

## FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR REPORT 2024

### I. Introduction

Sierra Metals Inc. (“Sierra Metals”, the “Company”, the “Corporation”, “we” or “us”) has prepared this Fighting Against Forced Labour and Child Labour in Supply Chains Report (the “Report”) in accordance with Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (S.C. 2023) (the “Act”) for the financial year ended December 31, 2024. This is a joint report made on behalf of the Company and the following entities, which we have determined are reporting entities under the Act, for the reporting period (the “Reporting Entities”)<sup>12</sup>:


Reporting Entity	Existing under the Laws of	Principal Business
Sierra Metals Inc.	Ontario, Canada	Holding Company. Sierra Metals operates as a mid-tier copper producer with precious and base metal by-products.
Dia Bras Mexicana S.A. de C.V.	Mexico	Mining. Operates “Bolivar” mine in Mexico.
Exmin S.A. de C.V.	Mexico	Mining. Operates “Bolivar” mine in Mexico.
Dia Bras Exmin Resources Inc.	British Columbia, Canada	Mining.
Dia Bras Perú S.A.C.	Peru	Holding Company. Holding company of shares, participations, and transferable securities in general.
Sociedad Minera Corona S.A.	Peru	Mining. Operates “Yauricocha” mine in Peru.

This Report describes the steps taken by Sierra Metals and its Reporting Entities during the previous financial year to assess and address the Company’s risks with respect to forced labour and child labour (Modern Slavery Risks).

### II. Steps Taken to Prevent and Reduce the Risks of Forced Labour and Child Labour

Sierra Metals and the Reporting Entities are committed to protecting human rights globally and to providing a fair and ethical workplace. We respect and have incorporated the standards embodied in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, and the United Nations Declaration on the Rights of Indigenous Peoples. We are committed to engaging in employment practices that meet all ethical and legal standards, including laws and regulations related to forced labour and child labour, throughout our operations and expect the same of our business partners.

We have begun updating our existing corporate policies and strategies and have implemented different procedures to prevent and reduce the risk of forced labour and child labour being used in our business operations or supply chains. These strategies are contained in two corporate plans: the Strategic ESG Plan, containing an action plan for several areas of the company; and the RTM Sustainability Initiative, containing different activities to be implemented from 2025. In fact, we began implementing activities and procedures related to these two plans in 2024, including initiatives in the Company’s risk management, identification of applicable policies, controls, and auditing frameworks, and the design and implementation of supplier due diligence. These activities, procedures, policies and strategies will be applied globally and are mandatory for each Reporting Entity.

 <sup>1</sup> This Report has not been externally assured.

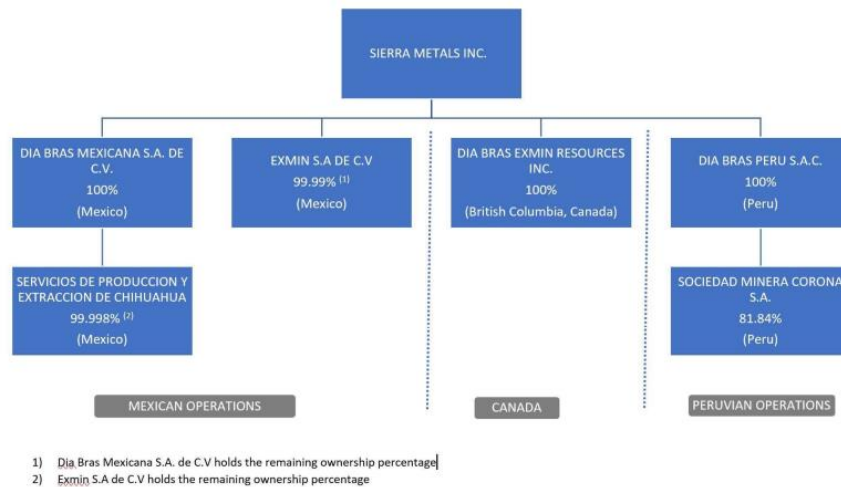
<sup>2</sup> Sierra Metals has prepared this Report based on information available to it at the time of preparation. This Report contains forward-looking statements relating to Sierra Metals’ policies and practices with respect to modern slavery risk management, including statements of current intention and expectations, and statements of opinion. There can be no assurance that such statements will prove to be accurate, as Sierra Metals’ actual results and future events could differ materially from those anticipated in this forward-looking information as a result of the factors discussed in the “Risk Factors” section in Sierra Metals’ Annual Information Form dated March 15, 2024, which is available at [www.sierrametals.com](http://www.sierrametals.com) or on SEDAR+. Except as required by applicable laws or regulations, Sierra Metals does not undertake to publicly update or review any forward-looking statements.

