## Remuneration at a glance

### Remuneration Policy in summary

**Objective of the Remuneration Policy**

### What does the policy seek to achieve?

The Group's remuneration policy seeks to ensure that the Company is able to attract, retain and motivate its Executive Directors and members of the Executive Committee. The retention of key management and the alignment of management incentives to the Group's purpose are essential objectives of this policy.

**Components of Directors' remuneration**

### How is executive remuneration structured?

| Component | Salary | Bonus | Benefits | Pension |
|---|---|---|---|---|
| Rationale | Setting base salary levels for Executive Directors and members of the Executive Committee at an appropriate level is key to managerial retention in Mexico. Salaries are positioned within a range of possible salaries according to experience and length of service.<br>Ordinarily, subject to performance, the same percentage will be applied to salary increases across the Company for senior management and other employees alike. | The annual bonus rewards the achievement of financial and strategic business targets and the delivery of personal objectives. Annual bonus is capped at six months' salary and is paid on the basis of metrics set out in the remuneration policy. | Benefits are provided in line with the Group's policy on employee benefits. | The Group operates a defined contribution scheme for all employees. Executive Directors and key management are entitled to membership of the defined contribution scheme. |

| | | | Additional features of Fresnillo's Remuneration Policy | |
|---|---|---|---|---|
| Component | Long-term incentives | Share-based remuneration | Shareholding guidelines | Recovery of bonus |
| Rationale | The annual bonus scheme sets targets which are aligned to the Company's long-term strategic objectives so that these priorities are embedded within the day-to-day activities of our business. The Company does not operate a long-term incentive plan. | The Company does not use share-based forms of remuneration because they have not been a common form of remuneration in Mexico. | In the absence of share-based incentive schemes, the Company does not adopt shareholding guidelines for executives. | The absence of long-term incentives and the operation of Mexican law makes it difficult to adopt claw-back and malus arrangements. There is, however, scope within the bonus scheme for bonus awards to be adjusted downwards at the discretion of the Remuneration Committee. |

**Objective of the annual bonus**

### What does the annual bonus seek to achieve?

The annual bonus is set for, and based on, performance over a single-year period but the KPIs and targets are also designed to ensure that both short-term objectives and the long-term development of the Fresnillo Group are given broadly equal priority within variable remuneration.

## Alignment of the Remuneration Policy to purpose and strategy

**Our Purpose is to contribute to the wellbeing of people, through the sustainable mining of gold and silver**

**Strategic priorities**

| 1 Explore | 2 Develop | 3 Operate | 4 Sustain |
|---|---|---|---|
| Extend and maintain a robust growth pipeline | Deliver profitable growth, optimise cashflows and returns | Maximise the potential of our operations | Advance and enhance the sustainability of our business |

**Relevant bonus metrics**

| Explore | Develop | Operate | Sustain |
|---|---|---|---|
| • Replenishment and expansion of reserves and resources.<br>• Exploration projects progress. | • Development projects progress.<br>• Contractors' performance.<br>• EBITDA. | • Production – increase in ounces produced.<br>• Synergies and teamwork.<br>• Management of contractors. | **Employees/Contractors**<br>• Safety (various metrics).<br>• Labour relations.<br>**Communities**<br>• Project-based metrics.<br>**Environment**<br>• Environmental risk management.<br>**Shareholders**<br>• EBITDA. |

**Key components of the annual bonus in 2022**

## What was achieved?

| Performance | | **2022** | 2021 | **Change (%)** |
|---|---|---|---|---|
| 1 Explore | **Total silver reserves** (moz) | **396.1** | 419.8 | **(5.6%)** |
| | **Total gold reserves** (moz) | **8.2** | 7.8 | **4.4%** |
| 2 Develop | **EBITDA** (US$m) | **744.0** | 11,206.3 | **(38.3%)** |
| | **Profit for the year** (US$m) | **299.7** | 439 | **(31.7%)** |
| 3 Operate | **Silver production** (moz) | **53.7** | 53.1 | **1.2%** |
| | **Gold production** (koz) | **635.9** | 751.2 | **(15.3%)** |
| 4 Sustain | **Total environmental incidents** | **0** | 0 | **0%** |
| | **Fatalities** | **1** | 1 | **0%** |
| CEO's remuneration | **Total salary (US$ thousands)** | **921** | 869 | **5%** |
| | **Bonus (US$ thousands)** | **0** | 0 | **0%** |

## Chairman's Annual Statement

> The Remuneration Committee continues to believe that its approach to executive remuneration incentivises the right priorities for our executive team."

| Members and meetings in 2022 | Meetings attended |
|---|---|
| **Alejandro Baillères** | 3/3 |
| **Alberto Tiburcio** | 3/3 |
| **Guadalupe de la Vega** | 3/3 |

**Dear shareholder**
I am delighted to introduce the Directors' Remuneration Report.

This year has been a year of reflection for the Remuneration Committee. We continue to welcome the support of our shareholders for our remuneration arrangements, and I was pleased to see that this support was again strongly demonstrated at our 2022 AGM.

For some time, however, the Remuneration Committee has been considering whether the annual bonus arrangements for our senior management team could be better aligned to our strategy. As the Company moves from a phase of rapid growth to one of consolidation, we believe that some realignment would be helpful.

The 2023 targets, performance against those targets and the basis of calculation of bonus points awarded will be disclosed in next year's report.

The Committee is recommending two changes to the existing Remuneration Policy at the 2023 Annual General Meeting, which: (i) will allow the Committee to review, and if it sees fit, increase the level of fees payable to Non-executive Directors during the lifetime of the Policy, taking account of the time commitment, responsibilities, market levels and the skills and experience required; and (ii) will give the Committee discretion to apply upward adjustments to the annual bonus in the case of outstanding personal performance which results in a significant benefit to the Company during the relevant year.

In our Remuneration Report, we continue to publish remuneration information in respect of our Chief Executive Officer as if he were a member of the Board, even though that is not the case. As ever, I am always interested to hear the views of shareholders on our approach to executive remuneration.

**Our application of the Remuneration Policy in 2022**
During the year, we have applied the Remuneration Policy to executive remuneration without needing to exercise any form of discretion other than those elements of the executive bonus plan which require an element of judgement in determining outcomes for the year. The Committee has reviewed the current Remuneration Policy and, as noted above, considers that there are two areas (Non-executive Director fees and upward adjustments to the annual bonus) which should be amended, subject to shareholder approval.

**Salaries and bonus**
Levels of salary increase for our Executive Directors and the Executive Committee continue to be aligned to the level of increase for all employees. The CEO's pay, and that of his Executive Team, was increased in line with the rest of the workforce.

The Committee decided in March 2023 that the Chief Executive Officer should not receive a bonus under the Annual Bonus Plan because his points total did not meet the minimum level at which bonuses are paid.

**Use of discretion by the Remuneration Committee**
The Remuneration Committee considers that the financial and operational outcomes for the year resulted in a bonus outcome which was according to the KPIs approved to the year ended 31 December 2022. Consequently, the Committee did not consider it necessary to exercise any discretion to amend the basis on which bonus payments were made during the year. Nevertheless, the Committee also considers that it will be helpful to have some flexibility in exceptional circumstances in future years to modify the KPIs to provide a fair reflection of the performance of the business during the coming years.

**Committee discussions during 2022**
In the last 12 months, the Remuneration Committee met three times and its discussions and decisions included the following:
- Review of the performance of the Chief Executive Officer and members of the Executive Committee compared to the KPIs set for 2022 and the decision not to award an annual bonus for the 2022 financial year based on the non-achievement of KPI targets.
- Review of KPI targets for the Chief Executive Officer and members of the Executive Committee for 2022 and 2023.
- Review of the Non-executive Directors' fees.
- Discussion of the review of the Committee undertaken internally.
- Review and revision of the terms of reference of the Committee in response to UK regulatory developments.

The Remuneration Committee continues to believe that its approach to executive remuneration incentivises the right priorities for our Executive Team. I am always happy to discuss our approach to remuneration with shareholders and I hope that I will be able to attend the 2023 AGM to answer questions on this report.

I would be happy to speak with any shareholders who have questions about the work of the Committee.

