GrupoMéxico

SCOPE 3 DECARBONIZATION GOALS

FOR GRUPO MÉXICO'S OPERATIONS

CLIMATE CHANGE

For Grupo México, collaborating with our suppliers and customers is a strategic priority to reduce our emissions throughout our value chain, as the majority of our carbon footprint is caused by Scope 3 indirect emissions.

To achieve this, in 2022 we established a more robust data collection methodology guided by the recommendations of the GHG Protocol and the Scope 3 Accounting and Reporting Guidance developed by ICMM. This allowed us to identify additional emission sources and have a more representative inventory. As a result, 2022 was set as the starting year. We note that our Scope 3 targets are against the Business As Usual (BAU) emissions but taking as a starting point 2022.This is because at Grupo México, we report all data with transparency, therefore, the BAU bar considers the estimated growth that best reflects the reality of the different divisions of our company this year, including the mine projects that will start operations in the coming years, and which will produce emissions if reduction actions are not taken from the onset.

Additionally, we initiated working groups with the suppliers and customers that contribute most to our carbon footprint, aiming to share information and build collaborative ties that help us more efficiently track our emissions and identify reduction opportunities.

Later, in 2023, we conducted an analysis to strengthen our climate change strategy, focusing on Scope 3 emission reductions by setting goals based on specific, trackable, and monitorable projects and actions over time.

These goals are structured into three blocks based on the most significant emissions in our inventory and defined according to the “Project Method” suggested by the GHG Protocol. This method quantifies the potential reductions from individual mitigation projects relative to a baseline or BAU (Business As Usual) scenario — that is, assuming emissions in the absence of mitigation projects.

Efforts to update these goals will be continuous, incorporating innovations in the industry, best practices from peers, and improvement opportunities identified with customers, suppliers, and other stakeholders. We will also employ internal mechanisms to maintain engagement and enforce certain requirements, such as Grupo México’s Customer and Supplier Code of Conduct and Business Partner Code of Conduct.

Decarbonization projects by category:

- **C1, C2 y C10:** Collaboration with suppliers, customers, and purchased goods – Mining Division
- **C3:** Diesel reduction from mobile sources – Transportation Division
- **C3:** Solar project at ASARCO – Mining Division
- **C3**: Replacement of fuel oil with natural gas in Peru – Mining Division
- **C3:** Electrification of mining trucks – Mining Division
- **C3:** Replacement of natural gas with hydrogen – Infrastructure Division
- **C4:** Electrification of the global fleet of heavy-duty vehicles – Mining Division
- **C9:** Electrification of the global fleet of heavy-duty vehicles – Mining Division

Calculation Methodologies for Emission Reductions in Key Projects:

C1, C2, C10 - Collaboration with suppliers, customers, and purchased goods:

1. A sample of suppliers and customers was selected, whose reduction efforts help us meet our decarbonization goals.
2. Using their Scope 1 and 2 baseline emissions and reduction targets, we calculated their estimated annual reductions.
3. From these, we estimated their emission reductions for 2027, 2035, and 2050.
4. We estimated our share of these entities' emissions using our 2022 Scope 3 data.
5. Finally, we calculated our estimated emissions reductions per year in our decarbonization roadmap.

C4, C9 - Electrification of the global fleet of heavy-duty vehicles:

1. Based on reports from 2022 on electric heavy-duty vehicle sales and projected global fleet share for 2030.
2. Using our Scope 3 emissions from Category 9 (Downstream Transportation and Distribution), we calculated emission reductions based on these estimates.

C3 - Electrification of AMC mining trucks:

1. Based on diesel consumption, Scope 1 emissions, and decarbonization targets, we calculated CO_2e reductions for 2035 and 2050.
2. We estimated the number of electric mining trucks needed for new mines (BV Zinc, Pilares, Tía María, El Arco) based on current fleet, mine-by-mine analysis, and production tonnage.
3. These inputs helped calculate avoided Scope 3 emissions through diesel reduction.

