

## MANAGING OUR RISKS CONTINUED

### RESPONSE/MITIGATION TO OUR RISKS

#### 7. UNION RELATIONS

##### RISK DESCRIPTION

The risk of union action or a deterioration in union relations at some sites may be possible. Internal union politics could impact us negatively, as could pressure from other mining unions that want to take over the Fresnillo labour contracts.

##### RESPONSE/MITIGATION

Our strategy is to integrate unionised personnel into each BU team. We achieve this by clearly assigned responsibilities and programmes for maintaining close relationships with unions at mine sites and at national level. We maintain close communication with union leaders at various levels of the organisation in order to: raise awareness about the economic situation the industry is facing; share our production results; and to encourage union participation in our initiatives regarding safety and other operational improvements. These initiatives include the safety guardians programme, alliances for obtaining certifications, integration of high productivity teams and family integration activities. During the year, we held six leadership workshops which were attended by 162 key union leaders at our business units, in order to improve their leadership abilities at the local union committees.

##### DESCRIPTION OF RISK LEVEL

During 2018, we continued to build on our good relations with unions at national and local levels, however recent developments have led us to increase our perceived level of risk driven by the potential changes to labour laws which might impact the way labour unions operate. At the time of this report's publication, the contractual revisions of our mines were carried out in a smooth manner without setbacks. Our executive management and the Board recognise the importance of union relations and follow any developments with interest.

We are proactive and timely in our responses to the needs of the unions, and experienced no labour-related work stoppages in 2018. If required, we engage experienced legal counsel, both internal and external, to support us on labour issues. We will continue to closely monitor union and labour developments.

##### KEY RISK INDICATORS

- Union members level of satisfaction.
- Number of media mentions related to mining union developments.

##### RISK APPETITE

### LOW

##### Risk rating (relative position)

2018: Medium high (7)

2017: Medium low (8)

##### LINK TO STRATEGY



##### CHANGE IN HEAT MAP

