

BIODIVERSITY MANAGEMENT PROTOCOL

I Introduction

At Grupo Mexico we comprehend that biodiversity¹ is essential for the continuity of life, the stability of ecosystems and the provision of diverse environmental services, such as aquifer recharge and carbon sequestration in the atmosphere.

We focus on knowing and understanding the value of biodiversity in the surroundings of our operations, and we promote its protection according to the mitigation hierarchy: avoid, reduce, restore, or compensate potential impacts that, throughout the lifecycle of our operating units, are expected to negatively affect it.

II Objectives

Maintain biodiversity and ecosystem functions, as well as the continued provision of ecosystem services in the surroundings of our operations.

III Scope

This protocol applies to all operating units located in protected areas or areas of high biodiversity value, their personnel, and our business partners in Grupo Mexico's Mining Division in all countries where they operate. It applies to the entire lifecycle of our projects, from planning, design, site preparation, development, closure, and post-closure.

¹ Biodiversity is the variety of plant and animal species, fungi and microorganisms that live in a particular place, their genetic variability, the ecosystems they are part of, and the landscapes or regions where these ecosystems are located. Also includes the ecological and evolutionary processes at the gene, species, ecosystem and surroundings levels. (Conabio 2022).

IV Principles

- > **Mitigation hierarchy:** prioritize our activities, starting with avoiding and reducing negative impacts, followed by restoration at the project site and, as a last resort, compensation for residual impacts.
- > **Science-based targets:** take decisions constructed on the best science-based available information, which allows the achievement of our goals.
- > **Social perspective:** ensure the continued provision of environmental goods and services and contribute to the social and economic development of the communities located in our areas of operation through sustainable biodiversity management.
- > **Involvement of other stakeholders:** collaborate with various stakeholders, mainly environmental authorities, communities, civil society organizations, and academic and research institutions, to maintain and, where possible, improve the status of biodiversity.

V Commitments

1. Contribute to the conservation of biodiversity by protecting and recovering species, their habitats, and ecosystems, as well as creating new ecosystems;
2. Not explore or develop new projects in World Heritage sites²;
3. Design and manage new operations and changes to existing operations in a manner compatible with the value for which the protected areas were designated³ and areas of high biodiversity value⁴;
4. Achieve a zero net deforestation⁵ and a positive net impact⁶ on biodiversity;
5. Assess, prevent, or minimize significant risks and impacts on biodiversity and ecosystem services in our operations;
6. Timely compliance with applicable legal obligations associated with biodiversity management during the construction, operation, and closure stages of the facilities, as well as in the post-operational stage;
7. Continuously improve our biodiversity management performance;
8. Involve local communities, environmental authorities, research institutions, civil society organizations and our business partners in the above actions, as appropriate and whenever possible;
9. Promote the adoption of best biodiversity management practices with our business partners.

² Strictly delineated areas of outstanding universal value from the point of view of science, conservation, or natural beauty (The World Heritage Convention, 1972).

³ Biosphere Reserves designated by UNESCO and protected areas declared under national legislation.

⁴ Wetlands of International Importance under the Ramsar Convention; Priority Terrestrial Regions of Mexico; Important Bird Conservation Areas of Mexico (AICA); Key Biodiversity Areas (KBAs) of the KBA Partnership.

⁵ Zero net deforestation occurs when each deforested acre is compensated by reforestation or vegetation recomposition of another acre.

⁶ It consists of ensuring that the increase in biodiversity outweighs the loss of biodiversity.

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VI Performance indicators

The evaluation of the biodiversity management performance of each business unit located in protected areas or areas of high biodiversity value will be carried out through the following indicators, complemented by the specific indicators established in the programs and plans contemplated in this protocol:

Indicator	Responsible
Restored area/impacted area (acre)	Ecosystem Restoration and Plant Production Directorate (restored area)
	Unit's environmental affairs department (impacted area)
Number of sites with biodiversity impact assessments	Ecosystem Restoration Management - AMC
Number of non-compliances with applicable environmental legislation related to biodiversity	Unit's environmental affairs department
Ecosystem integrity in the vicinity of our operations	Unit's environmental affairs department
External stakeholders involved in our actions to promote biodiversity	Unit's environmental affairs department

VII Tools

Among the biodiversity management tools, the following should be considered.

- a. Biodiversity management plans;
- b. Environmental impact assessments;
- c. Programs for landscape restoration and reestablishment of the functional conditions of the ecosystems affected by the closure of the operations;
- d. Compensation programs for significant residual impacts;
- e. Programs to monitor biodiversity status and trends;
- f. Biodiversity risk prevention manuals.

VIII Knowledge bases

Each unit located in protected areas or areas of high biodiversity value must have a reliable and verifiable body of information for the proper management of biodiversity, including diagnostics, studies, evidence of conservation actions conducted (results, photos, videos). It will be updated mainly through systematic monitoring of the biodiversity's status. This will be the responsibility of each unit.

