

SOLID

Results with a sustainable vision



In a **challenging environment** for the industry, with discipline and perseverance, we improved the efficiency and sustainability of our operations.

B

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.

We took advantage of the favorable price cycle and, **thanks to the transformation we have undertaken**, improved our financial indicators and performance.



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Symbols will be used throughout this report:

- CH₄ = methane
- CO₂ = carbon dioxide
- CO₂e = carbon dioxide equivalent
- GWhe = gigawatt per hour equivalent
- ha = hectares
- kt = thousand metric ton
- m³ = cubic meters
- mg/l = milligrams per liter
- ML = million liters
- Mm³ = million cubic meters
- Mt = million metric ton
- MW = megawatt
- MWh = megawatt per hour
- MWhe = megawatt per hour equivalent
- N₂O = nitrous oxide
- oz = ounce
- t = metric ton
- US\$ M = million dollars

ESG
Disclosure



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

Our long-term vision, operational discipline,
and our people's commitment undoubtedly
strengthened our performance with solid
business results reflecting our progress toward
our sustainability goals.



Our performance



- Economic value distributed amounted to **US\$ 6.5**.



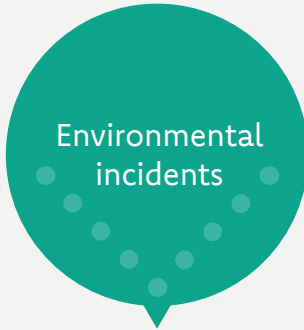
- **49.9%** of our electricity consumption comes from renewable sources.
- Our greenhouse gas **emissions decreased** by **7.9%** compared to 2024 and by **30.2%** compared to our 2022 baseline.



- We initiated the first phase of our **Protocol for Addressing Cases of Harassment, Bullying, and Sexual Violence in the Workplace**, with multidisciplinary committees that monitor workplace conduct.
- For the **fifth** consecutive year, the **IC 500 Index** recognized us as one of the companies with the best corporate integrity practices.



- We hold **LBMA** and **LME** **certifications** in the metals value chain.
- Through the Mexican Stock Exchange's Sustainable Chains program, **we foster** our raw material **suppliers' capabilities**.
- We collaborate with our clients to **achieve** their **sustainability goals**.
- Química del Rey and Milpillas participated in the **EcoVadis** ESG assessment.



- **Zero** significant environmental **incidents**.



- We held the **second edition of Safety Week** to strengthen contracting companies' standards.
- Injury rate
 - LTIFR: **5.52**
 - TRIFR: **10.49**



- **76%** of the water we consume is **recirculated** using efficient technologies and closed-loop systems.
- **43%** of the water consumed in our operations comes from **municipal wastewater** and **brackish water**.



- We are the **first company** in the mining sector **accredited** as an Evaluation and Certification Entity by CONOCER to certify **16** labor competency standards.



- We received the prestigious **Exceptional Company award** for the **third** consecutive year for such programs as the FIRST Robotics competition, soccer academies, and CETLAR.
- **FIRST Robotics**: We organized the Laguna Regional and supported the preparation of **27** teams made up of **931** young people, **43%** of whom were women.
- **Soccer academies**: We strengthened the skills and values of **1,236** boys and girls in **11** academies.
- **CETLAR**: We have trained **29 generations**—more than **1,070 young people**—from surrounding communities as technicians.



- We **reprocess** and **reuse** the equivalent of **15.89%** of our tailings deposited.



Message from the **CEO**

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

MESSAGE FROM THE **CEO**

The **progress** in **our transformation** and operational discipline enabled us to achieve solid results in 2025.



Our sustainable vision is part of our organizational culture and is supported by our robust governance that we consolidated in fundamental areas such as tailings management and occupational health and safety—which we expanded to address climate—related risks and opportunities.

Solid Results with a Sustainable Vision

Rooted in our organizational culture, our sustainable vision is supported by our robust governance that we consolidated in fundamental areas such as tailings management and occupational health and safety—which we expanded to address climate-related risks and opportunities.

Preventing serious injuries and fatalities is our top priority—above any operational or financial objective. Our safety strategy focuses on critical controls to prevent high-potential incidents, with visible leadership and

clear accountability for their implementation in the field. We also uphold the right of our employees and contractors to say “NO” if they believe a task does not meet expected safety standards. Notwithstanding these efforts, we regret to report two fatalities at our subsidiary Fresnillo plc., underscoring the need to continue strengthening our safety strategy and actions.

Supported by the Chairman of the Board, we organized the second edition of Safety Week as a call to reinforce our “Love for Life” vision, a core value that not only defines us as a company but also ensures everyone returns home safely through visible and consistent

leadership. This initiative further served as a call to action to implement our Safety, Occupational Health, and Environmental Management Standard for Contractor Companies; because, at Peñoles, safety and life are paramount, and we share the responsibility and conviction to lead with this value.

We are also strengthening our ethics culture. To this end, we began implementing the first stage of the Protocol for Addressing Cases of Harassment, Stalking, and Sexual Violence in the Workplace, establishing multidisciplinary committees to handle cases. We also organized awareness workshops for leadership teams, while

We use 6.3 million cubic meters of municipal wastewater in our processes and treat it in our treatment plants—increasing our operational resilience in water-stressed areas.

continuing the rollout of our “Your Voice Protects Us” campaign to encourage reporting and prevent retaliation.

In 2025, we supplied 49.9% of our company’s electric energy from renewable sources. Our greenhouse gas emissions decreased by 7.9% compared to 2024—a cumulative reduction of 30.2% relative to our 2022 baseline. Our ESG Steering Committee, which I chair, agreed to strengthen our decarbonization roadmap through business division implementation plans based on viability assessments of our operations’ key decarbonization levers. Operations directors will be responsible for their implementation. We also continued to capitalize on opportunities to source electricity from cost- and carbon-competitive sources. Additionally, we launched an internal climate change communication campaign to raise awareness and reinforce execution of our strategy. These efforts enabled me to present progress on our climate change strategy to the Board of Directors.

Water is a resource of great environmental, social, and economic value; that is why we focus our efforts on its responsible use and collaborate with communities and authorities. We recirculate 76% of the water we consume using efficient technologies and closed-loop systems. We use 6.3 million cubic meters of municipal wastewater in our processes and treat it in our treatment plants—increasing our operational resilience in water-stressed areas.

We collaborate with our customers to help them achieve their sustainability goals.

We manage our tailings storage facilities through the adoption of national and international industry best practices and robust governance, ensuring necessary resource allocation for their responsible management and guaranteeing short- and medium-term storage availability.

Our FIRST Robotics program fosters talent and education in science, technology, engineering, and mathematics (STEM) among young people in our communities, promoting “coopertition” or collaborative competition among teams. With our partners, we organized another edition of the FIRST Laguna regional competition and supported the preparation of 27 teams made up of 931 young people, 43% of whom were women. In sports, we strengthened the skills and values of 1,236 children in 11 soccer academies, following a holistic development philosophy for participants.

Our Laguna del Rey Center for Technical Studies (CETLAR) offers technical training and personal development to young people in our communities. Since its founding in 1993, CETLAR graduated 1,070 students, improving access to decent employment while attracting and developing talent. This year, CETLAR received the prestigious Exceptional Company award from the Business Coordinating Council, the Communication Council, and the Institute for the Promotion of Quality.

Our metals value chain holds international certifications for implementing the OECD Due Diligence Guidance,

certifying our responsible sourcing practices. Through the Mexican Stock Exchange’s Sustainable Supply Chains program, we contribute to our raw material suppliers’ capacity building. We collaborate with our clients to achieve their sustainability goals, and both Química del Rey and Milpillas participate in EcoVadis’ ESG assessment. Our efficient and responsible production of metals and chemicals contributes to the achievement of the United Nations Sustainable Development Goals (SDGs) and reaffirms our commitment to the principles of the UN Global Compact.

Our long-term vision, operational discipline, and our people’s commitment undoubtedly strengthened our performance with solid business results reflecting our progress toward our sustainability goals.

Sincerely,


Rafael Rebollar González
Chief Executive Officer

Creating value

We prioritize cost efficiency through strategic investments in exploration, capacity expansion, power generation, and operational efficiency throughout the entire business cycle.



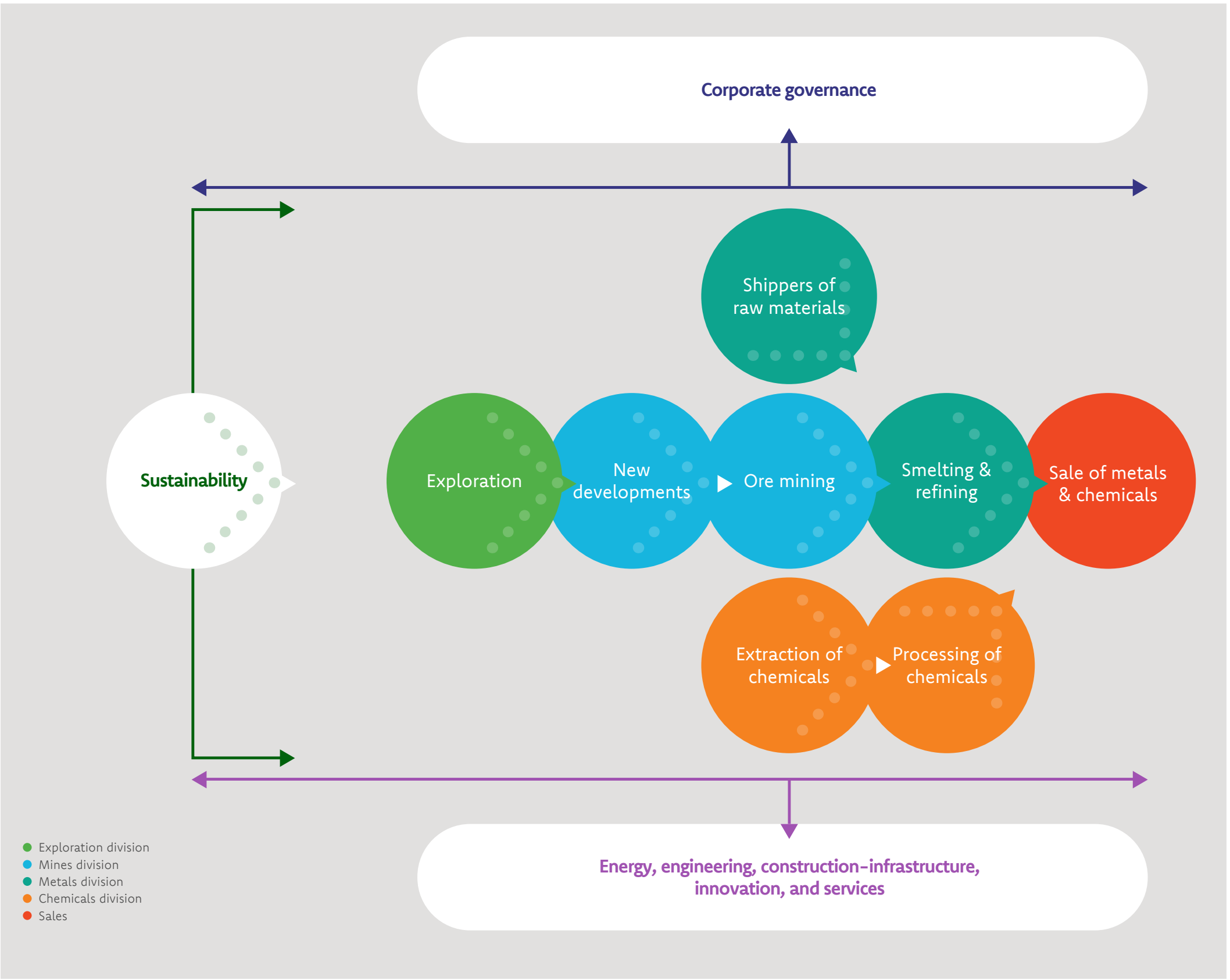
Business model

GRI 2-1

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 the exploration, production, and 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—sets us apart and enables 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 Fresnillo plc subsidiary 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.





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

- 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 to produce 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.
- 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. It 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, municipality of Ocampo, Coahuila, whose main products are sodium sulfate, magnesium oxide, and magnesium sulfate. Nearby is Salinas del Rey, a producer of high-quality salt. Industrias Magnelec, located in Ramos Arizpe, Coahuila, which produces electrical and electrofusion grade magnesium oxide, and the Fertirey plant adjacent to the metallurgical complex in Torreón, Coahuila, which produces ammonium sulfate and ammonium bisulfite, are also part of this division.

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.

138 years of solid results built on a sustainable vision.



* Operations in these units have been suspended.

Stakeholder engagement

GRI 2-6, GRI 2-29

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 enable 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” (whistleblower line) - Training and development in administrative, human, and technical competencies - Ethics, workplace environment, and safety surveys	- Total and lost-time injury frequency rates - 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	Report sections: - Our people - Human rights - Health and safety - Zero harm - Ethics and integrity - Culture and values - Sharing value - Communities
Communities and indigenous people	A relationship with our communities based on trust and mutual benefit 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 - Education, health, and capacity building programs - Local employment and supply chain - Neighborhood/community/Indigenous committees	- Perception surveys - Statistics of community grievances - Local jobs and sourcing - Social investment - Direct economic value generated and distributed	Report sections: - Communities - Indigenous peoples - Human rights - Sharing value - Water stewardship - Biodiversity conservation - Mining-metallurgical waste management - Air quality

	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 collaborations 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 • Circular economy • Public safety • 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, CESPEDS, 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	Report sections: • 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
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 sustainable value chain topics • 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 evaluation for chemicals and Milpillas • International Cyanide Code certifications for gold mines • Product carbon footprints • Environmental, health, and safety management system certifications	Report sections: • Responsible value chain • Climate change • Ethics and integrity • Human rights



We build long-term strategic relationships with our clients by providing metals and chemicals that support their business objectives and sustainability commitments.

	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?
Shareholders	Our financial, operational, and ESG results, coupled with a collaborative and constructive dialogue, are essential to being a competitive medium- and long-term investment option.	• Cost competitiveness • Growth • Profitability • Dividends • ESG goals and performance	• Shareholder meetings • Quarterly and annual presentations • Investor and rating agency meetings • Annual reports: financial and sustainability	• Return on investment • Dividend payments • Asset optimization • Profitability • Sustainability performance	Report sections: • 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
Contractors	A strong relationship with our contractors creates better productivity, cost efficiency, and safe work conditions. 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 work conditions free from harassment and discrimination.	• Productivity • Occupational health and safety • Ethics and integrity • Work conditions and rights • Equity and inclusion	• Visible leadership • Due diligence • Third-Party Code of Conduct • Safety, health, and environmental standards for contractors • “Línea Correcta” (whistleblower line) • 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	Report sections: • Responsible value chain • Ethics and integrity • Health and safety
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 • GHG scope 3 emissions	• 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	Report sections: • 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 responsibly manage their operations' socio-environmental impacts. We strive to ensure our metals value chain maintains international certifications relevant to the sector, such as the London Bullion Market Association (LBMA) and London Metal Exchange (LME).	• Production capacity • Quality • Timeliness • Reliability • Ethics and integrity / compliance • Health and safety • Socio-environmental performance • Human rights • GHG scope 3 emissions	• Due diligence • Visits to operations • Assessments • Third-Party Code of Conduct • Training on sustainability issues	• Reports on raw material supplier visits • Feedback on evaluations • Number of reports and cases on the whistleblowing line	Report sections: • Responsible value chain • Ethics and integrity • Human rights

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:

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

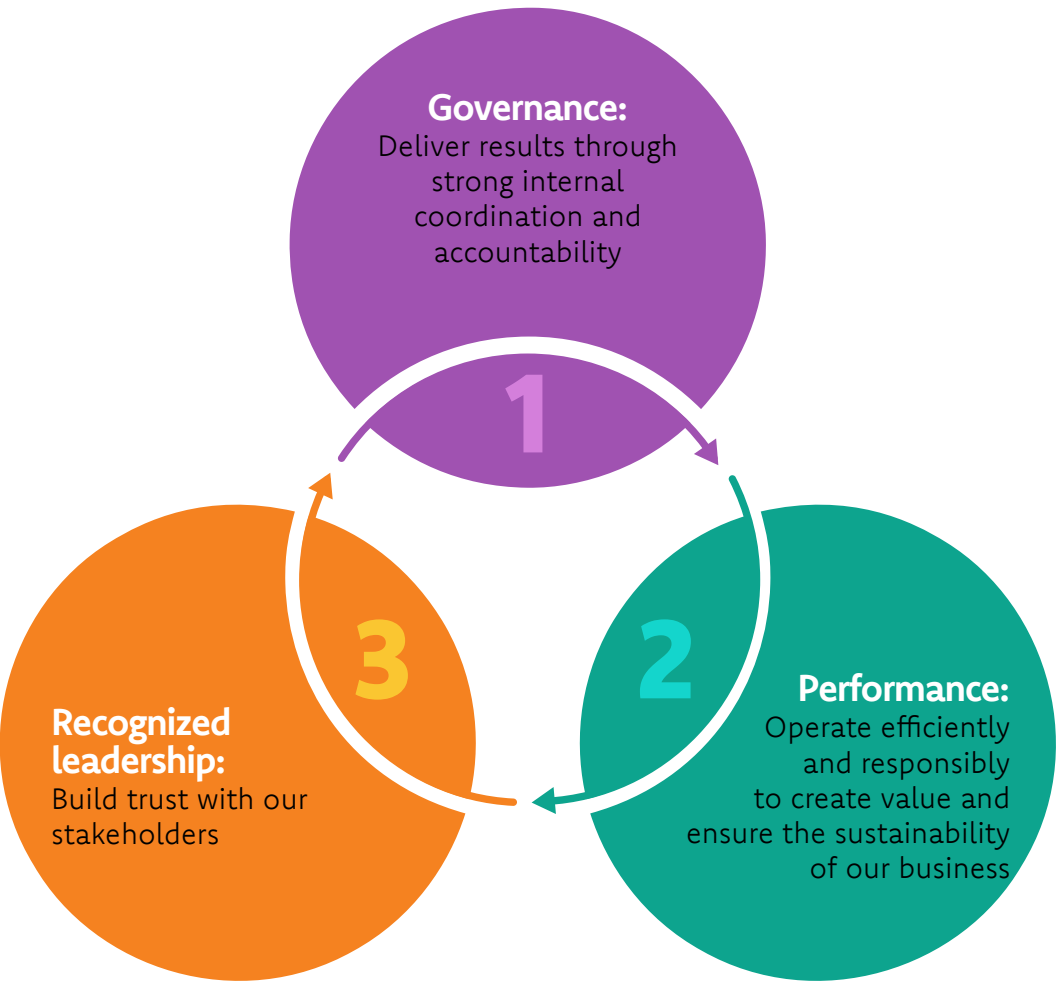
Share benefits with our stakeholders

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



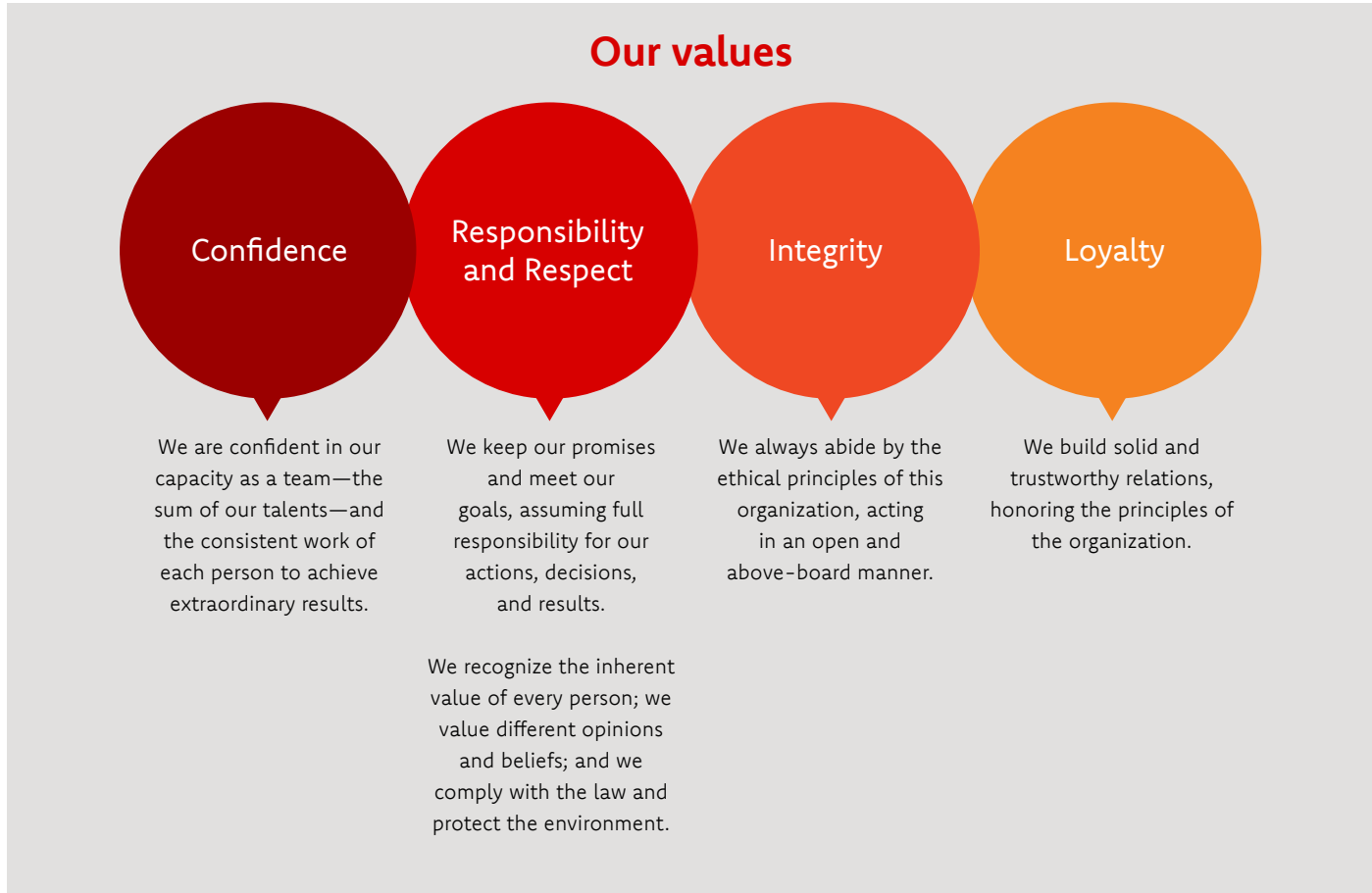
Aware of the importance of having a strong ESG strategy, we have defined three objectives to achieve it:



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 stakeholder relationships. At Peñoles, we are proud of the organizational culture we have forged over the years and consider it a key success factor.

We 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.



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 our 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’ “Live in Balance” initiative focuses 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.

“Safety 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 “Safety Is Everyone’s Commitment” 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 our organization.



Monitoring culture

Monitoring enables us to better understand how our people perceive our culture, mindset, and behavior. 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 to strengthen 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.

Culture monitoring mechanisms

Surveys:

- Ethical culture assessment (Ethisphere Ethics Quotient®)
- Psychosocial risk factors
- “Live in Balance” (well-being)
- “Línea Correcta” (whistleblower line) survey

Indicators:

- Health and safety indicators
- Diversity metrics
- “Línea Correcta” metrics
- Turnover rate



Zero harm

At Peñoles, we seek to manage responsibly the impacts, risks, and opportunities of our activities. To this end, we strive to embed a zero-harm philosophy throughout our 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 foster a strong safety culture and promote 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 roadmap—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 quality, 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 natural capital.



Sharing value

GRI 201-1

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.

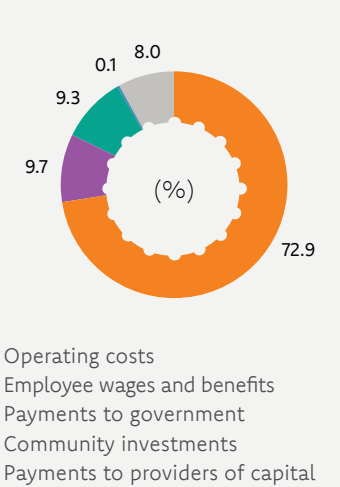
Direct Economic Value Generated and Distributed



Direct economic value generated	2025	2024
Revenues	\$ 8,786,806	\$ 6,728,371
Economic value distributed	\$ 6,405,420	\$ 5,836,459
Operating costs	\$ 4,669,086	\$ 4,092,550
Employee wages and benefits	\$ 619,058	\$ 622,060
Payments to government	\$ 597,708	\$ 815,297
Community investments	\$ 5,905	\$ 7,840
Payments to providers of capital	\$ 513,663	\$ 298,712
Economic value retained	\$ 2,381,386	\$ 891,912

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

Economic value distributed (US\$ thousand)



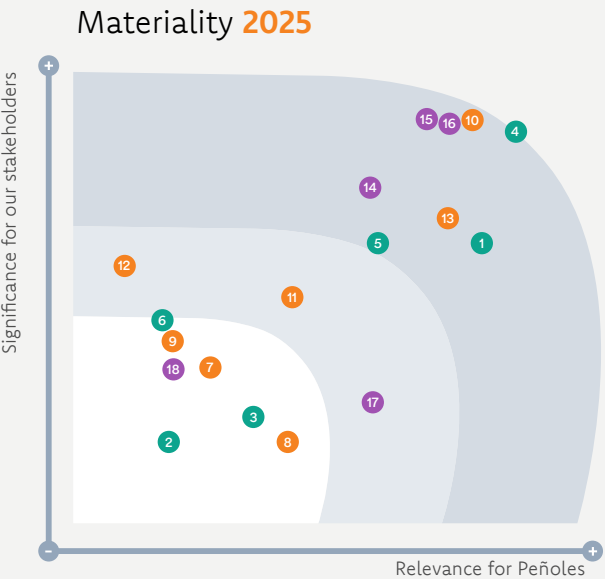
Materiality

GRI 3-1, GRI 3-2, GRI 3-3

The assessment of materiality is one of the main sources of information we use to review our sustainability strategy. We conduct 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 integrate 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.

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	Mine 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	✓
Governance		
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	





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

An issues evaluation 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 assessment’s results are analyzed and validated, they serve as a guide for the disclosure of our sustainability report.

In 2025, we started the adoption of the financial materiality approach of the IFRS Sustainability Standards, mainly IFRS S2 Climate-related Disclosures. In 2026, we will pursue a deeper synergy between the Global Sustainability Standards Board (GSSB)

impact materiality and the International Sustainability Standards Board (ISSB) financial materiality to better understand and treat impacts, risks, and opportunities from a dual materiality perspective.

Contribution to the UN SDGs

Adopted in 2015 by all the United Nations member states, the 17 Sustainable Development Goals (SDGs) serve as a compass for building a more sustainable future. They address the most pressing and urgent sustainability challenges facing humanity. Consequently, companies’ contribution to sustainable development is fundamental.

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 IFRS S1 and S2 frameworks, 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 identified the SDGs most closely aligned with our materiality matrix—those where we can have the greatest impact on stakeholder value creation.

We also identified the SDGs to which we indirectly contribute:



Material to our business

Creating value



Protecting value



Assurance

GRI 2-5

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

Environmental

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

13 CLIMATE ACTION

Environmental management

Climate change

Mining-metallurgical waste stewardship

Waste management

Mine closure

Water stewardship

Biodiversity conservation

Social

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Occupational health, safety, and security

Community engagement

Human rights

Talent development

Relations with indigenous peoples

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

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 2025 Sustainability Report, including other information related to such report that may contain images, audio or video.

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 2025 Sustainability Report, including other information related to such report that may contain images, audio or video.

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.

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, 2025, 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 implies 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 quantitative 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, controlled, and reported through:
 - Inspection;
 - Observation;
 - Confirmation;
 - Re-calculations.

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 is 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, 2025, was not prepared in all material aspects, in accordance with the Criteria section of this report.

Restriction on use and distribution of the report

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 for any other purpose or distributed to any other party.

Galer, Yensuelli, Ruiz Velasco, S.C. Affiliated to a member firm of Deloitte Touche Tohmatsu Limited

C.P.C. David Guerrero Solano Zuriga Mexico City, Mexico May 11, 2026

Annex A

The GRI and SASB indicators subject to limited assurance defined by the Industrias Peñoles Administration for the period ended December 31, 2025, are detailed below:

GRI Indicators	Metrics
2-7 Employees	Peñoles: 1,090 employed women and 7,334 men (unionized and non-unionized) Freemint: 6,424 total employees (unionized and non-unionized) Freemint: 1,897 employed women and 6,121 men (unionized and non-unionized) Industrias Peñoles: 7,178 total employees (unionized and non-unionized) 2,147 employed women and 13,455 men (unionized and non-unionized) 15,692 total employees (union and non-unionized)
2-8 Workers who are not employees	Freemint: 1,250 women and 9,846 men contractors 11,096 total contractors
2-30 Collective bargaining agreements	Peñoles: - Unionized employees of 62.97% (5,305 employees) 8,424 total unionized and non-unionized employees Freemint: - Unionized employees of 77.63% (5,529 unionized employees) 7,178 total unionized and non-unionized employees Industrias Peñoles: - Unionized employees of 69.44% (10,834 unionized employees) 15,692 total unionized and non-unionized employees
201-1 Direct economic value generated and distributed	Peñoles: - Direct economic value generated (revenues) of \$6,786,806 thousand US dollars - Economic value distributed (expenditures) of \$6,405,420 thousand US dollars - Economic value of \$3,381,386 thousand US dollars
202-1 Ratio of standardized entry level wage by gender compared to local minimum wage	Peñoles: Ratio of 1.92 (only \$16,300 as entry level wage / minimum wage of \$8,475.52)

GRI Indicators	Metrics
201-2 Ratio of standardized entry level wage by gender compared to local minimum wage	Peñoles: - Ratio of 2.00 (only \$16,965 as entry level wage / minimum wage of \$8,475.52) Industrias Peñoles: - Ratio of 1.92 (only \$16,300 as entry level wage / minimum wage of \$8,475.52)
204-1 Proportion of spending on local suppliers	57.45% payments to local suppliers
205-1 Confirmed Incidents of corruption and actions taken	Total number and nature of confirmed incidents of corruption: - Complaints related to benefits, bad practices or unethical dealing with suppliers: 3 - Complaints related to conflict of interest: 6 - Fraud-related complaints: 3 - Reports related to theft or destruction of assets: 6 Total number of confirmed incidents in which employees were damaged or disciplined for corruption: 9
206-1 Confirmed Incidents of corruption and actions taken	Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption: 0
207-1 Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of those cases	Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of those cases: 0
202-1 Energy consumption within the organization	Industrias Peñoles: 15,036,448.25 GJ of fuel consumption from non-renewable sources, distributed as follows: 5,731,763 GJ of diesel consumption 98,558 GJ of gasoline consumption 7,965,931 GJ of natural gas consumption 79,736 GJ of LP gas consumption 6,235 GJ of petroleum coke consumption 17,369 GJ of petroleum coke consumption 1,093,142 GJ of metallurgical coke consumption 4,311 GJ of grease consumption 1,854 GJ of firewood consumption 45,704 GJ of lubricant consumption 10,726,044 GJ of electricity consumption Total Energy Consumption: 25,762,492.25 GJ

Deloitte is the independent auditor engaged by Industrias Peñoles to provide limited assurance on the selected information presented in this Sustainability Report, in accordance with the Global Reporting Initiative (GRI) guidelines and the Sustainability Accounting Standards Board (SASB) Metals & Mining standard. For further details please see the [Independent Limited Assurance Report](#).

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Assurance

GRI Indicators	Materiality
Turnover of Industrial Facilities (Process)	569 employees turnover between 30 and 50 years old of employees under 50 years old of age 15.81% • 613 employee turnovers between 30 and 50 years old of age • Turnover rate for employees between 30 and 50 years old of 10.58% • 166 employee turnovers over 50 years old • Turnover rate for employees over 50 years old of 17.27% • 159 women turnover • Turnover rate for women of 13.55% • 2,392 total turnover • Turnover rate for men of 14.08% • Total turnover rate of 13.18%
Turnover of Industrial Facilities (Facility)	Total turnover rate of 13.18% 818 employee turnover under 30 years old • Turnover rate for employees under 30 years old of 18.34% 911 employee turnover between 30 and 50 years old of age • Turnover rate for employees between 30 and 50 years old of 9.90% 266 employee turnover over 50 years old of age • Turnover rate for employees over 50 years old of age of 12.32% • 266 woman turnover • Turnover rate for women of 12.38% • 1,644 men turnover • Turnover rate for men of 12.21% • 1,910 total turnover • Total turnover rate of 11.35%
AES 9 Work-related injuries	Películas • If fatalities as a result of work-related injury for employees • If lost time accidents as a result of work-related injury for employees of 0.80* • If lost time due to work-related injuries excluding fatalities for employees • If high-consequence work-related injuries (excluding fatalities) for employees of 0.50* • If number of work-related injuries resulting from contractors of workable work-related injuries for employees of 17.38% • 10,607,677 hours worked by employees • If fatalities as a result of work-related injury for contractors of 0.20* • If fatalities as a result of work-related injury for contractors of 0.20* • High-consequence work-related related (excluding fatalities) for contractors • High-of consequence work-related injuries (excluding fatalities) for contractors of 7.61* • If lost time due to work-related injuries for contractors • If lost time due to work-related injuries for contractors of 21.33% • 15,207,001.45 hours worked by contractors

407-2 ESG Issue Industry Information of social and governance of the company	Positive Materiality
Only operations in Mexico, Chile and Peru are considered, without considering the subsidiary in the Guyana (not a professional position) Only full-time employees are considered Only the categories of leadership, professional and non-professional are considered. Directors and managers are excluded Only basic salary is considered.	Ratio of the basic salary of normal to senior to main professional positions of 0.99 Ratio of the basic salary of normal to main professional positions of 0.98
Only the categories of leadership, professional and non-professional are considered. Directors and managers are excluded Only basic salary is considered.	Ratio of the basic salary of normal to senior professional positions of 1.07 Ratio of the basic salary of normal to main professional positions of 0.97
Only the categories of leadership, professional and non-professional are considered. Directors and managers are excluded Only basic salary is considered.	Ratio of the basic salary of normal to senior professional positions of 0.96 Ratio of the basic salary of normal to main professional positions of 0.98
Only the categories of leadership, professional and non-professional are considered. Directors and managers are excluded Only basic salary is considered.	Ratio of the basic salary of normal to senior professional positions of 1.06 Ratio of the basic salary of normal to main professional positions of 0.98
Only the categories of leadership, professional and non-professional are considered. Directors and managers are excluded Only basic salary is considered.	Ratio of the basic salary of normal to senior professional positions of 1.06 Ratio of the basic salary of normal to main professional positions of 0.98
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Only the categories of leadership, professional and non-professional are considered. Directors and managers are excluded Only basic salary is considered.	Ratio of the basic salary of normal to senior professional positions of 1.06 Ratio of the basic salary of normal to main professional positions of 0.98

[illegible]



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

GRI 2-12, GRI 2-13

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. In 2026, the ESG Steering Committee will begin enhancing its activities with the progressive adoption of the recommendations of the New Code of Principles and Best Practices of Corporate Governance, issued by the Mexican Business Coordinating Council (CCE).

ESG Committee’s functions

1. Integrate sustainability into the strategic plan, budget, and operational plans.
2. Articulate the sustainability strategy.
3. Establish the framework for managing material impacts, risks, and opportunities (IROs).
4. Periodically review sustainability performance and the effectiveness of IROs management.
5. Monitor the development and compliance with the sustainability regulatory framework.
6. Promote a culture of sustainability at all levels of the organization.
7. Guide stakeholder engagement.
8. Monitor the quality of sustainability reports.

The ESG Steering Committee’s main activities reported to the Board

Climate change – implementation plans for the business divisions

The committee decided to further develop the decarbonization roadmap through implementation plans for the business divisions. These plans must be based on an assessment of the feasibility of the main decarbonization levers in the metals, mining, and chemicals divisions’ operations. The main categories of levers are:

- Increased use of renewable electricity
- Electrification of mining vehicles and equipment
- Fuel substitution

The chief operating officers of the metals, mining, and chemicals divisions will sponsor their divisions’ implementation plans.

Climate change – communication and awareness

The committee reviewed and approved an internal communication campaign on climate change to raise awareness, position the decarbonization roadmap, and make a compelling call to action.

Adoption of IFRS S1 and S2

The committee reviewed the multi-year work plan for compliance with financial disclosure obligations related to sustainability, considering:

- Disclosure requirements
- The finance and sustainability teams’ lines of work

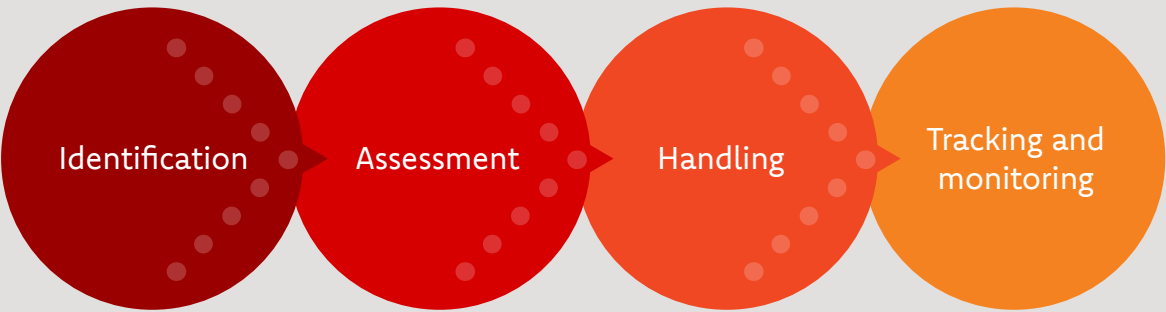
IROs management

GRI 2-9, GRI 2-1-4, GRI 2-16, GRI 2-17

Our activities impact sustainable development, while the socio-environmental context may produce risks and opportunities for our strategy, business model, and operations. We refer to this as “dual materiality”. It is important for us to understand these impacts, our stakeholders’ expectations, and the risks and opportunities that both impact and generate

expectations for our business activity. Impacts, risks, and opportunities (IROs) management is among the key recommendations of the new Code of Principles and Best Practices of Corporate Governance 2025, issued by the Mexican Business Coordinating Council (CCE). IROs reporting takes on special relevance for the GRI standards and IFRS S1 and S2 norms adopted in Mexico.

