GrupoMéxico

SCOPE 1 AND 2 DECARBONIZATION GOALS

FOR GRUPO MÉXICO'S OPERATIONS

CLIMATE CHANGE

6.1.4 Targets & Goals

Short, medium and long term emissions reduction targets

TCFD MYO-C

We prepared a Scope 1 and 2 emissions reduction roadmap for Grupo México in 2022 to define our new short, medium and long term targets. A key part of this effort is our active collaboration in the "Global Copper Decarbonization Roadmap" working group of the International Copper Alliance (ICA), which aims to define the contribution of the copper industry to achieving the goals of the Paris Agreement, and also recommended actions to succeed in this effort.

Our targets are aligned with the ICA roadmap as follows:

- We have considered 2018 as the base year, as the emissions for 2019 and 2020 may not be representative due to the economic slowdown caused by the Covid-19 pandemic.
- As of 2022, our short (2027), medium (2035) and long (2050) term emissions projections consider the planning for new projects. For example, we anticipate that our operations will grow in response to increased demand for copper because of its importance in the transition to low-carbon economies. We also consider "business as usual" (BAU) scenarios to understand how our emissions would increase if we were to take no action to reduce or mitigate.
- Reducing our Scope 1 and 2 emissions is dependent, in the medium and long term, on technological advancements in electrically powered mine trucks and locomotives, the substitution of fossil fuels for alternative fuels (like hydrogen), and the capturing and storing or use of carbon dioxide. Our short term reductions could be achieved with energy efficiency measures and investments in green electrification initiatives, by constructing new renewable energy projects or negotiating new green power purchase agreements (PPAs) and international renewable energy certificates (IRECS).

During 2026, we reviewed and updated the charts associated with our emissions reduction targets to ensure a consistent and up-to-date representation of our decarbonization strategy.

Short term (2027)	Reduce Scope 1 and 2 emissions 15% by 2027 for BAU emissions, with 2018 as the base year.
Medium term (2035)	Reduce Scope 1 and 2 emissions 35% for BAU emissions, with 2018 as the base year.
Long term (2050)	Net zero Scope 1 and 2 emissions by 2050 for BAU emissions, with 2018 as the base year.

Short term (2027)

Reduce our Scope 1 and 2 emissions 15% by 2027 for BAU emissions, with 2018 as the base year. For the Mining Division, our targets are::

- Reduce emissions intensity 20% by 2027, compared to 2018.
- At least 25% of our electricity consumption to come from renewable energy sources by 2027, with 2022 as the base year.

Actions to achieve our targets:

- **Invest in renewable energy**
  We have invested US$256 million in the construction of the 168 MW Fenicias wind farm, which started operations in August 2024 supplying power to our underground mines. Our estimates indicate that, after one full year of operation, Fenicias will avoid approximately 250 $ktCO_2e$ Scope 2 emissions, increasing the renewable electricity usage of the organization by at least 25%. Additionally, we are assessing the feasibility of implementing small solar power projects in Mexico following the model of medium voltage distributed generation for mines that do not have access to the renewable energy produced by the Grupo México wind farms. The first success case is the Tamosura Business Center, where we implemented this distributed generation model, producing a reduction of approximately 130 tCO_2e. We are also preparing feasibility studies for our mine operations in the United States to explore the possibility of generating renewable energy onsite and estimate the additional emissions reductions from such an investment, which could be around 120 $ktCO_2e$ of Scope 2 emissions.

- **Energy efficiency**
  Our mine operations in Mexico started to implement the following energy efficiency projects in 2025, reducing emissions by more than 3 $ktCO_2e$.

  - Solar thermal system with electric furnace at the La Caridad SX/EW plant, replacing up to 84% of our diesel consumption to heat the electrolyte, producing a reduction of over 1 $ktCO_2e$.

  - Energy efficiency project at the Buenavista del Cobre SX/EW 3 plant, which involved major maintenance on several process components and installing trace heating around pipes and valves to maintain the interior heat and avoid diesel consumption. These improvements have reduced our diesel consumption to heat the electrolyte by 88% and avoided approximately 2 $ktCO_2e$.

  The substitution of diesel with natural gas in the burner lance enriching the combustion air with oxygen has reduced costs and annual emissions by 113 tCO_2e.

