
FORTUNA
SILVER MINES INC.
2020 Sustainability Report

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FORTUNA SILVER MINES INC.

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◀ Front cover photo:
Muscapampa Lake, a high biodiversity value area adjacent to Caylloma Mine.

Message from our President and CEO

It is my pleasure to present our 2020 Sustainability Report. This past year was unprecedented, with multiple risks and challenges for society across the world created by the COVID–19 pandemic. Despite this, we succeeded in achieving a major milestone, the first gold pour at our new Lindero Mine in Argentina.

For Fortuna, the events of 2020 reinforced the importance of sustainable development, good governance, risk management, and strong relationships with key stakeholders. Sustainability has always been, and continues to be, integral to our operations. We remain focused on production of silver and gold while generating shared value over the long term for our shareholders and stakeholders through efficient production, mitigation of impacts to the environment, and social responsibility.

Commitment to Sustainability

We understand sustainability as a journey of continuous improvement. For this we must keep up with the evolving and heightened expectations of our stakeholders. Topical issues identified through dialogue with stakeholders include comprehensive disclosure of our sustainability management approach, the alignment of senior management incentives to sustainability objectives, and environmental factors, such as how we are responding to the global challenge of climate change. Fortuna is committed to addressing these expectations, prioritizing our response through the assessment of materiality to our business and stakeholders.

Highlights of our performance in 2020 include:

- Zero tailings dam incidents, zero significant spills, and zero significant environmental fines
- A continuing trend in the reduction of freshwater withdrawals and consumption
- Zero work-related fatalities among employees and contractors
- An increase in the percentage of women employees to 20%, and an increase in the percentage of women in management positions to 17%
- Zero significant disputes with local communities
- Zero confirmed cases of corruption, discrimination, or human rights violations

We continue to refine our sustainability strategy and the associated five-year sustainability plan, which includes key performance indicators (KPIs), targets, and commitments. In 2020, we adopted several new sustainability policies and updated existing ones to maintain our alignment with best practices. We also revised and prioritized our KPIs to focus on the sustainability factors with the greatest potential to impact company value and of most concern to our stakeholders.

> “For Fortuna, the events of 2020 reinforced the importance of sustainable development, good governance, risk management, and strong relationships with key stakeholders.”

Jorge A. Ganoza
President, CEO and Director

[GRI 102-14]

Investor Focus on ESG

Investor focus on environmental, social and governance (ESG) factors continues to accelerate. To enhance transparent and efficient communication we have aligned our reporting with the Sustainability Accounting Standards Board (SASB) Metals and Mining Standard. We are also demonstrating our commitment to respond to climate change by beginning to align our climate-related disclosure with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). While we are at the start of TCFD adoption, reporting primarily on our governance and risk management processes, we are committed to enhancing our disclosure on this increasingly important issue and strengthening our response to the climate-related risks and opportunities facing our industry and the Company. We provide more detail in a new section of the report, ESG for Investors.

Our Response to the COVID-19 Pandemic

The global crisis brought about by the COVID-19 pandemic has revealed a lot about the resilience of companies, and has allowed Fortuna to demonstrate our corporate values in real time. Since the onset of the crisis, our response has focused on three key aspects:

- Securing the health and safety of our employees and neighboring communities.
- Compliance with rapidly emerging regulations to curb the spread of the virus in the countries where we operate.
- Implementing all possible measures to minimize disruptions to the business.

From the start of the crisis, our Health, Safety, Social and Environment (HSSE) Corporate Committee and senior leadership team shared experiences and knowledge daily between all business sites. This allowed us to keep our people safe and minimize operational disruptions. We were among the first mining companies to implement COVID-19 testing and screening protocols in Peru, Mexico, and Argentina. We are proud that we were able to minimize and prevent contagion at our sites through our timely response. Our operations in Mexico and Argentina complied with mandatory industry-wide suspension of activities for 54 and 60 days respectively, and in Peru we suspended operations voluntarily for 21 days to sanitize and make changes to camp infrastructure. The COVID-19 pandemic also brought us closer to our host communities as we delivered on our commitment to partner with them in dealing with the social and economic impact of the virus, resulting in strengthened relationships.

Due to limitations and restrictions imposed by the crisis we decided to delay certain capital projects and other initiatives scheduled for 2020, such as ISO 14001 and ISO 45001 certification for our San Jose Mine and an external environmental audit of our sites. Where possible, we undertook alternative initiatives, such as self-assessments, and the delayed initiatives have been rescheduled for 2021.

Looking Ahead

Looking ahead to 2021 and beyond, we remain focused on taking care of our people and listening to our stakeholders. We aim to enhance our ESG risk mitigation processes and develop a more comprehensive approach to addressing climate-related risks and capturing opportunities.

As always, we believe that appropriate disclosure is essential to the management of our sustainability strategy and targets. We are confident that this Report is accurate, balanced, and informative and provides the level of accountability and transparency that we continually strive towards. On behalf of our senior leadership team and the employees of Fortuna, we thank you for your continued support.

Jorge A. Ganoza
President, CEO and Director

[GRI 102-14]

Message from the Chair of the Sustainability Committee of the Board

2020 was an extraordinary year for all of us. The Sustainability Committee, and the entire Board, has been closely following the company's response to the COVID-19 pandemic. Even compared to larger mining companies, Fortuna's initiatives to prevent contagion among the workforce, support neighboring communities and rapidly resume operations under new protocols were notable.

Despite the pandemic, during 2020 Fortuna has made significant progress towards realizing its vision of being valued by stakeholders as a sustainable company and a leader in the precious metals industry. The Sustainability Report has been adapted to better meet the expectations of the company's stakeholders, including shareholders who increasingly seek to understand and assess the environmental and social factors that create risk and opportunity for long-term value creation. Responding to this emerging need, Fortuna undertook an ESG materiality assessment, focused on identifying the potential financial impact of ESG factors for the company, as well as the company's impact on society and the environment. The results guided the selection of content for this Report and formed an input for the further refinement of the Company's sustainability approach.

Corporate governance is the foundation of an effective sustainability approach. Integrating key environmental and social factors to the Company's governance, strategy and risk management ensures that these factors receive continuing attention. In this year's Report, you will find more detail on how the Board and Sustainability Committee provide oversight for environmental and social factors, and how management responsibility for these factors is assigned and delegated to different levels of the company.

It is often said that what gets measured, gets managed. The Report sets out the targets and indicators of the Company's five-year Sustainability Plan, which is an integral part of Fortuna's overall corporate strategy. The Sustainability Committee looks forward to monitoring progress on the implementation of the Plan.

The risks and opportunities that climate change poses for all companies are an emerging ESG priority for investors. The Sustainability Committee recognizes the importance of developing a comprehensive climate strategy including appropriate targets, and this is part of the company's agenda for 2021.

On behalf of the Sustainability Committee, and the entire Board, we thank you for your support and invite you to learn more about Fortuna's strategic sustainability approach through the 2020 Sustainability Report.

David Laing
Chair, Sustainability Committee of the Board

[GRI 102-14]

2020 in Figures

USD279 million in revenue

USD38.4 million in payments to governments

USD1.3 million in community investments

815 employees

1,351 contractors

50 hours of training per employee

20% women employees

17% women in management

1.14 lost time injury frequency rate (LTIFR) for employees

3.01 lost time injury frequency rate (LTIFR) for contractors

0.71 freshwater withdrawal intensity – cubic meters (m^3) withdrawn per tonne of processed ore

49.14 carbon intensity – tonnes of carbon dioxide equivalent (tCO_2eq) emitted per thousand tonnes of processed ore

0.39 energy intensity – gigajoules (GJ) consumed per tonne of processed ore

Financial data from the list above corresponds to corporate aggregate. The rest of the consolidated data for 2020 covers our operating subsidiaries, Minera Bateas S.A.C. and Compañía Minera Cuzcatlan S.A. de C.V., and Fortuna offices in Peru and Canada. Data for the Lindero Mine, operated by Mansfield Minera S.A., has not been incorporated in consolidated data because the project did not begin operations until partway through 2020.

▲ Dry Stack storage facility, San Jose Mine

About Fortuna Silver Mines

Our Company

Fortuna Silver Mines Inc. (Fortuna) is a Canadian mining company established in 2005 dedicated to the production of precious metals. Fortuna is a public company, with shares listed on the New York Stock Exchange (NYSE:FSM) and Toronto Stock Exchange (TSX:FVI) [GRI 102-5].
Our corporate office is in Vancouver, Canada, and our management head office is in Lima, Peru. In 2020, through our subsidiaries, we operated two mines. Minera Bateas (Bateas) operates the Caylloma Mine in Peru and Compañía Minera Cuzcatlan (Cuzcatlan) operates the San Jose Mine in Mexico. We also completed construction of the Lindero Mine in Argentina, which is operated by our subsidiary Mansfield Minera (Mansfield). Figure 1 shows the relationship between Fortuna and our material subsidiaries [GRI 102-1]. Figure 2 shows the location of our mines in production and exploration projects [GRI 102-3, GRI 102-4].

Figure 1: Fortuna and material subsidiaries

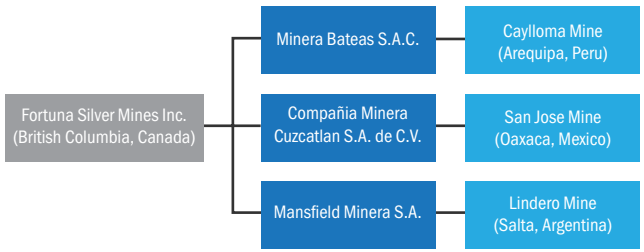


Figure 2: Mines in production and exploration projects

Historic Milestones

2005

Fortuna Silver Mines Inc. founded

Fortuna shares listed on the Toronto Stock Exchange (TSX: FVI)

Caylloma Mine acquired in Arequipa, Peru

2009

San Jose project acquired in Oaxaca, Mexico

2011

Commercial operation begins at San Jose Mine

Fortuna shares listed on New York Stock Exchange (NYSE: FSM)

2017

Construction initiated at the Lindero Project in Salta, Argentina

2006

Operations at Caylloma Mine restarted

2010

Construction initiated at San Jose project

2016

Mineral processing at San Jose Mine expanded to 3,000 tonnes per day (tpd) and 1,430 tpd at the Caylloma Mine

2020

Lindero Mine first gold pour achieved on October 20. Commercial production planned for Q2 2021.

