



**REPORT ON FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN
SUPPLY CHAINS ACT**

FOR THE YEAR ENDED DECEMBER 31, 2023

INTRODUCTION

Santacruz Silver Mining Ltd. (the “Company”) prepared this Report on Fighting Against Forced Labour and Child Labour in Supply Chains (the “Report”) in accordance with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) for the financial year ended December 31, 2023. This is a joint report made under Section 11 of the Act on behalf of the Company and its subsidiaries which the Company has determined are reporting entities under the Act (collectively with the Company, the “Reporting Entities”) for the reporting period from January 1, 2023 to December 31, 2023. For purposes of this Report, the Reporting Entities are listed in the Appendix.

Modern slavery is a term used to describe various forms of human exploitation, including forced labour and child labour. Underpinned by coercion, deception, or abuse of power, modern slavery represents a severe violation of human rights. This Report describes the actions that the Company has taken to assess and manage the risks of forced and child labour in its supply chains (“Modern Slavery Risks”).

In this Report, unless otherwise stated, references to “Santacruz Silver”, the “Company”, “we”, “us”, “our” and similar expressions include the Reporting Entities.

ABOUT SANTACRUZ SILVER MINING LTD.

Santacruz Silver is a Canadian mining company listed on the TSX Venture Exchange engaged in the operation, acquisition, exploration and development of mineral projects in Bolivia and Mexico, primarily producing silver and zinc. The Company’s mining process includes exploration, blasting, landscape ventilation, ore loading and transport, support, control and engineering and rehabilitation. Subsequently, mineral concentration is carried out by grinding, milling, flotation, thickening and filtering, storage and transport to a warehouse. The Company’s production operations are conducted through the Reporting Entities at the following locations:

- Sinchi Wayra, which consists of the following mineral properties and businesses located in Bolivia:
 - the Caballo Blanco Group which includes Tres Amigos, Reserva and Colquechaquita mines (the “Caballo Blanco Group”);
 - the Don Diego Process plant, which processes production from the Caballo Blanco Group as well as toll milling; and
 - the San Lucas feed sourcing and trading business.

- Illapa, with its operations held under an association agreement with Corporación Minera de Bolivia, a Bolivian state-owned entity comprising:
 - the Bolivar mine and process plant complex; and
 - the Porco mine and process plant complex; and
- The Zimapan mine and process plant complex located in Hidalgo, Mexico.

The Company also purchases ore from mining cooperatives.



As of December 31, 2023, Santacruz Silver had a total of approximately 1,992 employees and 685 contract employees located primarily in Bolivia, Canada and Mexico for a total of 2,677 people. A total of 4 employees are located in Canada. There are no contract employees located in Canada.

GOVERNANCE

The Company strictly maintains a zero-tolerance stance on human rights abuses, explicitly prohibiting all forms of modern slavery across every facet of our operations – from our internal practices and employee relations to our dealings with business partners and suppliers. We manage risks associated with modern slavery and other human rights violations through our governance framework that demands strict adherence to specified legal and ethical standards.

To ensure effective implementation of this framework, our legal and procurement teams collaborate to assess and address potential risks of modern slavery in our supply chain. Similarly, our legal and human resources teams work closely together to manage these risks within our workforce.

In our ongoing commitment to mitigate the risks of modern slavery, we have implemented several additional safeguards. These include the introduction of an anonymous grievance hotline, which enables the reporting of any concerns related to unethical practices. We continue to refine and enhance our due diligence procedures for evaluating suppliers.

The following policies reinforce our commitment to upholding and safeguarding human rights.

Code of Business Conduct and Ethics defines the standards of business conduct expected of all directors, officers, employees, contractors, and third parties associated with the Reporting Entities. This policy establishes our expectation of honest and ethical behaviour and business practices, including compliance with all applicable laws and regulations.

Human Rights Policy defines our commitment to respecting and safeguarding human rights and applies to all employees, contractors, and third parties associated with the Reporting Entities. Our Human Rights Policy is aligned with the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, the International Labour Organization including the Indigenous and Tribals Peoples Convention, 1989.

Supplier Code of Conduct establishes the standards of conduct expected of every supplier that provides goods or services to the Reporting Entities. In addition to mandating compliance with all applicable laws and regulations, including laws protective of human rights, worker health and safety, and the environment, this policy explicitly prohibits engaging in any form of modern slavery.

Health and Safety Policy outlines our commitment and objectives with respect to protecting the health and safety of our employees and third parties.

Whistleblower Policy establishes procedures for making and managing reports and applies to Santacruz Silver's directors, officers, employees, consultants and contractors (and their employees), shareholders, any other parties with a business relationship with the Company, and external stakeholders. The policy explicitly includes the prohibition of retaliation.

Diversity Policy reflects the Company's ongoing commitment to promoting diversity at the highest levels of the Company in order to set the "tone at the top" and demonstrate the Company's commitment to diversity at all levels within the organization, and its commitment to fostering an inclusive culture based on merit and free of conscious or unconscious bias.

MODERN SLAVERY RISK ASSESSMENT AND MANAGEMENT

The 2023 Global Slavery Index published by the Walk Free Foundation assigned [Bolivia](#) a moderate risk score of 47 out of 100 and [Mexico](#) a higher risk score of 58 out of 100 for modern slavery vulnerability. As noted by the US Department of Labor, Bureau of International Affairs in 2022 [Bolivia](#) and [Mexico](#) made moderate advancements in the efforts to eliminate the worst forms of child labour.

Santacruz Silver is committed to enhancing our own strategies to mitigate Modern Slavery Risks within our supply chains. We are investing in more robust and comprehensive processes to ensure ethical sourcing and to promote transparency and accountability. This includes providing training to our employees and suppliers on human rights and modern slavery and collaborating with local communities and organizations to support initiatives aimed at preventing exploitation and promoting sustainable economic development.