### III. Structure, Activities and Supply Chains

#### Sierra Metals Corporate Structure

Sierra Metals is incorporated under the Canada Business Corporation Act. Our common and preferred shares are listed on the Toronto Stock Exchange. Sierra Metals maintains an office in Toronto, Canada. The governance structure ensures adherence to the Act, with oversight bodies and reporting mechanisms in place. The Corporation's supply chain encompasses Canada, Mexico, and Peru, with localized procurement procedures subject to legal and financial oversight.

The following diagram depicts the corporate structure, including the Reporting Entities in Mexico and Peru:



As of December 31, 2024, the Company and its subsidiaries had 677 employees in Peru, 479 employees in Mexico, and 1 employee in Canada.

The Company has implemented a system of corporate governance, internal controls, and disclosure controls and procedures that apply at all levels of the Company and its subsidiaries. These systems are overseen by the Board and implemented by the Company's senior management.

The Company's corporate structure has been designed to ensure that the Company controls, and/or has a measure of direct oversight of the operations of its subsidiaries (Reporting Entities). The Company, as the ultimate shareholder, has internal policies and systems in place which provide it with visibility into the operations of its subsidiaries, including those operating in emerging markets. The Company's management team is also responsible for monitoring the activities of Reporting Entities.

Sierra Metals is a mid-tier copper producer with precious and base metal by-products in Latin America (Peru and Mexico). Some key points of our business activities are:

1. Diversified Production: Sierra Metals produces copper, zinc, and other base metals. The Company also has precious metals credits.
2. Operating Jurisdictions: We operate in well-known and established mining jurisdictions in Latin America, with two main operations in Peru (Yauricocha mine) and Mexico (Bolivar Mine).
3. Financial Performance: In recent years, the Company has shown growth in revenue and profitability, driven by successful exploration efforts and efficient operations.

## Our Supply Chain Structure

Sierra Metal's global supply chain consists of planning (inventories and catalogues), procurement of products (fuel, construction and other materials, diverse equipment, among others), contract administration and services (nourishment, camp services, transportation, security, among others) to support our exploration, mining, processing, transportation and sustainability activities. Most of these procurements are made by our Reporting Entities locally.

All the procurement procedures are managed and supervised by each Supply Chain Department, based at the respective Entity (Canada, Peru, or Mexico), with legal and financial oversight from Sierra Metals. These procedures are standardized in each country, according to each country's laws. The corporate policies are established by Sierra Metals, also taking into consideration any local regulations related to forced labour and child labour.

## IV Policies, Governance and Due Diligence Processes

### Code of Business Conduct and Ethics

The Company has approved a **New Code of Business Conduct** (the "Code") to help all employees, officers, directors, agents and contractors of the Corporation (the "Representatives") maintain the highest standards of ethical conduct in corporate affairs. The Company expects its directors, officers and employees to act with integrity, responsibility and professionalism at all times and to acknowledge their adherence to the policies comprising the Code.

The Code is based on the Company's core values of **Safety, Integrity, Inclusion, Responsibility, and Innovation (S.I.I.R.I.)**, which guide decision-making and interactions at all levels of the organization.

It is the Company's policy to comply with all applicable laws, including employment, discrimination, intimidation, harassment, health, safety, competition, securities, banking and environmental laws. No Sierra Metals Representative has the authority to violate any law or to direct another Sierra Metals Representative or other person to violate any law on behalf of the Company. The Company, its employees, officers, directors, agents, and contractors are required to comply with national and/or international labour regulations that prohibit forced labour and child labour.