Our Operations

Caylloma Mine

OPERATOR	Minera Bateas S.A.C.
LOCATION	Caylloma, Arequipa, Peru
PRODUCT	Silver, gold, zinc, lead
AREA	36,322 hectares
CAPACITY	1,430 tpd
TYPE OF MINE	Underground cut and fill mining
EXTRACTION METHOD	Flotation
RESERVE LIFE	3.1 years
WORKFORCE	319 employees and 590 contractors
CLOSEST COMMUNITY	Caylloma, Arequipa

San Jose Mine

OPERATOR	Compañía Minera Cuzcatlan S.A. de C.V.
LOCATION	Mining District of Taviche, Oaxaca, Mexico
PRODUCT	Silver, gold
AREA	47,844 hectares
CAPACITY	3,000 tpd
TYPE OF MINE	Underground cut and fill mining
EXTRACTION METHOD	Flotation
RESERVE LIFE	3.3 years
WORKFORCE	447 employees and 761 contractors
CLOSEST COMMUNITY	San Jose del Progreso, Oaxaca

Lindero Mine

OPERATOR	Mansfield Minera S.A.
LOCATION	Salta, Argentina
PRODUCT	Gold
AREA	3,500 hectares
CAPACITY	18,750 tpd
TYPE OF MINE	Open pit
EXTRACTION METHOD	Heap leaching
RESERVE LIFE	12.2 years
WORKFORCE	421 employees and 641 contractors
CLOSEST COMMUNITY	Tolar Grande, Salta

Exploration

Brownfield Projects

We are exploring for mineral deposits near our current operations so that we can use our installed production capacity efficiently. We had several active exploration projects in 2020.

- Trinidad Footwall North, Los Diaz, San Jose South, La Noria SE and Taviche silver and gold projects, Mexico
- Pisacca gold project and Huarracco, Corona Antimonio/ La Plata and Antacollo silver, lead and zinc projects, Peru

Greenfield Projects

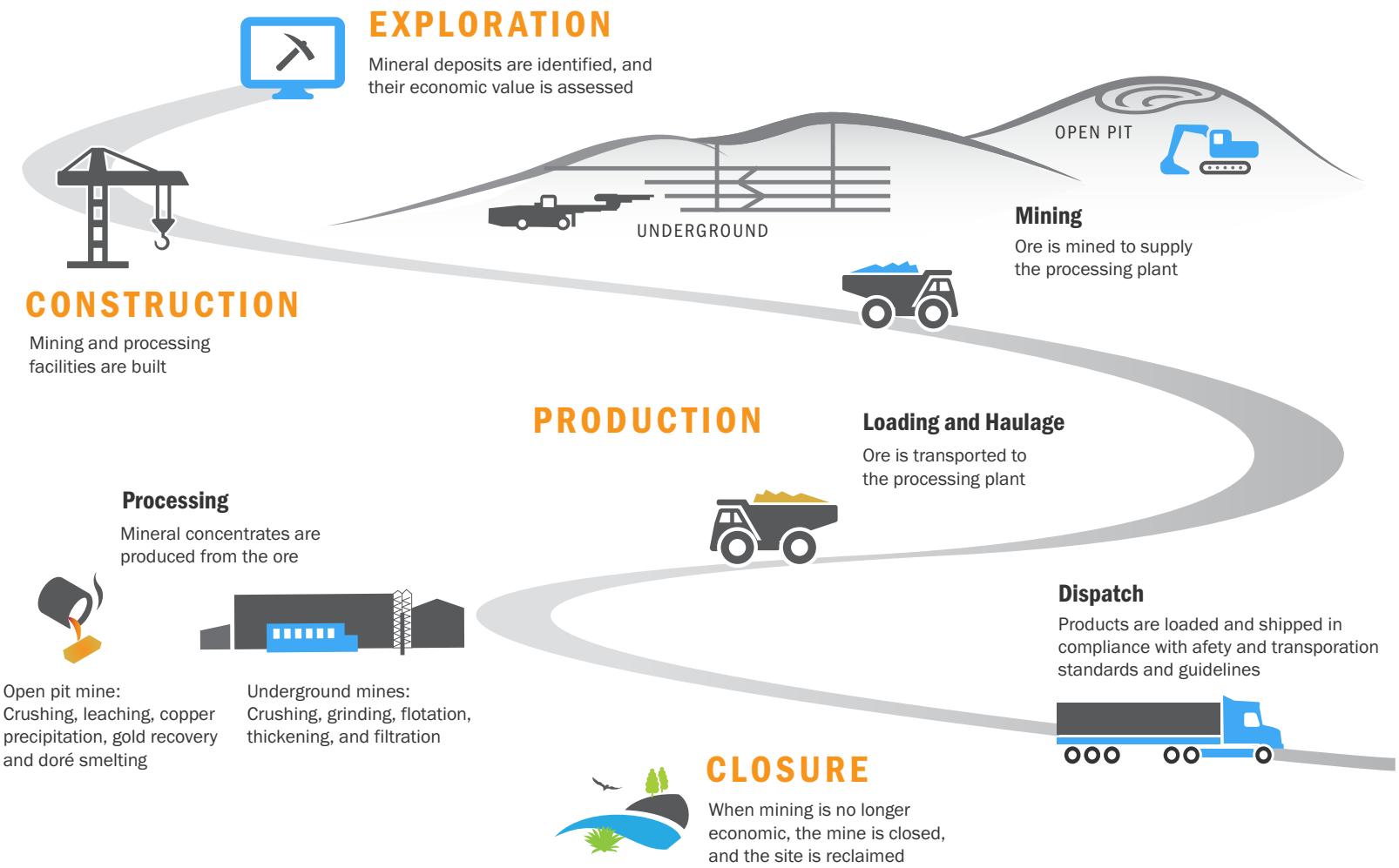
In 2020, we explored for new mineral deposits in Mexico and Argentina:

- Cerro Lindo, Solitario and Casa Campo Blanco projects, Argentina
- Santa Fe gold-silver project and active reconnaissance evaluation program, Mexico

Exploration samples, San Jose Mine ▶

Our Production

PRODUCTION PROCESS



Products

Our mines produce silver, gold, lead and zinc, all metals used in daily life and in many industries that contribute to sustainable development. Demand for these metals is growing with an increasing global population and higher living standards. We seek to satisfy this need through responsible mineral production that generates positive impact for our stakeholders.

The mineral concentrates we produce (Table 1) are sold to international traders at auctions or tenders and are shipped directly to smelting plants around the world.

Table 1: Fortuna production in 2020

Product	Unit	Consolidated	Caylloma (Bateas)	San Jose (Cuzcatlan)
Silver	Moz	7.13	0.97	6.17
Gold	koz	41.91	4.11	37.81
Lead	Mlb	29.63	29.63	–
Zinc	Mlb	45.55	45.55	–

Our subsidiaries manage the distribution and marketing of our products through their commercial departments. Transportation logistics are carried out under strict safety and security protocols. Concentrates produced at our underground mines are trucked to warehouses located at the shipping ports. The zinc concentrate produced at Caylloma is exported to international markets through the port of Matarani, Arequipa, while silver-lead concentrates are exported through the port of Callao, Lima. The concentrates produced at San Jose are exported through the ports of Manzanillo, Colima and Veracruz. The doré bars produced at Lindero are trucked to the city of Salta by a third-party transport and custody company for overnight storage in its vault. The cargo is checked by customs, weighed, and sampled, and then sent by air to Buenos Aires, where it is stored in the carrier's vault before export by air to the U.S. for refining.

We only process ore extracted from our own mining concessions. We do not purchase ore or mineral concentrates from third parties for processing, refining, or trading.

Technical Reports and Regulatory Filings

A summary of material scientific and technical information concerning mineral exploration, development, and production activities, in addition to the social and environmental setting of our operations, can be found in Technical Reports prepared for each of our properties pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects.*

Each subsidiary's production plan and targets are submitted to the Board for review and approval annually. This information, as well as any material changes or risks (including sustainability-related risks), is publicly disclosed through regulatory filings and news releases, copies of which are filed on our website, in the Investors tab.

Concentrate produced at San Jose Mine ▶

CASE STUDY 1

Lindero – Sustainability from the Start of the Mine Life Cycle

In 2020, we completed construction of the Lindero Mine in Salta Province, Argentina, operated by our subsidiary Mansfield. Lindero is the first modern metal mining operation in Salta Province.

The COVID-19 pandemic created challenges for the final phase of commissioning machinery and equipment because the commissioning specialists, primarily based in Europe, were prevented from travelling to and from Argentina. As an innovative response to the crisis, "mixed reality" technology solutions were used to allow the specialists to collaborate remotely with on-site teams. This not only allowed us to complete the project, but also created savings on consulting hours and per diems.

While production has just begun, our sustainability approach is already well-established. During the construction of the mine, we have been building our community relations approach. Lindero is located 75 kilometers from the nearest community, Tolar Grande, where most inhabitants are members of the Kolla indigenous community. This community has been recognized by the Provincial Institute of Indigenous Peoples of Salta (IPPIS) and the National Institute of Indigenous Affairs (INAI) and is included in the National Registry of Indigenous Communities (RENACI). There are high hopes in the community that mining will create development opportunities. While the desert landscape is a tourist attraction, the local climate and environment is not well-adapted for agriculture and livestock. In 2018, we signed agreements with the Municipality of Tolar Grande (which delivered the construction permit for the mine) as well as with the Kolla Community, consistent with ILO Convention 169. These agreements establish the framework under which our social investment activities will be implemented.

Based on the priorities identified in the agreements, our key social investments in 2020 included:

- Expansion and remodeling of the Tolar Grande Health Center, including the provision of an ultrasound scanner and other equipment.
- Providing internet access to the local schools and community center (we brought internet access to these facilities for the first time in 2018).
- Funding the Kolla Community Revolving Fund for micro-entrepreneurs (to be launched in 2021).
- Contributing to the community's emergency response to COVID-19 (see Case Study 4).

We operate a community services office in Tolar Grande, through which we can engage with residents and provide a mechanism for addressing any grievances. We participate in a monthly "Social Table" in which the development needs of the community are discussed, with the participation of provincial authorities, community members and other enterprises in the area. This allows the most important needs to be prioritized for social investment, and expectations to be managed.

The development of the mine has created both direct and indirect benefits for the community. It has led to improvements in infrastructure, including repairs to roads which not only enhance transportation connections with other parts of the province, but also enable electrification of an area that was previously off the grid. These developments, along with connection to the internet, support tourism, which is considered by the community to be an important source of income.

During the construction phase of the Lindero Mine, we have also been developing the mechanisms to report on sustainability. Although we have already begun data collection, Mansfield data is not included in our consolidated sustainability metrics for 2020. This is partly because we do not have a full year of data for every indicator, and partly because the construction and production stages of mining have significantly different environmental profiles, making it difficult to interpret trends if data is consolidated. However, in the interests of transparency, we have provided a range of Mansfield metrics in Appendix A. We plan to integrate the Lindero Mine fully to our next Sustainability Report.

▼ Expansion and remodeling of the Tolar Grande Health Center

▼ Internet access for the local schools and community center

ESG FOR INVESTORS

Introduction

Our business strategy focuses on disciplined allocation of human and financial resources towards the exploration, development and acquisition of assets that enhance the quality of our portfolio and can perform with healthy financial margins through the ups and downs of precious metals price cycles. We are committed to integrating into our business strategy the environmental, social and governance (ESG) factors with the greatest potential to impact company value. We are also committed to providing investors with consistent, decision-useful information and data relating to these ESG factors.

This section is designed to assist investors and other capital markets participants seeking information on financially material ESG factors within this Report.

