



**OUR COMMITMENT
TO HUMAN RIGHTS
MODERN SLAVERY
STATEMENT 2019**



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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 in our business operations. Fresnillo plc is strongly committed to continuing to evolve its approach to manage this risk and thereby to strengthening efforts to eradicate these evil practices.

1. Introduction

Modern slavery is a grave violation to human rights. Promoting best practices against modern slavery and addressing negative impacts on human rights is central to our purpose to contribute to the wellbeing of people, through the sustainable mining of silver and gold.

At the time of this document, the coronavirus outbreak remains a threat to lives and livelihoods. “The COVID-19 pandemic is a public health emergency — but it is far more. It is an economic crisis. A social crisis. And a human crisis that is fast becoming a human rights crisis¹” (António Guterres, Secretary-General of the United Nations). Furthermore, the International Labour Organisation (ILO) and Walk Free foundation have emphasized the risks that the pandemic represents to the worldwide efforts to eradicate modern slavery.

The Company has taken the foregoing into account when we integrate considerations of modern slavery risks into our broader response to the pandemic. This statement has been reviewed by the board’s Health, Safety, Environment and Community Relations (HSECR) Committee.



2. Business Structure

Mining of gold and silver in a responsible way is at the heart of our business model. We generate revenue by selling the metals contained in the ore we extract and process. We ensure the longevity of our business by exploring and developing new projects. Our business model spans the full mining value chain from exploration, development and construction, to mining operations.



Our core operations are in Mexico, a country with significant geological resources, strong potential for continued growth, a skilled workforce and solid infrastructure, and a mining history extending more than 500 years.

¹ <https://www.un.org/en/un-coronavirus-communications-team/we-are-all-together-human-rights-and-covid-19-response-and>



Contractors and suppliers are key partners in our value chain. In 2019, the Company paid over US \$ 1,518 million to suppliers and contractors. Our workforce is distributed across our explorations, mining operations and development projects. Contractors are key partners representing 71% of our Workforce.

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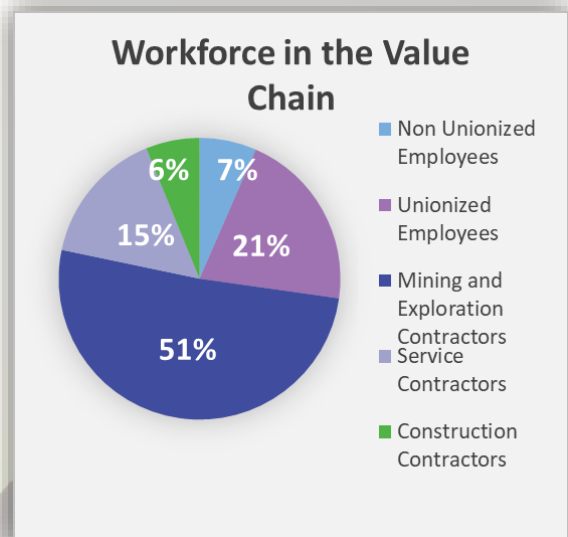


Contractors Workforce

Mining and Exploration Contractors: Companies assigned to mining, processing, maintenance and support activities such as exploration and topography.

Service Contractors: Staff working in activities other than Mining and Exploration, such as foodservice, housekeeping and security. Development of Projects use service contractors for underground wiring, piping and installation of equipment.

Construction Contractors: Staff working at construction projects (ie. construction of processing plants, camps, roads, etc.).



The majority of our workforce is allocated to mining extraction and beneficiation, representing 84.8% of the demand of workforce, whereas Exploration, Development, and Construction represent 15.15%.

Workforce	Exploration	Development	Operation	TOTAL
Non Unionized Employees	164	64	1,089	1,317
Unionized Employees	0	0	4,165	4,165
Mining and Exploration Contractors	273	715	9,291	10,279
Service Contractors	30	561	2,537	3,128
Construction Contractors	0	1,243*	0	1,243
TOTAL	467	2,583	17,082	20,132

* All figures refer to December 2019 except Construction Contractors. Due to the activity the figure fluctuated between 1,189 and 1,339 in 2019.



