

## 5 – Union relations

### RISK DESCRIPTION

Potential emergence of a union outside the Company that seeks to destabilise the current union.

Domestic trade union policy could adversely affect us, as could pressure from other mining unions that wanted to take over Fresnillo's employment contracts.

### FACTORS CONTRIBUTING TO RISK

- The Labour Reform published in May 2019 allows the existence of several unions within a company and gives the employee the freedom of choice. 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 voluntary turnover at the mine will increase. There is also a risk that this conflict could spread to other mines.
- In addition, the TMEC (new trade agreement between Mexico, Canada and the United States replacing NAFTA) commenced in July, with new labour and trade union provisions.

### CONTROLS, MITIGATING ACTIONS AND OUTLOOK

Increased communication with trade union leaders in mining units to monitor the working climate.

Meetings have been held with groups of workers who want to introduce new unions to the Company.

A specialist group in the area of labour relations was formed to meet the demands of dissident workers.

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.

We maintain close communication with trade union leaders at various levels of the organisation in order to: raise awareness of the economic situation facing the industry; share our production results; and 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.

We are proactive in our interactions with the union. When appropriate, we hire experienced legal advisors to support us on labour issues. We remain attentive to any developments in labour or trade union issues.

We started 2020 by conducting three Regional Labour Update Forums with company leaders and unions in Sonora, Coahuila and Zacatecas with 219 participants.

From February to the end of the year, we carried out a job training programme for operational leaders of companies at the level of middle management, with the participation of 659 leaders.

We conducted a review of the contractual benefits for union members in our mines.

Our executive leadership and the Executive Committee recognise the importance of trade union relations and follow any developments with interest.

 For more details see Our People on pages 86-87

### COVID-19 PANDEMIC IMPACT

Although the pandemic did not severely affect this risk, it did slightly complicate the negotiations and delayed some agreements, but with no significant impact. Faced with the pandemic, the union requested the Company to take care of all the sanitary measures recommended by the health authority so that the workers could return to the mining units. Today, the union continues to support the safety measures that we adopted.

### KEY RISK INDICATORS

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

### LINK TO STRATEGY



### RISK APPETITE

Low

### CHANGE IN HEAT MAP

 Increasing

### RISK RATING (RELATIVE POSITION)

2020: High (5)  
2019: Medium high (6)