◀ Pouring of doré bars at Lindero Mine

Material ESG Factors

Through an investor-focused Materiality Assessment (see About This Report section), the following ESG factors were assessed as having the greatest potential to impact company value and therefore to be of the most interest to our investors and the capital markets. The sections of the Report where information and data on these factors can be found are referenced below:

- Environmental
  - Mine Closure and Reclamation (p34)
  - Waste and Hazardous Materials Management (p36)
  - Water Management (p40)
  - Climate Change (p43)
- Social
  - Business Ethics and Transparency (p56)
  - Workforce Health and Safety (p59)
  - Community Relations (p68)
- Governance
  - Corporate Governance (p26)

ESG Strategy

Material ESG factors are addressed within our Sustainability Framework, which is integrated to our overall corporate strategy (see Sustainability Framework section).

Climate change has been identified as a material ESG factor. During 2021 we will develop a comprehensive climate strategy addressing the four pillars of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD): Governance, Risk Management, Strategy, and Metrics & Targets. As part of this process, we aim to disclose a climate change position statement to guide our Company's journey, including key climate-related targets.

ESG Risk Management

Our Board is responsible for the Company's overall risk oversight, and the Sustainability Committee of the Board has oversight of applicable ESG risks. Our Country Heads lead a bottom-up risk identification and assessment process for each subsidiary, preparing an annual risk report detailing the findings. ESG-related risks are included in the risk categories that are assessed (operations, financial, health and safety, environment, community, and reputation).

In 2021, we intend to strengthen our Enterprise Risk Management (ERM) system, specifically by integrating material ESG factors into the ERM. This will create a comprehensive risk management system, connected with all organizational processes, standards, and frameworks. As part of this process, the Board will assess whether to establish a Risk Committee.

ESG Metrics and Targets

We have developed a five-year Sustainability Plan including ESG metrics and short-, medium- and long-term targets, which are approved by the Board, and monitored monthly (see Sustainability Framework section). ESG metrics are integrated to compensation (see Corporate Governance section).

A summary of the consolidated ESG metrics included in this Report (including four years of data, where available), can be found in Appendix B.

ESG Governance

Details of Board oversight and management responsibilities for ESG factors can be found in the Corporate Governance section and under "Our Approach" within the sections covering each of the material ESG factors.

ESG Disclosure Frameworks

This Report has been prepared using the Sustainability Accounting Standards Board (SASB) Metals and Mining Standard. The SASB Content Index can be found at Appendix C.

In the Climate Change section of this Report, we have begun to align our reporting with the TCFD Recommendations. As a first step, we have focused on aligning with the Governance and Risk Management pillars and disclosing preliminary metrics. We intend to enhance TCFD alignment in future reporting, as we develop our climate strategy.

ESG FOCUS

In each section of the Report addressing a material ESG factor, an ESG Focus callout box is included, providing:

- Links to key documents and supporting information
- An overview of the SASB and/or TCFD indicators addressed in the section
- Navigation back to the *ESG for Investors* section

SUSTAINABILITY FRAMEWORK

At Fortuna, we see sustainability as the creation of long-term economic, social, and environmental value for our stakeholders. This understanding has led us to make a fundamental commitment to integrate sustainability into our business strategy, organizational culture, and day-to-day operational activities.

Sustainability includes factors which affect all aspects of our business. Rather than isolating sustainability in a single, stand-alone policy, we have created a Sustainability Framework that is integrated into our overall corporate strategy and supported through a range of corporate policies and standards (see Corporate Governance section). The Sustainability Framework is a way to transform our aspirations into actions and achieve our vision.

◀ Biogarden development program at Caylloma's local communities

Vision, Mission and Values

Vision:

To be valued by our stakeholders as a sustainable company and a leader in the precious metals industry.

Mission:

Create sustainable value through growth of our mineral reserves, metals production and the efficient operation of our assets, while remaining firmly committed to safety, and to social and environmental responsibility.

Values:

- We value the health & safety of our employees. We do not tolerate unsafe actions or conditions.
- We value the environment. We adhere to strict environmental standards and mitigate our impact.
- We value our communities. We show respect for cultural diversity and work as a strategic partner to enable the sustainable development of our neighboring communities.
- We value a commitment to excellence. We achieve high standards and the best practices.
- We value integrity. We act in accordance with our philosophy.

Strategic Sustainability Objectives

Consistent with our Vision, Mission and Values, we have identified three Strategic Sustainability Objectives supported by six Sustainability Pillars (Figure 3). Reporting on the Financial Performance Pillar is addressed through the ESG for Investors section, and our regulatory filings. We provide disclosure on the remaining five Sustainability Pillars in the Report.

Figure 3: Strategic Sustainability Objectives and Sustainability Pillars

STRATEGIC SUSTAINABILITY OBJECTIVES

GOVERNANCE

Create through corporate governance: high ethical standards, respect for human rights and promotion of diversity and equal opportunity.

OUR PEOPLE

Create a culture of health, safety and social responsibility, and maintain positive relationships with our stakeholders.

OUR ENVIRONMENT

Mitigate our impact on the environment through the efficient use of our resources and the implementation of clean technologies.

SUSTAINABILITY PILLARS

1 **Financial Performance:** Maintain a sound financial position while creating shared value.

2 **Human Rights and Ethics:** Be a responsible producer.

3 **Communities:** Be a catalyst for sustainable development independent of the presence of the Company in the community.

4 **Occupational Health & Safety:** Demonstrate commitment in everything we do.

5 **Human Resources:** Attract and train a workforce which draws on the local stakeholder community.

6 **Environment:** Minimize our impact on the environment to preserve it for future generations.

Partners in Sustainable Development

We recognize that our exploration, mining, processing, and transportation activities have impacts on the communities and environments where we work. We also recognize the role we can play in enabling sustainable development by providing substantive support and developing local capabilities (see Community Relations section and Case Study 5). Recognizing that we share the responsibility for building sustainable societies and creating green growth outcomes with governments and other companies in the private sector is critical. Our impact is amplified when we are transparent and report on our performance compared to international goals. Therefore, our Sustainability Framework is aligned with the Sustainable Development Goals (SDGs) (Figure 4). The SDGs are a global blueprint to end poverty, reduce inequality and spur economic growth while protecting the environment, adopted by all United Nations Member States in 2015.

Figure 4: Alignment with the Sustainable Development Goals

▼ San Jose del Progreso community member in her flower fields

Sustainability Plan

We aspire to continuously improve our sustainability performance. In 2019, we developed a five-year Sustainability Plan, including KPIs and targets. Progress towards the achievement of these targets is monitored monthly by our Corporate team in a review of each subsidiary's performance and plans.

Performance in 2020

Our 2020 performance compared to the Sustainability Plan is detailed in Table 2 below. Performance compared to several targets was impacted in 2020 by the COVID-19 pandemic (see Case Study 4).

Table 2: 2020 Performance compared to Sustainability Plan

Pillar	ESG factor	Corporate Objectives 2020	KPI	Corporate Target 2020		2020 Result	Comments
OCCUPATIONAL HEALTH & SAFETY	Workforce Health and Safety[1]	Achieve a target of zero fatalities and improve our health & safety programs	Number of employee fatalities as a result of work-related injuries	0		0	On target
			Employee work-related injury rates: lost-time injury frequency rate (LTIFR), total recordable injury frequency rate (TRIFR), severity rate (SR)	LTIFR	0.00	1.14	Due to COVID-19, there was high turnover and a need to incorporate new personnel in some areas. The lower number of hours worked impacted the frequency rates.
				TRIFR	1.02	4.55	
				SR	0.00	36.97	
			Number of cases of occupational diseases among employees	0		0	On target
		Ensure that sustainable practices are used throughout our supply/supplier chain	Number of contractor fatalities as a result of work-related injuries	0		0	On target
			Contractor work-related injury rates: lost-time injury frequency rate (LTIFR), total recordable injury frequency rate (TRIFR), severity rate (SR)	LTIFR	1.67	3.01	Due to COVID-19, there was high turnover and a need to incorporate less experienced personnel in some areas. The lower number of hours worked impacted the frequency rates.
				TRIFR	5.60	6.78	
				SR	100.29	121.63	
			Number of cases of occupational diseases among contractors	0		0	On target
ENVIRONMENT	Energy Management	Optimize energy use in our operations	Energy use intensity per tonne of processed ore (GJ/t)	0.36		0.39	Due to COVID-19, production decreased, while the energy consumption required to maintain the sites remained constant, increasing the energy intensity ratio.
	Water Management	Reduce the water intensity in all our operations by identifying improvement opportunities	Freshwater withdrawal volume intensity per tonne of processed ore (m3/t)	0.86		0.71	On target. There were significant improvements in the Caylloma underground pumping system and precipitation was lower at San Jose.
	Waste and Hazardous Materials Management	Reduce the generation of waste (hazardous and non-hazardous) and tailings in our operations by optimizing the production process	Tailings disposal intensity per tonne of processed ore (t/t)	0.58		0.61	Due to COVID-19, there were periods when mining was suspended, but processing continued with stockpiled ore. As a result, tailings were generated that could not be used as underground backfill.
	Climate Change and GHG Emissions	Reduce the GHG emissions intensity of our operations	GHG emissions intensity per thousand tonnes of processed ore (tCO2eq/kt)	46.52		49.14	Due to COVID-19, production decreased, while the energy and fossil fuel consumption required to maintain the sites remained constant, increasing the GHG intensity ratio.

[1] Includes Bateas/Cuzcatlan/FSM offices (Peru, Canada)

Table 2: 2020 Performance compared to Sustainability Plan (continued)

Pillar	ESG factor	Corporate Objectives 2020	KPI	Corporate Target 2020	2020 Result	Comments
HUMAN RIGHTS AND ETHICS	Business Ethics and Transparency[2]	Ensure that all employees are trained and informed about the Code of Ethics and Anti-Corruption Policy	Percentage of employees who have received training in the Code of Ethics	100%	100%	On target
			Percentage of selected employees who have received Anti-Corruption Policy training	100%	100%	On target. The whistleblower channel that was implemented in previous years is operating successfully.
	Security and Human Rights[3]	Ensure that all employees receive Human Rights Policy training and prevent any Human Rights violation.	Number of employee discrimination cases	0	0	
			Percentage of target employees who received Human Rights Policy training	100%	100%	
HUMAN RESOURCES	Human Capital Management[4]	Be a mining company characterized by inclusiveness and absence of discrimination	Percentage of women employees	19.00%	20.12%	On target. Strategies included engagement and alliances with educational institutions, blind recruitment processes, and prioritizing women with equal skills when filling vacancies.
			Percentage of women in management positions	17.00%	17.19%	
COMMUNITIES	Community Relations	Develop a cooperative relationship with local communities through continuous dialogue and development programs	Percentage of employees from local communities: Direct Area of Influence (DAI)	35.00%	34.86%	Due to COVID-19, mobility was restricted as result of the impact of the virus in local communities and periods of government-mandated social isolation.
			Percentage of employees from local communities: Direct and Indirect Areas of Influence (DAI+IAI)	70.00%	69.19%	
		Contribute to local economic development through prioritization of local employment and procurement	Percentage of local suppliers: Direct Area of Influence (DAI)	10.40%	6.28%	The target was established using a miscalculated baseline. Compared to the corrected 2019 result, the 2020 result is an increase of approximately 2%.
			Percentage of local suppliers: Direct and Indirect Areas of Influence (DAI+IAI)	24.30%	23.67%	The target was established using a miscalculated baseline. Compared to the corrected 2019 result, the 2020 result is an increase of approximately 5%.