Procurement Team

25 Wholesale Procurement

15 Local Procurement

10 Contract Management

Fresnillo purchases goods and services across all stages of the mining cycle, from exploration and construction to mining operations.

Main Supplies
Electricity
Diesel
Explosives
Sodium Cyanide
Front Loader
Lubricants
Steel balls for milling
Tyres
Steel for drilling



Where possible, Fresnillo plc buys local goods and services to develop procurement opportunities and economic wealth within the communities where we operate.



Country of origin of our suppliers	
Mexico	94.30%
United States	1.89%
Canada	0.85%
Finland	0.56%
Australia	0.42%
Others	1.98%

3. Policies and Governance

Policies

Our policy framework reflects our commitment with human rights and is consistent with our aspiration to act in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGP).

Code of Conduct

Our Code of Conduct sets our values and individual commitment to conduct business ethically. It also sets the expectation on human rights, in accordance with the UNGP. It applies to all employees and related third parties (clients, suppliers, community and other entities who have some kind of business relationship with Fresnillo).

Sustainability Policy

Our Sustainability policy expresses our commitment to create value for society through a responsible mining approach, respecting human rights and the legal framework. It sets our commitment with communities to identifying and manage social impacts, considering the values and concerns of Indigenous People and addressing grievances in a fair and timely manner.

Diversity Policy

It sets our goals to develop an inclusive culture where our people feel valued and inspired to contribute to their fullest potential. We embrace diversity of gender, ethnicity, religious beliefs, age, geographical background, nationality and disability.

Due Diligence Policy

It sets our commitment to diligently manage third party risks of bribery, corruption, money laundry, fraud and human rights violations, including modern slavery.

Integrity Policy

It establishes prevention, compliance, oversight and accountability mechanisms for avoiding involvement in administrative violations by members of the organization, their labour relationship, duties or the position they hold, in their business relations with third parties, particularly government agencies and public servants.

Anti-retaliation Policy

We do not tolerate any type of retaliatory action against persons who report, in good faith, violations to our code of conduct and policies. We consider retaliation as any form of: harassment, intimidation, threats, discrimination and/or coercion.

Governance

The Health, Safety, Environment & Community Relations (HSECR) Committee evaluates, on behalf of the Board, the Company's effectiveness in promoting best practices in order to prevent modern slavery.

- Membership of the Committee: Mr. Arturo Fernández (Chairman), Dame Judith Macgregor, Mr. Fernando Ruiz and Ms. Georgina Kessel.
- Key contributors: Chief Executive Officer, Chief Sustainability Officer, Compliance Officer, Head of Legal, Sustainability and Community Relations, Human Resources and Procurement teams.

4. Risk Assessment

Our risk assessment aims at identifying and evaluating actual and potential human rights risks, including modern slavery. Our Approach to assess the risks of contemporary forms of Slavery include:

1. Map our value chain to identify the country of origin of our suppliers
2. Understand our global exposure with the Global Slavery Index
3. Understand the human rights risks in the countries we are exposed
4. Identify the negative impact of the coronavirus on the worldwide efforts to eradicate modern slavery
5. Evaluate the list of human rights risks considering its likelihood, impact and the vulnerable groups

This assessment indicates that our main exposure is in Mexico. Hence, we have used the Human Rights and Business Country Guide - Mexico, developed by the Danish Institute for Human Rights, to gain a better understanding of the country and identify a list of human rights risks. We have factored in, our understanding of the type of workforce employed throughout the value chain and the contractual arrangements used in Mexico. We have used our own social studies to identify potential risks in our communities where we operate. In addition, we have considered new risks related to the coronavirus outbreak.

