

SUSTAINABLE WATER MANAGEMENT PROTOCOL

I Introduction

At Grupo México we aspire to reduce our water footprint by maximizing water reuse and reuse practices, while minimizing the use of freshwater and wastewater discharges from our operations. All of this with the purpose of contributing to environmental sustainability and recognizing the importance of water resources in ecosystems.

Through responsible water management, from an integral perspective and with a preventive approach, Grupo Mexico's Mining Division is committed to caring for water as an indispensable and strategic element in its operations and simultaneously obtain the well-being of the communities with which it interacts, and the conservation of biodiversity. This includes actions throughout the lifecycle of our projects and production chain, for water use and the quality in which it is returned to the natural environment.

II Objectives

Taking care of water as an indispensable and strategic element in our operations, for the well-being of the communities with which it interacts and for the conservation of environmental and ecosystem services.

III Scope

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

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IV Principles

- > **Continuous improvement** in the efficiency with which we use water to reduce our water footprint.
- > **Preventive risk management** associated with water management in our operations.
- > **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 quantity and quality of available water.
- > **Apply a water management hierarchy** that prioritizes the reduction of water use per unit of production, then the conversion of water supply sources for wastewater, and finally the reuse and recycling of water.

V Commitments

1. Reduce our water footprint and minimize our wastewater discharges, maximizing practices associated with reuse and reusing the water.
2. To have current and periodically updated water balances in each of our operations.
3. Measuring and controlling our freshwater volumes to comply with applicable environmental and fiscal regulations and promoting transparency.
4. Periodically review and update the risk analysis and opportunities to address them in a timely manner.
5. Maintain periodic monitoring of aquifers and meteorological variables associated with our operations.
6. To have a regularly updated inventory of water risks and environmental and social effects that our operations could produce in water sources, the risks that climate change represents for our operations, and plans for their prevention and attention.
7. Promote a transition of our water matrix to gradually and as far as possible reconvert freshwater supply sources with treated water.
8. Develop scenario analysis on the potential impact of water shortages on our operations.
9. To have indicators that show our water performance and contribute to improving it through a process of continuous improvement based on the best available practices.
10. Contribute to the protection of the environmental services provided by ecosystems through water harvesting and reforestation projects in the watersheds where we operate.
11. Incorporate the sector's best practices for reporting and linking with other stakeholders and ensure compliance with the regulatory framework.
12. Collaborate with other stakeholders, particularly in the management of the watersheds in which we work, recognizing that water is a shared resource, to protect and conserve it.

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VI Performance indicators

The evaluation of the sustainable water management performance of each business unit will be reflected in the environmental management system and will be carried out through the following indicators:

Indicator	Responsible
Freshwater use rate Fresh water vol / production vol	Unit's Directorate / Water Resources Directorate
Recycled water rate Recycled water vol / total vol used	Unit's Directorate / Water Resources Directorate
Infiltrated water volume	Unit's Directorate / Water Resources Directorate
Legal compliance	Unit's Directorate

VII Knowledge bases

Each unit located in a water stress zone must have a reliable and verifiable body of information for proper water management, including diagnostics, studies, databases of water availability and quality monitoring and evidence of the actions taken (results, photos, videos). It will be updated periodically as appropriate in each case.

The information should be easily accessible to the personnel who must use it and may include the following:

- ▶ Hydrological and geohydrological studies.
- ▶ Water balances
- ▶ Water quality and availability monitoring records
- ▶ Diagnostics and monitoring of water availability in aquifers
- ▶ Risk studies, including meteorological
- ▶ Concessions and permits
- ▶ Records of complaints and reports associated with water management and availability
- ▶ Infrastructure and equipment

The unit's Directorate and the Corporate Directorate of Water Resources of the Mining Division are responsible for the development and maintenance of the knowledge base.

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VIII Plans and Programs

Taking into consideration the knowledge bases, each unit located in a water stress zone must prepare a sustainable water management plan, which includes the following elements:

- a.** Description of available water resources;
- b.** Objectives and targets for sustainable water management;
- c.** Priorities in water saving, efficient use and recovery;
- d.** Actions to contribute to sustainable water management, not only in our operations, but whenever possible, beyond them;
- e.** Measures to reduce loss causes or pressures;
- f.** Performance indicators that promote continuous improvement in sustainable water management.

The Mining Division's Corporate Directorate of Water Resources is responsible for the compliance of the development and implementation of this plan.

IX Budget

Each business unit will integrate an annual operating program containing an estimate of the financial resources necessary to implement the actions required to meet the objectives and commitments set forth in our Environmental Policy and the present Sustainable Water Management Protocol.

X Execution

For those operations that may cause significant adverse impacts on water availability or quality, the units will conduct the identification and comparative evaluation of alternatives to obtain an optimal project design and site selection, avoiding significant adverse impacts to the extent possible, under the consideration that prevention is better and less costly than rehabilitation and compensation. The Operational area will coordinate with the Water Resources, Environmental Affairs, and Engineering and Construction areas, as appropriate.

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

XI General Supervision

The Mining Division's Corporate Directorates of Water Resources and Environmental Affairs through the environmental management systems of each unit are responsible for the oversight of sustainable water management.

XII Report

Performance in sustainable water management will be reported and reviewed in accordance with the procedures of the corresponding environmental management system. To this end, each operating unit must submit a monthly report on its actions to the Corporate Directorates of Water Resources and Environmental Affairs.

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XIII External verification

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