[2] Includes Bateas/Cuzcatlan/FSM offices (Peru, Canada)
[3] Includes Bateas/Cuzcatlan/FSM offices (Peru, Canada)
[4] Includes Bateas/Cuzcatlan/FSM offices (Peru, Canada)

Looking Ahead: Commitments, Targets and Key Performance Indicators

We can make the most progress by focusing our efforts on the sustainability issues with the greatest potential to impact company value and our stakeholders. Following the 2020 ESG Materiality Assessment (see About This Report section), we conducted an executive-level workshop to further refine and prioritize our Sustainability Plan KPIs and targets. As a result, we have integrated a prioritized set of KPIs to our business strategy and committed to short-, medium- and long-term targets for 2021-2025 (Table 3). This process was led by our senior management, and the targets were approved by the Board. Climate change-related targets will be defined after the development of our climate strategy (see ESG for Investors section).

Table 3: Sustainability KPIs and Targets 2021-2025[5]

KPI	2021	2023	2025
Number of employee and contractor fatalities as a result of work-related injuries	0	0	0
Employees – Lost Time Injury Frequency Rate (LTIFR)	1.37	1.31	0.96
Employees – Total Recordable Injury Frequency Rate (TRIFR)	3.77	3.60	2.56
Employees – Severity Rate (SR)	31.89	27.18	23.36
Contractors – Lost Time Injury Frequency Rate (LTIFR)	1.60	1.36	1.07
Contractors – Total Recordable Injury Frequency Rate (TRIFR)	5.60	4.89	4.53
Contractors – Severity Rate (SR)	106.93	59.98	39.94
Number of significant spills[6]	0	0	0
GHG emissions intensity per thousand tonnes of processed ore (tCO_2eq/kt)		To be defined	
Energy use intensity per tonne of processed ore (GJ/t)		To be defined	
Water use volume intensity per tonne of processed ore (m^3/t)		To be defined	
Tailings disposal intensity per tonne of processed ore (t/t)		To be defined	
Number of significant disputes with local communities [7]	0	0	0
% of employees from local communities (Direct Area of Influence – DAI)	26%	27%	28%
% of local suppliers (Direct Area of Influence – DAI)	4.43%	4.65%	4.66%
% of women employees	19%	21%	24%
% of women in management positions	16%	18%	19%

Back to Diversity & Inclusion | Back to Executive Compensation

[5] These targets are consolidated for our three currently operating sites: Bateas, Cuzcatlan and Lindero and our offices, where applicable.

[6] We define a significant spill as any type of spill that meets one or more of the following parameters:
- Permanent impact on multiple people: injury, damage, disability, or irreversible effect on health.
- Limited reversible impact on ecosystems, restoration is possible and takes more than 3 months.
- Loss of trust and breakdown of communication with the community that generates actions against the company or generalized closure for 3 days or more.
- Negative media coverage at the local level resulting in a partial loss of confidence.

[7] We define a significant dispute with local communities as a loss of trust and communication breakdown with communities that generates actions against the Company and generalized closure for a minimum of 3 days.

ABOUT THIS REPORT

The scope of this Report is as follows:

- Quantitative data is provided for the period January 1 – December 31, 2020.
- Where available, four consecutive years of quantitative data (2017 to 2020) are provided to allow for analysis of trends.
- Consolidated quantitative sustainability data covers Fortuna corporate and management head offices in Peru and Canada, and our mines that were in production throughout the reporting period: Caylloma (operated by Bateas) and San Jose (operated by Cuzcatlan). Although our Lindero Mine (operated by Mansfield) is included in our consolidated financial statements, it is not yet included in the consolidated quantitative sustainability data, because production-related indicators were not available. Construction at the Lindero Mine was substantially completed at the end of 2020 and it is scheduled to enter commercial production in the second quarter of 2021. We plan to integrate sustainability performance data for Lindero into consolidated quantitative sustainability data in our next Report [GRI 102-45].
- We have provided available data for Lindero separately (see Appendix A), and any references to Fortuna corporate policies and management approaches also apply to Lindero [GRI 102-49].

Some information from the 2019 Report has been restated in this Report. The restatements can be found in Appendix D [GRI 102-48].

◀ Zorali clothing manufacturer – Cuzcatlan's local entrepreneur initiative

This Report is prepared in accordance with the Global Reporting Initiatives (GRI) Standards: Core option. The GRI is the most widely adopted framework for sustainability reporting. The GRI Content Index can be found in Appendix D [GRI 102-54].

The Report is also prepared using the SASB Metals and Mining Standard. The SASB Content Index can be found in Appendix C.

In the Climate Change section of this Report, we have begun to align disclosure with the TCFD Recommendations.

Additional details relating to the preparation of this Report are provided in Table 4.

Table 4: Report information

Report period [GRI 102-50]	January 1 – December 31, 2020
Date of publication	April 12, 2021
Frequency [GRI 102-52]	Annual
Last report [GRI 102-51]	2019 Sustainability Report, published May 6, 2020
Contact [GRI 102-53]	Operations Department – Fortuna Sustainability Department sustainability@fortunasilver.com
Website	https://www.fortunasilver.com/sustainability/overview
External assurance [GRI-102-56]	Not externally assured

Additional ESG-related information can be found in regulatory filings:

- Audited Consolidated Financial Statements
- Management's Discussion and Analysis
- Annual Information Form (AIF)
- Form 40-F – Annual Report
- Management Information Circular
- Extractive Sector Transparency Measures Act (ESTMA) Report

Stakeholder Engagement

In 2018 we undertook an in-depth stakeholder engagement exercise to identify, categorize and prioritize the stakeholders for our Caylloma and San Jose mines, using a methodology proposed by Mitchell, Agle & Wood that examined three criteria: power, legitimacy, and urgency (see Sustainability Report 2018, p49) [GRI 102-42]. Our key stakeholders and the channels we used to engage with them are outlined in Table 5.

Table 5: Stakeholder groups identified and engaged
[GRI 102-40, GRI 102-43]

Stakeholder	Channel	Frequency
Employees	Individual and group meetings	Frequent
	Email	As needed
	Employment contract	As needed
Communities	Independent and group meetings	Frequent, as needed or requested (see Community Relations section)
	Guided visits	
	Radio programs broadcast by Fortuna Silver Mines	
	Social media networks	
Investors	Reports	Frequent
	Meetings, telephone, and video conference	Frequent at the Corporate level
Customers	Meetings, telephone, email	Frequent
Contractors	Individual and group meetings, telephone, email	Frequent
Suppliers	Individual and group meetings, telephone, email	Frequent
Government	Email, telephone, meetings, formal letters, audits, field inspections	Frequent

ESG Materiality Assessment

Materiality assessment plays an essential role in our sustainability approach, because it enables us to prioritize topics that generate value for the Company and our stakeholders. As part of our effort to integrate sustainability in our corporate strategy (see Sustainability Framework section), and in response to growing interest in ESG in the capital markets, we undertook an ESG Materiality Assessment in 2020, focused on identifying the subset of financially material ESG factors likely to impact company value, and therefore of most interest to our investors and financial stakeholders. The process is summarized in Figure 5 [GRI 102-46].

Figure 5: Materiality Assessment Process

Identification of Potentially Material ESG Factors

- Benchmarking peers
- ESG ratings
- Sector standards
- ESG investor priorities
- Interviews with Fortuna and subsidiary management
- Update of 2019 assessment findings

Impact and Likelihood Assessment

- Potential financial materiality over the short-, medium-, and long-term, based on likelihood of occurrence and financial impact
- Level of investor interest
- Level of stakeholder interest

Validation of Results

- Validation by Fortuna management

Back to ESG for Investors

To ensure that broader stakeholder priorities were also considered in the 2020 ESG Materiality Assessment, we updated the results of a formal process we had undertaken in 2019, in which stakeholders were asked to rate priority sustainability topics for the Company (see Sustainability Report 2019, p24). Fortuna Corporate managers, Country Heads and subsidiary Community Relations Managers were asked whether stakeholder interactions in 2020 indicated any significant change in the degree of stakeholder interest in topics addressed in the 2019 Sustainability Report (Table 6). This was a practical approach given constraints on direct stakeholder engagement created by the COVID-19 pandemic, and in advance of undertaking broader stakeholder analysis for the Lindero Mine. The results of this exercise were integrated alongside ESG factors that were identified as potentially financially material.

Table 6: Non-financial stakeholder interest in sustainability topics [GRI 102-44]

Sustainability Topics Raised by Non-Financial Stakeholders	Stakeholder Priority Rating in 2019	Stakeholder Interest in 2020	Change in Stakeholder Interest in 2020
ENVIRONMENT			
Air Quality	59%	Community Customers Suppliers	Constant
Water Management	83%	Community Employees Government Customers Suppliers	Constant
Waste and Hazardous Materials Management	71%	Employees Community Government Customers Suppliers	Constant
SOCIAL			
Community Relations	72%	Community Contractors Suppliers Government Customers	Constant
Labor Relations	53%	Employees Government	Increasing
Workforce Health and Safety	70%	Employees Government Customers Community Suppliers	Constant
Human Capital Management	53%	Employees Community	Increasing
Stakeholder Engagement	72%	Employees Government Customers Community	Increasing

The ESG Materiality Assessment results were used to prioritize ESG and sustainability issues for inclusion in this Report (Figure 6), and as an input to the executive-level workshop to refine the Sustainability Plan (see Sustainability Framework section).

Figure 6: Prioritization of sustainability issues for inclusion in the Sustainability Report

▲ Lindero health centre construction team

Table 7 lists the topics included in this Report, indicating if they are material ESG factors likely to be of most interest to investors due to their potential impact on company value, and linking them to the pillars of our Sustainability Framework.

Table 7: Topics addressed in the 2020 Report [GRI 102-47, GRI 102-49]

		SUSTAINABILITY PILLARS				
Material Topic	Material ESG Factor	Human Rights and Ethics	Human Resources	Communities	Occupational Health and Safety	Environment
CORPORATE GOVERNANCE	✓		✓			
ENVIRONMENTAL						
Mine Closure and Reclamation	✓			✓		✓
Waste and Hazardous Materials Management	✓			✓		✓
Water Management	✓			✓		✓
Climate Change and Greenhouse Gas Emissions	✓					✓
Energy Management						✓
Air Quality				✓		✓
Biodiversity Impacts				✓		✓
SOCIAL						
Business Ethics and Transparency	✓	✓				
Workforce Health and Safety	✓				✓	
Human Capital Management and Labor Relations			✓			
Community Relations	✓			✓		
Security, Human Rights and Rights of Indigenous Peoples		✓		✓		
Supply Chain Management		✓		✓	✓	✓

CORPORATE GOVERNANCE

Governance in Brief

Board independence	67%
Key committee independence	100%
Separation of Chair and CEO	✓
Independent Chair of the Board	✓
Average age of directors	56 years
Average director tenure	8.71 years
Representation of women on the board	17%
Board Diversity Policy	✓
Share ownership requirements	✓
Clawback Policy	✓
ESG metrics in executive compensation	✓
Single share class (one share, one vote)	✓

* Information was updated considering latest changes in Board structure as of February 2021.

