MANAGING OUR RISKS – RESPONSE/MITIGATION TO OUR RISKS

1

Potential actions by governments

(political, legal, regulatory, tax and concessions)

Risk description

Regulatory initiatives or policies issued by the Mexican government, at all three levels: federal, state and municipal, may have an adverse impact on the operation of the Company. This could include new laws, regulations, rules or guidelines with a negative impact on the mining industry in Mexico. Although the law in Mexico does currently allow for the possibility of open pit mining for strategic reasons, the previous administration's prohibition of new open pit concessions remained in place under the new administration during 2024, and no new concessions were granted.

With the recent change in Mexico's judiciary, current lawsuits, 'amparos' and other legal processes are at risk. Under the previous administration, which was in office from 2018-2024, it had been very challenging to obtain permits and licences for construction and environmental matters from the Ministry of Economy and the Ministry of Environment. However, the change of approach from the new administration is easing the process and we are now starting to see the granting of permit applications that fully comply with regulations.

Failure or delay in obtaining permits and licences to operate, could adversely affect our operations and develop projects.

- Prohibition of new concessions for open-pit mining.
- Permits for building/expanding tailings dams and projects.
- Inability to obtain necessary water concessions due to government control or private interests.
- Discrepancies in the criteria used in audits carried out by the tax authority.
- Possible new taxes or royalties on the mining industry.
- Possible profit sharing with indigenous communities.
- Potential trade disputes under United States-Mexico-Canada agreement.

Factors contributing to risk

A considerable level of uncertainty is likely to dominate the Mexican legal landscape for the foreseeable future, with potential impacts on the timing, consistency and nature of legal decisions:

- Reorganisation of the Mexican Supreme Court and election of Justices and Federal Judges by popular vote.
- New judicial administration body and new judicial discipline tribunal.
- Legal reforms to the following laws: 'Mining Law', 'Law on National Waters', 'Law on Ecological Balance and Environmental Protection' and 'General Law for the prevention and integrated management of waste in the field of mining and water concessions', impacting on the granting of new concessions and their duration, exploration activities and consultation with communities and indigenous peoples as well as payments of 5% of profits to the communities.

Controls, mitigating actions and outlook

1. As a result of the new mining law, risk scenarios were developed for each change and impact, considering the legal and operational criteria to implement the necessary mitigation and prevention measures. These scenarios are constantly updated.
2. Commitment to constant communication with all levels of government.
3. Increased monitoring of the processes being implemented at the Ministry of Energy, Environment, Labour and Economy and daily monitoring, follow-up and attention to issues before the Congress of the Union that may affect the mining industry.
4. Collaboration with other members of the mining community through the Mexican Mining Chamber to lobby against any new harmful taxes, royalties or regulations. Support for industry lobbying efforts to improve the general public's understanding of the mining industry.

For more details see Protecting our Environment on pages 80-100

Link to strategy

1 2 3 4

Risk appetite

Low

Risk owner

- Government Relations Department
- Legal Department
- Taxes and royalties Department
- Mining and water concessions Department

Risk oversight

- The Board
- Audit Committee

Behaviour

Stable

Risk rating (relative position)

2024: Very high (1)

2023: Very high (1)

2

Security

Risk description

In all our business units, we face the risk of theft, which can occur within the mines or during transportation. Our employees, contractors and suppliers are also at risk of violence due to insecurity in some of the regions in which we operate.

According to information from the Ministry of Security and Citizen Protection and the National Guard, the presence of organised crime and high impact crimes (homicide, kidnapping and extortion) increased in 2024, especially in the states where our business units are located such as Zacatecas, Sonora and Guanajuato.

The main risks we face are:

- High-impact thefts in ore transportation, most notably of gold doré and silver concentrates.
- Theft of assets such as vehicles, equipment, spare parts and fuel.
- Homicide.
- Kidnappings.
- Extortions.
- Vandalism.
- Consumption and sale of toxic substances in our mining units.

Factors contributing to risk

Influence and territorial disputes by drug cartels, organised crime and anarchy in some regions of Mexico where we have operations, projects and exploration camps. Especially close to our operations in Fresnillo, Zacatecas and Caborca, Sonora.

The remote nature of many of our locations and projects.

Controls, mitigating actions and outlook

1. Our property security teams closely monitor the security situation, maintaining clear internal communications and coordinating work in areas of greater insecurity.
2. We maintain close relationships with authorities at federal, state and local levels.
3. We interact and meet regularly with people of the National Guard; Army and the Navy in some cases. There are military installations located near most of our operations.
4. We continue to implement greater technological and physical security at our operations:
   - The use of a remote monitoring process at the Herradura, Noche Buena, San Julián, Juanicipio, Saucito and Fresnillo mines.
   - Local operating and command centres for each business unit in the Saucito and Fresnillo mines and the Juanicipio development project
   - Security services during the mine construction process at the Juanicipio development project
5. Increase in logistical controls to reduce the potential for theft of mineral concentrate such as:
   - Real-time tracking technology;
   - Surveillance cameras to identify alterations in the transported material;
   - Protection and support services on distribution routes;
   - Reduction in the number of authorised stops to optimise delivery times and minimise exposure of trucks transporting ore concentrates or doré.
6. We continue to invest in community programmes, infrastructure improvements and government initiatives to support the development of legal local communities and discourage criminal acts.
7. To combat drug consumptions we have:
   - Increased the number of anti-doping tests conducted at the start of the day in the mining units.
   - Frequent inspections out inside the mines to verify that drugs are not consumed and sold.
   - Drug consumption prevention campaigns, focused on employees.