The information should be easily accessible to all personnel who need to use it.

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VIII - 1 Environmental Impact Assessment

Environmental impact assessments are a useful source of information that should be considered in the development and implementation of biodiversity management plans and programs.

VIII - 2 Biodiversity Diagnostics and Monitoring

To understand and learn the value of biodiversity in the surroundings of our operations and to manage it appropriately, a diagnosis of its conservation status and trends must be carried out, addressing the following elements:

- a.** Evaluation of the proximity of the business unit to protected areas and areas of high biodiversity value (within, near: 2 km distance, far: more than 2 km distance from the nearest point). Only units located in or near protected areas or areas of high biodiversity value should include elements b, c, and d in the assessment.
- b.** Flora and fauna species that use the habitat around the operations, identifying those that are threatened according to the IUCN⁷ Red List and national legislation;
- c.** Ecosystem integrity assessment, identification of threatened habitats and threat factors;
- d.** Analysis that allows the understanding of the links between threats and biodiversity conditions;

At least every five years, the status of biodiversity should be monitored in a systematic and standardized way, to assess possible changes.

The Mining Division's Corporate Directorate of Environmental Affairs through the Corporate Management of Ecosystem Restoration and the environmental managers of each unit are responsible for the compliance of the preparation of the diagnosis and execution of biodiversity monitoring.

⁷ International Union for Conservation of Nature.

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IX Plans and Programs

IX - 1 Biodiversity Management Plan

Taking into consideration the knowledge bases, each unit located in or near protected areas or areas of high biodiversity value, with the objective of achieving a net positive impact on biodiversity, must prepare a biodiversity management plan, which includes the following elements:

- a.** Description of the biodiversity as described in section VIII-2;
- b.** Biodiversity management goals and targets;
- c.** Priorities in the protection, conservation and recovery of threatened species and ecosystems;
- d.** Actions that contribute to the conservation of biodiversity and to improve the ecological integrity of ecosystems, not only in the vicinity of our facilities, but beyond them when possible. These may include the rescue and relocation of flora and fauna, soil recovery and conservation, ecosystem restoration, prevention of water and ecosystem contamination, and the development of conservation projects targeting specific species or ecosystems;
- e.** Measures to reduce loss causes or pressures;
- f.** Performance indicators that promote continuous improvement in biodiversity management.

The Mining Division's Corporate Directorate of Environmental Affairs through the Corporate Management of Ecosystem Restoration and the environmental managers of each unit are responsible for the compliance of the preparation and implementation of this plan.

IX - 2 Ecological Restoration Program

Each unit must develop and implement an ecological restoration program integrated into the unit's closure plan, as part of the mitigation measures for significant adverse environmental impacts, with the objective of bringing the ecosystem closer to the condition it would have been if the degradation had not occurred. Such program should address the following elements:

- a.** Scope;
- b.** Vision;
- c.** Objectives;
- d.** Targets;
- e.** Activities to achieve ecological restoration, which may include establishing the reference ecosystem, assessing the current state of the ecosystem, restoration strategy, selection of suitable species for restoration, species propagation, soil recovery, monitoring the restoration process, ecological indicators;
- f.** Indicators to measure performance;
- g.** Budget, which will contribute to an estimate of the financial reserves for mine closures (ARO).

The Mining Division's Corporate Directorate of Environmental Affairs through the Corporate Management of Ecosystem Restoration and the environmental managers of each unit are responsible for the compliance of the development of this program.

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X Budget

Each business unit will integrate an annual operating program that contains an estimate of the financial resources necessary to implement actions to meet the objective of maintaining biodiversity and the functionality of ecosystems surrounding our operations.

XI Execution

For operations that may cause significant adverse impacts on biodiversity, the units will conduct the identification and comparative evaluation of alternatives to achieve an optimal project design and site selection, based on the lowest level of biodiversity sensitivity, avoiding significant adverse impacts to the extent possible, under the consideration that prevention is better and less costly than rehabilitation and compensation. The operations department will coordinate with the Environmental Affairs, Water Resources, and Engineering and Construction areas, as appropriate.

Measures will be taken to avoid and minimize significant adverse impacts and restore as much of the project area as possible. As a last resort, residual impacts to biodiversity should be adequately compensated for.

The projects will be executed in full compliance with the terms and conditions established in the authorizations issued by the environmental authority.

XII General Supervision

The Mining Division's Corporate Directorate of Environmental Affairs through the Corporate Management of Ecosystem Restoration is responsible for the supervision of biodiversity management, as a steering mechanism to achieve the objective of maintaining the biodiversity and functionality of ecosystems, as well as the continuous provision of ecosystem services in the surroundings of our operations.

XIII Report

Biodiversity management performance will be reported and reviewed in accordance with the procedures of the corresponding environmental management system. Each operating unit must submit an annual report on its actions to the Corporate Directorate of Environmental Affairs.

XIV External verification

An external auditor may annually evaluate the successful implementation of biodiversity management plans and programs.