Risk management process



To identify risks, we consider our impacts and analyze the strategic implications these impacts have for our business. The outcome of this stage is a risk catalog specific to the topic analyzed.

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

We must not only identify risks but also address them appropriately. This requires developing a control framework to prevent, detect, and/or correct the risk’s potential consequences. This step is essential for creating effective strategies that reduce both the probability of and the severity of the risk.

This stage 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.

Enterprise risk management (ERM)

We fully integrate the main sustainability issues into Peñoles’ ERM risk assessment, which enhances our understanding of the relevance of ESG topics within our company’s overall risk profile.

Ethics and integrity

GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26, GRI 2-27, GRI 2-28, GRI 205-1, GRI 408-1, GRI 409-1 SASB EM-MM-510a.1

At Peñoles, the values of trust, responsibility and respect, integrity, and loyalty guide our conduct and decision-making. We are convinced that ethics and integrity represent a strategic advantage for maintaining trust and generating long-term value for our stakeholders. Given this great responsibility, we are committed to adopting international best practices and continuously improving our ethics and compliance program. We are participants in the United Nations Global Compact and are firmly committed to Principle 10: *Businesses should work against corruption in all its forms, including extortion and bribery.*

“At Peñoles and Fresnillo, we enjoy well-defined and deeply rooted ethical values and principles of conduct, earning us the commitment of our collaborators and the trust of our investors, clients, suppliers, communities, and authorities throughout our long history. These values and principles also contribute to the strength of our results and help 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

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 the importance of compliance “The Value of Compliance” 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 pillars¹: 1. Awareness of our ethics and compliance (E&C) program and resources, 2. Perceptions of our E&C function, 3. Observing and reporting misconduct, 4. Pressure, 5. Organizational justice, 6. Manager perceptions, 7. Senior leadership perceptions, and 8. Perception of peers and 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.



¹ <https://ethisphere.com/solutions/culture-assessment/>

Governance

Composed of company executives, the Committee on Ethics and Corporate Values oversees compliance with our 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 our integrity and compliance program.

Led by our chief compliance officer, our corporate compliance department coordinates strategies and initiatives with a preventive approach to avoid incidents of bribery and/or corruption and to ensure adherence to internal and external 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.

Code of Ethics and Conduct

Our [Code of Ethics and Conduct](#) sets the ethical standards that guide the behavior of all employees at Industrias Peñoles, S.A.B. de C.V. With the full support of the Board and the executive team, the Code 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, outlining 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, creating a virtuous cycle for the benefit of society.

Our employees, members of the Board of Directors, and third parties with whom we have business relationships must adhere to our Code of Conduct. The Code contains Peñoles’ positions and guidelines on:

- Corruption and bribery prevention
- Money laundering prevention
- Gifts, invitations, and courtesies
- Political contributions
- Donations and sponsorships
- Facilitation payments
- Fair competition
- Outsourcing of services
- Personal data protection
- Intellectual property
- Information protection
- Inclusion, diversity, and non-discrimination
- Equitable professional development
- Workplace free from harassment and bullying
- Psychosocial risk prevention
- Occupational health and safety
- Community relations
- Respect for the environment

The Code also establishes:

- The mechanism to process reports of unethical conduct (Línea Correcta)
- Corrective measures and disciplinary actions
- No retaliation and protection of whistleblowers

“I am certain that adhering to our Code is very useful for all of us, as it guides us in making better decisions, aligned with our values and principles and in full compliance with the regulatory framework and applicable laws. Likewise, our 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

Policies, guidelines, and procedures

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.

Policies, guidelines, and procedures



Context and strategic considerations

Corruption perception

The World Economic Forum views corruption as a systemic risk that influences long-term competitiveness, reputation, and market stability. Transparency International’s Corruption Perceptions Index does not directly measure corruption incidents but provides valuable insights on the implications for businesses. Fifteen countries account for 99.97% of payments to third parties, with Mexico as the most prominent jurisdiction.



Top 15 countries with payments to third parties

Top 15 countries with payments to third parties				Corruption Perceptions Index	
	País	% Payments	Number of suppliers	Score	Ranking
1	Mexico	97.892	4,756	27	141
2	United Kingdom	0.594	40	70	20
3	United States of America	0.529	189	64	29
4	Singapore	0.404	4	84	3
5	Chile	0.115	16	63	31
6	Spain	0.101	11	55	49
7	Switzerland	0.075	6	80	6
8	Peru	0.071	6	30	130
9	Canada	0.069	41	75	16
10	Australia	0.03	6	76	12
11	France	0.026	5	66	27
12	Japan	0.017	4	71	18
13	Finland	0.01	1	88	2
14	Uruguay	0.012	2	73	17
15	Denmark	0.007	1	89	1

Corruption and bribery risk assessments

GRI 205-1

We identify risks by analyzing processes and behaviors to pinpoint vulnerabilities. These risks are assessed and prioritized based on their likelihood of occurrence and impact. These risk assessments enable us to analyze control effectiveness, develop action plans, and implement monitoring and follow-up measures.

El 100% de nuestras operaciones se encuentra cubierta por la evaluación de riesgo de corrupción.



Ethics and integrity program objectives

- 1. Identify and correct gaps, reducing the legal, financial, and reputational risks associated with fraud, corruption, or other unethical practices
- 2. Foster an ethical culture at all levels of the organization, unifying the organizational culture and aligning employee actions with corporate values
- 3. Ensure that new generations of employees who value working in companies with high standards of integrity have access to a recognized program
- 4. Objectively review the program through external evaluation processes that provide valuable feedback to continuously optimize and refine internal procedures and controls, as well as to plan priority initiatives for the following year

Risk management

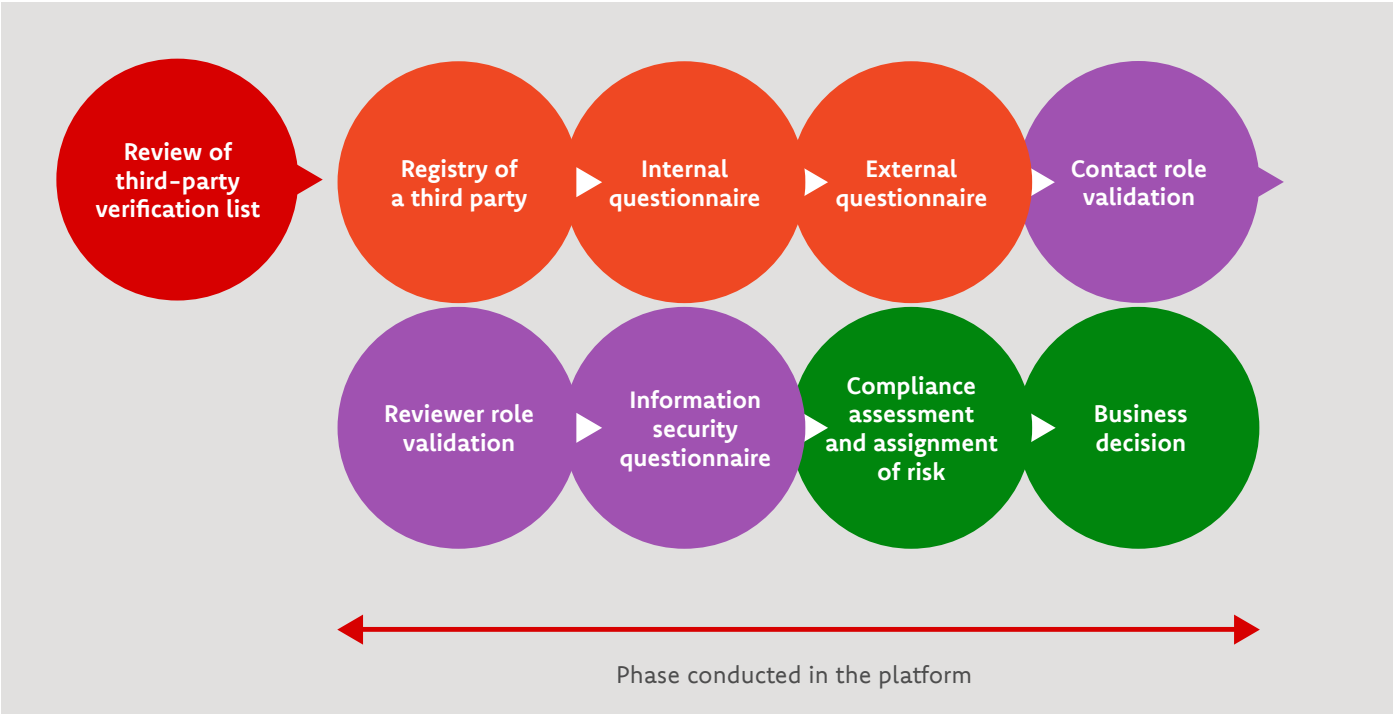
Preventing, detecting, and mitigating integrity and compliance risks is essential to maintaining stakeholder trust and ensuring long-term business success. We established formal processes to manage these risks, supported by a robust due diligence system and the Three Lines of Defense (3 LoD) model:

- 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.

Third-party due diligence

Our [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 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 of 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 2025, 765 due diligence reports were issued with third-party risk assessments.



Due diligence optimization program – next steps

As part of our continuous improvement efforts, we plan the third-party due diligence optimization program for 2026. This program consists of a comprehensive analysis supported by process reengineering, including: i) defining third-party categories, ii) identifying approvers, iii) adjusting questionnaires to quantify risk, and iv) simplifying workflow steps based on

the classification of third parties as critical or non-critical from a compliance perspective. These efforts will contribute to the efficiency of the due diligence process. As part of our due diligence process updates, we will incorporate the Foreign Terrorist Organization (FTO) risk-based assessment. Additionally, our due diligence optimization initiatives include a customized, updated version of BAL Evalúa (an automated due diligence tool)—version 2.0.

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.

Handling cases of corruption and bribery

Any suspicion of bribery or corruption is reported through our institutional whistleblower mechanism, Línea Correcta, and investigated. In addition to the possibility of subsequent legal action, disciplinary measures for those who participate directly or indirectly in bribery or corruption practices through an outside party include 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 corresponding sanctions, and taking 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.



Following amendments to the Mexican Anti-Money Laundering Law, we increased the rigor of our transaction reviews and due diligence processes, with a particular focus on identifying an Ultimate Beneficial Owner (UBO). As a result, over 65% of the transactions analyzed for the sale of concentrates containing metals (gold and silver) were timely reported to the Tax Administration Service in compliance with this regulation. We reiterate our commitment to proactively adapt to any emerging regulatory changes, ensuring our operational integrity and strengthening our stakeholders' trust.

Money laundering prevention – next steps

Looking ahead, the authorities are expected to issue further guidelines to strengthen prevention measures. These include implementing training programs for key personnel, conducting preventive external audits, identifying an Ultimate Beneficial Owner (UBO), and adopting automated systems for transaction analysis using a risk-based approach (RBA).

Harassment, bullying, and sexual violence

In 2025, we began implementing the first phase of our Protocol for Addressing Cases of Harassment, Stalking, and Sexual Violence in the Workplace. To this end, we established multidisciplinary workplace behavior committees, responsible for addressing and resolving cases concerning workplace and sexual harassment for non-unionized employees. Additionally, we conducted awareness workshops for the business units' leadership teams to ensure their commitment and support in addressing these issues. Finally, we held in-person awareness workshops at our Mexico City offices to formally launch the training program.

Protocol for Addressing Cases of Harassment, Bullying, and Sexual Violence – next steps:

- Formalize online training for all employees on workplace sexual harassment and stalking
- Strengthen cooperation with the union by conducting workshops for informal leaders

Political activities involvement prevention

At Peñoles, we are dedicated to pursuing 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 our 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.

Responsible tax strategy

We implement a responsible tax strategy, ensuring compliance with all tax obligations in the countries where we operate.

- We use transfer pricing based on the arm's length principle.
- We do NOT use asset transfer strategies to tax havens or low-tax jurisdictions.
- We do NOT use tax strategies lacking commercial substance.



Grupo Peñoles is a Mexican company with subsidiaries abroad that have a smaller tax impact. Therefore, Mexico represents the most relevant tax jurisdiction.

Government relations and influence on public policies

Establishing institutional and collaborative relationships helps build a strong reputation that facilitates open communication to address strategic issues. We offer our perspective, through chambers and business organizations, 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. We enjoy a solid governance structure and procedures for engaging with governments, regulators, and policymakers.

Through chambers and business organizations, Peñoles is a member of CAMIMEX (Mexican Mining Chamber), CONCAMIN (Mexican Confederation of Industrial Chambers), COPARMEX (Employers' Confederation of the Mexican Republic), CCE (Business Coordinating Council), CESPEDS (Mexican Chapter of the Business Council for Sustainable Development), CCA (Mexican Water Advisory Council), ANIQ (National Association of the Chemical Industry), AMDEE (Mexican Wind Energy Association), COMCE (Mexican Business Council for Foreign Trade, Investment and Technology), and Mining Clusters. We monitor the positions of these chambers and business organizations to verify their alignment with the common good.

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 our 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.



“We Act with Integrity” workshop

We conducted this workshop with our exploration teams in Peru, training a total of 64 participants. Through this workshop, we reinforced various topics, including: conflicts of interest, anti-corruption and bribery practices, regulatory compliance, harassment and bullying prevention, and the reporting system.

Procedure to address reports of unethical conduct

We implement a procedure to address and follow up on reports of unethical conduct. This ensures not only a methodical, objective, confidential, and independent process, but also anonymity, confidentiality, protection from retaliation, and respect of the legal framework.

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 our Code of Conduct

To ensure proper dissemination and training on our 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 fraud prevention, modern slavery, personal data protection, and zero tolerance for sexual and workplace harassment, among other topics. Each participant also completes a conflict-of-interest declaration. In 2025, 2,886 people completed this certification, representing 94% of non-unionized workers.

“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.

Onboarding

Educating new employees on ethics and integrity is a priority. We deliver training to engineers-in-training and new hires in our business units. Topics include our Code of Ethics and Conduct, institutional values, conflicts of interest, anti-corruption practices, and our Línea Correcta reporting channel.

Harassment, stalking, and sexual violence

Our training strategy on this topic focuses on establishing a culture free of workplace violence, starting with the leadership team itself. We recognize that profound change occurs when leaders model behaviors, practices, and decisions. By first strengthening leadership, we aim to ensure that these principles permeate naturally and consistently throughout all levels of our organization, thus guaranteeing that preventing and handling misconduct becomes a daily and sustainable practice.

Among our efforts to prevent harassment, stalking, and sexual violence, we held “The Power of Saying No” webinar. This webinar provided relevant information on how to identify these behaviors, as well as actions to address, sanction, remedy, and eradicate workplace violence in our company. We welcomed 900 live participants, with an additional 288 participants accessing the webinar on demand through our internal training platform.

We further conducted in-person awareness workshops on workplace stalking for 230 people— covering a total of four hours—for the leadership teams of operational units and administrative staff in our Mexico City offices. This training not only reinforced the importance of the issue within the organization, but also underscored the collective responsibility to promote safe, respectful work environments free from conduct that violates our staff’s integrity.

Gifts and hospitality

We engage our employees to promote our company’s gifts and hospitality policy. We implement internal campaigns supported by a trivia contest, where employees respond to hypothetical scenarios involving third-party interactions. Among our 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.

Third-Party Code of Conduct training

As part of our strategy to promote integrity beyond our organization, we provide training to raw materials and service providers based on the principles of our integrity and compliance program.

“Role of Comptroller from a Business Integrity Perspective”

We delivered the “Role of the Comptroller from a Business Integrity Perspective” workshop to our comptroller's team with a total of 60 participants. Key topics focused on their role’s impact, their responsibilities, risk identification, assessment and response, and applicable regulations.

Raw material shippers

Our mission is to promote a strong culture of integrity throughout our organization and with our stakeholders through training programs and strategies based on the conceptual foundations of our integrity and compliance program. To this end, this year we provided training on good integrity practices to a group of raw material shippers on various key topics of our program, including the Code’s content, assurance activities, and the use of our reporting system. A total of 33 people attended, representing 85% of the target group.

Communication

Under our integrity and compliance program, we implement a permanent communication strategy to promote ethical behavior among our employees and stakeholders. Through our “The Value of Compliance” campaign, we highlight the importance of regulatory compliance and its role in building long-term organizational value.



This year we announced key adjustments to our Code of Ethics and Conduct. We also reinforced our internal regulations regarding gifts and hospitality expenses through an internal campaign that addressed our policy of abstaining from invitations and courtesies, as well as gifts from third parties or any company with which we might potentially establish a business relationship. Externally, we also communicated this policy to our domestic and international suppliers through institutional electronic communications issued by our Compliance Department.

“Your Voice Protects Us” – retaliation prevention

We continued the rollout of our “Your Voice Protects Us” campaign, aimed at preventing retaliation, mitigating information leakage risks, and strengthening communication with those who use the reporting channels. The campaign includes practical materials— infographics and videos—that explain the types of conduct that should be reported, expected behavior, the confidentiality of the process, and the debunking of misconceptions that discourage a culture of reporting.

Metrics and performance

Transparency International’s Corruption Perceptions Index

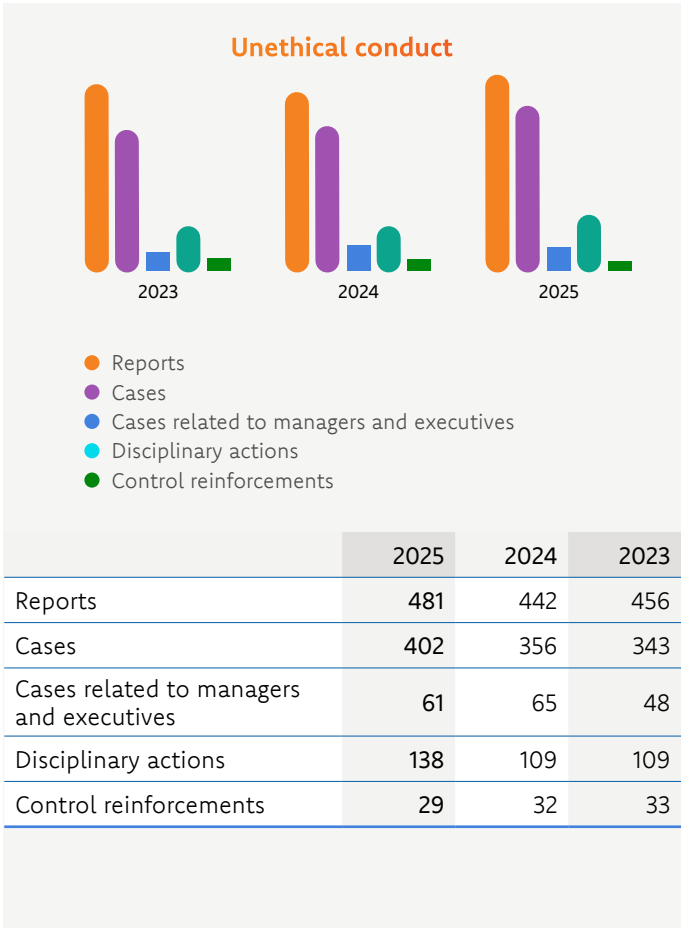
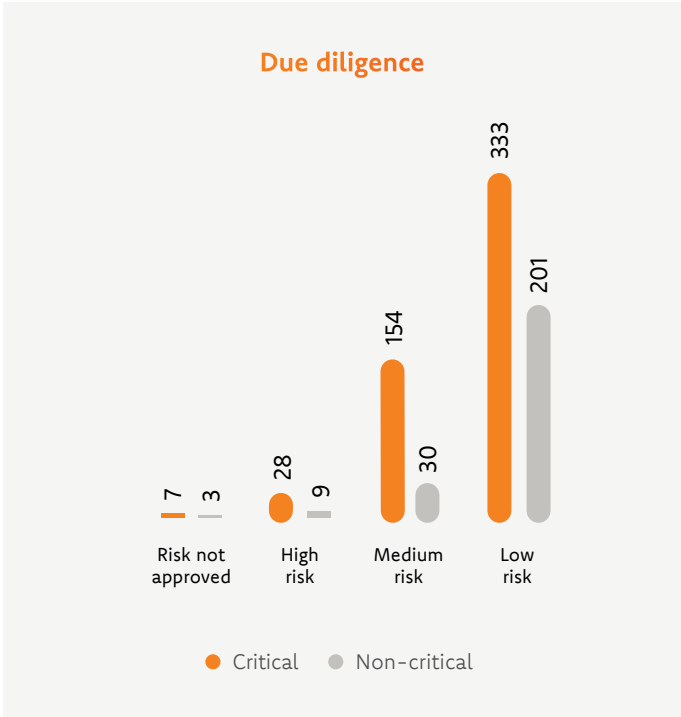
SASB EM-MM-510a.2

Peñoles has no operations in nor purchases from any of the 20 lowest-ranked countries on Transparency International's 2025 Corruption Perceptions Index.

These countries are South Sudan, Somalia, Venezuela, Yemen, Libya, Eritrea, Sudan, Nicaragua, Syria, North Korea, Equatorial Guinea, Myanmar, Haiti, Afghanistan, Turkmenistan, Burundi, Tajikistan, Democratic Republic of the Congo, Comoros, and Cambodia.

Number of cases by category

Topic	2025	2024	2023
Workplace harassment	179	121	108
Abuse of authority	24	33	40
Others	10	20	25
Sexual harassment	42	27	42
Theft or destruction of assets	16	19	18
Benefits, bad practices, or unethical dealings with suppliers	35	42	40
Conflicts of interest	15	18	15
Policy non-compliance	35	19	17
Professional/employment negligence	14	18	13
Hazardous security conditions	9	8	11
Incorrect use of assets	4	7	4
Fraud	9	19	2
Abuse of confidence	2	2	3
Discrimination	8	3	5
TOTAL	402	356	343



Incidents of discrimination and corrective actions taken

GRI 406-1

Discrimination cases	Total
Review by the organization	8
With remediation plans ¹	3
No subject to action	4
Under review	1

¹ The results of our remediation plans are reviewed through routine internal management review processes

Confirmed incidents of corruption and actions taken

GRI 205-3

In the year we had 75 corruption reported incidents, confirmed 18 as bellow:

Cases by topic

Topic	Confirmed
Theft or destruction of assets	6
Benefits, bad practices, or unethical dealings with suppliers	3
Conflicts of interest	6
Fraud	3

For the confirmed corruption incidents 18 disciplined actions were taken, 9 in which employees were dismissed or disciplined for corruption and 9 improvement of controls. We had no Public legal cases regarding corruption brought against the organization or its employees nor incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.

Political contributions

Peñoles did NOT make contributions or donations to organizations with political activities.

Evaluation of our ethics and compliance program

Corporate Integrity Index (IC 500)

This ranking evaluates the integrity and anti-corruption policies of Mexico’s 500 largest companies. For the fifth year in a row, we have been recognized as one of the top companies for our corporate integrity practices. Five components of integrity and compliance culture are assessed, with the highest scores awarded to companies that make their information public and accessible, including their:

- Statement of values
- Code of ethics and conduct for third parties
- Training and coverage
- Whistleblowing mechanism
- Availability and accessibility to policies and procedures on their public website.

Most ethical companies (AMITAI)

We are included in the ranking of the best-evaluated companies in the VI Edition of the Most Ethical Companies 2025, published by El Economista in collaboration with AMITAI®.

This ranking requires a list of best practice criteria and two representative surveys among company leaders and employees. With these inputs, a diagnostic analysis is conducted to identify gaps and strengths, covering these assessment

criteria: i) ethical philosophy, ii) ethical leadership, iii) ethical culture promotion, iv) risk assessment, v) unethical report management, and vi) third-party management.

Ethispere

Ethispere’s Ethics Quotient® (EQ) questionnaire evaluates key ethical practice areas. Ethispere’s evaluation and feedback enable us to identify strengths and opportunities for improvement of our ethics and compliance program.

Collaboration and outreach

We are active members of Ethispere’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 (CLE) at the University of Arizona’s Eller College of Management, and support various initiatives such as the High School Ethics Forum, Collegiate Ethics Case Competition, and the Executive Ethics Symposium.

Cybersecurity

We are 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 allows us to more effectively focus our efforts and increase our cybersecurity capabilities.



Governance

The Audit and Corporate Practices Committee analyzes our company’s main risks—including cybersecurity—and evaluates compliance with relevant regulations. Our Board of Directors includes members with experience in information technology and associated cybersecurity risks.

Context and strategic considerations

In its Global Cybersecurity Outlook 2026 insight report, the World Economic Forum examines cybersecurity trends and risk perceptions of business leaders (CEOs and CISOs). Key risks include cyber fraud and phishing, AI vulnerabilities, exploitation of software vulnerabilities, ransomware attacks, and supply chain disruptions. The report notes that these risks occur within an environment of increased AI adoption, geopolitical fragmentation, and faster, more complex attacks.

Throughout 2025, we developed our cybersecurity program to meet this changing technological landscape and constantly evolving cyber threats.

Our cybersecurity goal

To guarantee the protection of information and the continuity of operations through more robust controls and processes aligned with different cybersecurity frameworks.

- Foster a cybersecurity culture
- Identify critical processes and assets
- Identify and assess risks
- Establish controls
- Develop risk mitigation plans
- Promote secure behaviors, build individual capabilities, and ensure accountability
- Implement effective processes for monitoring threats and responding to incidents
- Ensure effective communication within our organization for reporting incidents, vulnerabilities, and suspicious activity
- Consider security from the initial stages of technological transformations
- Establish cybersecurity expectations for third parties
- Continuous improvement

Information security risk assessments

We keep our security risks up to date, considering critical information assets, threats and incidents, and risk appetite. Through multidisciplinary risk workshops, we identify risks and controls. These assessments enable us to generate treatment plans for risk mitigation.



Our cybersecurity objective:
Ensure the protection of information and the continuity of operations.



Risk management

Under the leadership of our CISO (chief information security officer), our cybersecurity office plays a central role in developing and implementing governance and risk management with a model based on the Three Lines of Defense (3LoD) that involves all levels of our organization:

- **First Line (Operational Management):** Implements and operates day-to-day controls for cybersecurity risks. This line includes information technology (IT), operational technology (OT), and special technology (ST).
- **Second Line (Risk Management and Compliance):** Manages cybersecurity policy and procedures. Designs, defines, oversees, and provides support to cybersecurity risk controls. Promotes a cybersecurity culture. Our cybersecurity office manages this line.
- **Third Line (Audit):** Performs internal and external audits to evaluate the effectiveness and independence of cybersecurity risk controls. Ensures, with independence, the effectiveness of the first two lines. Provides recommendations based on its audits' findings. The internal audit team manages this line.

Information protection, risk prevention, and response

This year, we focused our efforts on increasing our risk prevention and response capabilities to ensure that critical information remains protected and access to our systems is carried out under secure conditions. To this end, we implemented solutions to prevent data loss, improved threat protection platforms, and strengthened controls for external access and users with elevated

privileges. We also made progress in managing mobile devices and applications, which will reduce the attack surface and ensure that every digital interaction within our organization is conducted according to security standards.

Operational management

We focus on continuous improvement in our cybersecurity processes, with the goal of ensuring a resilient digital environment against threats that could compromise operations, business continuity, and regulatory compliance. To this end, we implement controls aligned with the NIST Cybersecurity Framework best practices.

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 increasing and strengthening the visibility of our operational technology at our mines and plants. We implemented active monitoring capabilities across various business units, increasing visibility and responsiveness to incidents. These capabilities aim to improve agility in addressing events that could compromise security and ensure the stability of our operations' critical processes. This is essential for their integration into our security operations center (SOC), enabling rapid and timely alerting.

Third-party risk management

Through our BAL Evalúa platform, we incorporate the identification and evaluation of our cybersecurity technology providers into our due diligence process. This process allows us to validate their acceptable level of risk and to maintain constant monitoring of their risk throughout their lifecycle with our organization.

Audit

Our rigorous audit process 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 our cybersecurity position.

Training and cybersecurity awareness

We implement initiatives to raise awareness and develop our people's skills regarding safe technology use. These actions strengthen a safety culture that complements our technical and operational efforts.

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.

Safe use of 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 suspicious or of dubious origin
- Use corporate devices to access our 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.

Secure technology use and data loss prevention (DLP) training 2025

This training focused on updating knowledge about account, device, and system protection; mobile device security and management; credential theft; phishing; vishing; malware; and data breaches. It also covered data loss prevention (DLP) management.

"Hacker Code"

For the fifth consecutive year, we organized the Hacker Code cybersecurity congress in conjunction with other companies in the BAL Group. The event featured participating corporate directors and CEOs, who reinforced our organization's commitment to cybersecurity.

**CÓDIGO
HACKER**

Responsible value chain

GRI 2-6, GRI 408-1, GRI 409-1

Governance

Value chain responsibility signifies a company’s strategic management of relevant environmental, social, and governance issues across their products’ lifecycle. As we move to a circular economy, society increasingly expects businesses to be more involved in pressing issues like climate change, water stewardship, waste management and the conservation of the natural capital. Similarly, society expects a positive contribution from companies to eliminate corruption and respect human rights. These expectations extend to a company’s value chain.

The World Economic Forum recognizes that sustainability is a shared responsibility that demands coordination and collaboration. “Success isn’t about isolated efforts; it involves aligning strategies, working with partners and taking meaningful steps toward lasting change.”²

Context and strategic considerations

Our strategic management of sustainability issues across the value chain requires close cooperation among our company’s logistics, supply chain, operations, sales, compliance, and sustainability teams. The Committee on Ethics and Corporate Values and the ESG Steering Committee provide governance on our value chain’s multiple ethics and sustainability topics.

At Industrias Peñoles, we are aware of society’s expectations and take action to manage the impacts, risks, and opportunities of sustainable development across our value chain. Our [Third-Party Code of Conduct](#) sets our ethics and sustainability expectations for our value chain partners.



Peñoles’ Third-Party Code of Conduct establishes mandatory standards of integrity and sustainability for suppliers, contractors, and business partners. Its main topics include prevention of corruption and bribery, respect for human and labor rights, environmental compliance, data protection, and a formal commitment to acting ethically throughout the value chain.

Among the Code’s main topics are:

Integrity and compliance:

- **Anti-corruption and bribery:** Zero tolerance for active/passive bribery, facilitation payments, and demands for undue advantages
- **Conflicts of interest:** Obligation to disclose any situation where the interests of a third-party conflict with those of Peñoles
- **Gifts and hospitality:** Strict regulations governing the acceptance or giving of gifts, meals, or entertainment

Information protection:

- **Confidentiality:** Protection of personal data and proper handling of Peñoles’ information

Human and labor rights:

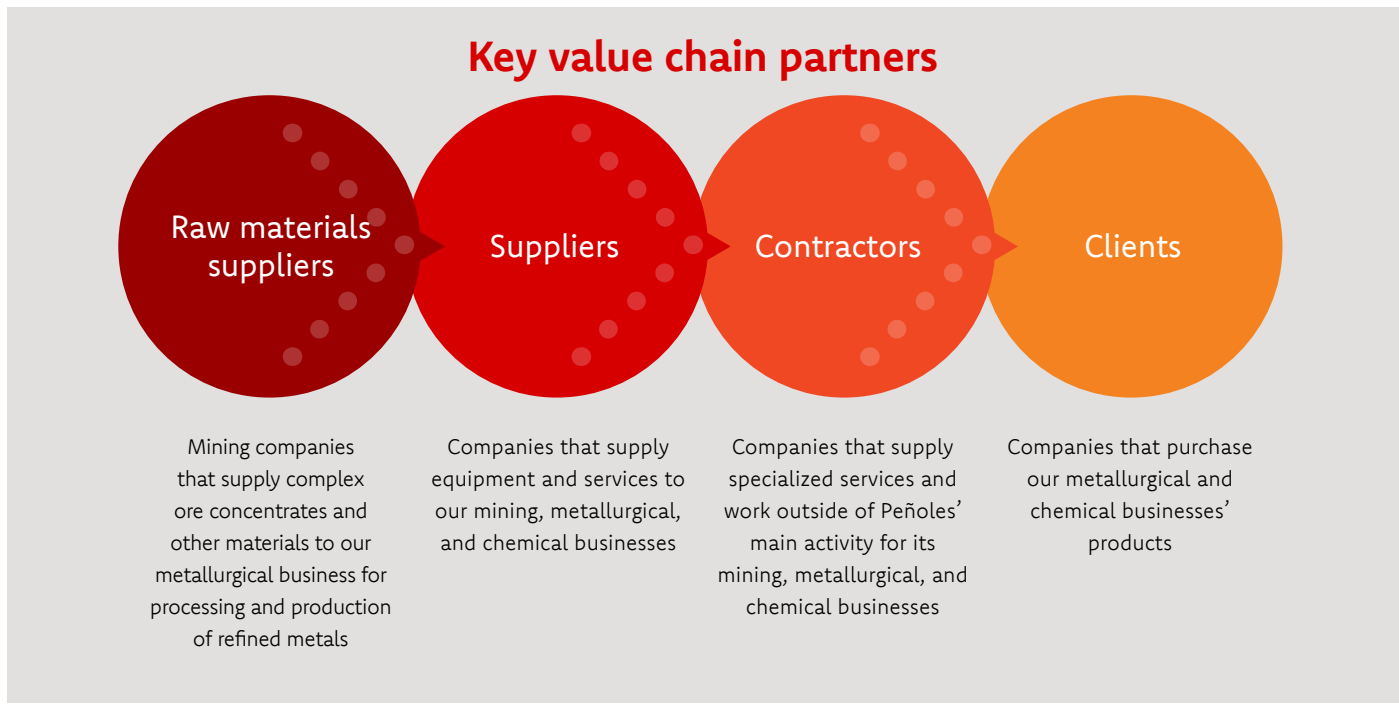
- **Respect for labor:** Strict prohibition of forced labor, child labor, and any form of harassment or discrimination
- **Safety:** Guarantee a safe and dignified work environment

Sustainability and environment:

- **Environmental responsibility:** Compliance with environmental regulations and adoption of responsible practices
- **Community relations:** Respect for the communities where we operate



Industrias Peñoles has implemented initiatives to manage the impacts, risks, and opportunities related to sustainable development across its value chain.



² World Economic Forum, 2025, Five reasons why sustainable value chains are good for business.

Impact, risk, and opportunity management

Raw materials suppliers

Due diligence and audits

Before entering any business relationship with raw material suppliers, we conduct a comprehensive verification process based on risk levels and mitigation measures. As part of this due diligence process, raw material suppliers commit to upholding our standards in ethics and integrity, human and labor rights, occupational health and safety, and respect for communities and the environment.

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 London Bullion Market Association (LBMA) Gold and Silver Responsible Sourcing Guidelines. These audits include interviews to understand 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. In 2025, we visited the operations of 14 raw material shippers.

Certifications

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 to our refinery and due diligence and risk management processes. 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.

Training

As part of our commitment to building strategic relationships and working together sustainably, we provided training on our Third-Party Code of Conduct and relevant sustainability topics. In 2025, we offered training on “Good Integrity Practices” and “Waste Management in Mining” to share Peñoles’ best practices. Five raw material suppliers participated in the “Sustainable Chains” program of the Mexican Stock Exchange.

The Mexican Stock Exchange’s “Sustainable Chains” mentoring program

We collaborate with our partners in the value chain to develop the capabilities for managing 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 “Sustainable Chains” mentoring program 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 receive from participating shippers is very positive and valuable, helping participants identify their level of maturity in these issues and areas for opportunity.

Suppliers

Due diligence

We conduct comprehensive due diligence of our suppliers. Our due diligence process considers their level of risk and corresponding mitigation measures. As part of this process, suppliers commit to upholding our standards.

Assessments

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

For these critical suppliers, we employ a monitoring and evaluation program that covers their business management. The outcomes are useful to select suppliers to participate in skill-building programs. These programs include the piloting of sustainability questionnaires on issues such as climate change, water management, human rights, community relations, and diversity, equity, and inclusion. From these assessments, we have conducted an initial identification of risks, opportunities and levels of maturity in sustainability in our supply chain.

Modern slavery prevention

Our company conducts enhanced due diligence of contractors and suppliers as part of our efforts to ensure a business environment free of modern slavery. This due diligence is part of Fresnillo plc and Peñoles' responsible practices to comply with the UK Modern Slavery Act 2015, designed to eradicate slavery, servitude, forced labor, and human trafficking.

This due diligence of our partners in the value chain deepens our understanding of their human rights policies, prevention practices (e.g., communication, awareness-raising, training), reporting mechanisms, and due diligence in the second tier of our value chain.



We hold responsible supply certifications.



Capacity building

In 2025, we started developing internal capabilities to calculate scope 3 emissions for critical supplies. Our procurement team was trained in the fundamentals of climate change and water risks to better integrate these sustainability considerations into our supply chain monitoring and decision-making. This training focused on the physical and transition risks of climate change and the potential consequences of water stress and extreme rainfall events.

Contractors

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.

Recognizing contractors’ safety performance

Our supplier and contractor development program recognized 73 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 our 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 to 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 offers a well-established supplier-contractor development program to support the growth of local companies, so they can provide better service with more qualified personnel.

73 companies from our metals and mining divisions for achieving the goal of zero accidents, zero injuries, and zero fatalities.



Contractor and supplier evaluation and development program – Met-Mex metallurgical complex

Our Metals division enjoys 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 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

At Peñoles, all our 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 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 closely monitor the key sustainability trends and expectations of our clients and markets for our products.

Ethical conduct

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.

Collaboration on sustainability

We are committed to working closely with our customers to support their sustainability goals. We also recognize that there is increasing interest in understanding the carbon footprint of our products, decarbonization plans, and human rights practices. Consequently, our sales, operations, quality, logistics, and sustainability teams work closely to answer questionnaires and

conduct interviews with our customers about the company's sustainability practices and the environmental footprint of Peñoles’ metals and chemicals.

Certifications and assessments

Certifications for precious and base metals—particularly the LBMA and LME—are highly relevant to international markets. Our metallurgical complex and raw material value chain are certified on both. In the chemical sector, our Química del Rey subsidiary participates annually in the EcoVadis assessment. This year, we added the EcoVadis assessment for our Milpillas operation, a copper cathode producer.

Logistics

Transport companies are essential partners in the value chain. We maintain high standards of safety and environmental protection in the transport of raw materials, metals, and chemicals. We collaborate with our carriers to pursue energy efficiency from both an economic and environmental perspective. Our logistics and sustainability teams are developing capabilities for calculating Scope 3 emissions.

