



The Copper Mark Summary Report

Participant Information

Name of the Site	Unidad La Caridad
Unique identifier provided by the Copper Mark	P0033
Address	KM 19 Carretera Nacozari - Villa Hidalgo S/N
Country of Operation	México
Copper products produced on site (e.g., concentrate, anodes, cathodes, sulphuric acid, slag, etc.)	Copper cathode
Metals produced on site (e.g., copper, gold, nickel, silver, molybdenum)	Copper, molybdenum
Metals included in scope of Criterion 31 (this must be all, or a sub-set of the metals produced on site)	Copper, molybdenum
Metals covered by other independent assessments for Criterion 31 (e.g., RMAP, LBMA, RJC, etc.)	NA
Types of operations included in scope	
Mining	<input checked="" type="checkbox"/>
Concentrate blending	<input checked="" type="checkbox"/>
Solvent extraction and electrowinning	<input type="checkbox"/>
Smelting	<input type="checkbox"/>
Refining	<input type="checkbox"/>
Fabrication	<input type="checkbox"/>
Other (<i>please explain</i>)	
Infrastructure owned or controlled by the site and included in scope	
Roads	<input type="checkbox"/>
Rails	<input type="checkbox"/>

Ports	<input type="checkbox"/>
Other (please explain)	

Equivalent Systems

The following equivalent systems were applied:

Equivalent systems are determined by the Copper Mark to have standards and assurance requirements that are materially comparable in scope and intent to those of the Copper Mark, in accordance with the [Copper Mark Recognition Process](#).

Equivalent System <i>(Name, date of assurance / certification)</i>	Review Process	Criteria Covered by Equivalency
ISO 14001:2015 5 January 2022	The assurance / certification was confirmed to be: <ul style="list-style-type: none"> • Valid at the time of the review • No more than 24 months old and / or plans for reassessment are underway • In effect for an additional 12 months and / or plans for reassessment are underway • Covering the same scope as the Copper Mark Responsible Production Criteria, including operations, locations, and materials • Accompanied by improvement plans where applicable 	<ul style="list-style-type: none"> • 14. Environmental Risk Management • 16. Energy Consumption • 18. Waste Management • 20. Pollution
ISO 45001:2018 28 April 2020	The assurance / certification was confirmed to be: <ul style="list-style-type: none"> • Valid at the time of the review • No more than 24 months old and / or plans for reassessment are underway 	12. Occupational Health and Safety

	<ul style="list-style-type: none"> • In effect for an additional 12 months and / or plans for reassessment are underway • Covering the same scope as the Copper Mark Responsible Production Criteria, including operations, locations, and materials • Accompanied by improvement plans where applicable 	
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Independent Site Assessment Information

Name of the Lead Assessor	Alejandro Lopez and Rachelle Jackson
Name of the Assessment Firm (if applicable)	Arche Advisors
Date(s) of Assessment Activities (dd/mm/yyyy – dd/mm/yyyy)	29 August – 1 September 2022
Assessment Period	August 2021 – August 2022
Summary of the Assessment Methodology	<p>Data gathering through site visits to the refinery and community; observation, worker and management interviews, and document review of policies, procedures, and records related to each of the specific Coppermark criteria. A sampling approach was used related to document selection and worker selection, including contractor agencies.</p> <p>Number of employees: 1163 Number of contractors: 861</p>
Summary of the Assessment Activities	<p>Pre-assessment activities including document review and site assessment planning.</p> <p>Monday, 29 August 2022</p> <ul style="list-style-type: none"> • Opening meeting with management • Mine tour (pit, tailing storage) • Management interviews • Document review <p>Tuesday, 30 August 2022</p> <ul style="list-style-type: none"> • Direct employee interviews • Management interviews

	<ul style="list-style-type: none"> • Contractor employee interviews • Due diligence assessment <p>Wednesday, 31 August 2022</p> <ul style="list-style-type: none"> • Community visit and interviews • Management interviews <p>Thursday, 1 September 2022</p> <ul style="list-style-type: none"> • Union representative interviews • Document review • Management interviews • Wrap up • Closing meeting
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Summary of Findings

Criterion	Rating <i>Fully meets, partially meets, does not meet, not applicable</i>	Comments <i>Includes link to publicly available documents or supporting evidence where possible and at a minimum for those criteria with an *</i>
1. Legal Compliance	Fully meets	<p>La Caridad has a legal compliance system that covers the company’s legal obligations, identification, monitoring, assessment, and implementation of changes in new laws, regulations, requirements. It is supported by regulatory audits, declarations and reporting. Respective operating licenses and permits to operate are in place. Workers understand their legal rights.</p> <p>This was confirmed through document and record review, interviews with management and interviews with workers.</p>
2. Business Integrity	Fully meets	<p>La Caridad has an ethics code that covers the prohibition of bribery, facilitation payments, gifts, corruption. Anti-corruption and fair competence policies are also in place. This is supported by procedures to review conflicts of interest, employee training, an ethics committee that receives, investigates and assesses any ethics</p>

		<p>code violation, a grievance system, and regulatory reporting.</p> <p>This was confirmed by a review of policies and procedures, the corporate register of grievances analyzed by the corporate ethics and disciplinary committee, and interviews with relevant personnel.</p>
3. Stakeholder Engagement*	Fully meets	<p>La Caridad is part of a corporate-level program for identification and engagement with stakeholders, complemented by a local community development team that carries out the corporate-level strategy to identify key stakeholders, prioritize engagement, and ensure participatory processes that allow for the identification of needs and support for vulnerable groups.</p> <p>This is supported by a grievance channel developed in consultation with the United Nations Office of the High Commissioner for Human Rights in Mexico.</p> <p>Implementation of the program was confirmed through a review of documents and records, a test-use of the hotline number and interviews with workers. In addition, interviews with stakeholders revealed examples of the engagement process. Stakeholders indicated that they primarily use the community development team as their first response when support or input is needed.</p> <p>Access to the grievance mechanism is available here.</p>
4. Business Relationships	Partially meets	<p>La Caridad has a process in place to identify relevant business partners, share the Supplier Code of Conduct, and monitor compliance, and contractually impose consequences for not complying with legal and company requirements. Recently, new requirements were added to the Supplier Code of Conduct to enhance human rights expectations.</p>

		<p>This was confirmed through interviews with management, review of policies and procedures, and checks on a sampling of communications with suppliers.</p> <p>The following gaps were identified:</p> <ul style="list-style-type: none"> • Full implementation of the process to monitor adherence to the new Supplier Code of Conduct, which includes enhanced requirements on human rights has not been completed • Full implementation of the formal evaluation process to verify sanctions has not been completed
5. Child Labor	Fully meets	<p>Grupo Mexico has a corporate level commitment against the use of child labor, as defined by the ILO. This commitment is stated in the Grupo Mexico Human Rights Policy and the Code of Ethics. The company sets a minimum age of 18 for all of their operations. La Caridad implements these policies at site. The policy is supported by training on the Code of Ethics, including the prohibition on child labor, clauses in union contracts, and hiring procedures. In addition, La Caridad funds community schools for the children of workers who live in company housing located away from the mine site.</p> <p>This was confirmed through a review of documents and records, interviews with management and workers, interviews with school officials from the local schools, and site observations. There was no evidence of the use or presence of underage workers.</p>
6. Forced Labor	Fully meets	<p>Grupo Mexico has a corporate level commitment against the use of forced labor, as defined by the ILO. This is documented in the Human Rights Policy and the Code of Ethics. La Caridad implements these policies at site. The policy is supported by training on the Code of Ethics, including the</p>

		<p>prohibition on forced labor, hiring practices, and other procedures.</p> <p>During interviews with workers, it was confirmed that no fees are paid at hiring, personal identification is not withheld, there is no restriction to movement, and there is a right to refuse to engage in dangerous or overtime work. Documents and records were also reviewed to confirm these practices.</p>
<p>7. Freedom of Association and Collective Bargaining</p>	<p>Partially meets</p>	<p>La Caridad has processes in place to allow freedom of association and collective bargaining. There is a union on site with a collective bargaining agreement negotiated every 2 years. Workers are free to join or not join the union. Union representatives are able to interact with members without restriction.</p> <p>It is noted that the union maintains a list of job candidates supplied to the mine for vacancies, with the ultimate decision resting with Human Resources to determine if a candidate from the list is qualified and will be hired or not.</p> <p>This was confirmed by review of documents, interviews with management, interviews with human resources, interviews with union representatives, interviews with workers who are members of a union and interviews of workers who are not members of a union.</p> <p>One gap was identified:</p> <ul style="list-style-type: none"> The current collective bargaining agreement still contains a clause that requires the company to terminate the employment of any worker who leaves the union. This is based on a previous common practice which has been made illegal through the 2019 reform of the Federal Labor Law. It was confirmed with management, union officials and workers that this does not occur in practice. However, the

		<p>failure to remove the clause from the collective bargaining agreement does not align with current labor law. The collective bargaining agreement is due for renegotiation in March 2023, and the company will request the removal of this clause.</p>
8. Discrimination	Fully meets	<p>Grupo Mexico has corporate level policies against discrimination and harassment, including a policy on diversity and inclusion that are distributed to all employees, located on the website, and posted throughout work areas in La Caridad. La Caridad implements these policies at site. The policies are complemented by specific lines of action and strategy to promote the non-discrimination policy following a third-party internal survey on company culture and employee satisfaction, a set indicators related to the hiring of women, increased communication and sensitization to appropriate workplace behaviors, familiarization with the grievance mechanism, among other procedures.</p> <p>This is confirmed by a review of documents, training records, interviews with workers, interviews with external stakeholders, interviews with management, and site observations.</p>
9. Gender Equality	Fully meets	<p>Grupo Mexico has a corporate level policy that encompasses the concepts of equality and equity in the workplace, including the hiring process, promotion, and compensation, for employees, contractors, clients, suppliers, and other third parties. La Caridad implements this policy at site. The policy is supported by the development of indicators related to the hiring of women, increased communication and sensitization to appropriate workplace behaviors, familiarization with the grievance mechanism, neutralized language in job advertisements, as well</p>

		<p>as physical changes at site to allow for a gender-sensitive environment.</p> <p>Female employees interviewed reported a positive experience in the workplace. There has been an increase in hiring of female workers over the last few years.</p> <p>This was also confirmed through a review of documents and records and interviews with management.</p>
10. Working Hours	Fully meets	<p>La Caridad has a system in place to ensure working hours are kept under 60 hours per week, 1 day of rest is provided for every 7 days, annual leave is provided, and overtime is voluntary.</p> <p>This is confirmed by review of policies, working hour records, collective bargaining agreements, sampling of individual labor contracts, interviews with management and interviews with workers.</p> <p>It is worth noting that while in practice overtime is voluntary, the policy reviewed during the assessment contained a clause making overtime obligatory. This policy has since been revised and the clause removed.</p>
11. Remuneration	Partially meets	<p>Pay rates for unionized workers are managed through the Collective Bargaining Agreement. Grupo Mexico manages the pay scale for non-union workers at the corporate level. This process is based on the review of a comparative study of wages in the mining sector. A review of the living wage is done through an adopted methodology referencing data from the Wage Indicator Foundation and Massachusetts Institute of Technology, and other considerations. The La Caridad team at the site is not engaged in this process.</p> <p>La Caridad is engaged in the negotiations in the collective bargaining agreements with unionized workers. Salary rates are reviewed every year and negotiations for the full agreement</p>

		<p>take place every 2 years, taking into account a number of factors including market rates.</p> <p>Salaries are complemented by benefits such as savings funds, education for children, housing, community facilities, transportation, etc.</p> <p>This is confirmed through a review of documents and records, interviews with management and interviews with workers.</p> <p>One gap was identified:</p> <ul style="list-style-type: none"> • During interviews with workers, employees reported being able to work on holidays and take an additional rest day later in lieu of compensation, which is not a sanctioned legal practice <p>According to the site, as of September 2022 the practice will no longer be permitted. Assessors will confirm the change in practice during the follow up assessment.</p>
12. Occupational Health and Safety	Fully meets	Criterion confirmed as met through equivalency with ISO 45001:20019.
13. Grievance Mechanism	Fully meets	<p>La Caridad has a grievance mechanism in place that was designed in line with the UN Guiding Principles' Effectiveness Criteria for Non-Judicial Grievance Mechanisms. The grievance mechanism and other channels to submit grievances are documented in a policy and trainings provided to employees. The policy includes protections for anonymous submissions and prohibits retaliation against anyone submitting complaints. The grievance mechanism is overseen by an Ethics Committee that sits at the corporate level and includes top executives of the Americas Mining division, corporate level human resources, community development, and internal audit directors. Union representatives are involved from the time of receipt of a complaint involving a union member.</p>

		This was confirmed by interviews with management and workers, review of grievances received, review of policies and procedures.
14. Environmental Risk Management	Fully meets	Criterion confirmed as met through equivalency with ISO 14001:2015.
15. Greenhouse Gas (GHG) Emissions*	Fully meets	<p>Grupo Mexico has a corporate environment policy aligned with the Paris agreement and has established a commitment to the reduction of environmental impact and climate change.</p> <p>There is a cap of emissions for 2026, and a reduction of GHG from 2026 to 2030. The company will align the goals established by the mining sector to reduce GHG emissions by 22% between 2030 to 2050. The company has been tracking the greenhouse gas baseline calculations for scope 1 and 2 emissions since 2017 and annually reports on them. La Caridad has developed GHG reduction goals per business unit.</p> <p>This was confirmed through interviews with management, document, and record review.</p> <p>More information is available here.</p>
16. Energy Consumption	Fully meets	Criterion confirmed as met through equivalency with ISO 14001:2015.
17. Freshwater Management and Conservation	Fully meets	<p>La Caridad has a system in place for water use including monitoring, action plans, water recovery actions, and testing reports. Most water comes from a dam 40 kilometers away and the use of freshwater does not affect local stakeholders use. 24% of the water use comes from fresh water sources while the other 76% comes from the recirculation of water that is recovered from the different operations.</p> <p>Wastewater quality is also monitored and mitigated with treatment systems where appropriate.</p>

		This was confirmed through document review, interviews with management, and interviews with stakeholders.
18. Waste Management	Fully meets	Criterion confirmed as met through equivalency with ISO 14001:2015.
19. Tailings Management	Partially meets	<p>La Caridad has a tailings management system that is aligned with international standards. The policy states the commitment to zero damage to health and safety of the associates, community, and the environment. This is supported by the implementation of the provisions, the monitoring and inspection activities, the community consultation, the emergency response plan, the resources allocated, technical assistance, impact risk assessments, and the waste management programs. The system is further based off the regional environmental impact assessment conducted in 2018.</p> <p>Management explains that at the time of the assurance process the company has not made yet an internal diagnosis to evaluate the level of conformance and alignment with the 15 criterion and 77 requirements of the Global Industry Standard on Tailings Management (GISTM). Environmental senior management states that the next step for La Caridad is to conduct the diagnosis against the standard, and then elaborate the road map to fill the gaps identified in the diagnosis</p> <p>This was confirmed through physical observations of the tailings dam, review of policies and procedures, inspection reports and other documents, and interviews with management.</p> <p>There was one gap identified:</p> <ul style="list-style-type: none"> • The GISTM has not been fully implemented.
20. Pollution	Fully meets	Criterion confirmed as met through equivalency with ISO 14001:2015.
21. Biodiversity and Protected Areas	Fully meets	La Caridad is subject to the corporate level environmental policy, which