Country of Origin of Our Suppliers	Percentage of Procurement	Prevalence Index Rank	Government Response Rating	Estimated Proportion Living in Modern Slavery	Vulnerability to Modern Slavery
Mexico	94.30%	114/167	BB	2.71/1000	57.31/100
United States	1.89%	158/167	BBB	1.26/1000	15.88/100
Canada	0.85%	166/167	BB	0.48/1000	10.20/100
Finland	0.56%	149/167	BB	1.65/1000	8.23/100
Australia	0.42%	163/167	BBB	0.65/1000	4.27/100
Others	1.98%				

Fresnillo Value Chain Analysis and The Global Slavery Index 2018 <https://www.globalslaveryindex.org/>

Modern Slavery Context in Mexico

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 agricultural, domestic service, food processing, construction, informal economy, begging, and street-vending activities, both in Mexico and the United States.

Human trafficking

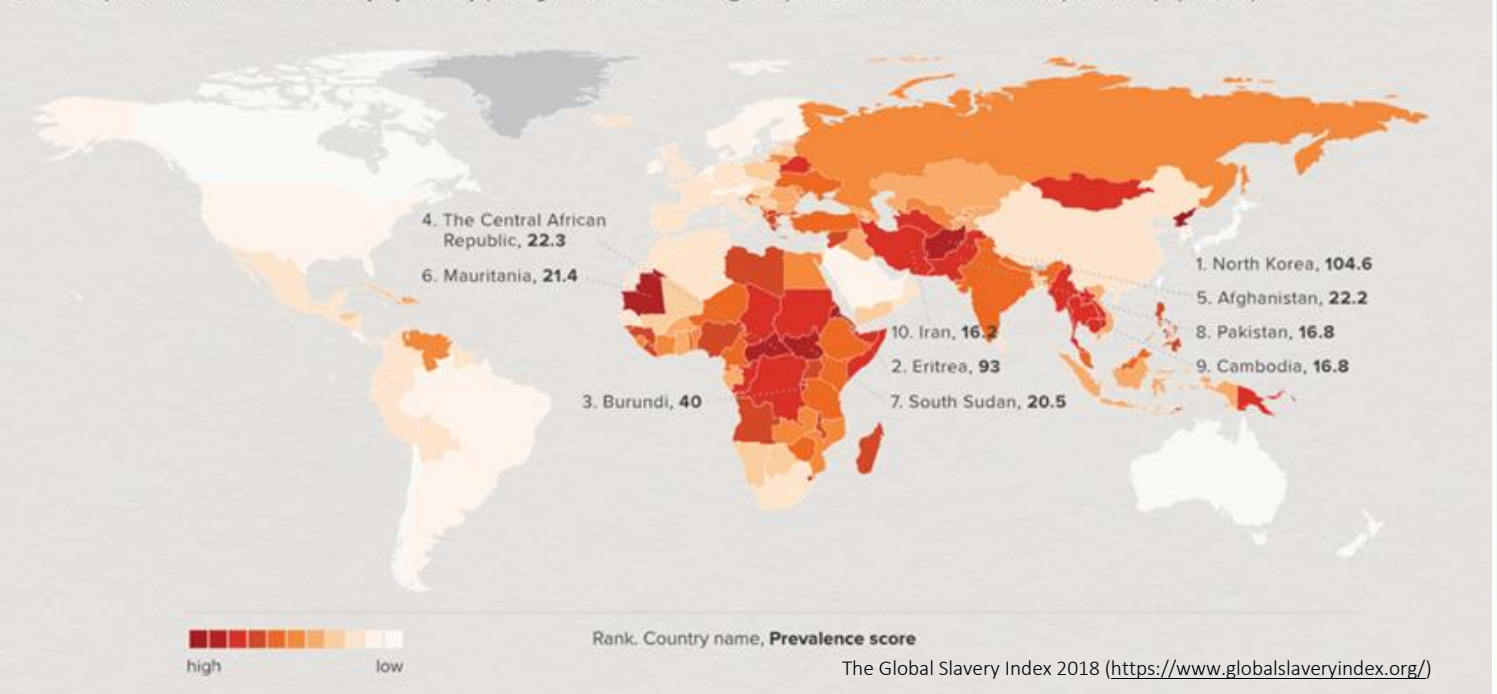
The groups considered most vulnerable to human trafficking in Mexico include women, children, indigenous persons, persons with mental and physical disabilities, migrants, and the LGBT community. The vast majority of foreign victims of forced labour and sex trafficking in Mexico are from Central and South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

Legal Framework:

- The Mexican Constitution forbids forced labour and inhumane work conditions.
- The General Law against Human Trafficking and protection of the Victims (Ley General para Prevenir, Sancionar y Erradicar los Delitos en materia de Trata de Personas y para la Protección y Asistencia a las Víctimas de estos Delitos) prohibits human trafficking in any of its forms and sets the framework to prosecute offenders and assist the victims.
- The Mexican Labour Law (Ley Federal del Trabajo) regulates labour rights and working conditions.

Figure 1

Estimated prevalence of modern slavery by country (noting 10 countries with highest prevalence, estimated victims per 1,000 population)



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]

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.

Understanding the Impact of COVID-19 in the global efforts to eradicate modern slavery

The coronavirus pandemic is expected to have a negative impact on the worldwide efforts to eradicate modern slavery⁶. COVID-19 increases the health risks for the victims of Modern Slavery. Unemployment, underemployment and poverty are likely to increase number people at risk of exploitation. In addition, the crisis is disrupting the anti-slavery response of States, international organizations, civil society and private actors.

Increased health risks

Victims of modern slavery are now at even greater risk. Poorly sanitized work conditions and crowded accommodations increase their vulnerability to contract the virus. Exclusion from adequate healthcare compounds the impacts to their health. Even the survivors of exploitation living in densely packed, government or charity-run accommodation face increased health risk.



Rising number people at risk of exploitation due to unemployment and poverty

As the pandemic evolves, so do recommended or required workplace closures with unprecedented disruptions to economies and labour markets. The loss of income or fear of loss of income are among the reasons why people are more vulnerable to exploitation. The economic recession will likely have a negative effect on employment and poverty, which are drivers of contemporary forms of slavery.

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

⁶ The Impact of COVID-19 on Modern Slavery <https://delta87.org/2020/03/impact-covid-19-modern-slavery/>

According to the forecast of the International Labour Organization (ILO), working hours in the second quarter are expected to decline 10.5 % below the last pre-COVID19 crisis quarter (equivalent to 305 million full-time jobs). In the pre-crisis, informality and other forms of precariousness were recognized as key vulnerability factors. ILO's estimates suggest that almost 1.6 billion informal economy workers (76 per cent of informal employment worldwide) are significantly impacted by lockdown measures. According to ILO, the first month of crisis is estimated to result in a decline in earnings of informal workers of 60% globally.

The shock in the labour market affects the income and livelihoods of many households. The Mexican Social Policy Evaluation Centre⁷ estimates an increase in income poverty lines in the range of 7.2 to 7.9 percentage points with an increase of extreme income poverty lines between 6.1 and 10.7 million people in 2020. Working poverty lines are estimated to increase from 37.3 to 45.8% in the first two quarters of 2020.

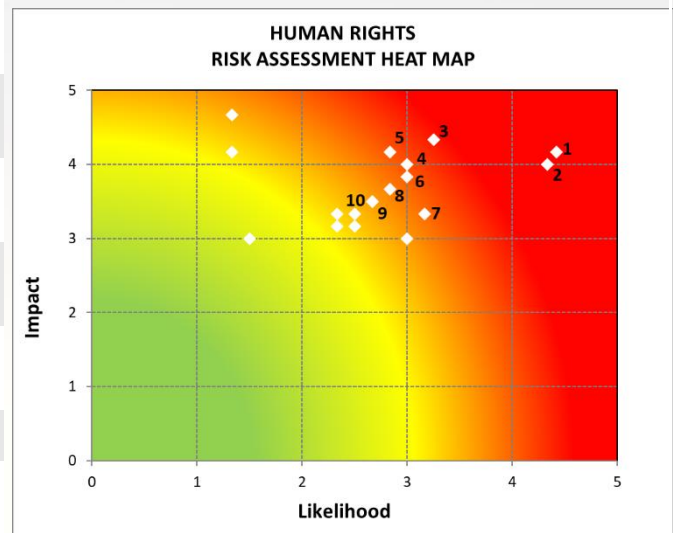
Disruption of the anti-slavery response of States, international organizations, civil society and private actors

Governments are focusing their attention and resources on handling the public health crisis. Interventions on the field by Governments and NGO's are likely to be reduced or halted due to fear of exposure to the coronavirus. Anti-slavery NGO's are likely to receive less funding to support victims and survivors of modern slavery as donors contribute to other causes related to the pandemic. Companies are expected to suffer the economic impacts and higher risks in their value chains.

A cross-functional team led by the Compliance Officer has conducted the evaluation of human rights risks considering its likelihood, impact and the vulnerable groups.

Top 10 Human Rights Risks

- 1 Exposure to coronavirus infection
- 2 Loss of income in the communities due to the economic consequences of the coronavirus outbreak
- 3 Exposure to non-coronavirus health and safety risks in the workplace
- 4 Workers exploitation due to rising poverty and informal employment resulting from the coronavirus outbreak
- 5 Exposure to non-coronavirus health and safety risks in the accommodation facilities
- 6 Retaliation, harassment, verbal abuse or other forms of intimidation
- 7 Workers exploitation due to long shifts and extra time
- 8 Wages and Benefits not paid according to laws or standards, thus become insufficient to cover basic needs
- 9 Increase in temporary jobs paid at lower salaries and without benefits
- 10 Working hours that do not match national laws or collective bargaining and threats to salaries if working hours decrease to normal standards



⁷ Consejo Nacional de Evaluación de la Política de Desarrollo Social (CONEVAL)

5. Due Diligence and Risk Management

Our due diligence and risk management framework responds to our human rights risk assessment. Our approach considers our increased exposure of Third-Party Workforce and the steps taken to protect employees and contractors in our mining operations from the impacts of COVID-19

Third Party Due Diligence and contractual arrangements

We conduct due diligence of new suppliers and contractors to identify potential legal, fiscal, reputational and human rights risks. Through a prequalification questionnaire, we engage suppliers to raise awareness and ascertain they have measures in place to ensure there is no compulsory, forced and/or 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 also require mining contractors and suppliers to comply with our Code of Conduct. Our contracts stipulate compliance with labour regulations, respect of our health and safety procedures, enrolment of workers in the Mexican Social Security Institute (IMSS), prohibition of employing minors in mining operations, subcontracting practices and an antibribery clause. The IMSS is a governmental organization that provides public health, pensions and social security.

Auditing compliance with the enrolment in the Mexican Social Security Institute (IMSS) and other entities

We monitor our contractors to confirm that they properly enrol their employees before the IMSS and other social security entities, thereby ensuring that benefits are made available. This is critical in order to prevent child labour and human trafficking. Access is denied at our Mining Operations to third-party contractors who do not comply with their IMSS enrolment requirement. In addition, we monitor compliance of their obligations to the health care and pension funds of their employees.

Auditing to prevent sub-contracting practices

We monitor the sub-contracting practices of our contractors to prevent cascading human rights risks. Our Internal Audit team verifies that sub-contracting is properly justified according to our policies and employee remuneration aligns with the labour market conditions. Direct interviews with contractors' employees are carried out to verify that and they are properly enrolled in the IMSS.

Our Due Diligence and Risk Management Approach:



- Third Party Due Diligence and contractual arrangements
- Auditing of compliance with the enrollment in the Mexican Health and Pension Fund (IMSS)
- Auditing to prevent sub-contracting practices
- Fresnillo's Whistleblowing Line
- Social Due Diligence and Community Grievance Mechanism

COVID-19 Response

The Company has been collaborating with Mexican Authorities and Industry peers to implement best-practice approaches to protect the health of the workforce. These engagement efforts led to the release of a best practice guidance⁸ by the Mexican Mining Ministry to guide the response of the industry to the COVID-19 crisis with an emphasis on protecting the vulnerable workforce, mitigating the impacts on small and medium-sized enterprises (SMEs) and collaboration with our local communities.

The Company has taken steps to protect employees and contractors in our mining operations from the impacts of COVID-19:

- *Protecting the vulnerable workforce:* Vulnerable members of our workforce were identified based on their age, chronic diseases (diabetes, high blood pressure, etc.), pregnancy or breastfeeding. We offered them to stay at home, ensuring their remuneration, to better protect their health.
- *Raising awareness and education:* A creative communication campaign was launched to educate on preventive measures, raise awareness and combat misinformation.



- *Social Distancing in the workplace:* At all the facilities, including the transportation of personnel, distancing measures and appropriate protective equipment were adopted. In common areas such as entrances, dining rooms, dressing rooms, shaft, boardrooms and meeting rooms, there are floor marks to facilitate compliance.
- *Hygiene and sanitation:* Disinfection measures, notably the use of anti-bacterial gel, facemasks and discontinuation of the use of digital fingerprint controls were implemented to minimize risks. A daily sanitization program has been implemented for work areas and transportation.
- *Access control:* We established checkup points where we monitor body temperature and inquire on symptoms or contacts with people suspected to have the disease. For the workforce in remote locations, monitoring is done before taking the transportation and once they arrive to the mine site.
- *Testing, monitoring and contagion traceability:* The Company has acquired, and promotes the responsible use of, COVID-19 tests and conducts contagion traceability for any suspected cases. We monitor on a daily basis the progress of our collaborators who need to go into quarantine. Psychological care and emotional support is also offered.

⁸ Guía de mejores prácticas de operación minero-metalúrgica: Contingencia sanitaria 2020 SARS-CoV2 (Covid-19) by the Mexican Mining Ministry.

Our approach favours the preservation of our business relations with small and medium-sized enterprises (SMEs). Our payment and supply terms have remained unchanged to mitigate the negative impact of the coronavirus outbreak in our value chain.

We have collaborated with our communities in new and creative ways to respond to the COVID-19 pandemic:

- *Communication of preventive measures:* We collaborate with authorities to communicate official information and share recommendations to reduce the risk of propagation.
- *Donations to the Health Sector:* The Company has donated ventilators and protective equipment such as suits, gloves, mouth covers, anti-bacterial gel, eye protection, etc



- *Support to the most vulnerable population:* We have also partnered with local authorities and food banks to donate groceries, sanitizing kits and protective equipment to the poor and elder, so as to make staying at home a bit easier.
- *Reinventing how we collaborate:* Our robotics teams at the communities organized in order to fabricate acetate masks and other protective equipment for the hospitals at their communities. Mothers from our communities in San Julian also partnered with the Company to manufacture protective equipment. Our reading programme *Picando Letras* launched a YouTube channel and continued with the training of teachers and parents. Our shared objective is to support children's education during the coronavirus outbreak. *Picando Letras* became our first program that brings together communities of all our operations and projects into a single digital community.



