

This statement is made available in accordance with Schedule 19 of the Finance Act 2016 and in relation to the financial year ending 31 December 2018. Fresnillo plc regards the publication of this statement as complying with the duty under paragraph 16(2) of Schedule 19 of the Finance Act 2016 to publish a group tax strategy for the current financial year.

## **Overview**

Fresnillo plc (the "Company") is the world's leading silver producer and one of Mexico's largest gold producers. The Company is the holding company of the Fresnillo group (the "Group"), a precious metals producer committed to a strong, sustainable future.

The Company is tax resident in Mexico, and has been since the time of its listing in London in May 2008. Its shares are listed on both the London Stock Exchange and Mexican Stock Exchange and it is currently a constituent of the FTSE100.

## **Commitment to Good Corporate Governance**

As a UK premium listed company, the Company is committed to maintaining high standards of corporate governance. The Group seeks to comply with regulations and best practices that are applicable to it in the UK, Mexico and all other jurisdictions in which it operates.

## **The Group's approach to risk management and governance arrangements in relation to UK taxation**

The Company is tax resident in Mexico. Its seat of effective management is in Mexico, where the Company's Board of Directors meets four times per year.

Substantially all of the Group's operations take place in Mexico, where its senior executives and management team resides. The Group has exploration projects in Peru and Chile. It also has a small representative office in London (Fresnillo Management Services Ltd.) which is responsible for investor relations. This office has a limited budget to cover its costs and expenses and complies with all applicable UK tax laws. As a result, the Group's UK tax exposure is very limited.

The Group's risk matrix – including UK taxation risk – is regularly reviewed by the Company's Board of Directors and senior management; updates are made periodically as required in coordination with the Audit Committee and the Board.

The Company's CFO has responsibility for tax matters and for communicating and advising the Audit Committee and the Board on tax affairs and risks. The Board has determined that both the Audit Committee and the Board of Directors comply with the independence criteria as established by the UK Corporate Governance Code.

Day to day tax matters are delegated by the CFO to the Company's Tax Manager who is supported through a services agreement by Servicios Administrativos Peñoles, a subsidiary of Industrias Peñoles, the Company's substantial shareholder. When appropriate, the Tax Manager will seek external advice from leading professional advisors for complex or uncertain matters. The Tax Manager updates the CFO on a regular basis to ensure that there is awareness of tax risks in general, including UK taxes.

#### **The Group's attitude towards tax planning, so far as it affects UK taxation**

The Group is committed to acting with integrity and transparency on all tax matters, and complying fully with UK tax law. It does not pursue any aggressive tax planning schemes and pays its taxes as and when they become due.

#### **The level of risk in relation to UK taxation that the Group is prepared to accept**

The Group is prepared to accept a low level risk in relation to taxation in general, including UK taxation. This tax risk is kept at a minimum through the appropriate policies, procedures and management.

#### **The Group's approach towards its dealings with HMRC**

The Group maintains and always strives to maintain a strong, healthy relationship with HMRC in the UK. The Group collects UK taxes as they fall due on fees paid to its UK directors and employees on HMRC's behalf.

The Group is transparent in its dealings with HMRC and is committed to complying with all applicable laws and regulations, wherever they may arise.

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