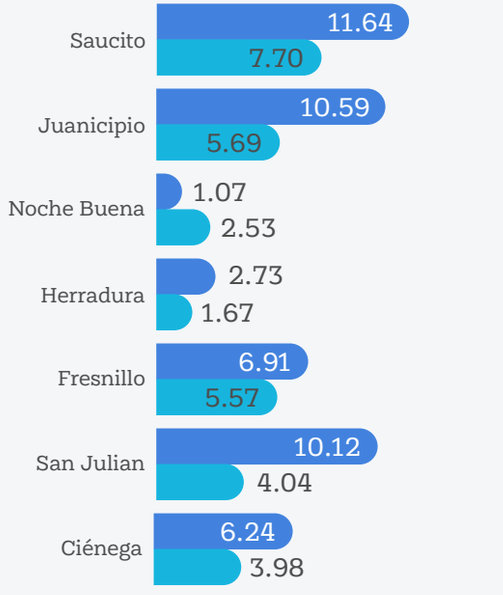
LTIFR – Peñoles Mines



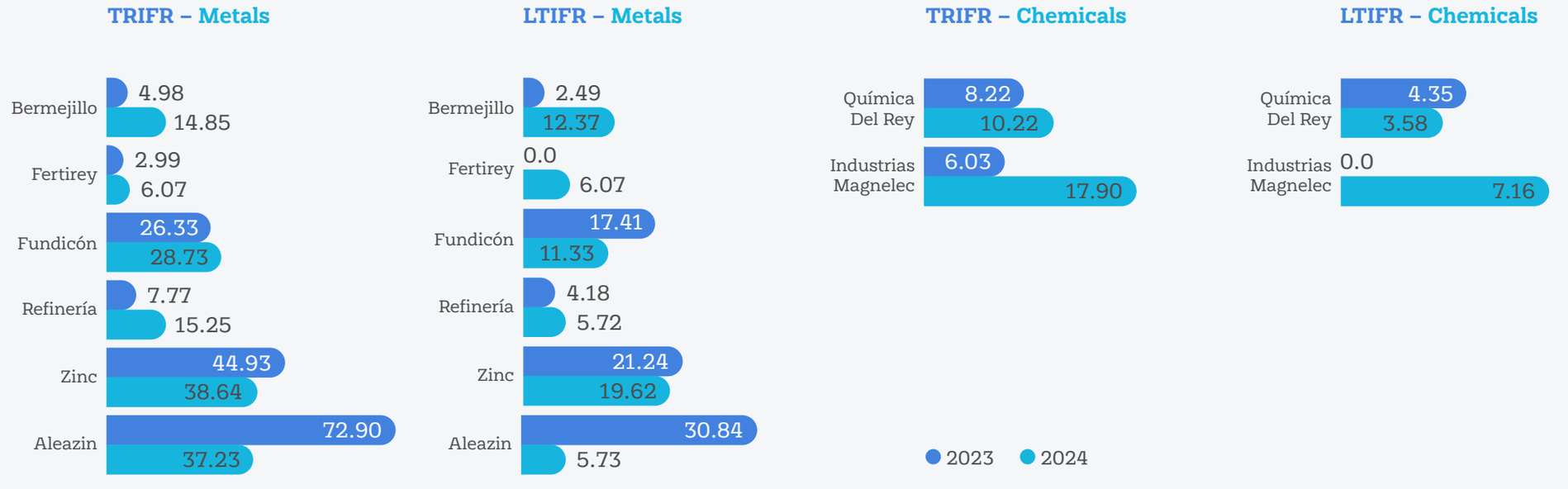
TRIFR – Fresnillo plc Mines



LTIFR – Fresnillo plc Mines



LTIFR and TRIFR by division



Near misses

Near misses result from a critical control of a high-potential risk being absent or out of standard, detected during field leadership practices.

Peñoles	2024
Near misses frequency rate - NMFR	1,334.04

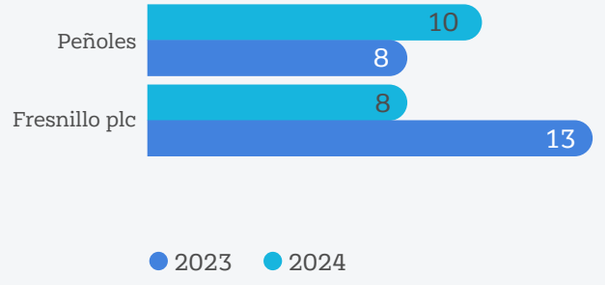
Fresnillo is not included in this statistic
Calculated for every 1,000,000 hours worked

Occupational Diseases

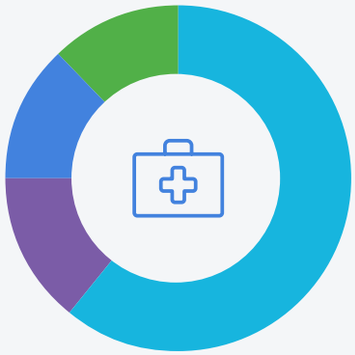
Occupational Diseases	Peñoles		Fresnillo plc	
	2023	**2024**	2023	**2024**
Hearing impairment	27	83	18	25
Respiratory (silicosis, pulmonary fibrosis, pneumoconiosis)	17	7	12	18
Musculoskeletal injuries and ergonomic	10	20	0	2
Others	1	21	13	1
TOTAL	**55**	**131**	**43**	**46**

The accident aftereffects were recorded in a separate category from occupational diseases for the years reported, because the consequences of accidents, by their nature, require separate medical follow-up than occupational diseases (see Accident recovery section).
Contractors are not included.

Accident aftereffects

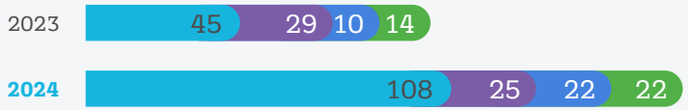


Occupational Diseases Breakdown

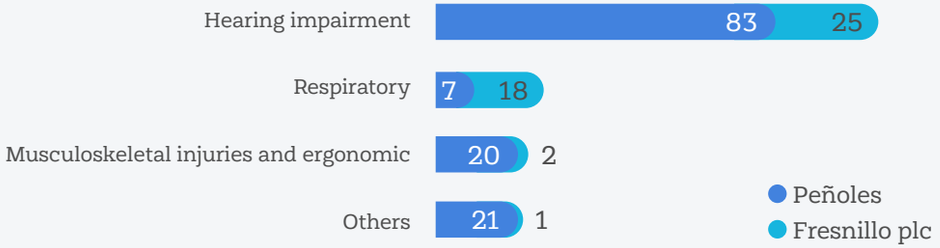


- 61% Hearing impairment
- 14% Respiratory
- 13% Musculoskeletal injuries and ergonomic
- 12% Others

Occupational Diseases Industrias Peñoles



Occupational Diseases Breakdown by company



Indigenous Peoples

We aim to build long-term, mutually beneficial relationships with Indigenous peoples based on trust. Gaining a deep understanding of their culture, organizational structures, decision-making processes, practices, and customs is essential to conducting our activities with respect.

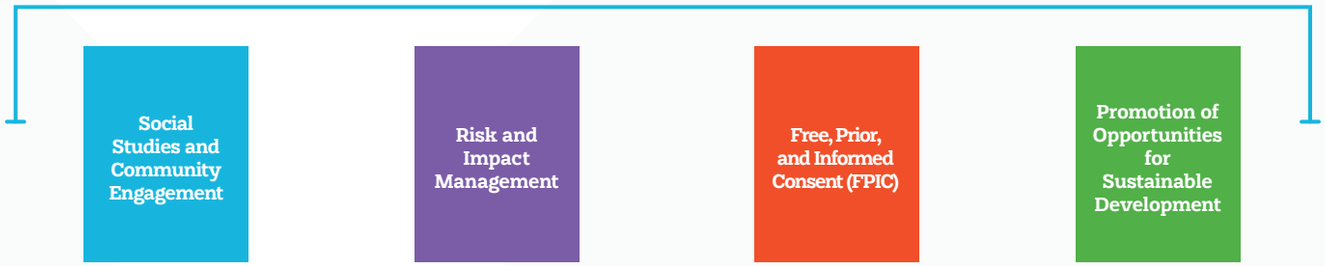
We are convinced that effective Free, Prior, and Informed Consent (FPIC) processes, grounded in sound principles, contribute to the development of better projects—ones that not only address potential impacts but also create opportunities for sustainable development for Indigenous peoples.

Context and Strategic Perspective

Historically, Indigenous peoples have experienced structural disadvantages, resulting in higher levels of poverty, discrimination, and marginalization. These communities have distinct cultural identities and maintain deep connections with their land and natural resources, which are protected under both international agreements and national regulations.

Our strategy for engaging with Indigenous peoples aligns with our broader social management efforts and defines the key activities we carry out in collaboration with these communities.

Strategy with Indigenous Peoples



Building long-term relationships based on trust for mutual benefit

Mexico, Chile, and Peru have ratified the International Labour Organization's (ILO) Convention 169, which mandates the implementation of FPIC mechanisms for Indigenous peoples. The legal obligations of governments to consult with Indigenous communities vary in their local application and enforcement. In addition to these legal frameworks, several international sustainability standards—such as those established by the International Finance Corporation (IFC), the Equator Principles (EPs), and sector-specific initiatives like the International Council on Mining and Metals (ICMM), Towards Sustainable Mining (TSM), and the Initiative for Responsible Mining Assurance (IRMA)—further support best practices for engaging with Indigenous peoples.

Effective engagement requires not only compliance with legal obligations but also the integration of these best practices. Responsible impact management is key to respecting rights and enhancing opportunities for sustainable development in mining projects.

Risk, Impact, and Opportunity Management

Responsible management of risks, impacts, and opportunities is fundamental to earning the trust required for long-term and mutually beneficial relationships. Our strategy for engaging with Indigenous peoples aligns with our broader social management efforts and defines the key activities we carry out in collaboration with these communities.

Social Studies and Community Engagement with Indigenous Communities

We conduct studies that characterize Indigenous communities, including their social organization, sociodemographic statistics, cultural heritage, practices, and customs. These studies help us identify potential impacts and define mitigation measures with an emphasis on respecting Indigenous rights and incorporating their interests, knowledge, and aspirations. Our operations and projects implement community engagement plans that involve ongoing interactions through meetings, forums, programs, and other activities with Indigenous communities.

Risk and Impact Management

We develop Social Management Plans to address both positive and negative impacts identified through Social Impact Assessments and community engagement feedback. In addition, we seek strategic partnerships with government agencies, cooperation entities, and civil society organizations to address relevant issues collaboratively.

We offer a field-based grievance mechanism and the Línea Correcta ethics hotline, which allows for confidential reporting on issues related to the conduct of the company and its value chain partners.

Due Diligence and Free, Prior, and Informed Consent (FPIC)

We implement a due diligence process to proactively identify the presence of Indigenous peoples through official sources. This enables us to adopt appropriate community engagement measures and integrate FPIC considerations into project planning.

Promotion of Opportunities for Sustainable Development

Our Social Management Plans include initiatives and programs focused on health, education, and capacity-building in collaboration with Indigenous communities.

We develop Social Management Plans to address both positive and negative impacts identified through Social Impact Assessments and community engagement feedback.

Social Process for Indigenous Consultation at San Julián Mine

National authorities carried out a Free, Prior, and Informed Consent (FPIC) process for the construction and operation of a water reservoir at the San Julián mine, operated by Fresnillo plc.

The community participated in capacity-building workshops focused on Indigenous peoples' rights and the FPIC process. Authorities incorporated the communities' perspectives when planning the consultation process, including the formation of committees and the overall logistics. Communities were informed about the potential impacts of the project and the corresponding management measures, enabling a constructive dialogue between the authorities, the company, and the community.

As a result of this process, shared benefit agreements were established, providing communities with rainwater harvesting systems for their homes and improvements to local roads.

Communities

We recognize the increasingly high expectations surrounding social performance, as well as the complex social dynamics of the regions where we operate and develop our projects. In response, we are firmly committed to continuously improving our social performance practices.

Our aspiration to *Live the Community* means actively engaging with the priorities and concerns of our neighboring communities—aligning with their development plans to build a shared future. We forge strategic partnerships with local authorities, civil society organizations, and cooperating entities to work collectively for the common good.

We foster open dialogue and encourage community participation, with a strong emphasis on capacity-building and the empowerment of local organizations. Our aim is to enable communities to lead their own sustainable development efforts and to promote collaborative, long-term solutions.

Governance

Our ESG Steering Committee (see ESG Committee section), provides governance and oversight of social performance matters, while the Steering Committee also monitors results and tracks progress against our strategic plan goals (see Strategy Section of the Annual Report). In addition, our Community Relations Best Practices Committee plays a key role in standardizing performance expectations and implementing social management system procedures across our operations in Mexico, Peru, and Chile. This committee also facilitates the exchange of best practices and fosters partnerships with civil society organizations, cooperating agencies, and public authorities.

Social Performance Standard

Our Social Performance Standard defines the criteria and success factors required to responsibly manage social risks and impacts—aiming to earn and maintain community trust while supporting the execution of our business strategy.

As part of our ongoing improvements to the social management system, we strengthened and updated a series of key documents, including guidelines, procedures, and manuals:

- Social Performance Guidelines
- Procedure for Designing and Planning Participatory Processes with the Community
- Procedure for Community Contribution Requests
- Guide for Developing Social Management Plans
- Procedure for Conducting Social Studies
- Procedure for Community Grievances
- Social Transition Procedure for Mine Closure

Strategy

Social license to operate is consistently among the five main risks and opportunities in the mining and metallurgy industry.[7]

Strategic implications of social performance

> Managing social impacts and risks

Responsibly managing social and environmental impacts—including human rights considerations—is essential to earning and sustaining community support for our operations. When these impacts are not adequately addressed, they can escalate into social risks, threatening operational continuity and our ability to execute our business strategy. To mitigate these risks, we prioritize proactive engagement and open dialogue with communities to responsibly manage impacts and respond swiftly to emerging concerns.

> Community engagement

Engaging with communities is critical to incorporating their concerns and expectations into our operational, tactical, and strategic decisions. When communities are actively involved in matters that affect them, we gain stronger social support and open pathways for shared development. Because community expectations around social performance evolve over time, the effectiveness of our engagement strategy depends on our ability to adapt to these shifts.

> Adapting to changing regulatory frameworks and international expectations of social performance

Social performance requirements continue to evolve, shaped by changes in both national and local laws as well as international frameworks. Our social management system must remain flexible and responsive to these dynamics, and our teams must continuously build the skills needed to meet new expectations.

Strategic alignment

The organization's strategic plan now includes an action line devoted to social performance, which encompasses these goals:

- Having a framework for managing and engaging with communities and governments
- Providing training and space for reflection on how our behaviors impact communities and governments
- Having a verifiable Community Management System

Material community concerns

Through direct engagement, we identify and address the issues that matter most to our communities, playing a strategic role in effective social management.

Issues that matter to our communities

- Access to land
- Air quality
- Behavior of our people
- Commitments and agreements
- Communication and transparency
- Equality in social support
- Industrial health and safety
- Jobs and labor relations
- Management of tailings dams
- Mechanisms of community engagement
- Soil conversation
- Vibrations
- Water stewardship

Issues are presented in alphabetical order.

7 Ernst & Young Global Limited (EYG). Top 10 business risks and opportunities for mining and metals in 2024. Retrieved from: https://www.ey.com/en_kz/insights/energy-resources/risks-opportunities

Social performance maturity

The International Council on Mining and Metals (ICMM) recommends assessing social performance maturity across four dimensions: leadership and social awareness, management systems, people, and metrics. We have adapted this framework to guide our capacity-building efforts.

Source:
International Council on Mining and Metals (ICMM) Social Performance Maturity Matrix

Social impact and risk management

Life cycle engagement

Our community engagement strategy is tailored to match both community expectations and the potential impacts at each stage of the mining and metals life cycle. Communities expect to be heard and included in development processes, which is why we initiate engagement early in the project life cycle:

- **Exploration:** Our teams engage with communities to introduce the company, explain our activities, and negotiate land access for exploration. At this stage, we identify local issues, needs, expectations, and concerns. We respond to questions and complaints related to our activities, while seeking to build goodwill through opportunities for temporary employment, local procurement, and social investment. In later stages of exploration, we conduct baseline studies to better understand the communities. We perform Indigenous peoples due diligence within company concessions to identify the needed steps to establish respectful relations with these communities.
- **Projects:** We foster continuity between exploration and operations by implementing a social management continuity plan. This includes evaluating management efforts, tracking commitments, and strengthening community relations teams with a long-term, business-life cycle perspective.

  Our teams expand baseline studies and impact assessments to inform a tailored social management plan. We increase the scope of our social programs by involving communities and civil society organizations. Engineering and mining teams are trained on community-specific issues, and social factors are integrated into technical decisions—such as tailings dam site analyses. We also train contractor partners on social expectations. Our presence in the field is reinforced through regular meetings with communities and authorities, as well as

visits to listen to and resolve concerns—helping to build trust. Community and land acquisition teams work closely to align community expectations with job creation and supply opportunities. In Indigenous territories, we collaborate with authorities to implement Free, Prior, and Informed Consent (FPIC) processes. All activities are aligned under an integrated risk management plan, coordinated with technical and administrative areas.

- **Mining, metallurgical, and chemical operations:** Our community relations teams develop social management plans aligned with the interests and priorities of local communities. These plans include regular engagement and dialogue with community members and local authorities on mutually relevant issues. During this phase, institutional social investment programs are implemented, and grievance mechanisms are maintained. To identify performance gaps and opportunities in our social strategy, we conduct social studies annually or biannually to incorporate viewpoints, expectations, and concerns. During the operational phase, longer-term employment and local sourcing opportunities are developed.

Social studies

Each year, we conduct social studies across our operations to understand community concerns, expectations, and perceptions of our social and environmental performance—as both an employer and a neighbor. These studies help us identify risks and opportunities to enhance our social performance and institutional reputation. They include Social Impact Assessments (SIAs) and Human Rights Due Diligence.

(See table of consultative processes and/or social studies).

Social management plans

We design Social Management Plans (SMPs) to respond to the positive and negative impacts identified in the Social Impact Assessments. These plans integrate mechanisms to address impacts appropriately in our operations. In addition, we pursue strategic partnerships with government entities, businesses, and civil society organizations on shared priority issues.

SMPs include an engagement and relationship-building component, comprising regular meetings, informational workshops, and open forums that foster transparent dialogue and create spaces where communities feel safe and confident expressing their views.

***100%** of our operations and projects are supported by social management plans.*

(See table of consultative processes and/or social studies)

Tailing Storage Facilities

We work with communities to identify and manage impacts and social risks throughout the Tailings Storage Facility (TSF) life cycle. This process includes:

- Socialization of tailings infrastructure
- Concrete and transparent communication on responsible TSF management
- Community-informed Emergency Response Plans
- Audits that consider community engagement.

Land acquisition and resettlement

When land must be acquired for our activities, we engage communities early in the process to support fair and informed negotiations. From the project design phase, we are committed to exploring alternatives that avoid the physical relocation of families or communities. When relocation is unavoidable, we base the process on comprehensive impact studies and action plans developed with community participation to identify measures to mitigate impacts, restore or improve livelihoods. Resettlement measures include clear information sharing, participatory feedback processes, and strategies to mitigate impacts and restore livelihoods. These processes must also provide access to grievance mechanisms.

Artisanal mining

We identify and characterize any ongoing artisanal mining activities in the company's areas of interest beginning in the exploration phase, in order to assess associated risks and opportunities. Our social management plans include measures for engaging with artisanal mining groups, tailored to the local context and in accordance with applicable laws.

1 Reception → 2 Evaluation → 3 Root-cause investigation → 4 Implementation of mitigation or remediation measures → 5 Feedback and Closure

Statistics on grievances are reported in the metrics section.

Mechanism for addressing concerns and grievances

All of our operations, projects, and exploration sites have formal mechanisms for receiving and responding to community concerns and grievances. These mechanisms help us understand both real and perceived impacts of our activities and ensure that grievances—defined as concerns requiring company response or action—are addressed in a timely and effective manner. Our grievance mechanism is complemented by the Línea Correcta ethical reporting channel.

Social transition for closure of operations

Supporting community livelihoods throughout the mining life cycle is essential. We therefore identify social impacts and opportunities from the exploration phase through to final closure of operations. We develop management plans with defined social transition targets and implement meaningful actions for the community, including post-closure monitoring and assurance. Peñoles plans initiatives to support alternative livelihoods and diversify local economies—helping communities build the capacity to engage in productive activities beyond mining and fostering entrepreneurship.

We apply a structured framework to plan and manage the social transition of integrated mine closure. This includes setting social transition objectives, taking relevant community actions, monitoring and ensuring effective post-closure follow-up (see the Closure section).

Indigenous peoples

We conduct due diligence to identify the presence of Indigenous groups in areas of interest surrounding our projects and take the necessary steps to ensure respectful engagement. Through social impact assessments, we identify potential impacts and corresponding mitigation measures that uphold Indigenous rights and reflect their interests and expectations.

When applicable, we collaborate with the relevant authorities to obtain the required Prior, Free, and Informed Consent (PFIC).
(see the sections Human rights and Indigenous Peoples).

Community engagement

Understanding and addressing community expectations and concerns is a top priority. All of our units and projects have engagement plans that ensure ongoing communication and dialogue with local communities. In addition, we conduct structured feedback processes to understand how we are perceived—as an employer, neighbor, and institutional actor—and how our social and environmental performance is viewed. These consultations include focus groups, general population surveys, and in-depth interviews.