Link to strategy

1 2 3 4

Risk appetite

Low

Risk owner

- Security Department
- Legal Department

Risk oversight

- Audit Committee
- Executive Committee

Behaviour

Stable

Risk rating (relative position)

2024: Very high (2)

2023: Very high (2)

MANAGING OUR RISKS – RESPONSE/MITIGATION TO OUR RISKS

3

Cybersecurity

Risk description

Information is an asset that must always be protected; it requires maintaining confidentiality, integrity, and availability throughout all business processes. Breaches in, or failures of, our information security management could adversely impact our business activities. Malicious interventions (hacking) of our information or operations' networks could affect our reputation and/or operational continuity.

Loss or harm to our technical infrastructure and the use of technology within the organisation from malicious or unintentional sources.

The following top eight cybersecurity and privacy risks comprise Fresnillo plc overall cybersecurity and privacy risk profile:

1. Corruption of data – Critical data where any unauthorised modification can have adverse impacts.
2. Unauthorised access – Cybersecurity and privacy incidents due to incorrect access permissions or system abuse, exploitation, or misuse.
3. Breach and data theft – Disclosure of critical and sensitive company data by an internal or external source.
4. Business disruption – Disrupting key applications or systems for a period.
5. Lack of cybersecurity ownership – Failure to assign responsibility for implementing and adopting cybersecurity practices daily.
6. Non-compliance – Cybersecurity and privacy incidents resulting in non-compliance with applicable regulations, including privacy.
7. Health and safety incidents – Breach of availability, integrity or confidentiality of data which impacts health and safety.
8. Halt or loss of operations – Cybersecurity and privacy incidents which result in loss of operating licence or closure of operations.

Factors contributing to risk

Globally, cyberattacks have increased in frequency and impact across all industries; we suffered a cybersecurity incident (partial disruption of services) in July 2024, which had negative consequences for the Group (Peñoles and Fresnillo plc).

Rising geopolitical tensions.

Heavy reliance on technology and automated systems to support operations within the mining industry.

The industrial and mining sectors are seen as having a considerably weak level of whilst the damage that can be caused is very high.

The level of global and national maturity of cybersecurity and cybercrime regulations that could deter criminals is not yet adequate and is still developing.

Controls, mitigating actions and outlook

Our cybersecurity programme, aligned with business strategies, is based on a governance model with three lines of defence, involving all operational, tactical, and strategic business levels to prevent and mitigate the effects of computer risks. Our approach is also based on the NIST Cybersecurity Framework which is used to assess and improve our ability to prevent, detect, and respond to cyberattacks.

1. We maintain continuous awareness of cybersecurity at all levels of the organisation, through workshops, communications, campaigns, and exercises that allow us to understand and increase our cybersecurity culture. Cybersecurity is a risk that requires more active involvement of Executive teams, which is why this year awareness and training exercises focused on this level have been carried out.
2. The Security Operations Centre (SOC) provides analytics that correlate information from multiple business unit sources, helping us to easily identify the impact of a threat and address the incident in a timely manner.
3. Cybersecurity incident response plans are in place and regularly assessed to ensure we can respond quickly and effectively to cybersecurity incidents.
4. We conduct ongoing assessments of the technology controls implemented in operations and services.
5. We have constant threat intelligence monitoring that allows us to analyse trends in the environment that enable adjustments in our operation to anticipate and apply necessary controls.
6. In addition, our systems, networks, and assets are continuously monitored through cybersecurity tools that use Artificial Intelligence and Machine Learning technology to analyse behaviours in the organisation's networks, identifying and mitigating advanced threats.
7. Controls are in place to comply with the Ley Federal de Protección de Datos Personales en Posesión de Particulares (LFPDPPP).
8. We carried out the second phase of auditing our Personal Data Management System with the NYCE office, with the objective of achieving certification in our business units.

Our plan for 2025 is to focus our efforts on mitigating cyber risks, implementing, and maturing controls in line with the threat landscape and emphasising the importance of individual employee responsibility to remain vigilant and alert to cyber threats.

Risk Assessment, Disaster Recovery Plans, Data Loss Prevention, Pen testing, IT/OT Network Behavioural Analysis, and targeted security enhancements for Operational Technology (OT) environments are some of the initiatives that will increase our Level of Cybersecurity Maturity (based on NIST CSF).

Link to strategy

2 3

Risk appetite

Low

Risk owner

- IT & TO Department
- Cybersecurity Office

Risk oversight

- The Cybersecurity Committee
- Audit Committee

Behaviour

Increasing

Risk rating (relative position)

2024: High (3)

2023: High (6)

4

Impact of metals prices and exchange rates

Risk description

Our results are heavily dependent on commodity prices – principally gold and silver. There is an inherent risk when investing or planning for the future price of these precious metals.

The volatility of these prices is high and unpredictable. The prices of these commodities are strongly influenced by a variety of external factors, including wars, geopolitics disruptions, world economic growth, inventory balances, industry demand and supply, possible substitution, etc.

Our sales are mainly denominated in US dollars, although some of our operating costs are in Mexican pesos. Thus, any strengthening of the Mexican peso may negatively affect our financial results.

Factors contributing to risk

Macro-economic and geopolitical factors that directly affect the price of commodities, both positively and negatively, such as the wars between Ukraine-Russia and Israel-Hamas, the recent US elections and trade tension in the US-China relationship.

Increased attraction of investing in instruments such as cryptocurrencies could lead to investors reducing their investment activities in precious metals.

Controls, mitigating actions and outlook

1. We consider exposure to commodity price fluctuations an integral part of our business and our usual policy is to sell our products at prevailing market prices although we do have a hedging policy for precious metals.
2. We monitor the commodity markets closely to determine the effect of price fluctuations on earnings, capital expenditure and cash flows. Very occasionally, when we feel it is appropriate, we use derivative instruments to manage our exposure to commodity price fluctuations. We run our business plans through various commodity price scenarios and develop contingency plans as required.

For more details see Our markets on **pages 20-21**

3. We have hedging policies for exchange rate risk, including those associated with project-related capex.
4. We focus on cost efficiencies and capital discipline to deliver competitive all-in sustaining cost.

Link to strategy

1 2 3

Risk appetite

High

Risk owner

- Financial Planning
- Treasury

Risk oversight

- The Investment Committee
- Audit Committee

Behaviour

With attention

Risk rating (relative position)

2024: High (4)

2023: High (4)

MANAGING OUR RISKS – RESPONSE/MITIGATION TO OUR RISKS

5

Global macroeconomic developments

(energy and supply chain disruptions, inflation and cost)

Risk description

Geopolitics has the potential to increase trade tensions, affecting rules-based trading systems. Trade actions can affect our key markets, operations or projects, limiting the benefits of being a multinational company with a global presence.

Disruptions or restrictions in the supply of critical operating inputs such as steel, cyanide, copper, diesel, transport equipment, oxygen and truck tyres, electricity, diesel and gas, steel, sulphuric acid or mining equipment spare parts (supplied mainly by land transport from the US and by sea from China and Europe) could negatively affect production or increase its cost.

Factors contributing to risk

- The recent US elections.
- US imposes tariffs rate on Mexico.
- China-US tensions.
- Indirect impacts of the war in Ukraine and conflict in the Middle East.
- Lack of electricity infrastructure of the state-owned company (Comisión Federal de Electricidad CFE), which supplies energy in Mexico.
- Possible inflation growth in Mexico.

Controls, mitigating actions and outlook

1. We execute operational excellence initiatives to counter inflation and improve margins, and also enhance cost competitiveness by improving the quality of the portfolio.
2. We maintain a rigorous, risk-based supplier management framework to ensure that we engage solely with reputable product and service providers and keep in place the necessary controls to ensure the traceability of all supplies (including avoiding any conduct related to modern slavery).
3. To achieve cost competitiveness, we endeavour to buy the highest possible proportion of our key inputs, such as fuel and tyres, on as variable a price basis as possible and to link costs to underlying commodity indices where this option exists.
4. We are committed to incorporating sustainable technological and innovative solutions, such as using sea water and renewable power when economically viable, to mitigate exposure to potentially scarce resources.

For more detail see Sustainability at the Core of Our Purpose on **pages 58-115**

Link to strategy

1 2 3

Risk appetite

Medium

Risk owner

- Procurement and contracts
- Operational Comptrollers
- Financial Planning

Risk oversight

- Audit Committee

Behaviour

With attention

Risk rating (relative position)

2024: High (5)

2023: High (3)

6 Access to land

(full access to plots of land)

Risk description

Significant failure or delay in accessing surface land above our mining concessions and other lands of interest is a permanent risk to our strategy and has a potentially high impact on our objectives.

The biggest risk is failing to gain full control of the lands where we explore or operate.

Possible barriers to access to land include:

- Increasing landowner expectations.
- Refusal to comply with the terms of previous land acquisitions and conditions regarding local communities.
- Influence of multiple special interests in land negotiations.
- Conflicts regarding land boundaries, and the subsequent resolution process.
- Succession problems among landowners resulting in a lack of clarity about the legal right to own and sell land.
- Risk of litigation, such as increased activism by agrarian communities and/or judicial authorities.
- Presence of indigenous communities in proximity to lands of interest, where prior and informed consultation and consent of such communities are required.

Factors contributing to risk

The new mining law complicates efforts to regularise access to land and the procedures for obtaining new permits.

It is becoming increasingly difficult to negotiate land prices, with landowners demanding more money and benefits for access to land.

Social insecurity prevailing in the regions where our mining interests are located may not allow the necessary work to be carried out to demonstrate the minimum investments required by law, leading to the possible cancellation of the concession.

The Federal Government continues its policy of not granting new mining concessions.

Controls, mitigating actions and outlook

1. We undertake meticulous analysis of exploration objectives and construction project designs to minimise land requirements.
2. Initiatives undertaken to secure access to land in areas of strategic interest or value include:
   - Judicious use of lease or occupation contracts with purchase options, in compliance with legal and regulatory requirements.
   - Early participation of our community relations teams during the negotiation and acquisition of socially challenging objectives.
   - Strategic use of our social investment projects to build trust.
   - Close collaboration with our land negotiation teams, which include specialists hired directly by Fresnillo and provided by Peñoles as part of the service agreement.
3. We perform ongoing reviews of the legal status of our land rights, we identify certain areas of opportunity and continue to implement measures to manage this risk on a case-by-case basis. Such measures include, wherever possible, negotiations with agricultural communities for the direct purchase of land.
4. We use mechanisms provided for in agricultural law and use other legal mechanisms under mining legislation that provide greater protection for land occupation.
5. Negotiate carefully with the government on concessions with geological mining interest that have already been granted.

Link to strategy

1 2 3

Risk appetite

Low

Risk owner

- Legal
- Community Relations

Risk oversight

- Audit Committee

Behaviour

Increasing

Risk rating (relative position)

2024: High (6)

2023: Medium (10)

MANAGING OUR RISKS – RESPONSE/MITIGATION TO OUR RISKS

7

Union relations

(labour relations)

Risk description

Our highly skilled unionised workforce and experienced management team are critical to sustaining our current operations, executing development projects and achieving long-term growth without major disruption. We are committed to safety, non-discrimination, diversity and inclusion, and compliance with Mexico's strict labour regulations.

The Labour Reform allows the existence of several Unions within a company and gives freedom of choice to the employee. This has led to a complex, rarefied work environment at the Fresnillo mine, with violent clashes between the Union and a group of workers seeking to register a new independent Union. The risk is that the fighting will continue and worsen and eventually the mine's workforce will be reduced. There is also a risk that this conflict could spread to other mines.

There is a risk of strikes or illegal work stoppages at some of our mining units by workers who do not agree with profit sharing or some of the benefits, mainly at the La Herradura mine.

Factors contributing to risk

Adverse coalitions that could disrupt operations illegally, mainly at the Herradura mine. We had a minor disruption in May 2023.

We run the risk of an outside Union seeking to destabilise the current Union.

We could also be adversely affected by National Union politics.

Controls, mitigating actions and outlook

1. We remain attentive to any developments in labour or Trade Union issues. Our executive leadership and the Executive Committee recognise the importance of Trade Union relations and follow any developments with interest. Our strategy is to integrate unionised personnel into each team in the business unit. We achieve this by clearly assigning responsibilities and through programmes aimed at maintaining close relations with Trade Unions in mines and at the national level.
2. There are long-term labour agreements (usually three years) in place with all the Unions at our operations, helping to ensure labour stability.
3. We seek to identify and address labour issues that may arise throughout the period covered by the labour agreements and to anticipate any potential issues in good time. When appropriate, we hire experienced legal advisors to support us on labour issues.
4. We have increased communication with Trade Union leaders in mining units to monitor the working environment and conducted a review of the contractual benefits for Union members in our mines.
5. We maintain constructive relationships with our employees and their Unions through regular communication and consultation. We are proactive in our interactions with unions and their representatives at various levels of the organisation are regularly involved in discussions about:
   - The future of the workforce;
   - The economic situation facing the industry;
   - Our production results.
6. We encourage Union participation in our security initiatives and other operational improvements. These initiatives include the Security Guardians programmes, certification partnerships, integration of high productivity equipment, and family activities.

For more details see Caring for our People on pages 69-79

Link to strategy

2 3

Risk appetite

Low

Risk owner

- Human Resources
- Legal

Risk oversight

- Audit Committee
- People & Remuneration Committee

Behaviour

Increasing

Risk rating (relative position)

2024: High (7)

2023: Medium (9)

8

Human resources

(attract and retain requisite skilled people/talent crisis)

Risk description

Our ability to achieve our operating strategy depends on attracting, developing and retaining a wide range of skilled and experienced internal and external people.

Managing talent and maintaining a high-quality workforce in a rapidly changing technological and cultural environment is a key priority for us. Any failure in this regard could negatively impact current operating performance and future growth prospects.

We face multiple risks in the processes of recruiting, hiring, training and retaining talented, skilled and experienced people:

- Sourcing skilled labour in the mining sector has become a major risk, and our industry requires more and more people who are trained and experienced in mining processes.
- Digital and technological innovation has the potential to generate substantial improvements in the Company's productivity, safety and environmental management. There is a risk that our workforce will be unable to transform to the extent necessary or will be resistant to change and unwilling to accept the impact of automation or to acquire new technological skills.
- The lack of reliable contractors with sufficient infrastructure, machinery, performance history and trained personnel is also a risk that could affect our ability to develop and build mine sites.

In addition, contractual terms prohibit us from hiring specialised personnel from business partners or contractors.

Factors contributing to risk

The shortage of skilled and experienced technical labour in the mining industry is leading to increased competition in the regions where we operate. In certain regions where we operate, there are not enough candidates with the necessary skills to operate mining equipment.

We have business units far from cities and with limited and complicated access, making it difficult to find skilled labour in those regions.

Changing societal expectations are putting pressure on our corporate and employer brand: who we are and what we stand for.

Controls, mitigating actions and outlook

1. We enhance the talent of our employees through training and career development, invest in initiatives to broaden the talent pool and are committed to our diversity and inclusion policy. Through these actions we aim to increase employee retention, as well as the number of women, people with disabilities and employees with international experience in the workplace.
2. Our employee performance management system is designed to attract and retain key employees by creating appropriate reward and remuneration structures and providing personal development opportunities. We have a talent management system in place to identify and develop internal candidates for key management positions, as well as to identify suitable external candidates where appropriate.
3. We aim for continuous improvement, driven by opportunities for training, development and personal growth; in short, we focus on fair recruitment, fair pay and benefits and gender equality.
4. Our goal for retaining talent is to be an employer of choice, and we recognise that, to be a profitable and sustainable business, we need to create value for our employees and their families. We do this by providing a healthy, safe, productive and team-oriented work environment that not only encourages our people to reach their potential, but also supports process improvement.
5. A renewed approach to talent management was implemented in the human resources areas of the business units, ensuring that all our employees have a meaningful conversation about their performance, motivations and experience, as well as a quality development plan that enables them to acquire the skills and experience they need for the future.
6. Employees who live far away from the business units are permanently supported with transportation, medical care for them and their families, health and nutrition programmes with access to high quality food and support with clothing and accessories to protect them from weather changes.
7. A global graduate programme and strategic partnerships are in place to establish mutually beneficial relationships with universities and schools specialising in mining and geology.
8. Local internship training programmes and other future skills development partnerships are in place.
9. We have continued our performance appraisal process, reinforcing formal feedback. We promote certification of key technical competencies for operational staff and have implemented a leadership and management competency development programme for required positions. We develop our high-potential middle managers through the Leaders with Vision programme.
10. Ongoing training workshops are held for staff by business partners and contractors, especially in new technologies and best practices in the mining industry, for example with Caterpillar, Matco, Epiroc, Robbins, Sanvik, etc.

For more details see Caring for our People on **pages 69-79**

Link to strategy

1 2 3 4

Risk appetite

Medium

Risk owner

- Human Resources

Risk oversight

- Audit Committee
- People & Remuneration Committee

Behaviour

Stable

Risk rating (relative position)

2024: High (8)

2023: High (5)

MANAGING OUR RISKS – RESPONSE/MITIGATION TO OUR RISKS

9

Projects

(performance risk)

Risk description

The pursuit of advanced exploration and project development opportunities is essential to achieving our strategic goals. However, this carries certain risks:

- Current or new government regulations that obstruct, limit or restrict the granting of mining concessions; delay or failure to obtain permits, licences, authorisations, etc.
- Economic viability: the impact of the cost of capital to develop and maintain the mine; future metals prices; and operating costs throughout the mine's life cycle.
- Access to land: a significant failure or delay in land acquisition has a very high impact on our projects.
- Delivery risk: Projects can exceed the budget in terms of cost and time; they cannot be built according to the required specifications or there may be a delay during construction; and major mining teams cannot be delivered on time.
- Other uncertainties such as: fluctuations in the degree of ore and recovery; unforeseen complexities in the mining process; poor quality of the ore; unexpected presence of groundwater or lack of water; lack of community support; and inability or difficulty in obtaining and maintaining the required building and operating permits.

The following risks relate specifically to prospective projects in Chile and Peru:

- Government instability, especially in Peru.
- Potential actions by governments (political, legal, regulatory and tax).
- Security.
- Licence to operate (community relations).
- Access to water (national regulation and geographic complications).
- Environmental compliance.
- Competition for land (threat from green power generation companies, for example thermosolar).
- Informal mining.
- Industrial safety compliance (National Geological and Mining Service SERNAGEOMIN).
- Increased mining taxes and fees.

Factors contributing to risk

Prohibition of new open-pit mining concessions.

Uncontrolled increases in the costs of critical inputs directly affect the progress of projects and affect the planning of each project.

In some regions there are no specialised contractors or contractors with the technology to develop the projects.

Contractor productivity may be lower than anticipated, causing delays in the programme.

Increase in the number of high impact crimes (homicide, kidnapping, extortion) in the regions of the projects.

We have identified the following threats to project development:

- Insufficient resources for project execution.
- Changes in operational priorities that can affect projects.
- Inadequate management structure for project supervision.
- Delays in obtaining necessary permits for construction and operation.
- Lengthy procedures for land acquisition, electricity supply and water.

Controls, mitigating actions and outlook

1. Our investment assessment process determines how best to manage available capital using the following criteria:
   - Technical: we evaluate and confirm the resource estimate; conduct metallurgical research of mineral bodies to optimise the recovery of economic elements; calculate and determine the investment required for the overall infrastructure (including roads, energy, water, general services, housing) and the infrastructure required for the mine and plant.
   - Financial: we analyse the risk in relation to the return on the proposed capital investments; set the expected Internal Rates of Return (IRR) per project as thresholds for approving the allocation of capital based on the current value of expected cash flows of invested capital; and perform stochastic and probabilistic analyses.
   - Qualitative: we consider the alignment of investment with our Strategic Plan and business model; identify synergies with other investments and operating assets; and consider the implications for safety and the environment, the safety of facilities, people, resources and community relations.
2. The management of our projects is based on the Project Management Body of Knowledge (PMBOK) standard of the Institute of Project Management (PMI). It allows us to closely monitor project controls to ensure the delivery of approved projects on time, within budget and in accordance with defined specifications. The executive management team and the Board of Directors are regularly updated on progress.
3. Each advanced exploration project and major capital development project has a risk record containing the project-specific identified and assessed risks.

See Review of operations on **pages 46-50**

Link to strategy

2

Risk appetite

Medium

Risk owner

- Projects
- Legal
- Community Relations
- Access to Land Department

Risk oversight

- Audit Committee
- The Investment Committee

Behaviour

With attention

Risk rating (relative position)

2024: High (9)

2023: High (7)

10

Safety

(incidents due to unsafe acts or conditions could lead to injuries or fatalities)

Risk description

The mining industry is inherently dangerous. Major hazards across our operations and projects include process safety, underground mining, surface mining and tailings and water storage.

Our workforce faces risks such as fire, explosion, electrocution and carbon monoxide poisoning, as well as risks specific to each mine site and development project. These include rockfalls caused by geological conditions, cyanide contamination, explosion, becoming trapped, electrocution, insect bites, falls, heavy or light equipment collisions involving machinery or personnel and accidents occurring while personnel are being transported.

These risks have the potential to cause death, illness or injury, damage to the environment, and disruption to communities. A poor safety record or serious accidents could have a long-term impact on morale and on our reputation and productivity.

We are saddened to report that two fatalities were recorded during 2024, and that we experienced increases in accidents related to:

- Rockfall/terrain failure.
- Loss of vehicle/equipment control.
- Team-vehicle-person interaction.
- Accident in transport of staff.
- Contact with electric power.
- Becoming trapped.
- Contact with hazardous substances.

Factors contributing to risk

Frequent transportation of our people to remote business units is an ongoing feature of our operations. In many cases, these units have poor accessibility by road.

Failure to comply with safety programmes, measures and audits or with the findings of inspections.

High turnover of workforce, including contractors.

Controls, mitigating actions and outlook

1. Nothing is more important than the safety and wellbeing of our employees, contractors and communities. Our objective is first and foremost to have zero fatalities. We believe all incidents and injuries are preventable, so our focus is on identifying, managing and, where possible, eliminating risks. We constantly seek to improve our safety and health risk management procedures, with focus on the early identification of risks and the prevention of fatalities.
2. We are raising awareness of the risks generated by our operational activities. This includes quarterly meetings on the main safety risks at each mining unit, projects and exploration sites, overseen by the Executive Committee.

For more details see Caring for our People on **pages 69-79**

3. Continuing the implementation of the 'I Care, We Care' programme in all our operations, including strengthening the programme's five lines of action.
4. We are reinforcing the four pillars of our Safety and Occupational Health strategy:
   a. Safety and Health Risk Management: workers at all levels are able to identify hazards and controls, so that all jobs are carried out safely.
   b. Leadership: all employees and contractors are health and safety leaders and we demonstrate our commitment through each individual's responsible behaviour.
   c. Contractor management: our contractors are an integral part of our safety team and culture, and we work together to improve.
   d. Reporting, research and learning from our accidents: we share good practices and learn from our mistakes.
5. We have implemented technical and safety standards and procedures for slope geotechnical, tailings management, underground mining and process safety.
6. We are advancing the automation of hazardous processes.
7. The critical controls that reduce risk in the business units are periodically updated and improved through inspections and performance evaluations, which are carried out by the safety team, external auditors such as 'Real Safety' and even by government authorities such as the Ministry of Labour and PROFEPA.

For more details see Caring for our people on **pages 69-79**

Link to strategy

3 4

Risk appetite

Low

Risk owner

- Safety
- Human Resources

Risk oversight

- HSECR Committee

Behaviour

Stable

Risk rating (relative position)

2024: High (10)

2023: High (8)

MANAGING OUR RISKS – RESPONSE/MITIGATION TO OUR RISKS

11

Licence to operate

(community relations)

Risk description

At both a local and global level, the mining industry's stakeholders have high expectations relating to social and environmental performance. These expectations go beyond the responsible management of negative impacts to include continuous engagement and contribution to stakeholder development.

Failure to adequately address these expectations increases the risk of opposition to mining projects and operations. Negative sentiment towards mining or specifically towards Fresnillo plc could have an impact on our reputation and acceptability in the regions where we have a presence.

We monitor the following risks:

- Negative perception of the Company's social and environmental performance.
- Failure to identify and address legitimate concerns and expectations of the community and of society at large.
- Insufficient or ineffective engagement and communication.
- Failure to contribute purposefully to community development.

Factors contributing to risk

Higher expectations and scrutiny of social and environmental performance.

Rising expectations on shared benefits regarding land agreements.

Perceived competition on access to natural resources, notably water.

Significant reduction in government spending on community infrastructure, development programmes and services.

Anti-mining activism fuelling opposition to mining.

Community concerns about insecurity, access to water and the environmental impact of the operations of the business units.

Controls, mitigating actions and outlook

1. We hold regular meetings with key community stakeholders to communicate about the Company, and its social and environmental practices.
2. An internet listening module was implemented, making it possible to capture concerns from the community which can remain anonymous. The module has expanded our reach into areas where technology makes it easier for people to raise matters about the Company. It also enables us to provide the same care as we do with cases presented in-person.
3. We closely monitor threat and social opportunities associated with our operations through constant and direct contact with the leaders of each business unit, social studies, and media monitoring complaints and claims process.
4. Governance over the complaints process is improving every year. Complaints are received, assessed and managed, involving line managers, while dissatisfied stakeholders are kept informed of the status of each case, until satisfactory closure agreements are reached.
5. We deploy social programmes in the communities near the business units, such as support for schools, clinics and health, supply of medicines, nutrition and food, maintenance of roads and bridges, water supply, etc.

For more details see Partnering with our communities on pages 101-106

Link to strategy

1 2 3 4

Risk appetite

Medium

Risk owner

- Community Relations
- Human Resources

Risk oversight

- HSECR Committee

Behaviour

Stable

Risk rating (relative position)

2024: Medium (11)

2023: Medium (11)

12

Exploration

(new ore resources)

Risk description

We are highly dependent on the success of the exploration programme to meet our strategic value-creation targets and our long-term production and reserves goals.

Maintaining a reasonable investment in exploration, even when metals prices are low, has been our policy through the years. While continuous investment has always been a hallmark of our exploration strategy, replenishing exploited reserves and increasing our total amount of resources could be a challenge in the future.

The growing level of insecurity, a more challenging land access scenario, and delays in obtaining government permits detailed previously, translates into a longer timeframe to deliver new discoveries and improve the category of resources. In addition, difficulties in obtaining new mineral concessions could hamper the exploration in new target areas.

Factors contributing to risk

In Mexico, the new mining law establishes that exploration activities in new concessions will be carried out only by the Mexican Geological Services assigned to the Ministry of Economy.

New concessions would be granted through a bidding process following exploration orders submitted to the Service. However, pre-existing concessions may continue to be explored by their holders and may be commercialised upon authorisation by the federal Ministry of Economy. Fresnillo plc's concessions will allow the company to continue its brownfield and greenfield exploration programmes, at least in the medium term. Access to new concessions will be difficult.

This year, we have seen that the exploration programme has been complicated and delayed mainly for the following reasons:

- Restrictions on new mining concessions.
- Delays in procedures regarding access to land.
- Presence of organised crime (insecurity) in the regions where we have projects and exploration camps.
- Delays and failures to obtain permits and licenses from government authorities.
- Increased exploration costs.
- In Chile, risk factors include lack of water in the Atacama Desert in the north and possibility of conflict with forestry or agricultural interests in the south, overall higher costs compared to those in Mexico, seasonal restrictions to exploration in the High Andes, scarcity of open grounds for staking, poor infrastructure in remote zones, presence of anti-mining communities or NGOs, and strong competition for mining claims and staff.
- In Peru, the main risk factors include the long lead time required to obtain social permits (emphasising the need for strong community relations teams and programs), delays in obtaining government permits, poor infrastructure in mountainous regions, the presence of anti-mining communities or NGO's and the possibility of invasion of illegal miners.

Controls, mitigating actions and outlook

1. Increasing regional exploration drilling programmes to intensify efforts in the districts with high potential.
2. For local exploration, aggressive drilling programmes to upgrade the resources category and convert inferred resources into reserves.
3. A team of highly trained and motivated geologists, including both employees and long-term contractors.
4. Advisory technical reviews by international third-party experts and routine use of up-to-date and integrated GIS databases, cutting-edge geophysical and geochemical techniques, large to small scale hyperspectral methods, remote sensing imagery and analytical software for identifying favourable regions to be field checked by the team.
5. Maintain a pipeline of drill-ready high priority projects.

For more details see Our Strategy on **pages 14-19**

Link to strategy

1

Risk appetite

High

Risk owner

- Exploration
- Projects
- Legal

Risk oversight

- The Board
- The Investment Committee

Behaviour

Stable

Risk rating (relative position)

2024: Medium (12)

2023: Medium (12)

MANAGING OUR RISKS – RESPONSE/MITIGATION TO OUR RISKS

13 Climate change

Risk description

The mining industry is highly exposed and sensitive to climate change:

- Societal responses to the transition to a low-carbon economy include stricter regulations to reduce emissions, a transformation of the global energy system, changes in behavioural and consumption choices, and emerging technologies.
- Our operations and projects are expected to face severe physical risks from extreme weather events, such as high temperatures, drought and extreme rainfall from more frequent and intense hurricanes in the Pacific Ocean. These potential natural disasters can affect the health and safety of our people, damage access roads and mine infrastructure, disrupt operations and affect our neighbouring communities.

The most significant risk we currently face relates to compliance with all provisions and requirements of international agreements to reduce pollution and greenhouse gas emissions and regulatory disclosure standards in both Mexico and the UK.

In addition, the mining industry is also expected to face chronic risks in a few years, such as rising temperatures, which may increase our demand for water, or a decrease in annual rainfall, which is certain to exacerbate water stress in the regions where we operate. The former risks may also intensify competition for access to water resources, increasing the risks to the social licence to operate.

Factors contributing to risk

Burning fossil fuels: Adds greenhouse gases to the atmosphere, which increases the greenhouse effect and global warming.

Deforestation in areas where we have operations and projects: Intentional logging, which adds greenhouse gases to the atmosphere.

Increased temperatures in desert areas where we operate: Can worsen air quality and have effects on respiratory and cardiovascular health.

Changes in weather patterns: Can worsen air quality and cause respiratory and cardiovascular effects.

Forest fires near units where we have operations or projects: Generate smoke and other air pollutants harmful to health.

Oil and gas extraction: Main source of CO_2 pollution.

Increasing livestock farming: Cows and sheep produce large amounts of methane when they digest their food.

Controls, mitigating actions and outlook

1. Understanding our exposure on each asset through assessment programmes, such as our critical risk assessment and asset integrity assurance programme, and climate change resilience assessments with support from external consultants such as PWC, Marsh, Zurich.
2. Having business resilience plans and emergency response plans, training and annual exercises to prepare for a natural disaster, including established communication plans and coordination with local, regional and state agencies.
3. Using the latest generation of climate analysis (weather forecasts, climate outlooks, modelling and disaster projections) to obtain quantitative information on short-, medium- and long-term physical climate risks.
4. Applying protection principles rather than a compliance-based approach across our operations. Foster proactive relationships with international civil society organisations, governments and environmental departments to support protective legislation.
5. Actively supporting and reporting on our practices in relation to the commitments in the International Council on Mining and Metals statement on water management.

Link to strategy

1 2 3 4

Risk appetite

Medium

Risk owner

- ESG Department
- Legal Department

Risk oversight

- HSECR Committee

Behaviour

Stable

Risk rating (relative position)

2024: Medium (13)

2023: Medium (13)

14
Tailings dams
(overflow or collapse of tailings deposits)

Risk description

Ensuring the stability of our tailings storage facilities (TSFs) during their entire lifecycles is central to our operations. A failure, collapse or overtopping of any of our TSFs could result in fatalities, damage to the environment, regulatory violations, reputational damage and disruption to the quality of life of neighbouring communities as well as our operations.

Before constructing a dam, we conduct a series of studies to confirm the suitability of the area. These studies include geotechnical, geological, geophysical, hydrological, hydrogeological, and seismic analyses. Before construction begins, the Ministry of Environment and Natural Resources (SEMARNAT), through the Federal Office for Environmental Protection (PROFEPA), conducts several assessments.

Most of our operative facilities were designed and constructed under local and national controls and standards; following investigation, re-design, and construction process over the last 4 years they also comply with Fresnillo's new tailings policy and guidelines.

Our understanding of historic facilities' conditions is not as mature as that of the operative facilities but is a work in progress. As such, those facilities remain on care and maintenance status (non-operative).

Having permits, licences and certifications from the government to be able to operate TSFs is a risk due to the time involved in these procedures and the legal complications. Planning new TSFs with the necessary time and to international standards is also a risk, due to the limitations of the land around our mines and the costs and time involved in constructing them. If we don't manage these in a timely manner, we run the risk of disrupting the operation.

Factors contributing to risk

- The climate in recent years has become harsher in the regions where we operate, i.e. more severe and prolonged rainfall, more intense air that takes away the geomembrane liners, snowfall, and frost that complicates the operation, etc.

Controls, mitigating actions and outlook

1. The Global Industry Standard on Tailings Management (GISTM) was published in 2020 and is considered to be best practice. We understand the value and importance it brings to our industry, and we continually review and assess the impact of compliance. Taking GISTM into account, we have updated our risk assessment methods with a focus on more detailed risk identification, failure modes, and controls to avoid catastrophic failures.
2. We launched a new tailings policy in 2023, based on the industry's best practices, reinforcing our commitment to the safety and health of our workforce, communities, and the environment. Each year, internal audit and external auditors specialised in tailings dams such as Hawcroft Consulting and 'Knight Piésold Consulting' check our compliance with the policy.
3. Catastrophic failures of TSFs are unacceptable and their potential for failure is evaluated and addressed throughout the life of each facility. We manage our TSFs in a manner that allows the effectiveness of their design, operation, and closure to be monitored at the highest levels of the Company:
   - Our TSFs are constantly monitored, and all relevant information is provided to the authorities, regulating bodies, and the communities that could be affected.
   - We manage our TSFs using data, modelling, and construction and operating methods validated and recorded by qualified technical teams and reviewed by independent international experts, whose recommendations we implement to strengthen the control environment.
   - Risk management includes timely risk identification, control definition, and verification. Controls are based on the consequences of the potential failure of the tailing's facilities.
4. In 2024 we continued several initiatives to align our governance practices with current best practices:
   - Updating the inventory of the TSFs and validating the data log.
   - Reviewing findings of the Independent Tailings Review Panel (ITRP) and prioritising recommendations arising from inspections.

For more details see Tailings and Mineral Waste Management on pages 95-97

External sources of confidence

- Complying with Independent Tailings Review Panel (ITRP) annual review program. This panel is comprised by renowned international experts.
- Periodically we are inspected by the Independent Tailings Review Panel, who issue corrective and preventive recommendations to keep the tailings dams in good condition. In 2024, the Independent Tailings Review Panel visits were made to all Fresnillo plc tailings dams.

Link to strategy

4

Risk appetite

Low

Risk owner

- TSF's Department
- Safety & Environmental Department

Risk oversight

- HSECR Committee
- Executive Committee

Behaviour

Stable

Risk rating (relative position)

2024: Medium (14)

2023: Medium (14)

MANAGING OUR RISKS – RESPONSE/MITIGATION TO OUR RISKS

15

Environmental incidents

(cyanide spills and chemical contamination)

Risk description

Environmental incidents are an inherent risk in our industry. These incidents include the possible cyanide spills and dust emissions, any of which could have a high impact on our people, communities and businesses. We seek to achieve operational excellence to ensure that our employees and contractors go home safe and healthy, and that there are no adverse impacts on the communities and the environment where we operate.

An operating incident that damages the environment could affect both our relationship with local stakeholders and our reputation, reducing the social value we generate.

We continue to be alert to the following risks:

- Cyanide management risk.
- Impact on the environment through erosion/deforestation/forest loss or disturbance of biodiversity because of the operations of the business unit or project activities.
- An event involving a leak or spill of cyanide or SO2, which due to its chemical properties could generate an event of major consequence on the premises of the business unit and/or in the nearby area. Tailings pipelines leading from the plant to the storage deposits are where there is the highest risk of spills, especially at the Fresnillo and Saucito mines.

Environmental issues directly related to climate change and tailings storage are considered in our specific principal risks Climate Change and Tailings dams.

Factors contributing to risk

Climate change in the regions where we operate is beginning to increase the risk of incidents impacting the environment, mainly due to more extreme rainfall.

We operate in challenging environments, including forests and agricultural areas in Chihuahua and Durango, and Sonora Desert, where water scarcity is a key problem.

Disruptions and lack of supply of critical inputs for the operation.

Failure to address the recommendations of external audits, especially those related to the environment.

Controls, mitigating actions and outlook

1. We work to raise awareness among employees and contractors, providing training to promote operational excellence.
2. The potential environmental impact of a project is a key consideration when assessing its viability, and we encourage the integration of innovative technology in the project design to mitigate such impacts.
3. We have an environmental management system in place. We have strengthened the regulatory risk pillar of the environmental management system, incorporating monthly updates of environmental regulations. Furthermore, we now regularly monitor the Environmental Authority inspection processes to assure compliance with our environmental commitments and action plans.
4. Each site maintains updated environmental emergency preparedness and detailed closure plans with appropriate financial provisions to ensure physical and chemical stability once operations have ceased.

For more details see Protecting our Environment on **pages 80-100**

5. We comply with international best practices as promoted by the International Cyanide Management Institute (ICMI) and the Mexican standard NOM-155SEMARNAT-2007, which establishes environmental requirements for gold and silver leaching systems.

For more details see Cyanide Management on **page 97**

External sources of confidence

Fresnillo and Saucito are ISO 9001 certified; Fresnillo, Saucito, Herradura and Noche Buena are ISO 14001 and ISO 45011 certified.

Our Herradura and Noche Buena leaching operations comply with the Cyanide Code issued by the International Cyanide Code Institute with the respective certification.

Link to strategy

4

Risk appetite

Low

Risk owner

- Safety & Environmental Department

Risk oversight

- HSECR Committee

Behaviour

Stable

Risk rating (relative position)

2023: Medium (15)

2022: Medium (15)