Our Supply Chain

Our supply chain encompasses the procurement of goods and services spanning the entire lifecycle of a mine, from exploration through to remediation. The range of goods and services procured includes, but is not limited to:

- Fuel and explosives for operational and development needs;
- Logistics and transportation services for material movement;
- Mining and processing equipment, such as haul trucks, mill liners, and grinding media;
- Drilling services for exploration and production;
- General maintenance services;
- Engineering services for technical and project support; and
- Administrative and support services, including cafeteria food service and cleaning services.

As of December 31, 2023, the Reporting Entities manage approximately 1,000 direct suppliers of which approximately 10% would be considered non-domestic.

SUPPLY CHAIN RISK MANAGEMENT AND DUE DILIGENCE

Our risk management framework helps us identify, manage and mitigate risk in a manner that creates value and integrates risk considerations into our key decision-making processes. We conduct risk assessments to evaluate operational, health and safety, environmental, social, business, finance, and reputational risks and opportunities, among others. These assessments occur on a regular basis throughout the year.

Our Supplier Code of Conduct imposes a standard on our suppliers to respect human rights in their operations and supply chains in line with the International Bill of Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work, in accordance with the United Nations Guiding Principles on Business and Human Rights.

We perform a due diligence review on our suppliers with respect to Modern Slavery Risks during the onboarding process and on an ongoing basis. We continue to refine these due diligence procedures.

GRIEVANCE MECHANISMS

Santacruz Silver recognizes the importance of robust grievance mechanisms in identifying and addressing Modern Slavery Risks. We uphold several relevant policies, including our Code of Business Conduct and Ethics, Supplier Code of Conduct, and Human Rights Policy and provide local grievance hotlines to allow stakeholders to voice concerns. Should we discover any Modern Slavery Risks or Company involvement in adverse human rights impacts, we commit to remediation, either directly or through cooperation.

Our grievance mechanisms offer a transparent process for stakeholders to report concerns or complaints, aligning with our dedication to responsible mining, respect of human rights, and adherence to industry best practices. The grievance hotlines are accessible in Spanish, ensuring inclusivity for local and Indigenous stakeholders. Reports can be made in person, via email, or through a toll-free hotline.

To promote awareness of this mechanism, Santacruz Silver conducts regular communication campaigns in its operational regions, utilizing various materials and community engagement sessions. Internally, employees are educated about the grievance process through targeted campaigns.

Awareness about our grievance channels is raised among employees and contractors through induction sessions, ongoing training, and posted materials. Suppliers are informed about the Code of Business Conduct and Ethics and Supplier Code of Conduct during the onboarding process and through contractual documentation, ensuring widespread understanding and accessibility of these reporting mechanisms.

REMEDIATION MEASURES

During 2023, no incidents of forced or child labour were identified by Santacruz Silver in its operations or supply chains, and no incidents of forced or child labour were reported to it by employees, suppliers or others, including pursuant to the Whistleblower Policy and the grievance mechanisms. As a result, no remediation actions were taken during 2023 and no families suffered from loss of income.

While no modern slavery concerns were raised, Santacruz Silver remains committed to enhancing the effectiveness of its grievance mechanisms.

TRAINING

In 2023 we made the decision to implement The Trace International program and we will finalize its rollout throughout the Reporting Entities in 2024.

We conducted mandatory training to reinforce our Company-wide Code of Business Conduct and Ethics and foster awareness of Modern Slavery Risks. These training sessions were conducted through both in-person gatherings and accessible e-learning tools, ensuring widespread participation across operational and administrative staff of the Reporting Entities.

ASSESSING EFFECTIVENESS

As this is our first Report, it is too early to assess and report on the effectiveness of anti-modern slavery measures that have been implemented. As the Company continues the development of its program to prevent Modern Slavery Risks in 2024, it will consider and implement measures to assess the effectiveness of these processes.

OUR PLANS FOR 2024

Santacruz Silver is committed to continuous improvement in all aspects of our business operations, and this extends to our commitment to take meaningful steps to identify and combat Modern Slavery Risks and maintain a responsible and transparent supply chain.

In 2024, we intend to continue all current actions to address Modern Slavery Risks in our business and supply chain. In addition, we are planning the following actions for 2024:

- Finalize the implementation of The Trace International program into our training programs for each of the Reporting Entities;
- Review of Santacruz Silver's policies and procedures including a review of our whistleblower and grievance mechanisms to identify potential areas of improvement;
- Evaluate the potential for specialized modern slavery training for chosen suppliers; and,
- Assess the frequency and depth of ongoing due diligence processes.

APPROVAL AND ATTESTATION

This Report was approved by the Board of Directors of Santacruz Silver Mining Ltd. on May 28, 2024, on behalf of itself and the other Reporting Entities, for the financial year ended December 31, 2023, in accordance with subparagraph 11(4)(b)(ii) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entities listed in the Appendix. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year first listed above.

I have the authority to bind Santacruz Silver Mining Ltd. and the other Reporting Entities.

/s/ Arturo Préstamo Elizondo

Arturo Préstamo Elizondo
Executive Chairman and Chief Executive Officer
May 28, 2024

APPENDIX

Name of entity	Country of incorporation	Percentage ownership	Principal activity
Santacruz Silver Mining Ltd.	Canada	100%	Holding company
Carrizal Mining	Mexico	100%	Mine operations
Sinchi Wayra S.A.	Bolivia	100%	Mine operations
Sociedad Minera Illapa S.A.	Bolivia	100%	Mine operations
Empresa Minera San Lucas S.A.	Bolivia	100%	Ore trading house
Sociedad Minero Metalurgico Reserva Ltda.	Bolivia	100%	Mine operations