A list of operations and projects, along with the number and percentage of consultative processes and/or social studies, is presented below:

Consultative Processes and/or Social Studies	Operations/ Projects	
	Number	%
Operations with social impact assessments	15	100
Operations with Social Management Plans	15	100
Operations with social studies and other consultative mech-anisms	15	100
Projects with Social Impact Assessments	2	100
Projects with Social Management Plans	2	100
Projects with social studies and other consultative mecha-nisms	2	100

List of relevant operations in terms of their need for social management plans, including the following units: Tizapa, Sabinas, Milpillas, Velardeña, Capela, Met-Mex, Bermejillo, Química del Rey, Fuerza Eólica del Istmo, Penmont, Ciénega, San Julián, Fresnillo, Saucito, and Juanicipio.
In the case of projects, we have two relevant projects in terms of social management: Rodeo Project and Orisyvo Project.

Local employment and sourcing

We aim to diversify local economies by developing skills and fostering entrepreneurship in collaboration with stakeholders. Our social management plans prioritize local hiring and family economic development, including initiatives to build community capacity so local residents can access employment and procurement opportunities within our value chain.

Our Code of Ethics and Conduct recognizes the development of local suppliers and contractors as a meaningful contribution to the communities where we operate. We prioritize local hiring in accordance with regulatory requirements and the company's health, safety, and environmental standards.

Across our projects and operations, we create opportunities for employment and capacity-building, with a strong emphasis on training local youth. Through our *Centro de Estudios Técnicos Laguna del Rey* (CETLAR), we offer specialized training in instrumentation, mechanics, and electricity, preparing graduates to join our operational workforce upon completion of their studies.

Social investment and shared value

Our social investment portfolio—aligned with the UN Sustainable Development Goals—fosters mutual understanding and a harmonious relationship with communities, stronger relations of trust and shared responsibility, strengthen local capacities and support productive alliances with civil society organizations.
(see Metrics section).

Education

We view education as a cornerstone of social cohesion and development. Our efforts extend to promoting education, culture, the arts, cultural heritage, science, technology, and educational infrastructure. We support access to quality technical, vocational, and higher education, including university-level programs, to help individuals secure decent employment or start their own businesses. We also promote literacy programs to ensure broader access to opportunity.

Key activities

- With the **FIRST Robotics** program, we encourage young people to pursue careers in science, technology, engineering, and mathematics (STEM).
- The **Museo de los Metales** is a space for improving educational performance with a focus on science, technology, and human development, providing content and resources for learning to the community. It contributes to SDG 4 by promoting inclusive, equitable, and quality education, offering learning opportunities for all. At El Museo de los Metales, we foster interest in science and showcase mining and metals as opportunities for development.

- We continue our **"Picando Letras"** program, across Fresnillo plc operations and projects, where reading is an enjoyable experience that contributes to social cohesion.
- In partnership with the government of Zacatecas, Innovación en la Enseñanza de la Ciencia, A.C. (INNOVEC) and the Office for Climate Education (OCE) of UNESCO we implemented a capacity building program to teach climate change in elementary school in Fresnillo and other cities and towns of Zacatecas. This year we participated in the International Conference: *"Latin America Project for Climate Education: Strengthening Capacities in Schools for Climate Change"*. (See Climate Education case), within the framework of the **Climate Education Program**, whose goal is to promote the understanding of climate change among children and youth in local schools.

***26** teams*
***779** young people (**45%** women)*
***183** mentors/volunteers*

- In Torreon, we work together with the educational community and local authorities to develop civil protection programs that contribute to the safety of the school community through **School Civil Protection Fairs**.
- In alliance with the Instituto Mexicano para la Excelencia Educativa A.C., we promote tools and methodologies that help teachers perform their jobs better, while creating a community of teachers who are enriched by exchanging experiences and best practices.
- In partnership with **Fondo Unido México – United Way** we contribute equipment and infrastructure to schools and civil society organizations in neighboring communities through social investment projects carried out in collaboration with voluntary contributions from the company's staff, strategic community partners, and the company.

Education

Science Project for High School and Secondary School Students

At Peñoles, we consider education one of the cornerstones of our social engagement strategy. As part of this commitment, we launched the Science Project to enhance educational quality by providing secondary and high school students with meaningful, hands-on learning experiences in science and technology. Also supports teachers and laboratory technicians by equipping them with innovative methodologies that can be easily implemented in classrooms or labs—without requiring sophisticated equipment. To bring this project to life, we formed partnerships with key educational institutions, including the Universidad Autónoma de Coahuila, the Consejo Estatal de Ciencia y Tecnología de Coahuila – Región Lagunera, and the Instituto Tecnológico Regional, with the support of the Subsecretaría Regional de Educación de Coahuila and Peñoles' Centro de Investigación y Desarrollo Tecnológico.

The project uses a combined theoretical and practical approach. Teachers and lab technicians receive training that includes both conceptual reviews and hands-on application, enabling them to replicate the lessons with their students in the classroom. Once the training is complete, students conduct practical experiments within a designated timeframe and present their work to the public at the Museo de los Metales.

Alliance for Climate Education

We continue to advance the Climate Education Program in partnership with Innovación en la Enseñanza de la Ciencia A.C. (INNOVEC), UNESCO's Office for Climate Education (OCE), and RedEAmérica. The program aims to provide teachers with the tools and knowledge about climate change, for primary and secondary school students. We actively share our experience in developing the program in collaboration with the Zacatecas Ministry of Education, the Zacatecas Council for Science and Technology, OCE, and INNOVEC. This engagement also extends to other companies and business foundations across Latin America, with the goal of scaling the Latin America for Climate Education (ALEC) initiative to new regions.

As part of this effort, we participated in the *Latin America Project for Climate Education: Strengthening Capacities in Schools for Climate Change* conference, hosted by the Facultad de Ingeniería de la UNAM. During the event, we shared perspectives on the role of critical minerals in the energy transition, companies' decarbonization pathways, and sustainability strategies in mining.

Raising both individual and collective awareness about protecting natural resources, fostering youth engagement, and inspiring community action are all vital to combating climate change. Through this initiative, we contribute to SDG 13: Climate Action, supporting improved education, awareness, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning systems.

3 GOOD HEALTH AND WELL-BEING

Health and sports

We are committed to promoting healthy lifestyles and well-being in our communities. We support local health systems and encourage good hygiene, nutritional habits, and access to safe vaccines. Our approach emphasizes preventive health care, sports and physical activity, family well-being, and preparedness for emergency response.

Key activities

- In partnership with Fundación UNAM and health authorities, we continue our **Health Days,** offering consultations and specialized care to vulnerable individuals in our communities. In 2024, more than 11,000 people benefited from this initiative.
- Through our 11 **Santos–Peñoles** & **Fresnillo plc** soccer academies, we instilled values among more than 1,200 boys and girls, transforming their lives and boosting their skills.
- We organized other sports tournaments to promote **family togetherness and restore public spaces**.
- We continue supporting relevant community health topics with supplies, materials, or informational campaigns.

Empresas Excepcionales Distinction

Peñoles Football Academies, Values Training, Life Skills Training

In 2024, Peñoles received the Empresas Excepcionales distinction from the Consejo Coordinador Empresarial and the Instituto para el Fomento de la Calidad (IFC) for its initiative: *Peñoles Football Academies*, *Values Training*, *and Life Skills Training*. Through this program, the company has strengthened community values such as participation, shared responsibility, organization, respect, and a sense of belonging. Football serves as both a catalyst and a platform to promote physical health and foster key values like cooperation, coexistence, and healthy competition.

The Academies reaffirm Peñoles' ongoing commitment to sustainable community development and highlights the value of strategic partnerships for fostering local growth and resilience.

- Through the Zacatlán Health Committee in Guerrero, composed of community leaders who identified health as a priority issue, we promote awareness of healthy lifestyles in neighboring communities.

*In partnership with Fundación UNAM and health authorities, we continue our Health Days. In 2024, more than **11,000** people benefited from this initiative.*

Health and sports

Collaboration with Grupo AVE

Peñoles collaborates with this civil society group, primarily composed of women, which focuses on community actions aimed at strengthening family bonds through courses, workshops, and talks that foster the rebuilding of the social fabric and raise awareness about risky behaviors among children and adolescents in the communities surrounding the Velardeña operation in Durango.

Grupo AVE's mission is to foster positive behavioral change by building self-esteem, reinforcing core values, and motivating young people from our communities to navigate the growing challenges of today's world.

Agreement for Cochlear Surgeries for Children in Zacatecas

In 2024, an agreement was established with the State System for the Integral Development of the Family (DIF) of Zacatecas, aimed at supporting cochlear surgeries. These surgeries involve the implantation of an electronic device that helps children with hearing impairments to improve or regain their hearing, thereby enhancing their quality of life.

Skill building

Our goal is to develop capacities and promote entrepreneurship to diversify local economies and build resilient communities.

Key activities

- Our **community centers** are spaces where we develop the capabilities and promote the talent of our communities. The goal is to strengthen the relationship between the company and the community by providing a space that facilitates the integration of activities for life and work training, skill development, the promotion of culture, sports, and the encouragement of talent, harmonizing the interaction between stakeholders.
- In an alliance with **Fundación ProEmpleo A.C.** we promote entrepreneurship and better local businesses through training in business skills, consulting, work grants, and development of local sourcing.
- The **Centro de Estudios Técnicos Laguna del Rey (CETLAR)** offers full scholarships to young people from communities near our operations, who receive training as highly qualified technicians.
- **Comité Comunitario Agentes de Cambio**: Composed of instructors from the Velardeña Community Center and coaches from the Santos-Peñoles Football Academy, its goal is to strengthen social actions and generate social cohesion within the community.
- **Consejo de Comisarios y Pobladores de Tehuixtla:** Its purpose is to collaborate on a multi-stakeholder agenda through high-impact projects and shared social commitments from the communities surrounding the Capela Unit.
- We develop social capacities through productive projects, focusing on economic development.

Collaboration for Road Rehabilitation

Maintaining a relationship of trust with communities and authorities is essential. Teamwork and engaging with communities to identify their needs is a priority. For this reason, in collaboration with the Government of the State of Durango and neighboring communities, the Cuatillos-Velardeña road rehabilitation project was carried out. This initiative involved improving the asphalt surface and benefited more than 3,000 residents across four local communities. Beyond enhancing road infrastructure, this project contributes to road safety, improved mobility, and the region's economic development.

Skill building

Fostering Capabilities for Sustainable Development in Mexico: Women of the Desert and Sea

The "Women of the Desert and Sea" is a group of women dedicated to the blue crab fishing industry in the municipality of Caborca, Sonora. The Intercultural Center for Desert and Ocean Studies, A.C. (CEDO) and Minera Penmont collaborate to support the project. Through the RedEAmérica Mexico Node, "Women of the Desert and Sea" enrolled in the joint initiative Fostering Capabilities for Sustainable Development in Mexico. The project focuses on empowering women through sustainable inclusion in productive value chains.

The initiative includes a framework for systematization, knowledge sharing, and capacity-building, supported by an external expert in sustainability and community development. Its main objective is to strengthen the self-management and collective action skills of vulnerable groups—enabling them to access equitable, sustainable employment, improve household income, and advocate for their rights. In the medium and long term, the initiative seeks to enhance the technical, human, and administrative capabilities of the women's group, supporting their integration into productive activities and the formal organization of the blue crab industry in Caborca. The approach prioritizes natural resource stewardship and long-term community development.

As a member of RedEAmérica—a network of companies and corporate foundations operating in 11 Latin American countries—Peñoles collaborates to create a space to foster knowledge, collaborate on joint projects, and work together to promote private social investment, sustainability issues, and community-based development in the region.

Access to water

We are committed to reducing our water footprint and collaborating with communities and local authorities to enhance access to safe water. At the same time, we promote environmental awareness and responsible water use.

Key activities

- **We treat municipal wastewater** and reuse it in our operations to reduce freshwater consumption.
- We carry out **educational campaigns** on water conservation in schools and communities, particularly during UN World Water Day, often through partnerships with local institutions and the Museo de los Metales.
- We conducted **recycling, cleanup efforts, and environmental awareness campaigns** and water stewardship promotion through publications, roundtables, and contests in collaboration with authorities, communities, and educational centers.
- We host visits for schoolchildren from nearby communities to our **wildlife conservation areas and nurseries,** promoting environmental education and the protection of local flora and fauna.

Beyond the Mine: Site Environmental Education in the Ecological Reserve

As part of our wildlife conservation efforts, we maintain an Ecological Reserve in the municipality of Cuencamé, Durango. Officially registered with the Ministry of Environment and Natural Resources (SEMARNAT) as a PIMVS (Property for the Management of Wildlife Outside its Natural Habitat). Its objective is species conservation and environmental education for local communities. The reserve is home to 120 animals representing 10 different species, including bison, buffalo, ostriches, Watusis, and deer.

Through this initiative and our broader community engagement efforts, we contribute to SDG 15, *Life on Land*. In the communities where we operate, we support forestation and reforestation through nurseries that propagate local plant species. These nurseries also provide plant donations to the communities—totaling 84,871 plants in 2024 alone.

*These nurseries also provide plant donations to the communities—totaling **84,871** plants in 2024 alone.*

We collaborate with authorities on various industry-related initiatives, offering a transparent, open-door approach to our processes and best practices, grounded in verifiable and evidence-based data about the mining sector.

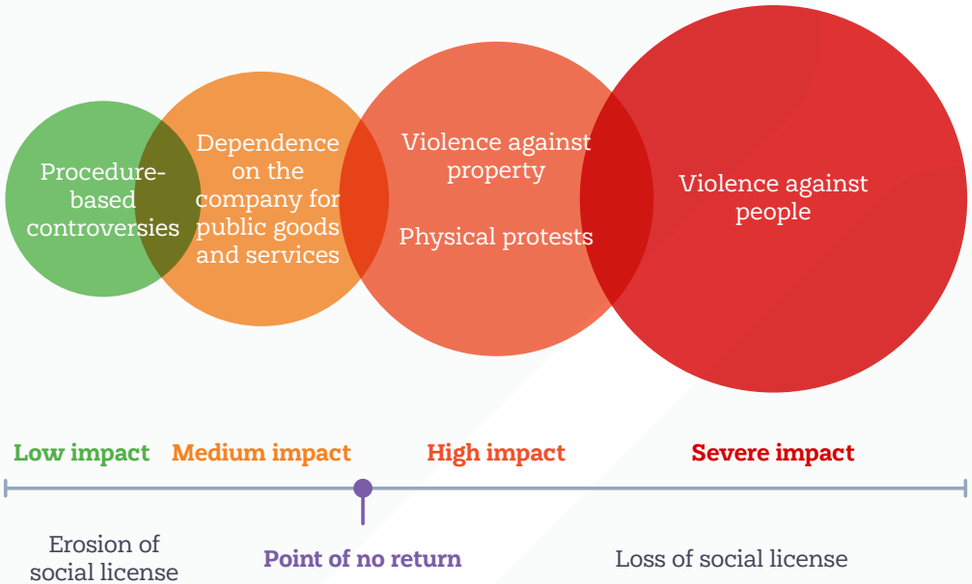
We maintain an active engagement agenda with business organizations, including mining clusters and working groups within business chambers, as well as participation in panels and forums. Notable among our efforts are the agreement to support cochlear surgeries for children in Zacatecas and the road rehabilitation agreement in Velardeña, Durango. These actions contribute to improving the quality of life in neighboring communities.

Notable among our efforts are the agreement to support cochlear surgeries for children in Zacatecas and the road rehabilitation agreement in Velardeña, Durango.

We also maintain strong institutional ties with organizations such as the Confederation of Industrial Chambers (CONCAMIN), the Business Coordinating Council (CCE), the Employers' Confederation of the Mexican Republic (COPARMEX), the Mexican Mining Chamber (CAMIMEX), the Mexican Chapter of the Business Council for Sustainable Development (CESPEDES), the Mexican Wind Energy Association (AMDEE), the Mexican Business Council for Foreign Trade, Investment and Technology (COMCE), as well as international organizations such as UNICEF, the OECD, the ILO, among others.

Social risk management

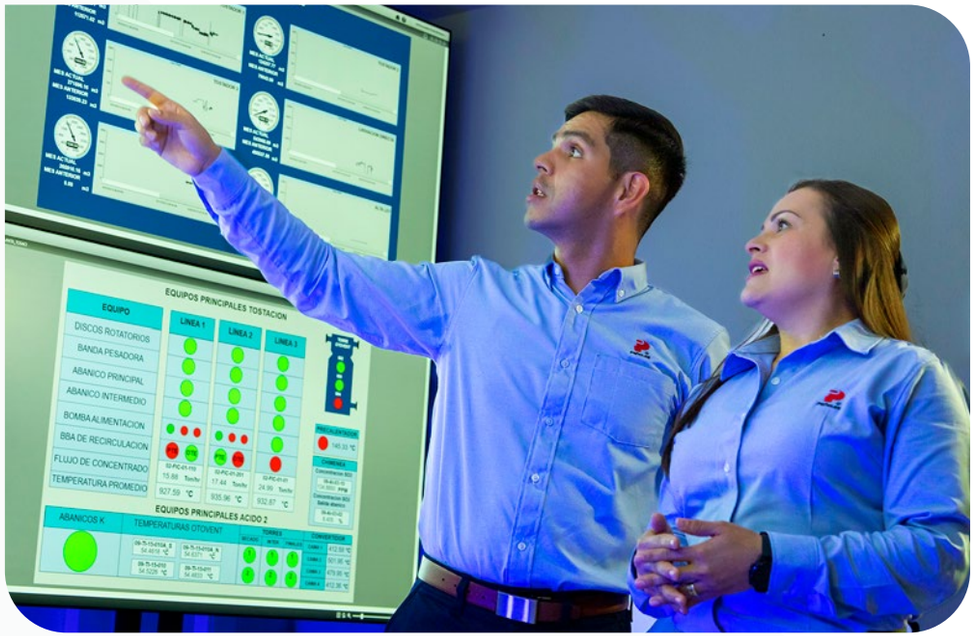
We assess social risks with the objective of strengthening operational continuity based on our enterprise risk framework. The corporate social risk assessment matrix considers two main risks in four phases, from low impact to severe impact.



Source:
Davis, Rachel and Daniel M. Franks. 2014. "Costs of Company-Community Conflict in the Extractive Sector." Corporate Social Responsibility Initiative Report No. 66. Cambridge, MA: Harvard Kennedy School.

Risks and consequences

Risks	Consequences	Management instruments
Erosion of social license through conflicts with the company and/or dependence on public services	1. Community grievances and claims 2. Disputes and lawsuits over various issues.	1. Leadership and social awareness 2. Management system 3. People 4. Metrics
Loss of social license through physical protests, violence against property and/or against people	1. Refusal to negotiate access to land 2. Increase in community demands and conditions 3. Blocked access to public infrastructure or operating works	



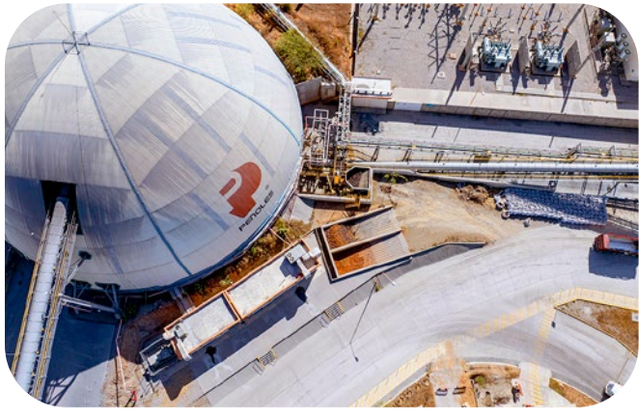
Performance and Metrics

Grievances

Category	2024	2023
Carryover 2023	7	10
New grievances in the period	23	26
Total grievances	30	36
Grievances closed during the period	22	29
Carryover 2025	8	7

Number and total duration (in days) of site closures or project delays due to significant conflict with the community, occurred during the reporting period.

Year	Closure or delay	Duration (days)
2022	0	0
2023	0	0
2024	0	0

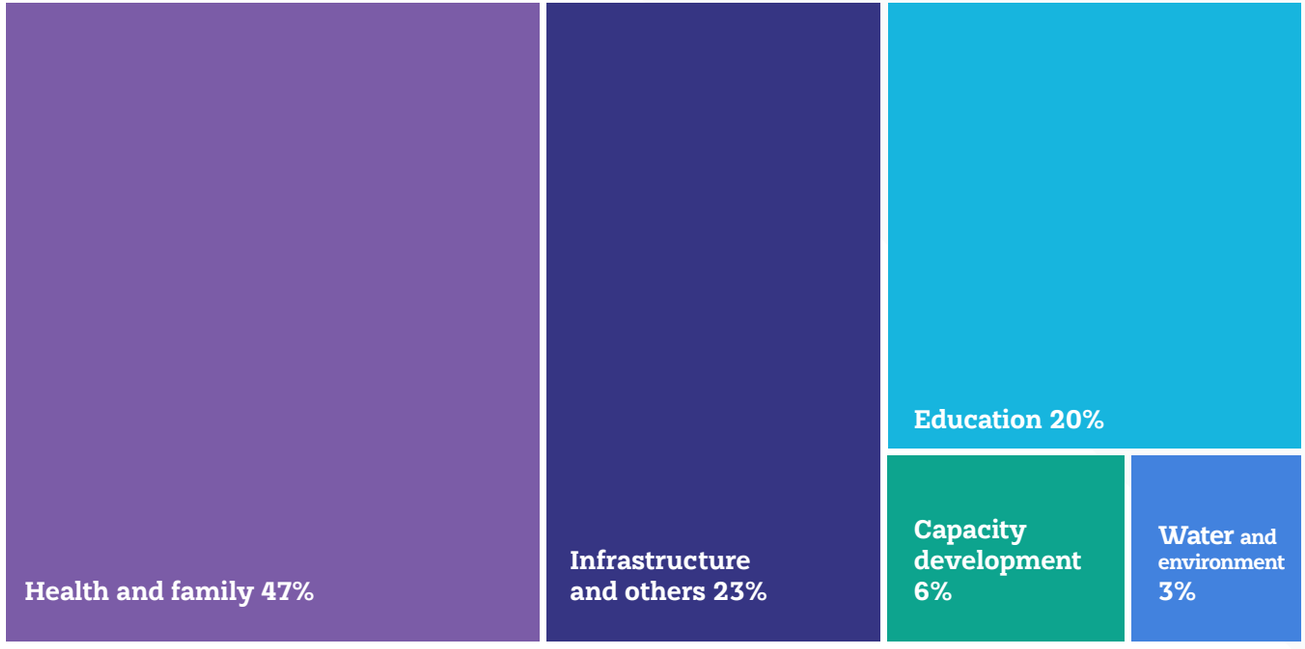


Social investment, local employment and local sourcing

Period	Social investment	Local Employment %	Local suppliers %	Sourcing (payments to local suppliers/total supplier pay-ments) %
2023	6.20 US$ M	73	58	47.81
2024	7.84 US$ M	75	64	47.93

The supplier payment calculation represents invoices paid from January 1 to December 31, 2024.