Oversight of ESG

Our Board provides ultimate oversight of ESG and sustainability issues [GRI 102-18]. Details of the expertise of our directors can be found in the Management Information Circular. At the date of this Report:

- 4 out of 6 Board directors (67%) have Health and Safety, Environment and Sustainability expertise, defined as a strong understanding of the operational requirements and leading practices of workplace health and safety, including the requirements for a strong safety culture and sustainable development.
- 6 of 6 Board directors (100%) have corporate governance expertise, defined as an understanding of the fiduciary, legal and ethical responsibilities of the Board, particularly issues surrounding conflicts of interest, corporate opportunity, and insider trading.

In 2020 the Board undertook internal workshops and discussions to consolidate our Sustainability Framework and Sustainability Plan. In 2021, the Board will integrate ESG issues to the director education program.

Board Committees

The Board is assisted by four Board committees (Table 8). While the Sustainability Committee oversees most issues covered in this Report, each committee oversees certain ESG or sustainability matters.

Table 8: Board Committees

Committee	Role	Independence
Audit Committee	The Audit Committee oversees financial information disclosure, internal controls and management information systems, the internal and external audit process, and compliance with legal and regulatory requirements for financial statements. Its mandate includes review of financial disclosures, review of material financial risks, and responsibility for the Code of Business Conduct and Ethics.	100%
Corporate Governance and Nominating Committee	The Corporate Governance and Nominating Committee develops the approach to governance including monitoring trends and legal requirements, assessing the functioning of the Board and its committees, and ensuring good governance practices. It identifies and recommends director candidates to the Board. Its mandate includes responsibility for the Anti-Corruption Policy.	100%
Compensation Committee	The Compensation Committee makes recommendations on the form and levels of executive compensation, and the targets and objectives on which executive performance will be assessed (including integration of ESG performance factors).	100%
Sustainability Committee	The Sustainability Committee oversees health, safety, security, environmental, sustainable development, and social responsibility policies and monitors their effectiveness across the Company. It reports to the Board on material ESG risks, including climate change, and provides the Board with reports and recommendations on sustainability matters.	Majority independent (current: 67%)

ESG Policies

The Board approves key corporate policies, standards, strategies, and plans relating to ESG and sustainability issues (Table 9), which are supported by internal policies and procedures, guidelines, manuals and training for our management and workforce to guide their application.

Table 9: ESG and sustainability-related policies approved by the Board [GRI 102-16]

Policies	Approval / Last Update
Code of Business Conduct and Ethics	March 9, 2021
Anti-Corruption Policy	March 10, 2020
Human Rights Policy	March 9, 2021
Diversity Policy	March 27, 2019
Health and Safety Policy	March 10, 2020
Community Support Guidelines (updated in 2020 and to be released soon)	June 18, 2018
Environmental Policy	November 12, 2019
Tailings and Heap Leach Management Standard[8]	2019
Supplier Code of Business Conduct and Ethics	March 9, 2021
Majority Voting Policy	March 27, 2019
Share-Ownership Policy	December 15, 2017
Incentive Compensation Clawback Policy	March 14, 2016
Blackouts and Securities Trading Policy	March 9, 2021
Advance Notice Policy	December 15, 2017
Disclosure Policy	March 27, 2019

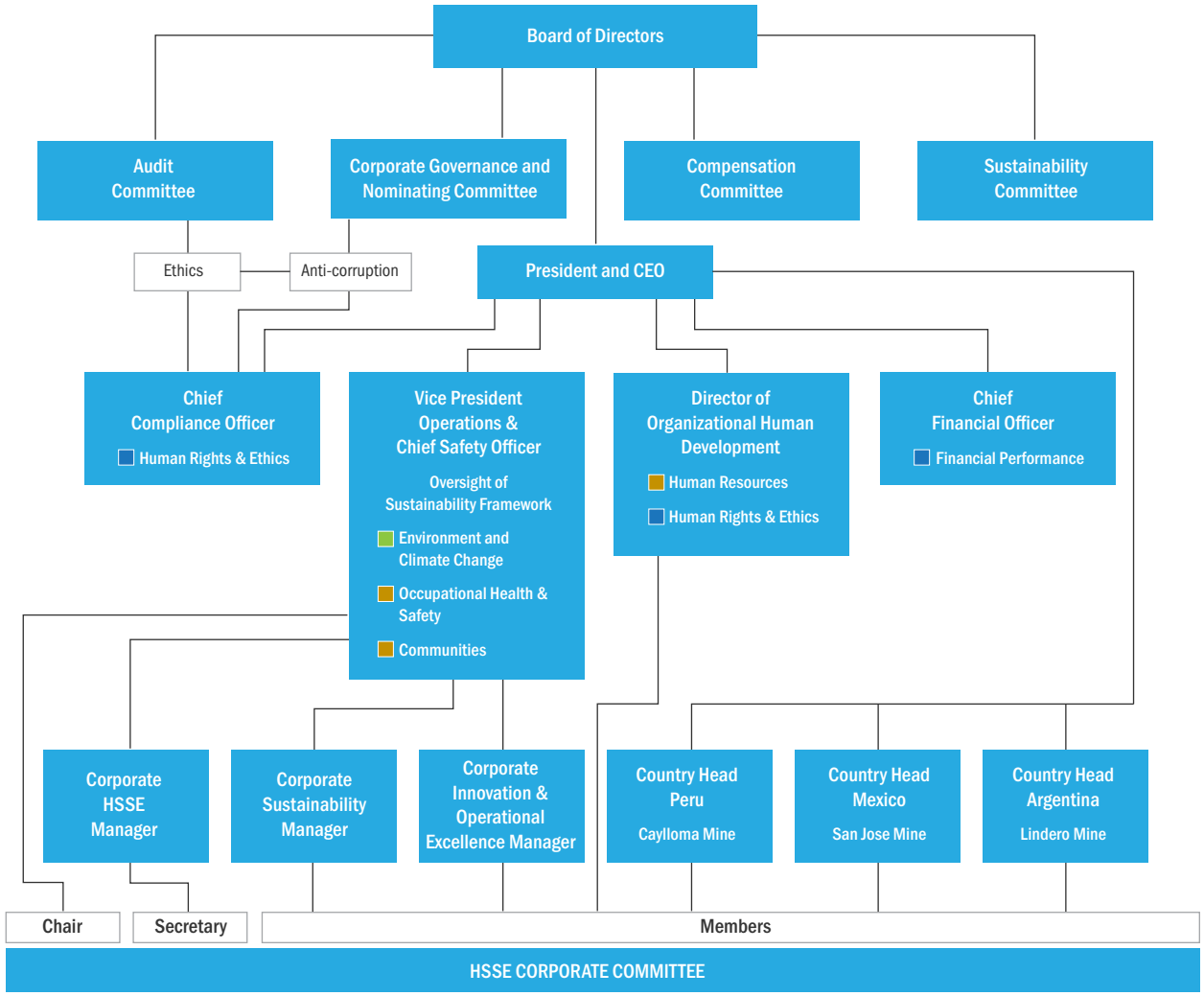
◂ Back to Sustainability Framework ◂ Back to Case Study 2

[8] The independent report entitled *Design Standards for Tailings and Filtered Storage Facilities, Heap Leach Facilities and Waste Rock Storage Facilities* prepared by NewFields Mining Design & Technical Services and dated August 26, 2019, was approved and accepted by the Sustainability Committee on October 16, 2019. The Board reviewed the Standard on November 12, 2019.

ESG Governance and Management Structure

Our ESG and sustainability governance and management structure is outlined in Figure 7.

Figure 7: ESG and sustainability oversight and management



Our Vice President Operations & Chief Safety Officer has ultimate oversight of our Sustainability Framework and reports directly to our President and CEO.

Our Corporate Sustainability Manager is responsible for the development, implementation, and update of our Sustainability Framework, including policies, procedures, manuals and standards, the management system, and training. The Corporate level Sustainability Team also establishes group-wide strategies and alliances, conducts group-level reporting and internal audit processes, and assesses progress towards ESG targets, with periodic reviews. In this way, sustainability information is consolidated from all operations into the annual Sustainability Report and other communications. Our approach aims to ensure that each subsidiary:

- Meets a minimum Corporate standard for each of the Sustainability Pillars, while being encouraged to proactively exceed the standard.
- Establishes long-term operational and sustainability plans.
- Presents operational and sustainability strategies, including action plans, as part of the annual business planning process.
- Uses the Sustainability Framework documents and tools to guide action plans.

Our Corporate Health, Safety, Security & Environment (HSSE) Manager is responsible for the development, implementation, and audit of HSSE-related policies. This operations-focused role coordinates closely with the Corporate Sustainability Manager to ensure alignment with sustainability strategy. Both positions report to the Vice President Operations & Chief Safety Officer.

Our HSSE Corporate Committee, which meets monthly, is tasked with improving HSSE culture and management across the Company. The HSSE Committee's scope of work includes guiding the Corporate HSSE Management System, reviewing risk assessments and risk controls, and coordinating with the CSO and the Corporate HSSE Manager on workplace inspections, remediation activities and incident investigations and prevention initiatives, and alignment with the Sustainability Framework.

Each subsidiary undertakes a monthly operational and sustainability review, led by Corporate. Our Country Heads participate in reviewing operational progress, sustainability data, and performance compared to operational and Sustainability Plan KPIs and targets. These review sessions are part of our quality assurance process.

◀ Back to ESG for Investors ◀ Back to Environmental

Safety is part of our culture.
Employee at the processing plant at the Caylloma Mine ▶

CASE STUDY 2

Fortuna – Building ESG Good Practice in an Expanding Company

As a company with an expanding portfolio of assets in multiple countries, we have been working to establish frameworks to delegate more responsibility and create greater autonomy at the subsidiary level, including for the management of material ESG factors. Operational and business decisions are now made at the subsidiary level. Each Country Head is now responsible for presenting the subsidiary plan and is the owner of the reporting business results. Business decision-making has been brought closer to the local level, which means that Country Heads also make the decisions on the management of ESG factors. This is reflected in a change in incentive scorecards, which now incorporate ESG metrics.