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

GRI 2-25

We are committed to respecting the human rights of our employees, contractors and suppliers, communities, and Indigenous peoples considering the United Nations Guiding Principles on Business and Human Rights (UNGP) and the Ten Principles of the Global Compact. Our Code of Conduct and Third-Party Code of Conduct require employees and value chain partners 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 freedom of association and collective bargaining, as applicable within the country’s legal framework. We also respect the rights of Indigenous peoples to consultation in accordance with the regulatory framework of the countries where we operate and develop projects. We manage security considering good

practices from the Voluntary Principles on Security and Human Rights.

Governance

Leadership and governance play an important role in creating a culture of respect for human rights and integrating it into our organization's processes. The Ethics and Corporate Values Committee and the Honor Commission are our 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 aspects of our health, safety, environmental, and community performance relevant to the respect for human rights.



Policies, guidelines, and procedures



Respect for other positions and opinions

We stand firmly 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.

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.”³ Human rights positively contribute to a dignified life, with freedom from want and fear.

Society's expectations for corporate transparency and accountability on human rights are embodied in several international frameworks and regulations— notably the Global Compact and the UNGP—that set forth 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, can potentially 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.

3 <https://www.un.org/en/global-issues/human-rights>

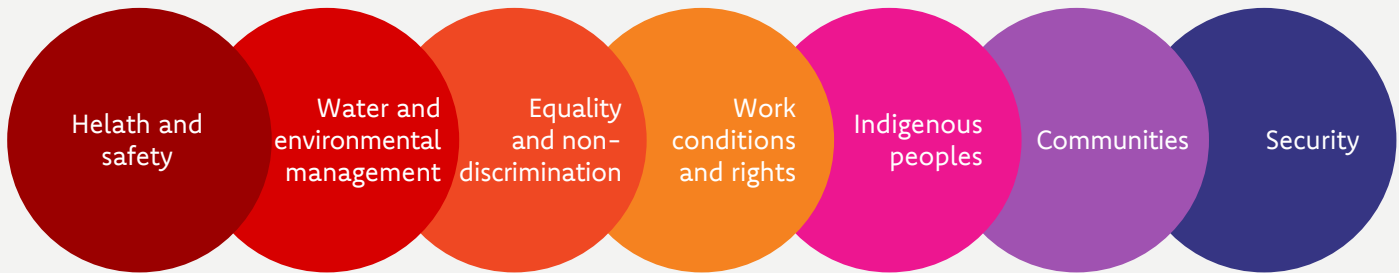
Impact, risk, and opportunity management

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.

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



Salient risks



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 workplace conditions
2	Exposing employees to temporary or permanent injury due to hazardous or unsafe workplace conditions 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

The following table identifies the most relevant potential human rights risks and the report sections that document the measures we implement to manage impacts, risks, and opportunities—our performance and metrics.

Salient risks	Report sections
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
Igualdad y no discriminación	Our people Value chain Culture and values
Work conditions and rights	Our people Value chain
Indigenous peoples	Indigenous peoples
Communities	Communities Mine closure
Security	In this section



Training, communication, and awareness

We regularly communicate and conduct workshops on environmental protection, occupational health, industrial safety, cultural evolution, diversity and inclusion, data privacy, and our Codes of Conduct, considering their relevance to human rights.

Reporting mechanisms

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

Engagement with other organizations

We actively participate in the Mexican Mining Chamber’s Commission for Community Development and Human Rights to share and strengthen best practices. 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 Organisation for Economic Co-operation and Development (OECD).

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 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 consider the recommendations of 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

We contract 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 on our human rights expectations, as defined in the Third-Party Code of Conduct. Our comprehensive oversight includes periodic evaluations and regular meetings with these providers.

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 human rights training. 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.

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.

Metrics and performance

We offer multiple channels for our stakeholders to raise concerns, including a dedicated grievance mechanism for communities and our [Línea Correcta](#) whistleblower channel, which covers both our company and partners’ conduct throughout the value chain.

In 2025, no complaints were recorded in our reporting mechanisms about human rights violations against communities by the Federal Protection Services, the Chihuahua State Police, or private security companies.



Our people

Our people’s talent and commitment are fundamental to fulfilling our 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 to 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 our 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

Made up of company executives, the Committee on Ethics and Corporate Values supervises and monitors compliance with our 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.

Policies, guidelines, and procedures



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.

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.

Please find more information in the [\(Culture and Values section\)](#).

Management approach



Workplace environment and working conditions

At Peñoles, we promote workplace modernity, focused on the three pillars of ethical, safe, and productive work. 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.

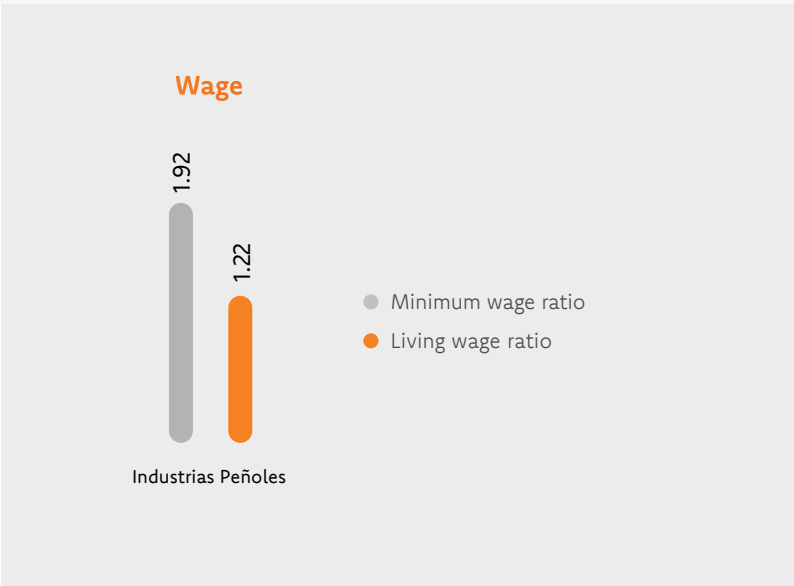
Psychosocial risks

Mental health is an important component of overall well-being and is 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.

Discrimination, harassment, stalking, and sexual violence

Our goal is to guarantee a work environment free of discrimination, harassment, stalking, and sexual violence. In 2025, we began implementing the first phase of our Protocol for Addressing Cases of Harassment, Stalking, and Sexual Violence in the Workplace. To this end, we established multidisciplinary workplace behavior committees, responsible for addressing and resolving cases related to workplace and sexual harassment for nonunionized employees. Additionally, awareness workshops were conducted for the business units' leadership teams to ensure their commitment and support in addressing these issues. Finally, we held in-person awareness workshops at our Mexico City offices to formally launch the training program. Our "Línea Correcta" reporting mechanism further allows for the reporting and handling of cases.

We are committed to ensuring living wages for our employees.



Living wages

We are committed to ensuring living wages for our employees. The living wage ensures a decent standard of living, contributing to UN Sustainable Development Goals 1 “No Poverty”, 8 “Decent Work”, and 10 “Inequality”.

We adopted an indicator that compares the compensation of our company's lowest-paid employees against the living wage. Our analysis is based on the living wage proposed by the "Dignified Life" initiative, a joint effort of several non-governmental organizations and business confederations, notably Citizen Action Against Poverty, the Mexican Center for Philanthropy (CEMEFI), and the Mexican Employers' Confederation (COPARMEX). The living wage in Mexico exceeds the legal minimums.

Benefits provided to full-time employees

GRI 401-2

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.



Benefits

- Social Security:
 - Medical care
 - Childcare
 - Retirement savings
 - Housing fund contributions
 - Disability or invalidity coverage
 - Life insurance
- Vacation
- Vacation bonus
- Christmas bonus
- Seniority bonus
- Savings fund
- Grocery vouchers
- Maternity/paternity leave
- Exceptional leave of absence permits
- Weekly rest days
- Mandatory rest days
- Lactation rooms
- Other: Cafeterias and transportation

Termination of personnel

When layoffs are unavoidable to preserve our company's viability, we manage our obligations responsibly and in compliance with applicable laws.

At Peñoles, we fully comply with labor laws, treaties, international conventions respecting workers' rights.

Labor relations

GRI 407-1

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.

Strikes and lockouts

SASB EM-MM-310a.2

Resumption of operations at Minera Tizapa

In compliance with the court ruling, Minera Tizapa and the union signed an agreement to regularize the payment of wages and benefits in accordance with the Federal Labor Law. The company made all payments, fulfilling the agreement. Once this agreement was met, Minera Tizapa resumed operations.

This interruption of operations lasted 123 days in 2024 and 180 days in 2025, involving fewer than 1,000 unionized workers.

Mexican labor authorities verified that the training and occupational health and safety committees operate in accordance with applicable regulations. Minera Tizapa continuously monitors compliance with the collective bargaining agreement and maintains a constructive dialogue with the union, in accordance with current local labor legislation.

Collective bargaining agreements

GRI 2-30, SASB EM-MM-310a.1

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.

69.4% of our direct employees are covered by collective bargaining agreements.

We offer our nonunionised employees competitive and fair salaries and benefits, based on salary surveys and the Korn Ferry Hay Group methodology for job evaluations and salary scales.

Notice periods regarding operational changes

GRI 402-1

Mexico's Federal Labor Law (LFT) does not establish a single, strict timeframe for notifying stakeholders of operational changes. Collective bargaining agreements (CBAs) establish general working conditions and specific deadlines for communicating operational changes that result in modifications to working conditions.

At Peñoles, we maintain constant interaction with representatives of our unionized workers to discuss operational changes and manage them collaboratively, in compliance with the CBA. These changes may be addressed during collective bargaining negotiations, reviews of productivity incentive systems, or through industrial safety sessions.



Human capital

GRI 404-2

Competent and committed talent is essential to achieving our goals. Our objective is for all our people to enjoy the necessary competencies to thrive and contribute to the success of our organization.

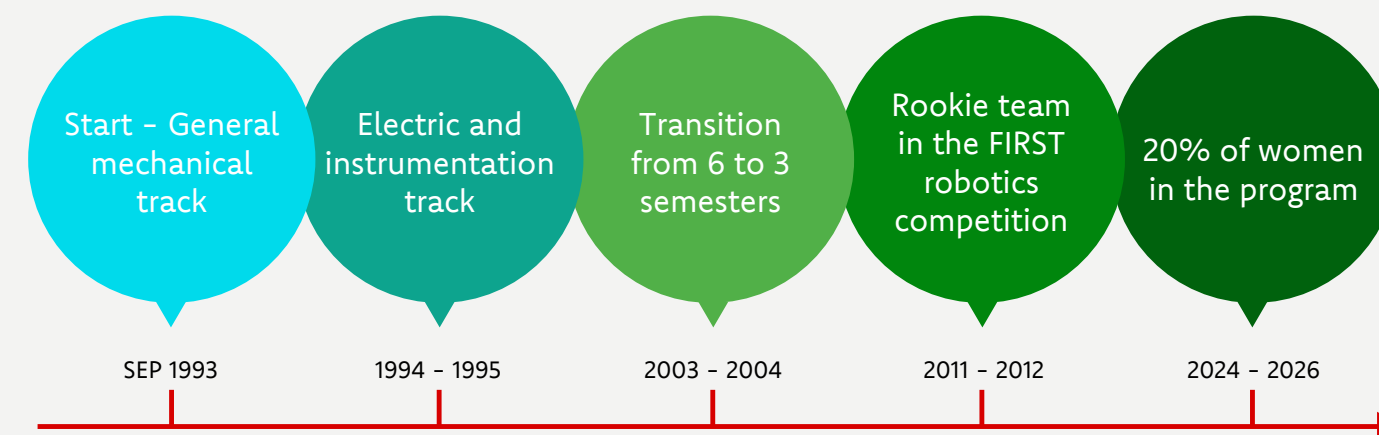
Technical talent

We employ a competency-based training and development model for technical personnel. Our approach integrates technical teams with experts and both unionized and nonunionized employees to develop competency standards and training solutions. We offer training and competency certification programs. Over the years, we consolidated two core competency training programs for the business: mobile mining equipment operation and maintenance.

Mobile mining equipment operation

This skills development program aims to develop competent mobile mining equipment operators and mechanical and electrical maintenance technicians. The program's learning method combines classroom or virtual training with simulator training and hands-on

CETLAR's historical milestones:



practice with real equipment in the field. For this program, we selected operators with extensive experience to form the group of instructors, who also participate in CAMIMEX technical groups to keep their CONOCER competency standards up to date.

Maintenance - CETLAR

The Laguna del Rey Center for Technological Studies (CETLAR) has trained the most competent maintenance technicians in our industry since 1993. This program selects and develops young people from our communities in technical, administrative, and interpersonal skills in mechanical-electrical and electrical-instrumentation specializations. The program offers full scholarships including room, board, and other educational expenses. Upon completion of the program, participants are offered the opportunity to join our company.

CETLAR is an educational institution, incorporated into the Coahuila State Department of Public Education, and operated by Industrias Peñoles. Located in the community of Laguna del Rey in the municipality of Ocampo, Coahuila, this center operates a dual educational model with 20% theory and 80% practical training. The program content is constantly updated to meet our operational needs. The training consists of three semesters, with the first two at the institution in Laguna del Rey and the last one at the operational unit of their community of origin, under the mentorship of

an advisor and with financial support. Between 1993 and 2025, CETLAR graduated 1,070 young people from our communities, significantly contributing to access to decent employment and our organization's talent management goals.

In 2025, our company received the prestigious Exceptional Company award from the Business Coordinating Council, the Communication Council, and the Institute for the Promotion of Quality (IFC) for "The impact of CETLAR on the training of young leaders for our Company and Community."





Certification of competencies

At Peñoles, we operate a certification and assessment entity authorized by CONOCER, a Mexican federal agency responsible for standardizing and certifying workplace competencies. Through this entity, 36 active assessors conduct assessment and certification processes across the group's business units. Of the personnel targeted for certification, 78% achieved certification, while 22% are currently developing their skills to reach certifiable competency levels.

Certification of competencies – CONOCER

- We are the first registered certification and assessment entity for the mining sector.
- We proposed seven of the 10 competency standards recognized by Mexican authorities for the mining sector.
- We are currently accredited to certify 16 competency standards.
- Throughout the project, we have developed unionized and nonunionized workers as CONOCER-recognized evaluators.
- We are part of the competency development committee of the Mexican Mining Chamber (CAMIMEX), where we positively lead the development and certification of competencies for the mining sector.
- The competency standards are registered in the National Registry of Competency Standards (RENEC), which provides them with the endorsement of the Ministry of Public Education (SEP), the Ministry of Labor and Social Welfare (STPS), and CAMIMEX.
- The National Competency System allows individuals to obtain an official work certificate. In this way, our program fosters the development and official certification of talent in our communities.

Instructor development for the metallurgical and chemical businesses

In 2024, we launched an instructor training program for operational staff in various key processes. A group of our operators are trained as instructors. In this way, the instructors play a key role in the training programs for their own colleagues. We use the “learning organizations” methodology, which aims to facilitate the flow of knowledge between individuals, groups, and the organization, transforming learning into a competitive advantage.

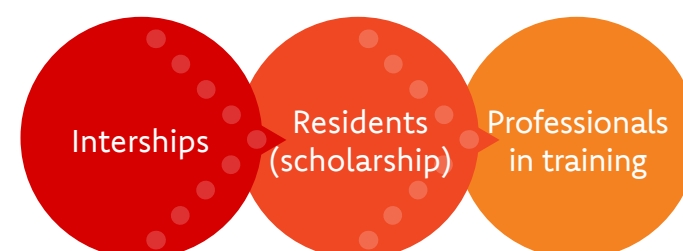
Professional talent

GRI 404-2

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.

Student development

This program comprises visits, internships, and residencies that allow us to identify and develop the talent of university students to meet our organization's current and future needs. The visits aim to open our company's doors to students. The program enables students to gain experience as interns and continue their development as residents. Residents are scholarship recipients and receive financial support from our company. The residents' performance is evaluated, and the best candidates, upon graduation, can join our professional training program.



Professionals in training

Initiated in 2003, our engineers in training program aims to attract top talent from Mexico's leading universities in engineering and earth sciences—strategic areas for our business. With over 103 cohorts and 2,618 graduates to date, engineers in training follow a structured program upon joining our company that introduces them to the business, builds skills, and instills our company's culture and values. Professionals in training enjoy permanent employee status. They receive both general training and specialized training for the business division they will join. Currently, several of our mine managers and general operations superintendents are graduates of this program.

Performance evaluation

GRI 404-3

In 2025, we reorganized our performance evaluation strategy to strengthen alignment at all levels of our organization with our business's strategic goals and objectives. Our performance evaluation considers two components that are reviewed independently. The first is an assessment of the achievement of global, individual, and emerging business objectives. This review seeks to encourage performance. The second component reviews compliance with job responsibilities. This review considers job results, technical knowledge, and organizational competencies. This component of the evaluation seeks to identify opportunities for skills development.

97.2% of qualifying nonunionized employees completed their 2026 goals planning. This planning used libraries of objectives aligned with executives' performance agreements. We deployed the goals planning process in a top-down manner with feedback to facilitate alignment with the immediate supervisor's objectives. This process fostered dialogue within our organization to establish and align employee objectives.

Talent development and retention

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 always have the right people in the right roles.

We enjoy 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.



Diversity, equity, and inclusion

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

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. We apply 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

BAL Without Barriers is a joint initiative of the Grupo BAL companies that seeks to strategically integrate awareness-raising, bias reduction, and inclusion actions into the organizational culture.

This initiative features executive training on unconscious bias, mentoring programs for women, and Diversity, Equity, and Inclusion Week, featuring conferences and panels to raise awareness and inspire change.

In 2025, recruitment teams were trained in inclusive selection and interviewing techniques. Additionally, the BAL Without Barriers Conference was held, showcasing conferences and testimonials from speakers who offered inspiring new perspectives on the inclusion of talent with disabilities.



In 2025, we provided preventive medical surveillance to 5,620 employees.

Live in Balance

An initiative of the Grupo BAL companies, the Live in Balance program promotes the comprehensive well-being of employees and their families. The program provides strategies and tools that boost physical, mental, social, and financial health. It began with a survey measuring well-being levels, providing the organization with information for the program’s design and offering participants confidential and individual feedback.

In 2025, we promoted health through the medical surveillance of 5,620 participants with assessments ranging from blood chemistry to more specialized studies based on the population’s profile. To promote mental health, we organized webinars and launched a communication campaign featuring infographics on healthy habits for stress management. We introduced the “Balance and Well-being” online training module with topics designed to promote a healthy work environment, prevent emotional burnout, and develop productive and positive daily life habits.

We promoted an array of sports and social activities, including the BAL 2025 Sports and Cultural Games with 547 participants competing in six disciplines over six weeks. In addition, we organized the “10K Goal” race in Torreón, Coahuila with 900 runners; the “For Your Health, Run and Walk” race in Bermejillo, Durango with 370 participants; and the “Desert Challenge” race in Laguna del Rey, Coahuila with 680 runners.

Social commitment

We participate in programs aimed at strengthening youth talent.

The BAL UNAM Award in Earth Sciences, Renewable Energy, and the Environment

The BAL-UNAM Award in Earth Sciences, Renewable Energy, and the Environment recognizes the best undergraduate, master's, and doctoral theses from graduates of the National Autonomous University of Mexico (UNAM) and other institutions. Sponsored by Grupo BAL and the UNAM Foundation, this prestigious award promotes innovative and socially responsible research in mining, geology, petroleum, metallurgy, and sustainability. Concluding in 2024-2025, the 7th edition received 84 submissions, making it one of the most successful editions. The call for submissions for the 8th edition (2025-2026) is now open.

Leaders in Motion program

Promoted by the Mexican Business Council, this extracurricular leadership program seeks to recognize and foster young talent in Mexico through academic and professional development. The 60 students we supported participated in activities such as conferences, workshops, online courses, personalized mentoring, and opportunities to develop solutions to real-world problems. The program also aims to cultivate volunteerism among our employees who serve as mentors to the students.

Bañeros for Education

This program supports undergraduates at ITAM to complete their studies through voluntary staff donations from our company.

Metrics and performance

Workforce composition

GRI 2-7, GRI 2-8, SASB EM-MM-000.B

Workforce

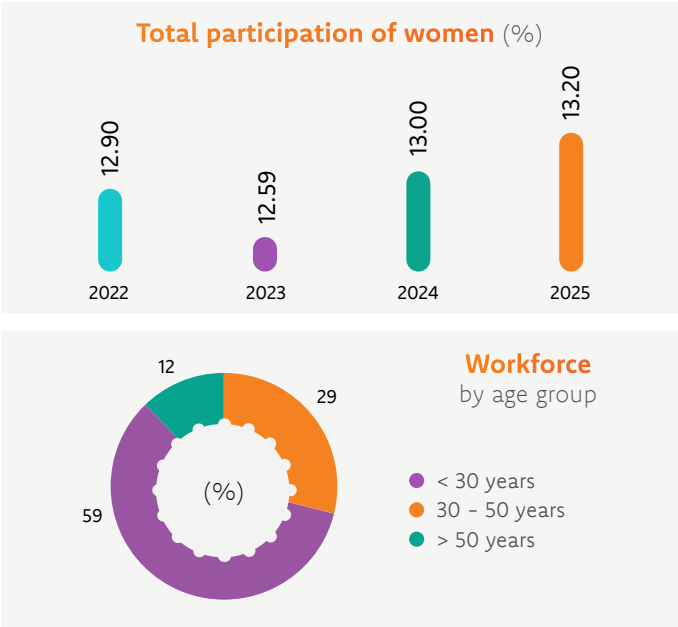
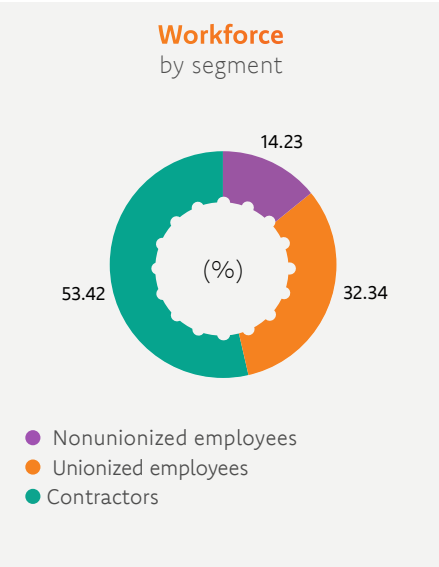
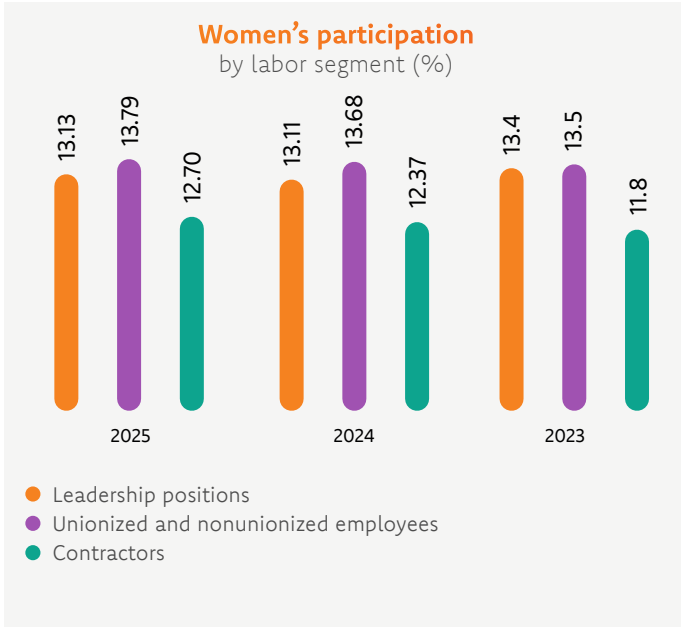
Segment	Fresnillo plc	Peñoles	Industrias Peñoles	
			2025	2024
Nonunionized employees	1,649	3,119	4,768	5,058
Unionized employees	5,529	5,305	10,834	10,704
Contractors	11,096	6,798	17,894	16,474
TOTAL	18,274	15,222	33,496	32,236
% Contractors	60.72%	44.66%	53.42%	51.10%

Employees of Bal Holdings and Quirey do Brasil are not included.
The audited figures for contractors only consider Fresnillo.

Workforce by gender

Company	Fresnillo plc			Peñoles			Industrias Peñoles		
Segment	Nonunionized employees	Unionized employees	Contractors	Nonunionized employees	Unionized employees	Contractors	Nonunionized employees	Unionized employees	Contractors
Men	1,294	4,827	9,846	2,466	4,868	5,775	3,760	9,695	15,621
Women	355	702	1,250	653	437	1,023	1,008	1,139	2,273
TOTAL	1,649	5,529	11,096	3,119	5,305	6,798	4,768	10,834	17,894
% Women	21.5%	12.7%	11.3%	20.9%	8.2%	15.05%	21.1%	10.5%	12.70%

Employees of Bal Holdings and Quirey do Brasil are not included.
The audited figures for contractors only consider Fresnillo.
A more detailed breakdown by position can be found in the assurance section.



Workforce by age group and gender

Segment	Nonunionized employees				Unionized employees				Contractors			
	Men	Women	Total	% Women	Men	Women	Total	% Women	Men	Women	Total	% Women
< 30 years	704	306	1,010	30.3	3,025	425	3,450	12.3	5,546	881	6,427	13.71
30 - 50 years	2,499	623	3,122	20.0	5,410	669	6,079	11.0	8,499	1,172	9,671	12.12
> 50 years	557	79	636	12.4	1,260	45	1,305	3.4	1,576	220	1,796	12.25
TOTAL general	3,760	1,008	4,768	21.1	9,695	1,139	10,834	10.5	15,621	2,273	17,894	12.70

Figures for non-unionized employees in Mexico, Chile, and Peru. Audited figures for contractors only consider Fresnillo.
A more detailed breakdown by position can be found in the assurance section.

Diversity and equal opportunity

GRI 405-1

Participation of women

Segment	Men	Women	% Women
Executive	58	6	9.4
Manager	458	72	13.6
Senior professional	1,018	280	21.6
Professional	509	168	24.8
Nonprofessional	1,711	473	21.7
Interns	6	9	60.0
TOTAL	3,760	1,008	21.1

Figures for non-unionized employees in Mexico, Chile, and Peru. The following categories were audited: management, professional, and non-professional.

Wage gap (ratio) between women and men

GRI 405-2

Segment	Ratio	Men	Women	% Women
Senior professional	0.96	998	276	21.66
Professional	0.98	1680	466	21.71
Nonprofessional	1.06	500	164	24.70
TOTAL	0.99	3178	906	22.18

The ratios are calculated using the base salary of non-unionized employees in Mexico.

Ratio between the lowest starting salary and the minimum and living wages

GRI 202-1

Ratio local minimum wage	Ratio living wage
1.92	1.22

This evaluation was conducted for the workforce in Mexico.
Only the minimum wage ratio is guaranteed as part of the indicator.

Employees covered by collective bargaining agreements

GRI 2-30

Segment	Fresnillo plc	Peñoles	Industrias Peñoles
Nonunionized employees	1,649	3,119	4,768
Unionized employees	5,529	5,305	10,834
% of employees	77.0%	63.0%	69.4%

In 2025, the talent acquisition teams were trained in inclusive selection and interview processes.

Employees of Bal Holdings and Quirey do Brasil are not included.

Hiring of new employees and turnover

GRI 401-1

Hiring of nonunionized employees by age group and gender

Age group	Men	Women	Total	Rate (%)
< 30 years	278	111	389	38.51
30 - 50 years	166	32	198	6.34
> 50 years	4	0	4	0.62
TOTAL	448	143	591	12.40

Hiring of unionized employees by age group and gender

Age group	Men	Women	Total	% of age group
< 30 years	826	105	931	26.98
30 - 50 years	288	39	327	5.37
> 50 years	14	0	14	1.07
TOTAL	1128	144	1272	11.74

Turnover of nonunionized employees by age group

Age group	Voluntary	Involuntary	Rate (%)
< 30 years	72	97	16.73
30 - 50 years	112	186	9.54
> 50 years	1	14	2.35

Turnover of nonunionized employees by gender

Gender	Voluntary	Involuntary	Rate (%)
Men	140	235	9.97
Women	45	62	10.61

Training

GRI 404-1

Segment	Average of hours per employee
Nonunionized employees	33.72
Unionized employees	55.93
Contractors	35.42
TOTAL	41.81

It includes training on environmental issues, technical and humanistic skills and values, anti-corruption policies and procedures and human rights, as well as health and safety training (see Health and safety section).



Turnover of unionized employees by age group

Age group	Total	Rate (%)
< 30 years	649	18.81
30 - 50 years	613	10.08
> 50 years	166	12.72

Turnover of unionized employees by gender

Age group	Total	Rate (%)
Men	1,269	13.08
Women	159	13.95

Health and safety

GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8

At Peñoles, nothing is more important than the health and safety 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 established a comprehensive roadmap to strengthen and deepen our *High Potential Strategy*.

From their first day and throughout their careers, our 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.

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. This is directly linked to the performance evaluations of the CEO, divisional COOs, and other senior executives in our Metals, Mining, and Chemical divisions.

Applying to all our employees and contractors, our policies, standards, and procedures clearly outline our expectations regarding leadership, accountability, requirements, and controls to manage our activities’ health and safety risks.

Second Edition of Safety Week 2025

One of our most significant milestones was the Second Edition of Safety Week 2025, supported by the Chairman of the Board of Directors of Industrias Peñoles. This initiative aims to raise awareness and align the efforts of our organization. This year focused on a call to action to implement the Safety, Occupational Health, and Environmental Management Standard for Contractor Companies.

“Safety is everyone’s responsibility. A shared commitment that can only be achieved if we work as a team and fully embrace it. Therefore, joint effort, collaboration, and the integration of our values are key to guaranteeing safe and responsible work environments for all.”

Alejandro Baillères
Chairman of the Board of Directors of Industrias Peñoles
(Safety Week 2025)



Context and strategic considerations

Strong health and safety performance is essential to gaining and maintaining our people's trust, 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 health and safety 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 of known risk controls. The International Council of Mining and Metals⁴ (ICMM) promotes 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 health and safety practices include contractors' prequalification, onboarding, incident reporting, and regular performance evaluations.

Impact, risk, and opportunity management

The right to say “NO”

Safe working conditions are a human right. We create genuine spaces of trust and engage in dialogue with our people to raise awareness of their right to refuse or stop work that does not meet expected safety standards. We encourage our employees and contractors alike to speak up when they observe unsafe behaviors or conditions.

Love for Life value and our 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.



“Our Chairman's message is very clear. It is not only the announcement of our Standard for Contractors, but also a call to a deeper commitment to the core value that defines us as a company: Love for Life. We must exercise this value through our visible and consistent leadership to ensure that every person returns home safely every day. Safety and life come first. We have the responsibility and the privilege to lead with this value.”

Rafael Rebollar

CEO of Industrias Peñoles
(Safety Week 2025)

During the first edition of Safety Week in 2024, we reinforced our commitment to health and safety at the highest levels of leadership. The 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. We further reaffirmed this message in the second edition of Safety Week in 2025, formally presenting our Standard for Contractors and reinforcing our “Love for Life” core value. Likewise, the Chairman and CEOs of Fresnillo and Peñoles emphasized the importance of embracing safety as a personal and collective commitment.

At the core of our High Potential Strategy is the belief that visible leadership—through direct field engagement—is essential to building and sustaining

a 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.

From Day One: Love for Life safety culture

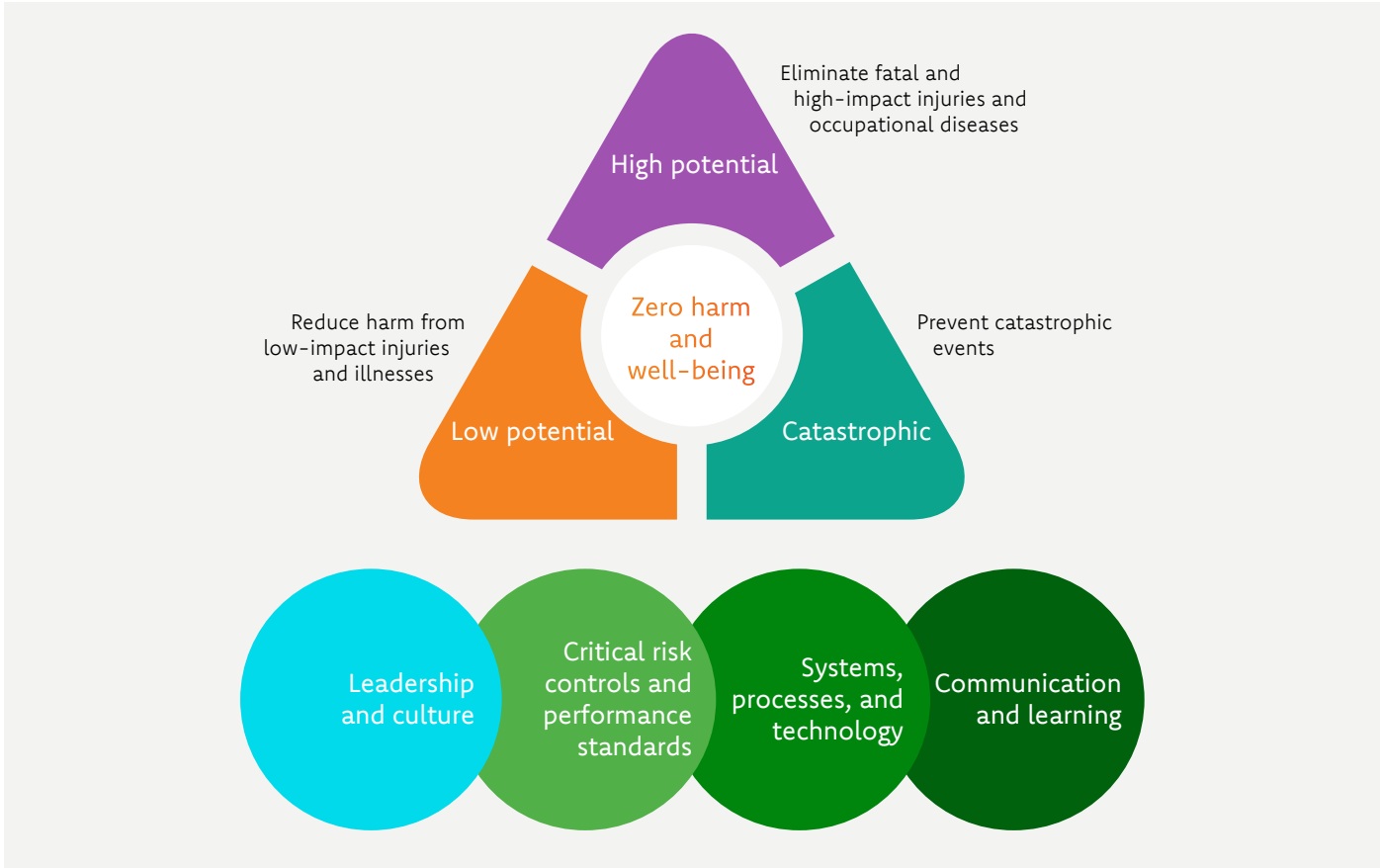
This year we made significant improvements to our onboarding process with training focused on our High Potential strategy. We aim to ensure that every new employee is aware that nothing is more important than their own life and the lives of their colleagues. These onboarding sessions address essential criteria and behaviors to prevent serious incidents and strengthen our health and safety culture.



⁴ <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. We continue strengthening our safety strategy with a focused commitment to eliminate fatalities, serious injuries, and occupational diseases.



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	- Metallurgical and chemical processes stewardship - 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 ergonomic 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 is guided by best practices for health and safety critical control management and implementation—including those from the [International Council of Mining and Metals](#) (ICMM).

Our High Potential Strategy comprises three components: 1) Critical control management, 2) behavioral management, and 3) Incident management.



High Potential Strategy



Objectives to strengthen our High Potential Strategy

- Consolidate a portfolio of critical risks and controls, setting minimal requirements to manage risks and designing controls at the occupational level
- Set performance standards and verification tools in the field for 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 our plans' effectiveness

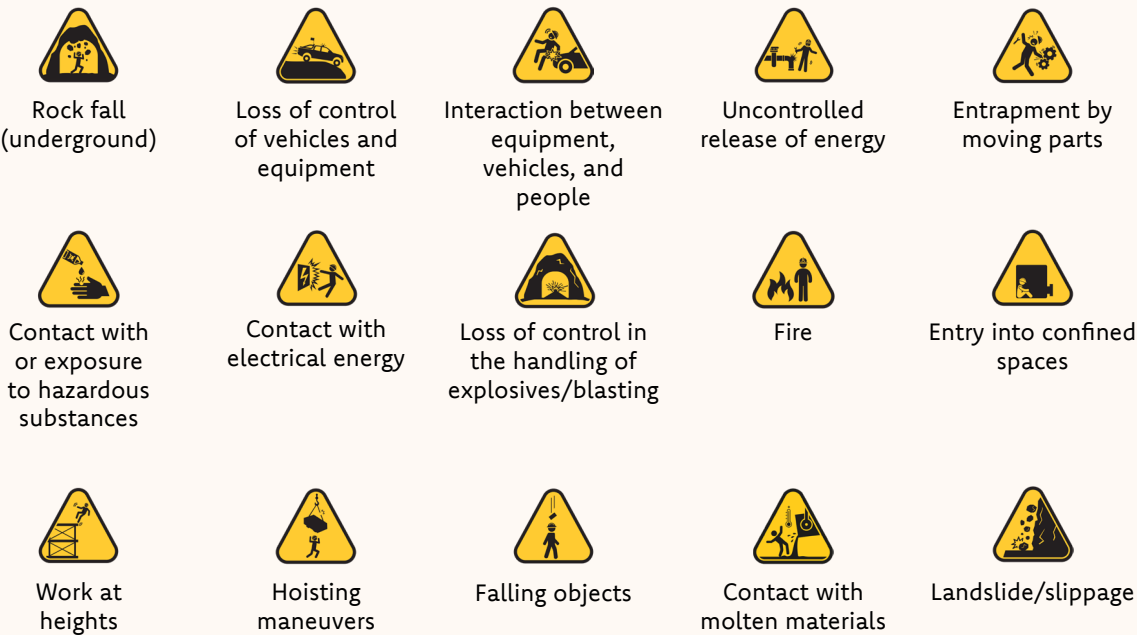
Critical risk management

In all our business units, we engage our people to identify critical risks that we must manage. 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. Existing and potential controls are analyzed using bowtie 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

Our portfolio’s main critical safety risks include those identified throughout our different operations (explorations, projects, open-pit and underground mines, metallurgy, smelting, chemicals, and logistics, among others)



Business units must set clear objectives for critical controls and define performance and reporting requirements. Critical controls must utilize clear accountability and verification tools for their implementation in the field. Our business divisions determined minimum standards include, but are 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 any gaps.

In-depth verifications and health and safety committees

We continuously monitor progress on our strategy, and conduct in-depth verifications of critical risks with the greatest impact on our operations. We work as a team with the members of our health and safety committees to reinforce our strategy's actions through certifications in the CONOCER EC0391.01* standard and training in critical risks and controls, in addition to conducting monthly walk-ins that support our company’s efforts to eradicate fatalities. This year, our Sabinas, Capela, and Milpillas units’ safety and hygiene committees were evaluated and certified.

* The CONOCER EC0391.01 standard "Verification of safety and hygiene conditions in workplaces" certifies the labor competence to integrate and operate safety and hygiene committees in accordance with NOM-019-STPS-2011 of the Ministry of Labor and Social Welfare of Mexico.

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.

Roadmap for strengthening and deepening critical risk management





Behavioral management
This management approach enables us to improve safety by observing behaviors and providing feedback. Leadership plays an essential role in achieving employee engagement and ownership of safety initiatives. Our

leadership standard expresses the expectations and commitment expected throughout our organization—from management teams to employees and partners in the value chain. By 2025, we will strengthen visible leadership by increasing management team involvement in reviews in the field and sharing experiences and lessons learned within our organization.

“Safety isn't something separate; it's an integral part of our work. We need to be seen as a team, to work together, and for people to trust us enough to report what's really happening in our operations..”

Miguel Muñoz
Mining VP
(Safety Week 2025)

Leadership practices

We cultivate transformational, adaptive, and decisive visible leadership—anchored in our Love for Life culture. Our leaders’ presence in the field—openly and frankly interacting with our workers—is fundamental for detecting areas for improvement, ensuring our High Potential Strategy’s effectiveness, 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. These expectations take the form of leadership practices to verify critical controls in the field, engaging and empowering workers to be stewards of a preventive safety culture.

We strengthened visible leadership through senior management’s participation in field tours and audiovisual capsules under the slogan "Example leads to action," demonstrating management’s commitment to an authentic and coherent prevention culture through actions.



“These are the initiatives that drive us as a management team. They should motivate us and lead us to action.”

Arturo Troco
Commercial and Chemicals VP
(Safety Week 2025)

Química del Rey’s exemplary workplace safety earned 10th Silver Helmet Award

In 2025, Química del Rey, a leading producer of sodium sulfate, magnesium oxide, magnesium hydroxide powder, magnesium hydroxide suspension, and magnesium sulfate, received the Silver Helmet Award for the 10th time from the Mexican Mining Chamber (CAMIMEX). This award recognizes mining companies that excel in workplace safety.

CAMIMEX presented the award at the XXXVI International Mining Convention 2025, held in Acapulco, Guerrero, Mexico, and organized by the Mexican Association of Mining, Metallurgical, and Geological Engineers (AIMMGM).

This award highlights the company's strategies to reduce workplace accidents, its safety training programs, and its efforts to promote a preventative culture among employees and contractors.



Fotografía cortesía de AIMMGM

Participation and accountability

Our High Potential Strategy’s success depends on the participation and ownership of both employees and contractors. Accountability is clearly defined and communicated across our organization, ensuring implementation of critical controls, visible leadership practices, evaluations, and corrective measures, and empowering the right to say “NO.”

Our High Potential Strategy’s accountability



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.

During 2025, we fostered organizational learning through our monthly dissemination of incident learning bulletins, promoting the systematic exchange of lessons learned between work centers and teams, while consolidating a more robust, collaborative, and continuous improvement-oriented preventive approach.

When a significant event occurs, our investigation procedure begins with a root cause analysis (RCA). So we learn from each incident, we subsequently use our high potential methodology, based on the Incident Cause Analysis Method (ICAM). Staff from the various divisions are prepared to act as trainers and facilitators in this method. Additionally, workshops for leaders are 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.

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 the responsibility and benefits of 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 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, this standard sets clear accountability and controls for our own corporate functions and operations to manage contractors’ life cycle.

What we expect from our contractor standard:

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

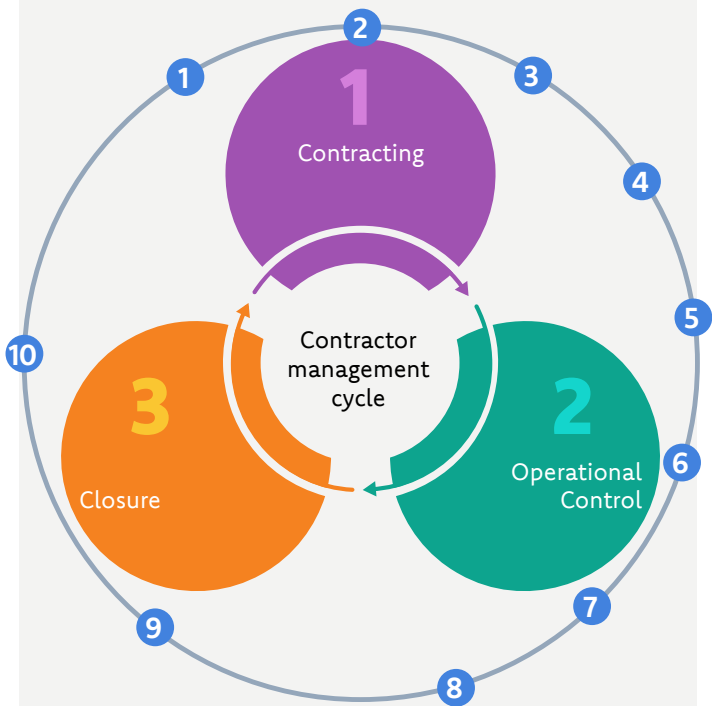


“Don Alejandro's (Chaiman of the Board) words explaining that safety is our most important job will help to convince many people of the direction our company should be taking.”

Jeremy Gillis
Metals VP
(Safety Week 2025)



Contractor management
life cycle

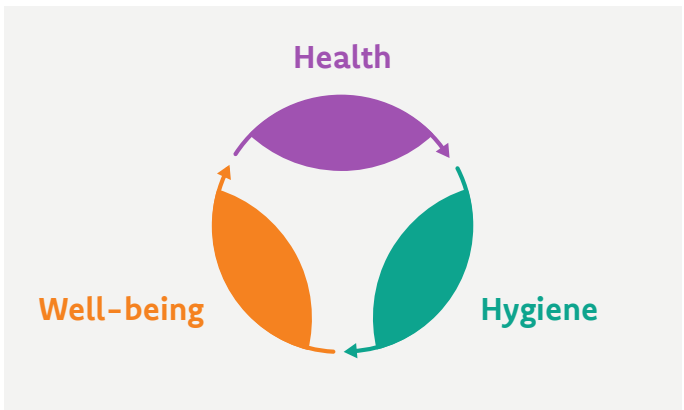


1. Service requirement
2. Tendering
3. Accreditation
4. Mobilization
5. Risk level classification
6. Safety, occupational health, and environment program
7. Self-evaluation
8. Monthly evaluation
9. Demobilization
10. Appraisal and record keeping

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 plans that address both short- and long-term exposure, including hygiene and occupational health. Our High Potential Strategy’s efforts focus on critical health risks and controls. Our business units’ health teams oversee the recovery of personnel who suffer accidents and the management of cases with accident after-effects.

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

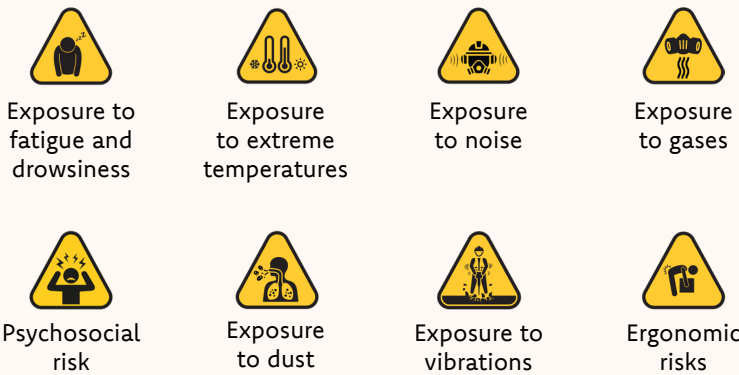
Our occupational health programs anticipate, detect, address, and monitor the symptoms that lead to occupational diseases with a role-based focus. We implement a medical surveillance program to determine fitness for duty and to identify early symptoms that could be aggravated by exposure to hazardous 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. This 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.

Critical risks and occupational health standards

To strengthen and deepen our High Potential Strategy, we incorporated eight occupational health risks into our critical risk portfolio. Our identification of risks in the field, exposure measurements (noise, temperature, gases, and dust, etc.), industrial hygiene studies of each workplace, occupational medical surveillance, and reports of occupational diseases from the Mexican Social Security Institute (IMSS) enabled us to expand our critical risk portfolio.

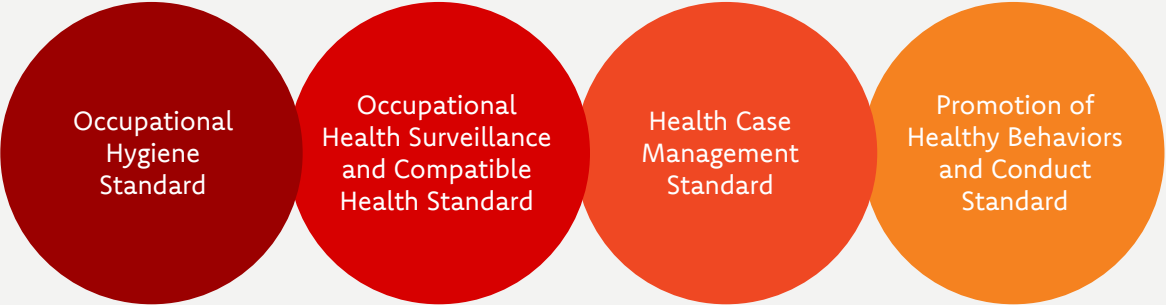


Critical health risks



In 2025, we introduced four occupational health standards, setting requirements for our people, equipment, facilities, and overall organization. Our objectives are to:

- Make sure that health risk factors are properly and timely addressed
- Ensure compatibility between our people’s fitness for duty and their work activities
- Promote recovery from injuries and prevent the onset or worsening of occupational diseases and general illnesses
- Generate, implement, and promote healthy behaviors and practices.



Accident recovery

A safe and effective return to work requires a recovery process that addresses an accident’s physical and mental aspects. 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. 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.

Psychosocial risks

Mental health is a key factor in ensuring a healthy, safe, and productive work environment. Therefore, we are committed to preventing psychosocial risks, eradicating workplace violence, and promoting a positive organizational environment. Our biannual survey is the basis for planning prevention measures, risk control, and strengthening the work environment. During 2025, we carried out key actions, including:

- Reviewing and communicating our Psychosocial Risk Prevention Policy
- Strengthening the “Linea Correcta” reporting line to serve as a reliable mechanism for reporting detrimental behaviors
- Implementing our “Better to Be Safe” campaign, focused on self-care and comprehensive health
- Training for managers through BAL’s Labor Academy, including a specific module on psychosocial risks
- Raising awareness through our “The Power of Saying No” course, aimed at preventing harassment, bullying, and workplace violence, with the participation of 2,887 employees.



Management systems and certifications

GRI 403-1

Our operations, projects, and explorations adopt a management systems approach to manage health and safety. We are making significant progress in our business units to certify our health and safety management systems in the ISO 45001 standard—currently 50% of our operating units are ISO 45001 certified.

Company	Division	Unit
Peñoles	Químicos	Industrias Magnelec
Peñoles	Metals	Aleazin
Peñoles	Metals	Fundición
Peñoles	Metals	Refinería
Peñoles	Metals	Zinc
Peñoles	Mines	Sabinas
Peñoles	Mines	Roble
Fresnillo plc	Mines	Fresnillo
Fresnillo plc	Mines	Saucito
Fresnillo plc	Mines	Penmont (Herradura and Noche Buena)

Similarly, the National Association of the Chemical Industry awarded Química del Rey and Fertirey a comprehensive responsibility certificate for compliance with high standards of comprehensive responsibility, environmental protection, and operational safety.

Furthermore, in all our work centers, we voluntarily reaffirmed the ELSSA Distinction (Safe and Healthy Work Environments) in all our work centers, a recognition awarded by the Mexican Social Security Institute (IMSS) to companies that implement strategies to improve worker health, safety, and well-being.

Emergency preparedness and response

We put in place emergency response plans and teams 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.



We contribute to developing emergency management capabilities

In May 2025, our Met-Mex divisional and Fertirey plant security teams, in conjunction with our liaison department, conducted Safe Handling of Ammonia and Emergency Response training for personnel from ice companies in the region.

We share our emergency response teams’ knowledge and specialized training to strengthen collaboration with local authorities and other companies in our area—promoting the prevention of and timely response to emergencies.

Metrics and performance

Despite our efforts, we deeply regret to report two fatal accidents at Fresnillo plc, one in Juanicipio, and one in Ciénega. We conducted detailed investigations of these accidents and shared lessons learned with all our business units across our group. We followed these investigations with the implementation of corrective actions to prevent the recurrence of similar accidents in our operations.

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

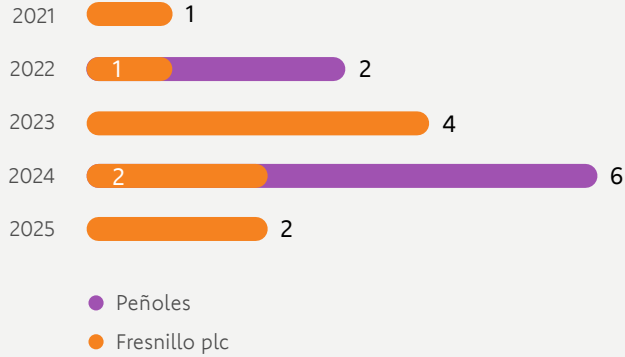
GRI 403-9

Industrias Peñoles		Peñoles			Fresnillo plc		
	TOTAL	TOTAL	Employees	Contractors	TOTAL	Employees	Contractors
Work exposure hours	79,305,679	36,147,479	19,850,477	16,297,001	43,158,200	17,162,000	25,996,200
Lost time injuries¹	438	261	137	124	177	88	89
Total recordable injuries	832	562	345	217	270	125	145
TRIFR	10.49	15.55	17.38	13.32	6.26	7.28	5.58
LTIFR	5.52	7.22	6.90	7.61	4.10	5.13	3.42
Fatality rate	0.03	0.00	0.00	0.00	0.046	0.06	0.04

1 At the assurance report it corresponds of high-consequence work-related injuries.

Fatalities

GRI 403-9



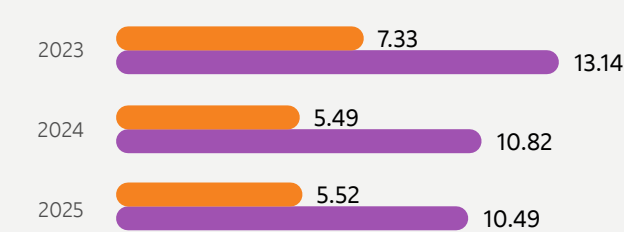
Average hours of health and safety training

SASB EM-MM-320a.1

Segment	Training hours	Average training hours
Nonunion employees	68,826	14.4
Unionized employees	251,493	23.2
Contractors	429,554	24.0
TOTAL	749,873	22.4

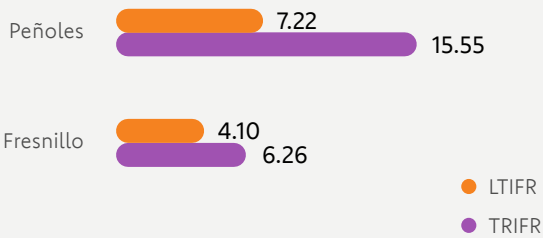
Industrias Peñoles injury frequency rates

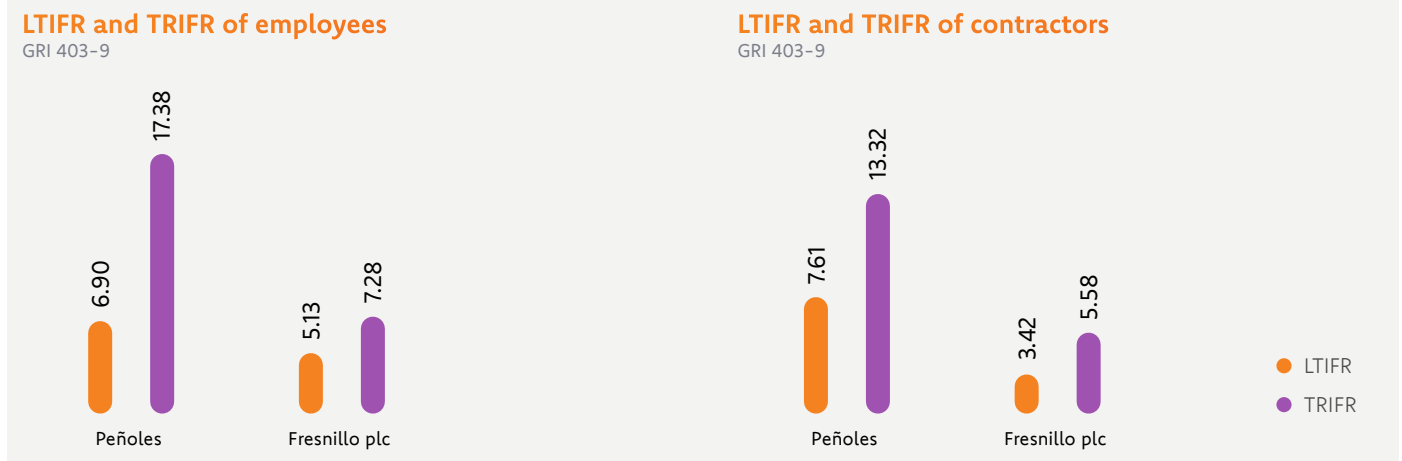
GRI 403-9



Injury frequency rates by company

GRI 403-9

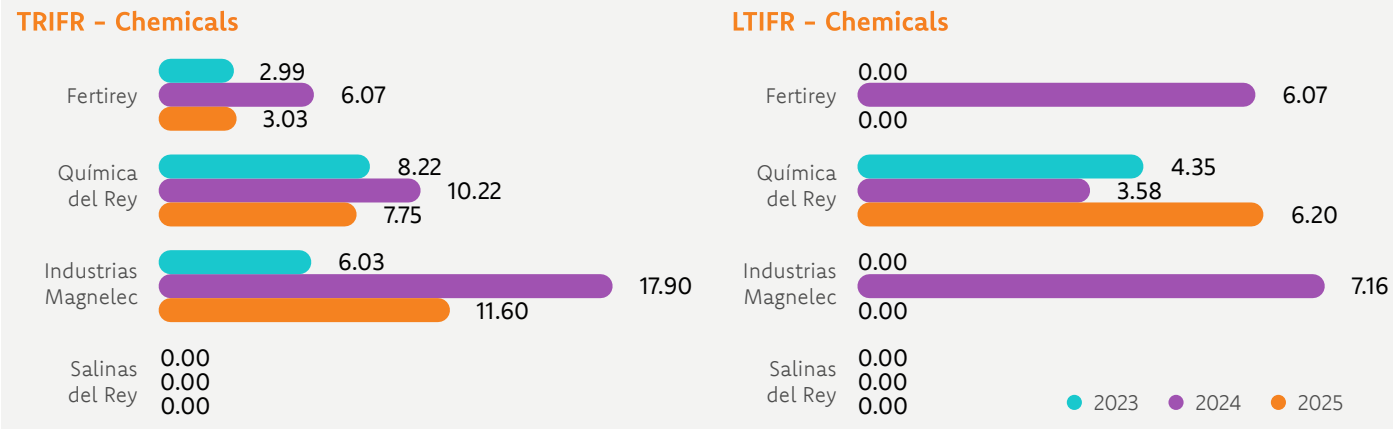
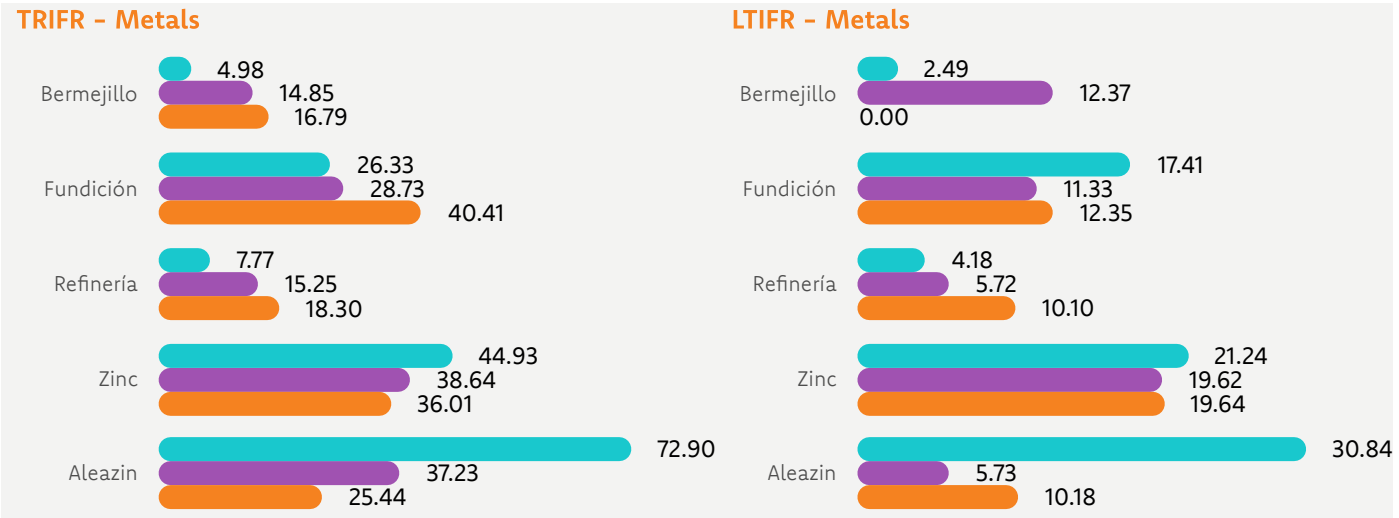
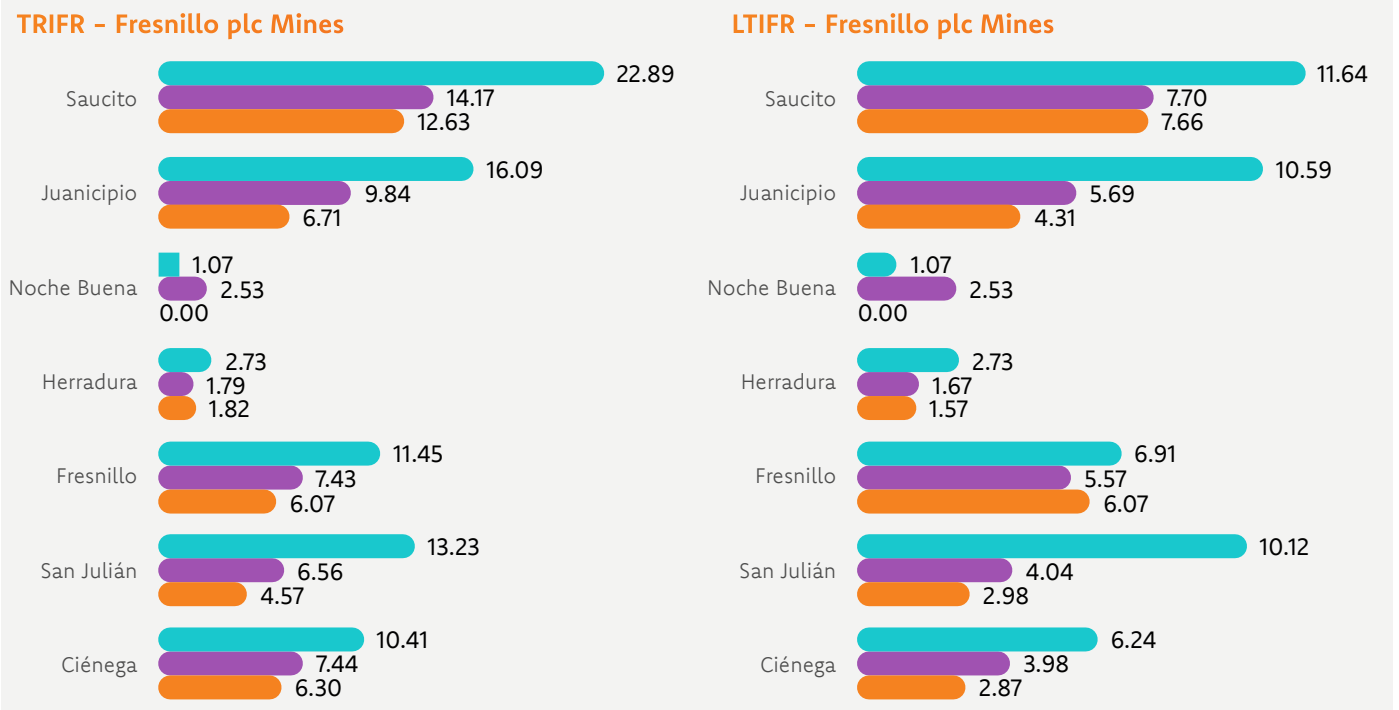
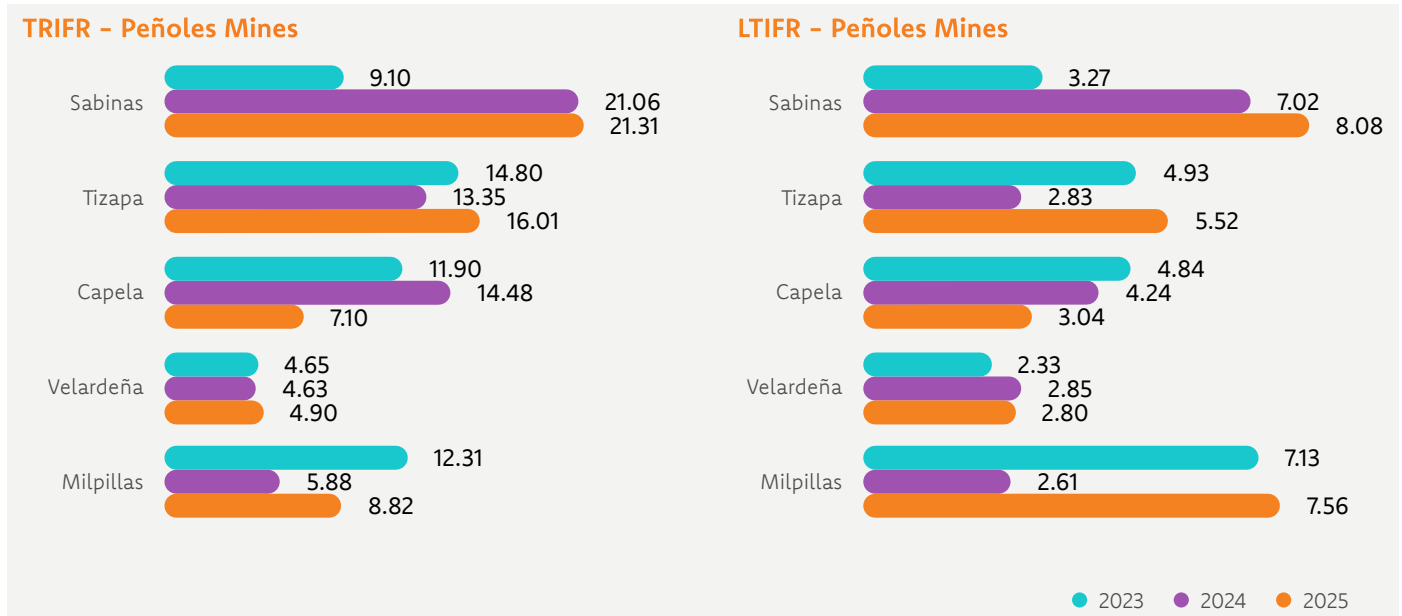




Lost time injury frequency rate (LTIFR): Number of lost-time injuries for every 1,000,000 hours worked
Total recordable injury frequency rate (TRIFR): Fatal accidents + lost-time injuries + medically treated injuries for every 1,000,000 hours worked.

LTIFR and TRIFR by division

GRI 403-9





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.

2025	Fresnillo plc	Peñoles	Industrias Peñoles
Near misses	55,853	68,342	124,195

Occupational diseases

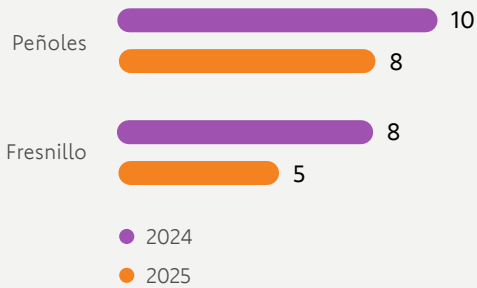
GRI 403-10

Occupational diseases	2025	2024
Peñoles	76	129
Fresnillo plc	57	46
Industrias Peñoles	133	175

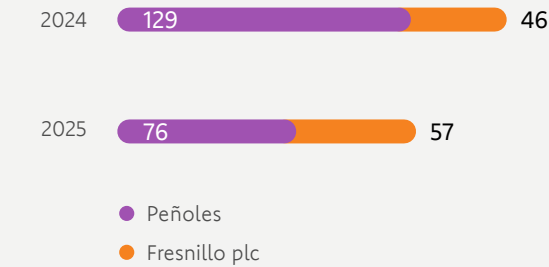
The figures reported for 2024 were adjusted after the receipt and review of official reports from the Mexican Social Security Institute (IMSS), which were issued late. The figures reported for 2025 are subject to change based on deliberations by the IMSS after the closing date of this report.

During 2025, the main occupational diseases identified were hearing impairment, pneumoconiosis, and musculoskeletal injuries. There were no deaths due to occupational diseases.

Accident aftereffects



Occupational diseases



The figures reported for 2025 are subject to change based on deliberations by the IMSS after the closing date of this report.

Indigenous peoples

SASB EM-MM-210a.3

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 considerations

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.

Mexico, Chile, and Peru 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) program 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.





Impact, risk, and opportunity management

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



Incidents of violations involving rights of indigenous peoples

GRI 411-1

In 2025, no incidents of violations of the rights of indigenous peoples were reported.

Social studies and 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 Línea Correcta ethics hotline, which allows for confidential reporting on issues related to our company's and its value chain partners' conduct.

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 sustainable development opportunities

Our social management plans include initiatives and programs focused on health, education, and capacity-building in collaboration with Indigenous communities.



Communities

GRI 2-25

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 our neighboring communities’ priorities and concerns—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—strongly emphasizing capacity-building and the empowerment of local organizations. Our aim is to enable 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 also monitoring results and tracking progress against our strategic plan goals ([see Strategy section of the Annual Report](#)).

Policies, guidelines, and procedures



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.

Our social management system’s social performance standard and procedures are inspired by relevant international regulations and standards:

- International Finance Corporation’s (IFC) Performance Standards
- World Bank’s (WB) Environmental and Social Safeguards
- Inter-American Development Bank’s (IDB) Safeguards
- International agreements, such as ILO Convention 169
- UN Guiding Principles on Business and Human Rights
- ICMM and TSM Best Practices



we prioritize proactive engagement and open dialogue with communities to responsibly manage impacts and respond swiftly to emerging concerns.

Context and strategic considerations

Social license to operate is consistently among the five main risks and opportunities in the mining and metallurgy industry.⁵

Strategic implications of social performance

Managing social impacts and risks

Our operations’ responsible management of social and environmental impacts—including human rights considerations—is essential to earning and sustaining community support. When these impacts are not adequately addressed, they can escalate into social risks, threatening our operational continuity and ability to execute our business strategy. To mitigate these risks,

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 social performance expectations 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 evolving, shaped by changes in laws as well as international frameworks. Our social management system must remain flexible and responsive, and our teams must continuously build the skills needed to meet new expectations.

5 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.

Material community concerns

Through direct engagement, we identify and address our communities’ priority issues, playing a strategic role in effective social management.

Our communities’ priority issues

- 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
- Municipal supply
- Profit sharing (PTU)
- Security
- Soil conservation
- Vibrations
- Water stewardship

Note: Issues are presented in alphabetical order.



Social impact and risk and opportunity management

SASB EM-MM-210b.1

Social performance

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 adapted this framework to guide our capacity-building efforts.



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

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 our 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 due diligence of Indigenous peoples within our company concessions to identify the steps needed to establish respectful relations with these communities.

- **Projects:** We implement a social management continuity plan to foster continuity between exploration and operations. 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 involve communities and civil society organizations to increase the scope of our social programs. 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 local communities’ interests and priorities. These plans include regular engagement and dialogue with community members and local authorities on mutually relevant issues. During this phase, we implement institutional social investment programs and maintain grievance mechanisms. 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, we develop longer-term employment and local sourcing opportunities.



Reina del Cobre Case: Transition from exploration to project

We implement a model of early, structured, and planned social intervention in the communities where we develop projects that can potentially evolve into mining operations. This approach ensures the continuity of relationships with key stakeholders and ongoing engagement with communities throughout the project life cycle.

This social management model facilitates the traceability and monitoring of commitments made, as well as the social programs, projects, and actions implemented—strengthening mechanisms for transparency,

accountability, and continuous improvement in our relationship with communities.

This practice aligns with our company's commitment to generating shared social value and promoting sustainable development in the regions where we operate, contributing to a stronger social fabric and maintaining a social license based on dialogue, trust, and shared responsibility. Currently, we are implementing this approach in the Reina del Cobre Project, located in the Velardeña district of Durango.

Community agreements: A collaborative effort with the Colla Community of the Jorquera River

Since 2018, Minera Peñoles de Chile has been exploring in the High Andes of the Atacama Region for the Yastai project on land registered as property of the Colla Community of the Jorquera River and its Tributaries (CCRJ). Since ancestral times, this community has used its lands for transhumance routes, involving extensive movements across vast territory according to their animals' needs and the changing seasons. Their territory encompasses alteration and mineralization areas of interest to our company—motivating building bridges of communication, respect, and mutual understanding between the parties from the outset.

Minera Peñoles de Chile, together with CCRJ representatives, established a respectful and transparent dialogue

early on. Initially based on annual agreements, this partnership transitioned to a multi-year Collaboration and Development Agreement in 2023—strengthening the parties' relationship and eliminating the need for constant negotiations after each drilling season.

The Collaboration and Development Agreement emphasizes cooperation to strengthen productive capacities through support for agricultural and veterinary purposes, as well as marketing dairy products. This cooperation also encompasses education, health, cultural heritage preservation, and safeguarding the community's identity, oversight capabilities and its preparedness for emergencies and the winter season. Our company and the community hold monthly working sessions to discuss its progress.

Understanding and addressing community expectations and concerns is a top priority. All 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.

Every year, we assess the community's perception of our social and environmental performance.

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.

Social management plans

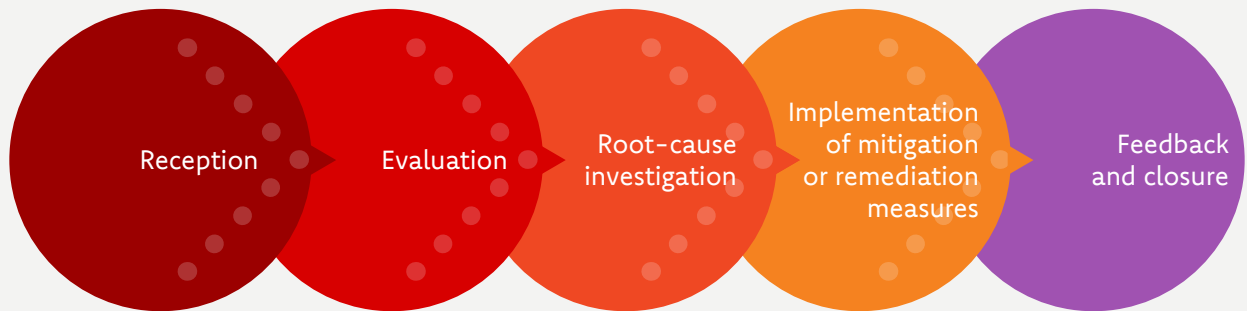
We design social management plans (SMPs) to respond to positive and negative impacts identified in our social impact assessments. These plans integrate mechanisms to appropriately address our operations' impacts. In addition, we pursue strategic partnerships with government entities, businesses, and 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.

All our operations and projects (100%) are supported by social management plans.

Mechanism for addressing concerns and grievances

All our operations, projects, and exploration sites have formal mechanisms to receive and respond 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 our Línea Correcta ethical reporting channel.



Statistics on grievances are reported in the metrics section.



Land acquisition and resettlement

When we must acquire land 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 families’ or communities’ physical relocation. 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.

No resettlements were required during 2025.

Tailings 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.

Social transition for closure of operations

Supporting community livelihoods throughout the mining life cycle is essential. Therefore, we identify social impacts and opportunities from the exploration 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. We plan 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, and monitoring and ensuring effective post-closure follow-up [\(see Closure section\)](#).

Indigenous people

We conduct due diligence to identify the presence of Indigenous groups in areas of interest surrounding our projects. 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) [\(see Human rights and Indigenous peoples sections\)](#).

Artisanal mining

We identify and characterize any ongoing artisanal mining activities in our company’s areas of interest beginning in the exploration phase, 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.

Value chain partners

Our third parties’ social performance is crucial for maintaining the trust and acceptance of communities where our value chain has a presence or influence.