Social Investment as a Strategic Lever



Climate change

In 2022, we reported for the first time on our performance, risks, and opportunities related to climate change, following TCFD recommendations. In 2024, we began the transition to IFRS S2.

Climate change

Peñoles is committed to responsibly managing the risks, impacts, and opportunities posed by climate change, recognizing our role in producing essential resources that support people's well-being. We align with national and international efforts to advance the transition to a low-carbon economy and help mitigate the worst impacts of climate change.

As a pioneer in wind energy generation within the Mexican mining sector, Peñoles has long been proactive in addressing climate challenges. Our objective is to source 100% of our electricity from clean energy by 2028, to the extent permitted by national policies.

We developed a decarbonization roadmap that identifies viable emission-reduction strategies based on technological maturity, emissions-reduction potential, cost-effectiveness, and operational feasibility. This business case–level analysis confirms that our business model is compatible with carbon neutrality ambitions, while also highlighting the operational and financial discipline required to meet these goals.

We have now launched a second phase of the project to validate the decarbonization levers at the site level and to reinforce the governance of the roadmap, ensuring targets are grounded in rigorous planning and accountability.

The global transition to a low-carbon economy presents not only challenges, but also strategic opportunities. Minerals and metals are essential to enabling clean technologies. Copper, for example, is critical to electrification and forms a core focus of our exploration strategy. Forecasts from institutions such as the World Bank and the International Energy Agency underscore the vital role of mining and metallurgy in meeting future demand for critical materials.

In 2022, Peñoles disclosed its climate-related risks, performance, and opportunities for the first time, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We are currently preparing for alignment with the IFRS S2 standard on Climate-related disclosures issued by the International Sustainability Standards Board (ISSB). Our climate reporting provides transparency into our governance, strategy, risk management, and climate-related targets and metrics.

Governance

At Peñoles, climate change is embedded in our Board of Directors strategic decision-making processes. The ESG Committee reviewed the decarbonization roadmap with the support of the most experienced board members on the topic. These efforts led to the presentation of the progress of our climate change strategy to the Board of Directors.

Governance bodies

> Board of Directors

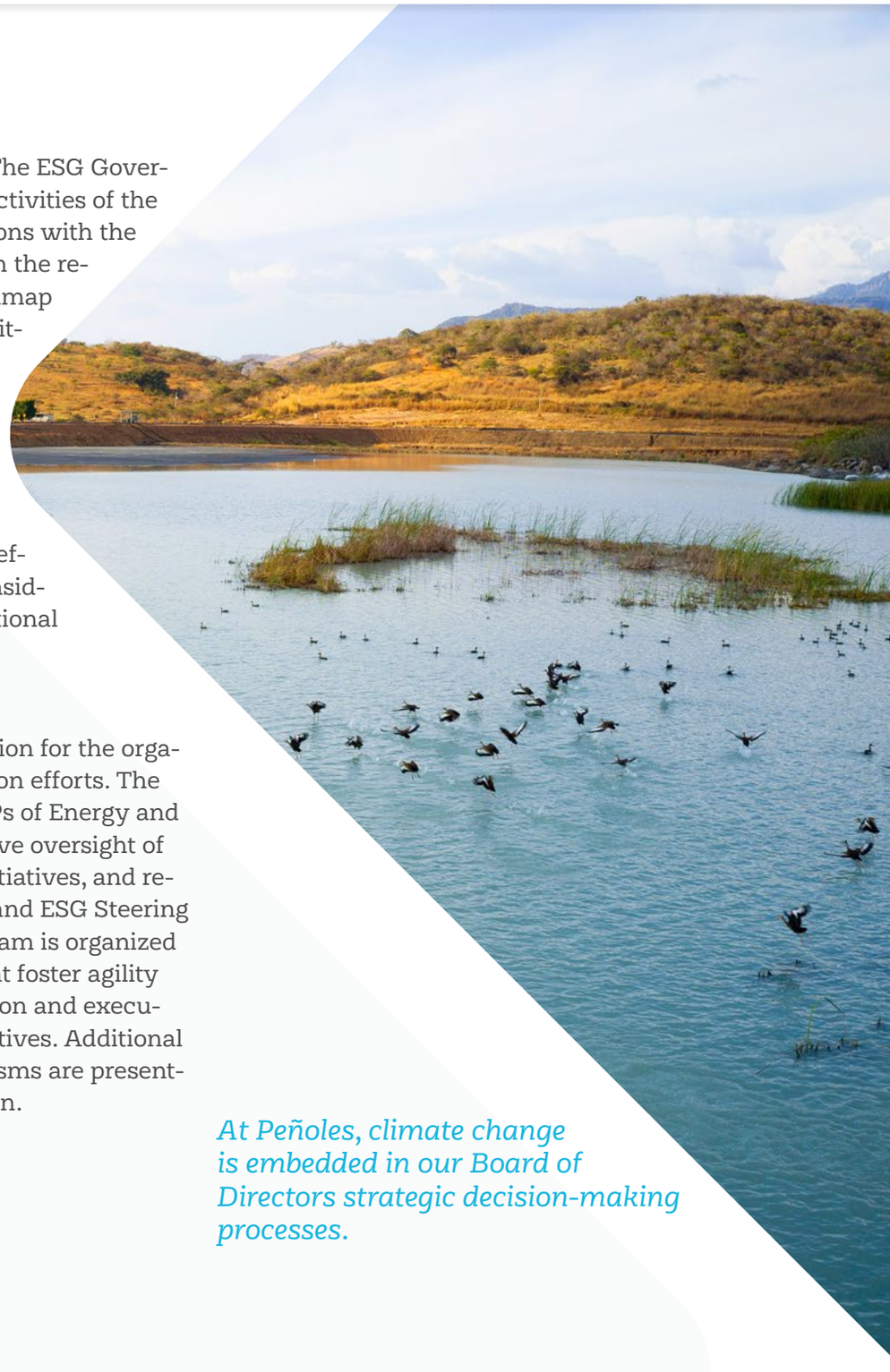
The Board provides oversight of key risks, ensuring that climate-related policies and actions defined by the senior executives align with the company's overall strategy and risk appetite. As part of the oversight of climate-change risks, in 2024, the Board reviewed the outcomes of the decarbonization roadmap project. Directors Arturo Manuel Fernández Pérez and Jaime Lomelín Guillén bring deep expertise in climate-related matters across the energy, mining, metals, and chemicals sectors. The CEO's performance evaluation includes progress on climate strategy as a key assessment criterion.

> ESG committee

The ESG Steering Committee—chaired by the CEO—oversees material sustainability topics, including climate-related risks and opportunities. The committee meets at least twice a year to report progress to the Board. The ESG Governance section outlines the key activities of the ESG Committee and its interactions with the Board of Directors, particularly in the review of the decarbonization roadmap results. The ESG Steering Committee is comprised of senior executives who possess extensive experience in the implications of climate change for operations, energy sourcing, investment decisions, and stakeholder expectations. Their roles enable effective integration of climate considerations into strategic and operational planning.

> Management team

The CEO sets the strategic direction for the organization and leads decarbonization efforts. The CFO—supported by Assistant VPs of Energy and Sustainability—provides executive oversight of the decarbonization roadmap initiatives, and reports on its progress to the CEO and ESG Steering Committee. The management team is organized into networks and work cells that foster agility and multidisciplinary collaboration and execution of the decarbonization initiatives. Additional details on coordination mechanisms are presented in the ESG Governance section.



At Peñoles, climate change is embedded in our Board of Directors strategic decision-making processes.

Risk and opportunity reviews and capacity building

We view capacity building as a fundamental part of effective governance for evaluating climate-related risks and opportunities. The ESG Steering Committee's review of the decarbonization roadmap has served as a platform to build understanding of Transition Risks, covering carbon pricing, scenario analysis, sensitivity analysis, clean technologies, and carbon offset strategies. Similarly, the Tailings Committee has reviewed climate modelling methodologies and assessments to better understanding Physical Risks.

Context and strategic considerations

Climate-related risks and opportunities

We categorize climate-related risks as either physical or transitional and assess their potential impact and timeframe across the value chain. These risks are evaluated qualitatively based on the scope of adaptation or mitigation efforts required. Climate-related risks are linked to two critical risks in our Enterprise Risk Management (ERM) framework: "Physical risks of climate change may compromise our performance and operational continuity"; and "Transition risks with a low-carbon economy may compromise our viability and profitability".

Due to the nature of our business activities—and particularly the mining life cycle—we are using a 10-year timeframe for our strategic plans and take 2050 as the benchmark for carbon neutrality considerations.

Parameters used to characterize the risks and opportunities of climate change

Type or risk/opportunity	Segment of the value chain	Time interval	Impact
1. Physical 2. Transition	1. Suppliers 2. Operations 3. Clients	1. Short term (< 3 years) 2. Medium term (> 3 y < 10 years) 3. Long term > 10 years	1. Low 2. Medium 3. High


Transition risks
Market
Regulatory
Reputational
Technological
Compromise our viability and profitability due to the risks associated with the transition to a low-carbon economy.
6 Volatility in energy prices (fuel and electricity)
7 Shortage of critical supplies
8 Increase in cost of water
9 Increase in insurance premiums
10 Loss of access to funding sources that require emission reduction and ESG targets
11 Taxes on the carbon footprint of the products we export
12 Taxes, markets, and other pricing mechanisms associated with carbon emissions
13 New regulations caused by water stress
14 Further restrictions on changes in land use (zoning)
15 Regulatory obstacles to renewable energy
16 Increased community expectations of company cooperation in adapting to climate change
17 Loss of stakeholder trust due to lack of decarbonization commitments and targets
18 Loss of shareholders due to low ESG ratings
19 Lack of technology for decarbonizing key processes
20 Poor selection of decarbonization technology
Risk issues (subcategories)
Business risks (ERM)
Process risks

Climate Change Risks and Opportunities

	Risk/Opportunity		Description	Scope of the value chain	Time horizon			Potential impact		
	Category	Subcategory			Short	Medium	Long	Low	Medium	High
Risks	Physical	Acute	Extreme water and temperature events, and forest fires	• Supply chain • Operations						
		Chronic	Increase of water stress and expansion of the heat wave season	• Supply chain • Operations						
	Transition	Market	Volatility in energy prices, shortages of critical supplies, rising insurance premiums, and loss of access to financing sources	• Supply chain • Operations • Clients						
		Regulatory	Energy sector regulations, taxes, markets, tariffs, and other carbon pricing mechanisms, emerging water and land-use regulations	• Operations • Clients						
		Reputational	Loss of our stakeholders' trust	• Operations • Clientes						
		Technological	Technology availability, poor selection or adoption	• Supply chain • Operations						
Opportunities		Market	Increased copper production and carbon offsets	• Operations • Clients						
		Technological	Renewable electricity, electrification, fuel replacement, process efficiency, circularity of mining and metallurgical waste, conservation and biodiversity	• Supply chain • Operations						

Business model and value chain

For the relevant risks, we have identified the implications for the various value creation levers.

More information about our business model see our Business Model section.

Business model

	Risk/Opportunity		Description	Impact on the value creation levers	Business Model						
	Category	Subcategory			Metals	Mining	Chemicals	Energy	Construction	Exploration	Sales of metals and chemicals
Risks	Physical	Acute	Extreme water and temperature events, and forest fires	• Reduction in revenue • Increase in production costs • Investments (CapEx)							
		Chronic	Increase of water stress and expansion of the heat wave season	• Reduction in revenue • Increase in production costs • Investments (CapEx)							
	Transition	Market	Volatility in energy prices, shortages of critical supplies, rising insurance premiums, and loss of access to financing sources	• Reduction in revenue • Increase in production costs • Access to capital and financing							
		Regulatory	Energy sector regulations, taxes, markets, tariffs, and other carbon pricing mechanisms, emerging water and land-use regulations	• Reduction in revenue • Increase in production costs • Investments (CapEx) • Reduction of profits							
		Reputational	Loss of our stakeholders' trust	• Reduction in revenue • Access to capital and financing • Increase in production costs							
		Technological	Technology availability, poor selection or adoption	• Increase in production costs • Reduction of profits • Access to capital and financing							
Opportunities		Market	Increased copper production and carbon offsets	• Increase in revenue • Investments (CapEx) • Access to capital and financing • Reduction in carbon offsets							
		Technological	Renewable electricity, electrification, fuel replacement, process efficiency, circularity of mining and metallurgical waste, conservation and biodiversity	• Reduction of production cost (operation and maintenance and cost of fuels) • Investments (CapEx) • Lower exposure to regulations • Access to capital and financing							

Response of the company to climate change

	Risk/Opportunity		Climate Action Plans
	Category	Subcategory	
Risks	Physical	Acute	Adaptation plans
		Chronic	
	Transition	Market	Transition plans: Decarbonization roadmap
		Regulatory	
		Reputational	
		Technological	
Opportunities		Technological	
		Market	Exploration strategy

Strategy and decision-making

Our climate change strategy goes beyond resilience by focusing on both decarbonizing our operations and adapting to the physical impacts of climate change. Mitigation efforts reduce our exposure to transition risks, while adaptation helps protect our people, infrastructure, and communities from physical climate risks.

*We reduced our GHG emissions by **11.7%** compared to 2023 and by **24.2%** with respect to our 2022 baseline.*

Decarbonization roadmap

Renewable electricity has been our main decarbonization lever, and we aim to maximize our supply from renewable sources by the end of this decade. However, decarbonizing mining, metals, and chemicals is particularly challenging due to limitations in technological maturity, reliability, and cost. As a result, decarbonization is a complex issue that requires a multi-lever approach, carefully evaluating each option's emissions reduction potential, technological readiness, and economic feasibility. To guide Peñoles' transition strategy, we launched the decarbonization roadmap Project.

Penmont, the lead smelter, and Química del Rey were selected as pilot sites due to their significant emissions and the complexity of decarbonizing their energy sources and process-related emissions. Additionally, two underground operations with smaller carbon footprints were included in the pilot because of their strategic importance in our business model.

Results of the project

The project identified the highest-emitting processes and analyzed alternative decarbonization levers, considering emissions reduction potential, technological maturity, cost-benefit, and operational feasibility. This enabled the development of alternative roadmaps with emissions trajectory estimates, using scenario modeling and sensitivity analysis.

The evaluation highlighted three levers with the greatest potential—subject to site-level feasibility: increased use of renewable electricity, electrification of vehicles and mining equipment, and fuel substitution using options such as biomethane, biocoke, or green hydrogen. The business-case-level analysis confirmed that our business model aligns with carbon neutrality ambitions, while also underscoring the financial and operational discipline required to seize these opportunities.

Next Steps

We are launching the second phase of the project, focused on validating decarbonization levers at the site level and enhancing governance of the roadmap. The goal is to ensure that our targets and objectives are robust and grounded in site-specific realities.

Decarbonization levers

Category of lever	Levers	Challenges
Renewable energy	• Supply of renewable energy connected to the electrical grid • Onsite generation disconnected from the electrical grid	Regulatory framework in Mexico
Open pit mining	• Electrification of trucks • Electrification of other mining equipment • Electrification of light vehicles and worker buses	Maturity and reliability of these technologies Life of mine of the current open pit operations
Underground mining	• Electrification of scooptrams • Electrification of trucks • Electrification of other mining equipment	Maturity and reliability of these technologies and electric infrastructure
Furnaces (high temperature)	• Biomethane and hydrogen	Supply of green fuels and accounting rules for emission reductions
Generation of steam	• Biomethane and hydrogen • Solar thermal • Electrification of boilers • Cogeneration	The electrification of boilers requires renewable energy, and cogeneration can limit the potential for emission reductions.
Carbon capture and reducing agents	• Carbon capture • Biomass and/or biocoke in blast furnaces • New technologies for direct reduction in lead smelters	Technological maturity of the levers and CO_2 storage
Carbon offsets	• Purchase of carbon offsets	Price volatility, accounting rules, restrictions for accounting and supply

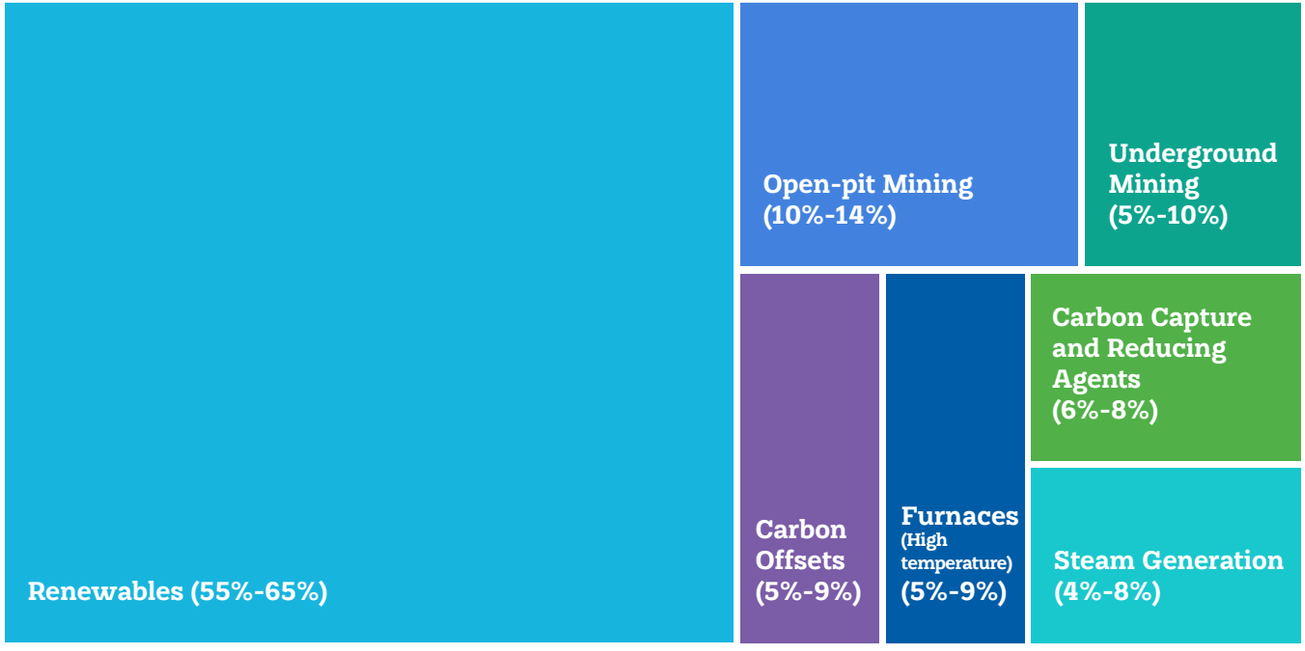
Decarbonization levers in time

Description	Potential contribution to carbon neutrality	Time Horizon		
		Short	Medium	Long
Renewables	55 - 65			
Open-pit Mining	10 - 14			
Underground Mining	5 - 9			
Furnaces (High temperature)	5 - 9			
Steam Generation	4 - 8			
Carbon Capture and Reducing Agents	6 - 8			
Carbon Offsets	5 - 10			

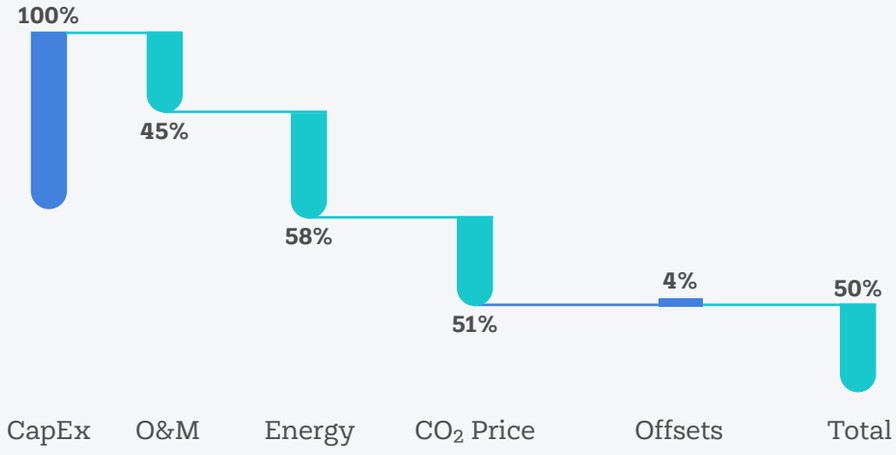
Time Horizon	
Short	< 2030
Medium	>2030 y < 2040
Long	> 2040

The business-case-level analysis confirmed that our business model aligns with carbon neutrality ambitions.

Decarbonization potential of the levers towards carbon neutrality



Descarbonization - Business Case



Estimates as percentage of CapEx

Business case for decarbonization

The decarbonization roadmap presents opportunities to expand our renewable energy supply while improving electricity cost efficiency. Some technologies, particularly those related to electrification, may involve higher capital expenditures (CapEx), but these can be offset by savings in operations and maintenance (O&M) and reduced fuel costs. In addition, decarbonization levers help mitigate the regulatory risks associated with carbon pricing. Peñoles' business model remains flexible and resilient within the context of a transition to a low-emissions economy.

