

12. HUMAN RESOURCES

RISK DESCRIPTION

Our people are critical to delivering our objectives. We face risks in selecting, recruiting, training and retaining the people we need.

A lack of reliable contractors with sufficient infrastructure, machinery, performance track record and skilled people is also a risk that could impact our ability to develop and construct mining works.



RESPONSE/MITIGATION

Recruitment: we have assessed our hiring requirements for key positions for 2019, and aim to meet them by internal training and promotion, and by recruitment through:

- Our close relationships with universities offering earth sciences programmes. We have dedicated programmes to identify potential candidates based on performance who may be hired as interns and/or employees on graduation. We welcomed 137 professional practitioners, 57 trainees and scholarships and 173 engineers to our coaching programme.
- CETEF (Centre for Technical Studies Fresnillo) which teaches specific mining operational skills. All 10 graduates hired in 2018 joined as full-time employees.
- CETLAR (the Peñoles Centre for Technical Studies) which trains mechanics and electrical technicians. All eight graduates were hired as full-time employees in 2018 across Fresnillo's business units.

During 2018 we contracted 83 experienced personnel to fulfil our requirements.

Retention: Our aim is to be the employer of choice, and we recognise that in order to be a profitable and sustainable company, we have to generate value for our employees and their families. We do this by providing a healthy, safe, productive and team-oriented working environment that not only encourages our people to fulfil their potential but also supports process improvements.

Our focus is on continuous improvement, driven by training, development and personal growth opportunities; in summary our focus is on fair hiring, fair remuneration and benefits and gender equality as described in the Our People section on pages 69 to 70. We again received the Great Place to Work award, among companies with more than 5,000 employees. During 2018, 143 employees were promoted (13% of our structure at a professional level) and 58 transfers took place between business units. As we explain in the Corporate Governance section, we are currently considering how best to enable employee engagement at Board level, which we believe will support improved retention rates.

Performance: We have continued our performance evaluation process, reinforcing formal feedback. We promote the certification of key technical skills for operational personnel, and the administrative and leadership skills development programme for required positions. We develop our high potential middle managers through the Leaders with Vision programme.

Contractors: We have long-term drilling and mining contracts. We invest significantly in training contractors, particularly on safety and environmental requirements. We have supported the enrolment of 80 of our contractor companies into the self-management Programme on Health and Safety at Work (PASST), promoted by the Mexican Secretariat of Labour and Social Welfare (STPS). Of these companies, 55% have been certified, and 45% are in the process of being certified.



DESCRIPTION OF RISK LEVEL

We aim to carefully align our human resources with our operational and growth requirements. We believe that we have currently achieved this alignment, due to the success of activities including our ongoing university recruitment and employee retention strategies.

Contractor resourcing continues to be a major challenge. We maintain a broad base of contractors in order to provide us with operational flexibility, and aim to professionalise them to the same level as our own employees.

KEY RISK INDICATORS

- Number of positions filled by area of specialty, for vacancies and new positions.
- Employee turnover rate.
- Average hours of training and professional development per employee.
- Number of contractor personnel relative to unionised personnel per BU.

RISK APPETITE

MEDIUM

Risk rating (relative position)

2018: Low (12)

2017: Low (11)

LINK TO STRATEGY



CHANGE IN HEAT MAP