This new model to support growth creates a need for strong Corporate operational and sustainability guidance to act as a bridge between our business strategy and its execution, specifically by:

- Conveying Fortuna's orientation towards sustainable development and desired sustainable ways of working, in a way that is not restrictive and allows adaptation to accommodate differing local realities.
- Embedding ESG in risk management, establishing a framework in which subsidiaries can operate at their discretion but within the risk appetite permitted by our leadership.
- Offering a set of operational and ESG tools that may be quickly adopted by subsidiaries.

The Fortuna corporate team establishes high-level policies, basic standards, and reporting requirements, within which subsidiaries can develop approaches appropriate to the regulatory and social context. That is why many of our key corporate policies have been drafted or updated over the past two years: we were following good practices, but the expansion of the Company created a need to better document these expectations, implement them in a structured and disciplined way, and disclose them to our stakeholders. Fortuna Corporate also facilitates cross-company collaboration through structures such as the HSSE Corporate Committee.

We integrate ESG factors into the processes and procedures at each of our operations using the RASCI matrix (Responsible, Accountable, Supporting, Consulted and Informed) to clarify individual roles and responsibilities.

Managing our operations with a sustainability focus is key to generating value for our business, providing benefits to our employees, communities, suppliers, and protecting the environment we all share. We aim to embed sustainability in everything we do. Our policies and structures set baseline expectations for the subsidiaries and clear reporting lines through Fortuna corporate up to the Board, while maintaining flexibility for subsidiaries to innovate and respond to local needs and expectations. These efforts enhance our risk management, facilitate the induction of new employees and business relationships, and position us effectively for any future expansion into new markets.

▲ Lindero local government engagement.

▲ Tolar Grande, our neighboring community in Lindero

Diversity & Inclusion

We are committed to enhancing diversity in the workplace. We recognize the benefits arising from Board, management, and employee diversity, including broadening our expertise, accessing different outlooks and benefiting from all available talent. We respect and value the perspectives, experience, cultures and essential differences among our Board directors, management, and employees.

What is Diversity & Inclusion?

Diversity is any dimension that can be used to differentiate groups and people from one another. Inclusion implies respect for and appreciation of differences in gender, age, ethnic origin, religion, education, sexual orientation, political belief, or disability.

Our Diversity Policy, which is approved by the Board, sets out the guidelines by which we strive to increase diversity throughout the Company. It applies to executive and non-executive directors and full-time, part-time, and temporary management, employees, contractors, consultants and advisors of the Company.

Our Board is committed to fostering a diverse workplace and is responsible for proactively monitoring company performance in meeting the standards outlined in the Diversity Policy. Management is responsible for implementing the Diversity Policy, achieving diversity objectives, and reporting to the Board on progress.

Among the various dimensions of diversity, we are focusing on gender. In the locations where we operate, mining has traditionally been seen as a male occupation. We seek to destigmatize the sector and promote the participation of women, to generate shared value for the Company and society. We have included KPIs and targets for the representation of women in the labor force and management in our five-year Sustainability Plan (see Sustainability Framework section).

Executive Compensation

Our success is built on our people. In addition to investing in high-quality tangible assets, Fortuna also invests in market-leading human and intellectual capital. Our compensation philosophy is designed to attract and retain highly qualified and motivated executives who are dedicated to the long-term success of the Company and to the creation and protection of shareholder value.

Our strongly performance-based compensation structure aligns executive, shareholder and stakeholder interests. Sustainability KPIs (see Sustainability Framework section) are an important part of how we assess performance and have a direct impact on executive pay. Executive bonuses are based on corporate and personal objectives. In 2020, 25% of the corporate objective was tied to sustainability metrics and in 2021 this percentage has been increased to 35%. Personal objectives are also tied to relevant sustainability metrics. For example, the Vice President Operations' personal performance objectives included expectations relating to HSSE standards and community relations processes.

In 2016, the Board adopted an Incentive Compensation Clawback Policy to enhance accountability and ensure that incentive compensation paid to officers, directors and employees is based on accurate financial and operational data.

More information on Fortuna's executive compensation practices and plans can be found in the Management Information Circular.

◂ Back to ESG for Investors

ENVIRONMENTAL

We are committed to best practices and high standards of environmental performance in all aspects of our operations, and we strive to avoid, or where this is not possible, minimize the impact of our activities on the environment. We believe it is possible to design, construct, and operate our mines based on efficient use of energy and resources, protection of the environment and biodiversity, compliance with all applicable laws and international guidelines. When we close our operations, our aim is to return the land disturbed by our activities to as close to its natural state as reasonably possible.

HIGHLIGHTS IN 2020

Zero tailings dam incidents

Zero significant spills

Zero significant environmental fines

Continuing trend in reduction of freshwater withdrawals and consumption (absolute and intensity)

Alpacas graze in the surroundings of Caylloma Mine

Our Approach [SASB: EM-MM-160a.1]

For all environmental topics outlined in this section of the Report, the Sustainability Committee of the Board provides oversight, and the Vice President Operations & Chief Safety Officer has management responsibility. The HSSE Corporate Committee (see Corporate Governance section) ensures the alignment of subsidiary-level environmental initiatives with the company-wide Sustainability Framework.

Our Environmental Policy, which is approved by the Board, is guided by the ISO 14001:2015 Environmental Management Systems Standard. It outlines our commitment to protecting the natural environment wherever we work.

In 2020, San Jose (Cuzcatlan) implemented a site-level HSSE Committee comprised of the subsidiary's main decision-makers, which meets quarterly and focuses on air quality, climate change, water, tailings, energy, and biodiversity. For each topic, strategies were defined, opportunities and efficiencies were explored, and projects were identified for inclusion in the 2021 budget. Caylloma (Bateas) will establish a site-level HSSE Committee in 2021.

We provide annual training on relevant HSSE topics to supervisors within our subsidiaries and contractors, so that they can in turn train employees. The 2020 training program covered our Environmental Policy, environmental legislation, electrical energy consumption, waste management, water management, and natural resource education (water, air, soil, and biodiversity).

Environmental Management Systems

We aim to achieve certification of the environmental management system (EMS) at each of our operations to ISO 14001.

- **Caylloma (Bateas):** The EMS has been certified to ISO 14001 since 2010. In a surveillance audit conducted in November 2020 the EMS was found to be in continuing conformity with the standard. Caylloma's environmental management plans and environmental impact assessments (EIAs) are approved by the National Environmental Certification Service for Sustainable Investments (SENACE).
- **San Jose (Cuzcatlan):** The EMS is aligned to ISO 14001, but it was not possible to achieve the planned certification in 2020, because COVID-19 prevented site visits. Certification has been rescheduled to 2021. San Jose's environmental management plans are approved by the Secretary of Environment and Natural Resources (SEMARNAT) and meet the requirements of environmental impact studies authorized by the National Water Commission (CONAGUA) and SEMARNAT.

We conduct internal HSSE audits according to our Operational Control and Audit Procedure, which is mandatory for all subsidiaries. A detailed environmental management internal audit was scheduled for 2020, focusing on traceability of environmental data. However, due to COVID-19, it was not possible to conduct the necessary field visits. Subsidiaries undertook self-assessment instead, and the audit has been rescheduled for 2021.

Environmental Compliance

We pursue environmental excellence within the framework of the laws and regulations of the countries where we operate. Peru, Mexico, and Argentina have legislative and regulatory mechanisms to ensure compliance with environmental permits, authorizations, and other environmental obligations.

Our Performance

In 2020, there were zero significant environmental fines or penalties issued by regulators.

ESG FOCUS

- Environmental Governance
- Environmental Policy
- SASB: EM-MM-160a.1 Description of environmental management policies and practices for active sites

Back to ESG for Investors

Planting at San Jose Mine

Mine Closure and Reclamation

Why is this Important for Fortuna?

The responsibilities of a mining company begin at the exploration phase and continue beyond the closure of a mine. There are regulatory requirements to reclaim and restore mine sites, dismantle infrastructure, and meet continuing pollution prevention and water quality obligations.

Mine closure plans provide context for aspects of our environmental management approach. The location of each of our mines in the mine life cycle is outlined in Figure 8 [SASB: EM-MM-160a.1].

Figure 8: Location of mines and projects in the mine life cycle

EXPLORATION	CONSTRUCTION	PRODUCTION	CLOSURE	POST-CLOSURE
Brownfield and greenfield projects	No projects are at the construction stage	Caylloma Mine San Jose Mine Lindero Mine	No mines are at the closure stage	No mines are at the post-closure stage

The projected closure schedule for Caylloma (Bateas) and San Jose (Cuzcatlan) is shown in Table 10. Notwithstanding the closure schedule, we are conducting intensive brownfields exploration with the aim of extending mine life at both operations. If additional reserves or resources are discovered, the life of mine may be extended, delaying the planned closure date.

Table 10: Projected closure schedule for Caylloma and San Jose mines[9]

Life Cycle Stage	Caylloma (Bateas)	San Jose (Cuzcatlan)
Production stage	Until 2024 progressive closure from 2021	Until end of 2023 progressive closure from 2021
Closure stage	2025-2027	2024-2028
Post-closure stage (maintenance and monitoring)	2028-2032	2029-2033

While none of our mines were at the closure stage in 2020, the regulations in the countries where we operate require us to consider the environmental and social aspects of mine closure from the planning stage.

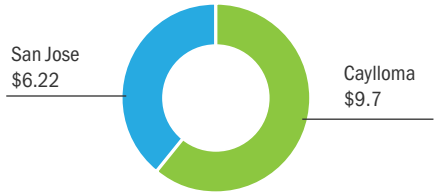
[9] Estimates are calculated on a yearly basis. These figures correspond to 2020 calculation.

Our Approach [SASB: EM-MM-160a.1]

The objective of our mine closure plans is to ensure that the environment where our mining activities take place is restored to long-term sustainability, which may be a similar condition to what existed before mining took place, or a condition suitable for another use (see Biodiversity Impacts section). We have obligations to make operational and financial provisions to ensure the mine closure plans, rehabilitation and remediation activities are completed. We are committed to set aside sufficient funds for these purposes. In case of Caylloma these funds are paid to the Peruvian government as financial provisions, while at San Jose the funds shown represent the budget for mine closure (Figure 9).

All our operations have mine closure plans, which may be conceptual, progressive, or final closure plans depending on the life cycle stage the of the mine. Closure plans consider physical conditions (including water quality, soil conditions, physical stability, chemical stability, and hydrological stability), biological conditions (including habitats and revegetation), socioeconomic considerations (including stakeholder participation and social programs) and the cultural environment. They are reassessed and updated annually, indicating which structures will be decommissioned and which areas will be restored. In the years prior to closure, updates to mine closure plans and any associated financial provisions are submitted for approval to regulators. Progress reports on implementation and compliance with ongoing restoration commitments are submitted on an annual basis.

Figure 9: 2020 Funds for mine closure (USD million)



▼ Planting at Caylloma Mine

ESG Focus

- Environmental Governance
- Environmental Policy
- Mine Technical Reports
- SASB: EM-MM-160a.1 Description of environmental management policies and practices for active sites

◀ Back to ESG for Investors

Measuring hazardous waste at Caylloma mine

Waste and Hazardous Materials Management

Why is this Important for Fortuna?

Effective management and reduction of waste can reduce operational and compliance costs, avoid fines and penalties, facilitate permitting, and protect our reputation in the communities where we operate.

Our operations include tailings storage facilities (TSFs) and heap leach facilities (HLFs). Tailings management is a high priority for investors, regulators, communities, and other stakeholders, because tailings dam failures can lead to loss of life or significant damage to property and ecosystems. Our operations are subject to waste regulations.

Our Approach

Tailings Management

Our Tailings and Heap Leach Management Standard, which is based on the guidelines of the Mining Association of Canada and the Canadian Dam Association, requires us to locate, design, build, operate, and close all TSFs and HLFs using a risk-based approach with site-specific data, or as specified by local regulatory requirements (whichever approach is more stringent). Our standard covers facility integrity, governance, monitoring, and emergency preparedness. Implementation of the standard will be audited in 2021.

We provide transparency on the hazard potential of our four TSFs (Table 11). Our response to the Investor Mining and Tailings Safety Initiative information request is published on our website and provides more detail on our TSF inventory and how our risk management protocols are applied to tailings management.

Table 11: Tailings storage facilities broken down by hazard potential (based on Canadian Dam Association Consequence Classification Ratings for Dams) [SASB EM-MM-150a.3]

Location	Name	Status	Hazard Potential Categorization
Caylloma Mine, Arequipa, Peru	Bateas 2	Open	Significant
	Bateas 3	Open	Significant
San Jose Mine, Oaxaca, Mexico	Cuzcatlan Dry Stack	Open	Significant
	Cuzcatlan Tailings Dam	Open	Significant

Cuzcatlan Dry Stack is the most recently commissioned TSF at San Jose. Dry stacking of tailings offers a range of risk mitigation advantages including reduced containment failure risk, reduced water consumption, and enabling progressive rehabilitation. A smaller surface area reduces the potential for water contamination and allows for more efficient use of monitoring systems.

At our underground mines we reuse the heavy solid component of tailings as paste fill. This allows us to reduce tailings disposal in our TSFs, which extends their holding capacity over time, reduces tailings dam risks and impacts.

Hazardous and Non-Hazardous Waste Management

(GRI 306-1, GRI 306-2)

Our mining operations generate a range of hazardous and non-hazardous waste, in addition to tailings:

- **Caylloma (Bateas):** The main sources of hazardous waste are hydrocarbon-contaminated waste, and empty containers and packaging of hazardous materials, such as empty reagent cylinders and cardboard from used explosives. Non-hazardous waste includes organic and general waste.
- **San Jose (Cuzcatlan):** The main sources of hazardous waste are used oil, hydrocarbon-contaminated waste and empty containers and packaging of hazardous materials. Non-hazardous waste includes organic waste and plastic, cardboard, wood, and scrap metal.

More information on hazardous materials management can be found in the Workforce Health and Safety section.

Our operations have specific management plans and guidelines governing collection, separation, storage, reuse, and disposal of waste, reflecting local legislation and the commitments in our environmental impact assessments. Waste generation and disposal, including the activities of waste disposal contractors, are monitored across our operations according to regulatory requirements and our internal procedures.

- **Caylloma (Bateas):** We have specific procedures and guidelines that govern collection, separation, storage, reuse, and disposal of waste. There are 200 waste stations at the mine with color-coded bins to facilitate waste separation. Our hazardous waste is classified by type and stored at an on-site temporary storage facility. An authorized third-party contractor collects the waste monthly and provides the mine with a report on final disposal, which is used in regulatory waste auditing. Waste is weighed before delivery to the temporary storage facility and again when it is removed for disposal. Examples of initiatives to prevent and reduce waste include:
  - Reusing metal scrap and piping as splices and couplings
  - Recycling wood for donation to local communities
  - Reusing empty oil drums for waste collection storage
- **San Jose (Cuzcatlan):** We have management plans for solid waste, hazardous and non-hazardous waste, and mining waste. To meet regulatory waste traceability requirements we maintain waste logs, including the type and quantity of waste, the area of the mine where it was generated, and the type of disposal required. This information is reported annually to the regulator, along with details of our waste disposal contractors, to enable compliance monitoring. Our waste disposal contractors document the final disposal of our waste in a manifest that must be returned to the mine within 60 days of receipt, or the mine will alert the authorities. This allows verification that waste was disposed of correctly. Contracts with waste management contractors reflect our commitment to comply with the regulations. Examples of initiatives to prevent and reduce waste include:
  - Training in the correct identification and classification of waste as hazardous or non-hazardous, to reduce the volume of hazardous waste generated.
  - Reprocessing residues for use in the concentrate production process.
  - Substituting the sacks used to arrange dry tailings for a more resistant material, reducing the volume of plastic waste.
  - Reusing scrap metal from mill maintenance to make planters, which reduces waste and provides shelter for birds.

Our Performance

In 2020, there were:

- **Zero** tailings dam incidents
- **Zero** significant spills of concentrates, fuels, hazardous waste, hazardous chemicals or other substances

Our tailings generation intensity per tonne of processed ore remained stable (Figure 10).

The percentage of tailings recycled through use as paste fill, which had been increasing since 2017, dropped in 2020 because of the pandemic. Due to COVID-19, there were periods when mining was suspended, but processing continued with stockpiled ore. As a result, tailings were generated that could not be used as underground backfill (Table 12).

In 2020, waste intensity per tonne of processed ore, our main waste management indicator, continued to trend downwards (Figure 11).

More detailed information on our waste generation, diversion and disposal can be found in Table 13.

Table 12: Total tailings waste generated (t) and percentage recycled (SASB EM-MM-150a.1)

Year	Total Tailings Waste Generated (tonnes)			Percentage Recycled as Paste Fill		
	Consolidated	Caylloma	San Jose	Consolidated	Caylloma	San Jose
2017	1,511,195	469,083	1,042,112	28%	41%	22%
2018	1,485,985	474,082	1,011,903	31%	41%	26%
2019	1,509,124	470,566	1,038,558	38%	34%	40%
2020	1,357,774	450,576	907,198	35%	33%	36%

Figure 10: Tailings generation intensity and dry tailings disposal intensity per tonne of processed ore (t/t)

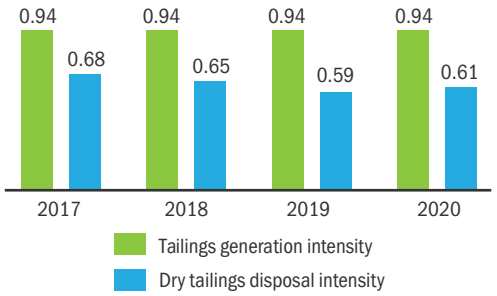
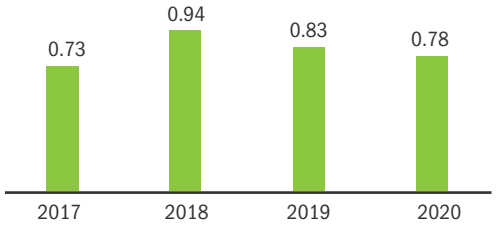


Figure 11: Waste intensity per tonne of processed ore (kg/t)[10]



▼ Dry stack tailings facility at San Jose Mine

[10] In 2020 we recalculated this indicator based on the updated GRI 306: Waste (2020) Standard.

Table 13: Hazardous and non-hazardous waste generated, diverted from disposal, and directed to disposal (tonnes) [GRI 306-3, GRI 306-4, GRI 306-5]

Type / Method and Location	2017	2018	2019	2020
Total Waste Generated	**1,175**	**1,483**	**1,329**	**1,123**
Hazardous Waste Generated	**329.71**	**345.16**	**307.71**	**261.06**
Diverted from Disposal	**151.12**	**171.88**	**126.57**	**115.76**
Onsite	0	0	0	0
Offsite	151.12	171.88	126.57	115.76
Reuse	0	0	0	0
Recycling	151.12	171.88	126.57	115.76
Composting	0	0	0	0
Recovery	0	0	0	0
Other	0	0	0	0
Directed to Disposal	**178.59**	**173.28**	**181.14**	**145.30**
Onsite	0	0	0	0
Offsite	178.59	173.28	181.14	145.30
Incinerated with energy recovery	0	0	0	0
Incinerated without energy recovery	0	0	0	0
Transfer to secure landfill	178.59	173.28	181.14	145.30
Other	0	0	0	0
Non-Hazardous Waste Generated	**845.70**	**1,138**	**1,021**	**862.06**
Diverted from Disposal	**475.42**	**720.48**	**602.09**	**519.36**
Onsite	0	6.21	8.65	5.91
Reuse	0	0	0	0
Recycling	0	0	0	0
Composting	0	6.21	8.65	5.91
Recovery	0	0	0	0
Other	0	0	0	0
Offsite	475.42	714.28	593.44	513.44
Reuse	0	0	0	0
Recycling	475.42	708.18	585.72	507.49
Composting	0	0	0	0
Recovery	0	0	0	0
Other	0	6.09	7.72	5.96
Directed to Disposal	**370.28**	**417.32**	**419.27**	**342.70**
Onsite	0	0	0	0
Offsite	370.28	417.32	419.27	342.70
Incinerated with energy recovery	0	0	0	0
Incinerated without energy recovery	0	0	0	0
Transfer to open landfill	7.70	46.84	33.11	36.37
Transfer to sanitary landfill	362.58	370.48	386.16	306.33
Other	0	0	0	0

ESG Focus

- Environmental Governance
- Tailings and Heap Leach Management Standard
- Investor Mining and Tailings Safety Initiative information request
- SASB EM-MM-150a.1 Total weight of tailings waste, percentage recycled
- SASB EM-MM-150a.3 Number of tailings impoundments broken down by hazard potential

Back to ESG for Investors

Wastewater treatment at Caylloma Mine

Water Management

Why is this Important for Fortuna?

Effective management and reduction of waste can reduce operational and compliance costs, avoid fines and penalties, facilitate permitting, and protect our reputation in the communities where we operate.

Our operations are subject to water use approvals and regulations. While water scarcity can impact operations, none of our mines are situated in areas of high or extreme water stress[11] [SASB: EM-MM-140a.1]. At Caylloma and San Jose, harmful chemicals are not part of the hydro-metallurgical process and the biggest effluent concern is suspended solids.

Our Approach [GRI 303-1, GRI 303-2]

We seek to minimize our operational water consumption, make effective use of water in our processes, and ensure that any effluents are treated to meet required water quality standards.

While our operations are not located in areas of high-water stress, we have developed water management plans to optimize water consumption. We conduct participatory monitoring with local authorities and communities to identify discharges that could impact water quality.