  For our mines in Peru, we are developing three projects that will produce reductions of approximately 40 $ktCO_2e$ starting in 2026:

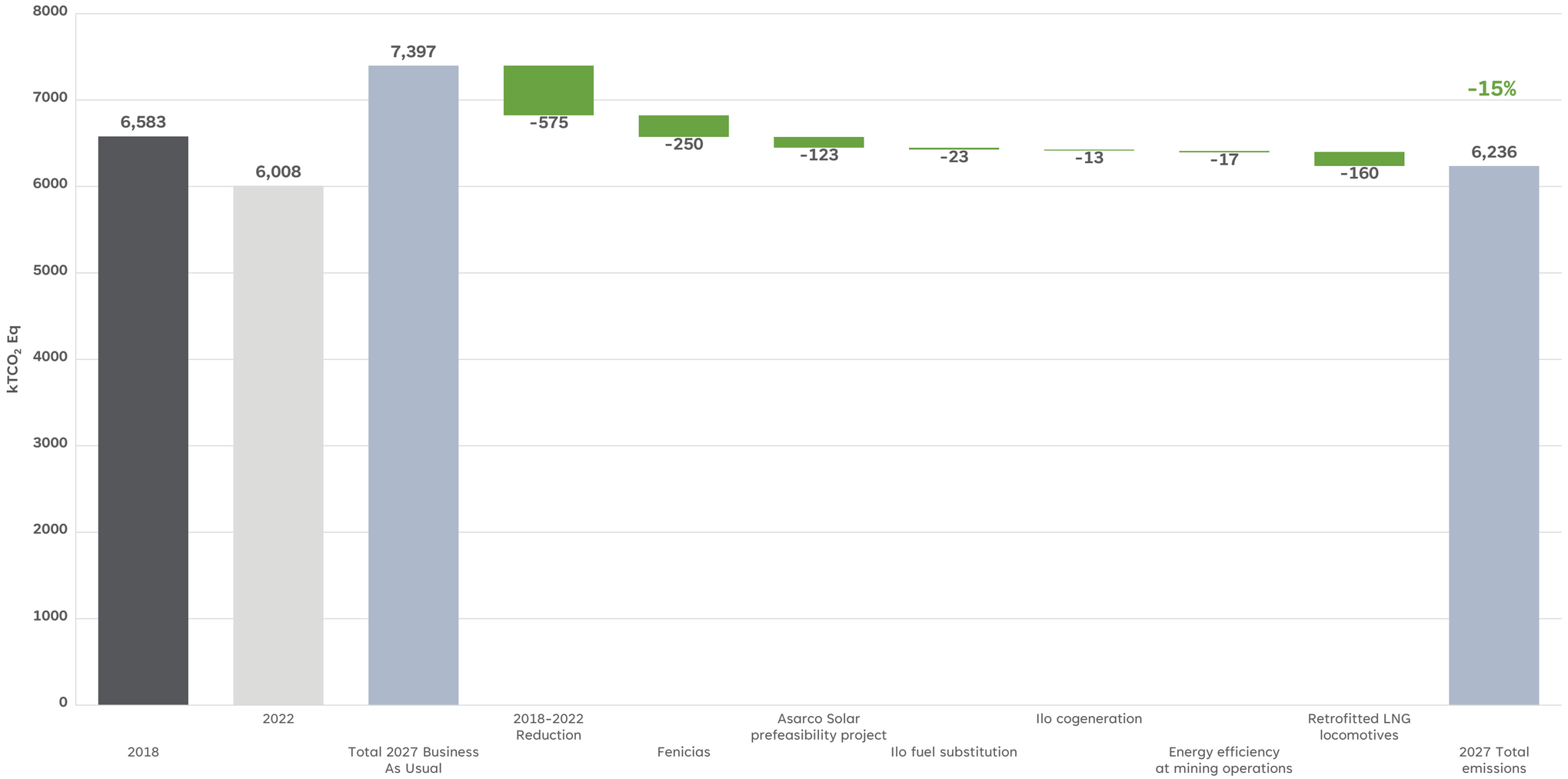
  - Power cogeneration using residual furnace heat at the Ilo Smelter to generate steam-based electricity, which will be used for self-consumption and will reduce energy costs at this site.

  - Substituting fuel oil and diesel for natural gas at the Ilo Smelter and Refinery by using dry natural gas in plant equipment processes.

  In 2026, we will continue to identify similar energy efficiency actions for our US operations that could be implemented in the short and medium term.