Our Third-Party Code of Conduct

We expect third parties to adopt these commitments:

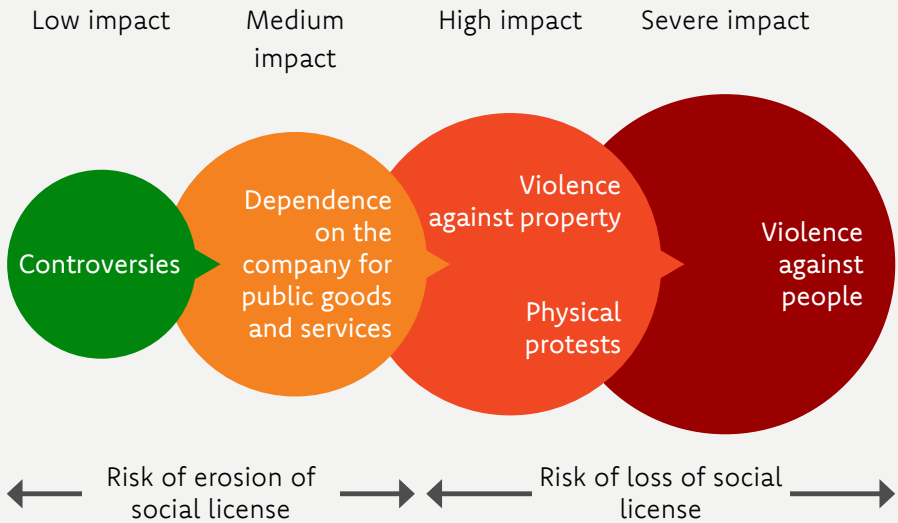
- Respect and contribute to the promotion of communities’ human rights
- Treat community members with dignity and respect, and take steps to prevent coercion, harassment, abuse, threat, or use of violence towards community members
- Respect the identity, culture, costumes, and cultural heritage of the communities where they operate, adhering to the legal framework that protects the rights of Indigenous communities when our value chain activities are conducted or influence their territory
- Comply with any special requirements requested by our organization
- Raise awareness among on-site personnel to prevent negative impacts on communities’ health, safety, well-being, culture, customs, cultural heritage, environment, and natural resources
- Listen intently to all community concerns and recommendations, addressing them promptly, and providing a clear and effective response. Collaborate with our company when addressing community complaints or grievances
- Address and remedy negative impacts on communities—including those related to human rights—by notifying our organization
- Promote local employment, training, and supply opportunities within the communities
- Fulfil payments for services contracted from the community
- Honour voluntarily agreed support commitments with the community
- Maintain the social license to operate, contributing to a culture of social responsibility, a respect for nature, and the communities in which our organization’s companies operate
- For personnel directly hired or provided through community service providers, ensure compliance with:
 - Labor obligations and provisions of decent working conditions in their dining areas, camps, dormitories, and transport
 - Implement necessary measures to prevent involvement in contemporary forms of slavery, forced labor, child labor, human trafficking, trafficking in persons, and sexual exploitation



Risk management

Social risks

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



Conceptos adaptado de: Davis, Rachel y 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
1. Erosion of social license through company conflicts 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
2. 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	



Security risks

SASB EM-MM-210a.3, SASB EM-MM-210b.1

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 our personnel’s physical integrity while upholding the human rights of all stakeholders. Our security practices consider the recommendations of the Voluntary Principles on Security and Human Rights ([see Human rights section](#)).

Responsible sourcing for our metallurgical operations

SASB EM-MM-210a.3

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 for Responsible Business Conduct—which enable us to demonstrate to clients and investors that our precious and base metals value chain is conflict free ([see Ethics and integrity, and Responsible value chain sections](#)).

Managing opportunities

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 residents can access employment and procurement opportunities within our value chain.

Our Code of Ethics and Conduct recognizes local supplier and contractor development as a meaningful contribution to the communities where we operate. We prioritize local hiring in accordance with regulatory requirements and our 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 Laguna del Rey Technical Studies Center (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 contributes to the UN Sustainable Development Goals and fosters mutual understanding and harmonious community relationships, stronger trust-based relations, and shared responsibility. These investments strengthen local capacities and support productive alliances with civil society organizations to create long-term social well-being.



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.

Key activities

With our **FIRST Robotics program**, we encourage young people to pursue careers in science, technology, engineering, and mathematics (STEM).



27 teams
931 young people (43% women)
138 volunteers

- Focused on science, technology, and human development, El Museo de los Metales is a space to improve educational performance, 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 UNESCO-affiliated Office for Climate Education (OCE), 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.

- In Torreon, we work together with the educational community and local authorities to develop civil protection programs that contribute to the school community’s safety through School Civil Protection Fairs.
- In alliance with 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.

Education



- 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.
- We are part of the “Mining Education Committee 2025” coordinated by the Extractive Activities Coordination Unit (UCAE) of the Mexican Ministry of Economy. Part of this committee’s efforts is to provide information—through the Mining Chamber of Mexico—about educational and cultural actions carried out by affiliated companies.



Science project for high school and secondary school students

At Peñoles, we consider education one of the cornerstones of our social engagement strategy. Consistent with this commitment, we launched the Science Project in Torreon to enhance educational quality by providing secondary and high school students with meaningful, hands-on learning experiences in science and technology. This initiative also equips teachers and laboratory technicians with innovative methodologies that they can easily implement in their classrooms or labs—without 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.

Using a combined theoretical and practical approach, teachers and lab technicians receive training that includes both conceptual reviews and hands-on applications—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, where other schools are invited to attend and participate.

Education



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), the UNESCO-affiliated Office for Climate Education (OCE), and RedEAmérica. This program aims to provide teachers with 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 Faculty of Engineering of 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 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, focused on improving education, awareness, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning systems.



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 2025 more than 8,000 people benefited from this initiative.
- Through our 11 Santos-Peñoles & Fresnillo plc. soccer academies, we instilled values among more than 1,236 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.

Peñoles Football Academies: Values and life skills training

Through this program, our company strengthens community values such as participation, shared responsibility, organization, respect, and a sense of belonging. Football serves as a catalyst and a platform to promote physical health and foster key values like cooperation, coexistence, and healthy competition. The Academies reaffirm our ongoing commitment to sustainable community development and highlights the value of strategic partnerships to foster local growth and resilience. In 2024, we received the Exceptional Company distinction from the Business Coordinating Council and the Institute for the Promotion of Quality (IFC) for this initiative.



Health and sports



Collaboration with Grupo AVE

We collaborate with Grupo AVE, a civil society group primarily composed of women, which focuses on community actions aimed at strengthening family bonds through courses, workshops, and talks that foster rebuilding the social fabric and raise awareness about risky behaviors among children and adolescents in the communities surrounding our 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.



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 and promote our communities’ capabilities and talent. Their goal is to strengthen the relationship between our company and the community by providing a space that facilitates the integration of activities for life and work training, skill development, cultural promotion, sports, and talent encouragement—harmonizing stakeholder interaction.
- 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.
- Our Laguna del Rey Technical Studies Center (CETLAR) offers full scholarships to young people from communities near our operations, who receive training as highly qualified technicians.
- Committees of change agents develop collaborative dynamics in the communities neighboring our operations, enabling residents to identify needs and build collective solutions. With our ongoing support, these committees strengthen leadership and organizational skills, giving voice to those seeking to improve their environment and community well-being. We currently host committees in the following operational units: Capela, Sabinas, Tizapa, and Velardeña.
- Consejo de Comisarios y Pobladores de Tehuixtla’s purpose is to collaborate on a multi-stakeholder agenda through high-impact projects and shared social commitments from our Capela unit’s surrounding communities.
- We develop social capacities through productive projects, focusing on economic development.

Skill building



Exceptional Company distinction

“The impact of CETLAR on the Training of Young Leaders for our Company and Community”

In 2025, we received Exceptional Company recognition from the Business Coordinating Council and the Institute for the Promotion of Quality (IFC) for “The Impact of CETLAR on the Training of Young Leaders for our Company and Community.” Founded in the 1990s in response to the need for technically trained personnel in the maintenance area, as well as the incorporation of new technology, at Química del Rey, the Laguna del Rey Technical Studies Center (CETLAR) has trained 29 generations—1,070 students—as maintenance technicians from different communities where we operate across the country.

CETLAR aims to become Mexico’s premier institution for training electrical instrumentation and electrical mechanics professionals—contributing to the transformation of its graduates’ vision and aspirations, while improving their families’ quality of life and fostering the development of our mining and metallurgical chemical companies’ surrounding communities.

We are convinced that education is fundamental to social cohesion and the future of our neighboring communities and businesses, contributing to the co-creation of a shared future.



Skill building



Fostering capabilities for Mexico's sustainable development: Women of the Desert and Sea

"Women of the Desert and Sea" is a women's group 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 group. Through the RedEAmérica Mexico Node, "Women of the Desert and Sea" enrolled in the Fostering Capabilities for Sustainable Development in Mexico joint initiative—which focuses on empowering women through sustainable inclusion in productive value chains.

This joint 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 vulnerable groups' self-management and collective action skills—enabling them to access equitable, sustainable employment, improve household income, and advocate for their rights. In the medium and long term, this initiative seeks to enhance the technical, human, and administrative capabilities of the "Women of the Desert and Sea," supporting their integration into productive activities while formally organizing the blue crab industry in Caborca. The initiative's 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—we collaboratively create a space to foster knowledge, join forces on joint projects, and work together to promote private social investment, sustainability issues, and community-based development in the region. Currently, "Women of the Desert and the Sea" has already established themselves as a cooperative society with their own facilities to start fishing for crab and any other species.

Partnership of Sabinas Mine and the Institute of Technology of Wester Zacatecas (ITSZO)

This partnership fosters the San Martín community's development in the municipality of Sombrerete, through a comprehensive offering of courses and workshops at the new community center. This initiative creates inclusive learning spaces that contribute to the well-being and skills development of children, youth, and adults. The Instituto Tecnológico Superior Zacatecas Occidente (ITSZO) in Sombrerete and Minera Sabinas Peñoles collaboratively develop this project under a framework of institutional collaboration and community participation.

Community leaders, ITSZO, and our company's representatives organized participatory workshops to agree on the course offering in response to the community's needs and expectations. Delivered by qualified instructors, the workshops are designed to strengthen participants' technical and personal skills. As an added benefit, participants receive a DC-3 Certificate of Job Skills, an official Mexican document endorsed by the Ministry of Labor and Social Welfare (STPS). This initiative contributes to improved employability and professional development, reflecting a shared commitment to generating positive and sustainable social impacts 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. Simultaneously, 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 conduct recycling, cleanup efforts, and environmental awareness campaigns and water stewardship promotions through publications, roundtables, and contests in collaboration with authorities, communities, and educational centers.
- We intend to reduce our water footprint and work with communities and authorities to improve safe access to water—while building awareness about environmental matters.
- 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 (see next case):

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 57,136 plants in 2025 alone.



Metrics and performance

Operations with local community engagement, impact assessments, and development programs

GRI 413-1

Social performance management	Operations	
	Number	(%)
Social impact assessments based on participatory dynamics and including gender issues	15	100
Environmental impact assessments and monitoring*	15	100
Community development programs based on communities’ needs and aspirations	15	100
Social management plans based on stakeholder mapping	15	100
Community committees. Participatory studies and programs including vulnerable groups	15	100
Joint health and safety committees with worker representation	15	100
Formal grievance mechanisms	15	100

Operations: Tizapa, Sabinas, Milpillas, Velardeña, Capela, Met-Mex, Bermejillo, Química del Rey, Fuerza Eólica del Istmo, Penmont, Ciénega, San Julián, Fresnillo, Saucito, and Juanicipio. Mexican authorities publish the environmental impact statement, and their resolutions contain enivronmental monitoring measures.



Social performance management	Projects	
	Number	(%)
Social impact assessments based on participatory dynamics and including gender issues	2	100
Community development programs based on communities’ needs and aspirations	2	100
Social management plans based on stakeholder mapping	2	100
Community committees., participatory studies and programs including vulnerable groups	2	100
Formal grievance mechanisms	2	100

Advanced Projects: Project Rodeo and Project Orisyvo



Grievances

Category	2025	2024
Carryover 2024	7	7
New grievances in the period	18	23
Total grievances	25	30
Grievances closed during the period	19	22
Carryover 2026	6	8

Number and duration of nontechnical delays

SASB EM-MM-210b.2

A nontechnical delay refers to interruptions in production or delays in the construction of projects due to concerns, protests, or blockades by communities attributable to the company's social or environmental performance.

Year	Number of delays	Duration of delays (days)
2024	0	0
2025	0	0

Proportion of spending on local suppliers

GRI 204-1

Local procurement is defined as the total payments made to suppliers with a tax domicile in any of the 10 Mexican states where Industrias Peñoles has significant operations. Local procurement has two components:

- Direct local procurement: Payments where the supplier and the business unit are in the same state.
- Indirect local procurement: This category reflects the activities of local suppliers who offer a product or service to a business unit in another state.

	(%)
Spending on local suppliers	57.45
Direct	29.47
Indirect	27.98

The calculation of payments to suppliers represents the invoices paid from January 1 to December 31, 2025. Mexican States with significant operations: Chihuahua, Coahuila, Durango, Guerrero, Guanajuato, Estado de México, Oaxaca, Sonora, Tamaulipas, and Zacatecas.

Local employment

Employment is considered local when the worker comes from the state where an operation of Industrias Peñoles is located.

Year	Local employment (%)
2024	75
2025	68

Social investment

Resources allocated to community development programs based on communities’ needs and aspirations

Year	Social investment (US\$ M)
2024	7.84
2025	7.23



Climate change

We address the risks and opportunities of climate change and promote actions to move towards a more sustainable future.

Climate change

GRI 201-2

We are committed to responsibly managing climate-related risks, impacts, and opportunities, recognizing our role in producing essential resources that support people’s well-being. Our company is aligned with national and international efforts to advance the transition to a low-carbon economy and help mitigate the worst impacts of climate change.

Our greenhouse gas emissions decreased by 7.9% compared to 2024—a cumulative reduction of 30.2% relative to our 2022 baseline. In 2025, we supplied 49.9% of our company’s electric energy from renewable sources.

Governance

Board of Directors

The Board provides oversight of key risks, ensuring that climate-related policies and actions defined by our senior executives align with our company's overall strategy and risk appetite. The Board approved the creation of an ESG steering committee to evaluate our company’s strategy and performance on environmental, social, and governance issues and report to the Board of Directors. The ESG Steering Committee began by participating in the review of our decarbonization roadmap and engaging with Board members with extensive experience in climate change and its implications for energy, mining, metals, and chemicals. As chair of the ESG Steering Committee, our CEO reports on progress to the Board of Directors.

ESG committee

Chaired by our CEO, the ESG Steering Committee addresses our company’s most significant sustainability issues, including climate-related risks and opportunities. The ESG Steering Committee dedicates at least one session per year to deliberate on climate change strategy and performance.

Committee members

- CEO — Chair
- CFO — Deputy Chair
- COO of Metals operations
- COO of Chemicals operations and marketing
- COO of Mining
- Assistant VP of Sustainability

Permanent guests:

- VP of Internal Audit
- VP of Compliance
- VP of Exploration

The ESG Steering Committee’s members are senior executives with extensive business experience, enabling them to understand and stay informed about the implications of climate change for operational processes, energy sources, investment decisions, and customer and market expectations. This experience facilitates our company’s integration of sustainability issues into strategic, operational, and budgetary planning. Energy and Sustainability Assistant VPs provide support to ESG Steering Committee members on climate change issues.



Climate change and strategic decision-making

Our company’s decarbonization roadmap provides a conceptual framework for connecting strategic business considerations with climate transition risks and opportunities. After overseeing our decarbonization roadmap project, the ESG Steering Committee participates in technological monitoring of decarbonization levers to assess their technological maturity, applicability in the operational context, and cost-effectiveness. The Board reviewed the results of our decarbonization roadmap project and remains informed of the ESG Steering Committee’s actions to address climate transition risks and opportunities.

The most prominent example of our consideration of climate change in our business decision-making is our disciplined approach to energy. Cost-competitive electricity with a low carbon footprint is a factor we rigorously consider in our company's strategic growth decisions.

Setting objectives and incentives

To establish decarbonization targets, the Board requires the ESG Steering Committee to provide a rigorous rationale considering cost-effectiveness and operational feasibility. Our most senior executives’ performance agreements include sustainability objectives, some relating to our climate change strategy and others to our energy and water efficiency.

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 our decarbonization roadmap served as a platform to build understanding of *transition risks*—covering carbon pricing, scenario analysis, sensitivity analysis, clean technologies, and carbon offset strategies.



Management team

Our CEO sets our organization’s strategic direction and leads our decarbonization efforts. COOs are responsible for our decarbonization roadmap’s implementation plans for their respective business divisions. Progress is reported at the ESG Steering Committee.

Los equipos operativos y administrativos implementan controles para gestionar los riesgos y las oportunidades climáticas, con la participación de las áreas de energía, agua, gestión de jales, salud y seguridad, medio ambiente, abastecimientos, logística, jurídico y riesgos asegurables.

Strategy

Climate-related risks and opportunities

We categorize climate-related risks as either physical or transitional and assess their timeframe. 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.”

Climate risks and opportunities

Risk/opportunity	Description	Category	Time horizon
F1 – Intensification of climate events	Intensification of climate events that impact operations and supply chains	Physical risk	- Short term - Medium term - Long term
TR1 – Exposure to regulations	Exposure to greenhouse gas emissions regulations that result in cost increases	Transition risk	- Short term - Medium term - Long term
OP1 – Renewable electricity	Increase in the supply of renewable electricity	Opportunity	- Short term - Medium term - Long term
OP2 – Decarbonization levers	Evolution of electrification, biofuels, and carbon capture technologies to reduce emissions in a cost-effective manner	Opportunity	- Medium term - Long term

Due to the nature of our business activities—and particularly the mining life cycle—we are using the following time intervals:

- Time horizon
- Short term (< 3 years)
 - Medium term (> 3 years < 10 years)
 - Long term > 10 years

Business model and value chain

We are a vertically integrated mining, metallurgical, and chemical group encompassing the exploration, production, and commercialization of refined metals and related products. Our portfolio includes polymetallic products, ranging from smelting and refining non-ferrous metals such as zinc, lead, silver,

and gold to producing inorganic chemicals, primarily sodium sulfate, magnesium sulfate, and magnesium oxide ([see Business model section](#)).

We identified the implications of relevant risks and opportunities in the segments of our business model and value chain.

Risk or opportunity	Business model	Value chain	Geography
F1 – Intensification of climate events that impact operations and supply chains	- Mining - Metals - Chemicals	- Supply of critical inputs - Raw materials - Operations - Logistics	Mexico
TR1 – Exposure to greenhouse gas emissions regulations that result in cost increases	- Mining - Metals - Chemicals - Commercialization	- Supply of critical inputs - Raw materials - Operations - Logistics	Mexico
OP1 – Increase in the supply of renewable electricity	- Mining - Metals - Chemicals	Operations	Mexico
OP2 – Evolution of electrification, biofuels, and carbon capture technologies to reduce emissions in a cost-effective manner	- Mining - Metals - Chemicals	- Operations - Logistics	Mexico

Intensifying climate events and exposure to regulations are relevant to our mining, metallurgical, and chemical operations, as well as their commercialization. In our value chain, these effects are relevant to our raw material procurement, supply of critical inputs, and logistics. Renewable electricity and decarbonization initiatives present opportunities for our operations and logistics activities.



Strategy and decision-making

We are committed to responsible climate-related risk and opportunity management through mitigation and adaptation measures. Our decarbonization roadmap enabled us to identify our main decarbonization levers based on their emissions reduction potential, as well as their technological maturity, cost-benefit analysis, and operational feasibility. Among our key emissions-reduction levers are renewable electricity, vehicle electrification, and fuel replacement. Modeling the mining and metallurgical sector’s physical risks is inherently complex and involves high levels of uncertainty. Furthermore, climate change adaptation is a field of knowledge in its early stages of development. We will continue to build capacity for understanding our future climate change adaptation needs.



Decarbonization roadmap

Our main decarbonization lever is renewable electricity, 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 technological maturity, reliability, and cost limitations. 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 our transition strategy, we launched our decarbonization roadmap project. This evaluation highlighted three levers with the greatest potential—subject to site-level feasibility: increased renewable electricity use, vehicle and mining equipment electrification, and fuel substitution using options such as biomethane, biocoke, or green hydrogen. Our 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.



Decarbonization levers

Categories		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 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
	Steam generation	- 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 CO2 storage
	Carbon offsets	Purchase of carbon offsets	Price volatility, accounting rules, accounting and supply restrictions

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
1. Short (< 2030)
2. Medium (>2030 y < 2040)
3. Long (> 2040)



Business case for decarbonization

Our 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 we can offset those expenditures through operations and maintenance (O&M) savings and fuel cost reductions. In addition, decarbonization levers help mitigate the regulatory risks associated with carbon pricing. Our business model remains flexible and resilient within the context of a transition to a low-emissions economy.

Importantly, our roadmaps are long-term strategic exercises toward carbon neutrality and are subject to significant uncertainties—particularly the future cost and maturity of key technologies, clean fuel prices, and the availability and cost of carbon offsets.

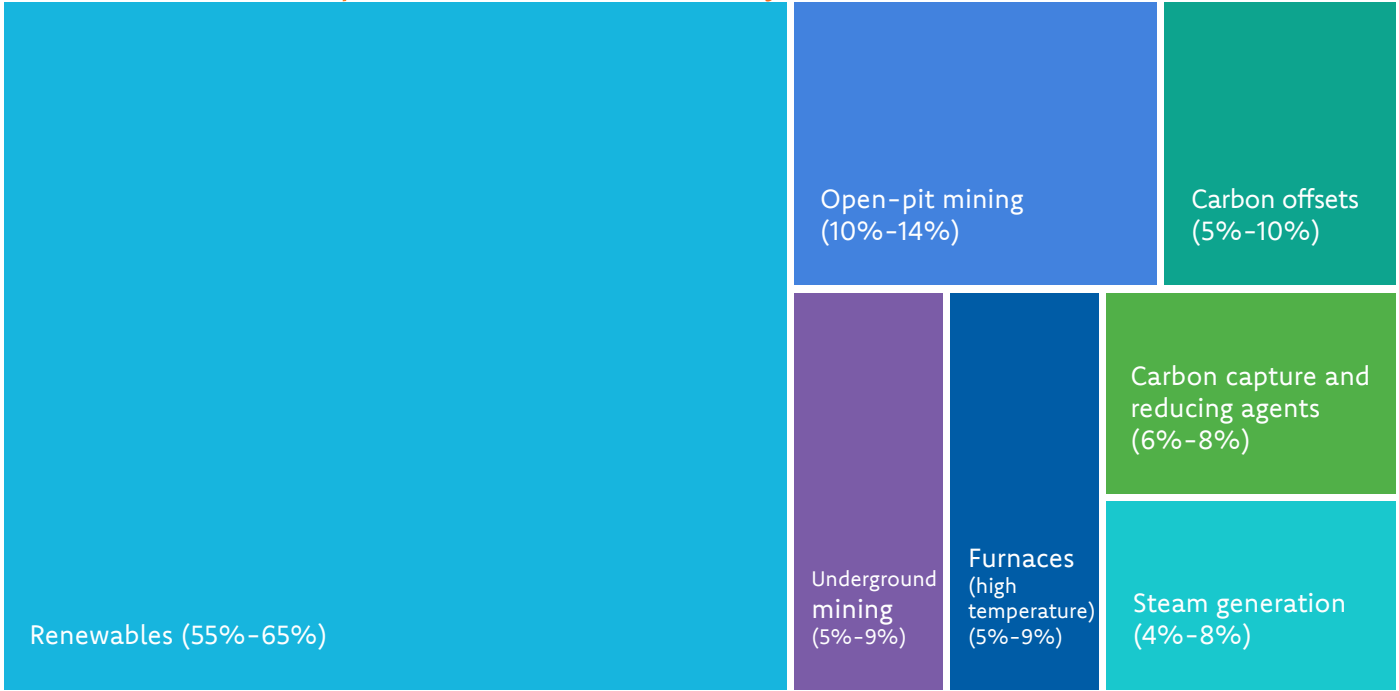
Renewable electricity

We continue our efforts to increase renewable electricity from both self-supply and Wholesale Electricity Market (WEM) sources, with the dual objective of reducing our costs and carbon footprint. As a result, renewable energy’s share of our consumption rose to 49.9% in 2025. We continue our efforts to identify and evaluate opportunities to supply electricity from cleaner and cost-competitive sources.

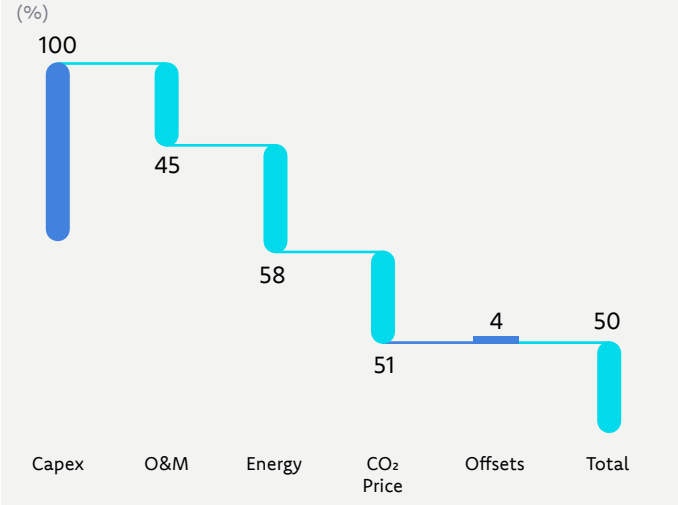
Our electricity strategy serves as a medium- and long-term enabler for other decarbonization levers, such as mining equipment electrification and steam generation systems. We anticipate growing electricity demand as these initiatives expand.

We actively participate in industry associations and trade unions that foster constructive dialogue with authorities. We believe that a regulatory and legal framework that facilitates the development of new energy sources that are competitive in terms of carbon footprint and cost is essential to achieving decarbonization goals.

The levers decarbonization potential towards carbon neutrality



Decarbonization – business case



Estimates as percentage of CapEx

Renewable electric energy sources

Wind farm located	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.

Technology watch

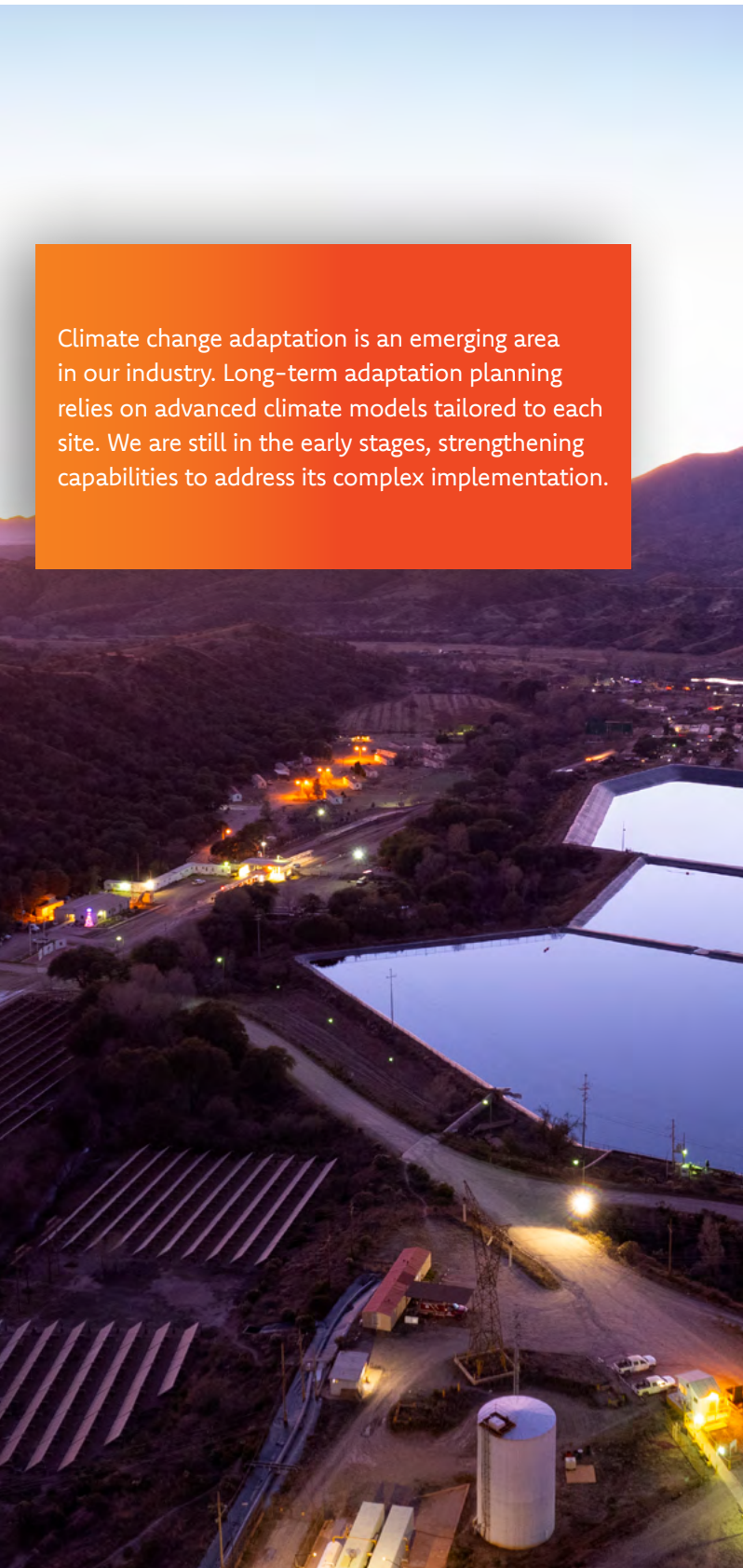
We evaluate alternative projects for solar thermal generation and cogeneration while reviewing the performance of the electric loader and truck that we acquired three years ago for testing in underground mines. We also explore mineral processing technologies that offer energy savings in crushing and 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. In the coming years, these technologies are expected to improve economically, potentially making them viable decarbonization options.

Carbon offsets

In our decarbonization roadmap, we prioritize direct emissions reductions over carbon offsets. We only consider offsets after all technologically and economically viable reduction options are 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

Climate change adaptation is an emerging area in our industry. Long-term adaptation planning relies on advanced climate modelling tailored to the spatial resolution required for each site’s infrastructure and processes. 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. To this end, we strengthened our partnerships with academic institutions such as the University of Arizona to do research projects in this scientific field.



Climate change adaptation is an emerging area in our industry. Long-term adaptation planning relies on advanced climate models tailored to each site. We are still in the early stages, strengthening capabilities to address its complex implementation.

Financial position, financial performance, and cash flows

Current financial effects

We assessed the current financial effects of climate-related risks and opportunities on our financial position, financial performance, and cash flows. This assessment

considered climate events, regulatory factors (carbon pricing mechanisms), the techno-economic status of decarbonization measures, market aspects, and reputational factors.

Risk or opportunity	Financial statement	Current effects	Description of the effects
F1 – Intensification of climate events that impact operations and supply chains	Financial position	No	No climate events affecting operations and the supply chain with significant financial consequences were identified in 2025. No material investments in climate change adaptation are anticipated for 2026.
	Financial performance	No	
	Cash flows	No	
TR1 – Exposure to greenhouse gas emissions regulations that result in cost increases	Financial position	No	As of the end of 2025, Mexico's Emissions Trading System has not yet entered its operational phase, and therefore carbon pricing mechanisms have not been established.
	Financial performance	No	
	Cash flows	No	No significant impacts are identified for 2025 or are projected for 2026 because of new greenhouse gas emissions regulations.
OP1 – Increase in the supply of renewable electricity	Financial position	Sí	Grupo Peñoles has two renewable electricity purchase contracts (Eólica de Coahuila and Eólica Mesa La Paz) that allow for the reduction of Scope 2 emissions and improvements to production costs (Note 36 – Commitments).
	Financial performance	Sí	
	Cash flows	Sí	
OP2 – Evolution of electrification, bio-fuels, and carbon capture technologies to reduce emissions in a cost-effective manner	Financial position	No	In 2025, no significant investments were made in decarbonization levers other than renewable electricity. No significant investments in these levers are anticipated for 2026 due to their technological maturity or cost-benefit analysis.
	Financial performance	No	
	Cash flows	No	The decarbonization roadmap does not represent a present obligation for Grupo Peñoles and therefore does not require a provision.

None of our assets or liabilities’ measurement is directly related to climate change performance (e.g., bonds linked to greenhouse gas emissions reduction targets).

Due to the complexity and uncertainty involved in determining the demand for transition metals in copper prices, any quantitative estimate of current and anticipated financial effects would not be considered relevant information.

Anticipated effects

Our Group's climate change strategy includes a roadmap for identifying decarbonization levers, considering their emissions reduction potential, as

well as their technological maturity, cost-benefit analysis, and operational feasibility. The identification of potential impacts also considers possible climate change adaptation measures.

	Potential impacts on financial statements		
	Short term	Medium term	Long term
Financial position		Increase in mine closure reserves due to climate change considerations	Mitigation of asset impairment due to carbon regulations on process emissions that are difficult to decarbonize
Financial performance	Reduction of production costs through renewable electricity	- Increased costs for compliance with obligations of Mexico's Emissions Trading System - Better interest rates due to greater access to green financing	- Reduction of operating costs through maintenance and replacement of fossil fuels (electrification) - Increased revenue from transition metals
Cash flows		Increased investment in decarbonization levers (CAPEX)	Investments in climate change adaptation (CAPEX) of infrastructure

Risks and opportunities with potential for significant adjustment

Future changes in climate change strategy, increases in the intensity of events, or changes in decarbonization signals may affect our Group's significant judgments and key estimates and lead to material changes in financial results and the carrying amounts of certain assets and liabilities in future reporting periods.

Climate resilience

We conduct this analysis using scenarios based on internationally recognized models for assessing the physical and transition risks of climate change. We complement these scenarios with additional information that allows for a better contextualization of trends. We annually review this scenario analysis and its conclusions to ensure their continued validity.

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. We also use the World Resources Institute's (WRI) Aqueduct online tool to gain a better understanding of the impacts of climate change on water risks and opportunities [\(see Water stewardship section\)](#).

Low to moderate emissions scenario

1. Low to moderate emissions scenario: In this scenario, CO₂ 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 technological developments follow historical patterns, with continued environmental degradation, moderate global economic growth, persistent income inequality, and sustained vulnerability to social and environmental changes.

IPCC climate scenario	Complementary socioeconomic pathway	GHG emissions in 2050 [MtCO ₂ e] 56,000 (+13% compared to 2015)
RCP 4.5	SSP 2	
Global average temperature increase by 2050 ¹	Global average temperature increase by 2100 ¹	
2.0 ± 0.3 °C	2.4 ± 0.5 °C	

Very low emissions scenario

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.

IPCC climate scenario	Complementary socioeconomic pathway	GHG emissions in 2050 [MtCO ₂ e] 25,000 (-50% compared to 2015)
RCP 2.6	SSP 1	
Global average temperature increase by 2050 ¹	Global average temperature increase by 2100 ¹	
1.6 ± 0.3 °C	1.6 ± 0.4 °C	

Very high emissions scenario

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.

IPCC climate scenario	Complementary socioeconomic pathway	GHG emissions in 2050 [MtCO ₂ e] 103,000 (+109% compared to 2015)
RCP 8.5	SSP 5	
Global average temperature increase by 2050 ¹	Global average temperature increase by 2100 ¹	
2.6 ± 0.4 °C	4.3 ± 0.7 °C	

1 Temperature anomaly with respect to the reference period of 1850–1900.

Regulatory framework in Mexico

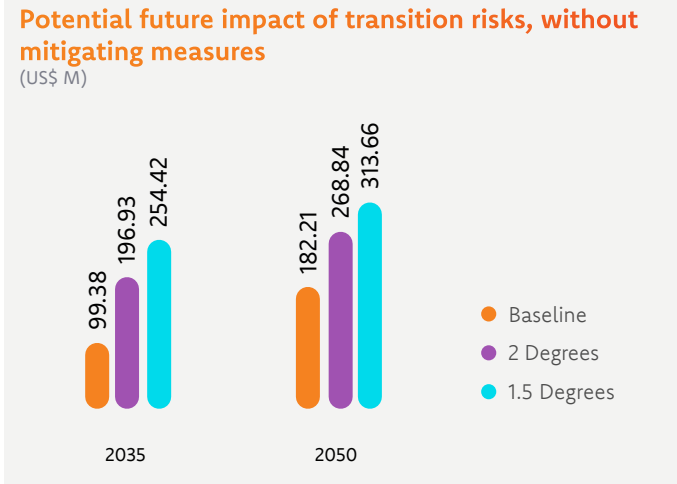
Mexico’s regulatory landscape, simultaneously setting the carbon price at national and state levels: (i) a (federal) Emissions Trading System for operations with annual CO2 emissions above 100,000 metric tons; (ii) a clean energy requirement for generators in the electricity market with a market for 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; and (iv) various state carbon taxes in place, being evaluated or challenged.

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.

Carbon prices (US\$)

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



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



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 WRI’s Aqueduct tool to evaluate climate-related water stress (see [Water stewardship 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. In this context, we have strengthened our collaboration with leading institutions, such as the University of Arizona, which has allowed us to develop climate projections specific to Fresnillo plc.



Scenario analysis

Effect of the scenarios’ exhibited trends on the risk or opportunity level

	Reference year	Low to moderate emissions scenario	Very low emissions scenario	Very high emissions scenario
Risk or opportunity	2025	2050		
F1 – Intensification of climatic events that impact operations and supply chains	Medium	Medium	Medium	High
TR1 – Exposure to greenhouse gas emissions regulations that result in cost increases	Low	Medium	High	Low
OP1 – Increase in the supply of renewable electric energy	Medium	Medium	High	Low
OP2 – Evolution of electrification, biofuels, and carbon capture technologies to reduce emissions cost-effectively	Low	Medium	High	Low

Very low and low to moderate emissions scenarios may lead to significant carbon pricing that could materially affect our strategy and business model without appropriate mitigation measures. The transition plan outlined in our 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 other levers. Renewable energy supply will continue to play a critical role across the short-, medium-, and long-term in reducing electricity’s carbon footprint. 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 adoption of electric open-pit and underground mining equipment, whose technological maturity makes it suitable for medium- and long-term solutions. Green fuels replacement 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 emissions scenarios present significantly greater physical risks compared to low to moderate and very low emission scenarios. These risks 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.