		<p>includes an objective to contribute to the protection and preservation of biodiversity and ecosystems. As part of the environmental impact assessment, there was a biodiversity impact assessment, based on which the company identifies, inventories, and establishes biodiversity control, mitigation, and monitoring activities. La Caridad is not located in a world heritage site.</p> <p>This was confirmed through document review and interviews with management.</p>
<p>22. Mine Closure and Reclamation</p>	<p>Fully meets</p>	<p>La Caridad has a mine closure plan with financial provisions, regular review, community participation, and environmental impact assessment condition responses. La Caridad is required to comply with regulatory obligations related to the plan and presented to the relevant authorities as well. Community members, local authorities, and workers are aware of and have participated in the development of the mine closure plan.</p> <p>In addition to interviews with stakeholders and management, this was confirmed through a review of documents and records, including the plan itself.</p>
<p>23. Community Health and Safety</p>	<p>Fully meets</p>	<p>La Caridad has a system to address community health and safety through the community engagement activities. There is evidence of activities focusing on social and health diagnostic studies, campaigns to support and vaccinate the community during the Covid-19 pandemic, and other health interventions. Safety projects developed in consultation with the community are also evident, with a focus on tailings site management and water access. Interviews with the Municipal President and the Community Health Committee demonstrate the relationship between the community and La Caridad to share and respond to</p>

		<p>health and safety concerns, in particular around providing water in times of shortages.</p> <p>Due to the location and distance from communities, noise and air pollution have not been identified as risk areas.</p> <p>In addition to the interviews and physical observations, this was confirmed through a review of documents, records, and interviews with management.</p>
<p>24. Community Development</p>	<p>Fully meets</p>	<p>Grupo Mexico has a corporate level Community Development Team that provides the overall ethos, direction, and guidance for all site-level community development efforts. This includes management of the SAC communication channel for communities. La Caridad has a community development team who are based out of a community center that hosts classes and workshops for community skill development, leadership training for youth, and many kinds of community events.</p> <p>The community development system is based on a diagnostic social impact assessment using a participatory approach held in February 2021. This report informed the current development plan with a focus on water, education and health. The community is further engaged every two years to discuss their needs and desires, which is then supported by funds and complemented by ongoing skills and human development activities.</p> <p>Inputs, activities, and outcomes are measured and reported on, including in the Grupo Mexico Sustainable Development Report and the Annual Report on Community Development.</p> <p>This was confirmed through a review of policies, procedures, reports, interviews with management, and interviews with stakeholders who reported on their own</p>

		participation in providing input, their ability to propose community needs, request funding, and seek support for specific endeavors related to development needs.
25. Artisanal and Small-Scale Mining	Not applicable	Assessors confirmed there is no ASM in the area of influence.
26. Human Rights	Fully meets	<p>La Caridad is subject to the company's human rights policy based on the United Nations Guiding Principles on Business and Human Rights, with a focus on relations with workers and relations with communities where it operates. There is a community diagnosis that covers concepts of human rights impacts and informs interventions. There is a survey every 2 years covering worker issues that recently reached 99% of worker participation that informs workplace interventions. These efforts are supported by the grievance mechanism and the supplier Code of Conduct.</p> <p>This was confirmed through a review of the policies, procedures, studies, reports, and interviews with management.</p>
27. Security and Human Rights	Fully meets	<p>La Caridad has a system in place to manage security and human rights issues. Private security agencies commit to human rights provisions and undergo institutional values training including human rights topics. No instances of violations of human rights at site, in dormitories, or in the community have been reported.</p> <p>This was confirmed through a review of policies, training materials, contracts, interviews with management, security force personnel, workers, and community members.</p>
28. Indigenous Peoples' Rights	Not applicable	Assessors confirmed no presence of indigenous peoples.
29. Land Acquisition and Resettlement	Not applicable	Assessors confirmed no land acquisition and resettlement.