The Code also states that the Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples of conduct that will not be tolerated include, but are not limited to, derogatory comments based on race, gender, age, marital status, ethnicity, sexual orientation, disability, or religious beliefs, or on the basis of any other personal characteristics protected by law, as well as unwelcome sexual advances or comments towards any employee of the Company. Sierra Metals Representatives are entitled to freedom from all forms of personal harassment, whether verbal, physical or visual. If any of these behaviours happen, every Representative is encouraged to report any violation through the **Integrity Channel**, which guarantees confidentiality and protection against retaliation.

The Company strives to provide each Sierra Metals Representative and employee with a safe and healthy work environment. Each of our Representatives has responsibility for maintaining a safe and healthy workplace for all the Company's Representatives and employees by following health and safety rules and practices, and promptly reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behaviour will not be tolerated by the Company or its Reporting Entities.

The Board and/or appropriate Committee or Senior Executive Officers determine what remedial steps, if any, are required where there has been a violation of the Code.

The Code was elaborated and approved in Q4 2024, and will be released during Q1 and Q3 2025, through various training sessions (aimed at all Company employees). A copy of the New Code of Business Conduct is available on the Corporation's website at [www.sierrametals.com](http://www.sierrametals.com). Before this New Code of Business Conduct was approved and released, the Company's employees received training on the previous Code of Conduct, which was carried out in February 2024.

## Internal and External Mechanisms for Reporting and Addressing Non-Compliance Issues

Sierra Metals has a Whistleblower Policy to assist employees, contractors, community members, suppliers, officers and directors of the Company to report actual or suspected violations of the Company's Code of Business Conduct and Ethics, other internal policies and guidelines, or any applicable law or regulation. The Whistleblower Policy outlines the process for reporting an ethical concern and the investigation based on the whistleblower report, and confirms the Company's commitment to whistleblower protection. Concerns can be raised by individuals through the process on a confidential and anonymous basis.

Sierra Metals Representatives who observe, learn of, or, in good faith, suspect any violation of this Code, must immediately report it pursuant to the procedures for submission of complaints and concerns set out in the Company's Whistleblower Policy.

Sierra Metals Representatives must submit any good-faith complaints or concerns regarding questionable treatment or alleged violations with respect to Whistleblowing Matters (as defined in the Company's Whistleblower Policy).

The Company's Representatives may also contact the Chair of the Audit Committee with a question or concern about this Code, accounting or auditing matters or a business practice. Any questions or reports of violations will be addressed immediately and seriously according to the internal procedure.

The Company has hired an independent third party "Whistleblower Security Service" to manage all the complaints received. There are five ways to submit a complaint: 1) filing a report online; 2) calling the toll-free phone number; 3) submitting an email; 4) sending a letter; or 5) requesting an interview with the independent third party. These services are all provided in English and Spanish. All reports generated by the service are transmitted to the Internal Auditor, with a copy to the General Counsel ("Compliance Officer"). Reports involving the Internal Auditor, the General Counsel, or Senior Management are also copied to the Chair of the Audit Committee. All reports are presented to the Audit Committee every quarter, including claims and results.

Retaliation against any Sierra Metals Representative who in good faith reports a concern about any illegal or unethical conduct, will not be tolerated. Any Sierra Metals Representative who withholds information during the course of an investigation, regarding a possible violation of the Code, is subject to disciplinary action, which could include termination where warranted.

The Company's Sustainability Policy establishes that the Company must ensure the development of, and access to, mechanisms that allow the residents of communities surrounding our Company or its Reporting Entities to express their concerns. It also includes measures to pre-emptively address these concerns and ensure they are properly addressed. The mechanisms used for this purpose include the Permanent Information Offices ("*Oficinas de Información Permanente*") for Peru, which channel all the concerns and questions raised by the populations living in the areas surrounding our Company or its Reporting Entities. Another mechanism is the continuous monitoring carried out by our Community Relations departments in both Peru and Mexico, ensuring the maintenance of good relations between the company and the surrounding communities.

## Other Policies that Address Issues Related to Forced Labour or Child Labour

We have implemented employment practices to ensure that our employees do not face any exploitative treatment such as slavery, forced labour, or servitude. These employment practices include, among others:

- An entry level minimum salary which is above the legal minimum salary established for the mining sector in both countries where our Reporting Entities are located (Peru and Mexico).
- Working hours which are within the legally approved work shifts, and overtime which complies with the limits stipulated by the applicable laws of the respective Reporting Entities (Peru and Mexico).
- A policy not to hire individuals below the age of 18.