It is important to note that these roadmaps are long-term strategic exercises toward carbon neutrality and are subject to significant uncertainties—particularly around the future cost and maturity of key technologies, clean fuel prices, and the availability and cost of carbon offsets.

> Progress on renewable electric power

Electric power supply is one of the primary levers for decarbonization. Our electricity strategy is central to our goal of sourcing 100% of our operational electricity from renewable sources by 2028, as permitted by national regulations. We have continued efforts to increase renewable electricity from both self-supply sources and the Wholesale Electricity Market (MEM), with the dual objective of reducing costs and our carbon footprint. As a result, the share of renewable energy in our consumption rose from 35% in 2023 to 48% in 2024, accompanied by a 17.1% reduction in cost per kilowatt-hour (kWh).

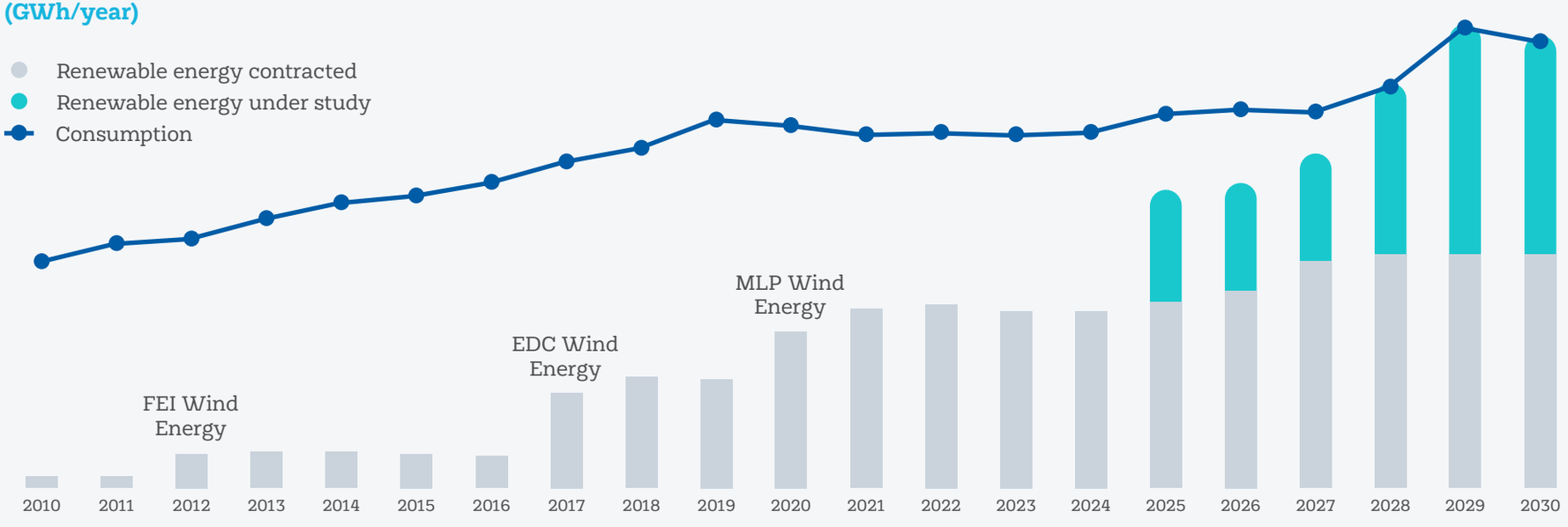
Beyond our current renewable energy targets, our electricity strategy serves as a medium- and long-term enabler for other decarbonization levers, such as the electrification of mining equipment and steam generation systems. We anticipate growing electricity demand as these initiatives expand. To address this, we are launching a competitive process to identify new electricity sources aligned with our long-term goals of decarbonization and cost efficiency.

Peñoles actively participates in industry associations and trade unions that foster constructive dialogue with authorities. We believe a more stable and predictable regulatory framework in the electricity sector is essential to enable the development of new energy sources and to meet the shared decarbonization and competitiveness goals of both government and industry.

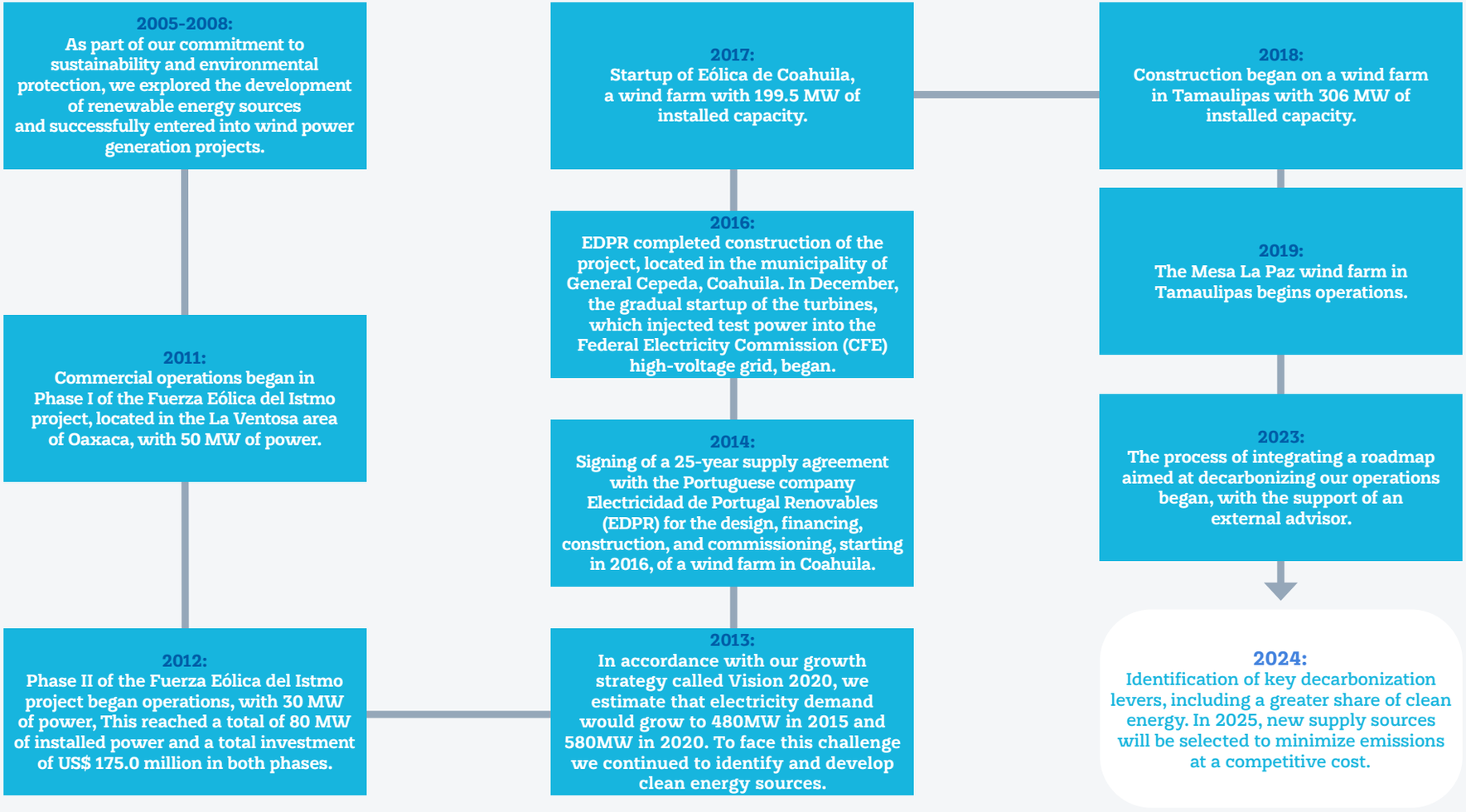
Renewable Electric Power Sources

Wind Farm	Description
Eólica de Coahuila (EDC)	Located in General Cepeda, Coah., with a capacity of 199.5 MW, operated by a third party; the supply is carried out under a contract expiring in 2042.
Eólica Mesa La Paz (MLP)	Located in Llera de Canales, Tamps., with a capacity of 306 MW, operated by a third party; the supply is carried out under a contract expiring in 2045.
Fuerza Eólica del Istmo (FEI)	Located in El Espinal, Oax., operated by Peñoles, with a capacity of 80 MW.

Renewable energy supply forecast for electricity needs (GWh/year)



Peñoles' journey as a pioneer in renewable electric power in Mexico



> Activities on other decarbonization levers

We evaluated alternative projects for solar thermal generation and cogeneration and reviewed the performance of the electric scooptram and truck acquired three years ago for testing in underground mines. We also joined a value chain partner's initiative to monitor electric truck technology for open-pit mining and explored mineral processing technologies that offer energy savings in crushing and grinding operations.

In addition, we continuously monitor emerging emission-free technologies—such as hydrogen and green ammonia—as well as substitutes for conventional fuels, including biogas and other biofuels. These technologies are expected to improve economically in the coming years, potentially making them viable decarbonization options.

In partnership with the University of Arizona, we developed a climate modeling project for Fresnillo plc's operations and projects.

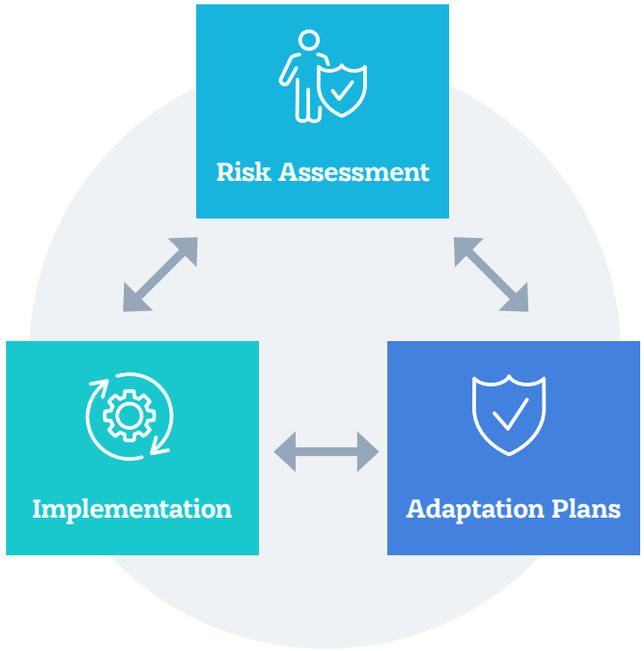
> Carbon offsets

In our decarbonization roadmap, we prioritize direct emissions reductions over carbon offsets. Offsets are considered only after all technologically and economically viable reduction options have been exhausted. Nonetheless, we recognize that certain offset initiatives can offer broader benefits, including enhanced aquifer recharge, biodiversity conservation, and community development—making them valuable contributions to our sustainability objectives.

> Climate change adaptation

Adaptation to climate change is an emerging area in our industry. Our approach is informed by the Mining Association of Canada's Climate Change Adaptation Guide. A robust adaptation plan begins with climate projections and risk assessments tailored to the specific infrastructure and operational processes of each site. We are currently in the early stages of capacity building in this area and recognize the complexity of operationalizing this scientifically and technically demanding field.

In partnership with the University of Arizona, we developed a climate modeling project for Fresnillo plc's operations and projects. This



methodology utilizes global climate models (IPCC CMIP5 and CMIP6), dynamically downscaled with regional physical models and integrated with a stochastic climate ensemble generator trained using weather station data. In addition to providing projections, this project builds internal capacity for understanding physical climate impacts and serves as a foundation for future academic collaborations.

Financial position, financial performance, and cash flows

We are enhancing the capabilities of our accounting, finance, and sustainability teams to quantify the impacts of climate risks and opportunities on our financial position, performance, and cash flows. With the support of Deloitte, we conducted a training workshop aimed at improving the teams' understanding of the financial implications of climate-related issues.

Climate resilience

Very low and low-to-moderate emissions scenarios may lead to significant carbon pricing, which could materially affect our strategy and business model without appropriate mitigation measures. The transition plan outlined in the decarbonization roadmap is critical to reducing emissions and mitigating transition risks. These scenarios also create significant opportunities for our exploration portfolio, particularly with rising copper demand driven by electrification and other low-emission technologies.

Among the decarbonization levers, renewable energy holds the highest emissions reduction potential and the greatest technological maturity compared to the other levers. The renewable energy supply will continue to play a critical role across the short-, medium-, and long-term in reducing the carbon footprint of electricity. This lever is sensitive to electricity sector regulations. Renewable energy supply solutions—both connected and disconnected to the national electricity grid—also open opportunities for the electrification of steam generation and the adoption of electric open-pit and underground mining equipment, whose technological maturity makes it suitable for medium- and long-term solutions. The replacement of green fuels is a medium- and long-term solution, while carbon capture and new direct reduction processes in smelting are considered long-term solutions due to their technological maturity.

High-emission scenarios present significantly greater physical risks compared to low-to-moderate and very low emission scenarios. These include more frequent and intense temperature extremes, prolonged droughts, reduced annual precipitation, and increased evaporation—conditions that would exacerbate water stress in key regions of Mexico. Additionally, more severe and frequent extreme precipitation events will require adjustments in our operational practices to protect people's health and safety during extreme temperature events and may influence water stewardship strategies, as well as the planning and design of new projects and closures.

> Scenarios

We use scenario planning to explore plausible climate futures and corresponding societal responses to mitigate and adapt to climate change impacts. These scenarios integrate Representative Concentration Pathways (RCPs) to evaluate physical climate risks and Shared Socioeconomic Pathways (SSPs) to assess transition risks. Developed by the Intergovernmental Panel on Climate Change (IPCC), these scenarios provide a globally recognized framework for climate impact analysis and policymaking. It is important to note that they are not forecasts—neither from the IPCC nor from Peñoles.

1. Low-to-moderate emissions scenario: In this scenario, CO_2 emissions begin to decline around 2045 and fall to roughly half of 2050 levels by 2100. Global temperature rise is likely limited to between 2 and 3 °C. Social, economic, and technologial developments follow historical patterns, with continued environmental degradation, moderate global economic growth, persistent income inequality, and sustained vulnerability to social and environmental changes.

Low-to-moderate emissions scenario		
IPCC climate scenario **RCP 4.5**	Complementary socioeconomic pathway **SSP 2**	GHG emissions in 2050 [$MtCO_2e$] **56,000** **(+13% compared to 2015)**
Global average temperature increase by 2050* **2.0 ± 0.3 °C**	Global average temperature increase by 2100* **2.4 ± 0.5 °C**	**Temperature anomaly with respect to the reference period of 1850-1900*

2. Very low emissions scenario: This scenario aligns with the goals of the Paris Agreement, aiming to limit global warming to below 2 °C. It envisions a global economy reaching net-zero emissions in the second half of the century, which will require carbon removal from the atmosphere. Under this pathway, society moves toward greater sustainability, respecting perceived environmental limits. Economic growth is reoriented to prioritize human well-being, inequality is reduced, and consumption shifts to lower material intensity and reduced resource use.

Very low emissions scenario		
IPCC climate scenario **RCP 2.6**	Complementary socioeconomic pathway **SSP 1**	GHG emissions in 2050 [$MtCO_2e$] **25,000** **(-50% compared to 2015)**
Global average temperature increase by 2050* **1.6 ± 0.3 °C**	Global average temperature increase by 2100* **1.6 ± 0.4 °C**	**Temperature anomaly with respect to the reference period of 1850-1900*

3. Very high emissions scenario: This worst-case scenario assumes that current climate and energy policies fail, leading to a significant increase in global GHG emissions and exacerbating physical climate risks. While competitive markets drive rapid technological progress and development, this is accompanied by widespread fossil fuel use and energy- and resource-intensive lifestyles. Social and ecological systems are managed primarily through technology, often with a “by any means necessary” approach, increasing the complexity and severity of environmental impacts.

Very high emissions scenario		
IPCC climate scenario **RCP 8.5**	Complementary socioeconomic pathway **SSP 5**	GHG emissions in 2050 [$MtCO_2e$] **103,000** **(+109% compared to 2015)**
Global average temperature increase by 2050* **2.6 ± 0.4 °C**	Global average temperature increase by 2100* **4.3 ± 0.7 °C**	**Temperature anomaly with respect to the reference period of 1850-1900*

> National and international regulatory framework

Mexico's regulatory landscape on carbon pricing is currently fragmented, setting the carbon price simultaneously at national and state levels: (i) a (federal) Emissions Trading System for operations with annual CO_2 emissions above 100,000 tonnes; (ii) a clean energy requirement for generators in the electricity market with a market for clean energy certificates (CEC); (iii) a generally applicable federal carbon tax (excise tax on fuels) based on the percentage of carbon and taking natural gas as base 0; (iv) various state carbon taxes in place, being evaluated or challenged.

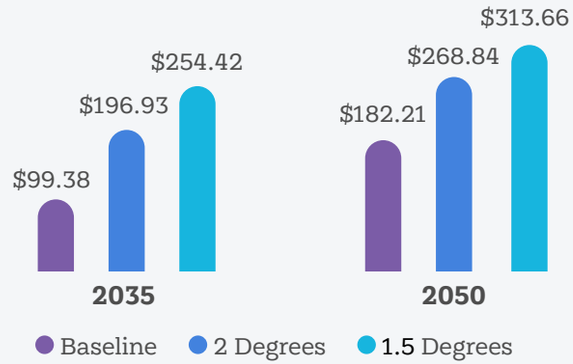
Mexico's energy policy underwent significant transformations with the change of administration. One of the most significant changes was a constitutional reform that reconfigured the Federal Electricity Commission (CFE), changing its status from a State Productive Company to a State Strategic Company, removing its obligation to operate under competitive market principles. However, the new energy policy framework includes provisions for reopening private participation in the electricity sector. Specific rules and mechanisms for this participation will be outlined in secondary legislation, expected to be discussed and approved during the first quarter of 2025.

Internationally, carbon-based import tariffs—most notably the European Union's Carbon Border Adjustment Mechanism (CBAM)—currently apply to imports of iron and steel, cement, fertilizers, aluminum, electricity, and hydrogen. This mechanism may expand to include additional products, which could impact future trade dynamics.

> Transition risks

To assess transition risks quantitatively, we utilize international carbon price projections, which incorporate expectations of future regulatory developments, market behavior, and other influencing factors. These projections are used to model potential financial and operational impacts in the absence of mitigation measures, providing a baseline against which the effectiveness of our transition plans is evaluated.

Potential future impact of transition risks in US$ million, without mitigating measures



The business-as-usual (BAU) impacts correspond to the low to moderate emissions scenario, while the 2- and 1.5-degree impacts correspond to the very low emissions scenario.

Carbon prices in US$

Scenario	2035	2050
Baseline	$ 42.51	$ 77.94
2 Degrees	$ 84.24	$ 115.00
1.5 Degrees	$ 108.83	$ 134.17

To assess transition risks quantitatively, we utilize international carbon price projections, which incorporate expectations of future regulatory developments.

> Chronic physical risks

Chronic climate hazards are typically assessed using climate atlases developed by universities and government agencies. These atlases are generally based on Global Circulation Models (GCMs) with spatial resolutions between 250 and 600 km. While coarse, they provide valuable insights—for example, on rising average temperatures. In Mexico, average annual temperatures are projected to rise between 1.5 °C and 5 °C under low (RCP 1.5) and high (RCP 4.5) emissions scenarios, respectively, with the most pronounced increases expected in northern Mexico during July, August, and September.

Precipitation is also expected to decline, consistent with trends shown in the IPCC's global models. The most significant decreases are projected for southern and central Mexico, largely due to reduced warm-season precipitation and an extended mid-summer drought. Since water availability is critical to both our operations and our stakeholder relationships, we rely on the World Resources Institute's (WRI) Aqueduct tool to evaluate climate-related water stress (for more information, see the Responsible Water Use section).

> Acute physical risks

Standard global circulation models, as used in climate atlases, are limited in resolution and therefore insufficient for capturing extreme precipitation events, particularly in complex terrains such as northwestern Mexico. To better manage the effects of acute climate hazards—including extreme heat, heavy rainfall on infrastructure, and people's health and safety—we depend on regionally scaled global models that improve the accuracy of projections at the local level.

To enhance our climate modeling capabilities, we have strengthened partnerships with academic institutions such as the University of Arizona, enabling us to generate tailored climate projection sheets for Fresnillo plc, one of our subsidiaries. These projections are key to planning infrastructure resilience and ensuring the health and safety of our workforce.

Managing impacts, risks, and opportunities

An effective climate-related risk management methodology is essential to our long-term strategy. We integrate climate risks into the Peñoles enterprise risk management (ERM) framework for more details see the Management of ESG Impacts and Risks section.

We use various quantitative and qualitative methodologies to estimate the probability and impact of risks.

Risk identification and assessment process

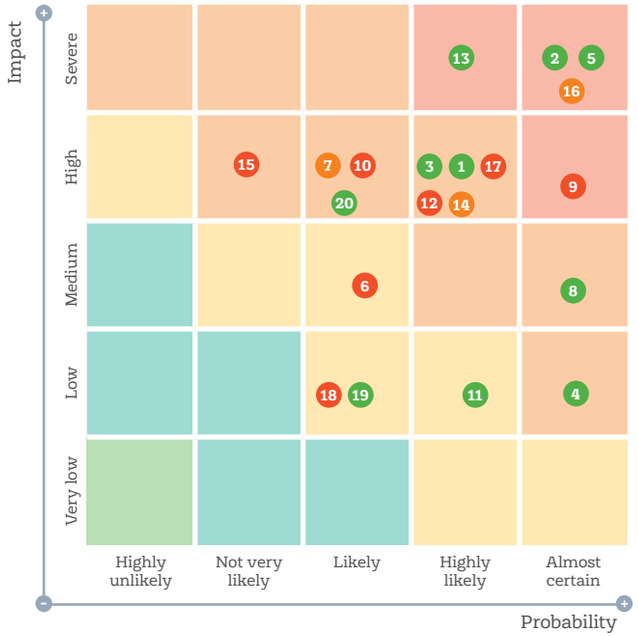
These inputs are then contextualized through workshops with multidisciplinary teams that consider our business model, corporate strategy, and site-specific operations.

In these workshops, we update our risk catalog and build a shared understanding of relevant threats and opportunities. Each identified risk is assessed based on its probability and current impact to reach a shared vision. This qualitative evaluation also considers the impacts to operational processes, efficiency, budget, regulatory compliance, health and safety, environmental stewardship, and stakeholder relationships. Future evaluations will align these probability and impact criteria with our broader ERM standards. This process currently covers 100% of our operations.

We use various quantitative and qualitative methodologies to estimate the probability and impact of risks. Scenarios serve as our analytical foundation, with the very high emissions scenario being the most demanding for understanding acute and chronic physical risks, and the very low emissions scenario being appropriate for understanding transition risks related to markets, regulations, reputation, and technology.

To deepen our analysis of transition risks, we evaluate the implications of existing and emerging public policies—both national and international—alongside market dynamics and evolving stakeholder expectations. Since these variables interact in complex ways, we assess their combined effect on carbon prices under multiple scenarios. For physical risk analysis, we integrate outputs from global and regional climate models to understand acute and chronic risks and from specialized sources such as the World Resources Institute's (WRI) Aqueduct to understand water stress.

Identification and assesment of climate change risks

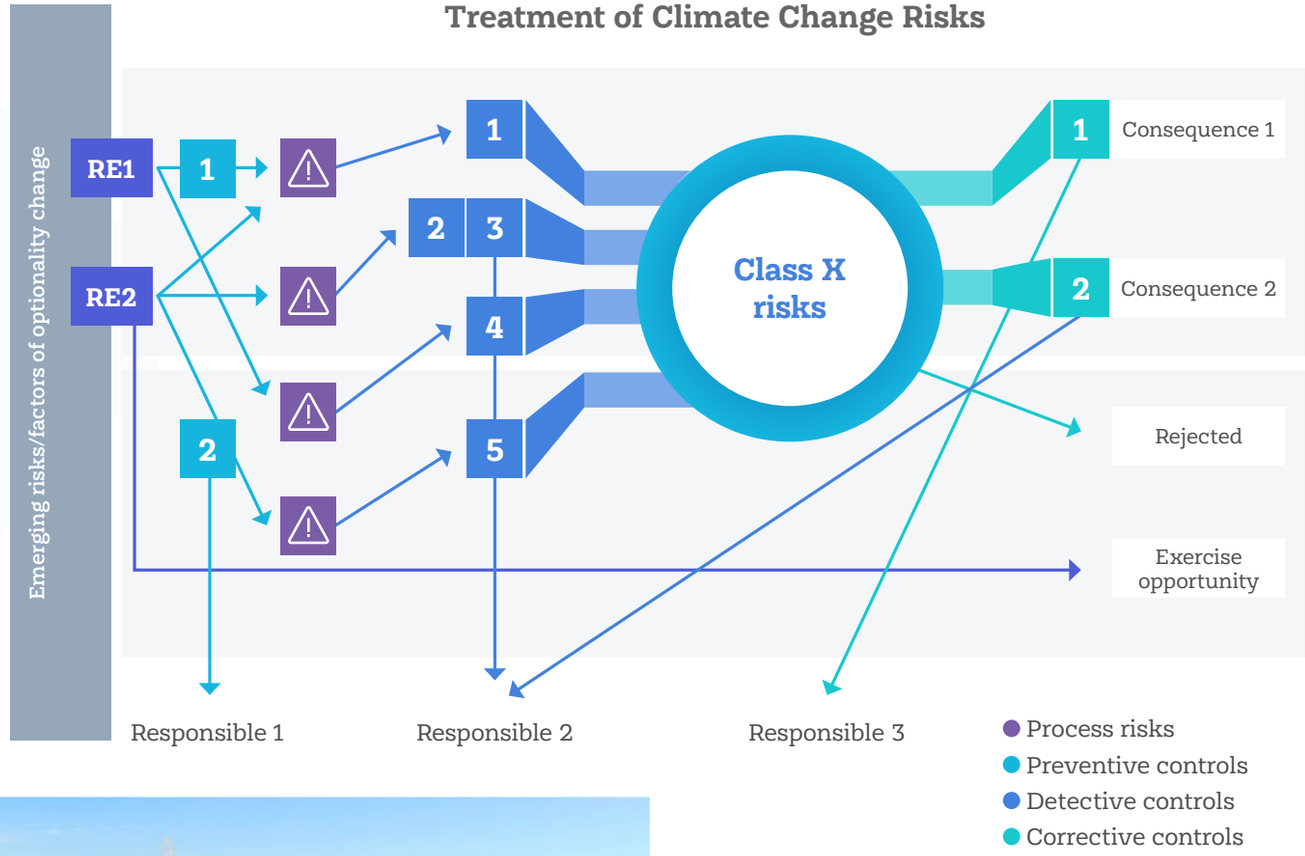


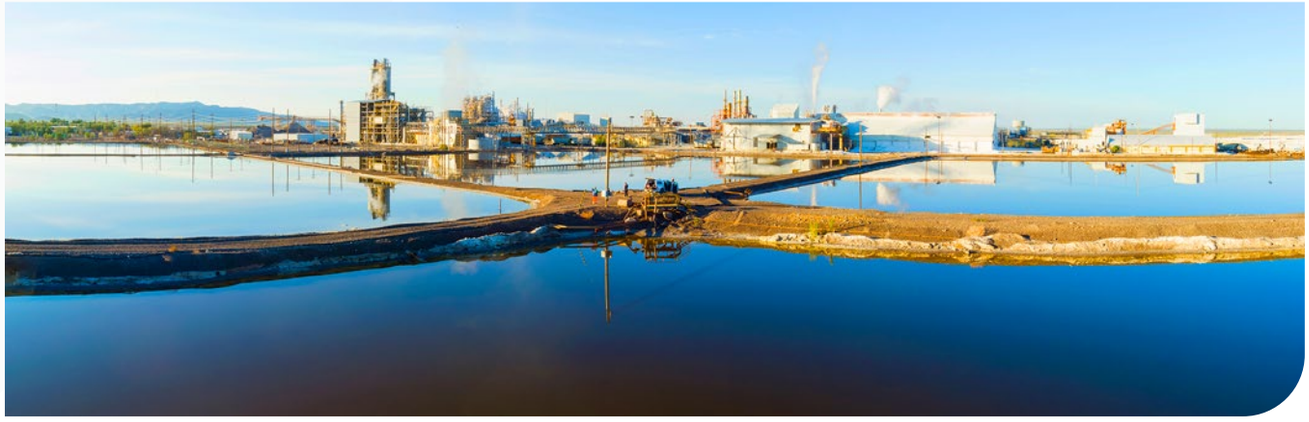
Five top risks

2. Extreme water events (rainfall, storms, cyclones, droughts, and hurricanes)
5. Water stress
16. Increased community expectations of company cooperation in adapting to climate change
13. New regulations caused by water stress
9. Increase in insurance premiums

Treatment, tracking, and monitoring

For risk management, we use the bow-tie method, which allows us to relate risks to their consequences in order to define whether they are preventive (PC), detective (DC), and corrective (CC). We are currently in the control implementation phase, and as part of the strategy's development, we will be incorporating their monitoring and follow-up.





We are currently in the control implementation phase, and as part of the strategy's development, we will be incorporating their monitoring and follow-up.

Treatment of the Top Five Climate Risks

Risks	Consequences	Controls to be deployed
R-2. Extreme water events (rainfall, storms, cyclones, droughts, and hurricanes)	• Overflow of tailings deposits • Breakage of tailings dams • Damage to public and private infrastructure • Increased CapEx for infrastructure reinforcement • Increased CapEx related to water management and storage infrastructure • Disruption of power supply • Loss of biodiversity • Fewer water resources, at greater depth or further away	• CP-1 Climate projections • CP-2 Establishment of baselines for climate projections • CP-3 Vulnerability assessment • CP-10 Water balance models • CD-1 Weather stations • CD-2 Monitoring of water volumes • CC-1 Emergency response plans • CC-2 Increase in infrastructure resilience
R-5. Water stress	• Increase in operating or production costs • Decrease in sales due to damage to roads and operating infrastructure • Increased CapEx related to water management and storage infrastructure • Decrease in power supply • Loss of biodiversity • Fewer water resources, at greater depth or further away	• CP-6 Water stress projections • CP-7 Reuse, water recirculation, and discharge management • CP-8 Hydrogeological models • CP-10 Water balance models • CD-2 Monitoring of water volumes • CC-3 Water rationing
R-16. Increased community expectations of company cooperation in adapting to climate change	• Increased conflict with communities over access to water • Increased difficulty in obtaining environmental permits and water concessions	• CP-14 Social investment in own water or in collaboration with governments • CP-15 Collective water monitoring
R-13. New regulations caused by water stress	• Increased difficulty in obtaining environmental permits and water concessions • Increased conflict with communities over access to water	• CP-6 Water stress projections • CP-7 Reuse, water recirculation, and discharge management • CP-8 Hydrogeological models • CP-9 Water volumes under concession • CP-10 Water balance models • CD-2 Monitoring of water volumes • CC-3 Water rationing
R-9. Increase in insurance premiums	• Increase in OpEx • Difficulty in accessing financing or unfavorable financing costs	• CC-3 Water rationing

Integration with our ERM

Our Enterprise Risk Management includes climate-related risks into two categories:

1. The physical risks of climate change may compromise our performance and operational continuity.
2. The risks of transition to a low-carbon economy may compromise our viability and profitability.

Performance and metrics

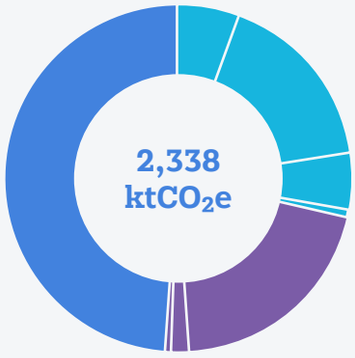
Global GHG emissions

GHG emissions (tonnes) | **Energy (MWhe)**

Global GHG emissions for the period from January 1 to December 31, 2024	Reporting year				Previous year	Base year	Reporting year	Previous year	Base year
	2024								
	CO_2e	CO_2	CH_4	N_2O	2023	2022	**2024**	2023	2022
Scope 1 (direct emissions): Combustion of fuels (fixed and mobile sources) and process emissions	**1,196,135**	1,183,637	116	35	1,216,142	1,347,660	**4,347,492**	4,394,808	4,918,702
Scope 2 (indirect emissions): Electricity purchased from the national grid (CFE), Eólica Peñoles (FEISA, Mesa La Paz, and EDC), and Termoeléctrica Peñoles (TEP)	**1,141,629**	1,139,883	22	4	1,429,896	1,735,378	**3,238,360**	3,092,940	3,199,665
TOTAL	**2,337,763**	**2,323,520**	**137**	**39**	**2,646,038**	**3,083,038**	**7,585,852**	**7,487,748**	**8,118,367**

The consolidation of emissions is presented according to the financial control approach, based on methodologies established by the Greenhouse Gas Protocol in A Corporate Accounting and Reporting Standard published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), and a 100-year horizon in Global Warming Potential (GWP) for equivalences of methane (CH4) and nitrous oxide (N2O). It also incorporates information published by the Intergovernmental Panel on Climate Change (IPCC) and Mexican regulations issued on the matter.
Scope 1: Direct emissions
Scope 2: Market-based indirect emissions

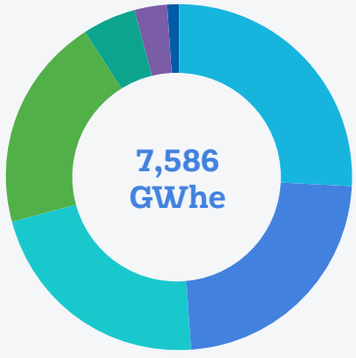
GHG Emissions - Scope 1 and 2 by source



- 5.7% Metallurgical coke
- 16.9% Natural gas
- 5.3% Chemical process reaction
- 0.8% Other fuels or sources
- 20.2% Diesel
- 1.9% Liquefied natural gas
- 0.4% Other fuels or sources
- 48.8% Electricity from conventional sources

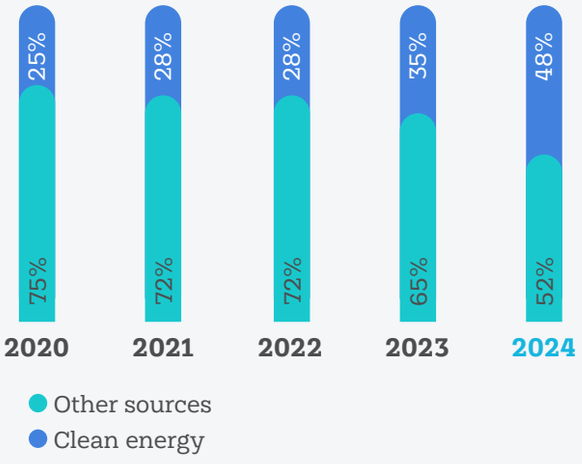
- Scope 1, fixed sources
- Scope 1, mobile sources
- Scope 2, electricity

Energy consumption by type

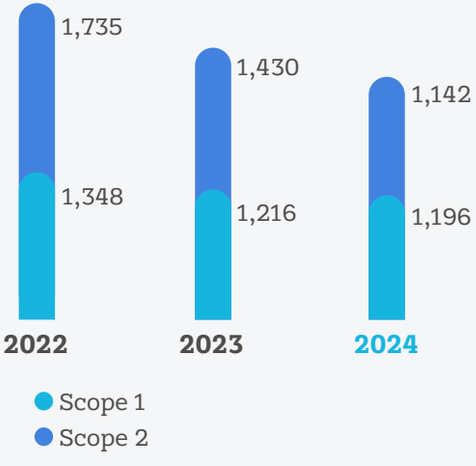


- 26% Natural gas
- 23% Diesel
- 22% Conventional electricity
- 20% Clean electricity
- 5% Metallurgical coke
- 3% Liquefied natural gas
- 1% Other fuels or sources

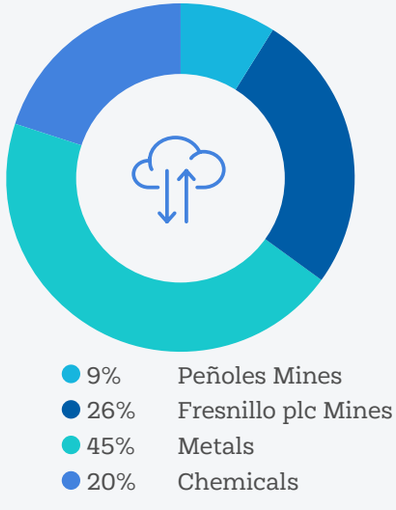
Energy supply



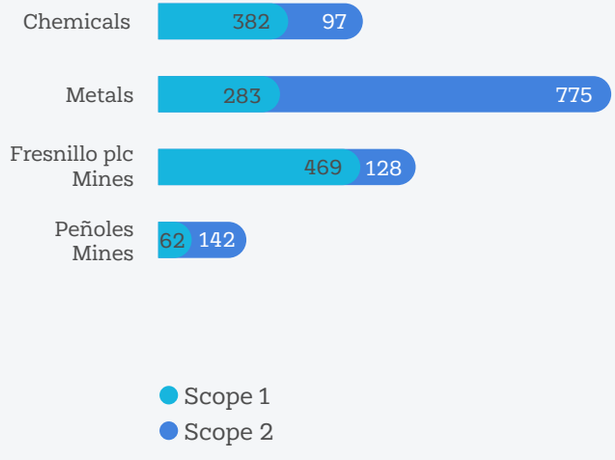
GHG emissions ($ktCO_2e$)



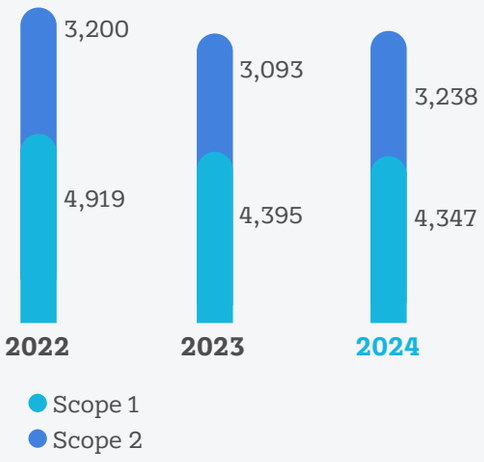
GHG emissions by division



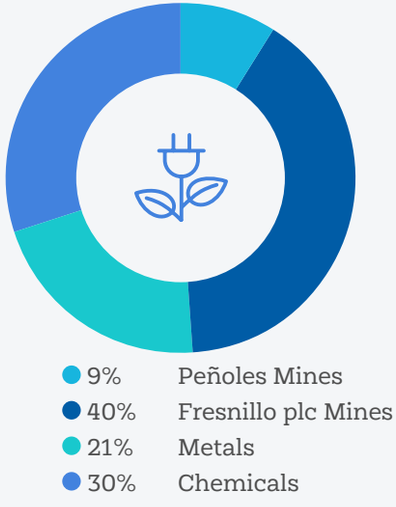
GHG by division ($ktCO_2e$)



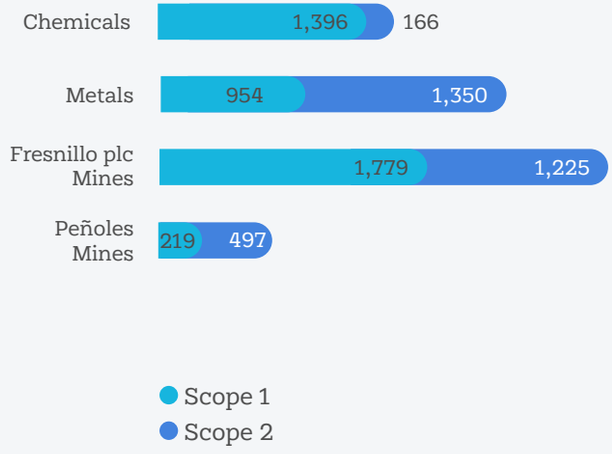
Energy (GWhe)



Energy distribution by division

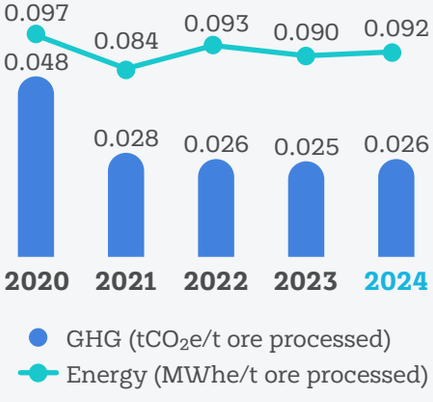


Energy by division (GWhe)



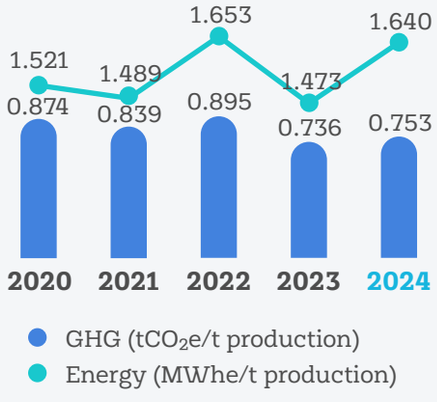
Emissions and Energy Intensity by division

Intensities - Peñoles Mines



Intensities - Fresnillo plc Mines

Intensities - Metals

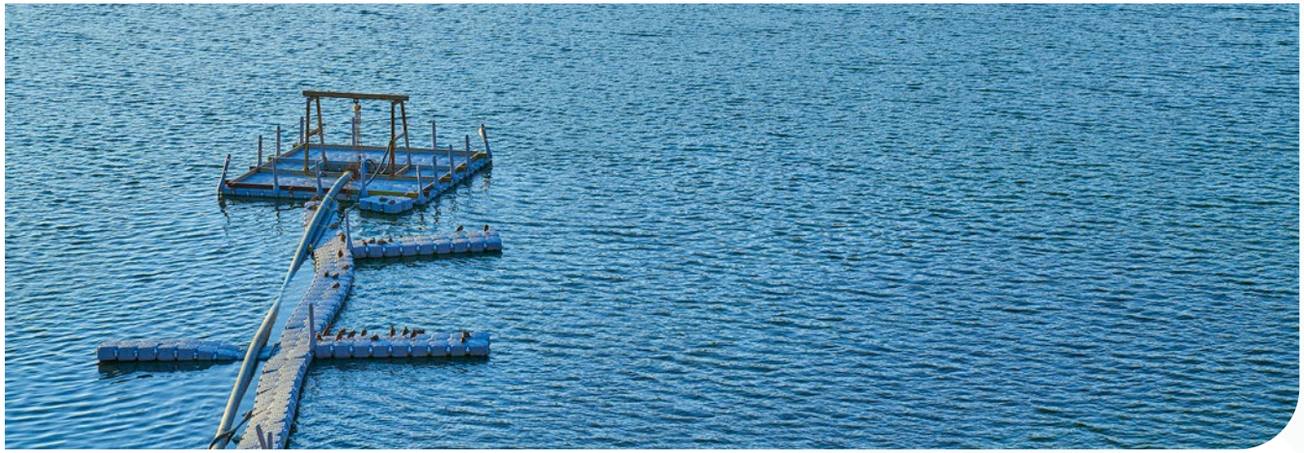


Intensities - Chemicals

Environmental

In 2024, we joined the National Agreement for the Right to Water and Sustainability, promoted by the President of Mexico. We have achieved strong performance in the management of our tailings deposits.

