



## The Copper Mark Summary Report

### Participant Information

Name of the Site	Metalúrgica de Cobre S.A. de C.V. (Unidad Planta Metalúrgica)
Unique identifier provided by the Copper Mark	P0032
Address	KM 21 Carretera Nacozari - Agua Prieta 84340 Nacozari, Sonora
Country of Operation	México
Copper products produced on site (e.g., concentrate, anodes, cathodes, sulphuric acid, slag, etc.)	Copper cathode, copper rod
Metals produced on site (e.g., copper, gold, nickel, silver, molybdenum)	Copper, zinc, gold, silver, lead, commercial selenium, commercial tellurium, palladium and platinum concentrate, sulphuric acid
Metals included in scope of Criterion 31 (this must be all, or a sub-set of the metals produced on site)	Copper, zinc, gold, silver, lead
Metals covered by other independent assessments for Criterion 31 (e.g., RMAP, LBMA, RJC, etc.)	NA
Types of operations included in scope	
Mining	<input type="checkbox"/>
Concentrate blending	<input type="checkbox"/>
Solvent extraction and electrowinning	<input type="checkbox"/>
Smelting	<input checked="" type="checkbox"/>
Refining	<input checked="" type="checkbox"/>
Fabrication	<input checked="" type="checkbox"/>
Other ( <i>please explain</i> )	dust treatment plant, precious metals plant

Infrastructure owned or controlled by the site and included in scope	
Roads	<input type="checkbox"/>
Rails	<input type="checkbox"/>
Ports	<input type="checkbox"/>
Other ( <i>please explain</i> )	

### Equivalent Systems

<p>The following equivalent systems were applied:</p> <p><i>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 <a href="#">Copper Mark Recognition Process</a>.</i></p>		
Equivalent System <i>(Name, date of assurance / certification)</i>	Review Process	Criteria Covered by Equivalency
ISO 14001:2015 30 July 2021	<p>The assurance / certification was confirmed to be:</p> <ul style="list-style-type: none"> <li>Valid at the time of the review</li> <li>No more than 24 months old and / or plans for reassessment are underway</li> <li>In effect for an additional 12 months and / or plans for reassessment are underway</li> <li>Covering the same scope as the Copper Mark Responsible Production Criteria, including operations, locations, and materials</li> <li>Accompanied by improvement plans where applicable</li> </ul>	<ul style="list-style-type: none"> <li>14. Environmental Risk Management</li> <li>16. Energy Consumption</li> <li>18. Waste Management</li> <li>20. Pollution</li> </ul>
ISO 45001:2018 19 September 2019	<p>The assurance / certification was confirmed to be:</p> <ul style="list-style-type: none"> <li>Valid at the time of the review</li> </ul>	12. Occupational Health and Safety

	<ul style="list-style-type: none"> <li>• No more than 24 months old and / or plans for reassessment are underway</li> <li>• In effect for an additional 12 months and / or plans for reassessment are underway</li> <li>• Covering the same scope as the Copper Mark Responsible Production Criteria, including operations, locations, and materials</li> <li>• Accompanied by improvement plans where applicable</li> </ul>	
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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)	24-26 August 2022 Follow up assessment: 29 September 2023
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: 1183 Number of contractors: 439</p>
Summary of the Assessment Activities	<p>Pre-assessment activities including document review and site assessment planning.</p> <p>Wednesday, 24 August 2022</p> <ul style="list-style-type: none"> <li>• Opening meeting with management</li> <li>• Site tour</li> <li>• Management interviews</li> </ul>

	<ul style="list-style-type: none"> <li>• Document review</li> </ul> <p>Thursday, 25 August 2022</p> <ul style="list-style-type: none"> <li>• Direct employee interviews</li> <li>• Management interviews</li> <li>• Contractor employee interviews</li> <li>• Due diligence assessment</li> </ul> <p>Friday, 26 August 2022</p> <ul style="list-style-type: none"> <li>• Community visit and interviews</li> <li>• Management interviews</li> <li>• Union representative interviews</li> <li>• Management interviews</li> <li>• Wrap up</li> <li>• Closing meeting</li> </ul>
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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>METCO 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>METCO 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</p>

		<p>procedures to review conflicts of interest, employee training, an ethics committee that receives, investigates and assesses any ethics 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>METCO 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 <a href="#">here</a>.</p>
4. Business Relationships	Fully meets	<p>As of the follow up assessment of 29 September 2023, this criterion is fully meets.</p> <p>METCO has a process in place to identify relevant business partners, share the Supplier Code of Conduct,</p>

