GrupoMéxico

RISK MANAGEMENT:
SUSTAINABILITY ACTIONS 2024

Risk Management[1]

Risk Management

At Grupo México, comprehensive risk management is a key pillar to ensure operational resilience, compliance with the highest sustainability standards, and the creation of long-term economic and social value. Through systematic processes for risk identification, assessment, and control, we can anticipate adverse impacts and strengthen our capabilities in response, innovation, and business continuity.

Our risk management methodology is aligned with international standards such as ISO 31000 for risk management and the ICMM Critical Control Implementation Guide (International Council on Mining and Metals) and is integrated into our corporate governance framework to support informed strategic decision-making at all levels of the organization.

Risk Register Methodology

The Grupo México Risk Register is maintained to consolidate, analyze, and prioritize the organization's main operational, social, environmental, and regulatory risks. This tool is updated through periodic assessments across all operational units, aligned with national regulatory frameworks (Mexico, USA, and Peru) and supported by management systems certified under ISO 45001 and ISO 14001 standards.

Key criteria used to classify and manage identified risks:

Criteria	Range/escale
Risk appetite *Represents the level and type of risk that Grupo México is willing to accept in achieving its objectives.*	• **Very low**: The risk is not acceptable under any circumstances. • **Low**: The risk is generally unacceptable; it may only be accepted with strong mitigation measures. • **Moderate**: The risk may be accepted if mitigated or under specific and monitored conditions. • **High**: The risk is acceptable if aligned with a strategic opportunity or benefit, with controls implemented. • **Very high**: The risk is accepted as part of key strategic activities, with proactive management.
Risk Level *Determined based on the combination of probability and impact.*	• **Very low**: Minor risks that do not require actions beyond current controls. • **Low**: Known and manageable risks, controlled with standard actions. • **Moderate**: Risks that may affect performance and require specific mitigation measures.

[1] The actions described in this document are fully applicable to our subsidiary Southern Copper Corporation.

	• **High**: Significant risks requiring proactive control and high-level oversight. • **Critical**: Unacceptable risks or those with high disruptive potential must be addressed immediately.
Likelihood *The likelihood that a risk will materialize.*	• **Rare (1):** Highly unlikely. • **Unlikely (2):** Very low probability; not expected. • **Possible (3):** May occur at some point. • **Likely (4):** Expected to occur at some point. • **Almost certain (5):** Very likely to occur.
Magnitude *Represents the magnitude of the consequences if a risk materializes, affecting the company's strategic, operational, financial, environmental, social, or reputational objectives.*	• **Insignificant (1):** Minimal consequences; does not affect achievement of objectives or require significant intervention. • **Minor (2):** Controllable consequences within standard processes; affects short-term activities. • **Moderate (3):** Noticeable impact requiring intervention and additional resources. • **Major (4):** Significant impact on multiple areas or on achieving key objectives. • **Catastrophic (5):** Critical consequences that compromise operational or strategic business continuity.

Identified Risks

Risk	Apetite	Risk level	Likelihood	Magnitude
Environmental non-compliance due to weather events	Moderate	High	Possible	Major
Reputational risk from community conflicts	Low	High	Possible	Major
Cyberattack on operational control systems	Low	High	Possible	Major
Shortage of specialized technical talent	Moderate	Moderate	Likely	Moderate
Disruption of critical supply chain	Low	Critical	Likely	Catastrophic

Examples of Mitigation Actions for Critical Risks

In the Safety and Environmental area, we currently manage 66 critical risks with the support of more than 340 registered critical controls across 14 operational units. Over 200 operational staff participate in this effort, supported by the Safety and Environmental teams. Below is more detailed information on two of these risks:

Failure of a tailings dam curtain	
Apetite Very low	**Mitigation strategy** For the timely, real-time detection of stresses and deformations in structures, as well as pore water pressure in tailings and soils within reservoirs and dam curtains, we have instrumented our tailings facilities to enable automated telemetry monitoring. Continuous, real-time monitoring of weather conditions is performed using automatic weather stations, and measurements of volumes, levels, and flows are taken at hydraulic control sections or points to account for the stored volumes in the tailing's facilities. Additionally, exploratory soil and tailings sampling is conducted periodically, including analyses of pore pressure dissipation, permeability, and piezometric measurements, among others. This information is used to update the knowledge base of each tailings facility and to review the structural, geotechnical, and hydraulic safety of the facilities.
Risk level Critical	
Likelihood Rare	**Focus Areas for 2025** • Automated, real-time monitoring of dam curtain behavior. • Updating stability studies and safety factors. • Technical training for personnel involved in tailings facility operations.
Magnitude Catastrophic	

Fire inside the mine	
Apetite: Very low	**Mitigation strategy:** Our approach is based on prevention through the removal of combustible materials and control of ignition sources, the use of technical controls such as automatic detection and suppression systems, adequate ventilation, and safe escape routes. This is complemented by a robust management system that includes procedures for high-risk work, continuous training, regular drills, and trained emergency brigades, along with a specific response plan and reliable communication systems. All of this is framed within a continuous improvement approach and audits to ensure the system's effectiveness.
Risk level Critical	
Likelihood Possible	**Focus Areas for 2025** • Real-time monitoring of personnel location inside the mine. • Acquisition and maintenance of fire-fighting equipment. • Improvement of electrical installations within the mine.
Magnitude Catastrophic	