We ensure that these employment practices are also applied to the employees of the contracting companies and suppliers we work with at our mining operations in Peru and Mexico. In addition, our suppliers are required to commit to our Ethics, Discrimination and Harassment Code and our Compliance policies, both locally and globally. Contracts signed by our contractors and suppliers have general clauses requiring compliance with all laws, rules and regulations, including this Code.

## V Assessing and Managing Our Risk

As stated in point II, we are currently implementing the Strategic ESG Plan across several areas of the company. This initiative began in 2024 and will be completed over the course of 2025 and 2026.

In relation to these two plans, the company will focus on the following areas in 2025: risk management, water management, climate change, circular economy, social development and legal/compliance issues. All these areas contemplate actions to reduce or eliminate forced labour or child labour.

We are currently working on implementing new practices, standards and policies to further mitigate the risk of the use of forced labour or child labour in our operations and in our supply chains.

We are also incorporating appropriate audit procedures into our policies to further reduce the risk of forced labour or child labour being used in the supply chains of our suppliers and contractors.

Given the nature of some of our suppliers, we are aware that certain parts of our supply chain could pose a risk of forced labour or child labour. To address this, we are evaluating the design of the Company's Supplier Due Diligence Procedure and the benchmarking of Supplier assessments using public sources, with an external advisor. This will help us identify and assess any related risks.

## VI Remediation Measures

Sierra Metals is committed to providing remediation for any confirmed cases of forced or child labour in its operations and supply chains. If Sierra Metals determines that it has caused or contributed to any instance of forced labour or child labour, we will work with the impacted parties to take appropriate remediation measures.

During the reporting period, we did not identify any incidents or allegations of forced labour or child labour, and we are not aware of circumstances where our actions may have impacted the income of vulnerable families. Consequently, it was not necessary to implement measures to remediate such practices or the loss of income resulting from their elimination.

## VII Training

Our employees receive regular training programs on our Ethics, Discrimination and Harassment Code. In addition, we require all employees to read and complete our Annual Compliance Declaration. In 2023, 98% of our employees globally complied with this requirement. For 2024, we have outlined a training plan on the New Code of Conduct, which will be executed during Q1 and Q3 of 2025.

In 2024, we are reviewing and developing additional training programs and materials related to forced labour and child labour which will be applicable for those employees that require such training, including new employees during their recruitment process.

## VIII Assessing Effectiveness

As described below under "Our Plan for 2025", we will continue to develop our program to prevent and reduce the risk of forced labour and child labour in our activities and supply chains, in alignment with the RTM sustainability Initiative for 2025 and 2026. These efforts will be carried out throughout 2025 and 2026.

## IX Progress in 2024 and Plans for 2025

**During 2024, the company:**

- Outlined the Action Plan to prevent forced labour and child labour through the initiatives described in this Report (the ESG Plan and RTM Sustainability Initiative).
- Approved a new Code of Business Conduct, including policies regarding forced labour and child labour.



**Our Plan for 2025:**

- Verify the implementation and development of these policies, as well as their inclusion in the relevant official Company documents, such as the New Code of Business Conduct & Ethics.
- Fulfill the proposed schedule for the ESG Plan and the RTM Plan, working collaboratively with our stakeholders to ensure a fair and ethical workplace where human rights are upheld.
- Deliver the corresponding training programs on the New Code of Business Conduct & Ethics, the anti-bribery policy, and the human rights policy.

**X Approval and Attestation**

This Report was approved by the Board of Directors of Sierra Metals on March 25, 2025, on behalf of itself and the Company's Reporting Entities, pursuant to subsection 11(4)(b)(ii). In my capacity as a Director of Sierra Metals, and not in my personal capacity, I make this attestation in accordance with the requirements of the Act. In compliance with the requirements of the Act, and in particular due to section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. 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 listed above. I have authority to bind Sierra Metals Inc. and the Reporting Entities.



Name: Ernesto Balarezo  
Title: CEO - Director  
Date: May 29, 2025  
Signature: