



Modern Slavery Statement 2017

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by Fresnillo plc ("Fresnillo" or the "Company") to prevent any involvement in slavery and human trafficking. Fresnillo plc is strongly committed to continuing to evolve its approach to manage this risk.

1. Introduction

Modern slavery is a grave violation to human rights. It comprises all forms of contemporary slavery such as forced labour, servitude, human trafficking and the worst forms of child labour¹. Fresnillo has a zero tolerance approach to modern slavery and expects its employees, suppliers and contractors to reject any and all of its forms.

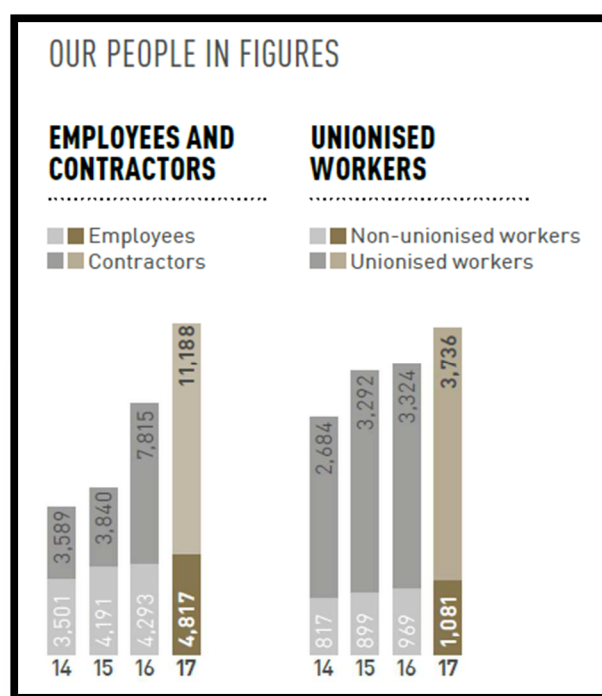
2. Business Structure

Fresnillo is the world's leading silver producer and the largest gold producer in Mexico. The Company seeks to create value for stakeholders across precious metal cycles, focusing on high potential silver and gold projects that can be developed into low cost, world-class mines.

Fresnillo purchases goods and services across all stages of the mining cycle, from exploration and construction to mining operations. Mining contractors are key partners, representing 79% of the Company's workforce. In 2017, the Company paid over US\$ \$1,112.61 million to suppliers and contractors. Where possible, Fresnillo plc buys local goods and services to develop procurement opportunities and economic wealth within the communities where we operate.



¹ BEYOND COMPLIANCE: EFFECTIVE REPORTING UNDER THE MODERN SLAVERY ACT. A civil society guide for commercial organisations on the transparency in supply chains clause.



3. Modern Slavery Context in Mexico

The majority of Fresnillo's people and operations are located in Mexico and for that reason, country-specific factors should be considered in order to better understand Fresnillo's exposure to modern slavery risks.

Forced Labour

Women and migrants (including men, women, and children) are the most vulnerable individuals in Mexican society regarding forced labour². Evidence suggests that this illegal practice may be more common in the agricultural, domestic service, food processing, construction, informal economy, begging, and street-vending industries, both in Mexico and the United States.

Human trafficking

The groups considered most vulnerable to human trafficking in Mexico include women, children, indigenous persons, persons with mental and physical disabilities, migrants, and the LGBT community. The vast majority of foreign victims of forced labour and sex trafficking in Mexico are from Central and South America countries³.

The legal framework in Mexico and relevant Governmental institutions are presented below.

Legal Framework:

- The Mexican Constitution forbids forced labour and inhumane work conditions.
- The General Law against Human Trafficking prohibits human trafficking in any of its forms and sets the framework to prosecute offenders and assist the victims.

² United States Department of State, 2015 Country Reports on Human Rights Practices - Mexico, 13 April 2016, available at: <http://www.refworld.org/docid/571612389.html> [accessed 10 June 2017]

³ United States Department of State, 2015 Trafficking in Persons Report - Mexico, 27 July 2015, available at: <http://www.refworld.org/docid/55b73bc4c.html> [accessed 10 June 2017]

- The Mexican Labour Law regulates labour rights and working conditions

Relevant Government Agencies in Mexico:

- The Mexican Labour Ministry
- National Human Rights Commission⁴
- National Institute of Migration⁵
- Executive Commission for Attention to Victims
- Special Prosecutor's Office for Violence against Women and Human Trafficking
- Interinstitutional Commission against Human Trafficking
- National Commission for the Development of Indigenous Peoples
- Home Office

4. Policies and Governance

Policies

Fresnillo respects and supports human rights, avoids complicity with abuses, addresses grievances related to its business activities where relevant and does not tolerate human rights violations committed by its employees, contractors, suppliers and public or private security providers acting on its behalf.

Our policy framework is consistent with our overarching human rights commitments. We aspire to act in a manner consistent with the United Nations (UN) Universal Declaration of Human Rights and the UN Global Compact Principles. We are strongly committed to continuing to evolve our approach to manage human rights risk following the UN Guiding Principles on Business and Human Rights.

Along with the laws of Mexico that protect human rights, we have internal policies and procedures in place to protect the human rights of our communities, employees, contractors and suppliers. Our Sustainability Policy and our Code of Conduct outline this commitment. We consider that modern slavery is a human rights violation linked to unethical behaviours. Therefore our risk control framework is closely linked to our ethics initiatives in order to ensure an integrated approach.

Ethics Aspirational statement

"As one of the leading precious metals companies, we aspire to have a well-established ethics corporate culture demonstrated by our behaviours and actions"

Our Code of Conduct applies to all employees and related third parties (clients, suppliers, community and other entities who have some kind of business relationship with Fresnillo). We require mining contractors and suppliers to comply with our Code of Conduct through contracts that stipulate compliance with Mexican labour regulations, our health and safety policies and operating procedures. All contractors must register their employees with the Mexican Social Security Institute (IMSS), a

⁴ The National Human Rights Commission is the national human rights institution (NHRI) accredited before the United Nations.

⁵ The National institute of Migration controls and supervises migration in Mexico

governmental organization that assists public health, pensions and social security. IMSS requires companies to disclose the compensation and working hours to protect their labour rights. All employees, contractors and suppliers are encouraged to report any incident to our whistleblowing line “Fresnillo Plays Fair”.

Our employees, contractors and suppliers must treat all workers and members of the community with dignity and respect. Their behaviour must not impact the wellbeing of vulnerable members of the community by engaging them in activities such as compulsory labour or sexual exploitation. Environmental, livelihood and other community concerns may be reported through our grievance mechanism, or brought to light via our perception studies.

Governance

The Health, Safety, Environment & Community Relations (HSECR) Committee of the board evaluates, on behalf of the Board, the Company’s effectiveness of Management in preventing modern slavery.

5. Our Due Diligence process

We conduct due diligence into new suppliers and contractors to identify potential legal, fiscal, reputational and human rights risks. We engage suppliers to raise awareness and ascertain they have measures in place to ensure there is no compulsory, forced and child labour. In addition, we inquire into the human rights record of potential suppliers and contractors using public sources, including the Business and Human Rights Resource Center (<https://www.business-humanrights.org>). We monitor our contractors to make sure they properly register their employees before the Mexican Social Security Institute.

None of the suppliers and contractors on which we conducted due diligence in 2017 was identified with a risk for modern slavery and requiring safeguards such as pre-audits or monitoring of working conditions throughout the duration of the contract.

All of our operations are required to adequately manage human rights risks in the communities where we operate. In 2017, we engaged the communities neighbouring our operations in order to evaluate our social performance. We modified the methodology for evaluating social impacts (positive and negative) considering human rights. The feedback from this evaluation provides valuable information to enhance our community engagement plans. We have not detected negative impacts of our operations relating to modern slavery and human trafficking.

6. Risk Assessment and mitigation

We integrate human rights, including modern slavery, into our own operations’ risk management processes. To better understand human rights risks and our exposure in Mexico, we take into consideration public information such as the Global Slavery Index, the Business and Human Rights Guide for Mexico (developed by the Danish Institute for Human Rights) and Country Reports on Human Rights Practices by the United States Department of State. The Transparency International Corruption Perceptions Index is also useful to understand exposure to related issues such as corruption. In addition, we use perception studies to gain insights into the Company’s human rights risks at the community level.

A cross-functional Management team has conducted a risk assessment to evaluate human rights risks, including modern slavery. This evaluation has identified the areas of the business, including vulnerable groups, which are most exposed to the risk of human rights violations. From these insights, the Company adapted its third-party Due Diligence procedures to consider modern slavery risks.

Next steps

In order to reduce exposure to related issues such as working conditions, the Company will further develop contractor standards to set expectations and monitor working conditions.

7. Training and raising awareness

Raising awareness and developing our competences are crucial to preventing any involvement in modern slavery and human rights abuses throughout our organisation as well as our partners in the value chain.

We have trained our due diligence teams to investigate the human rights track records of suppliers and contractors using publicly available sources. We raised the awareness of our procurement specialists to bear in mind new due diligence queries and procedures related to working conditions and modern slavery.

The training we offer extends beyond our Procurement teams to our wider operations. Our people, from the time that they join Fresnillo plc, are provided with the Code of Conduct and are expected without exception to comply with the provisions of our Code. We make clear that behaving in accordance with the Code is a condition of employment.

Next steps

We will focus our efforts on developing the competencies of mining contractors to implement and meet our expectations on working conditions to prevent any human rights risks. We intend to have an active dialogue with key suppliers to raise awareness on modern slavery.

8. Assessment and effectiveness

Our grievance Fresnillo Plays Fair whistleblowing line offers a secure channel to report violations. Our Honours commission is responsible for investigating and addressing ethical misconduct and human rights abuses. Moreover, our local grievance mechanisms allow the Company to address issues raised by the communities, including any and all human rights concerns. No modern slavery complaints were received during 2017 through our local grievance mechanism or our “Fresnillo plays fair” whistleblowing line.

We recognise that additional work is still required on an ongoing basis to further develop our ability to correctly identify other potential signs of modern slavery that are less evident.

9. Multi-stakeholder engagement

We encourage government efforts to help business prevent and address involvement in human rights issues. We have joined a multi-stakeholder group to participate in the dialogue for the development of the Mexican National Program for Business and Human Rights. This multi-stakeholder group is comprised of representatives from academia, government, unions, National Human Rights Commission, NGO's, law makers, the judicial system and businesses.

10. Looking ahead

In 2018 we will pursue our efforts to embed the necessary controls into our operations and best practices to ensure prevention of modern slavery. We will focus our efforts on developing the competencies of mining contractors to prevent any human rights risks. We will remain highly committed to multi-stakeholder dialogue and collaboration to prevent modern slavery in any of its forms.

Yours faithfully,

Arturo Fernández Pérez,

Chairman

Health, Safety, Environment and Community Relations Committee

This statement was approved by the board of Fresnillo plc. For more information please visit the Company's annual report and our website at <http://www.fresnilloplc.com/>.