Significant areas of uncertainty

Future global emissions: The identification and assessment of physical impacts rely on the results of climate models. However, estimating future emissions involves uncertainty. Future emissions are impacted by demographic, economic, political, and technological variables with inherent uncertainty. Consequently, the uncertainty surrounding future emissions is generally addressed through the use of scenarios.

Climate models: Climate models have evolved considerably. Both universities and governments have created climate atlases pertaining to chronic physical risks. These atlases are generally based on Global Circulation Models (GCMs) with spatial resolutions between 250 and 600 km. GCMs can be downscaled—either statistically or dynamically—using regional physical models to enhance their spatial resolution. These high-resolution climate modeling applications are complex and remain in a state of research and development. Furthermore, climate models demonstrate a greater capacity to predict temperatures than precipitation. Likewise, they are more capable of predicting averages than extreme events.

Future carbon policies and prices: There is uncertainty not only in evolving national and international public policies, but also in the technological maturity of decarbonization technologies. Additionally, there is uncertainty surrounding macroeconomic trends. Together, these effects result in carbon price uncertainty in scenario analyses.

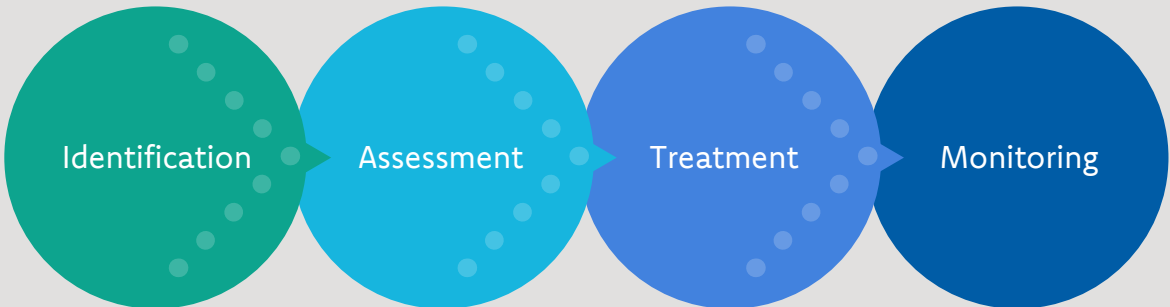
It is important to emphasize that, while scenarios offer informational value for resilience assessment, they should not be interpreted as predictions.



Impact, risk, and opportunity management

An effective climate-related risk management methodology is essential to our long-term strategy. We integrate climate risks into our enterprise risk management (ERM) framework ([see IROs management section](#)).

Risk management framework



We conducted a preliminary assessment by consulting publications on risks and opportunities in our industry, as well as general information on opportunities, physical risks, and transition risks from national and international sources. Through interviews with multidisciplinary teams, we validated their relevance and contextualized the risks to our business model and value chain.

We assess risks with multidisciplinary teams to understand their potential impact and timeframe. This assessment is based on scenarios, information, and contextualization provided by their different areas of expertise: energía, medio ambiente, jurídico, abastecimientos, comercialización, depósitos de jales, relaciones con inversionistas, planeación financiera, tesorería y riesgos asegurables.

The very nature of our industry requires the operationalization of our material sustainability risks. This is advantageous because existing controls can serve as a basis for addressing physical and transitional risks. We identify these controls with multidisciplinary teams.

We identify indicators and other sources of information to monitor climate change risks and opportunities.

Integration with our ERM

Our ERM includes two categories of climate-related risks:

- 1. **Physical climate change risks** may compromise our performance and operational continuity.
- 2. **Transition risks** to a low-carbon economy may compromise our viability and profitability.

Metrics and performance

- Performance metrics include:
- Cross-sectoral greenhouse gas emissions metrics (see this metrics section).
 - Risks and opportunities metrics (see metrics section).
 - SASB industry metrics:
 - Energy and greenhouse gases (see this metrics section).
 - Water (see Water stewardship section).
 - Production (see Environmental management section).
 - People (see Our people section).

Energy and emissions metrics

GRI 302-1, GRI 305-1, GRI 305-2, SASB EM-MM-110a.1, SASB EM-MM-130a.1

Global GHG emissions for the January 1 to December 31, 2025, period	GHG emissions (tCO ₂ e)				Energy (MWhe)				
	Reporting year				Previous year	Base year	Reporting year	Previous year	Base year
	CO ₂ e	CO ₂	CH ₄	N ₂ O	2024	2022	2025	2024	2022
Scope 1 (direct emissions): Combustion of fuels (fixed and mobile sources) and process	1,177,895	1,138,153	770	53	1,196,135	1,347,660	4,177,347	4,347,492	4,918,702
Scope 2 (indirect emissions): Electricity purchased from the national grid (CFE), Wholesale Electricity Market (WEM), Eólica Peñoles (FEISA, Mesa La Paz, and EDC), and Termoeléctrica Peñoles (TEP)	974,319	966,987	17	3	1,141,629	1,735,378	2,979,457	3,238,360	3,199,665
TOTAL	2,152,214	2,105,139	787	57	2,337,763	3,083,038	7,156,803	7,585,852	8,118,367

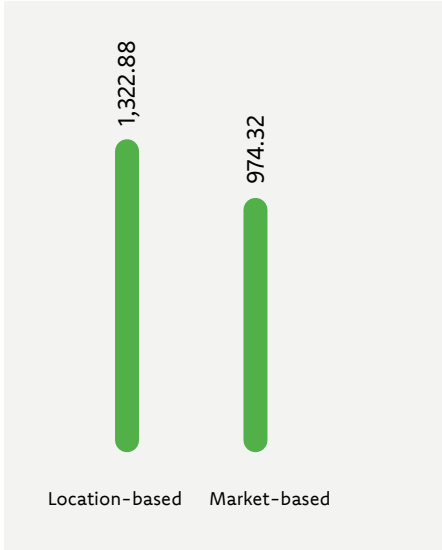
The consolidation of emissions is presented according to the financial control approach, based on methodologies established by the Greenhouse Gas Protocol in A Corporate Accounting and Reporting Standard published by the World Business Council for Sustainable Development (WBCSD) and the World Resources 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

Scope 2 (ktCO₂e), location-based vs. market-based

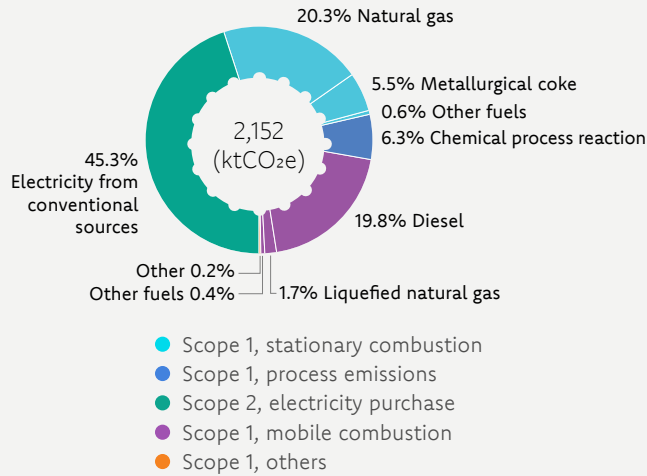
GRI 305-2



Our main decarbonization lever is our supply of clean electricity. That is why our market-based emissions are **26%** lower than location-based emissions in **2025**.

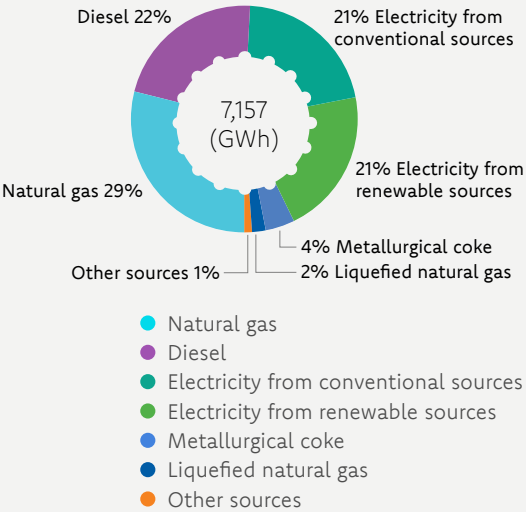


GHG emissions – scope 1 and 2 by source



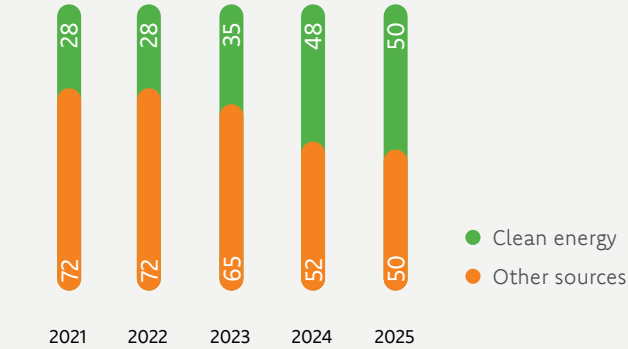
Energy consumption by type

GRI 302-1

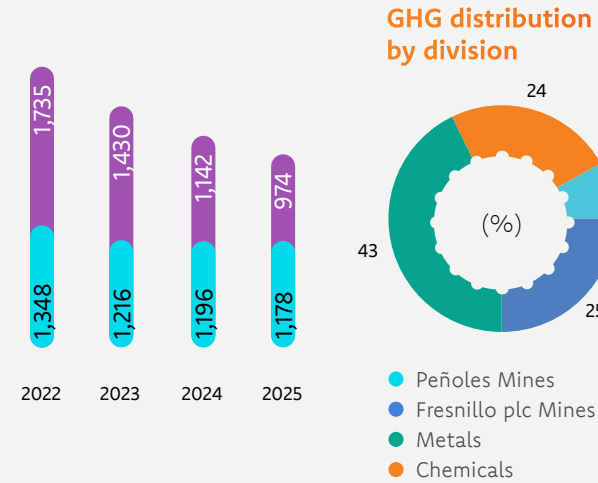


Electricity supply

(%)

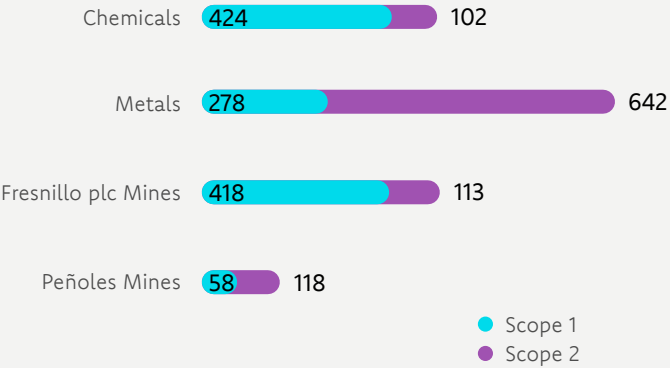


GHG emissions (ktCO₂e)

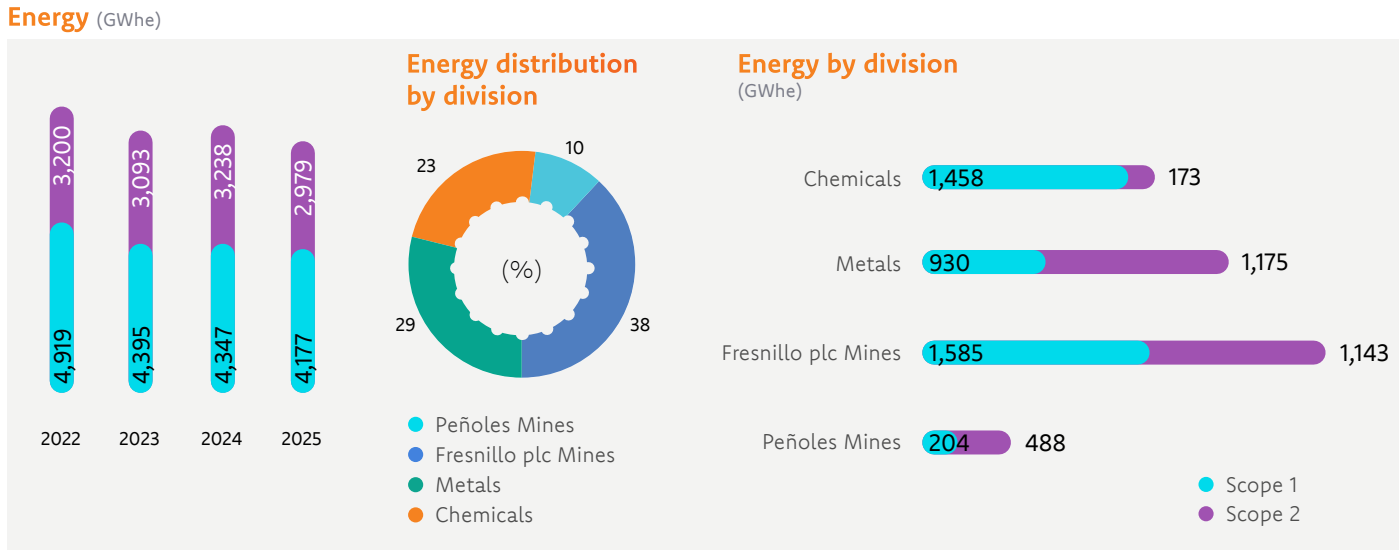


GHG emissions by division

(ktCO₂e)



Fertirey is included in our Chemicals division statistics from 2025 onward.



Fertirey is included in our Chemicals division statistics from 2025 onward.

Emissions and energy intensity by division
GRI 302-3, GRI 305-4



Fertirey is included in our Chemicals division statistics from 2025 onward.

Measurement approach

We chose a financial control approach to account for the emissions of our companies or subsidiaries with mining, metallurgical, and chemical operations that are fully consolidated in the financial accounting system. Data collection for activities (consumption) and the selection of emission factors follow the recommendations for identifying and calculating emissions under the Greenhouse Gas Protocol and the requirements of Mexico's National Emissions Registry (RENE).



Emissions calculation methodology

We account and report consolidated greenhouse gas (GHG) emissions using a financial control-based measurement approach. Under this approach, 100% of our subsidiaries' emissions are accounted for. Scope 1 and 2 emissions are calculated separately for our Group's companies, using bottom-up methods for decentralized information (e.g., fuel consumption) and top-down methods for centralized information (e.g., electricity consumption). The GHG inventory considers emission sources related to electricity use, fuels, process emissions, blasting, and refrigerant losses in accordance with Mexico's National Emissions Registry (RENE). Scope 1 and 2 emissions are calculated using activity records (consumption), calorific values, and emission factors.

Electricity consumption is centrally accounted for by our Group's energy dispatch center, distinguishing consumption by supply source and taking transmission losses into account. We calculate carbon footprint using both location-based and market-based approaches to reflect the emissions associated with the specific electricity contracted.

Fuel consumption records are decentralized. Our selection of emission factors considers the type of fuel, its use in stationery or mobile sources, calorific values from the National Commission for the Efficient Use of Energy (CONUEE), and emission factors

from the National Registry of Emissions (RENE). For calculating natural gas combustion emissions, we consider the calorific value reported by the supplier and RENE emission factors.

Emissions associated with our use of coke and carbonates in metallurgical processes and the calcination of dolomite in chemical processes are based on consumption records, calorific values determined in our company's laboratories, and RENE emission factors. Emissions calculations for blasting and coolants are based on activity records (consumption) and emission factors recommended by our suppliers.

We update emission factors based on the fuel calorific value publications from CONUEE and the national electricity grid emission factor published by the Ministry of Environment and Natural Resources (SEMARNAT) for the National Registry of Emissions (RENE). For emission calculations, we consider the current Global Warming Potential (GWP) factors from RENE for the carbon dioxide equivalent (CO₂e) of methane (CH₄), nitrous oxide (N₂O), and other greenhouse gases. These factors are derived from reports by the Intergovernmental Panel on Climate Change (IPCC), which uses a 100-year time horizon to measure the heat-trapping capacity of each gas compared to carbon dioxide (CO₂).

Contractual instruments for understanding scope 2 emissions

Eólica de Coahuila: Power Purchase Agreement with Eólica de Coahuila, S.A. de C.V. (EDC). The agreement was signed on April 25, 2014, for a term of 25 years. Peñoles subsidiaries participating in this agreement will purchase all of the net energy generated by EDC during the contracted term.

Eólica Mesa La Paz: Power Coverage Agreement under the Electricity Industry Law with Eólica Mesa La Paz, S. de R.L. de C.V. (MLP). The agreement was signed on January 25, 2018, for a term of 25 years. Peñoles' subsidiaries, through the Qualified Service Provider, will purchase 67.8% of MLP's net energy production during the first seven years and, from the eighth year until the end of the contract, will purchase 100% of the net energy production.

Termoeléctrica Peñoles: Power Purchase Agreement under the Electricity Industry Law with Termoeléctrica Peñoles, S. de R. L. de C.V. (TEP). The agreement is valid until 2027. Peñoles' subsidiaries, through the Qualified Service Provider, will purchase TEP's net energy production.

Transition risks metrics

Transition risks may affect 100% of our mining, metals, and chemical activities. We deployed no capital because we implemented risk mitigation measures through our renewable energy power purchase agreements.

Risk	Time horizon	Vulnerable activities	Vulnerable activities (%)	Capital deployment	
TR1 — Exposure to greenhouse gas emissions regulations that result in cost increases	- Short term - Medium term - Long term	US\$ 4,086,596 thousand in property, plant and equipment.	100	Capital expenditure	0
				Financing	0
				Investment	0

Geographic location: Mexico
Value chain: Operations, raw materials, procurement of critical inputs, and logistics
Note: The current effects on financial position, financial performance, cash flows, and anticipated financial effects are presented in the Strategy section.

Physical risks metrics

Physical risks may affect 100% of our mining, metals, and chemical activities. We deployed no capital because our response to these risks is based on our Group's existing operating practices.

Risk	Time horizon	Vulnerable activities	Vulnerable activities (%)	Capital deployment	
F1 — Intensification of climate events that impact operations and supply chains	- Short term - Medium term - Long term	US\$ 4,086,596 thousand in property, plant and equipment.	100	Capital expenditure	0
				Financing	0
				Investment	0

Geographic location: Mexico
Value chain: Operations, raw materials, procurement of critical inputs, and logistics
Note: The current effects on financial position, financial performance, cash flows, and anticipated financial effects are presented in the Strategy section.

Opportunities metrics

These opportunities can benefit 100% of our mining, metals, and chemical activities. We deployed no capital, and achieved electricity decarbonization through our renewable energy power purchase agreements.

Opportunity	Time horizon	Activities aligned	Activities aligned (%)	Capital deployment	
OP1 — Increase in the supply of renewable electricity	- Short term - Medium term - Long term	US\$ 4,086,596 thousand in property, plant and equipment.	100	Capital expenditure	0
				Financing	0
				Investment	0
OP2 — Evolution of electrification, biofuels, and carbon capture technologies to reduce emissions cost-effectively	- Medium term - Long term			Capital expenditure	0
				Financing	0
				Investment	0

Geographic location: Mexico
Value chain: Operations, raw materials, procurement of critical inputs, and logistics
Note: The current effects on financial position, financial performance, cash flows, and anticipated financial effects are presented in the Strategy section.

Internal carbon prices

Our Group uses internal carbon prices as a tool for planning, risk analysis, and decision-making. These prices reflect the combined effect of expectations regarding future national or international regulations and market dynamics.

Carbon prices in (US\$) in scenarios for transition risks:

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

Where do we use them?

- Scenario analysis:** Carbon prices associated with different scenarios for the analysis of transition risks considering regulatory and market factors
- Decarbonization roadmap:** Carbon prices to estimate avoided costs and for comparison with different technologies' marginal abatement costs
- Regulatory analysis:** Carbon prices to estimate the impacts of current or expected national regulations.



Remuneration

Our senior management's performance agreements include sustainability objectives—some related to climate change strategy and others to energy and water efficiency.

We do not use a standardized compensation percentage for our management team. Their performance agreements assign different weights to business and sustainability objectives.

Environmental

Our environmental responsibility includes actions such as efficient water and waste management, emissions control, and biodiversity conservation.



Environmental management

GRI 2-27, SASB EM-MM-160a.1

Environmental stewardship is key to the success of our business strategy. We are committed to ensuring productive and sustainable operations with our people’s participation.

Environmental management systems

Our environmental management system integrates mechanisms to ensure compliance and improve our operations’ environmental performance on our industry’s material issues, including:

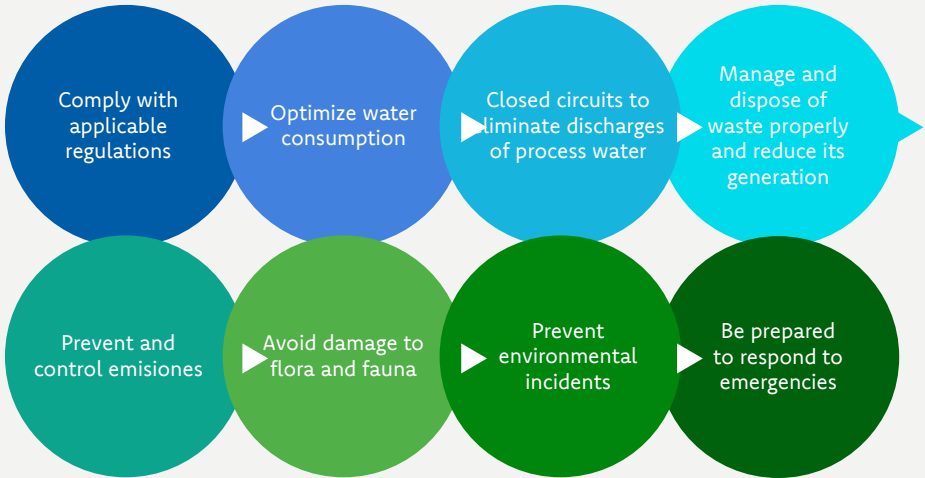
- Compliance with environmental regulations
- Water stewardship
- Biodiversity conservation
- Mining, hazardous, and special handling waste management
- Air quality
- Integrated mine closure
- Environmental incident prevention and management



We train competent staff to plan, coordinate, implement, and comply with our environmental guidelines and legal compliance requirements in all our mining, metallurgical, and chemical operations.

Within the framework of our environmental management systems, we define objectives in each workplace based on its significant environmental aspects, including:

We conduct internal environmental audits at least once a year to ensure the alignment of our management system across all units.



Certifications

Our environmental management systems are based on the ISO 14001 standard. 73% of our operating units are ISO 14001 certified.

Operating units with ISO14001 certification

Company	Division	Business unit
Peñoles	Chemicals	Química del Rey
Peñoles	Chemicals	Industrias Magnelec
Peñoles	Chemicals	Fertirey
Peñoles	Metals	Aleazin
Peñoles	Metals	Fundición
Peñoles	Metals	Refinería
Peñoles	Metals	Zinc
Peñoles	Metals	Bermejillo
Peñoles	Mines	Tizapa
Peñoles	Mines	Sabinas
Peñoles	Mines	Velardeña (Roble)
Fresnillo plc	Mines	Fresnillo
Fresnillo plc	Mines	Saucito
Fresnillo plc	Mines	Penmont (Herradura and Noche Buena)

Our Química del Rey and Fertirey Units are certified in the Responsible Care Management System granted by the National Association of the Chemical Industry A.C

Compliance

Environmental compliance is essential to ensure business continuity and to prevent penalties and reputational damage. To guide compliance across

business units, we establish guidelines and standard practices to identify, assess, and comply with legal and other requirements.

We conduct annual environmental compliance assessments. These assessments verify that all our operations comply with current environmental legislation and promptly identify any risks of non-compliance. They also evaluate our existing controls’ effectiveness and promote continuous improvement. To efficiently manage compliance, we use a regulatory compliance system (RCS). The RCS allows for easy access to regulations and annual compliance assessments.

Our legal and environmental teams regularly monitor changes in environmental regulations to assess their implications. This enables us to plan and implement necessary compliance measures in coordination with our operations.

High Potential Strategy

Our organization expanded the scope of our High Potential Strategy to include the management of critical environmental risks. This strategy is based on a critical controls methodology and encompasses incident and behavior management—promoting visible leadership in the field.

Losing control of a critical environmental risk could lead to environmental impacts, sanctions, and in severe cases, loss of environmental permits and authorizations. To prevent these impacts, we identify and implement critical controls that enable us to effectively manage these risks.

In the first phase of our strategy, we prioritize three critical risks:

EmissionsE

SpillsS

Authorizations and permitsA

Our High Potential Strategy contributes to robust environmental management and regulatory compliance—essential elements for operational continuity.

Environmental incidents

SASB EM-MM-140a.2, SASB EM-MM-150a.9

In 2025, Industrias Peñoles had no significant environmental incidents. We reported two emissions-related incidents to the environmental authorities, both of which were promptly controlled on-site and resulted in no major consequences.

Category	Reportable incidents ¹	Significant Incidents ²
Water	0	0
Waste	0	0
Emissions	2	0

1 Reportable incident: A noncompliance incident that requires notification, control, and remediation in accordance with applicable environmental regulations. These incidents are considered reportable even if they were promptly controlled and did not result in major consequences.

2 Significant incident: A reportable incident that also has material financial consequences due to remediation and/or restoration activities for environmental damage; partial or total suspension of operations due to damage to facilities; and/or sanctions and fines imposed by the authorities.

Circular economy and responsible production

A circular economy seeks to optimize natural resource use at all stages of the product and service life cycle. Responsible production focuses on effective social and environmental impact management during the production phase. For this reason, environmental management plays a crucial role in responsible mineral,

metal, and chemical production. We are convinced that responsible production and circularity are development models that present both business challenges and opportunities.

We strive for efficient processes, optimizing energy, water, and supply consumption. We evaluate the opportunities presented by environmental technologies, considering their cost-effectiveness. To assess performance, we define eco-efficiency indicators and continuously pursue improvement.

Production of metal ores and finished metal products

SASB EM-MM-000.A

Division	Product	Production (thousands)	Unit of measurement
Mining	Gold	642.0	oz
	Silver	62400.7	oz
	Lead	85.2	t
	Zinc	250.3	t
	Cuper	10.0	t
	Cathode Cuper	10.5	t
Metals	Gold	884.1	oz
	Silver	70586.1	oz
	Lead	105.1	t
	Zinc	199.1	t
	Cuper	6.9	t
	Cadmium	2.2	t
	Lead bullion	121.9	t

Chemical products

Division	Product	Production (thousands)	Unit of measurement
Chemicals	Sodium Sulfate	733.3	t
	Magnesium oxide ¹	76.2	t
	Ammonium sulfate ²	63.7	t
	Magnesium sulfate	65.9	t

1 Includes refractory, caustic, electrical, electrofused, and hydroxide grades.

2 Does not include custom-made granules.

Water stewardship

GRI 303-1, GRI 303-2

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

Our ESG Steering Committee ([see ESG governance section](#)) is responsible for evaluating our organization’s water management and stewardship performance. Our Tailings Steering Committee promotes synergies between good engineering practices and operational governance related to tailings and water management. Performance guidelines define water management roles and responsibilities for everyone involved—from executive leadership to operational staff.

Policies and guidelines

SASB EM-MM-160a.1

Our goals focus on optimizing water consumption and ensuring its responsible use in all our activities, encouraging a zero-harm mindset. To achieve this, we adopt best practices, including guidelines that clearly define roles and responsibilities.



Policies, guidelines, and procedures



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:

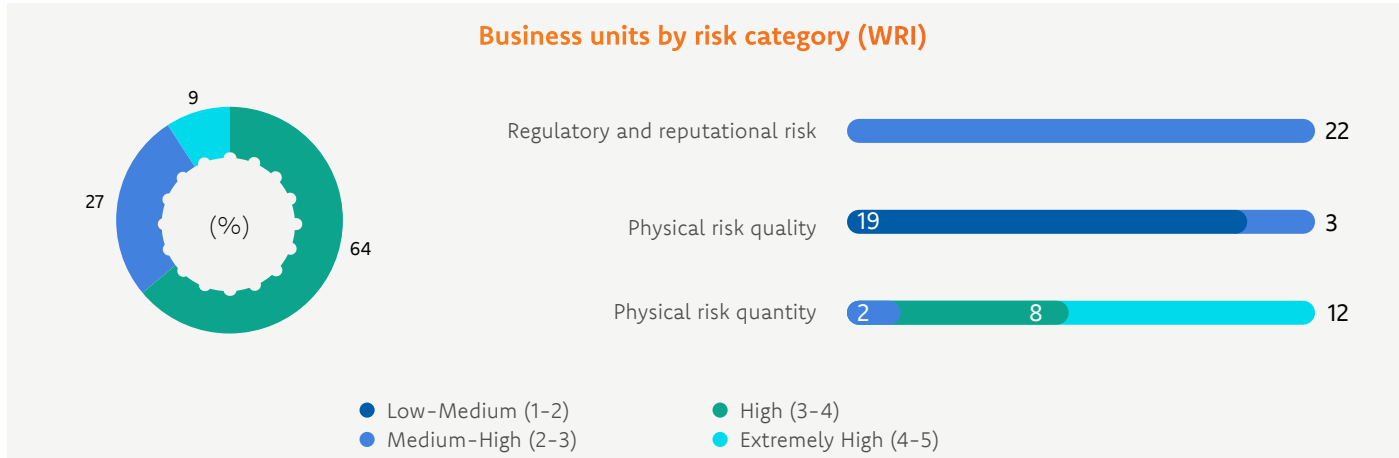
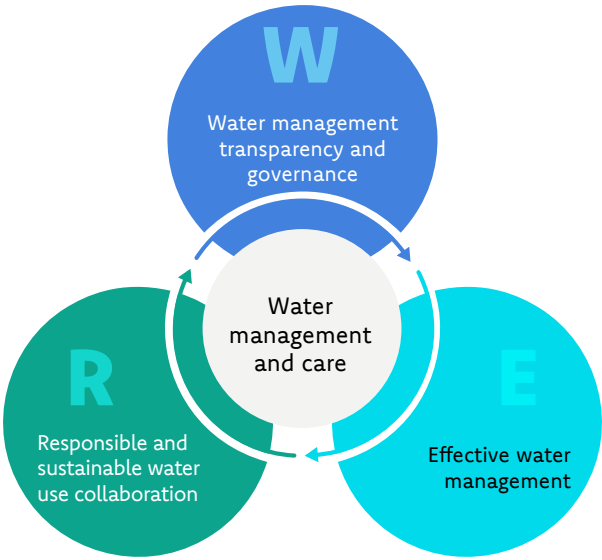
Physical water availability: water stress and climate change

Water stress in the watersheds where we operate and the physical impacts of climate change increasingly threaten water availability. 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](#) (WRI) Aqueduct online tool. In 2025, we updated the water stress status of the regions where our units are located. The results remained the same: 72.7% of our operations are in areas with extremely high-water stress; 9.1% in areas with

medium high-water stress; 4.5% in areas with low water stress; and 13.6% in arid and low-water-consumption areas. For overall water-related risk 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.



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.

Business risks

Based on this context, we identified two water-related business risks.

Business risk	Scope in the value chain	Time horizons
F1 – Insufficient water resulting in pro-duction losses	- Suppliers and raw material suppliers - Operations	- Short term - Medium term - Long term
T1 – Exposure to regulations that result in increased costs or limited production	Operations	- Short term - Medium term - Long term

Water-related financial risks are interdependent with risks related to climate change, mining and metallurgical waste, hazardous and special handling waste, biodiversity, communities, and Indigenous peoples.

Impact, risk, and opportunity 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 UN SDG 6, *Clean Water and Sanitation*.

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 us to consider ecosystem and community impacts 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.

Regulatory compliance

We ensure that we identify, update, evaluate, and comply with legal and other requirements regarding water use and management for our exploration, projects, and operations. Our annual environmental compliance assessments and regulatory compliance system (RCS) enable us to efficiently manage compliance risks.

Responsible and sustainable water use collaboration

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

We join to the “National Agreement for the Right to Water and Sustainability,” in México and, 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.

Water management transparency and governance

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.



CDP water security assessment

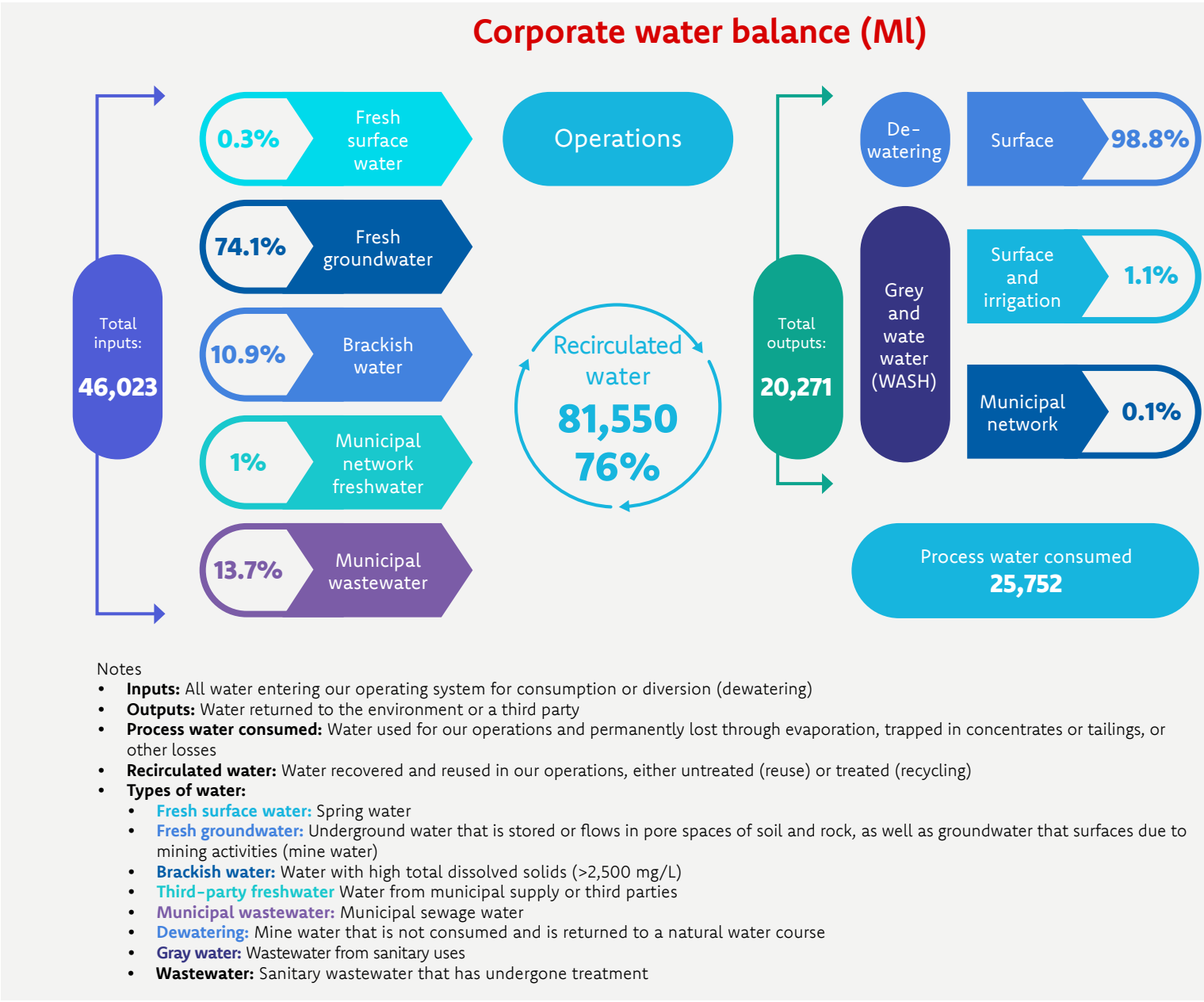
In our latest CDP assessment, we received a B rating for water security. Our water accounting received an A- rating, which motivates us to continue improving our water management.

Metrics and performance

We rigorously comply with applicable regulations at all levels and strive to preserve our company's reputation by maintaining and adopting best practices in water management. This allows us to reduce operating costs and maximize water reuse efficiency—achieving a 76% recirculation rate in industrial and sanitary processes. To minimize freshwater consumption, according to our corporate balance sheet, we utilize up to 23% of municipal wastewater and opt for the use of brackish water in the arid regions where

we operate, representing 19% of our consumption. Used as a replacement for fresh water, wastewater from the city of Torreón reached 85% of the Metals division’s water consumption. Brackish water represents 99% of the Chemical division’s water consumption. Thanks to our closed-loop systems, we do not discharge process water.

We implement preventive and predictive maintenance programs to avoid leaks in our systems, and our measuring devices and treatment plants recirculate water from our internal services.

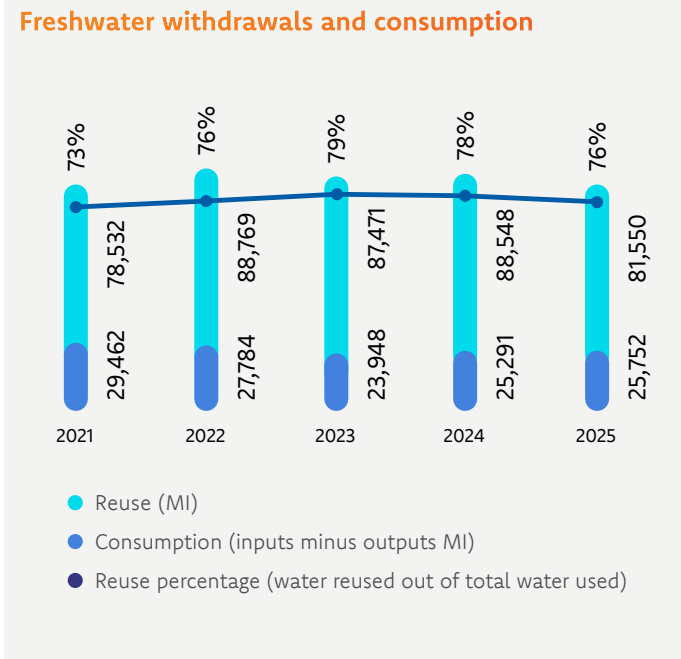


Corporate water balance

GRI 303-3, GRI 303-4, GRI 303-5, SASB EM-MM-140a.1

Balance (MI)			Year		
	Category	Source	2025	2024	2023
Inputs	Freshwater	Surface	143.83	294.01	735.57
		Municipal distribution system	433.23	421.24	412.85
		Groundwater	34,117.55	34,973.13	27,538.00
	Brackish water		5,034.17	3,868.96	3,613.88
	Treated water	Municipal wastewater	6,294.75	7,216.09	6,412.31
	TOTAL inputs		46,023.54	46,773.44	38,712.62
	Type of water	Destination	2025	2024	2023
Outputs	Dewatering	Surface water	20,031.31	21,244.25	14,500.83
	Water, sanitation, and hygiene (WASH)	Surface water / Irrigation of green spaces	219.52	218.66	244.80
		Municipal wastewater	20.28	19.51	19.05
	TOTAL outputs			20,271.12	21,482.42
Water consumed in our processes			25,752.42	25,291.02	23,947.94
	Peñoles Mining		4,851.57	4,444.38	4,725.33
	Fresnillo plc Mining		13,368.39	13,830.75	12,395.29
	Metals		2,990.56	3,189.00	3,259.82
	Chemicals		4,542.31	3,826.88	3,567.51

Operating efficiency



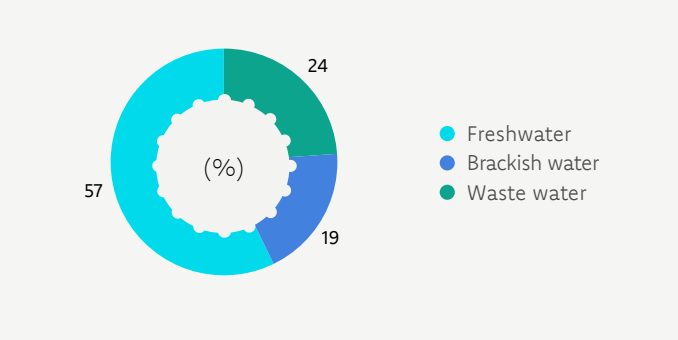
Freshwater withdrawals and consumption (ML)

GRI 303-3, GRI 303-5, SASB EM-MM-140a.1

Year	Withdrawals		Consumption	
	Freshwater	Total	Freshwater	Total
2024	35,688.39	46,773.44	14,394.60	25,291.02
2025	34,694.62	46,023.54	14,621.42	25,752.42

Industrias Peñoles water consumption

GRI 303-5, SASB EM-MM-140a.1



Water Extraction and consumption by water-stress ubication

GRI 303-3, GRI 303-4, GRI 303-5, SASB EM-MM-140a.1

Water stress category by specific ubication (WRI)		Low (<10%)	Medium-High (20 - 40%)	Extremely High (>80%)	Arid and with low water use
Inputs	ML	395.72	1,421.36	39,680.10	4,526.36
	%	0.9	3.1	86.2	9.8
Outputs	ML	0	0	20,271.12	0
	%	0	0	100	0
Consumption	ML	395.72	1,421.36	19,408.98	4,526.36
	%	1.5	5.5	75.4	17.6
Type of consumed water		 ● Freshwater	 ● Freshwater	 ● Freshwater ● Brackish water ● Waste water	 ● Brackish water
Recirculation	ML	5,238.42	1,226.52	74,774.68	310.86
Reuse	%	93	46	79	6

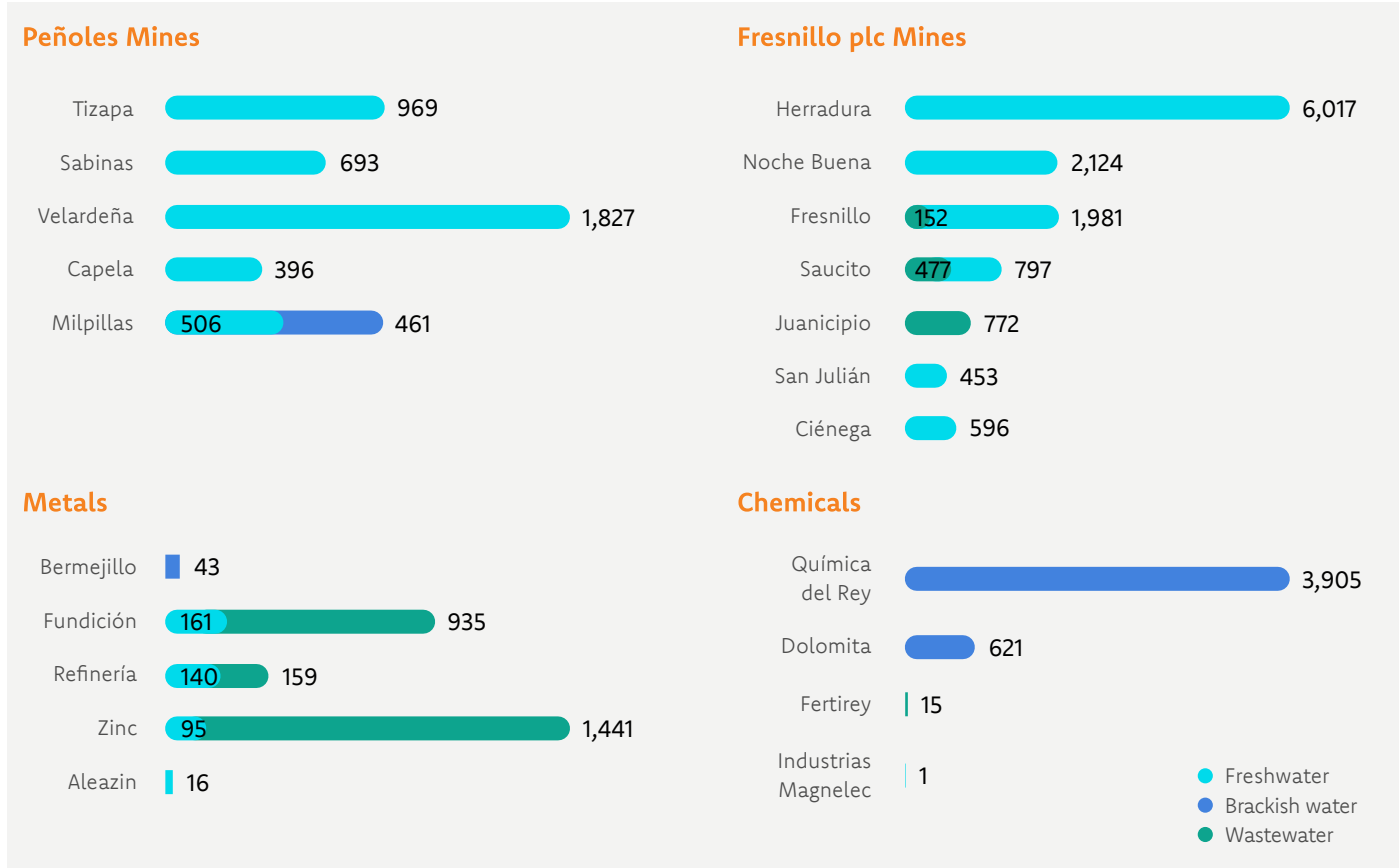
86% of our operations are in zones of extremely high-water stress and arid regions. We build resilience through circularity using municipal wastewater to meet 25% of our needs. We recycle and reuse 75,085 ML, that represents 86% of our total water use. Brackish water represents 21% of our water consumption in this zones.



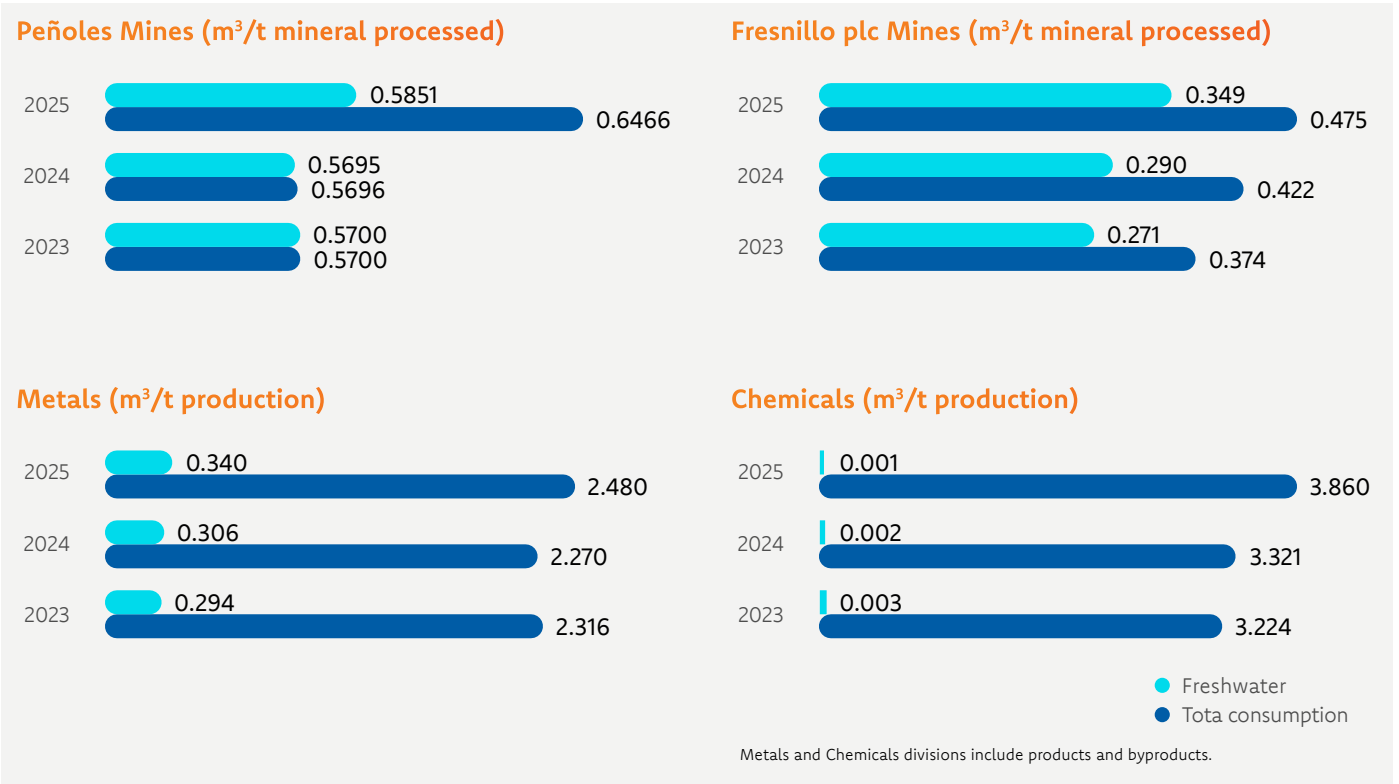


Industrias Peñoles annual water consumption by business unit (Ml)

GRI 303-5, SASB EM-MM-140a.1



Consumption intensity by division



We comply with applicable regulations and adopt best practices in water management that build trust.

Reportable and significant water incidents

SASB EM-MM-140a.2

In 2025, we reported no incidents relating to noncompliance with water quality permits, standards, or regulations.

Company	Reportable incidents	Significant incidents
Peñoles	0	0
Fresnillo plc	0	0

Biodiversity conservation

GRI 101-2, GRI 101-4

Managing biodiversity responsibly throughout our operations’ life cycle 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

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

We expect our value chain partners to support our efforts to responsibly manage their activities and leverage opportunities to generate positive outcomes for biodiversity.



Context and strategic considerations

Biodiversity loss destabilizes the world’s ecosystems and reduce their capacity to provide essential ecological services, ultimately affecting environmental quality and 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 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 to the UN Convention on Biological Diversity (CBD) in December 2022.

Responsible mining implements measures to minimize biodiversity impacts, using the mitigation hierarchy and best available practices when possible. Beyond protecting species, responsible mining recognizes the importance of an integrated management of water, soil, and wildlife.

First steps towards TNFD

We are working to adopt the Taskforce on Nature-related Financial Disclosures (TNFD) framework. This framework provides metrics and guidance to analyze and disclose nature-related information. Our first step it to get familiar with the LEAP (Locate, Evaluate, Assess, Prepare) methodology to identify,

assess, and report nature-related dependencies, impacts, and risks. We use the Integrated Biodiversity Assessment Tool (IBAT) to better understand the biodiversity in the regions where we operate. This platform hosts global biodiversity databases and facilitates the identification of species from the IUCN Red List within a 50 km radius.



Our next steps are aimed at enriching our understanding by leveraging our information and experience in biodiversity management in the areas where we operate. We seek to strengthen the initial phases of the LEAP methodology and ensure that subsequent phases are firmly grounded, expanding our understanding of the financial implications of biodiversity. The LEAP methodology proposes a cross-cutting effort between various areas of an organization to obtain a broad perspective that allows for the correct identification of risks and opportunities, their evaluation, and the alignment of actions.



Riesgos de negocio

Financial risk	Scope in the value chain	Temporary threshold
T1 – Biodiversity regulation changes that result in the abandon of technically and economically viable projects	• Exploration • Projects • Operations	• Short term • Medium term • Long term



Impact, risk, and opportunity management

Compliance

We manage biodiversity impacts in compliance with the applicable regulatory framework in the ecosystems where we operate. Before initiating any project, we conduct environmental impact studies that include biodiversity baselines. The legislation of the countries where we operate identifies at-risk flora and fauna and establishes protection measures that projects and operations must respect. We carry out the corresponding regulatory procedures to obtain environmental permits, identifying the conditions to be met. We establish teams integrating

operational, environmental, and legal areas to determine the best implementation strategy to ensure compliance.

Environmental management plans

We implement environmental management plans that include monitoring programs, sampling by accredited organizations, and the generation of reports for legal compliance, as well as control variables to ensure environmental performance. These plans establish activities corresponding to flora and fauna management in accordance with our mitigation hierarchy.

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 • Species relocation to a location identified by the executive technical study declared before the legislation • Minimize the impacts of noise and dust • Irrigation during drought seasons • Soil conservation and water infiltration works • Protect watercourse, including excessive suspended solids • Limit scaring away of native wildlife
Restore	• Progressive restoration within the project’s area • Biodiversity restoration as part of integral mine closure
Offset	• Voluntary conservation beyond the project’s area • Planning and implementation of offset areas

Relocation of species and voluntary conservation

Our actions are focused on exceeding the survival rate established by the regulations applicable to our relocation sites. To this end, we implemented a series of protective measures for these sites. We created firebreaks, we fumigate with natural and biodegradable materials, always avoiding the use of chemical pesticides. Furthermore, we implemented biodiversity monitoring programs conducted by external forestry consultants to evaluate the effectiveness of the implemented measures.

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.



We protect biodiversity with wildlife conservation areas in Velardeña and Fresnillo.

Roble unit PIMVS case

As part of our commitment to generating positive impacts, we own a property and facility certified as a Wildlife Management Facility (WMF) since 2013 in our Velardeña unit, where, among other things, we work in coordination with the Federal Attorney's Office for Environmental Protection (PROFEPA) to rescue and rehabilitate exotic fauna from rescues or seizures. In the 2025-2026 fiscal year, we had seven cases of rescue of threatened species:

- Three spider monkeys (Ateles geoffroyi)
- Three green iguanas (Iguana iguana)
- One raccoon (Procyon)

At the end of 2025, we enjoyed a total population of 95 animals, divided into 13 species:

- Two American bison (Bison bison)
- 13 water buffalo (Bubalus bubalis)
- 13 Watusi cattle (Bos taurus)
- 28 Oriental bighorn sheep (Ovis orientalis)
- Two ostriches (Struthio camelus)
- Three elk (Cervus canadensis)
- 17 fallow deer (Dama dama)
- Two peacocks (Pavo cristatus)
- Five spider monkeys (Ateles geoffroyi)
- Two raccoons (Procyon)
- Three black bears (Ursus americanus)
- One bobcat (Felis silvestris)
- Three green iguanas (Iguana iguana)

When PROFEPA's laguna regional headquarters carries out a rescue or seizure, they contact our Torreón unit's nursery to report the species and verify the availability of resources for relocation and installation at our Velardeña facility. If the necessary, we make every effort to construct a suitable habitat for the species.



A preliminary assessment is conducted to ensure its well-being. Upon arrival, its overall physical condition is evaluated to determine the presence of illnesses or injuries and give the appropriate treatment as well as the optimal diet. This process is specific to each species and is carried out gradually, it involves strict and rigorous monitoring, as this is the crucial stage of its adaptation. We have a program that offers guided tours on the WMF to schools in the communities surrounding Minera Roble. During the tour, students learn about the species we protect. As part of our activities commemorating World Environment Day, we hold an Eco-fair, an event that allows the community to learn firsthand about the actions we take in conjunction with the authorities for protection, and conservation of certain species.



Metrics and performance

- 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

GRI 306-1, GRI 306-2, GRI G4-MM3, SASB EM-MM-540a.2, SASB EM-MM-540a.3, SASB EM-MM-150a.10

Managing our mining and metallurgical waste responsibly and effectively is essential to maintaining stakeholder trust and executing our business strategy. To this end, we implemented a tailings management system, adopting industry best practices. Our goal is to do zero harm to people and the environment.

Governance

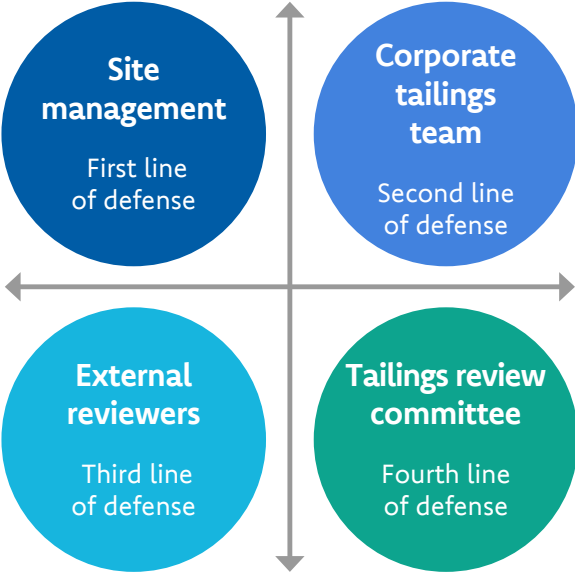
Our governance structure defines and documents the roles, competencies, responsibilities, and accountabilities of our teams involved in the safe and effective management of tailings storage facilities (TSFs) throughout their life cycle—design, construction, operation, closure, and post-closure. It incorporates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

Our Board of Directors is committed to protecting public health, safety, and the environment. Endorsed by the Board, our Responsible Tailings Management Policy instructs senior management to ensure that every member of our operating group:

- Implements all reasonable measures to safely manage tailings and minimize potential harm
- Allocates appropriate resources to support tailings management, including facility closure
- Implements and upholds an effective tailings management system (TMS), ensuring that all employees, contractors, and consultants adhere to it.

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



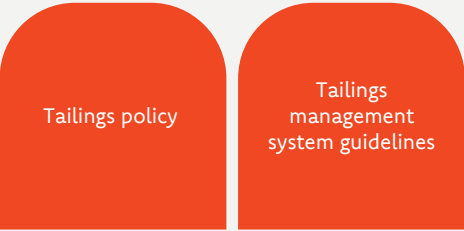


Policies and guidelines

Our Tailings policy and TMS guidelines offer a consistent, company-wide approach to managing TSFs throughout their life cycle. These documents establish clear expectations regarding tailings management roles and responsibilities, as well as guidelines for the planning, implementation, review, and assurance of our system.

Durante 2025, los lineamientos fueron actualizados como resultado de la evolución organizacional de 2024. Esta versión refuerza la rendición de cuentas de cada unidad operativa en la implementación del sistema, y reafirma nuestro compromiso con las mejores prácticas internacionales para el manejo seguro y responsable de los jales.

Policies, guidelines, and procedures



- I. Site management:** Each mine’s general manager (GM) 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. Our tailings management and operations teams work together to implement our TMS and operate safely.
- II. Corporate tailings team (CTT):** This team develops, manages, and oversees our TMS, including the coordination of external reviews in the form of dam safety reviews (DSRs) and reviews of 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 the ITRP’s evaluations, the EoR’s dam safety inspections, and third-party safety reviews.
- IV. Tailings review committee (TRC):** This committee—composed of senior management led by the AEs—provides internal oversight of TSF governance and operations. It engages independent experts, mainly the ITRP, to review operations, inspections, audits, and governance processes.



Context and strategic considerations

Tailings

Tailings are a byproduct of mineral processing. To liberate the ore, we crush and grind the rock with water to produce particles similar in size to silts. We process resulting slurry to separate valuable minerals from the gangue. The residue from this process is a pulp known as tailings. Tailings are repurposed, when possible, as backfill or construction material. Otherwise, tailings are transported and stored in geotechnical structures known as tailings storage facilities (TSFs).

Stakeholder trust

Although most of the mining industry responsibly manages TSFs, catastrophic failures—such as those in Fundão (Mariana) and Feijão (Bromadinho), Brazil—severely impacted public trust. While rare, these events have 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 the GISTM to the industry. We are currently developing and implementing a TMS based on state-of-the-art guidelines 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 our alignment with many GISTM principles. Although we do not currently plan to adopt the GISTM formally, we are actively monitoring our progress and industry developments, and we 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 in TSF planning, guided by our comprehensive TMS. We follow guidance from the MAC, ICMM, CDA, and International Commission on Large Dams (ICOLD).

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 specifically protect human health and the environment and establish parameters for closure of mining operations.

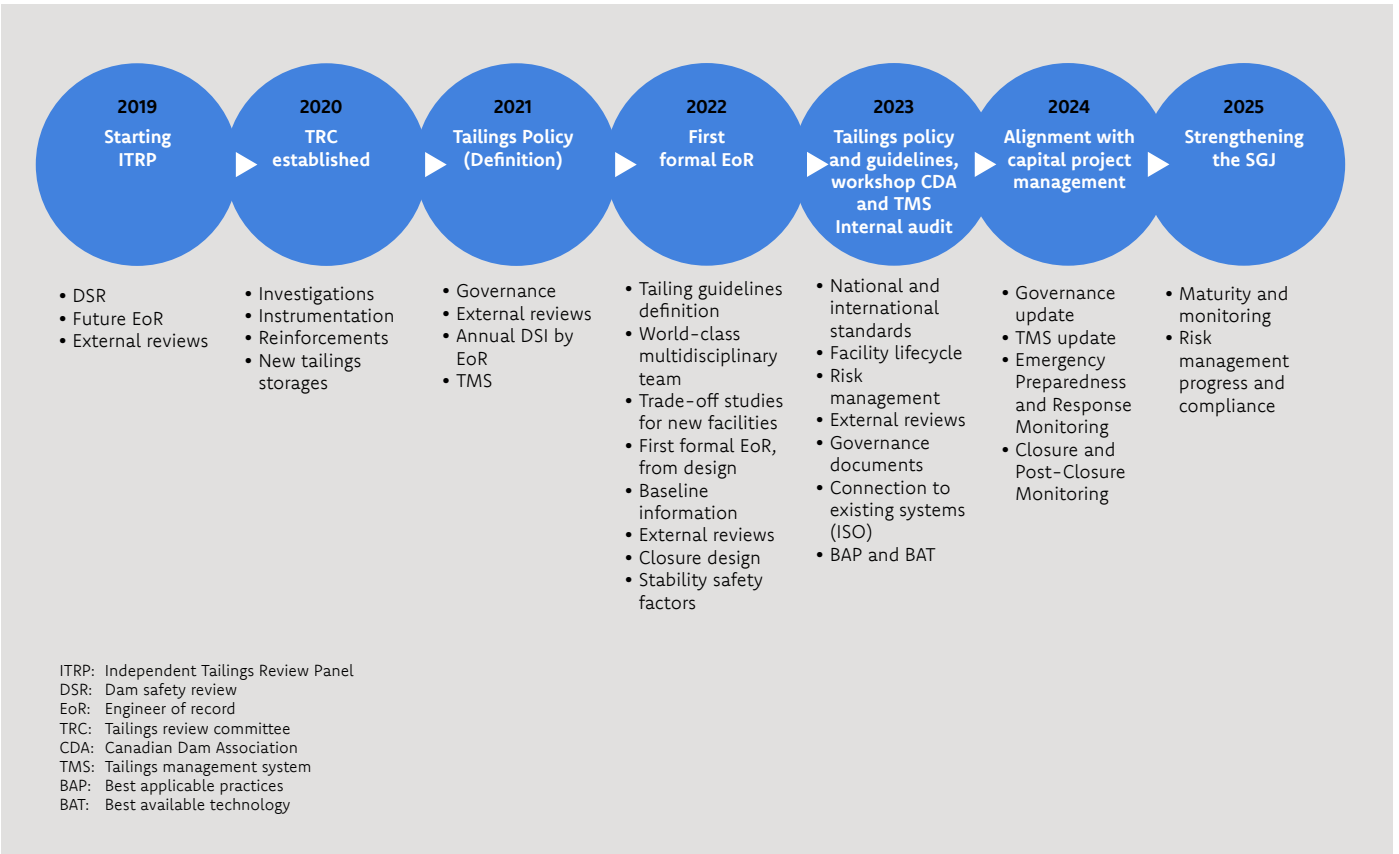


We apply these basic principles to achieve a culture of safe tailings management throughout our facilities’ life cycle:

- i. Accountability, responsibility, and competence:** Defining responsibilities and competencies to identify and manage facility risks
- ii. Planning and resourcing:** Ensuring necessary financial and human resources for 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:** Evaluating and continuously improving risk controls through internal and external reviews
- vii. Meaningful community involvement:** Engaging communities to address questions and concerns, and plan visits to facilities to learn about their infrastructure and responsible operating practices.

Tailings management system

Our TMS provides a robust framework for the governance and application of engineering best practices. Our TMS plays a key role in effective communication to address risks and to ensure sound decision-making. Our TMS is aligned with our Tailings policy and is applied throughout a TSF’s life cycle.



In 2025, our TMS implementation reached on average 64% across all our operating units (56% in 2024). Operating (active) TSFs reached 70%, while non-operating (inactive) TSFs reached 50%. Our progress demonstrates our strengthening culture of responsible and safe tailings management beyond the inherent challenges of older infrastructure that is out of operation.

Our greatest progress in TMS implementation relates to our facilities’ risk management, with full compliance in these areas:

- Geotechnical characterization
- Stability analysis
- Risk assessment through potential failure mode analysis (PFMA)
- Dam breach analysis (DBA)
- Operation, maintenance, and monitoring (OMS) manual
- Emergency response plan (ERP)

Social and environmental considerations

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 TSFs.

Surveillance, inspections, and geotechnical investigations

We continuously monitor our sites using complementary instruments and systems such as piezometers, inclinometers, topographic controls, drones, satellite InSAR, and other technologies to monitor water and the integrity of our TSFs embankments.

Our Ciénega and Sabinas units implemented monitoring systems that allow continuous and real-time data collection for our TSFs’ instruments. These systems send alerts when safe operating parameters are exceeded. In addition, both units use CCTV to remotely monitor different areas of the facilities.



The RTFE performs regular inspections of our facilities, and the EoR conducts periodic dam safety inspections (DSI). Furthermore, we conduct geotechnical investigations that include CPT and SPT tests to characterize tailings, soils, and other materials for the design preparation of new TSFs or the expansion of existing ones.

Independent reviews

The Independent Tailings Review Panel (ITRP) regularly reviews our TSFs’ design, operation, maintenance, surveillance, and governance and provides input on the EoR’s performance. In addition, independent experts periodically conduct dam safety reviews (DSR). All findings are submitted to our TRC.

The ITRP completed its 2025 program of desk reviews and field visits, covering our Herradura, Fresnillo, Saucito, Juanicipio, San Julián, Sabinas, and Velardeña units. In addition, it conducted special reviews of new TSFs and expansion projects, validating design considerations and seeking design improvements and optimizations. As a result of these reviews, 195 recommendations were generated, of which only 31% were high priority (1 and 2), a decrease from 42% in 2024.

Emergency preparation and response

Our TMS requires our sites to regularly update their OMS with the definition of their TARPs and emergency response plans. We consider a potential failure mode analysis (PFMA) and DBA methodologies to plan for our emergency response to extremely unlikely events. We conduct emergency response drills and engage with communities and authorities to communicate our approach to safe tailings management and foster emergency response collaboration.



Training

Training is key to safe tailing facilities management. We focus our efforts on training and increasing awareness of updates to our management system guidelines, as well as other related topics, including engineering, governance, and environmental protection.

Technology and innovation

Our approach to technology and innovation is guided by our strategic priorities and each technology’s maturity level. 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

We plan a new TSF to support the remaining life of our Velardeña mine in Durango. We will store tailings 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 our facility’s overall footprint compared to conventional tailings storage methods.

Although our evaluation indicated tailings filtration was not economically viable, Velardeña’s favorable climate supports natural tailings drying. Our current TSF is divided into multiple cells, enabling us to deposit tailings as pulp in the first cell, store tailings undergoing drying in the second cell, and then excavate dried tailings from the third cell for transport and placement in the dry stack.

At the end of 2025, our Velardeña mine was granted the permit for our new TSF, and we expect to begin construction in the first quarter of 2026 and start operations by the end of the year. The projected capacity of our new TSF is 27 million tons of tailings with a lifespan of 16 years.

Case study – Medium and long-term planning

In 2019, we launched an ambitious initiative to align our tailings management with industry best practices. Our initial reviews and assessments enabled us to identify information gaps. This required investigations and studies to increase our understanding of our facilities’ design and construction. By 2023, we reached a more comprehensive understanding of our facilities. This resulted in increased levels of certainty and confidence in the integrity of our operating units’ TSFs. Implementing improvements to our TMS while ensuring short-term storage capacity was a challenge we faced with discipline.

In recent years, we have also worked to improve our TSFs planning to ensure the short- and medium-term availability of safe tailings storage. We reached a significant milestone in 2025, with most of our operating units possessing viable plans to store tailings for the next five years. Our Ciénega, Fresnillo, Herradura, San Julián, Tizapa, and Velardeña operations stand out, with plans that cover their life-of-mine (LOM) requirements.

Metrics and performance

Investment

In 2025, total investment reached \$117 million (US\$85 million in 2024). Of this amount, \$63 million was allocated to expanding existing TSFs and \$54 million to the design and construction of new TSFs. The investment was distributed across 16 projects: 11 expansions and five new facilities. Of these five new facilities, two are already under construction (TSF 2 in Herradura and Fátima Norte in Fresnillo), one is in the feasibility stage (TSF 4 in Velardeña), and two are in the pre-feasibility stage (Fátima Sur in Fresnillo and TSF 2 in Capela).

Production and reuse of tailings (circularity)

We continue to diligently monitor deposited tailings and evaluate our remaining storage capacity. In 2025, our mineral processing activities produced 19 million tonnes of tailings, of which we reused 0.27

million tonnes as backfill in underground mines and 1.4 million tonnes as construction material for our TSFs. We also excavated and reprocessed 1.58 million tonnes of old tailings to recover metal content. We remain committed to pursuing cost-effective tailings circularity opportunities.

Tailings generation (t)

GRI G4-MM3, SASB EM-MM-150a.5

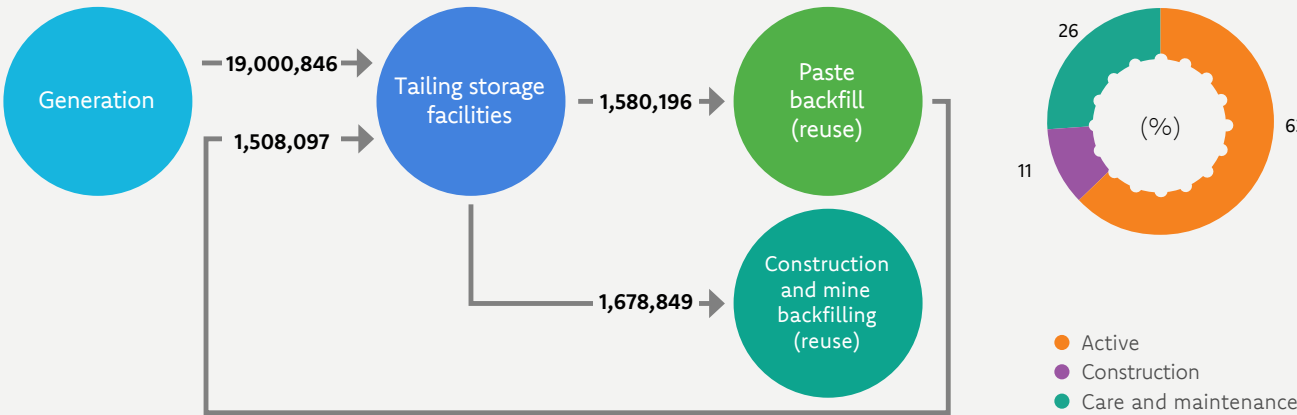
Company	2025	2024
Peñoles Mines	5,132,569.66	5,186,498.23
Fresnillo plc	13,868,275.96	15,742,469.73
Industrias Peñoles	19,000,845.62	20,928,967.96

We reduced our tailings generation by 9% compared to 2024 due to the conclusion of the operational life of the San Julián disseminated deposit (DOB) and the interruption of operations at Tizapa.

We reuse the equivalent of **8.84%** of our tailings generated, representing savings in storage requirements and increasing our TSFs life.

We reprocess and reuse the equivalent of **15.89%** of our tailings deposited, confirming our commitment to a circular economy and seeking a second life for our waste.

Status of tailings storage facilities



All figures reported in tonnes.

The difference between the input and output of the reprocessed material represents the mineral concentrate obtained.

We operate waste facilities safely by implementing best engineering practices.

Waste rock piles, heap leaching, and jarosite deposits

In 2025, a total of 18.94 million tonnes of ore were placed on heap leaching pads for processing. During the same period, 75.9 million tonnes of waste rock were generated, and 0.87 million tonnes of jarosite were disposed of in safe storage facilities. These facilities are managed under a system inspired by best practices learned from 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

Mining operations must remove barren rock 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 like engineered landfills. These facilities are constructed with impermeable barriers at the base to prevent any potential environmental impact.



Waste rock, heaps leaching, and jarosite generation (t)

GRI G4-MM3, SASB EM-MM-150a.6

Business division	Waster rock	Heap leaching	Jarosite
Peñoles Mines	0	2,126,727	-
Fresnillo plc Mines	75,961,908.19	16,818,267	-
Metals	-	-	877,974.915
Industrias Peñoles	75,961,908.19	18,944,994	877,974.915

Acid mine drainage (AMD) prevention

SASB EM-MM-160a.2

AMD represents a significant environmental challenge and a critical issue for the mining and metallurgical industry’s social license. 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 detect the potential for AMD of the tailings from all our Mining division’s operations. We conduct specific analyses from the project feasibility stage and periodically throughout operation, using acid-base accounting tests. At present, we identified the potential for AMD in two mining units, where we implemented specific management strategies aimed at preventing, mitigating, treating, and monitoring. This enabled us to prevent impacts that would require treatment or remediation.

Reportable and significant incidents related to mining-metallurgical waste

SASB EM-MM-150a.9

In 2025, we reported no incidents of noncompliance with water quality permits, standards, or regulations concerning tailings, waste rock piles, heap leaching pads, jarosite deposits, or AMD.

Company	Reportable incidents	Significant incidents
Peñoles	0	0
Fresnillo plc	0	0

Hazardous and special handling waste

GRI 306-1, GRI 306-2, SASB EM-MM-150a.10

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 minimizing negative environmental impacts. We manage 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 (see ESG governance section) oversees the evaluation of our organization’s performance in hazardous and special waste management. At the operational level, our environmental and operations divisional teams, along with our 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.

Policies and procedures

SASB EM-MM-160a.1

Guided by the principle of zero harm, our goal is to responsibly manage our operations’ waste throughout its entire life cycle by adopting best practices. We seek to ensure the safe management of hazardous waste and special handling waste, reducing its production as much as possible and ensuring its safe disposal.

Context and strategic considerations

We understand that responsible hazardous and special waste management 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

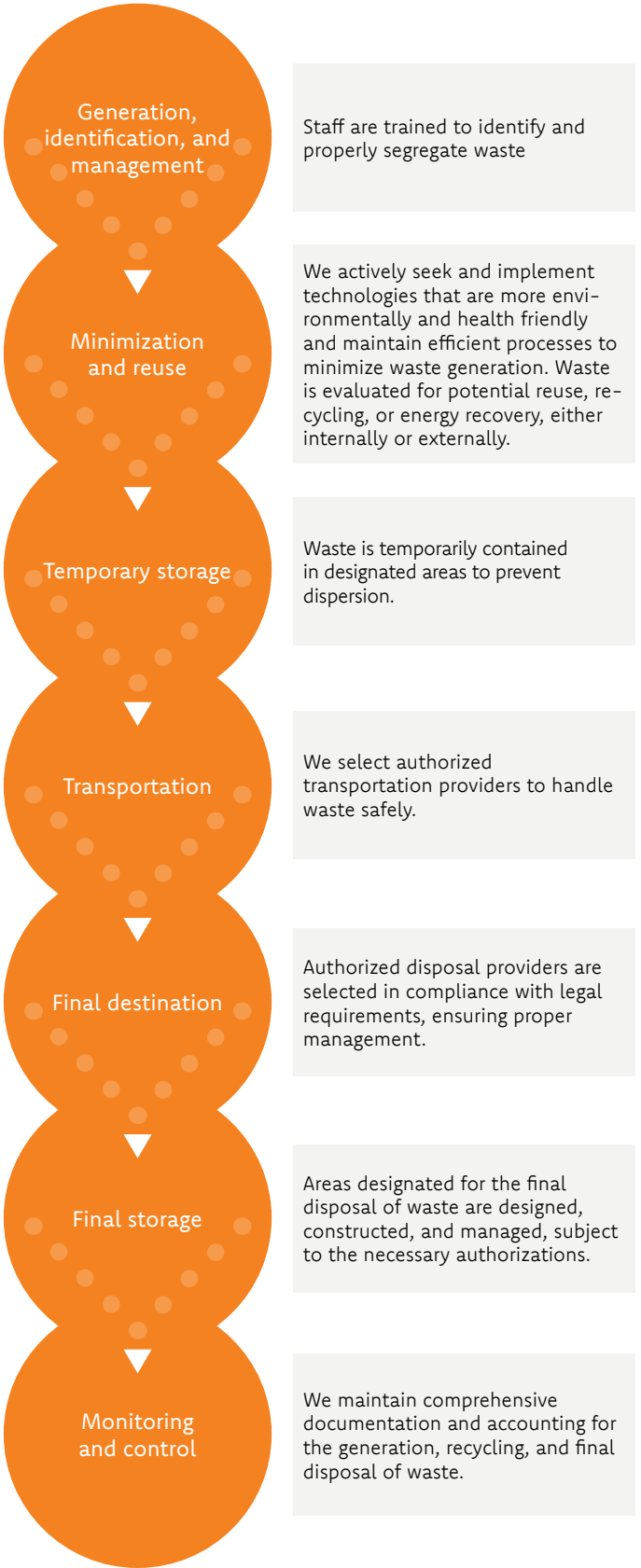
Improper waste management can have severe environmental consequences, including soil and water contamination and greenhouse gas emissions. Mismanaged waste presents a significant threat to ecosystems and human health.

Compliance

We establish standard practices for identifying, updating, evaluating, and complying with legal and other requirements related to hazardous and special handling waste. Moreover, our regulatory compliance system (RCS) establishes periodic reviews of our operations to ensure compliance.

Waste management

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



Policies, guidelines, and procedures



Metrics and performance

In 2025, hazardous and special handling waste decreased by 23% and 7%, respectively, in comparison with 2024.

Hazardous waste

23,129 tons of hazardous waste were generated, mostly from our electrolytic plant and smelter’s metallurgical processes. This waste consisted primarily of contaminated debris and white sludge.

Special handling waste

296,970 tons of special handling waste were generated, composed mainly of gypsum and dolomite fines from our Chemicals division.

Valorization, reuse, and recycling

As part of our transition to a circular economy model, we promote recovery, reuse, and recycling, with the goal of extending the lifespan of resources, reducing waste generation, and decreasing natural resource consumption. In 2025, we recycled 673 tons of

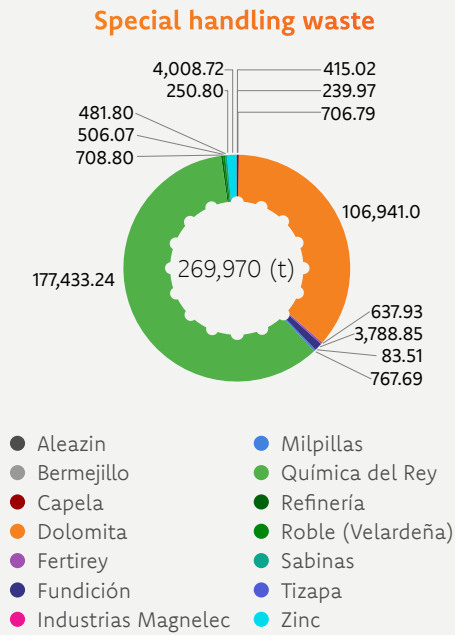
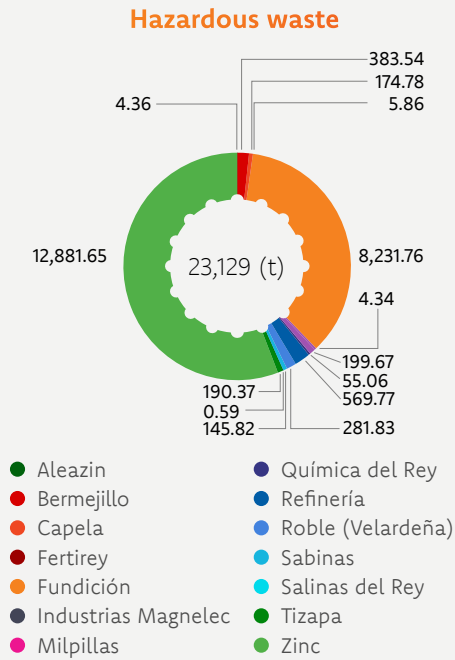


hazardous waste and 4,095 tons of special handling waste. The hazardous waste we recycled consisted primarily of ferrous metal scrap, steel, aluminum, and other metals, as well as oil, wood, and used tires.

Hazardous and special handling waste by type of disposal (t) and business division

GRI 306-3, SASB EM-MM-150a.4, SASB EM-MM-150a.7, SASB EM-MM-150a.8

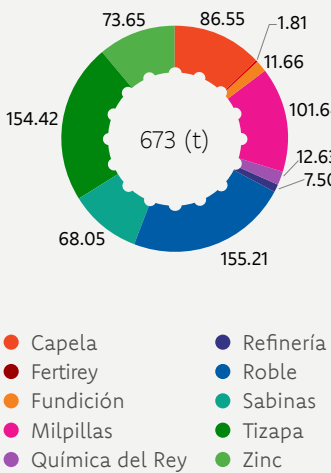
Division	Classification	2025			
		Internal final disposal	External final disposal	External recycled	Total
Mines	Hazardous	-	426.60	565.87	992.47
	Special handling	-	608.53	2,104.62	2,713.15
	TOTAL	-	1,035.13	2,670.49	3,705.62
Metals	Hazardous	-	21,978.27	92.81	22,071.08
	Special handling	-	7,242.87	1,918.49	9,161.36
	TOTAL	-	29,221.14	2,011.30	31,232.44
Chemicals	Hazardous	-	51.41	14.44	65.85
	Special handling	282,438.00	2,585.31	72.37	285,095.68
	TOTAL	282,438.00	2,636.72	86.81	285,161.53
Peñoles	Hazardous	-	22,456.28	673.12	23,129.40
	Special handling	282,438.00	10,436.71	4,095.48	296,970.19
	TOTAL	282,438.00	32,892.99	4,768.60	320,099.58



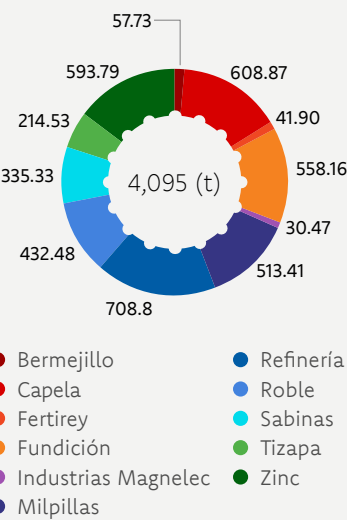
We externally recycled **673 tons** of hazardous waste and **4,095 tons** of special handling waste.

The total amount of hazardous and special handling waste decreased **8%**.

Hazardous waste recycled



Special handling waste recycled



Reportable and significant hazardous waste incidents

SASB EM-MM-150a.9

In 2025, no environmental incidents related to hazardous waste management were recorded.

Company	Reportable incidents	Significant incidents
Peñoles	0	0
Fresnillo plc	0	0

Air quality



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

Governance

The ESG Steering Committee ([see ESG governance section](#)) is responsible for assessing our 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.

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.

Impact, risk, and opportunity management

Compliance

We manage our environmental obligations, including those related to air quality, with the support of our regulatory compliance system (RCS). This system enables us to identify, assess, and control the risks of regulatory noncompliance. Compliance management fosters continuous improvement and helps prevent penalties and reputational damage.

Critical controls

As part of our High Potential Strategy, we integrated air quality risks into our critical risk portfolio. This allows us to focus our business units’ attention on the implementation and evaluation of critical controls that will enable us to prevent negative impacts on people and the environment in our operations. Critical environmental controls are a key element in ensuring regulatory compliance and operational continuity.

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. We apply dust capture technologies 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 work 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.

Química del Rey’s environmental excellence program to eliminate fugitive emissions

Our Química del Rey operation launched an environmental excellence program to further control and eliminate fugitive emissions. This program includes the installation of dust collection and ventilation systems in areas where fugitive dust emissions are still present, aiming to create cleaner and safer work environments for our personnel.

Implemented with an investment of US\$ 650,000, this program’s first project involved the installation of a dust collection system for our Química del Rey operation’s dolomite unloading and transport area. This project reached approximately 92% completion in 2025.

This program will also work to eliminate emissions from our operation’s caustic magnesium oxide packaging area in 2026 and sodium sulfate storage area by 2027.





Metallurgical operations

Our operations implement controls to reduce stack emissions from chimneys and fugitive emissions through a mix of technologies, including baghouses, sulfuric acid plants, and scrubbers. Emissions are reported on a permanent basis to environmental authorities who are connected to our systems online. Fugitive emissions are controlled through a series of measures: i) Concentrates are transported to our facilities on sealed trucks; ii) Warehouses are constructed to receive, store, and handle concentrates with regular inspections and maintenance; iii) High-rate ventilation systems in our buildings enable us to suction and filter residual dust using baghouse systems to capture 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 and performance

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.

Aligned with ICMM recommendations, we implement critical control methodologies in environmental management to identify and apply essential controls that reduce the likelihood of environmental incidents. In 2025, we reported two emissions incidents to the Mexican environmental authorities, both of which were addressed immediately and resulted in no harm to people or the environment. We did not report any significant environmental incidents related to atmospheric emissions in 2025.

Reportable and significant air quality incidents

Company	Reportable incidents	Significant incidents
Peñoles	2	0
Fresnillo plc	0	0

Integrated mine closure

To leave a positive legacy, we are committed to responsibly managing the risks and opportunities associated with the closure of our mining operations—engaging our stakeholders. We seek to integrate mine closure considerations from the earliest stages of new projects and throughout their entire life cycle, as well as to progressively adopt best practices to comprehensively address associated risks and opportunities.

Governance

The tasks and relevant issues related to mine closure execution receive our management team’s attention. Our conceptual closure plans inform the estimates of our financial reserves. Our conceptual plans and reserves are updated periodically in accordance with our guidelines to reflect changes that occur during the life of our operations. As a mining asset’s end of life approaches, we move from conceptual to detailed planning, review and integrating the mine’s budget into our company’s overall budget. For comprehensive mine closure planning and execution, we

gather multidisciplinary teams that work in synergy with our operations. This process strengthens our governance and adoption of best practices.

Context and strategic considerations

Since 1887, Industrias Peñoles has served as a leader in the Mexican mining sector, with a firm commitment to responsible conduct. Our experience and lessons learned over time have enabled us to overcome industry challenges. From exploration to closure, we safeguard that none of our operations generate environmental impacts in accordance with our internal guidelines and applicable regulations.

A mine closure without adequate measures to address risks, impacts, and opportunities could negatively impact communities, the environment, and our organization. Furthermore, a lack of social acceptance or community support could affect the proper implementation of closure plans and erode stakeholder confidence in future projects.





Adaptation to changing regulatory frameworks

One of the key uncertainties associated with mine closure is changing regulatory frameworks over time. Integrated closure practices must allow for compliance with current regulations and effectively manage long-term environmental risks.

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.

Repurposing old mines

In the context of a circular economy, there are some opportunities for old mines. Tailings and other old mining waste can contain valuable metals that were not recoverable with the technologies or economic conditions of the time. Old mines may also possess unexploited deposits that could be of economic interest with current technologies.

Impact, risk, and opportunity management

We remain vigilant in our operations to maximize profitability while simultaneously planning for mine closures in advance. This allows us to identify opportunities and achieve greater flexibility to optimize mine closure costs and effectiveness.

Planning

Conceptual planning is a formal process for establishing objectives, success criteria, and the resources needed for mine closure in accordance with a cost-efficient risk management framework. We consider alternatives for future land use that allow us to integrate activities with the landscape, regional land uses, technical and economic feasibility, and the area's future socioeconomic potential.

Conceptual plans are reviewed throughout a mine's life, considering a period of no more than five years or significant changes in operations. We annually update our estimate of the economic resources needed for closure.

We know that a favorable social transition is crucial to achieving a positive legacy. Therefore, we seek to incorporate participatory methods, social engagement and management plans, and community involvement in land-use decisions and other sustainable development opportunities.

Implementation

We carry out mine closure activities 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 biodiversity, we extend conservation efforts beyond the mine sites. Our mines include nurseries to produce seedlings used in ongoing reforestation. Throughout the planning, implementation, and post-closure phases, we further conduct water, soil, and air quality monitoring to inform our decision-making.

At our Bismark unit, we are implementing ecosystem and wildlife restoration efforts. Regular monitoring confirmed the presence of species of high biodiversity value, thus demonstrating the health of the ecosystem (see case study).

Bismark mine restoration

Our Bismark mine operated for nearly three decades, supporting local socioeconomic development and fostering the region's growth and well-being. In 2021, we initiated our Bismark mine's environmental restoration plan to mitigate environmental impacts caused by its mining activity. Guided by fundamental principles, this plan aims to ensure the site's physical and chemical stability through monitoring and control actions in compliance with applicable legislation.

The site's reforestation has been carried out using native species, including the purple prickly pear cactus, ocotillo, and tasajillo, also include include mesquite, huizache, chamizo, sotol, nopal botella, and creosote bush. Currently, 82,817 trees have been planted in the area. The reforested areas' maintenance and conservation are carried out through pruning, earthmoving, and supplemental irrigation, resulting in an overall survival rate of 77%.

In restored areas, a progressive increase in native fauna has been observed, with sightings of various species. These include mule deer, desert fox, coyote, wild boar, skunk, rattlesnake, lizard, and great horned owl, among others.

The closure plan extends ongoing environmental monitoring to ensure site stability and establishment of a functional ecosystem. With planning and vision, our Bismark mine demonstrates that responsible mining transcends a comprehensive closure and can coexist sustainably.



Metrics and performance

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



Annex

We recognize the importance of sustainability in addressing local and global challenges, paving the way for a better future for new generations.

About this Sustainability Report

Scope

This annual report (from January 1 to December 31, 2025) contains information about the sustainability performance of our company, Industrias Peñoles, S.A.B. de C.V., and its subsidiaries. We define the organizational reporting based on the financial control approach (consolidated accounting group). Due to rounding, some figures and percentages may not add up to a total or 100%. Exceptions to this scope are indicated in the corresponding sections, tables, and charts.

Methodology

We prepare this report in accordance with the Global Reporting Initiative (“GRI”) guidelines and the Mining and Metals standard of the Sustainability Accounting Standards Board (“SASB”). Deloitte is the independent auditor of our sustainability report. The Assurance section presents the independent auditor's limited assurance report on selected sustainability information.

Restatements

Improvements in our calculation methodologies and the evolution of our information systems may result in corrections to previously reported data. We make corrections when errors or changes in the calculation

methodology occur that could affect the decisions of sustainability information users. When necessary, details of the corrections are provided in the footnotes of the corresponding tables and graphs.

Disclaimer

This report contains information about the future sustainability performance of our Group based on management assumptions. This information may include, among other things, expectations regarding the performance, effectiveness, and efficiency of our Group's sustainability practices and initiatives. Future performance is subject to risks, uncertainties, and economic, regulatory, or market factors that could cause material variations in the results obtained. We accept no liability for such variations.



GRI Index

Information disclosed by Peñoles Industries for 2025, in accordance with GRI.

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
General topics						
GRI 2: General Disclosures 2021	2-1	Organizational details	Go to reference	Business model	-	No
	2-2	Entities included in the organization's sustainability reporting	Go to reference	About this Sustainability Report	-	No
	2-3	Reporting period, frequency and contact point	Go to reference	About this Sustainability Report	-	No
	2-4	Restatements of information	Go to reference	About this Sustainability Report	-	No
	2-5	External assurance	Go to reference	Assurance	-	No
	2-6	Activities, value chain and other business relationships	Go to reference	Stakeholder engagement and Responsible value chain	-	No
	2-7	Employees	15,602 Total 2,147 Women employees 13,455 Men employees	Our people performance and metrics	Employees of Bal Holdings and Quirey do Brasil are not included	Yes
	2-8	Workers who are not employees	11,096 Fresnillos total contractors 1,250 Fresnillos women contractors 9,846 Fresnillos men contractors 6,798 Peñoles Total contractors 1,023 Peñoles Women contractors 5,775 Peñoles Men contractors	Our people performance and metrics	External verification was limited to Fresnillo plc contractors only.	Yes
	2-9	Governance structure and composition	Go to reference	Governance, Corporate governance (Annual Financial Report)	-	No
	2-10	Nomination and selection of the highest governance body	Go to reference	Governance, Corporate governance (Annual Financial Report)	-	No

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
GRI 2: General Disclosures 2021	2-11	Chair of the highest governance body	Go to reference	Management reports, Corporate governance (Annual Financial Report)	-	No
	2-12	Role of the highest governance body in overseeing the management of impacts	Go to reference	Governance	-	No
	2-13	Delegation of responsibility for managing impacts	Go to reference	Governance	-	No
	2-14	Role of the highest governance body in sustainability reporting	Go to reference	Governance	-	No
	2-15	Conflicts of interest	Go to reference	Management reports, Corporate governance (Annual Financial Report)	-	No
	2-16	Communication of critical concerns	Go to reference	Governance	-	No
	2-17	Collective knowledge of the highest governance body	Go to reference	Governance	-	No
	2-18	Evaluation of the performance of the highest governance body	Go to reference	Management reports, Corporate governance (Annual Financial Report)	-	No
	2-19	Remuneration policies	Go to reference	Management reports, Corporate governance (Annual Financial Report)	-	No
	2-20	Process to determine remuneration	Go to reference	Management reports, Corporate governance (Annual Financial Report)	-	No
	2-21	Annual total compensation ratio	Not available	-	-	No
	2-22	Statement on sustainable development strategy	Go to reference	Management reports, Corporate governance (Annual Financial Report)	-	No

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
GRI 2: General Disclosures 2021	2-23	Policy commitments	Go to reference	Ethics and integrity	-	No
	2-24	Embedding policy commitments	Go to reference	Ethics and integrity	-	No
	2-25	Processes to remediate negative impacts	Go to reference	Ethics and integrity, Human rights and Communities	-	No
	2-26	Mechanisms for seeking advice and raising concerns	Go to reference	Ethics and integrity	-	No
	2-27	Compliance with laws and regulations	Go to reference	Ethics and integrity and Environmental management	-	No
	2-28	Membership associations	Go to reference	Ethics and integrity	-	No
	2-29	Approach to stakeholder engagement	Go to reference	Stakeholder engagement	-	No
	2-30	Collective bargaining agreementsa	69.44% Employees covered by collective bargaining agreement	Our people performance and metrics	-	Yes
Material Topics						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Go to reference	Materiality	-	No
	3-2	List of material topics	Go to reference		-	No
	3-3	Management of material topics	Go to reference		-	No
Biodiversidad						
GRI 101: Biodiversity 2024	101-1	Policies to halt and reverse biodiversity loss	Not available	-	-	No
	101-2	Management of biodiversity impacts	Go to reference	Biodiversity conservation	-	No
	101-3	Access and benefit-sharing	Not available	-	-	No
	101-4	Identification of biodiversity impacts	Go to reference	Biodiversity conservation	-	No
	101-5	Locations with biodiversity impacts	Not available	-	-	No
	101-6	Direct drivers of biodiversity loss	Not available	-	-	No
	101-7	Changes to the state of biodiversity	Not available	-	-	No
	101-8	Ecosystem services	Not available	-	-	No

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
Economic performance						
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	US\$ 8,786,806 M Direct economic value generated	Sharing value	-	Yes
			US\$ 6,405,420 M Economic value distributed			
			US\$ 2,381,386 M Economic value retained			
	201-2	Financial implications and other risks and opportunities due to climate change	Go to reference	Climate change	-	No
	201-3	Defined benefit plan obligations and other retirement plans	Grupo Peñoles has a defined pension plan for its non-unionized staff that includes an acquired benefits component for its employees and a defined contribution component based on regular contributions from both Grupo Peñoles and its employees.	Note 19. Employee benefits (Annual Financial Report)	-	No
	201-4	Financial assistance received from government	Not available	-	-	No
Market presence						
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	1.92 Ratios of standard entry level wage compared to local minimum wage	Our people performance and metrics	Assessment for the Mexican workforce.	Yes
	202-2	Proportion of senior management hired from the local community	Not available	-	-	No
Procurement Practices						
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	57.45% Total proportion of spending on local suppliers	Communités performance and metrics	-	Yes

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
Anticorrupción						
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	100% The corruption risk assessment covers all of our operations	Ethics and integrity performance and metrics	-	No
	205-2	Communication and training about anti-corruption policies and procedures	Go to reference	Ethics and integrity	-	No
	205-3	Confirmed incidents of corruption and actions taken	3 reports. Related to benefits, bad practices, or unethical dealings with suppliers	Ethics and integrity performance and metrics	-	Yes
			6 reports. Related to Conflicts of interest		-	
			3 reports. Related to fraud		-	
			6 reports. Related to theft or destruction of assets		-	
			9 Incidents in which employees were dismissed or disciplined for corruption.		-	
			0 Incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.		-	
			0 Regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.		-	
	Energy					
GRI 302: Energy 2016	302-1	Energy consumption within the organization	25,764,492 GJ Total	Climate change performance and metrics	-	Yes
			15,038,448 GJ Total fuel consumption within the organization from non-renewable sources			
			10,726,044 GJ Electricity consumption			
	302-2	Energy consumption outside of the organization	Not available	-	-	No

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
GRI 302: Energy 2016	302-3	Energy intensity	0.092 MWhe/t ore processed Peñoles Mines	Climate change performance and metrics	The numerator of the calculation refers to the total amount of ore that was processed during the period.	No
			0.097 MWhe/t ore processed Fresnillo plc Mines			
			1.834 MWhe/t production Metals			
			1.319 MWhe/t production Chemicals			
	302-4	Reduction of energy consumption	Not available	-	-	No
302-5	Reductions in energy requirements of products and services	Not available	-	-	No	
Water and Effluents						
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Go to reference	Water stewardship	-	No
	303-2	Management of water discharge-related impacts	Go to reference	Water stewardship	-	No
	303-3	Water withdrawal	46,024 ML Total water withdrawal from all areas	Water stewardship performance and metrics	-	Yes
			44,206 ML Total water withdrawal from all areas with water stress			
			144 ML Total surface water			
			144 ML Surface fresh water			
			- Other surface water			
			39,152 ML Total groundwater			
			34,118 ML Fresh groundwater			
			5,034 ML Other groundwater (brackish water)			
			6,728 ML Total third party water			
			433 ML Fresh third party water			
			6,295 ML Other third party water (municipal waste water)			
	303-5	Water discharge	20,271 ML Total in all areas		-	Yes
			20,251 ML On surface water			
			20 ML Third party water			
			20,271 ML Total in water stress areas			
	303-5	Water consumption	25,752 ML Total in all areas		-	Yes
			23,935 ML Total in water stress areas			

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
Emissions						
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	1,177,895 tCO ₂ e	Climate change performance and metrics	-	Yes
	305-2	Energy indirect (Scope 2) GHG emissions	1,322,878 tCO ₂ e Location based		-	Yes
			974,319 tCO ₂ e Market based			
	305-3	Other indirect (Scope 3) GHG emissions	Not available	-	-	No
	305-4	GHG emissions intensity	0.023 tCO ₂ e/t ore processed Peñoles Mines	Climate change performance and metrics	The numerator of the calculation refers to the total amount of ore that was processed during the period.	No
			0.019 tCO ₂ e/t ore processed Fresnillo plc Mines		The numerator of the intensity calculation refers to the total amount of products and by-products of the division.	
			0.8012 tCO ₂ e/t production Metals			
			0.425 tCO ₂ e/t production Chemicals			
	305-5	Reduction of GHG emissions	44.0% Scope 2	Climate change performance and metrics	Scope 2 reductions are associated with increased use of renewable energy, compared to the 2022 baseline. Industrias Peñoles shows reductions in Scope 1 emissions; however, it is not possible to separate the reductions associated with energy efficiency improvements from those resulting from capacity adjustments, therefore they are not reported as reductions.	No
	305-6	Emissions of ozone-depleting substances (ODS)	In accordance with the Montreal Protocol, Mexico has gradually restricted the use of ozone-depleting substances. Industrias Peñoles has adhered to this treaty, and as a result, in 2025, its emissions were only 0.0035 tons of CFC-11 equivalent.	-	HCFC-22 consumption for refrigeration equipment maintenance.	No
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not available	-	-	No	

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
Waste and Tailings						
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Go to reference	Mining-metallurgical waste management and Hazardous and special handling waste	-	No
	306-2	Management of significant waste-related impacts	Go to reference	Mining-metallurgical waste management and Hazardous and special handling waste	-	No
	306-3	Waste generated	320,099.58t Total	Hazardous and special handling waste performance and metrics, Waste disposal tables	Includes hazardous and special handling waste generated at Peñoles in the accounting.	Yes
	306-4	Waste diverted from disposal	673.12t Hazardous waste 4,095.48t Special handling waste			
	306-5	Waste directed to disposal	22,456.28t Hazardous waste 292,874.71t Special handling waste			
GRI G4	G4-MM3	Total weight of surcharges, rocks, tailings and waste, and a description of their associated risks	95,840,729t Total	Mining-metallurgical waste management metrics and performance	-	Yes
			Go to reference	Mining-metallurgical waste management	-	Yes

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
Employment						
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	1,320 hiring under 30 years	Our people performance and metrics	Bal Holdings, Inc. and Quirey do Brasil employees are not included Includes unionized and non-unionized employees of Industrias Peñoles	Yes
			525 hiring between 30 and 50 years			
			18 hiring over 50 years			
			287 hiring Women employees			
			1,576 hiring Men employees			
			1,863 hiring Total employees			
			29.59% under 30 years old			
			5.7% Hiring rate between 30 and 50 years			
			0.92% Hiring rate over 50 years			
			13.36% Hiring rate Women employees			
			11.71% Hiring rate Men Employees			
			11.94% Hiring rate Percentage of total Hirings			
			818 Turnover under 30 years old			
			911 Turnover between 30 and 50 years			
			181 Turnover over 50 years			
			266 Turnover women employees			
			1,644 Turnover men employees			
			1,910 Turnover total turnovers			
			18.34% Under 30 years old			
			9.9% Between 30 and 50 years			
			9.32% Over 50 years			
			12.38% Women employees			
			12.21% Men employees			
			12.24% Percentage of total turnovers			
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Go to reference	Our people	-	No
	401-3	Parental leave	Not available	-	-	No
Closure and re-habilitation						
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Go to reference	Our people	-	No

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
Health and Safety						
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Go to reference	Health and safety	-	No
	403-2	Hazard identification, risk assessment, and incident investigation	Go to reference			No
	403-3	Occupational health services	Go to reference			No
	403-4	Worker participation, consultation, and communication on occupational health and safety	Go to reference			No
	403-5	Worker training on occupational health and safety	Go to reference			No
	403-6	Promotion of worker health	Go to reference			No
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Go to reference			No
	403-8	Workers covered by an occupational health and safety management system	Go to reference			No
	403-9	Work-related injuries	1 Fatalities as a result of work-related injury (Employees)	Health and safety performance and metrics	Rates calculated for every 1,000,000 hours worked	Yes
			0.03 Rate of fatalities as a result of work-related injury (Employees)			
			225 High-consequence work-related injuries (excluding fatalities) (Employees)			
			6.08 Rate of high-consequence work-related injuries (excluding fatalities)(Employees)			
			470 Recordable work-related injuries (Employees)			
			12.70 Rate of recordable work-related injuries (Employees)			
			37,012,477 Hours worked (Employees)			
			1 Fatalities as a result of work-related injury (Contractors)			

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
GRI 403: Occupational Health and Safety 2018	403-9	Work-related ill health	0.02 Rate of fatalities as a result of work-related injury (Contractors)	Health and safety performance and metrics	Rates calculated for every 1,000,000 hours worked	Yes
			213 High-consequence work-related injuries (excluding fatalities) (Contractors)			
			5.04 Rate of high-consequence work-related injuries (excluding fatalities) (Contractors)			
			362 Recordable work-related injuries (Contractors)			
			8.56 Rate of recordable work-related injuries (Contractors)			
			42,293,201 Hours worked (Contractors)			
	403-10	Work-related ill health	- Fatalities resulting from an occupational illness or disease	Health and safety performance and metrics	Industrias Peñoles does not outsource	Yes
			133 Recordable occupational illnesses and diseases			
			During 2025, the main occupational diseases identified were hearing loss, pneumoconiosis, and musculoskeletal disorders.			
	Training					
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	41.81 Hours	Our people performance and metrics	It is not broken down by gender or job category. It includes training on environmental issues, technical and humanistic skills and values, anti-corruption policies and procedures and human rights, as well as health and safety training.	No
	404-2	Programs for upgrading employee skills and transition assistance programs	Go to reference	Our people		No
	404-3	Percentage of employees receiving regular performance and career development reviews	97.2% Non unionized employees	Our people performance and metrics		No

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
Diversity						
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	280 Senior professional women	Our people performance and metrics	Only non-unionized employees in the supervisory, professional, and non-professional categories are considered. Executives and managers are excluded. Employees of Bal Holdings and Quirey do Brasil are not included.	Yes
			1,018 Senior professional men			
			473 Professional women			
			1,711 Professional men			
			168 Non professional women			
			509 Non professional men			
			81 Senior professional under 30 years			
			713 Professional under 30 years			
			198 Non professional under 30 years			
			1,045 Senior professional between 30 and 50 years			
			1,329 Professional between 30 and 50 years			
			395 Non professional between 30 and 50 years			
			172 Senior professional over 50 years			
			142 Professional over 50 years			
			84 Non professional over 50 years			
			22% Senior professional women			
			78% Senior professional men			
			22% Professional women			
			78% Professional men			
			25% Non professional women			
			75% Non professional men			

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	6% Senior professional under 30 years	Our people performance and metrics	Only non-unionized employees in the supervisory, professional, and non-professional categories are considered. Executives and managers are excluded. Employees of Bal Holdings and Quirey do Brasil are not included.	Yes
			33% Professional under 30 years			
			29% Non professional under 30 years			
			81% Senior professional between 30 and 50 years			
			61% Professional between 30 and 50 years			
			58% Non professional between 30 and 50 years			
			13% Senior professional over 50 years			
			7% Professional over 50 years			
			12% Non professional over 50 years			
	405-2	Ratio of basic salary and remuneration of women to men	0.96 ratio Senior professional basic salary and remuneration of women to men	Our people performance and metrics	Only non-unionized employees in the supervisory, professional, and non-professional categories are considered. Executives and managers are excluded. Employees of Bal Holdings and Quirey do Brasil are not included. Only base salary is considered.	Yes
			0.98 ratio Professional basic salary and remuneration of women to men			
			1.06 ratio Non professional basic salary and remuneration of women to men for			

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
Non-discrimination						
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	8 Discrimination incidents reviewed by the organization	Ethics and integrity performance and metrics	-	Yes
			3 Discrimination incidents where remediation plans have being implemented			
			3 Remediation plans that have been implemented, with results reviewed through routine internal management review processes			
			4 Incidents no longer subject to action			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Go to reference	Our people	-	No
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	There are no operations or suppliers with a significant risk of child labor cases.	Ethics and integrity and Responsible value chain	-	No
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	There are no operations or suppliers with a significant risk of forced or compulsory labor cases.	Ethics and integrity and Responsible value chain	-	No
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	Not available	-	-	No
GRI 411: Derechos de los pueblos indígenas 2016	411-1	Incidents of violations involving rights of indigenous peoples	Go to reference	Indigenous people	-	No

Standard	Code	Indicator description	Disclosure 2025	Reference	Observations or clarifications	Externally assured
Communities						
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	100% of operations Social impact assessments, including gender impact assessments, based on participatory processes	Communities performance and metrics	The percentage is calculated considering the relevant operations in the area of social performance management and advanced projects related to social management.	Yes
			100% of operations Environmental impact assessments and ongoing monitoring			
			100% of operations Local community development programs based on local communities' needs			
			100% of operations Stakeholder engagement plans based on stakeholder mapping			
			100% of operations Broad based local community consultation committees and processes that include vulnerable groups			
			100% of operations Works councils, occupational health and safety committees and other worker representation bodies			
			100% of operations Formal local community grievance processes			
			100% of projects Local community development programs based on local communities' needs			
			100% of projects Social impact assessments, including gender impact assessments, based on participatory processes			
			100% of projects Stakeholder engagement plans based on stakeholder mapping			
	413-2	Operations with significant actual and potential negative impacts on local communities	100% of projects Broad based local community consultation committees and processes that include vulnerable groups	-	-	No
			100% of projects Formal local community grievance processes			
			Not available			

SASB Index

Peñoles Industries’ 2025 Disclosure, in accordance with the SASB Standard on Metals and Mining (Version 2023-12).

SASB Topic	Code	Indicator Description	Disclosure 2025	Reference	Observations or clarifications	External assurance
Green-house Gas Emissions	EM-MM-110a.1	Gross global Scope 1 emissions	1,177,895.17 tCO ₂ e	Climate change performance and metrics	-	Yes
		Percentage covered under emissions-limiting regulations	1.94%	-	Industrias Peñoles’ operations located in the states of Zacatecas, Durango, and Mexico State are subject to state environmental taxes that regulate Scope 1 emissions from stationary sources. These regulated emissions represent 1.94% of Industrias Peñoles’ total Scope 1 emissions. In Mexico, the Emissions Trading System (ETS) is currently in its pilot phase (a trial period without compliance obligations). The ETS will regulate direct emissions from stationary sources for facilities that emit more than 100,000 tCO ₂ e annually. Industrias Peñoles has two operations participating in the ETS pilot phase: Química del Rey and Fundición de Met-Mex. A transition date from the pilot phase to full operation has not yet been established.	No

SASB Topic	Code	Indicator Description	Disclosure 2025	Reference	Observations or clarifications	External assurance
Energy Manage-ment	EM-MM-130a.1	(1) Total energy consumed	25,764,492 GJ	Climate change performance and metrics	-	Yes
		(2) Percentage grid electricity	5.72 %		-	
		(3) Percentage renewable	20.76%		-	
Water Manage-ment	EM-MM-140a.1	(1) Total water withdrawn	46,023.54 ML Total withdrawn	Water stewardship performance and metrics	-	Yes
			24.62% Portions of withdrawals are from non-freshwater sources		-	
		(2) Total water consumed	25,752.42 ML Total consumed		-	
			14,423.50 ML Fresh water consumed			
			11,328.92 ML Non-freshwater sources consumed (municipal wastewater and brackish water)			
		Percentage of each in regions with High or Extremely High Baseline Water Stress	96.05% Percentage of water withdrawn in regions with High or Extremely High Baseline Water Stress			
	92.94% Percentage of water consumed in regions with High or Extremely High Baseline Water Stress					
EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations	0	Water stewardship performance and metrics			

SASB Topic	Code	Indicator Description	Disclosure 2025	Reference	Observations or clarifications	External assurance
Waste & Hazardous Materials Management	EM-MM-150a.4	Total weight of non-mineral waste generated	320,099.58t	Hazardous and special handling waste performance and metrics	Includes hazardous and special handling waste generated at Peñoles in the accounting. Does not include Fresnillo plc.	Yes
	EM-MM-150a.5	Total weight of tailings produced	19,000,845.62t	Mining-metallurgical waste management performance and metrics	-	Yes
	EM-MM-150a.6	Total weight of waste rock generated	75,961,908.19t	Hazardous and special handling waste performance and metrics	-	Yes
	EM-MM-150a.7	Total weight of hazardous waste generated	23,129.40t	Hazardous and special handling waste performance and metrics	-	-
	EM-MM-150a.8	Total weight of hazardous waste recycled	673.12t	Hazardous and special handling waste performance and metrics	Includes hazardous and special handling waste generated at Peñoles in the accounting. Does not include Fresnillo plc.	Yes
	EM-MM-150a.9	Number of significant incidents associated with hazardous materials and waste management	0	Hazardous and special handling waste performance and metrics	-	Yes
	EM-MM-150a.10	Description of waste and hazardous materials management policies and procedures for active and inactive operations	Go to reference	Mining-metallurgical waste management and Hazardous and special handling waste	-	Yes
Biodiversity Impacts	EM-MM-160a.1	Description of environmental management policies and practices for active sites	Go to reference	Environmental management, Water stewardship and Hazardous and special handling waste	-	-
	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is:	(1) 22%	Mining-Metallurgical Waste Management performance and metrics	Does not include Fresnillo plc.	Yes
		(1) Predicted to occur				
		(2) Actively mitigated	(2) 100%			
		(3) Under treatment or remediation	(3) Not applicable			
Security, Human Rights & Rights of Indigenous Peoples	EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Go to reference	Indigenous peoples	-	Yes

SASB Topic	Code	Indicator Description	Disclosure 2025	Reference	Observations or clarifications	External assurance
Community Relations	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	Go to reference	Communities	-	Yes
	EM-MM-210b.2	Number and duration of non-technical delays	0 delays 0 days	Communities performance and metrics	-	Yes
Labour Practices	EM-MM-310a.1	Percentage of active workforce employed under collective agreements	69.43%	Our people performance and metrics	Employees of Bal Holdings and Quirey do Brasil are not included	Yes
	EM-MM-310a.2	(1) Number and	(1) 1 strike	Our people	This interruption of operations lasted 123 days in 2024 and 180 days in 2025, involving fewer than 1,000 unionized workers	Yes
		(2) Duration of strikes and lockouts	(2) 303 days			-
Workforce Health & Safety	EM-MM-320a.1	(1) All-incidence rate	(1) 1.10 lost time injury frequency rate	Health and safety performance and metrics	The rates presented in the Health and Safety section were calculated for 1,000,000 hours worked; in this section they were re-calculated according to the SASB requirement for 200,000 hours worked.	No
			2.10 total recordable injury frequency rate			
		(2) Fatality rate	(2) 0.01 rate			
		(3) Near miss frequency rate (NMFR)	(3) 313.21 rate			
		(4) Average hours of health, safety, and emergency response training for (a) direct employees and (b) contract employees	(4) 22.4 hours		Incluye empleados sindicalizados, no sindicalizador y contratistas. Industrias Peñoles no realiza subcontratación.	
Business Ethics & Transparency	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	Go to reference	Ethics and integrity	-	Yes
	EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	0 Kg Produced or mined metals	Ethics and integrity performance and metrics	-	Yes

SASB Topic	Code	Indicator Description	Disclosure 2025	Reference	Observations or clarifications	External assurance
Tailings Storage Facilities Management	EM-MM-540a.2	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities	Go to reference	Mining-metallurgical waste management	-	Yes
	EM-MM-540a.3	Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities	Go to reference	Mining-metallurgical waste management	-	Yes
Activity Metric	EM-MM-000.A	Production of (1) Metal ores and	(1) 357,957t	Environmental management	-	Yes
		(2) Finished metal products	(2) 1,376,649t		-	
	EM-MM-000.B	Total number of employees and Percentage of contractor employees	33,496 Total	Our people performance and metrics	Employees of Bal Holdings and Quirey do Brasil are not included. External verification was limited to Fresnillo plc contractors only.	Yes
			15,602 Unionized and non unionized employees			
			17,894 Contractors			
			51.1%			

Contact information

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

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