		<p>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>During the follow up assessment in September 2023, it was verified that the site has implemented sanctions checks in their business partner verification process. The service pushes out an alert if there is a change in status for any business partner or vendor.</p> <p>Changes in contracts showing clauses to agree to uphold the Supplier Code of Conduct were also reviewed. New contracts are run through the ESG questionnaire to identify red flags.</p> <p>All suppliers are under the same parent company and have received communication regarding the new Supplier Code of Conduct.</p> <p>This was confirmed through interviews with management and consultants about the new procedures; and a review of documents and records.</p>
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. METCO 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, METCO funds community schools for the children of</p>

		<p>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. METCO implements these policies at site. The policy is supported by training on the Code of Ethics, including the 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>
7. Freedom of Association and Collective Bargaining	Fully meets	<p>As of the follow up assessment of 29 September 2023, this criterion is fully meets.</p> <p>METCO 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's 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>During the follow up assessment of September 2023, it was verified that the union and the company had negotiated a revised agreement, in which it removed a clause that required the company to terminate the employment of any worker who leaves the union, which is no longer legal under the 2019 reform of the Federal Labor Law and which wasn't applied in practice. It was confirmed this clause would not be added into future contracts.</p> <p>This was verified through interviews with management; interviews with union representatives; and a review of the signed agreement.</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 METCO. METCO 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. METCO 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 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>METCO 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	Fully 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</p>

		<p>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 METCO team at the site is not engaged in this process.</p> <p>METCO 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 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>
12. Occupational Health and Safety	Fully meets	Criterion confirmed as met through equivalency with ISO 45001:20019.
13. Grievance Mechanism	Fully meets	<p>As of the follow up assessment of 29 September 2023, this criterion is fully meets.</p> <p>METCO 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</p>

		<p>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> <p>This was confirmed by interviews with management and workers, review of grievances received, review of policies and procedures.</p> <p>During the follow up assessment of September 2023, it was verified that the code of ethics and grievance mechanism were incorporated into all orientation training for contractors. Posters are available and posted throughout work areas with grievance channel access information as are small, printed cards. Contractors confirm knowledge and awareness of the grievance mechanism.</p> <p>This was confirmed through interviews with management; interviews with contractors from 5 different contract agencies; and a review of documents and records related to contractor training on the grievance mechanism.</p>
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.</p>

		<p>This was confirmed through interviews with management, document, and record review.</p> <p>More information is available <a href="#">here</a>.</p>
16. Energy Consumption	Fully meets	Criterion confirmed as met through equivalency with ISO 14001:2015.
17. Freshwater Management and Conservation	Fully meets	<p>METCO 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. The majority of water is recirculated into the production process. Wastewater quality is also monitored and mitigated with treatment systems where appropriate.</p> <p>This was confirmed through document review, interviews with management, and interviews with stakeholders.</p>
18. Waste Management	Fully meets	Criterion confirmed as met through equivalency with ISO 14001:2015.
19. Tailings Management	Not applicable	Criterion not applicable for non-mining entities.
20. Pollution	Fully meets	Criterion confirmed as met through equivalency with ISO 14001:2015.
21. Biodiversity and Protected Areas	Fully meets	<p>METCO is subject to the corporate level environmental policy, which 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. METCO is not located in a world heritage site.</p> <p>This was confirmed through document review and interviews with management.</p>
22. Mine Closure and Reclamation	Not applicable	Criterion not applicable for non-mining entities.

<p>23. Community Health and Safety</p>	<p>Fully meets</p>	<p>METCO 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. Interviews with the Municipal President and the Community Health Committee demonstrate the relationship between the community and METCO to share and respond to health and safety concerns. No obvious risk areas were noted during the site visit or visits within the surrounding communities.</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. METCO 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</p>

		<p>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 participation in providing input, their ability to propose community needs, request funding, and seek support for specific endeavors related to development needs.</p>
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>METCO 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	Not applicable	Criterion not applicable for non-mining entities.
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	Fully meets	<p>As of the follow up assessment of 29 September 2023, this criterion is fully meets.</p> <p>METCO has a simple supply chain, sourcing only within Grupo Mexico in the country.</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>Fully meets</p> <p>METCO 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>During the follow up assessment of September 2023, it was verified that training on the CAHRA determination process had been complete.</p>
	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*	Fully meets	The first Step 5 report was included in Grupo Mexico's Sustainability website, <a href="#">here</a> .
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 <a href="#">here</a> .

## Conclusions

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



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