Water stewardship



We recognize that water is a shared resource of great environmental, social, cultural, and economic value. Protecting it is key to earning and maintaining the trust of communities and regulators in the regions where we operate and develop projects. We are committed to effective water management and stewardship, stakeholder collaboration, and transparency in our performance.

Governance

The ESG Steering Committee (see ESG Governance section) is responsible for evaluating the organization's water management and stewardship performance. The Tailings Steering Committee promotes synergies between good engineering practices and operational governance related to tailings and water management. The operational and environmental teams of our business divisions oversee water stewardship in mining, metals, chemicals, and project development. We have performance guidelines that define water management roles and responsibilities for everyone involved—from executive leadership to operational staff.

Context of strategic considerations

In the mining industry, access to water depends on physical availability, compliance with the regulatory framework, and positive relationships with communities and other stakeholders. These strategic considerations include:

Physical water availability: water stress and climate change

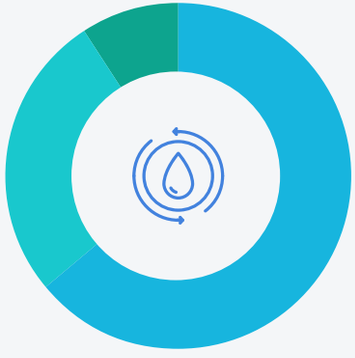
Water availability is increasingly threatened by water stress in the watersheds where we operate and by the physical impacts of climate change. In Mexico, climate change is expected to increase temperatures, evaporation rates, and reduce annual rainfall. It will also intensify extreme rainfall events and prolong droughts, all contributing to heightened water stress.

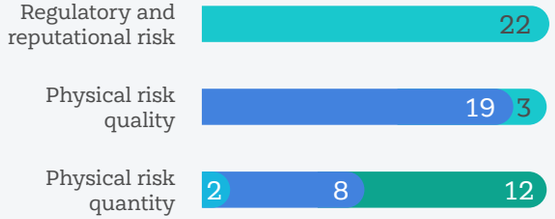
To identify water stress and risk across our operations, we use the World Resources Institute's (WRI) Aqueduct online tool. As of 2024, 73% of our operations are located in areas of extremely high-water stress, 9% in areas of medium-high stress, 5% in low-stress areas, and 14% in arid and low water use zones. For overall water risk-related in the mining sector—including physical, quality, and regulatory and reputational risks—9% of our business units fall into the extremely high-risk category and 64% into high risk.

These conditions highlight the importance of operational practices and technologies that reduce water consumption, increase reuse and recycling, explore the use of brackish or sewage water, and foster collaboration with communities and governments.

Business units by risk category (WRI)

Overall water risk





- 0% Low-Medium (1-2)
- 27% Medium-High (2-3)
- 64% High (3-4)
- 9% Extremely High

Evolution of the regulatory framework and stakeholder expectations

Water regulatory frameworks are expected to evolve globally in response to stakeholder demands and climate change. As water becomes scarcer, its real value will rise, potentially increasing costs. There will be growing expectations for collaboration between mining companies and other local water users, particularly neighboring communities. Projects located in watersheds within Indigenous territories will face heightened consultation expectations.

Implications for value creation levers

Strategic water challenges may affect key value drivers, highlighting the need for a robust water stewardship strategy.

These implications include:

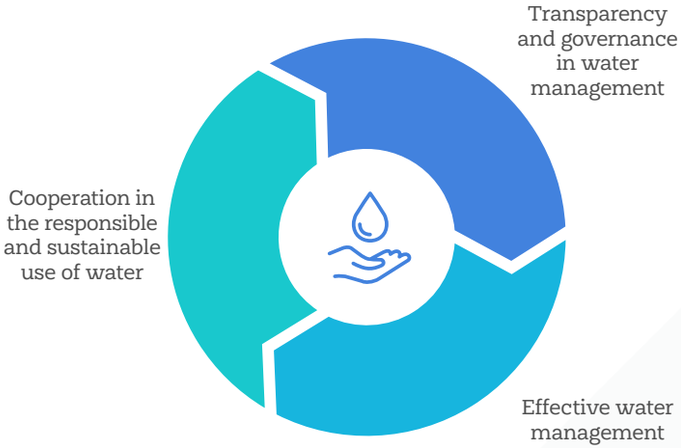
- Limitation on growth
- Mine closure
- Reduced or interrupted production
- Lower revenues due to decreased output
- Higher production costs
- Upfront costs for implementing new practices
- Increased compliance expenses
- Reputational damage
- Deterioration or loss of social license
- Fines and penalties
- Litigation
- Supply chain disruption

Impact, opportunity, and risk management

Our strategy for managing water-related impacts, risks, and opportunities is based on three pillars aligned with the International Council on Mining and Metals (ICMM) Position Statement on Water Stewardship and the United Nations Sustainable Development Goal 6.

Type of risk	Potential risks
Chronic physical	Changes in annual rainfall, aquifer depletion, water stress, infrastructure shortages, ecosystem vulnerability, land-use change, soil degradation, acid mine drainage.
Acute physical	Hurricanes, droughts, extreme rainfall, environmental incidents, tailings spills.
Regulatory	Increased water prices, stricter regulations, permit challenges, rationing, reduced concession volumes.
Reputational/market	Community opposition, stakeholder concerns, litigation, negative media coverage.
Technological	Limited watershed data, lack of efficient technologies, underperforming tech investments.

Water management and care



A key process in our strategy involves identifying and mitigating physical, regulatory, reputational/market, and technological risks in the watersheds where we operate and throughout our value chain.

Effective water management

Effective water management considers both quantity and quality, along with impact prevention. Our main resilience strategies in water-stressed areas include reducing consumption and utilizing water of varied quality. We leverage process and environmental monitoring to help avoid impacts on water resources.

> Quantity and quality of water sources

We aim to reduce freshwater use through technology selection and continuous improvement. Closed-loop systems enable water recirculation and eliminate process discharges.

The nature of our operations allows us to use water of varying qualities, reducing dependence on freshwater. We integrate wastewater reuse from local communities, and we recycle our own gray and black water. Some processes can also utilize brackish water, reducing freshwater needs in water-stressed areas.

> Preventing impacts on water resources

During project development, we conduct hydrological and geohydrological studies as part of our environmental baseline and impact assessments. We also incorporate water considerations in our social studies, allowing for ecosystem and community impacts to be considered in project design. We select technologies and processes that avoid negative impacts on water quantity and quality.

In our operations, we use site- and facility-level water balances to inform water management plans. Monitoring plans ensure compliance with environmental authorizations and water use permits. We implement critical controls to prevent environmental incidents as part of our High Potential Strategy.

Integrated mine closure plans also consider water-related impacts and aim to generate positive environmental and community outcomes.

Collaboration in the responsible and sustainable use of water

Performance and collaboration with communities and regulators for the sustainable use of water are vital for earning trust and maintaining social license. We engage stakeholders and promote responsible water use through partnerships. We have formal agreements to treat wastewater in Torreón and Fresnillo, reducing freshwater use and easing the treatment burden for municipalities.

Through taxes and fees, we contribute to public investment in water infrastructure, and work with communities on joint projects to improve water access in the regions where we operate.

Transparency and governance in water management

We are committed to improving our water performance accounting and reporting, using the ICMM Water Accounting Framework and GRI standards. We continue expanding internal standards and implementing critical controls as part of our High Potential Strategy.

Alliance for the common good

In 2024, Peñoles and Fresnillo signed the "National Agreement for the Right to Water and Sustainability," led by the President of Mexico and published in the Official Gazette on December 19. As part of this agreement, we contributed 2.055 million cubic meters of concessioned water to be flexibly returned to national waters, contributing to the common good.

We recognize water as a shared resource of great environmental, social, cultural, and economic value, and join this initiative in full alignment with our commitment to the common good and sustainable water use.

Peñoles will continue investing in infrastructure that supports water circularity, benefiting both communities and our operations. Examples include the Fresnillo water and wastewater treatment plants in Zacatecas, the Torreón treatment plant in Coahuila, and a project in Caborca, Sonora.

We engage stakeholders and promote responsible water use through partnerships.

Performance and metrics

We fully comply with all applicable water regulations and maintain our reputation through best practices. These practices help reduce costs and increase efficiency, particularly through recirculation.

We recirculate 78% of our process and sanitary water. Municipal wastewater accounts for 15.4% of total intake, and we opt for brackish water in arid regions to minimize freshwater use. Preventive and predictive maintenance helps avoid leaks. We also use measuring devices and treatment systems for internal water recirculation. We discharged no process water in 2024 due to our closed-loop systems. There were no incidents of noncompliance with water quality permits, standards, or regulations.

Company	Reportable Incidents	Significant Incidents
Peñoles	0	0
Fresnillo plc	0	0

Balance (Ml)

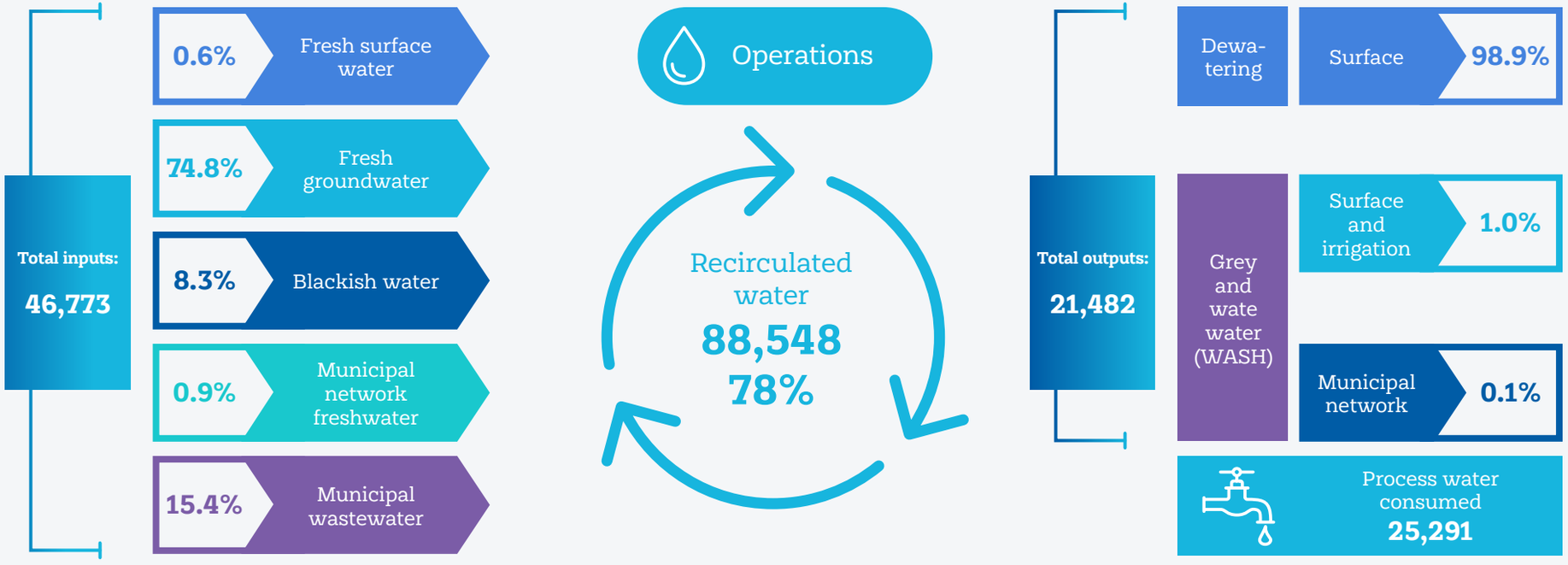
	Category	Source	Year 2024	Year 2023*
Inputs	Freshwater	Surface water	294.01	735.57
		Municipal distribution system	421.24	412.85
		Groundwater	34,973.13	27,538.00
	Brackish water		3,868.96	3,613.88
	Treated water	Municipal wastewater	7,216.09	6,412.31
	TOTAL inputs		**46,773.44**	**38,712.62**

	Type of water	Destination	2024	2023
Outputs	Dewatering	Surface water	21,244.25	14,500.83
	Water, Sanitation and Hygiene (WASH)	Surface water / Irrigation of green spaces	218.66	244.80
		Municipal wastewater	19.51	19.05
	TOTAL outputs		**21,482.42**	**14,764.68**
	Water consumed in our processes		**25,291.02**	**23,947.94**
		Peñoles Mines	4,444.38	4,725.33
		Fresnillo plc Mines	13,830.75	12,395.29
		Metals	3,189.00	3,259.82
		Chemicals	3,826.88	3,567.51

* Groundwater extraction from Bermejillo (from the Metals division) was reclassified as brackish water, based on water characterization; WASH discharges were also broken down.

*Municipal wastewater accounts for **15.4%** of total intake, and we opt for brackish water in arid regions to minimize freshwater use.*

Corporate water balance (Ml)

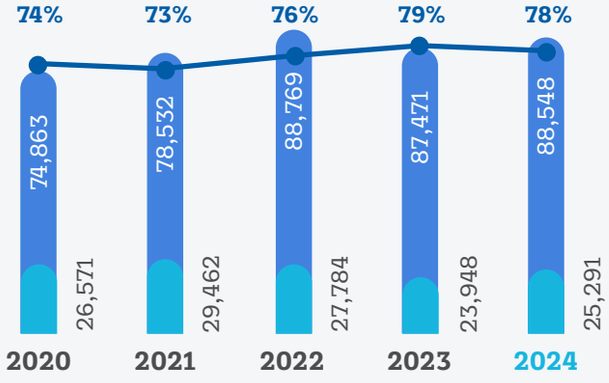


Note:

- **Inputs:** All water entering the operating system for consumption or diversion (dewatering).
- **Outputs:** Water returned into the environment or to a third party.
- **Process water consumed:** Water used for operations and permanently lost through evaporation, trapped in concentrates or tailings, or other losses.
- **Recirculated water:** Water recovered and reused in operations, either untreated (reuse) or treated (recycling).
- **Types of water:**
  - **Fresh surface water:** Spring water
  - **Fresh groundwater:** Underground water that is stored or flows in the pore spaces of soil and rock, as well as groundwater that surfaces due to mining activities (mine water)
  - **Brackish water:** Water with high total dissolved solids (>2,500 mg/L)
  - **Municipal network freshwater:** Water from municipal supply
  - **Municipal wastewater:** Municipal sewage water
  - **Dewatering:** Mine water that is not consumed and is returned to a natural water course
  - **Gray water:** Wastewater from sanitary uses
  - **Waste water:** Sanitary wastewater that has undergone treatment

Operating efficiency

Water consumption, reuse, and reuse percentage

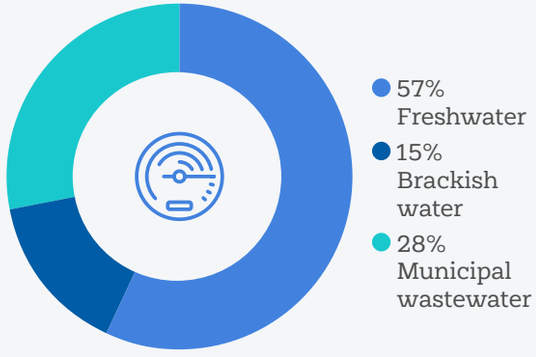


Freshwater withdrawals and consumption (Ml)

Withdrawals		Consumption	
Freshwater	Total	Freshwater	Total
35,688.39	**46,773.44**	14,394.60	**25,291.02**

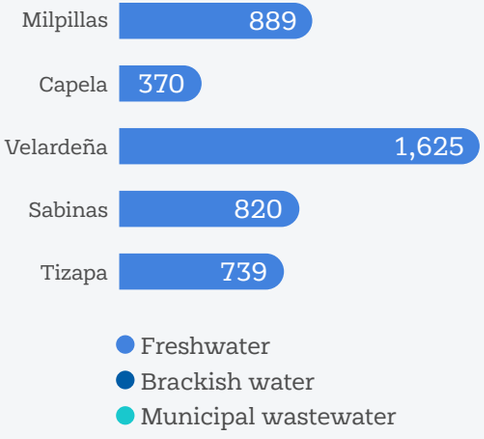
- Reuse (Ml)
- Consumption (inputs minus outputs Ml)
- Reuse percentage (water reused out of total water used)

Industrias Peñoles water consumption

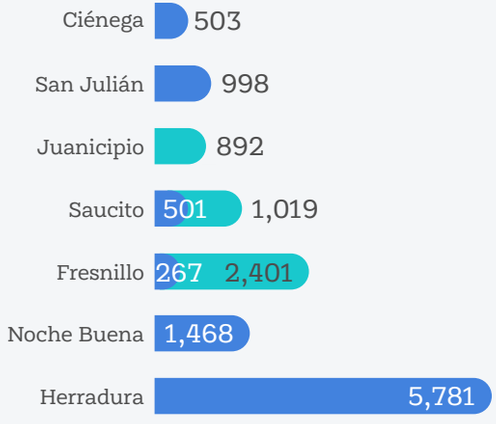


Industrias Peñoles water consumption by business unit (Ml)

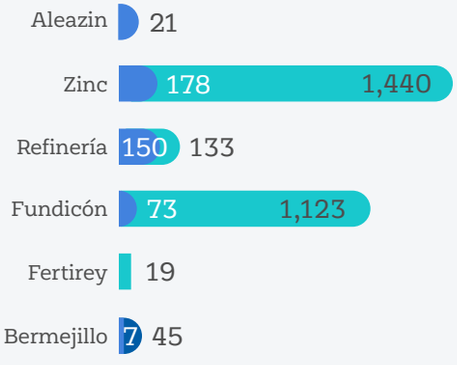
Peñoles Mines



Fresnillo plc Mines

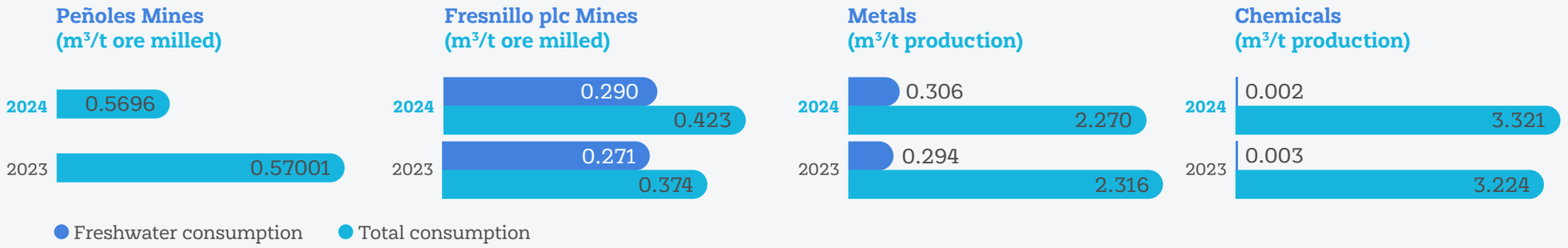


Metals



Chemicals

Consumption intensity by division



Production: Metals and Chemicals divisions include products and byproducts.

Withdrawal and consumption of freshwater by water-stress location

Water stress location (WRI)	Withdrawal of freshwater	Consumption of freshwater	Recirculated (Ml)	Reuse percentage
Low (<10%)	1.04%	2.57%	5,528	93.72%
Medium-High (20 - 40%)	4.87%	12.07%	3,166	64.57%
High (40 - 80%)	-	-	-	-
Extremely High (>80%)	94.09%	85.34%	79,563	86.62%
Arid and low water use	0.01%	0.01%	291	99.38%

*Most of our operations are in extremely high-water stress areas. Therefore, we strive to utilize and recycle municipal wastewater, which represents **17.8%** of the total water input in these areas. During the year, we recirculate and reuse **79,563 Ml**, equivalent to **86.6%** of the total water used in our processes.*

Preventive and predictive maintenance helps avoid leaks. We also use measuring devices and treatment systems for internal water recirculation.

Biodiversity conservation

Managing biodiversity responsibly throughout the lifecycle of our operations is part of our commitment to sustainable development and a key element in meeting regulatory requirements and maintaining stakeholder trust. We take action to preserve ecosystems, promote reforestation, and protect wildlife and biodiversity at our projects and operations, in collaboration with local communities. All our operations are located outside legally protected areas.

Governance

The ESG Committee (see ESG Governance section) is responsible for evaluating the organization's performance on material sustainability issues. Biodiversity performance is closely monitored by the teams involved in exploration, new projects, expansions, and operations, as it is a critical aspect of the regulatory framework. Our mine closure teams also monitor the implementation of measures designed to restore ecosystems and generate positive biodiversity impacts.

We expect our partners in the value chain to support Peñoles' efforts to responsibly manage negative impacts and leverage opportunities to generate positive outcomes for biodiversity.

Context and strategic considerations

Biodiversity loss can destabilize ecosystems and reduce their capacity to provide essential ecological services, ultimately affecting the livelihoods of surrounding communities. Protecting biodiversity is essential to ensuring the long-term sustainability of natural resources—for both current and future generations, as well as for the species that coexist within these ecosystems.

The Montreal Biodiversity Agreement—also known as the Kunming-Montreal Global Biodiversity Framework—is an international accord adopted at COP15 of the Convention on Biological Diversity (CBD) in December 2022. It sets global goals for the conservation, restoration, and sustainable use of biodiversity. This global framework presents both risks and opportunities for the mining sector.

Given the nature of mining, the industry develops plans to minimize biodiversity impacts, using the mitigation hierarchy and best available practices when applicable. In addition to species protection, the industry is placing increasing emphasis on ecosystem quality and the preservation of ecosystem services.

There are many examples of good practices in the sector related to land-use planning in project design and biodiversity management in mine closure processes.

There is a growing ambition among industry-leading[8] companies to achieve "no net loss", which involves managing the impacts of mining operations with measures to mitigate impacts, restore affected areas, and offset impacts through conservation initiatives beyond operations.