Yours faithfully,

**Alberto Tiburcio**
Chairman of the Remuneration Committee

### Introduction

This Report sets out information about the remuneration of the Directors and Chief Executive Officer of the Company for the year ended 31 December 2022. In accordance with the Regulations, the information provided in the section entitled 'Directors' Remuneration – 1 January 2022 to 31 December 2022' and accompanying notes, has been audited by Ernst & Young LLP.

The Remuneration Committee has responsibility for making recommendations to the Board on the Group's Remuneration Policy for Executive Directors and the Chief Executive Officer and other members of the Executive Committee, and for determining specific remuneration packages for senior management, including pension arrangements and any compensation packages, as well as remuneration of the Chairman within agreed terms of reference.

### Audited information – Directors' remuneration – 1 January 2022 to 31 December 2022

**Single total figure of remuneration**

The detailed emoluments received by the Executive and Non-executive Directors and the Chief Executive Officer during the year ended 31 December 2022 are detailed below:

| | 2022 | | | | | | | 2021 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| US$ thousands | Salary/ Fees | Benefits | Bonus | Pension | **Total fixed pay** | **Total variable pay** | **Total** | Salary/ Fees | Benefits | Bonus | Pension | **Total fixed pay** | **Total variable pay** | **Total** |
| **Chairman** | | | | | | | | | | | | | | |
| Alejandro Baillères | 43 | 0 | 0 | 0 | **43** | **0** | **43** | 49 | 0 | 0 | 0 | **49** | **0** | **49** |
| **Non-executive Directors** | | | | | | | | | | | | | | |
| Juan Bordes | 43 | 0 | 0 | 0 | **43** | **0** | **43** | 49 | 0 | 0 | 0 | **49** | **0** | **49** |
| Arturo Fernández | 43 | 0 | 0 | 0 | **43** | **0** | **43** | 49 | 0 | 0 | 0 | **49** | **0** | **49** |
| Bárbara Garza Lagüera | 43 | 0 | 0 | 0 | **43** | **0** | **43** | 49 | 0 | 0 | 0 | **49** | **0** | **49** |
| Charles Jacobs | 110 | 0 | 0 | 0 | **110** | **0** | **110** | 128 | 0 | 0 | 0 | **128** | **0** | **128** |
| Georgina Kessel | 49 | 0 | 0 | 0 | **49** | **0** | **49** | 55 | 0 | 0 | 0 | **55** | **0** | **55** |
| Judith Macgregor | 110 | 0 | 0 | 0 | **110** | **0** | **110** | 126 | 0 | 0 | 0 | **126** | **0** | **126** |
| Fernando Ruiz | 43 | 0 | 0 | 0 | **43** | **0** | **43** | 49 | 0 | 0 | 0 | **49** | **0** | **49** |
| Alberto Tiburcio | 61 | 0 | 0 | 0 | **61** | **0** | **61** | 70 | 0 | 0 | 0 | **70** | **0** | **70** |
| Guadalupe de la Vega | 43 | 0 | 0 | 0 | **43** | **0** | **43** | 49 | 0 | 0 | 0 | **49** | **0** | **49** |
| Eduardo Cepeda | 43 | 0 | 0 | 0 | **43** | **0** | **43** | 26 | 0 | 0 | 0 | **26** | **0** | **26** |
| Héctor Rangel | 49 | 0 | 0 | 0 | **49** | **0** | **49** | 29 | 0 | 0 | 0 | **29** | **0** | **29** |
| **Total** | **680** | **0** | **0** | **0** | **680** | **0** | **680** | **728** | **0** | **0** | **0** | **728** | **0** | **728** |
| **Chief Executive Officer** | | | | | | | | | | | | | | |
| Octavio Alvídrez[1] | 921 | 120 | 0 | (125) | **916** | **0** | **916** | 869 | 96 | 0 | 10 | **975** | **0** | **975** |
| **Grand Total[2]** | **1,601** | **120** | **0** | **(125)** | **1,596** | **0** | **1,596** | **1,597** | **96** | **0** | **10** | **1,703** | **0** | **1,703** |

1 Details of benefits and the bonus paid to Mr Alvídrez are set out in the tables below.
2 The Company does not operate a long-term incentive plan or any share-based incentives.

### Benefits

The Chief Executive Officer participates in the Company-wide benefits scheme. The benefits provided to Mr Alvídrez during the year consisted of:

| US$ | **2022** | 2021 |
|---|---|---|
| Life insurance premiums | **50,425** | 45,722 |
| Chauffeur | **47,174** | 35,211 |
| Subsistence/meal benefits | **3,605** | 3,178 |
| Car | **8,558** | 3,420 |
| Medical insurance premiums | **6,265** | 4,095 |
| Club memberships | **2,583** | 2,888 |
| Social security | **1,183** | 1,549 |

### Pension

The pension entitlement of the Chief Executive Officer is as follows and is explained further on page 202:

| US$'000 | Defined Contribution Scheme (DCS) | Defined Benefit Scheme (DBS) |
|---|---|---|
| Rights as at 31 December 2022 | 1,054 | 810 |
| Additional benefit in the event that the Chief Executive Officer retires early. | In the event of early retirement, Mr Alvídrez is entitled to receive his accumulated contributions (both member and Company) to the DCS. | Mr Alvídrez is not currently entitled to any additional benefit on early retirement in the DBS. |

| | Accumulated accrued benefits (as at 31 December) | | Increase (decrease) in accrued benefits during the year (see note) | | Increase (decrease), before inflation and the effect of foreign exchange, in accrued benefits during the year | |
|---|---|---|---|---|---|---|
| US$ thousands | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| Octavio Alvídrez | **1,704** | 1,954 | **(91)** | 159 | **(191)** | 125 |

Note: The decrease in accrued benefits during the year includes a revaluation effect of +US$21k (2021: -US$30k) and inflation of +US$79k (2021: +US$64k).

### Shares held by Directors

The number of Ordinary Shares of the Company in which the Directors were beneficially interested at 1 January 2022 and at 31 December 2022 was:

| | 1 January 2022 | 31 December 2022 |
|---|---|---|
| **Director** | | |
| Alberto Baillères[1] | 552,595,191 | – |
| Alejandro Baillères[1] | – | 552,595,191 |
| Juan Bordes | 15,000 | 15,000 |
| Arturo Fernández | – | – |
| Bárbara Garza Lagüera | – | – |
| Charles Jacobs | 1,600 | 1,600 |
| Georgina Kessel | – | – |
| Dame Judith Macgregor | – | – |
| Fernando Ruiz | 30,000 | 30,000 |
| Alberto Tiburcio | – | – |
| Guadalupe de la Vega | – | – |
| Eduardo Cepeda | – | – |
| Hector Rangel | – | – |
| **Chief Executive Officer** | | |
| Octavio Alvídrez | – | – |

1 Mr Alejandro Baillères is a son of Mr Alberto Baillères who was beneficially interested in more than 50% of the share capital of the Company through his interest in Industrias Peñoles S.A.B. de C.V. ('Peñoles'). The Company and Peñoles are part of the consortium known as Grupo BAL which was controlled by Mr Alberto Baillères and following his death is now controlled and directly or indirectly majority-owned by a Baillères Family Trust, Mr Alejandro Baillères being the major beneficiary. Mr Alejandro Baillères and companies controlled by him hold, in aggregate 68.9% of the issued share capital (and voting rights) of Peñoles. Peñoles holds 552,595,191 Ordinary Shares (74.99%) of the issued share capital in the Company.

### Our stakeholders and remuneration

The Committee seeks to ensure that its approach to executive remuneration matters is aligned with the interests of all of its key stakeholders. In particular, the current Policy seeks to take account of the interests of our key stakeholders in the following ways:

**Shareholders**
- Feedback from major shareholders and proxy voting agencies provided prior to the AGM is considered by the Remuneration Committee in the course of its discussions during the following year.

**Workforce**
- Salary reviews for the members of the Executive Committee are decided after taking account of the average salary increases discussed and agreed with the unions.
- Metrics that promote good employment practices, e.g. appropriate management of health and safety and the relations with unionised employees and contractors, are included in the targets for the Annual Bonus Plan.

**Communities and environment**
- Metrics that promote good community relations and sound environmental stewardship are included in the targets for the Annual Bonus Plan.

### Salary

**Factors considered in setting salary and workforce engagement on remuneration**

**Policy on the consideration of wider employment conditions and remuneration**
When setting pay and benefits for Executive Directors and members of the Executive Committee, the Remuneration Committee takes account of pay and conditions across the Group. It will consider the overall pay increase percentage negotiated each year with employee representatives as its starting point taking account of inflation and other information supporting the annual pay award for employees.

Benchmarking information on pay and employment conditions provided by Mercer, Hay Group and Data Compensation was used across the Group in determining salaries for all employee grades including senior management. These reports benchmarked salaries by reference to peer groups in mining, large companies in Mexico and internationally.

The Company negotiates salary increases with the unions annually, to take effect from 1 April each year. The agreed rates may also be used as the point of reference in setting the annual salary review for the Chief Executive Officer, members of the Executive Committee and non-unionised employees. In 2022, it was agreed that the Chief Executive Officer would receive a salary increase of 5% in 2022 in line with other employees. Consequently, the salary payable under Mr Alvídrez' service agreement is MX$1,118,930.42 per month, which excludes payments for holidays, Company-paid savings contributions, and other cash benefits.

**Policy on the alignment of executive remuneration and the market**
Reviews of the Executive Director and Executive Committee members' remuneration is conducted by Willis Towers Watson from time to time at the request of the Remuneration Committee. These enable the Remuneration Committee to validate the Company's policy towards remuneration and ensure that it is globally as well as locally competitive. The analysis evaluates the elements of base salary, short-term compensation (guaranteed payments and short-term bonus) and long-term compensation (primarily stock programmes) separately. With assistance from Willis Towers Watson, the Remuneration Committee has established a peer group which will be used to benchmark any Executive Director's and any Executive Committee member's remuneration (the 'Peer Group') to ensure that it remains within the parameters set out in the policy.

The Peer Group will be updated where necessary, to ensure that it remains an appropriate comparator group of companies.

### Benchmarking

The Remuneration Committee has agreed that the Chief Executive's salary should be set within a range of 25-75% of the Peer Group for base salary. This will next be reviewed in April 2023. Since 2019, the Peer Group has consisted of the following companies.

### Policy benchmarking peer group

| Region | Peer group companies |
|---|---|
| Mexico | Grupo Mexico<br>Leagold Mining |
| USA/Canada | Agnico Eagle Mines Ltd<br>Centerra Gold<br>Hecla Mining Co.<br>IAM Gold<br>Newmont Goldcorp<br>Pan American Silver Corp.<br>Yamana Gold Inc. |
| Europe | Hochschild Mining<br>Antofagasta |

**Variable remuneration**

**Policy on annual bonus plan and variable remuneration**
It is the Company's policy not to use its equity to incentivise long-term performance. The Company's core strategy is one of long-term sustainable growth. Sustainable growth in mining requires the steady and safe expansion of the Group's operations through the discovery of new resources and construction, maintenance and/or expansion of new mines. No distinction is therefore made between short and long-term incentives.

### Factors considered in setting the bonus

The Annual Bonus Plan includes metrics and targets which are aligned to at least one of the four main themes of the Group's strategy (see Remuneration at a glance section on pages 194 and 195).

The Remuneration Committee has set a cap on each of the KPIs (other than the Safety KPI) such that the points awarded on any KPI (other than Safety) cannot exceed 135% of the target set for that KPI at the beginning of the year.

**Annual bonus**

Mr Alvídrez achieved 63.6 points under the bonus scheme for the year ended 31 December 2022 (2021: 81.0 points) and therefore did not receive a bonus for 2022 (2021: nil).

The objectives, the measures associated with each objective, and the relative weighting between objectives, as applied to Mr Alvídrez' annual bonus payment, are detailed in the following table:

| Objective | Measure | Weighting points[1] | **2022 Target** | **2022 Result** | Points awarded |
|---|---|---|---|---|---|
| **Financial[1,2]** | (Adjusted EBITDA for the year/Budgeted EBITDA) x 100 | 20 | **865** | **693** | 0.0 |
| **Production[3]** | Increase in silver equivalent ounces produced compared to the prior year production level | 20 | **117.6** | **115.7** | 18.4 |
| **Exploration[1,4]** | Increase of Total Resources[4]<br>(Total Resources for the year – Total Resources prior year) x 100 | 5 | **1.10** | **-1.76** | 0.0 |
| | Upgrade from Inferred to Measured & Indicated (MI) Resources<br>(MI Resources for the year – MI Resources prior year) x 100[5] | 5 | **1.10** | **-0.32** | 0.0 |
| | Reserves replenishment<br>(Reserves at year end/Reserves prior year) x100 | 4 | **100%** | **100%** | 4.0 |
| **Exploration projects progress[6]** | Progress compared to project plan for four key exploration projects (to be reviewed each year) (Target = 100% progress: Maximum = 100% progress, proportional decrease to nil points from 90% to 0%) | 8 | **90%**<br>**90%**<br>**90%**<br>**90%** | **110%**<br>**112%**<br>**90%**<br>**123%** | 3.3<br>2.2<br>2.0<br>1.1 |
| **Projects** | Progress compared to project plan for three key development projects (to be reviewed each year)[6] (Target = 100% progress: Maximum = 100% progress, proportional decrease to nil points from 92% to 0%) | 12 | **100%**<br>**100%**<br>**100%** | **96%**<br>**73%**<br>**79%** | 5.0<br>2.36<br>3.45 |
| **Human Resources** | Performance of contractors: Management of contractors – (Target = 100% progress: Maximum = 110% progress, proportional decrease to nil points from 100% to 0%) | 3<br>(Underground) | **100%** | **82%** | 2.45 |
| | | 2<br>(Open Pit) | **100%** | **112%** | 2.2 |
| | Unionised labour relations (Discretionary award) | 2 | **90.0** | **90.0** | 2.0 |
| | Management of contractors programme (Target = 90% progress on planned work: Maximum = 100% progress, proportional decrease to nil points from 90% to 0%) | 1 | **90%** | **90%** | 1.0 |
| **Safety** | Fatal accidents[7] | 0 | **0** | **1** | 0.0 |
| | Sustainability area plan progress in implementing the safety plan for the year[8] (Target = 95% progress: Maximum = 100% progress, proportional decrease to nil points from 95% to 0%) | 3 | **95%** | **95%** | 3.0 |
| | Reduction in the Lost Time Incidence Ratio[9] compared to previous year (Including contractors) | 3.5 | **5.76** | **5.44** | 3.7 |
| | Reduction in the Incidence Frequency Rate[9] compared to previous year (Including contractors) | 3.5 | **10.42** | **10.26** | 3.5 |
| **Communities** | Perception poll outcomes<br>Effectiveness metrics | 3<br>3 | **4**<br>**0.78** | **4**<br>**0.83** | 3.0<br>0.0 |
| **Synergies and teamwork** | Increase collective teamwork[10]<br>Discretionary target as agreed by the Chairman | 2 | **95** | **100** | 2.2 |
| **Total** | | **100** | | | **64.9** |
| **Adjustments[11]** | Safety[7] | 0 | **0** | **0** | 0 |
| | Environmental[11] | 0 | **0** | **1** | -1.30 |
| **Total** | | **100** | | | **63.6** |

1 The Performance Evaluation's items, weights, and targets (Budget) will be determined in a yearly basis according to the Strategic Plan.

2 Metal Prices, Silverstream and Devaluation effects will be eliminated.
Budgeted Metal Prices: Gold – 1,700 US$/ounce; Silver – 22.50 US$/ounce; Lead – 0.95 US$/pound; Zinc – 1.35 US$/pound.
Budgeted Exchange Rate: 21.00 MX$/US$.
Increase of 1.0 point per each 1% increase in EBITDA up to 5.0 points. Decrease of 1 point in case of a 1% decline in EBITDA. Decrease of 2 points in case of a 2% decline in EBITDA. Decrease of 4 points in case of a 3% decline in EBITDA. Decrease of 8 points in case of a 4% decline in EBITDA. Decrease of 16 points in case of a 5% decline in EBITDA. Decrease of 20 points (total score) in case of a decline in EBITDA of 6% or more.

3 Total Production in Silver Equivalent Ounces. Silver production + (Gold production x 70) + Lead and Zinc production converted into Silver equivalent ounces at prevailing price and NSR terms. Same conversion rate will be used for real production and target.
Total Production = 57.0 million ounces Silver + (0.640 million ounces Gold x 70) + (51,739 Lead Tonnes x 0.000101) + (86,373 Zinc Tonnes x 0.000122).
117.6 million ounces AgEq = 57.6 million ounces Silver + 44.8 million ounces AgEq from Gold + 5.2 million ounces AgEq from Lead + 10.5 million ounces AgEq from Zinc.
Increase of 1.0 point per each 1% increase in Production up to 5.0 points. Decrease of 1 point in case of a 1% decline in Production.
Decrease of 2 points in case of a 2% decline in Production. Decrease of 4 points in case of a 3% decline in Production. Decrease of 8 points in case of a 4% decline in Production. Decrease of 16 points in case of a 5% decline in Production. Decrease of 20 points (total score) in case of a decline in Production of 6% or more.

4 Proportional increases in points per increase in Resources above target. A proportional decrease in points will be applied in case of an increase in Resources below the target. Weighted Average Resources according to Quality.
5 Increase of 2.0 point per each 1% of Resources increase above target. A decrease of 2 points per each 1% below target will be applied. Weighted Average Resources according to Quality.
6 Relevant ongoing projects which progress will be measured compared to plan.
7 10 points in the case of zero fatal accidents (premium of 10 points over the weight). Zero points in case of one accident.
The Total Score will be reduced by 1% in the case of two fatal accidents. From the remaining Total Score, an additional 2% will be reduced in the case of three fatal accidents. In the case of four fatal accidents, an additional 3% will be reduced from the remaining Total Score and so on consecutively. Includes own workers and contractors.
8 Progress on the programme set by the Sustainable Development Area. Chairman will set the score.
9 Decrease of the previous year corresponding rate.
10 Foster teamwork and relationship improvement with Group companies. Chairman will set the score.
11 The Total Score is reduced by 2% in the case of an Environmental Incident. From the remaining Total Score, and additional 3% will be reduced in the case of two incidents. In the case of three incidents, an additional 4% will be reduced from the remaining Total Score and so on consecutively.

### Reconciliation of adjusted net profit targets and outcomes to the financial statements

| US$ million | 2022 | 2021 |
|---|---|---|
| **Profit for year as shown in financial statements** | **308.3** | 439 |
| Interest, tax, depreciation and amortisation | **461.6** | 766.9 |
| Adjustments: | | |
| Changes due to currency fluctuations | **(2.0)** | (0.04) |
| Changes due to year-on-year movements in metals prices (including the effects of metals hedging) | **(56.20)** | (207.66) |
| Changes due to the movement in the valuation of the Silverstream contract | **(18.79)** | 0.42 |
| **Adjusted EBITDA total for bonus purposes** | **692.9** | 998.6 |

The Chief Executive Officer is prohibited from participating in the PTU scheme and may receive a bonus not greater than six months' pay. All other Mexican employees are eligible for PTU payments annually. The PTU payable in respect of 2022, payments are capped at the higher of three months' salary or the average PTU received in the last three years.

### 2023 Bonus targets

The Remuneration Committee agreed that 2023 indicators, weightings and measures should be similar as in 2022 with the following changes: (i) the weight of the Reserves Replenishment KPI will be increased from 4.0 to 5.0 points; (ii) the Increase in Total Resources KPI will be decreased from 5.0 to 4.0 points; (iii) the calculation base for the following two KPIs will be adjusted: (a) KPI Upgrade Inferred to Measured and Indicated Resources; and (b) KPI Increase in Total Resources; with each individual KPI considering a ratio of US$30 expense per Au equivalent oz. rather than US$15 expense per Au equivalent oz; (iv) a Compliance with Cost Control vs Budget KPI will be introduced and given a weight of 11.0 points; an additional point will be applied for every 1% reduction and symmetrically the opposite will be applied with increases over the budget; (v) the Exploration Projects Progress KPI will be adjusted to a maximum limit of 20% increase when reaching or surpassing 100% of the exploration programme; (vi) the Juanicipio project will be eliminated as it is now in operation; (vii) at the Orysivo and Rodeo Projects 3 points will be applied at 95% programme – proportional to up to 6 points at 100% and with proportional decrease to 0 points below 90% progress; (viii) regarding the weight of the Development at Underground Mines, an additional point will be applied for every 2.5% above budget and symmetrically the same will be adjusted downwards with any decreases; (ix) the Performance of Contractors and Management of contractors KPIs will be removed; (x) in the Sustainability Plan Progress for Safety KPI, 3 points will be applied at 95% programme, proportional to 5 points at 100% programme and proportional decrease to 0 points applied below 90% progress; (xi) the Communities Relations KPI will be eliminated and replaced with Communities, Inclusion, Diversity and Environment, the new ESG KPI, and be given a weight of 10.0 points, which will be determined by the Chairman of the HSECR Committee according to HSECR annual programme; (xii) the Synergies and Teamwork weight will be reduced from 2.0 to 1.0 points; and (xiii) a modest upward adjustment in the number of points awarded (maximum 15 points) may be determined by the Chairman and the Remuneration Committee in the cases provided for in the Remuneration Policy, subject to the approval of the Remuneration Policy at the 2023 AGM.

The 2023 targets, performance against those targets and the basis of calculation of bonus points awarded will be disclosed in next year's Directors' Remuneration Report.

### Pension entitlement

**Policy on pensions**

The Group operates two pension schemes: (i) a defined benefit scheme which was closed to new members on 1 July 2007 with benefits frozen at this date for existing members, subject to indexation with reference to the Mexican National Consumer Price Index; and (ii) a defined contribution scheme (which was introduced on 1 July 2007). Membership of the latter scheme is voluntary, members earning a salary of no more than 25 times the minimum wage in force from time to time may make contributions of 5% to the scheme.

On behalf of members earning a salary of no more than 25 times the minimum wage in force from time to time the employing company may make contributions of 5% to the scheme. The employing company may also make additional contributions between 5-8% of salary to this plan. Members may elect to match percentages between 5-8% of salary. Executive Directors may participate the Group's pension schemes on the same basis as any other employee.

Mr Alvídrez is a member of the defined benefit scheme in relation to services with the Company prior to 1 July 2007. He is also a member of the defined contribution scheme. He is expected to retire at his normal retirement age of 60 years.

### Chairman and Non-executive Directors

**Policy on Chairman and Non-executive Directors**
The remuneration of the Chairman of the Company and the Non-executive Directors consists of fees that are paid quarterly in arrears. The Chairman and Non-executive Directors do not participate in any long-term incentive or annual bonus schemes, nor do they accrue any pension entitlement. The Chairman of the Company does not receive any fees for acting as Chairman other than his fees as a Non-executive Director.

The fees payable to Non-executive Directors are calculated on the following bases:
- A base fee of £35,000 per annum is paid to each non-UK-based Non-executive Director to reflect the time commitment and level of involvement they are required to make in the activities of the Board as a whole.
- There are no set fees for membership of any Board committees or for the chairmanship of the Board, other than as follows:
  - The UK-based Non-executive Directors receive a higher fee, currently £90,000 per annum, to reflect the additional time commitment that they make in order to travel to Board meetings in Mexico and for responsibilities as Committee members and, where appropriate, as Senior Independent Director and/or Chairman of any Committee.
  - The Chairman of the Audit Committee will receive an additional fee of £15,000 per annum.
  - Members of the Audit Committee will receive an additional fee of £5,000 per annum.

The key terms of the Non-executive Directors' letters of appointment for the directors serving at the end of the year are as follows:

| Director | Date of original letter of appointment | Notice period from Director to the Company | Duration of term[1] | Fees p.a. |
|---|---|---|---|---|
| Alejandro Baillères | 16 April 2012 | 3 months | 1 year | £35,000 |
| Juan Bordes | 15 April 2008 | 3 months | 1 year | £35,000 |
| Arturo Fernández | 15 April 2008 | 3 months | 1 year | £35,000 |
| Fernando Ruiz | 15 April 2008 | 3 months | 1 year | £35,000 |
| Bárbara Garza Lagüera | 11 April 2014 | 3 months | 1 year | £35,000 |
| Charles Jacobs | 11 April 2014 | 3 months | 1 year | £90,000 |
| Alberto Tiburcio | 4 May 2016 | 3 months | 1 year | £50,000 |
| Dame Judith Macgregor | 22 May 2017 | 3 months | 1 year | £90,000 |
| Georgina Kessel | 7 May 2018 | 3 months | 1 year | £40,000 |
| Guadalupe de la Vega | 30 May 2020 | 3 months | 1 year | £35,000 |
| Eduardo Cepeda | 24 June 2021 | 3 months | 1 year | £35,000 |
| Hector Rangel | 28 June 2021 | 3 months | 1 year | £40,000 |

1 Unexpired term: the Non-executive Directors all have rolling contracts which are subject to the annual re-election at the Annual General Meeting. The current term expires on the date of the next Annual General Meeting, but the appointment will continue after that date provided that each Director is re-elected at the AGM.
2 Copies of the Directors' letters of appointment and service agreements are available for inspection at the Company's registered office.

### Shareholders and remuneration

**Policy on engagement with shareholders on remuneration**
The composition of the Remuneration Committee has been designed to ensure that the views of the controlling shareholder (through the membership of the Chairman of the Board on the Committee) and the independent shareholders can be represented. The Remuneration Committee has considered the views of organisations such as Institutional Shareholder Services (ISS) and the Investment Association both generally and as reported to the Company in relation to its own executive remuneration practices prior to each Annual General Meeting, when considering the Remuneration Policy and its application.

### AGM voting on the remuneration report

The Remuneration Committee's approach to executive remuneration has received strong support from shareholders at every Annual General Meeting since the Company's listing on the London Stock Exchange in 2008. More than 90% of independent share votes cast on the advisory vote at each AGM have been in favour of the Directors' Remuneration Report.

| | All shares voted | | Independent shares voted | | No. of votes withheld |
|---|---|---|---|---|---|
| Year | For | Against | For | Against | |
| 2019: Remuneration Policy | 99.45% | 0.55% | 95.72% | 4.28% | 269,961 |
| 2019: Remuneration Report | 99.41% | 0.59% | 96.99% | 3.01% | 15,761 |
| 2020: Remuneration Report | 99.56% | 0.44% | 97.75% | 2.25% | 11,231 |
| 2021: Remuneration Report | 99.33% | 0.67% | 96.08% | 3.92% | 1,369,347 |
| 2022: Remuneration Policy | 97.94% | 1.76% | 89.21% | 10.79% | 32,689 |
| 2022: Remuneration Report | 98.24% | 2.6% | 90.77% | 9.23% | 34,737 |

### Advisers to the remuneration committee

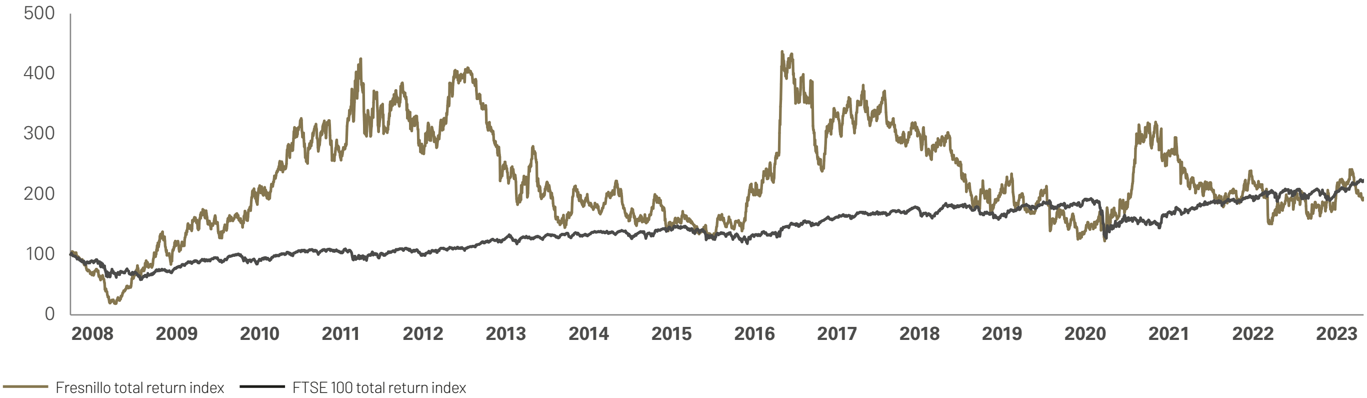
Remuneration consultants (Mercer, Hay Group and Data Compensation) are engaged by Group companies to provide benchmarking information on remuneration across the Fresnillo Group but not to provide guidance on the structure of remuneration. Such information is taken into account when considering Executive Committee remuneration. Willis Towers Watson advises the Remuneration Committee on executive remuneration matters from time to time. During 2022 the Group paid Willis Towers Watson US$nil (2021: US$nil). All of the consultants that the Group uses are independent of the Company and each of the Directors. No remuneration consultants are directly engaged by the Remuneration Committee itself.

The Company Secretary ensures that the Remuneration Committee fulfils its duties under its terms of reference and arranges regular updates to the Remuneration Committee on relevant regulatory developments in the UK. The Group Human Resources Department provides information on Mexican market trends and compensation structures for the broader employee population in the Fresnillo Group.

### Additional information on remuneration

**Share price performance**

As required by the Regulations, the following graph sets out the performance of the Company's share price since its listing compared to the FTSE 100 Index. As the Company was a constituent of the FTSE 100 Index for most of the year, this is deemed to be the most appropriate index for comparative purposes for the year ended 31 December 2022.




### Chief Executive Officer's service agreement

During the year, Mr Alvídrez served as Chief Executive Officer but was not a member of the Board. Mr Alvídrez is employed under a contract of employment with Servicios Administrativos Fresnillo S.A. de C.V., a subsidiary of Fresnillo plc. Mr Alvídrez' contract commenced on 15 August 2012 and is governed by Mexican Federal Labour Law. Mr Alvídrez' service agreement does not have a fixed term and may be terminated in writing by either party. There is no provision in Mr Alvídrez' service agreement entitling him to additional compensation for termination other than those required by Mexican labour laws for termination without cause. No benefits are payable on termination.

Under his service agreement, Mr Alvídrez is entitled to 26 working days' paid holiday per year. He is not entitled to profit-sharing (PTU). Mr Alvídrez is also entitled to life insurance, the use of a chauffeur and company car, the payment of medical insurance premiums covering limited expenses and check-ups, meals and subsistence payments and club subscriptions.

### Total remuneration of the Chief Executive Officer

The total remuneration of the Chief Executive Officer for the past nine years, in US dollars, has been as follows:

| Year ending 31 December | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | **2022** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total remuneration US$'000s** | | | | | | | | | | |
| Octavio Alvídrez | 1,116 | 1,217 | 1,166 | 1,111 | 1,072 | 886 | 1,164 | 939 | 975 | **916** |
| **Percentage change on previous year** | (41.5%) | 9.1% | (4.2%) | (4.7%) | (3.5%) | (10.7%) | 31.4% | (19.3%) | 3.8% | **6.1%** |
| **Proportion of maximum bonus paid to CEO in year** | | | | | | | | | | |
| Octavio Alvidrez | 33.33% | 33.33% | 33.33% | 66.66% | 33.33% | Nil% | Nil% | 20.83% | Nil% | **Nil%** |

### Changes in Directors' remuneration 2020-2022

The changes in Directors total remuneration between 2020 and 2022 and a comparison with changes in average employee over that period are as follows:

| | | Salary/Fees | | Bonus | | Benefits | |
|---|---|---|---|---|---|---|---|
| Year-on-year change (%)[3] | | 2021-22 | 2020-21 | 2021-22 | 2020-21 | 2021-22 | 2020-21 |
| **Directors[4]** | Alejandro Baillères | **(13.12%)** | (8.26%) | **N/A** | N/A | **N/A** | N/A |
| | Juan Bordes | **(13.12%)** | (8.26%) | **N/A** | N/A | **N/A** | N/A |
| | Arturo Fernández | **(13.12%)** | (8.26%) | **N/A** | N/A | **N/A** | N/A |
| | Bárbara Garza Lagüera | **(13.12%)** | (8.26%) | **N/A** | N/A | **N/A** | N/A |
| | Charles Jacobs | **(14.66%)** | (11.53%) | **N/A** | N/A | **N/A** | N/A |
| | Georgina Kessel | **(11.33%)** | 2.27% | **N/A** | N/A | **N/A** | N/A |
| | Judith Macgregor | **(13.12%)** | (8.26%) | **N/A** | N/A | **N/A** | N/A |
| | Fernando Ruiz | **(13.12%)** | (8.26%) | **N/A** | N/A | **N/A** | N/A |
| | Alberto Tiburcio | **(13.12%)** | (8.26%) | **N/A** | N/A | **N/A** | N/A |
| | Guadalupe de la Vega | **(13.12%)** | 67.51% | **N/A** | N/A | **N/A** | N/A |
| | Eduardo Cepeda | **66.02%** | N/A | **N/A** | N/A | **N/A** | N/A |
| | Hector Rangel | **66.02%** | N/A | **N/A** | N/A | **N/A** | N/A |
| **Chief Executive Officer[2]** | Octavio Alvídrez | **5.98%** | 18.07% | **0%** | 100% | **25.00%** | 9.09% |
| **Average Employee Remuneration[1]** | | **11.06%** | 7.06% | **11.49%** | 2.78% | **6.26%** | 6.82% |

1 Average Employee Remuneration is calculated by dividing the relevant Personnel Costs (as disclosed in note 8 to the consolidated financial statements on page 249) by the average number of employees (as disclosed in note 8(b) to the consolidated financial statements on page 249). PTU is excluded in order to make a like-for-like comparison with the Chief Executive Officer who does not receive PTU.
2 The Chief Executive Officer's salary, bonus and benefit amounts are excluded from the calculation of Average Employee Remuneration. A bonus of 2.5 months was paid to the Chief Executive Officer for 2020, and no bonus was paid to the Chief Executive Officer for 2021 and 2022.
3 Calculated using the data from the single figure table in the annual report on remuneration (page 198) in US dollars. The Non-executive Directors are paid fees in UK sterling and therefore will be subject to year-on-year changes in exchange rates.
4 The Non-executive Directors do not receive bonuses or benefits from the Company.

### Relative importance of the spend on pay

| | 2022 | 2021 | % change |
|---|---|---|---|
| Staff costs (US$'000s)[1] | **192,499** | 146,208 | 31.7% |
| Distributions to shareholders (US$'000s) | **201,909** | 246,122 | (18.0%) |
| Income tax mining rights and profit sharing paid | **174,734** | 371,147 | (52.9%) |
| Purchases of property, plant and equipment | **592,129** | 592,052 | 0.01% |

1 Staff costs are taken without PTU in order to make a like-for-like comparison with the Chief Executive Officer who does not receive PTU.

### Payments to new or departing Directors

During the year, the Company has not recruited any Executive Directors; nor has it made any payments to past Directors or made any payments to Directors for loss of office.

This Report has been approved by the Board of Directors of Fresnillo plc.

Signed on behalf of the Board.

**Alberto Tiburcio**
Chairman of the Remuneration Committee
6 March 2023

# Appendix: proposed Directors' Remuneration Policy

## Introduction

This part of the Directors' Remuneration Report sets out the proposed new Remuneration Policy of the Company and has been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('the Regulations'). The Remuneration Committee has assessed the criteria recommended by provision 40 of the 2018 UK Corporate Governance Code and believes that the Policy has always been inherently clear, simple, designed to avoid excessive rewards, predictable and proportionate. The proposed changes to the Remuneration Policy are: (i) to allow the Board to review, and if it sees fit, increase the level of fees payable to Non-executive Directors during the lifetime of the Policy, without further recourse to its shareholders; and (ii) to give the Remuneration Committee discretion to apply upward adjustments to the annual bonus in the case of outstanding personal performance which results in a significant benefit to the Company during the relevant year. The new Policy will be applied for the financial years ending 31 December 2023 onwards. It will be put to a vote at the 2023 Annual General Meeting and, if approved, the effective date of the policy will be the date of the 2023 Annual General Meeting of the Company. A copy of the Company's existing Remuneration Policy (approved by shareholders at the 2022 AGM), can be found on pages 199 to 203 of the Fresnillo plc 2021 Annual Report and Accounts, which can be found on the Company's website (http://www.fresnilloplc.com/media/533822/Proposed-Directors%E2%80%99-Remuneration-Policy-for-2022.pdf).

As required by English law, the Company's approved Remuneration Policy is binding in relation to Directors. The Company currently has no Executive Directors who would be bound by the Remuneration Policy. However, the Company will (as it has previously done) treat the Chief Executive Officer as if he were an Executive Director for the purposes of the Remuneration Policy and for reporting on his remuneration.

Details of the remuneration paid to the Chief Executive Officer for the year ended 31 December 2022 can be found in this year's Annual Report on Remuneration at page 198.

## Remuneration Policy

The Group's Remuneration Policy seeks to ensure that the Company is able to attract, retain and motivate its Executive Directors and members of the Executive Committee. The retention of key management and the alignment of management incentives and the creation of shareholder value being key objectives of this policy.

Setting base salaries for Executive Directors and members of the Executive Committee at an appropriate level is a key to managerial retention in Mexico. Therefore, the Remuneration Committee seeks to ensure that salaries are market competitive both within the Mexican context and internationally for comparable companies. Total compensation is set within a range around the median level for the Company's peer group within Mexico and internationally, total remuneration is benchmarked triennially to ensure that the whole remuneration package is maintained at this level over the long term. Salaries are positioned within the range according to experience and service.

The table below sets out the key elements of Executive Directors' pay set out in the Remuneration Policy (the 'Policy Table'):

| **Base salary** | |
|---|---|
| **Provides the core reward for the role** | |
| **Operation** | Normally reviewed annually and fixed for 12 months starting on 1 April each year. Each review will take into account:<br>• Role, experience and performance.<br>• Average workforce salary adjustments.<br>• Mexican economic factors.<br>• Comparison with the Company's peer group in Mexico and internationally.<br>• the effect an increase will have on the overall levels of the Executive Director's remuneration.<br><br>When benchmarking salaries, the Remuneration Committee will normally benchmark by reference to companies of similar size and complexity to the Company in Mexico and internationally. Details of the peer group used will be disclosed in the Annual Report on Remuneration. |
| **Maximum value** | Subject to the review process described above, the maximum value of an Executive Director's base salary will be determined by the Remuneration Committee in its absolute discretion and ordinarily it will be increased in line with increases applied across the whole workforce. In exceptional circumstances, an Executive Director's salary may be increased by up to, but never more than, 10% above the average pay increase for the whole workforce of the Company in any financial year. The rationale for any such increase will be fully explained in the Annual Report on Remuneration. |
| **Performance metric** | The Remuneration Committee considers individual salaries at the appropriate review meeting each year by reference to the factors noted under the 'Operation' heading in this Policy Table. |
| **Discretion** | The Remuneration Committee established the Company's comparator peer group in Mexico and internationally as part of a triennial review which it undertook in April 2019. It has not been necessary to amend the peer group since then, but it will be reviewed again in April 2025, if not before. The Committee will report on the outcome of these reviews within the relevant Annual Report on Remuneration. |

