

Fresnillo plc

(the “Company”)

Schedule of Matters Reserved for the Board

Terms of Reference:

References to “**Board Committees**” shall mean the Audit, Nominations, Remuneration and Health, Safety, Environment and Community Relations Committees.

References to “**Audit**”, “**Nominations**”, “**Remuneration**” or “**Health and Safety**” refer to the Board Committee which will consider the item and make recommendations to the Board for its final decision.

“**CA '06**” refers to the Companies Act 2006, “**CGC**” refers to the UK Corporate Governance Code 2018, “**LR**” refers to the UKLA Listing Rules and “**DTR**” refers to the UKLA Disclosure and Transparency Rules.

Items marked * are not considered suitable for delegation to a committee of the Board, for example, because of Companies Act requirements or because, under the recommendations of the CGC, they are the responsibility of the Audit, Nominations, Remuneration or Health and Safety Committee, with the final decision required to be taken by the Board as a whole.

1 Strategy and management

- 1.1** Responsibility for the overall leadership of the Group and setting the Group’s values and standards. (CGC 1)
- 1.2** Monitoring of the Group’s culture (CGC 2)
- 1.3** Approval of the Group’s strategic aims and objectives. (CGC 1)
- 1.4** Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.5** Oversight of the Group’s operations ensuring:
 - 1.5.1** competent and prudent management;
 - 1.5.2** sound planning;
 - 1.5.3** maintenance of risk management and internal control systems;
 - 1.5.4** adequate accounting and other records; and
 - 1.5.5** compliance with statutory and regulatory obligations.
- 1.6** Review of performance in the light of the Group’s strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken. (CGC C)
- 1.7** Extension of the Group’s activities into new business or geographic areas.
- 1.8** Any decision to cease to operate all or any material part of the Group’s business.

2 Structure and capital

- 2.1** Changes relating to the Group’s capital structure including reduction of capital, share issues (except under employee share plans), share buybacks including the use of treasury shares.
- 2.2** Major changes to the Group’s corporate structure.
- 2.3** Changes to the Group’s management and control structure.
- 2.4** Any changes to the Company’s listing or its status as a public limited company.

3 Financial reporting and controls

- 3.1** *Approval of the half yearly report and any preliminary announcements of the final results. (*DTR 4.1-4.4, Audit*)
- 3.2** *Approval of the annual report and accounts, including the corporate governance statement and remuneration report. ¹(*CA '06 s414, s415, DTR 4, LR 9.8, Audit*)
- 3.3** *Approval of the dividend policy.
- 3.4** *Declaration of the interim and other dividends and recommendation of the final dividend.¹ (*LR 9.7A.2, DTR 6.1.13*)
- 3.5** *Approval of any significant changes in accounting policies or practices. (*CGC N, Audit*)
- 3.6** Approval of treasury policies including entry into banking facilities, foreign currency exposure and the use of financial derivatives.
- 3.7** Approval of material unbudgeted capital or operating expenditures presented by the executive committee.
- 3.8** Following prior review by the Audit Committee, review reports on the operation of the Company's whistleblowing policy and actions taken by the Honour Commission in dealing with matters reported to the whistleblowing line. (*CGC 6*)

4 Internal controls

- 4.1** Review and approval of system of internal control and risk management including:
 - 4.1.1** approving the Group's risk appetite statements;
 - 4.1.2** receiving reports on, and reviewing the effectiveness of, the Group's risk management and internal control processes to support its strategy and objectives;
 - 4.1.3** approving procedures for the detection of fraud and the prevention of bribery;
 - 4.1.4** undertaking an annual assessment of the Group's principal and emerging risks and the processes for identifying emerging risks; and
 - 4.1.5** approving an appropriate statement for inclusion in the annual report.(*CGC O, CGC 28 and 29, UK Bribery Act 2010, Audit*)

5 Contracts

- 5.1** Approval of major capital projects.
- 5.2** Contracts which are material strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business, for example acquisitions or disposals of fixed assets with a value of 5% or more of the Company's consolidated assets respectively.
- 5.3** Contracts of the Company or any subsidiary not in the ordinary course of business, for example major acquisitions or disposals with a value of 5% or more of the Company's consolidated assets, respectively.
- 5.4** Major investments including the acquisition or disposal of any interest in the voting shares of any company or the making of any takeover offer.

¹ These items are often considered by the whole Board but with the final formal decision being delegated to a committee (set up solely for that purpose). This allows time for any changes requested at the Board meeting to be incorporated into the final document before publication.