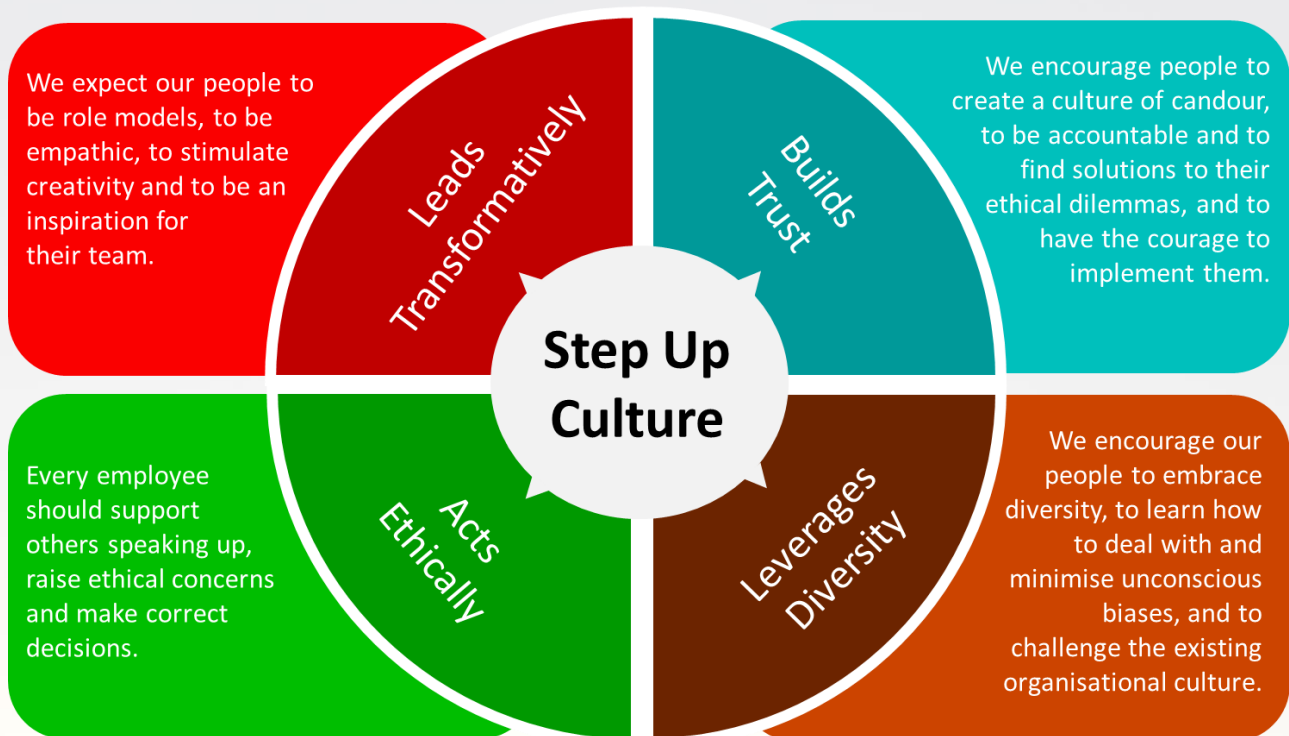
6. Training and raising awareness

Raising awareness and developing our competences are crucial to preventing any involvement in modern slavery and human rights abuses. We have trained our due diligence teams to investigate the human rights track records of suppliers and contractors using publicly available sources. We raised awareness of our operation managers, human resources and procurement specialists to bear in mind working conditions of contractors.

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 it very clear that behaving in adherence with the Code is a condition of employment.

Embedding ethics in our culture

We engage our employees to go beyond reporting by stepping-up before any unethical behaviour including human rights violations.



7. Assessment and effectiveness

The performance of our contractors indicates compliance with the IMSS enrolment requirements which provides a good indication of controls in place to prevent child labour, human trafficking and health care access which is crucial during the coronavirus outbreak.

No modern slavery complaints were received during 2019 through our local grievance mechanism or our 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 may be less evident.

8. Looking ahead

The coronavirus outbreak remains a threat to lives and livelihoods. More than ever, States, International Organisations, Civil Society and Companies must collaborate to prevent modern slavery in any of its manifestations. We will remain highly committed to doing our part by focusing on:

- Protecting the health of the vulnerable members of our workforce
- Continuing to manage our operations, accommodation facilities and transportation responsibly, as we prepare for the “next normal”
- Open dialogue with our contractors and suppliers on preventive measures
- Maintaining our responsible business practices with all counterparties and especially small and medium enterprises within our value chain
- Organising a multi-stakeholder roundtable to share best practices in Mexico.



Yours faithfully,

A handwritten signature in black ink, appearing to read 'Arturo Fernández'.

Arturo Fernández,

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 www.fresnilloplc.com.

9. References

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