| Annual bonus | |
|---|---|
| **Rewards the achievement of both short and long-term financial and strategic business targets and delivery of personal objectives** | |
| **Operation** | Targets are renewed annually and relate to the strategic aims of the business as a whole. A scoring system is used for the plan. Each objective set for the executive at the beginning of the year is allocated a points-rating which represents a median performance target for that objective. Upper and lower thresholds are set to allow for outstanding performance and to ensure that underperformance is not rewarded. For each member of the Executive Committee (including the Chief Executive Officer, the Chief Financial Officer, the Vice President of Exploration and the Chief Operating Officer), a bonus is only payable if the aggregate performance equals or exceeds 100 points. Bonus payments are paid for aggregate performance against target at or above 100 points are made on a prorated basis between two months' salary paid for the achievement of 100 points and six months' salary paid for the achievement of 115 points or more, as follows:<br><br>**Number of points:** – **Months' salary paid**<br>100.0 – Two months' salary<br>100.01-115.00 – Prorated on a linear basis between two months' salary and six months' salary<br>115.01+ – Six months' salary |
| **Maximum value** | The maximum percentage of salary payable as an annual bonus to an Executive Director is 50% (six months' salary) and is paid where the Executive Director achieves 115.01 points or more under the Annual Bonus Plan (the target is 100 points). |
| **Performance metric** | The KPI targets set out in the previous table will apply and are intended to focus on risks that are within the control and influence of management. Thus, the management of safety, security, project, human resource, exploration teamwork, synergies, community and environmental risks are all currently implicitly covered within the KPIs. The KPIs and targets, which are set by reference to the reserves and resources and financial metrics at the previous year end and/or set in the budget for the forthcoming financial year are also designed to ensure that both short-term objectives and the long-term development of the Fresnillo Group are given equal priority. The achievement of project milestones will be used to measure project management performance and the Committee's discretion will be applied for subjective metrics such as teamwork.<br><br>Details of the measures, targets and performance which are tested on an annual basis will be provided in the relevant Annual Report on Remuneration.<br><br>The Remuneration Committee considers that the KPIs, upon which bonuses are based, may need to evolve from year-to-year in line with the strategy and therefore it retains the discretion to make appropriate adjustments to the KPIs themselves, the bonus bands within the overall maximum and the individual KPI weightings from year-to-year. |
| **Discretion** | The Remuneration Committee retains the discretion to adjust bonus payments in the following circumstances:<br>(i) A downward adjustment where the KPI outcomes would result, in the opinion of the Remuneration Committee, in a bonus payment which cannot be justified by the Company's financial or operational performance during the year (or in respect of previous years).<br>(ii) A modest upward adjustment may be considered either: (a) where factors outside the control of Executive Directors (e.g., force majeure circumstances) have significantly depressed the level of points awarded (and in deciding whether and to what extent an adjustment is merited, the Remuneration Committee will consider the appropriateness of the response to those circumstances); and/or (ii) when the Executive Directors, individually or collectively, have demonstrated a level of performance which has resulted in significant benefits to the Company which, in the opinion of the Remuneration Committee, merits an increase in the number of points awarded.<br>(iii) Poor executive response to adverse health, safety or environmental performance during the year, in which case a downward adjustment would be considered.<br>(iv) Where the bonus payment is not, in the opinion of the Remuneration Committee, commensurate with the wider stakeholder experience (especially those of employees in relation to remuneration outcomes for the year and/or shareholders in relation to dividend payments), a downward adjustment may be considered.<br><br>The use of any such discretions will be fully explained in the relevant Annual Report on Remuneration. |

Note: Any adjustment in individual KPI weightings will not result in their achievement being any less difficult to satisfy.

| Benefits | |
|---|---|
| **Help recruit and retain employees** | |
| **Operation** | Executive Directors may (at the Company's discretion) be offered life insurance, meal and subsistence benefits, the payment of premiums for medical insurance covering expenses and check-ups (for themselves and their family members) death in service benefits and remote working expenses (as applicable). Benefits may be changed if the Company's policy on benefits changes. |
| **Maximum value** | The maximum value of any benefits provided will be determined by the Company policy on benefits that is applicable from time to time. |
| **Performance metric** | None. |
| **Discretion** | The Remuneration Committee may consider changes to the benefits made available to Executive Directors in line with any changes in the Company's policy for benefits provided to all employees. |

| Pension | |
|---|---|
| **Rewards continued employment and sustained contribution** | |
| **Operation** | The Group operates a defined contribution scheme. Executive Directors are entitled to membership of the defined contribution scheme. |
| **Maximum value** | The maximum Company contribution for any employee (including Executive Directors) may not exceed 13% of salary. Company contributions made for Executive Directors will be aligned with Company contributions provided to the majority of the workforce from time to time. |
| **Performance metric** | None. |
| **Discretion** | The Remuneration Committee may consider changes to the pension contributions made for Executive Directors, including increases, in line with any changes in the Company's policy for pension contributions provided to all employees. |

### Alignment of executive remuneration and the market

In setting the fixed remuneration of Executive Directors and the members of the Executive Committee, information relating to the mining company comparators is provided by various consultants. Information relating to the Mexican economic metrics is collated by management for the Remuneration Committee to consider.

Reviews of the Executive Directors' and Executive Committee members' remuneration are conducted by Willis Towers Watson from time to time at the request of the Remuneration Committee. These enable the Remuneration Committee to validate the Company's policy towards remuneration and ensure that it is globally as well as locally competitive. The analysis evaluates the elements of base salary, short-term compensation (guaranteed payments and short-term bonus) and long-term compensation (primarily stock programmes) separately. With assistance from Willis Towers Watson, the Remuneration Committee has established a peer group which will be used to benchmark any Executive Director's and any Executive Committee member's remuneration (the 'Peer Group') to ensure that it remains within the parameters set out in this Policy (see page 200 of the Annual Report on Remuneration). The Peer Group will be updated where necessary, to ensure that it remains an appropriate comparator group of companies.

### The consideration of wider employment conditions and remuneration

When setting pay and benefits for Executive Directors and members of the Executive Committee, the Remuneration Committee takes account of pay and conditions across the Group. It will consider the overall pay increase percentage negotiated each year, with employee representatives as its starting point taking account of inflation and other information supporting the annual pay award for employees. Subject to the 10% limit in the Policy Table, the Remuneration Committee may agree pay increases above or below the agreed percentage in exceptional circumstances, where in its discretion it considers such variance to the norm to be justified. Other than the Willis Towers Watson report specifically commissioned by the Remuneration Committee, the same benchmark reports are used in the evaluation of executive and employee remuneration, thus providing a common approach to both.

Below Board level, a statutory profit-sharing arrangement (PTU) is operated which in some years has enabled employees to receive significant levels of bonus in line with the increased profitability of the relevant employing company. The Chief Executive Officer does not participate in a PTU scheme within the Fresnillo Group. Members of the senior management group below Board level are employed by Servicios Administrativos Fresnillo S.A. de C.V. or Operaciones Fresnillo, S.A. de C.V., which pay annual PTU payments. However, such payments are modest.

The Group operates two pension schemes: (i) a defined benefit scheme which was closed to new members on 1 July 2007 with benefits frozen at this date for existing members, subject to indexation with reference to the Mexican National Consumer Price Index; and (ii) a defined contribution scheme (which was introduced on 1 July 2007). Membership of the latter scheme is voluntary, members earning a salary of no more than 25 times the minimum wage in force from time to time may make contributions of 5% to the scheme.

On behalf of members earning a salary of no more than 25 times the minimum wage in force from time to time the employing company may make contributions of 5% to the scheme. The employing company may also make additional contributions between 5-8% of salary to this plan. Members may elect to match percentages between 5-8% of salary.

Executive Directors may participate in the Group's pension schemes on the same basis as any other employee.

The Remuneration Committee does not consult with employees in setting Directors' remuneration. Engagement with employees as a stakeholder group is primarily the responsibility of the Board; however, where appropriate, the Remuneration Committee will consider any relevant feedback from employees to the Board in relation to remuneration matters when discharging its responsibilities under this Policy.

### Engagement with shareholders on remuneration

The composition of the Remuneration Committee has been designed to ensure that the views of the controlling shareholder (through the membership of the Chairman of the Board on the Committee) and the independent shareholders can be represented. The Remuneration Committee has considered the views of organisations such as Institutional Shareholder Services (ISS) and the Investment Association both generally and as reported to the Company in relation to its own executive remuneration practices prior to each Annual General Meeting, when considering the Remuneration Policy and its application. Following the Company's AGM in 2023, details of votes cast for and against the resolutions to approve the proposed remuneration policy and Annual Report on Remuneration for the year ended 31 December 2023, will be announced to the market.

**Policy on recruitment**

The Remuneration Committee will consider the remuneration of new Executive Directors by reference to the Policy Table set out above. The Remuneration Committee will not, as a matter of standard practice, pay sign-on payments or compensate new Directors for any variable remuneration forfeited from any employment prior to joining the Board. However, it may choose to do so in exceptional circumstances, when it considers this to be in the best interests of the Company (and therefore shareholders), in which case any buy-out payments will not exceed the remuneration relinquished and will mirror (as far as possible) the delivery mechanism, time horizons and performance requirements attached to that remuneration. Where possible this will be facilitated through the Company's existing Annual Bonus Plan, as set out in the Policy Table above, but if not, the Remuneration Committee may fulfil this requirement in line with the provisions of 9.4.2 of the Listing Rules.

For the avoidance of doubt, the value of any 'sign-on' and/or 'buy-out' payments will not count towards the limits on Annual Bonus in the Policy Table above. Any such payments will be fully explained in the next Annual Report on Remuneration both as to the reason for payment and the rationale for the quantum.

Salary will be set so as to be market competitive both within the Mexican context and internationally for comparable companies and taking account of the experience and seniority of the appointee coming into the new role. The Remuneration Committee is likely to set base salaries below median on appointment while retaining discretion to award increases during the first and, possibly, subsequent years to bring salaries into the normal range expected for Executive Directors, in line with the Company's stated Policy. Such increases will not exceed the maximum level set out in the Policy Table. New Executive Directors will receive benefits and pensions in line with the Company's existing policy and will be able to participate in the Annual Bonus Plan on a pro-rated basis for the portion of the financial year for which they are in post. The maximum level of variable pay for new recruits will be the same as that set out in the Policy Table for existing employees (pro-rated as necessary).

In the case of an internal appointment or promotion, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its original terms stipulated on grant or adjusted as considered desirable to reflect the new role.

Where appropriate to recruit, promote or transfer individuals to a different location of residence, the Remuneration Committee may also, to the extent it considers reasonable, approve the payment of one-off relocation and repatriation related expenses. It may also pay or make a contribution towards any legal fees appropriately incurred by the individual in connection with their employment by the Group.

**Policy on loss of office**

Other than in circumstances of gross misconduct, Executive Directors and members of the Executive Committee, including the Chief Executive Officer, leaving employment from the Group, will be entitled to receive salary and pro-rated annual bonus based on performance to the date of leaving. Statutory entitlements are payable according to Mexican labour law, based on length of service. Employee and Company pension contributions are payable in accordance with the applicable pension plan rules. Mexican labour law does not make any provision for employers and employees to give or receive notice of termination of employment. Therefore, the Committee will not generally make payments in lieu of notice to departing executives. However, the Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation), or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment or by way of contribution to legal fees appropriately incurred by the individual in connection with the termination of their employment by the Group. No contractual commitments concerning loss of office were entered into with any Director prior to 27 June 2012.

**Annual bonus plan and policy on variable remuneration**

It is the Company's policy not to use its equity to incentivise long-term performance. The Company's core strategy is one of long-term sustainable growth. Sustainable growth in mining requires the steady and safe expansion of the Group's operations through the discovery of new resources and construction, maintenance and/or expansion of new mines. No distinction is therefore made between short and long-term incentives.

The Company operates a single cash-based Annual Bonus Plan for Executive Directors and the members of the Executive Committee, including the Chief Executive Officer as described in the Policy Table above. In the event of a change of control, the Remuneration Committee shall, in accordance with the Annual Bonus Plan rules, as amended from time to time and in its absolute discretion, determine whether and to what extent the annual bonus will vest and be paid early. The Committee may also decide that the bonus award will vest to a greater or lesser extent having regard to the Director's or the Group's performance or such other factors it may consider appropriate. The Remuneration Committee may decide that bonus awards will vest pro-rata to take account of early vesting or in full.

**Recovery of bonus**

The absence of long-term incentives and the operation of Mexican law makes it difficult to adopt claw-back arrangements in order to recover bonuses that have already been paid. The Remuneration Committee has considered whether claw-back provisions should be incorporated into the service agreement for the Chief Executive Officer. Given that the Company does not operate any remuneration plans with a timeframe of more than one year, the Remuneration Committee does not consider that there is much value in introducing claw-back provisions into the contractual arrangements with the Chief Executive Officer at this stage. However, within this Remuneration Policy, the Remuneration Committee reserves the right to apply malus to bonuses before they are paid where the KPI outcomes would result, in the opinion of the Remuneration Committee, in a bonus payment which cannot be justified by the Company's financial performance or the Executive Director's personal performance during the year (or previous years). In this case a downward adjustment to the bonus payment would be applied.

### Illustrations of the application of the Remuneration Policy for the Chief Executive Officer

The following table sets out the fixed and variable remuneration of the Chief Executive Officer in the different scenarios where he receives, minimum, target and maximum variable pay (based on 31 December 2022 remuneration).

| Component | | Max value US$ thousands | Minimum | Target | Maximum |
|---|---|---|---|---|---|
| Share incentives[1] | | | | | US$1,377k |
| Annual bonus | US$461k | Annual variable pay[2, 4] | | US$1,070k | 33% |
| | | | US$916k | 14% | |
| Pension benefits | (125) | Fixed pay[3] | 100% | 86% | 67% |
| Other benefits | 120 | | | | |
| Base salary | 921 | | | | |

1 Fresnillo plc does not operate any share option or share-based long-term incentive plans.
2 Variable pay consists only of remuneration where performance measures or targets relate only to one financial year.
3 Fixed pay includes salary, benefits and pension.
4 The Company does not operate any equity-based long-term incentives, consequently, the Company's share price does not have any impact on the variable remuneration paid to Executive Directors and members of the Executive Committee who do not sit on the Board.

### External appointments

It is the Board's policy to allow Executive Directors to accept directorships of other quoted and non-quoted companies and retain any fees or other remuneration for doing so, provided that they have obtained the consent of the Chairman of the Company. Any such directorships must be formally notified to the Board.

### Chairman and Non-executive Directors

The remuneration of the Chairman of the Company and the Non-executive Directors consists of fees that are paid quarterly in arrears. The Chairman and Non-executive Directors do not participate in any long-term incentive or annual bonus schemes, nor do they accrue any pension entitlement. Neither the Chairman nor any of the Non-executive Directors has a service contract with the Company; however, each has entered into a letter of appointment with the Company.

### Non-executive Directors' letters of appointment

On their initial appointment, each of the Non-executive Directors sign a letter of appointment with the Company, for an initial period of three years. The letters of appointment of serving Non-executive Directors are drafted in accordance with Provision 18 of the UK Corporate Governance Code, thus obliging them to retire at each Annual General Meeting and be subject to annual re-election by shareholders to serve for a further term of one year. The amendments have been drafted such that renewed appointment will not necessitate a new letter of appointment.

The Chairman of the Company shall not receive any fees for acting as Chairman other than his fees as a Non-executive Director. Each Non-executive Director is expected to commit a minimum of 14 days per year in fulfilling their duties as a Director of the Company.

The total fees for Non-executive Directors, including the Chairman, will not exceed the maximum stated in the Company's Articles of Association.

The level of fees is reviewed periodically and takes into account the time commitment, responsibilities, market levels and the skills and experience required. Non-executive Directors normally receive a basic fee and an additional fee for specific Board responsibilities, including chairmanship or membership of Board committees or acting as the Senior Independent Director. Additional fees may be paid to Non-executive Directors on a per diem basis to reflect increased time commitment in certain limited circumstances.

Expenses incurred in the performance of non-executive duties for the Company may be reimbursed or paid for directly by the Company, as appropriate, including any tax and social security due on the expenses.

Non-executive Directors may be provided with benefits to enable them to undertake their duties.

### Shareholding guidelines

Fresnillo has not introduced share ownership guidelines. The Company does not operate share-based incentive arrangements given that the culture for incentives in the Mexican market does not favour share-based incentives. Consequently, there would be neither opportunity nor appetite for executives to build a shareholding in the Company and therefore the Remuneration Committee has not adopted any shareholding guidelines.

### Payments under previous policies

Any remuneration payment or benefit, or any payment for loss of office which a Director received or became entitled to under a previous Remuneration Policy or before the person became a Director (unless the payment was in consideration of becoming a director) shall lawfully be paid out under this policy, even though it may not be consistent with, or otherwise provided for under, the Policy Table set out above.