- **Substituting fuels in locomotives**
  To reduce our emissions in the short term, we are analyzing the possibility of retrofitting our current diesel freight locomotives and tenders to hybrid (natural gas/diesel). This project is in its first phase and, when completed, will reduce emissions by approximately 160,000 tCO_2e.

2027 Emissions Reductions (thousand tons)



Medium term (2035)

Grupo México has set as our 2035 target, reducing our Scope 1 and 2 emissions by 35%, for BAU emissions with 2018 as the base year. For the Mining Division:

- Reduce our emissions intensity 50% by 2035, compared to 2018.
- At least 50% renewable energy by 2035, with 2022 as the base year.

Actions to achieve our targets:

- **Electrically powered mine trucks**
  This project will make only a limited contribution to reducing GHG emissions in the short term as these types of vehicles are not expected to be readily available before 2030. We have started to analyze how many of our trucks could be electrically powered between 2030 and 2035, considering their useful life. On the assumption that electrically powered trucks will be available from our suppliers, we estimate approximately 20% of our current fleet of trucks could be electrically powered, which would represent a reduction of approximately 170 $ktCO_2e$.

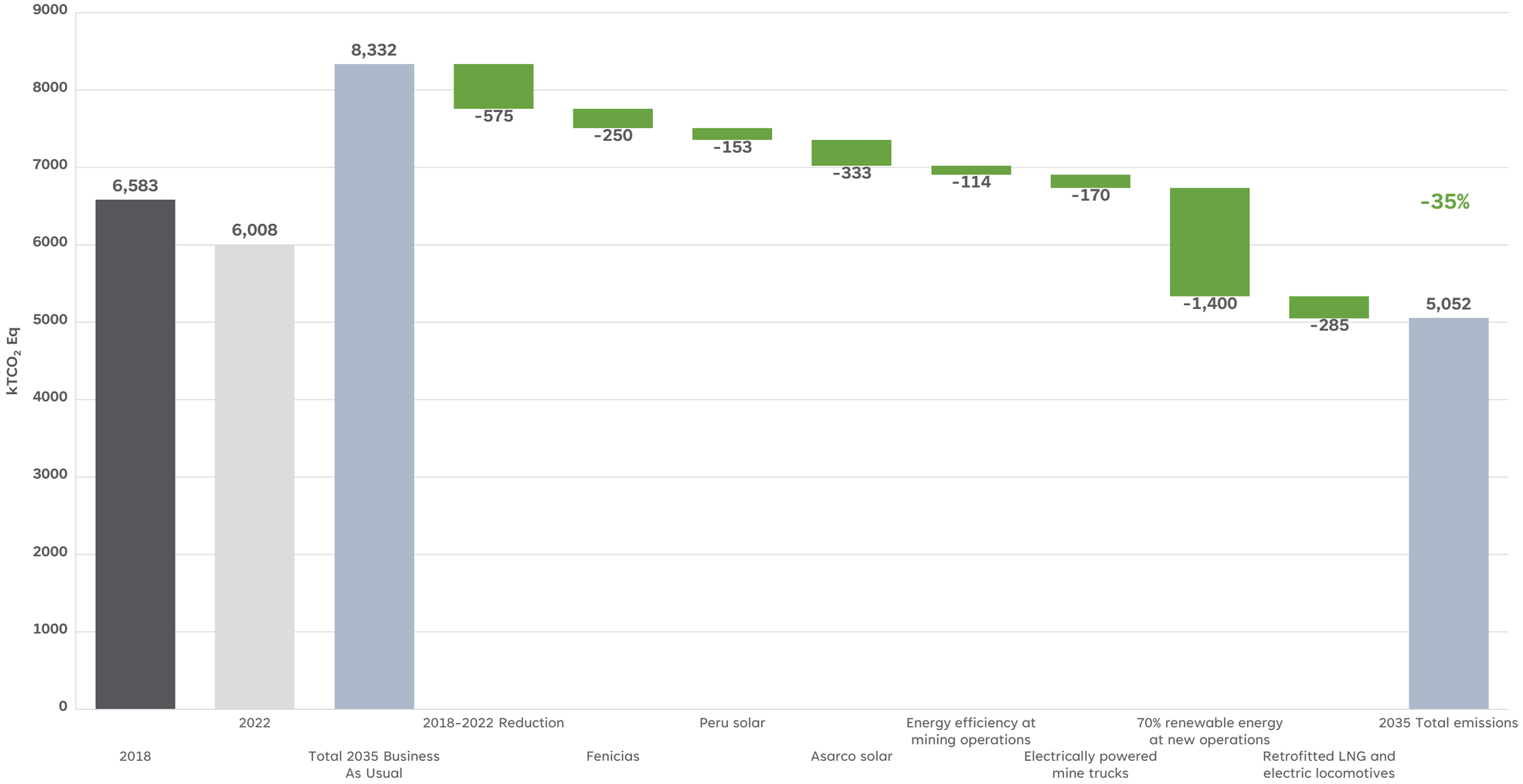
- **Continue to invest in renewable energy for existing projects**
  Assuming the Fenicias wind farm will remain in operation after 2027, we estimate that our ASARCO and Southern Perú operations could cover at least 90% of their current electricity needs from renewable energy sources, by negotiating new green power purchase agreements, international clean energy certificates or the construction of greater capacity renewable energy generation projects. This would produce a reduction of approximately 486 $ktCO_2e$. We completed feasibility studies in 2024 and in 2025, we prepared pre-operational studies for the development of an onsite 100 MW solar project near our Quebrada Honda tailings dam in Peru, and another similar 100 MW project for our Ilo smelter. Additionally, we have been working on a pre-operational study for a 300 MW solar project in Moquegua.

