

Letter from the Chairman of the Health, Safety, Environment & Community Relations (HSECR) Committee



Dear Shareholder,

We are committed to our Purpose: *“Contribute to the wellbeing of people through the sustainable mining of silver and gold”*. This means delivering a strong business performance while earning the trust of our people, communities, governments and society at large. On behalf of the Board, the HSECR Committee reviews the effectiveness of the Company’s strategies to manage matters concerned with Health, Safety, Environment & Community Relations (HSECR).

At the time of writing this letter, Covid-19 remains an unparalleled challenge. We have ensured that our workforce and neighbouring communities remain our number one priority in response to Covid-19. During the year, the Committee monitored the effectiveness of the Company’s preventive measures and the strategy to engage with our workforce including our unionised and non-unionised employees and contractors. Preventive measures include: vaccination, mandatory use of masks, control of entry points, social distancing, hygiene and disinfection measures, testing, contact tracing, self-quarantine and monitoring of suspected and confirmed cases. We have made significant progress in the vaccination of our workforce by collaborating with public health authorities, supporting the logistics of vaccination centres and engaging our workforce on the benefits of vaccination. We recognise that the variants of concern bring additional uncertainty regarding transmission, the severity of disease and the effectiveness of vaccines. Therefore, the Committee will continue to closely monitor the approach and effectiveness of the measures to minimise the impacts of Covid-19 on our workforce and the communities where we operate.

While we recognise the importance of Covid-19 and have prioritised our response, we have also ensured that the Company made solid progress on Safety, tailing storage facilities (TSF) management, Community Relations and climate change disclosures within the Framework of the Task Force on Climate-related Financial Disclosures (TCFD). As Chairman of the HSECR Committee, I am pleased to present the activities that the HSECR Committee undertook during the year.

Safety remains a top priority for the Committee. Despite the sustained improvement in total and lost time injury frequency rates, I deeply regret to report that one fatal accident occurred in 2021 and another in early 2022. The regrettable loss of our colleagues is unacceptable and our most sincere condolences go out to their families. We are firmly committed to eliminating fatal injuries. To this end, the Committee has reviewed the progress of the High Potential Incident and Critical Risk Control programmes. The Company is sharing the lessons learnt following every accident or high potential incident with our employees and contractors across all our operations. Management and the workforce are collaborating to identify, design, implement and verify on-site the critical controls to prevent fatal and serious injuries. The Committee reviewed the approach and effectiveness of the ‘I Care, We Care’ programme in fostering leadership, accountability, safety culture, risk-based management and engineering systems, and lessons learnt. These are among the positive steps we have taken towards the Company’s goal of zero-fatalities.

The Committee also reviewed progress in the Company's approach to the safe management of tailing storage facilities (TSFs). Engineering and Governance Structures are in place to ensure that the Company's stewardship of TSFs meets internationally recognised best practices. The Company recruited internationally-renowned experts to operate an Independent Tailings Review Panel (ITRP) that advises on the design, construction, operation and closure of TSFs. Long term agreements have been signed with several internationally-recognised engineering consultancies to lead Dam Safety Reviews (DSRs) and Dam Safety Inspections (DSIs), to recommend required improvement actions and then provide qualified Engineers of Record (EoRs) for the Company's TSFs. The Company's Tailings Management and Stewardship Team comprises qualified professionals fully dedicated to implementing governance controls and engineering best practices. In 2021, the Company invested US\$70 million, including to improve our monitoring through sensors and technology, carry out remedial reinforcing of some of our TSFs and benefit from highly trained and responsible executives fully dedicated to TSF management, as well as to hire top consultants. The Company CAPEX in 2022 will amount to US\$60 million. In recognition of the importance of TSF management, this strategic topic was part of all our HSECR meetings in 2021.

Water is a valuable resource. We closely monitor the Company's performance and the expectations of our stakeholders regarding water stewardship. New technologies in mineral processing play a key role in making tailings safer and reducing our water and carbon footprints. We have reviewed the approach followed by the Company to evaluate and adopt new technologies based on: i) safety improvements; ii) impacts on the efficiency of our operations; and iii) a reduction in environmental footprint and risks. The Company actively explores strategic opportunities to develop and research new technologies in tailings and water management.

The Company has collaborated remarkably closely with public health authorities in Mexico to support vaccination in the regions where we operate. The Company also helps to provide transport for communities, accommodation

for health authorities, and facilities and volunteers for vaccination campaigns. This effort has significantly increased the vaccination coverage of our workforce and neighbouring communities. Additionally, the Company supported the safe return to school in the regions where we operate, sharing preventive measures and donating masks and sanitising products. In partnership with Larousse Foundation, we donated books to our communities and produced Covid-19 preventive videos for children, with the support of INNOVEC. The Company also pursued its capacity building programmes with the appropriate Covid-19 preventive measures. In addition, I am pleased to announce the reinstatement of our Health Week in Penmont with the support of the National Autonomous University of Mexico (UNAM) Foundation, local health authorities and the Sonora Centre of the Teleton Foundation.

Climate change is one of the biggest challenges of our time. The Company is following a structured approach to maturing its understanding of the physical and transition impacts of climate change, as well as aligning reporting to the principles of the Task Force on Climate-related Financial Disclosures (TCFD). Additionally, the Company joined the Mexican TCFD Consortium to promote and share best practices. Wherever feasible, renewable sources of electricity are used by our operating subsidiaries, with the aim of increasing the role of renewables in our overall energy portfolio. However, the Mexican Government's current energy policies present challenges to the development of clean energies. An energy reform was submitted to Congress to increase government control of the energy sector. This reform, in its current form, would allocate over half of the wholesale electricity market to the state-owned power utility CFE, cancel the self-supply mechanism used by private companies and eliminate requirements for Clean Energy Certificates, which is the most important decarbonisation policy instrument of the Mexican Power Sector. The Committee will follow any energy policy developments in Mexico with great interest.

The Committee has closely monitored the development of the Company's strategy to increase the participation of women. The

Company has conducted surveys and focus groups to gain a deeper understanding of the expectations and concerns of the workforce on Diversity, equity and inclusion (DEI). This evaluation identified positive signs regarding the level of awareness of DEI and provided valuable feedback to the Board in order to strengthen the Company's DEI programmes. In 2021, we also evaluated progress of Fresnillo's Ethics Culture and reviewed the Modern slavery report.

Role of the Committee

The role and duties of the HSECR Committee are set out in its terms of reference, a copy of which can be found on the Company's website at www.fresnilloplc.com

HSECR Committee Membership

- Mr. Arturo Fernández (Chairman), Dame Judith Macgregor, Mr. Fernando Ruiz and Mrs. Georgina Kessel.
- Key contributors: Chief Executive Officer, Chief Operations Officer, CEO Engineering Services (Peñoles Baluarte), Safety Assistant VP, Head of Legal, Compliance Officer, Sustainability and Community Relations Assistant VP and Human Resources Assistant VP.

HSECR Committee Activity

During the year, the Committee met in accordance with its terms of reference.

I am very pleased to report that during 2021 Fresnillo was recognised as one of the World's Most Ethical Companies by Ethisphere and remained a constituent of the FTSE4Good Index. Creating a sustainable business is a continuous journey, and we continue to be fully committed to making further improvements on ESG issues that are significant to the Company and its stakeholders.

We remain dedicated to promoting a long-term focus and to rigorous analysis of the Company's HSECR strategy and performance.

Yours faithfully,

Arturo Fernández

Chairman, Health, Safety, Environment and Community Relations Committee