30. Cultural Heritage	Not applicable	Assessors confirmed no cultural heritage is in the area of influence.
31. Due Diligence in Mineral Supply Chains	Partially meets	<p>La Caridad has a simple supply chain, sourcing all material from its own mine.</p> <p>At corporate level, Grupo Mexico has established a commitment to the OECD 5-step framework and a due diligence system in place, overseen by the security and risk director at the corporate level.</p>
	31.a. Management System	<p>Partially meets</p> <p>La Caridad has a due diligence management system in place relative to the size and complexity of the operations and its sourcing. The policy is embedded in the Code of Conduct and is published on the company website and supported by implementing procedures. The Security and Risk Director at the corporate level is charged with oversight of the due diligence management system. There are adequate resources in place for the current system and should the circumstances change.</p> <p>Grupo Mexico operates in Mexico and Peru, both EITI implementing countries. As part of these processes of implementation, the company voluntarily adopts the criteria of transparency and accountability through the disclosure of EITI required information and supporting its publication.</p> <p>The system is supported by a training program and a grievance mechanism.</p> <p>The following gaps were identified:</p> <ul style="list-style-type: none"> • Training to relevant personnel has not yet been provided based on the recently elaborated CAHRA identification procedure • No communication to suppliers, albeit internal to the parent company
	31.b. Red Flag Identification Process	<p>Fully meets</p> <p>At corporate level, there is a procedure to identify red flags. This includes analysis and includes sources of</p>

		<p>information at international level and sub-national level for conflict, governance, and human rights. It also includes elements of risk analysis based on security concerns related to drug trafficking activities and theft.</p> <p>The company concludes that the mined material is not sourced from a CAHRA based on this risk analysis. The company also concludes that the transportation routes between the mine and the refinery are not through CAHRAs.</p> <p>It is worth noting that there are security controls in place for the transportation routes of finished products once they leave the refinery on the way to the customer.</p>	
	31.c. Risk Assessment Process	Not applicable	No red flags were identified.
	31.d. Risk Management Process	Not applicable	No red flags were identified
	31.e. Public Reporting*	Partially meets	The first Step 5 report will be included in the 2022 annual report, which has been reviewed and confirmed accurate, but not yet published.
32. Transparency and Disclosure*		Fully meets	Since 2006, the company has published their sustainability report on annual basis that includes all Grupo Mexico operations and subsidiaries and describes the environmental, social, governance, financial performance and impacts among other topics. The sustainability report is publicly available here .

Conclusions

Statement of conformance	
The site is found to fully meet all applicable criteria of the Risk Readiness Assessment and, for Criterion 31, all applicable conformance criteria of the Joint Due Diligence Standard.	<input type="checkbox"/>
The site is found to fully meet or partially meet all applicable criteria of the Risk	<input checked="" type="checkbox"/>

Readiness Assessment and, for Criterion 31, all applicable conformance criteria of the Joint Due Diligence Standard. The site has committed to continuous improvement to fully meet all applicable Copper Mark Criteria by 21 December 2023.	
The site is found to miss some or all of the applicable criteria of the Risk Readiness Assessment and / or for Criterion 31, some or all of the applicable conformance criteria of the Joint Due Diligence Standard. The site has committed to continuous improvement to fully meet all applicable Copper Mark Criteria by 21 December 2023.	<input type="checkbox"/>
The site misses some or all of the applicable requirements of the Risk Readiness Assessment and / or for Criterion 31, the applicable criteria of the Joint Due Diligence Standard. The Site has not committed to continuous improvement.	<input type="checkbox"/>
Limitations:	
Additional comments:	

Copper Mark Award

This Summary Report is prepared using data from the independent review report and the independent assessment report. The Copper Mark confirms the assessors' conclusion and awards the Copper Mark as follows

Date the Copper Mark is awarded (dd/mm/yyyy)	31 October 2022
Expiry Date of the Copper Mark (dd/mm/yyyy)	30 October 2025