Additionally, we present the process carried out for other decarbonization projects:

C3:

Diesel reduction from mobile sources (Transportation Division):

Reduction in diesel consumption in locomotives due to electrification and other initiatives.

Solar project at ASARCO:

Emission mitigation in ASARCO mining operations through improved electricity distribution and reduced grid losses.

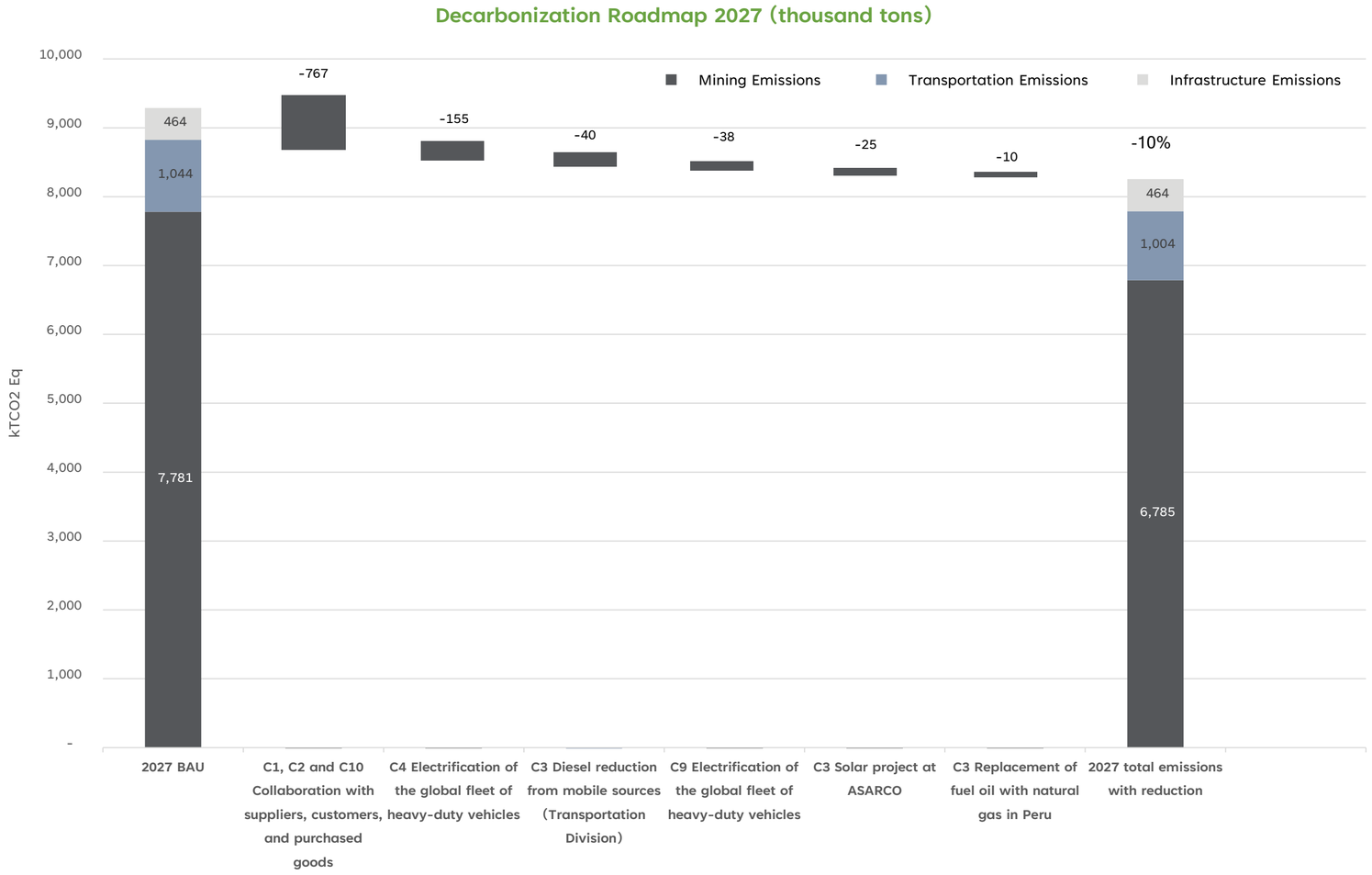
Replacement of fuel oil with natural gas in Peru:

Emission reductions from switching fuel oil to natural gas in mining operations.

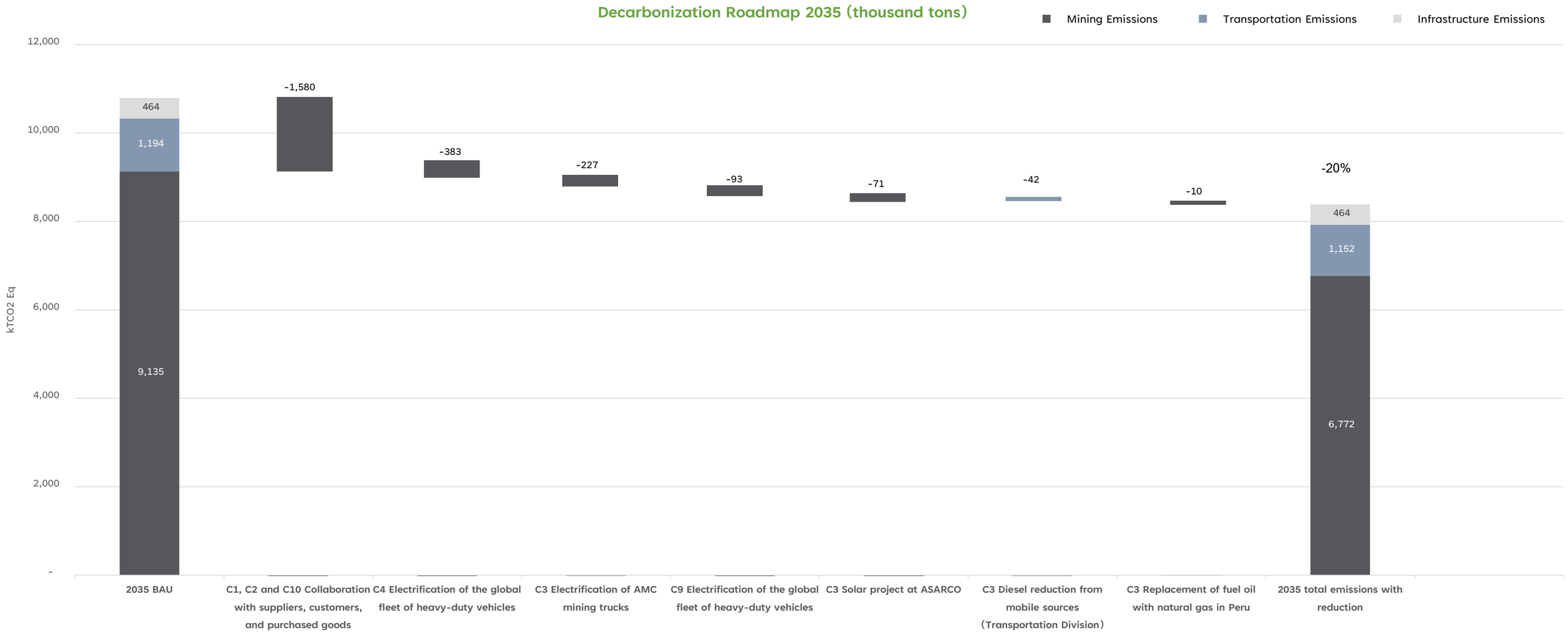
Replacement of natural gas with hydrogen (Infrastructure Division):

Emission mitigation through replacing natural gas with hydrogen in infrastructure operations.

Below are the decarbonization targets (-10% vs BAU) and reduction projects for 2027:



Below are the decarbonization targets (-20% vs BAU) and reduction projects for 2035:



Below are the decarbonization targets (-30% vs BAU) and reduction projects for 2050: