

# CLOSURE OF OPERATIONS PROTOCOL

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## **I Introduction**

At Grupo Mexico we aspire to leave a positive legacy for future generations. That is why we are committed to leave a positive net social and environmental footprint, as well as to prevent, mitigate, and compensate for the impacts that our activities may cause throughout the lifecycle of our projects.

We recognize that the potentially negative effects of mining and metallurgical activities must be prevented, mitigated, and compensated throughout the lifecycle of our projects. Therefore, we work in advance with stakeholders to promote the safe closure of our operations, and we promote with them the generation of a joint vision that allows us to work collectively, seeking a balance between environmental, social, and economic aspects.

## **II Objectives**

Ensure sustainability in the closure and post-closure stages. Reverse possible environmental and social impacts once the unit is closed. Restore ecosystem services, guarantee security in the area and strengthen local institutions, promote regional economic vocation and community development.

## **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 lifecycle of projects, from planning, design, site preparation, development, closure, and post-closure.

## CLOSURE OF OPERATIONS PROTOCOL

### IV Principles

- ▶ **Anticipatory management of risks and impacts regarding the safety of people and the environment.** Identify, evaluate, and manage risks inherent to mine closures in order to prevent and manage them effectively and timely.
- ▶ **Closure hierarchy.** Utilize a hierarchy for the subsequent use of the sites we close that favors the recovery, to the extent possible, of the original site conditions; secondly, the development of alternative land uses with greater benefits than those existing prior to the mining operation; and finally, recompose the site to an acceptable level by applicable regulations.
- ▶ **Transparency.** Promote access to relevant information on mine closure in all our facilities.
- ▶ **Use of the best available information.** Create and maintain an updated knowledge base to manage mine closures.

### V Commitments

1. Develop and maintain an updated closure plan that considers environmental and social aspects for each of the operations.
2. Contemplate closure in the planning and design of new projects.
3. Comply with regulations applicable to mine closures and promote the adoption of best available practices whenever possible.
4. To conduct, whenever possible and convenient, activities for a progressive closure.
5. To secure the economic resources for closure and post-closure of each of our operations.

The minimum requirements for each of the operations to perform a secure and integrated closure are:

### VI Planning

- ▶ Define and estimate the cost of activities required by regulations for mine closure in accordance with the corresponding procedure.
- ▶ Identify and evaluate risks and opportunities related to mine closure, at each stage of the projects' lifecycle.
- ▶ Establish actions to prevent and mitigate the negative impacts that are expected to occur, based on the type of impact - environmental or social - and its potential magnitude, for which the necessary resources and the corresponding roles and responsibilities will be defined.
- ▶ Plan the creation and periodic updating of a knowledge base with reliable information. This should include social and environmental baselines, inventory of facilities, estimation of reserves required to meet closure obligations, and whenever possible, diagnosis of geologically active material, characterization of tailings, and information on successful closure practices in accordance with the vision of final land use at closure.
- ▶ Where possible, involve local communities, environmental authorities, research institutions, civil society organizations and our business partners in the planning and updating the knowledge base, as appropriate.
- ▶ Identify opportunities for progressive closure activities.
- ▶ Propose potential desired scenarios for closure and post-closure of our operations.

The Mining Division's Corporate Directorate of Environmental Affairs and personnel of each unit, with the participation of the Corporate Directorate of Community Development, are responsible for these activities.

## CLOSURE OF OPERATIONS PROTOCOL

### VII Execution

- ▶ Elaborate and update the mine closure plan every 5 years.
- ▶ Maintain an updated record of the volumes and areas to be remediated, as well as the activities necessary for a safe closure that fully complies with existing regulatory obligations, which allows the ARO calculation (Assets Retirement Obligation, see calculation procedure).
- ▶ Prepare an annual work program that includes progressive closure activities where opportunities exist to do so, including the necessary budgetary resources and assigning the corresponding responsibilities. Integrate this work program into the operating unit's environmental management system.
- ▶ Prepare a report each year that includes the activities carried out, their physical and financial execution status, as well as the updated information in the knowledge base for mine closure.

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### Performance Indicators

The evaluation of closure management performance will be based on the following indicators:

| Indicator   | Responsible   |
|---|---|
| Completion of the annual work program   | Unit's Directorate  |
| Work volume complied for progressive closure / work volume required for final closure           | Unit's environmental affairs department                         |
| Number of reserves required to guarantee a safe mine closure to comply with current regulations | Assets Directorate  |
| Annual update of the inventory of facilities for closure  | Unit's environmental affairs department                         |
| Timely update of the closure plan   | Unit's environmental affairs department / Community development |
| Updating the knowledge base   | Unit's environmental affairs department / Community development |

### VIII General Supervision

The Mining Division's Corporate Directorate of Environmental Affairs is responsible for the supervision of the mine closure management. This task will be conducted through the annual work program progress reports, as well as the updates foreseen in this protocol for the closure plans and the knowledge base.

### IX Report

The performance of the mine closure management 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.

## CLOSURE OF OPERATIONS PROTOCOL

### **X External verification**

The successful implementation of the closure plans and programs may be evaluated by an external auditor at such time as deemed appropriate.