8 https://www.icmm.com/en-gb/our-principles/mining-principles/principle-7 https://www.icmm.com/en-gb/our-work/nature/mitigation-hierarchy

Impact, opportunity, and risk management

We manage our biodiversity impacts in compliance with regulations applicable to the ecosystems in which we operate or develop projects. Before initiating any project—or during operations—we conduct environmental impact assessments that include biodiversity baselines to identify protected species under applicable laws. These studies help us to better understand potential risks and opportunities.

We apply the mitigation hierarchy to develop biodiversity plans that accompany our environmental impact studies. Biodiversity monitoring is implemented both at active sites and at those undergoing closure, to evaluate the effectiveness of the measures in place.

We participate in habitat preservation with sustainable forests in La Ciénega and San Julián. We protect biodiversity with wildlife conservation areas in Velardeña and Fresnillo. We collaborate with authorities in the conservation of the Sonoran pronghorn and its habitat. We contribute positively to reforestation, engaging society with our business units' nurseries.

Activity	Mitigation hierarchy with examples
Avoid	• Design infrastructure and facilities to minimize the footprint • Design projects to avoid sensitive habitats • Conserve undisturbed areas of significant habitat value within the project's area
Minimize	• Manage clearings responsibly • Relocation of species • Minimize the impacts of noise and dust • Soil conservation and water infiltration works • Protect watercourse, including excessive suspended solids
Restore	• Progressive restauration within the project's area • Biodiversity restoration as part of integral mine closure
Offset	• Voluntary conservation beyond the area of the project • Planning and implementation of offset areas

Peñoles Nursery

Our Torreón nursery, certified as Wildlife Management Facility (PIMVS), supports the reproduction and conservation of native species. Vulnerable and endangered species are grown and reintroduced in conservation areas within our premises. We monitored these areas to assess the survival rates and other biological parameters.

Beyond our operations, we supported the conservation efforts of the community with the donation of 60,176 native plants. Our visits to the sites reforested by the community have confirmed encouraging survival rates. Moreover, our nursery contributes to environmental education. We hosted 42 visits from schools of the community, totaling 1,535 visitors. In these visits, we raise awareness on the importance of conservation and environmental protection.

Biodiversity Monitoring at Met-Mex Unit

The biodiversity monitoring project aims to provide valuable information to support the protection of local wildlife around the Met-Mex unit in Torreón, particularly in the area surrounding the southern jarosite storage facility.

We have implemented measures such as the installation of watering troughs to reduce the likelihood of wildlife entering operational areas. Monitoring is carried out using cameras placed at these watering troughs to identify the species present in the area. Wildlife observed in the region includes a variety of species such as foxes, squirrels, hummingbirds, coyotes, eagles, hares, and frogs.

Peñoles remains committed to ongoing monitoring of wildlife at its operations and to taking actions to support their protection.

Saguaro Reproduction at the Noche Buena Mine

The Saguaro *(Carnegiea gigantea)* is one of the species in the Sonora Desert listed in the NOM-059, a Mexican standard aimed at protecting species at risk of extinction, classifying them according to their level of threat. It is a species of ecological, cultural, and economic importance in the desert, providing habitat and food for various animals, and is recognized as a typical desert plant with multiple cultural uses, ranging from food to medicinal purposes. Additionally, it helps prevent soil erosion through its roots. Saguaros can live between 150 to 200 years.

At the Noche Buena mine's forestry nursery, a germination technique for seeds has been developed, enabling the reproduction of this species.

The Saguaro germination and development process follows these steps:

1. Weighing, disinfecting, and soaking the collected seeds
2. Placing them in a germination tray at temperatures of 15°C to 20°C
3. Selecting the germinated seeds and placing them in substrate
4. Applying fungicides and biofertilizers
5. Transplanting, watering, and monitoring growth
6. Transplanting the germinated seeds into the field

The sprouting is followed by a growth period that typically lasts between six to eight months. During this period the seedling grows 3 cm and is ready to be transplanted to the surrounding land.

To date, 200 Saguaro seeds have successfully germinated, and they are being monitored to reach conditions suitable for transplantation into the soil and reforestation of the impacted areas, contributing to the conservation and propagation of these specimens.

Metrics

- **100%** of our operations have environmental management plans that include biodiversity aspects.
- All our new projects and expansions conduct biodiversity baseline studies as part of their environmental impact assessments.

Mining-metallurgical **waste management**

Tailings Management

Managing our mining and metallurgical waste responsibly and effectively is essential to maintaining stakeholder trust and executing our business strategy. Peñoles manages Tailings Storage Facilities (TSFs) responsibly, adopting best engineering and governance practices with the goal of zero harm to people and the environment.

Governance

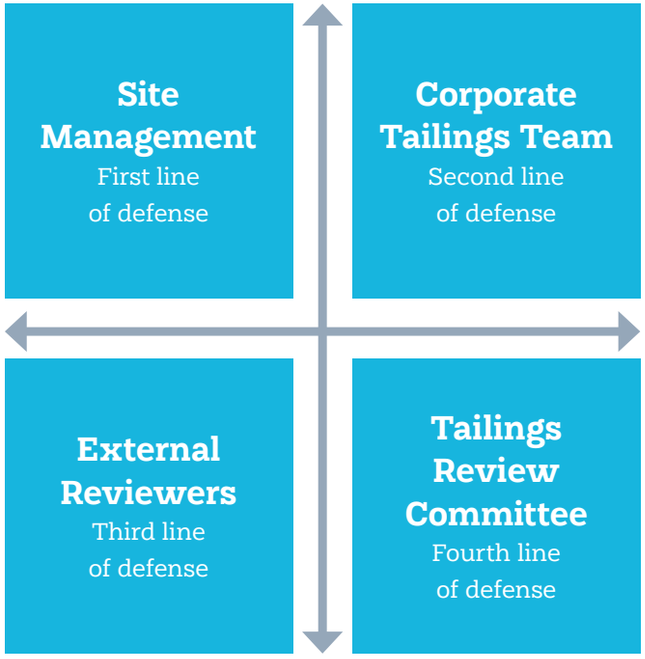
Our governance structure defines and documents the roles, competencies, responsibilities, and accountabilities of the teams involved in the safe and effective management of TSFs throughout their life cycle—design, construction, operation, maintenance, and oversight. It incorporates the recommendations of leading practice guides from the International Council on Mining and Metals (ICMM) and the Mining Association of Canada (MAC).

Peñoles manages Tailings Storage Facilities (TSFs) responsibly, adopting best engineering and governance practices.

The Board of Directors is committed to protecting public health, safety, and the environment. Our Tailings Policy, endorsed by the Board, instructs senior management to ensure that every member of the Operating Group continues to:

- Implement all reasonable measures to safely manage tailings and minimize potential harm
- Allocate appropriate resources to support tailings management, including facility closure
- Implement and uphold an effective Tailings Management System (TMS), ensuring that all employees, contractors, and consultants adhere to it.

The CEOs of Peñoles and Fresnillo are designated as the Accountable Executives (AEs) by the Board, responsible for ensuring the responsible management of TSFs through sound governance and engineering practices.



I. **Site Management:** The General Manager (GM) of each mine is the risk owner and is accountable for operating the TSF in accordance with our TMS. The Responsible Tailings Facility Engineer (RTFE) and a qualified Engineer of Record (EoR) provide technical expertise to ensure safe facility management. The tailings management and operations teams work together to implement the TMS and operate safely.

II. **Corporate Tailings Team (CTT):** This team oversees the TMS and advises the AEs on the designation of EoRs and external reviewers for Dam Safety Reviews (DSRs), as well as coordination with the Independent Tailings Review Panel (ITRP).

III. **External Reviewers:** Independent experts, inspectors, reviewers, and auditors support our governance framework by confirming compliance with best engineering and governance practices. The review process includes evaluations by the ITRP, dam safety inspections by the EoR, and third-party safety reviews.

IV. **Tailings Review Committee (TRC):** This committee—composed of senior management and led by the AEs—provides internal oversight of TSF governance and operations. It engages independent experts to review operations, inspections, audits, and governance processes.

Our governance structure defines and documents the roles, competencies, responsibilities, and accountabilities of the teams involved in the safe and effective management of TSFs throughout their life cycle—design, construction, operation, maintenance, and oversight.

Policies and guidelines

Peñoles' Tailings Policy and TMS guidelines offer a consistent, company-wide approach to managing TSFs throughout their life cycle. These documents establish clear expectations for roles and responsibilities.

Talings Policy	Guidelines for the Tailings Management System

Context and strategic considerations

Tailings

Tailings are a byproduct of mineral processing. Mineral is crushed and milled using water to liberate the ore, creating a slurry from which valuable minerals are separated. The residual material, or tailings, is transported to TSFs or repurposed for backfilling underground workings or as construction material.

Stakeholder trust

Although most of the mining industry has responsibly managed TSFs, catastrophic failures—such as those in Fundão (Mariana) and Feijão (Brumadinho), Brazil—have severely impacted public trust. These events, while rare, have had unacceptable consequences for people and the environment. As a result, stakeholders now expect zero harm. Therefore, responsible management is essential for maintaining trust from communities, workers, governments, investors, and insurers.

Effective tailings management

Ensuring sufficient storage capacity is critical to mining and metallurgical operational continuity and growth. Effective tailings management is a complex, multidisciplinary process involving best engineering practices and strong governance at every stage—from planning, design, and construction to operation, maintenance, monitoring, and post-closure. It also requires social best practices, including community engagement throughout the TSF life cycle.

Global Industry Standard on Tailings Management (GISTM)

We recognize the relevance and value of GISTM to the industry. Peñoles is currently developing and implementing a TMS based on the state-of-the-art guidance from the Mining Association of Canada (MAC) and the International Council of Mining and Metals (ICMM), as well as documents from the Canadian Dam Association (CDA).

These technical resources will enable us to align with many GISTM principles. Although we do not currently plan to adopt GISTM formally, we are actively monitoring our progress and industry developments and remain open to evaluating future adoption.

Impact, risk, and opportunity management

Our goal is zero harm to people and the environment. We manage impacts, risks, and opportunities by applying best governance and engineering practices to design, construction, operation, closure, and post closure of TSF, guided by a comprehensive Tailings Management System (TMS).

Maintaining the highest safety and environmental protection standards for TSF is an ongoing process that requires constant evaluation throughout the facility's life cycle. Standards for design, construction, monitoring, maintenance, and external review specify the protection of human health and the environment and establish parameters for closure of mining operations.

We apply the following basic principles to achieve a culture of safe tailings management throughout our facilities' life cycle:

i. **Accountability, Responsibility, and Competence:** Defined responsibilities and competencies to identify and manage facility risks

ii. **Planning and resourcing:** Ensuring necessary financial and human resources for the continuous management and governance throughout the facility's life cycle

iii. **Risk management:** Identifying risks, establishing control systems, and verifying performance targets. We apply a "critical controls" approach (see Safety section)

iv. **Change management:** Evaluating, controlling, and communicating risks related to changes that could impact facilities' safety

v. **Emergency preparedness and response:** Recognizing and responding to imminent failures and mitigating the impacts of a catastrophic failure

vi. **Review and assurance:** Internal and external reviews to evaluate and continuously improve risk controls

vii. **Meaningful community involvement:** Engaging communities to address questions and concerns, and plan visits to the facilities to learn about these infrastructures and responsible operating practices.

Tailings Management System

Our TMS provides a robust framework for the governance and application of engineering best practices. The TMS plays a key role in effective communication to address risks and to ensure sound decision-making. This system is aligned with our Tailings Policy and is applied throughout the life cycle of a Tailings Storage Facility.

Starting ITRP
- DSR
- Future EoR
- External reviews

TRC established
- Investigations
- Instrumentation
- Reinforcements
- New tailings storages

Tailings Policy (Definition)
- Governance
- External reviews
- Annual DSI by EoR
- TMS

First formal EoR
- Tailing guidelines definition
- World-class multi-disciplinary team
- Trade-off studies for new facilities
- First formal EoR, from design
- Baseline information
- External reviews
- Closure design
- Stability safety factors

Tailings policy and guidelines, workshop CDA and TMS Internal audit
- National and international standards
- Facility lifecycle
- Risk management
- External reviews
- Governance documents
- Connection to existing systems (ISO)
- BAP and BAT

Alignment with capital project management
- Governance update
- TMS update
- Emergency Preparedness and Response Monitoring
- Closure and Post-Closure Monitoring

ITRP: Independent Tailings Review Panel
DSR: Dam Safety Review
EoR: Engineer of Record
TRC: Tailings Review Committee
DSI: Dam Safety Inspection
CDA: Canadian Dam Association
TMS: Tailings Management System
BAP: Best applicable practices
BAT: Best available technology

We continue to develop the risk management elements of the TMS. The Fresnillo, Saucito, Juanicipio, and Velardeña facilities completed their risk assessments using the Potential Failure Mode Analysis (PFMA) methodology. Herradura, Sabinas, and San Julián developed their Dam Breach Analyses (DBA), including simulations to confirm classification based on consequences. Ciénega and Sabinas issued their Operation, Maintenance, and Surveillance (OMS) Manuals, along with the definition of their Triggered Action Response Plans (TARPs), which correspond to the critical controls implemented when the facility's normal operating parameters are exceeded.

In new projects, we use multi-criteria analysis, also known as multi-account analysis, to assess social, environmental, technical, technological, and economic aspects when evaluating potential sites for the construction of mining and metallurgical waste storage infrastructure.

Surveillance, inspections, and geotechnical investigations

We continuously monitor our sites using complementary systems such as piezometers, inclinometers, topographic controls, drones, InSAR, and other technologies to monitor water and the embankment integrity. The RTFE performs regular inspections to the facilities, and the EoR conduct periodic Dam Safety Inspections (DSI). Furthermore, we conduct site investigations that include the use of CPT tests to characterize tailings.

Reviews

The Independent Tailings Review Panel (ITRP) regularly reviews the design, operation, maintenance, surveillance, and governance of our Tailings Storage Facilities and provides input on the EoR performance. In addition, independent experts conduct periodically Dam Safety Reviews (DSR). All findings are submitted to the TRC.

Emergency preparation and response

TMS require our sites to regularly update the OMS with the definition of their TARPs and Emergency Response Plans. We consider the Potential Failure Mode Analysis (PFMA) and DBA methodologies to plan for the emergency response of extremely unlikely events. We conduct emergency response drills and engage with communities and authorities to communicate our approach to safe management of tailings and foster collaborate on emergency response.

Training

Training is key to safe tailing facilities management. We focused our efforts on increasing awareness of our tailings policy and management system guidelines, as well as other related topics, including engineering, governance, and environmental protection. In 2025, we'll concentrate our training efforts in circular economy strategies and technological innovation.

MIT Global Summit on Mine Tailings Innovation

The summit showcased innovative approaches to tailings management, including reuse and repurposing of tailings for alternative applications, strategies to reduce the volume of tailings generated, and the potential for their complete elimination.

Staff from Corporate Tailings Management, along with the Engineers Responsible for the Ciénega and San Julián tailings deposits, attended the event virtually on September 19–20, 2024. Key takeaways from the summit were shared with other areas of the organization.

Filtered Tailings and Mine Backfill Workshop

Paterson & Cooke conducted a workshop on filtered tailings and mine backfilling on September 9–10, 2024, in Torreón, Coahuila. The event brought together 25 participants from Peñoles and Fresnillo mining operations, as well as representatives from Projects and Construction, the Center for Research and Technological Development, and the Health, Safety, and Environment departments.

On September 12, Paterson & Cooke also held an executive session on the same topics for members of the Tailings Review Committee.

Technology and innovation

Our approach to technology and innovation is guided by the strategic priorities and maturity level of each technology. We focus on three key strategic lines:

i. **Enhancing Safety:** Implementing surveillance, monitoring, and alert systems (e.g., InSAR, drones, data analytics)
ii. **Improving Operational Efficiency:** Advancing downstream processing technologies, such as paste and filtered tailings
iii. **Reducing Environmental Risks and Footprint:** Developing upstream processing technologies aimed at selective processing, and reducing water and energy consumption.

Case Study – Natural tailings drying in Velardeña

A new tailings storage facility (TSF) is planned to support the remaining life of mine (LOM) at Velardeña. Tailings will be stored with low moisture content—just enough to achieve optimal compaction—enabling the development of a dry stack TSF. This approach enhances safety and stability, results in a more compact structure, and reduces the facility's overall footprint compared to conventional tailings storage methods.

Although the evaluation of tailings filtration indicated it was not economically viable, Velardeña's favorable climate supports natural tailings drying. The current TSF is divided into multiple cells, allowing tailings to be deposited as pulp in the first cell, dried in the second, and excavated from the third for transport and placement in the dry stack.

Permitting for the new facility is currently underway, with construction expected to begin before the end of 2025. The projected capacity of the facility is 27 million tons of tailings.

Case Study – Extended capacity and reuse tailings in Sabinas

In recent years, Sabinas has made significant investments to enhance the safety factor of Tailings Dam 4. With this objective achieved, the site proceeded with the construction of a new embankment raise to extend storage capacity and support two additional years of operation.

The current raise is being constructed using tailings generated by the processing plant. Through hydrocyclone separation, coarser particles are selected for embankment construction, with strict control over layer thickness and compaction. A total of 180,000 m^3 of tailings will be reused in this process, promoting circularity, reducing the need for additional tailings storage, and eliminating the use of borrow materials.

Case Study – Fresnillo and Saucito storage tailings extended

Both units have faced significant challenges in developing new tailings storage facilities, primarily due to land acquisition and permitting constraints. Despite this complex context, cost-effective short- and medium-term solutions have been identified.

Drawing on the robust data and insights gathered from studies and research conducted over the past three years, the design of the existing facilities has been optimized. These expansions align with the stability and safety standards established in our Tailings Management System.

As a result, the San Carlos Tailings Facility in Fresnillo has extended its capacity through the second half of 2026, while the Saucito Facility will now support operations through the second half of 2028.

Performance and metrics

Investment

In 2024, investment efforts shifted toward the development of new tailings storage capacity. This contrasts with the previous three years, during which investments primarily focused on geotechnical investigations, technical studies, and construction projects aimed at reinforcing existing facilities.

Total investment in 2024 reached $83.0 million, with $66.5 million allocated to 11 construction projects and $16.5 million directed toward six projects in the pre-feasibility or feasibility stages. Notable projects include the construction of Cell 2 of the Juanicipio Tailings Deposit, second and third raises of the San Carlos at Minera Fresnillo, Phase II of the Saucito Deposit, and the expansion of the Velardeña Tailings Deposit.

Production and reuse of tailings (circularity)

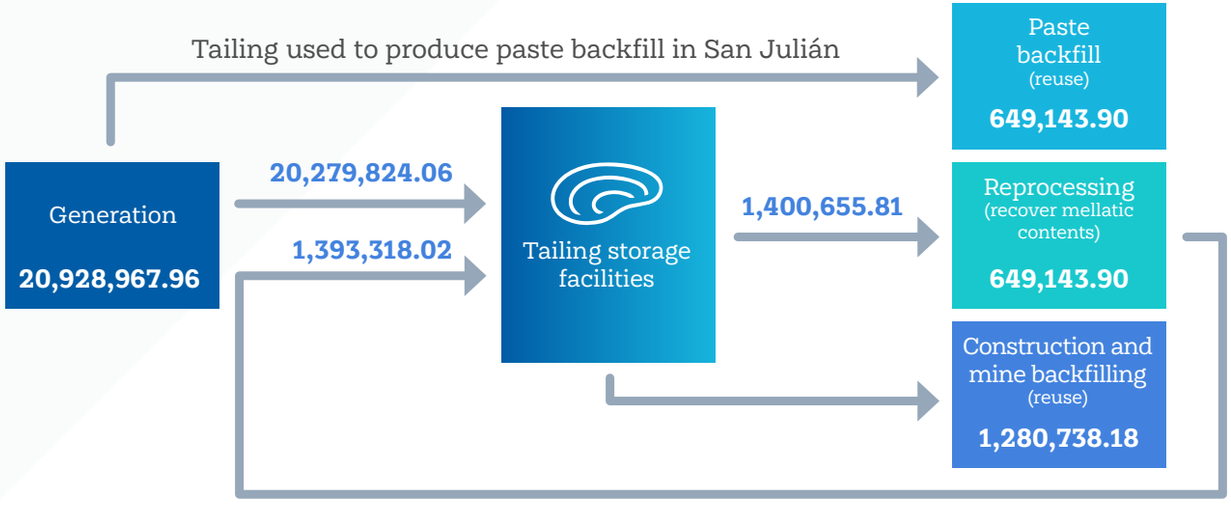
We continue to rigorously monitor the volume of tailings deposited across our facilities to assess storage capacity and forecast remaining operational life. In 2024, 20.92 million tonnes of tailings were generated. Of this total, 0.65 million tonnes were reused as paste backfill; 1.28 million tonnes were employed for construction and backfill of inactive mine workings; and 1.4 million tonnes were reprocessed to recover metallic content.

*We reuse the equivalent of **9.22%** of the tailings generated, representing savings in storage requirements and increasing the life of the tailings storage facilities.*

*We reprocess and reuse the equivalent of **15.37%** of the tailings deposited, confirming our commitment to circular economy and seeking a second life for our waste.*

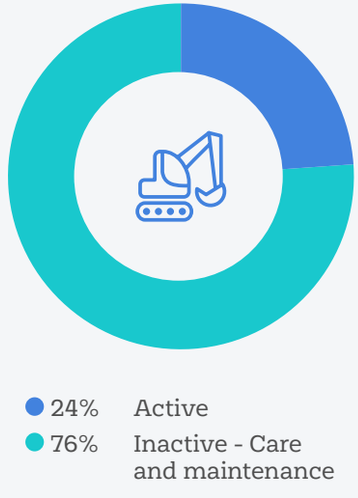
Tailings generation (tonnes)

2024	
Company	Tailings
Peñoles Mines	5,186,498.23
Fresnillo plc Mines	15,742,469.73
Industrias Peñoles	**20,928,967.96**



All figures reported in tonnes.
The difference between the input and output of the reprocessed material represents the mineral concentrate obtained.

Status of Tailings Storage Facilities



Waste rock piles, heap leaching, and jarosite deposits

In 2024, a total of 24.22 million tonnes of ore were placed on heap leaching pads for processing. During the same period, 80.71 million tonnes of waste rock were generated, and 0.69 million tonnes of jarosite were disposed of in safe storage facilities. These facilities are managed under a system inspired by best practices learned for the safe handling of tailings.

We apply rigorous engineering standards—such as the use of impermeable barriers—and implement robust monitoring programs, including groundwater wells and regular water quality testing, to ensure full compliance with environmental regulations.

Waste rock, heaps leaching and jarosite generation (tonnes)

2024			
Business division	Waster rock	Heap leaching	Jarosite
Peñoles Mines	4,104,284.50	2,226,336.18	-
Fresnillo plc Mines	76,608,132.70	21,989,426.89	-
Metals	-	-	689,151.00
Industrias Peñoles	**80,712,417.20**	**24,215,763.07**	**689,151.00**

Waste rock

In mining operations, barren rock must be removed to access ore bodies. These rocks, which have no economic value, are transported and stored in designated piles for either permanent or temporary storage. When feasible, waste rock is reused—for example, as backfill material in underground cut-and-fill operations.

Heaps leaching

Gold and copper oxides are processed using a hydrometallurgical method known as heap leaching. The ore is placed on leaching pads constructed with an impermeable barrier—typically high-density polyethylene (HDPE) geomembrane—at the base. A leaching solution percolates through the heap, dissolving the metals, and is then collected by the barrier and directed to a processing plant. There, the metals are recovered and refined into doré bars or copper cathodes.

Jarosite deposits

Jarosite is a byproduct generated during the hydrometallurgical extraction of zinc. Once stabilized, it is stored in dedicated deposits similar to engineered landfills. These facilities are constructed with impermeable barriers at the base to prevent any potential environmental impact.

Acid Mine Drainage (AMD) prevention

AMD represents a significant environmental challenge and a critical issue for the social license of the mining and metallurgical industry. Preventing and managing AMD is essential to minimize its potential impact on surface and groundwater resources during both mine operations and post-closure phases.

We fully comply with environmental regulations, including conducting geochemical testing to assess the AMD potential of ore minerals and waste rock, as well as evaluating the stability of jarosite. In operations identified with AMD risks, we implement site-specific management strategies designed to prevent, treat, and monitor AMD, ensuring long-term environmental protection.

Reportable and significant incidents related to mining-metallurgical waste

In 2024, we reported no incidents of non-compliance with water quality permits, standards, or regulations concerning tailings, waste rock piles, heap leaching pads, jarosite deposits, or acid mine drainage.

Company	Reportable Incidents	Significant Incidents
Peñoles	0	0
Fresnillo plc	0	0

Hazardous and special handling waste

We are committed to managing, reducing, recycling, and safely disposing of waste to protect the health and safety of our workers and surrounding communities, while preventing negative environmental impacts. Industrias Peñoles manages waste disposal responsibly and in full compliance with all applicable regulations. Our goal is to reduce waste generation and maximize recycling efforts to limit the amount sent to final disposal.

Governance

The ESG Steering Committee oversees the evaluation of the organization's performance in hazardous and special waste management. At the operational level, the environmental and operations divisional teams, along with the mines, metals, and chemicals divisions, are responsible for ensuring governance and regulatory compliance. Each unit follows internal guidelines and procedures to ensure alignment with national regulations. (see ESG Governance section)

Our goal is to reduce waste generation and maximize recycling efforts to limit the amount sent to final disposal.

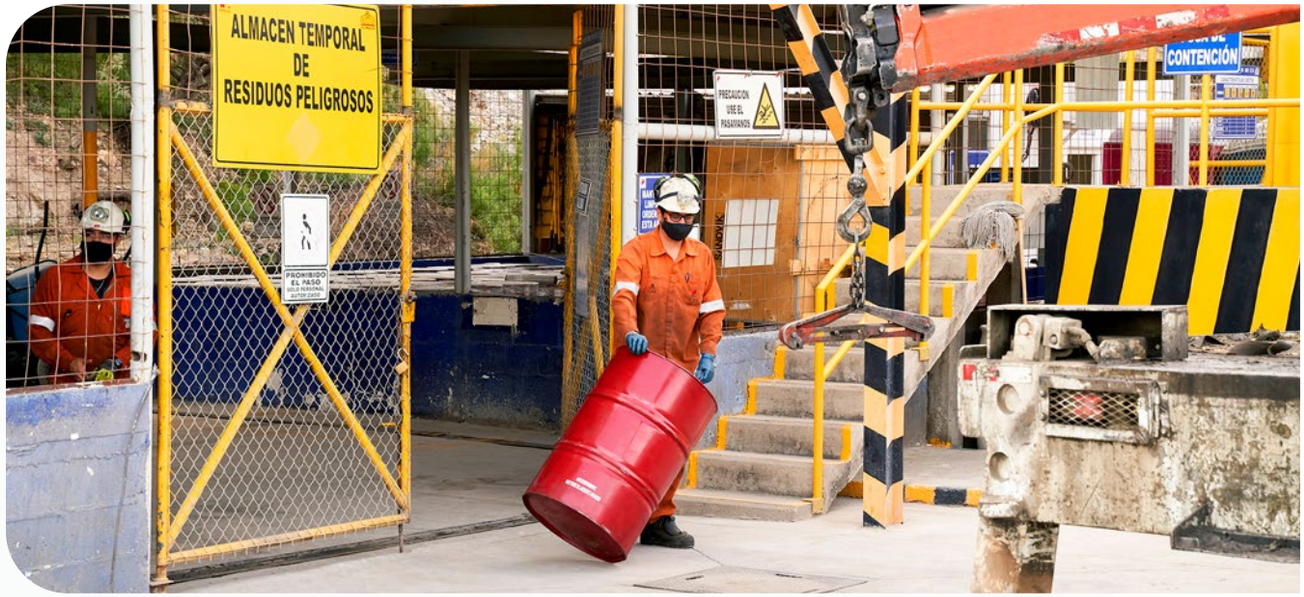
Context and strategic considerations

We understand that the responsible management of hazardous and special waste is a critical issue for our employees, local communities, regulators, and shareholders. Consequently, all our business units adhere strictly to the relevant regulatory framework. Hazardous waste is regulated at the federal level, while special handling waste is managed at the state level. Our focus is on managing, reducing, recycling, and safely disposing of waste to mitigate risks to human health and minimize environmental harm.

Impact, risk, and opportunity management

Improper waste management can have severe environmental consequences, including soil and water contamination and greenhouse gas emissions. Mismanaged waste presents a significant threat to ecosystems and human health.

In all our operations, the life cycle of hazardous and special handling waste is managed through the following stages:



Life cycle of hazardous and special handling waste

Generation, Identification, and Management → **Minimization and Reuse** → **Temporary Storage** → **Transportation** → **Final Destination** → **Final Storage** → **Monitoring nd Control**

Industrias Peñoles manages waste disposal responsibly and in full compliance with all applicable regulations.

- **Generation, Identification, and Management:** Staff are trained to identify and properly segregate waste
- **Minimization and Reuse:** We actively seek and implement technologies that are more environmentally and health-friendly, and maintain efficient processes to minimize waste generation. Waste is evaluated for potential reuse, recycling, or energy recovery, either internally or externally.
- **Temporary Storage:** Waste is temporarily contained in designated areas to prevent dispersion.
- **Transportation:** We select authorized transportation providers to handle waste safely.
- **Final Destination:** Authorized disposal providers are selected in compliance with legal requirements, ensuring proper management.
- **Final Storage:** Areas designated for the final disposal of waste are designed, constructed, and managed, subject to the necessary authorizations.
- **Monitoring and Control:** We maintain comprehensive documentation and accounting for waste generated, its recycling, and its final disposal.

Performance and metrics

In 2024, we generated just over 30,000 tonnes of hazardous waste, primarily from metallurgical processes at the zinc electrolytic plant, smelter, and refinery, including contaminated debris and white sludge. Special handling waste totaled 305,542 tonnes, with the majority coming from gypsum and dolomite fines produced by the Chemicals Division.

Recycled waste consists mainly of ferrous metal scrap, steel, aluminum, oil, wood, and used tires.

At Peñoles, we are committed to the valorization, reuse, and recycling of lead to a circular model to maintain and extend the life of resources as long as possible, thus reducing waste generation and the consumption of natural resources.

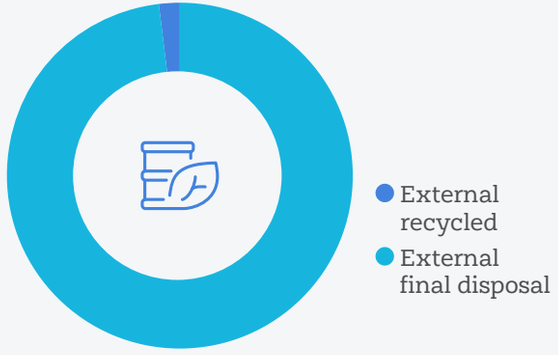
*We recycle nearly **6,000 tons** of hazardous and special waste externally.*

We continue to strive to reuse the special waste we store internally.

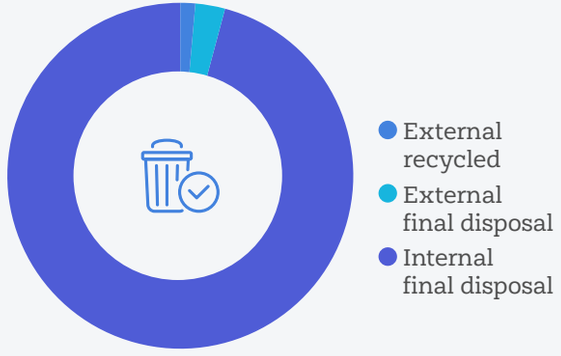
Waste by type of disposal (tonnes) and classification

Division	Classification	2024		
		External final disposal	Internal final disposal	External recycled
Peñoles Mines	Hazardous	389.81	-	454.54
	Special handling	546.02	-	2,601.16
Metals	Hazardous	29,123.61	-	48.01
	Special handling	7,741.11	-	2,298.20
Chemicals	Hazardous	24.21	-	6.93
	Special handling	551.95	305,542.91	406.05
Peñoles	**Hazardous**	**29,537.63**	**-**	**509.47**
	Special handling	**8,839.07**	**305,542.91**	**5,305.42**
	TOTAL	**38,376.70**	**305,542.91**	**5,814.89**

Hazardous waste (tonnes)



Special handling waste (tonnes)



Air quality

We are committed to managing air quality responsibly to protect the health of our workers, communities, and the environment. Air emissions associated with our activities include gases and dust. Managing air emissions has long been an integral part of our environmental management plans. We operate in compliance with relevant regulatory limits for air emissions.

Governance

The ESG Committee is responsible for assessing the organization's performance on material sustainability issues. Senior operations executives and environmental managers conduct rigorous evaluations of air emissions performance, recognizing its importance for maintaining the trust of communities and regulators.

(see ESG Governance section)

Context and strategic considerations

Workers, communities, regulators, and other stakeholders view air quality performance as a critical factor influencing the social acceptance of the mining, metals, and chemical industry. Within the industry, dust emissions are diffuse and can arise from a variety of sources, while gases are typically emitted from stack sources. Both must be effectively managed to prevent health risks and environmental impacts. Strong air quality management is a key factor in building stakeholder trust.

Impact, opportunity, and risk management

Mining operations

Our operations implement a variety of controls to manage dust. Dust from vehicle traffic is controlled through road wetting. Blasting activities in open-pit operations incorporate dust mitigation measures. We construct domes to cover stockpiles that supply mineral processing plants and use dust suppression systems on conveyors. Tailings storage facilities are managed to minimize wind erosion. In underground operations and buildings, we use ventilation systems to ensure air quality. We also conduct dust monitoring at mining sites to verify compliance with regulatory and permit requirements.

Chemical operations

We monitor and control particulate emissions to ensure regulatory compliance. Dust capture technologies are applied across all processes, with gas extraction systems that collect particles via dry and wet systems (including baghouses, filters, electrostatic precipitators, and scrubbers). In some cases, we harness the thermal energy from these systems to generate steam.

We have worked to mitigate fugitive emissions in our transportation systems through water spray suppression systems, ventilation, and equipment isolation to prevent dust dispersion and eliminate its impact on the work environment.

Metallurgical operations

Our operations implement controls to reduce stack emissions from chimneys and fugitive emissions through a mix of technologies based on the process. These include baghouses, sulfuric acid plants, and scrubbers. Emissions are reported to environmental authorities on a permanent basis as they are connected online to our systems. Fugitive emissions are controlled with a series of measures: i) Concentrates are transported to our facilities on sealed trucks; ii) Warehouses were constructed to receive, store, and handle concentrates with regular inspections and maintenance; iii) High-rate ventilation systems in our

buildings allow us to suction and filter residual dust using baghouse systems to capture the particles and exhaust clean air; iv) Internal roadways in our facilities are paved, and we operate truck wheel cleaning stations; v) A fleet of dust suppression vehicles (vacuum) clean internal and external roadways.

We operate an air quality monitoring network in agreement with the Mexican environmental protection agency to collect and analyze samples in a certified lab. Monitoring supports evaluation of our controls, proactive decision-making, reporting to environmental authorities, and continual improvement.

Metrics

At Peñoles, we believe that transparent reporting on environmental performance builds stakeholder trust and reinforces our environmental culture, process best practices, governance, and commitment to continuous improvement.

We implement critical control methodologies in environmental management, aligned with ICMM recommendations, to identify and apply essential controls that reduce the likelihood of environmental incidents.

Company	Reportable Incidents	Significant Incidents
Peñoles	5	0
Fresnillo plc	0	0

We implement critical control methodologies in environmental management, aligned with ICMM recommendations.

Mine closure

We are committed to responsibly managing the risks and opportunities associated with the closure of our operations, engaging our stakeholders with the purpose of achieving a positive legacy. Mine closure considerations are integrated from the early stages of our projects and throughout the entire lifecycle of mining operations. We adopt best practices in engineering and governance to address socio-environmental risks and opportunities.

Governance

As part of our corporate governance, the Senior Executive team oversees mine closure planning and execution. We require our operations to develop conceptual closure plans and financial reserves for mine closure, which are periodically updated based on changes throughout the operational life. As a mine approaches closure, we transition from conceptual to detailed planning, with thorough budget reviews conducted using the same discipline and governance applied to the company's capital projects. For integrated mine closure planning and execution, our multidisciplinary teams work in synergy with operations. We are in the process of updating our integrated closure guidelines to strengthen governance and continue adopting best practices.

Context and strategic considerations

Risk management and socio-environmental impacts

An inadequately managed mine closure without addressing risks, impacts, and opportunities,can lead to negative consequences for communities and the environment. Lack of social acceptance or community support can hinder the proper execution of closure plans, and the outcomes of closures impact stakeholder trust in future projects.

Community involvement in the closure process

The most successful mine closures worldwide are characterized by active community participation in decisions that affect their future. Engaging communities helps ensure social acceptance of closure objectives, addresses community concerns, and co-designs opportunities for capacity building and future land use.

Adaptation to changes in regulatory frameworks

Adopting international best practices in integrated mine closure helps ensure compliance with local regulations and provides greater resilience to future regulatory and international framework changes.

Risk, impact, and opportunity management

Social and environmental impact studies provide valuable insights to manage risks, impacts, and opportunities across the lifecycle of our operations. From the project phase, we integrate mine closure considerations into planning, and our closure practices are informed by the ICMM guidelines.

Planning

Conceptual planning is a formal process designed to set objectives, design principles, activities, completion criteria, and resources necessary for mine closure. This planning uses a risk management framework to meet closure criteria in a cost-effective manner. It also specifies the methodology for closure, aligning with the natural characteristics of the site to promote appropriate future land uses. This alignment with the region's landscape and land use, avoids undesirable environmental impacts and fosters opportunities for the community.

***100%** of our operations' units have a conceptual closure plan that is periodically reviewed.*

Conceptual plans are reviewed throughout the life of a mine, at least every five years or whenever there are significant operational changes. The forecast of financial resources required for closure is updated annually. The transition from conceptual to detailed planning typically begins three years before the mine's closure or when key infrastructure is nearing the end of its life, particularly in the case of progressive closure.

Social transition is key to achieving a positive legacy. To support this, we have refined our practices to incorporate socio-environmental assessments, risk and impact identification, participatory methods, engagement plans, social management strategies, and community involvement in land-use decisions and sustainable development opportunities.

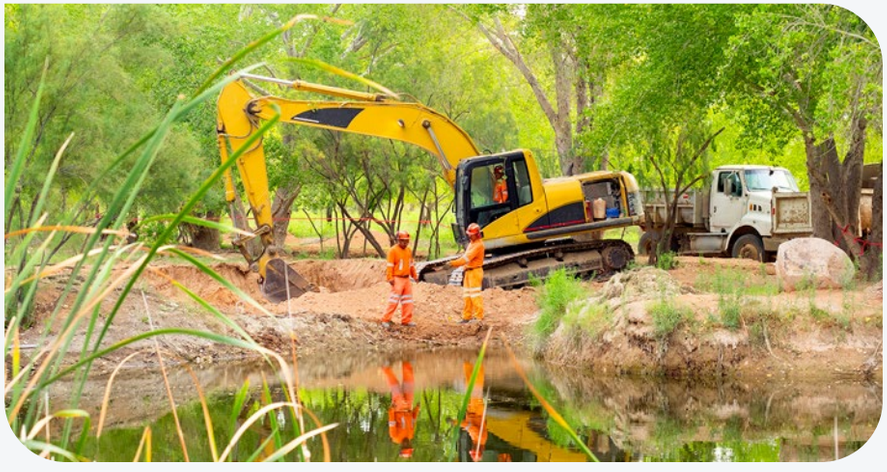
Implementation

Mine closure activities are carried out during the implementation phase, with monitoring continuing through the post-closure phase. We also implement progressive conservation and restoration actions in impacted areas during the operational phase of our mines. As part of our commitment to positive biodiversity impacts, we extend conservation efforts in our concessions beyond the mine sites. Throughout the planning, implementation, and post-closure phases, we conduct monitoring of water, soil, and air quality to inform decision-making.

Two sites: Bismark and Noche Buena continue implementing their closure actions.

Our mines operate nurseries that supply seedlings for progressive reforestation. The Noche Buena unit, which has initiated its closure program, operates a nursery with a production capacity of approximately **150,000 seedlings** for onsite reforestation. Additionally, a Saguaro reproduction program is being implemented (see Case Study).

At the Bismark mine, we have implemented ecosystem and wildlife recovery actions. Monitoring has confirmed the return of species of high biodiversity value, indicating the ecosystem's health (see Case Study).



Case Study – Progress of the Closure Plan at the Bismark Mine

Closure activities at the Bismark Mine continue to advance through the restoration of impacted areas, focused on dismantling infrastructure, site cleanup, and reforestation.

All waste generated during these activities has been managed in compliance with applicable Mexican regulations, with efforts made to encourage reuse wherever possible. Reforestation efforts have prioritized native plant species from the region, with ongoing maintenance and conservation work—including pruning, soil conditioning, and supplemental irrigation—helping to ensure plant survival. These actions have resulted in a post-operations survival rate of 76%. To date, 79,363 plants have been reforested across the site. As restoration progresses, there has been a steady return of native wildlife, indicating the recovery of ecosystem functions and environmental services. Species observed include mule deer, desert fox, coyote, wild boar, skunk, rattlesnake, lizard, and horned owl, among others. These sightings reflect the successful regeneration of natural habitats and the overall health of the recovering environment.

Metrics

Site	Total area to be restored (ha)	Restoration progress (ha)	% progress
Bismark	148.3	69.4	47
Noche Buena	1,288.90	102.17	7.9
TOTAL	**1,437.20**	**171.57**	**12**

For the Noche Buena mine, the surface of the pit is not considered as an area to be reforested.

Site	Number of reforested plants	% survival	$tCO_2eq.$ capture /year
Bismark	72,065	73	2,184
Noche Buena	13,751	80	417
TOTAL	**85,816**	**76.5**	**2,061**

It is estimated that 33 trees absorb 1 tCO_2eq.

Annex

We recognize sustainability as key to addressing both local and global challenges—and remain focused on building a better future, acting with discipline, and capitalizing on opportunities.

For more information about our processes, products and financial performance, as well as previous sustainability reports, please visit our website:
www.penoles.com.mx

Corporate Headquarters
Legaria Headquarters
Calzada Legaria 549, Torre 2
Col. 10 de abril
11250 Mexico City, Mexico
Phone: +52 (55) 5279 3000
Investor_Relations@penoles.com.mx
www.penoles.com.mx

Torreón Offices
Blvd. Laguna 3200 Pte.
Col. Metalúrgica
27370 Torreón, Coahuila, Mexico
Phone: 01 (871) 729 5500

Versión en Español
Para obtener una versión en español de este informe, favor de visitar:
www.penoles.com.mx
Tel. +52 (871) 729 5500

Disclamer

This sustainability report contains forward-looking information concerning Industrias Peñoles, S.A.B. de C.V. and its subsidiaries (Peñoles or the company) based on management assumptions. Such information, as well as statements about future events and expectations, are subject to risks and uncertainties, as well as to factors that may cause the company's results, performance, or accomplishments to be completely different at any time. Such factors include changes in general economic conditions, government and/or trade policies at the national and global levels, as well as changes in interest rates, inflation rates, exchange rate volatility, the performance of mining in general, the demand and the quoted price of the metals, the prices of the raw materials and energy, among others. Because of these risks and factors, actual results may vary materially with respect to the estimates described in this document. Hence Peñoles accepts no responsibility whatsoever for such variations, or for information from official sources.