6 Communication

- 6.1** Conducting a satisfactory dialogue with shareholders based on the mutual understanding of objectives. (*CGC D*)
- 6.2** Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting. (*LR 13*)
- 6.3** *Approval of all circulars, prospectuses and listing particulars (approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights may be delegated to a committee). (*LR 13, PR 5.5*)
- 6.4** Approval of the annual Modern Slavery Statement for publication on the Company's website (in accordance with the UK Modern Slavery Act 2015)
- 6.5** Approval of the annual UK Tax Strategy statement
- 6.6** *Approval of press releases concerning matters decided by the Board.

7 Board membership and other appointments

- 7.1** *Changes to the structure, size and composition of the Board, following recommendations from the Nominations Committee. (*CGC J, Nominations*)
- 7.2** *Succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Company and on the Board. (*CGC J, B.2*)
- 7.3** *Appointments to the Board, following recommendations by the Nominations Committee and, where practicable, seeking to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. (*CGC J, Nominations*)
- 7.4** *Selection of the Chairman of the Board and the Chief Executive. (*Nominations*)
- 7.5** *Appointment of the Senior Independent Director. (*CGC 12 and, Nominations*)
- 7.6** Designation of one or more of the non-executive directors to oversee, on behalf of the Board, the Company and the Board's engagement with employees. (*CGC 5*)
- 7.7** *Membership and chairmanship of Board Committees following recommendations from the Nominations Committee. (*Nominations*)
- 7.8** *Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate. (*Nominations*)
- 7.9** *Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the law and their service contract. (*Nominations*)
- 7.10** *Appointment or removal of the Company Secretary. (*CA '06 Part 12 s270-280, CGC 16*)
- 7.11** *Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee. (*CA '06s489 and s491, CGC 25, Audit*)
- 7.12** Authorisation of new interests and directorships by directors (*CA '06 175, CGC 15*).

8 Remuneration

- 8.1** *Determining the remuneration policy and terms and conditions of appointment for the directors, Company Secretary and other senior executives. (*CGC 33, Remuneration*)

- 8.2** Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate. *(CGC 34)*
- 8.3** *The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval. *(Remuneration)*
- 9 Delegation of authority**
- 9.1** *The division of responsibilities between the Chairman, the Chief Executive, the Senior Independent Director, the Board and the Board Committees which should be in writing and made publicly available. *(CGC G and 14)*
- 9.2** *Establishing Board Committees and approving their Terms of Reference and material changes thereto. *(CGC 17, 24 and 32)*
- 9.3** *Receiving reports from Board Committees on their activities.
- 10 Corporate governance matters**
- 10.1** *Undertaking a formal and rigorous review annually of its own performance, that of the Board Committees and individual directors and the division of responsibilities. *(CGC 21)*
- 10.2** *Determining the independence of directors. *(CGC M)*
- 10.3** *Considering the balance of interests between shareholders, employees, customers and the community and reviewing the engagement mechanisms with the Company's key stakeholders and ensuring that they remain effective. *(CA '06 s172 and CGC 5)*
- 10.4** Review of the Group's overall corporate governance arrangements.
- 10.5** *Receiving reports on the views of the Company's shareholders. *(CGC D)*
- 10.6** Authorising conflicts of interest where permitted by the Company's articles of association. *(CA '06 s175 & 177)*
- 11 Policies**
- 11.1** Approval of policies, including:
- 11.1.1** Code of Conduct
 - 11.1.2** Share dealing code
 - 11.1.3** Health and safety policy
 - 11.1.4** Environmental and sustainability policy
 - 11.1.5** Anti corruption and bribery policy
 - 11.1.6** Communications policy including procedures for the release of price-sensitive information
 - 11.1.7** Corporate social responsibility policy
 - 11.1.8** Charitable donations policy
- (CGC I)*
- 11.2** Overseeing workforce policies and practices and ensuring they are consistent with the Group's values and support its long-term sustainable success. *(CGC E)*
- 12 Other**
- 12.1** The making of political donations.

- 12.2** Approval of the appointment of the Group's principal professional advisers.
- 12.3** Settlement of litigation involving amounts above US\$5 million. Any commencement, ongoing prosecution or defence of litigation in which amounts involved exceed US\$15 million shall be informed to the Board by the Executive Committee of the Company.
- 12.4** Approval of the overall levels of insurance for the Group including Directors' & Officers' liability insurance and indemnification of directors.
- 12.5** Major changes to the rules of the Group's pension scheme, or changes of trustees or when this is subject to the approval of the Company changes in the fund management arrangements.
- 12.6** Any decision likely to have a material impact on the Company or the Group from any perspective, including but not limited to, financial, operational, strategic or reputational.
- 12.7** This schedule of matters reserved for Board decision.

Matters which the Board considers suitable for delegation are contained in the Terms of Reference of the Board Committees.

In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.

Revised and Approved by the Board of Directors of the Company on 10 April 2019

...