- **Invest in renewable energy for new mine projects**
  We estimate Grupo México will have new projects in operation by 2035. If we consider that all new Mining Division operations will operate at 70% renewable electricity by 2035, including the electricity needs of 15% of their mine trucks, we estimate the BAU emissions could be reduced by approximately 1,400 $ktCO_2e$.

- **Electrically powered locomotives**
  In addition to fuel substitution for locomotives, we believe that as of 2028, we will be starting to electrify around 30% of our yard locomotives, which could reduce the emissions of the Transportation Division by an additional 125 $ktCO_2e$ by 2035, assuming this technology is readily available by then. This project would produce a total reduction of 285 $ktCO_2e$ associated with the Transportation Division, considering the achievements made by 2027.

- **Additional energy efficiency projects**
  In the coming years, Grupo México will continue working to redesign, convert and retrofit equipment, improve and reorganize processes, and provide efficient energy usage training for employees, to identify additional opportunities for energy efficiency. With these actions, we would expect to reduce the overall energy consumption of our operations by at least 2.5% by 2035, which would represent at least an additional 200k tCO_2e.

2035 Emissions Reductions (thousand tons)



Long term (2050)

Our target is net zero Scope 1 and 2 emissions by 2050 for BAU emissions, with 2018 as the base year.

Actions to achieve our target:

- **Continue to invest in electrically powered mine trucks**
  We expect 100% of our current fleet of mine trucks to be electrically powered by 2050, as we estimate that by then all our current trucks will have reached the end of their useful life, therefore there will be an opportunity to invest in new electrically powered trucks. We believe that having a 100% electric fleet is crucial to achieving our target of net zero emissions by 2050.

- **Continue to invest in renewable energy for new mine projects**
  By 2050, we have set as our target that all our operations, including new projects, will operate on renewable energy, which will significantly reduce our Scope 2 emissions.

- **Continue to invest in electrically powered locomotives**
  Our target is that the majority of our Transportation Division locomotives will be electric by 2050.

- **Develop long term fuel substitution projects**
  Ideally, the electricity generated at our La Caridad combined cycle power plant will gradually be replaced with renewable energy in the medium and long term, but if that is not possible, we believe these emissions could be reduced by substituting natural gas for hydrogen, expecting the production and supply of this alternative fuel will be a reality by 2030.

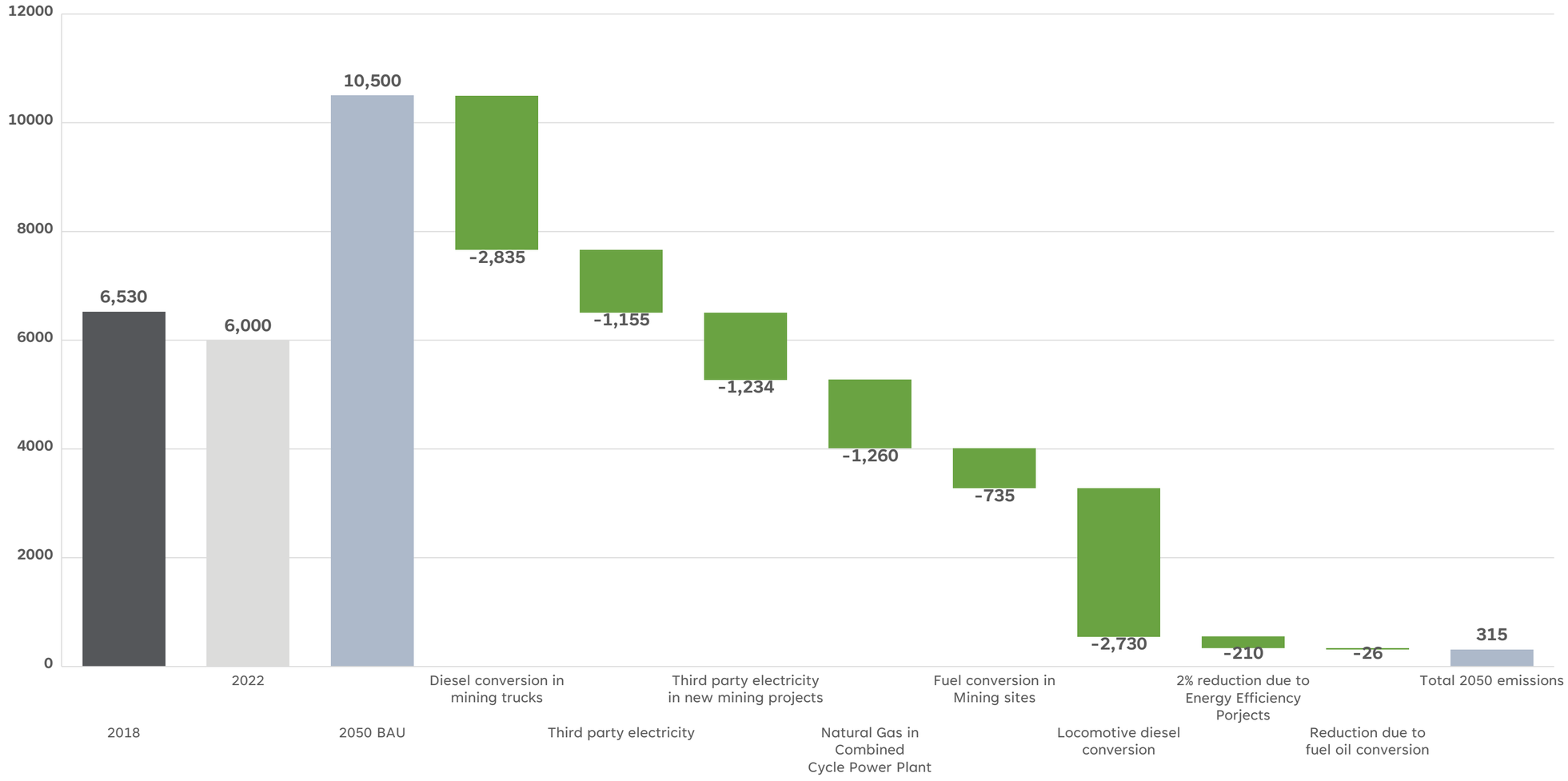
- **Neutralize the emissions that cannot be reduced**
  To achieve our target of net zero emissions by 2050, we will need to take actions to neutralize those carbon emissions that are difficult or impossible to reduce, which we estimate will be around 10% of our BAU emissions calculated for 2050. We have started to prepare concept analyses to explore the technical and economic feasibility of capturing the carbon generated by our Lime plant and the La Caridad combined cycle power plant to use this in our industrial processes or for the production of alternative fuels. We are also considering implementing nature-based solutions, on company properties, to offset our emissions.

  To date, including calendar year 2025, Grupo México has NOT used and does not plan to use offsets or carbon credits—either its own or those generated by third parties—to compensate for operational or value chain emissions, including the sourcing of raw materials.

  Regarding the capex that will be needed for the opportunities presented for the 2050 period, we will continue to follow the technological advances with our truck and train providers, and the development of our new mine projects, to then estimate more realistic investment amounts. For the nature-based solutions presented, we have identified approximately 28,000 acres (11,300 hectares) near our mine operations in Mexico where we are looking to develop reforestation and ecosystem conservation projects to permanently remove carbon from the atmosphere.

For more information on how each of these actions individually contributes to our decarbonization strategy towards net zero, please refer to the following chart:

2050 Emissions Reductions (thousand tons)



Emissions that cannot be reduced and must be neutralized to achieve net zero