- **Caylloma (Bateas):** Our freshwater source is the Santiago River. By focusing on water reuse, we only require approximately half the currently authorized freshwater withdrawal capacity. A significant proportion of the water used in the processing plant is recirculated from the tailings pond. As a result, in 2020 we reduced the use of freshwater by 20%. A large volume of water is also available from the underground mine, which we are already accessing and plan to scale up through a water pumping project in 2021. This has the potential to reduce freshwater extraction by an additional 30%, while reducing extraction costs. We are also exploring the reuse of cooling water from processing plant pumps in a continuous cycle. The limits we have established for wastewater discharge (both in quantity and quality) are well below the maximum permissible regulatory limits. Water in our tailings ponds requires no further treatment before discharge. Underground mine water undergoes treatment through six underground ponds (four of which were added in 2019 to improve treatment) and two surface level ponds. Suspended solids are removed before the water is discharged to the river. There are eight effluent discharge points, and we conduct monthly effluent monitoring programs in accordance with regulations and regularly report our monitoring results to the National Water Authority (ANA). Participatory monitoring is normally carried out three times each year, but in 2020 the authorities suspended these activities as a preventive measure due to COVID-19 pandemic.
- **San Jose (Cuzcatlan):** Our freshwater comes from rainwater collection in the tailings pond. We also use treated wastewater from the Ocotlan wastewater treatment plant through an agreement with the municipality, which has supplied approximately 8% of the mine's water requirements since 2010 (see Case Study 3). The mine has a closed water circuit and does not discharge effluents. Participatory monitoring is undertaken on a quarterly basis.

[11] As defined by the World Resource Institute's Aqueduct Water Risk Atlas.

Our Performance

In 2020 there were zero incidents of non-compliance with water quality permits, standards, and regulations (Table 14).

Table 14: Incidents of non-compliance with water quality permits, standards, and regulations [SASB EM-MM-140a.2]

Subsidiary	Incidents of Non-Compliance			
	2017	2018	2019	2020
Consolidated	**0**	**1**	**0**	**0**
Bateas	0	0	0	0
Cuzcatlan	0	1	0	0

Our water withdrawal and consumption intensity continued to trend downwards in 2020 (Figure 12).

Our total freshwater withdrawn and consumed also continued to trend downwards in 2020 (Figure 13).

We maintained a high and increasing rate of water recycling in 2020 (Figure 14).

Detailed information on our water withdrawal, discharge and consumption by source and region can be found in Appendix D.

Back to Climate Change

Figure 12: Freshwater withdrawal and water consumption intensity per tonne of processed ore (m^3/t)

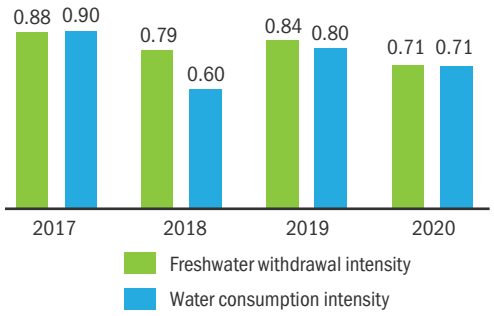


Figure 13: Total freshwater withdrawn and consumed (thousand m^3) [SASB EM-MM-140a.1]

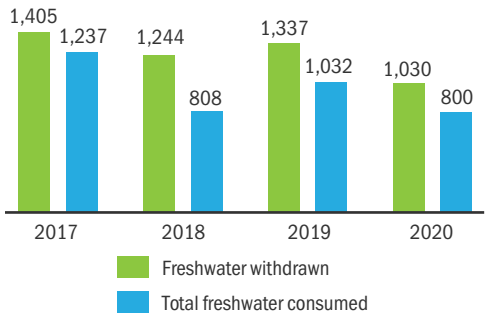
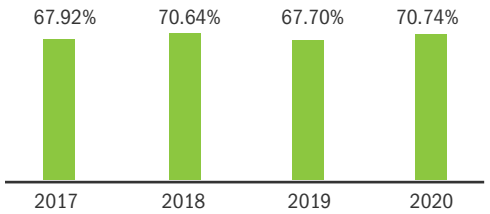


Figure 14: Percentage of water recycled



▲ Water monitoring at Caylloma

ESG Focus

- Environmental Governance
- SASB EM-MM-140a.1 Total freshwater withdrawn and consumed
- SASB EM-MM-140a.2 Number of incidents of non-compliance

Back to ESG for Investors

CASE STUDY 3

San Jose – Community Wastewater is a Win-Win Solution for Operations

A unique feature of our San Jose Mine is that a portion of the water used in its operations is sourced from the wastewater treatment plant in the Municipality of Ocotlan de Morelos, a community of approximately 23,000 people situated 15 kilometers from the mine.

▼ Ocotlan de Morelos Wastewater Treatment Plant

The Challenge

When we were designing the San Jose Mine in Oaxaca, Mexico, we recognized that sourcing water presented a significant challenge in a region that faces water stress. Extracting water from conventional water wells or from the nearby Atoyac River was not a sustainable option, as the mine would compete for water with local users. In 2008 we identified a potential alternative water source, an idle grey water treatment plant in Ocotlan de Morelos. The plant had fallen into disrepair due to lack of investment and maintenance, causing serious environmental and public health problems in the community and surrounding areas. Raw sewage was being discharged into the Atoyac River and polluting the local aquifer. Farmers were using the plant overflow to irrigate crops, contaminating local produce, and causing stomach infections among residents. In the rainy season local roads were flooded with sewage, interrupting transit, and causing widespread pollution. The floods affected school attendance and local sports teams were unable to use the nearby athletics field. The plant also emitted unpleasant odors and excessive noise and was a breeding ground for flies, rodents, and bacterial disease.

The Solution

In January 2010, Fortuna signed a 15-year renewable agreement with the Municipality of Ocotlan to refurbish and operate the sewage plant in exchange for use of residual grey water at the San Jose Mine. We made the necessary investments to transform the plant into a modern facility, including replacing pumps and motors with quieter and more energy efficient equipment. In October 2010, the plant became fully operational. Now it is one of only two wastewater treatment plants in the State of Oaxaca that produce water of sufficient quality for reuse.

We installed a buried pipe to bring the water from the plant to the mine, where it is discharged to a treatment tank to remove further solids before use or stored in the tailings pond if the tank is full. To avoid spillage risk, water can be piped directly from the tailings pond to the mine.

The plant has provided approximately 8% of the water supply for the San Jose Mine since 2010. The balance comes from rainwater collected in the tailings dam during the rainy season and from water recycled within the zero-discharge closed water circuit.

The Benefits

The volume of wastewater received from the plant (70% of the total “product”) replaces an equivalent volume of water that we would otherwise need to extract from a freshwater source in an arid region. The remaining 30% of the treated water is reused for public services, including irrigation of community green spaces, and supplying the toilet tanks in the local municipal market.

Community support for the San Jose Mine increased because of the significant environmental, health and social benefits of the grey water treatment plant refurbishment. Today, the facility is a source of employment and hosts community site visits. Sewage is fully contained and treated according to international standards, and there is no more flooding. The plant no longer pollutes the environment and the health hazards from sewage contamination were eliminated. Ocotlan residents can now use the athletics field, attend school, and enjoy the public gardens surrounding the plant.

This initiative creates benefits for the mine, the environment and community stakeholders. It allows us to mitigate water availability risk for our operations, avoids depletion of the aquifer, and at the same time contributes in a concrete way to achieving a target under Sustainable Development Goal 6 – Clean Water and Sanitation – namely, to halve the proportion of untreated wastewater by 2030.

◀ Back to Water Management

Climate Change and Greenhouse Gas Emissions

Why is this Important for Fortuna?

Climate change is a major global challenge and a concern for many of our stakeholders. Countries that are signatories to the Paris Agreement are working on the transition to a low carbon economy, which will have profound impacts for all sectors, including mining. Climate change is a systemic risk with the potential to impact our mine infrastructure and operations, the regulatory frameworks under which we operate, and the demand for the minerals we produce. It is an increasingly important issue for investors, who are seeking to understand the impact of climate change across their portfolios. A changing climate also threatens the well-being of our local communities. The governments of Mexico, Peru and Argentina have acknowledged the need to address climate risk and have made commitments to reduce greenhouse gas (GHG) emissions and adapt to the physical impacts of a changing climate.

We are embarking on a process to explore the climate risks and opportunities facing the Company in order to develop a climate strategy in response. We are committed to setting targets and minimizing the GHG emissions associated with our operations, which primarily result from electricity purchasing. Another key consideration is the need to adapt our operations and infrastructure to withstand the physical impacts of climate change, such as more extreme weather events.

In response to investor expectations, in this Report we have begun to align our climate disclosure to the four pillars of the TCFD Recommendations. We are committed to enhancing our climate disclosure over time and will strive towards full alignment within a reasonable time frame.

Governance

The Sustainability Committee of the Board provides oversight of climate change. The Board will be involved in major climate-related decisions that involve a capital investment program, which would be approved annually by the Board as part of the budget process [TCFD Governance (a)].

Our Vice President Operations has management responsibility for all environmental issues, including climate change. The HSSE Corporate Committee supervises the environmental initiatives of subsidiaries and promotes best practice across the Company [TCFD Governance (b)].

The Vice President Operations and the HSSE Corporate Committee will report to the Board on climate change KPIs, progress towards GHG emissions targets, and the implementation of climate-related initiatives and action plans.

Strategy [SASB EM-MM-110a.2]

Climate-related Risks and Opportunities [TCFD Strategy (a)]

Transition and physical climate-related risks were identified in our 2020 ESG Materiality Assessment, which also considered how climate change increases exposure to other ESG risks, such as waste and hazardous materials management, water management, community relations, and mine closure and reclamation.

- **GHG Emissions:** Mining operations can be energy-intensive and generate significant direct GHG emissions. Regulatory efforts to reduce GHG emissions in response to the risks posed by climate change may result in additional regulatory compliance costs and risks for mining companies due to climate change mitigation policies. Energy efficiency is a key element of emissions reduction (see Energy Management section).
- **Physical Climate Risk:** Physical risks resulting from climate change can be acute (such as the increased frequency and severity of extreme weather events) or chronic (longer term shifts in climate patterns, such as sustained higher temperatures leading to chronic heat waves, sea level rise and coastal erosion). This can result in damage to facilities, infrastructure, and critical elements of the supply chain or compromise the long-term viability of assets located in regions with changing weather patterns. We consider potential climate change effects in the development of mine closure plans and long-term monitoring of tailings facilities.

Strategy Development [TCFD Strategy (b) and (c)]

Subsidiary HSSE Committees have undertaken, or will undertake, a thorough analysis of emissions sources and identified emissions reduction opportunities at each mine. As we develop our corporate climate strategy in 2021, we plan to conduct a more detailed assessment of climate-related risks and opportunities to ensure that our climate strategy focuses on the areas that represent the greatest risks and opportunities to our business. We also plan to develop robust action plans to mitigate risks and capture opportunities, enhance integration of climate-related risks into risk management processes, set climate-related targets, and increase transparency through TCFD-aligned disclosure.

Risk Management

Climate change risks are considered as part of our risk mapping and categorization process, which evaluates the probability and impact of different types of risk to determine potential consequences for the Company. Action plans are drawn up to mitigate identified risks, for which Country Heads are accountable. Currently this exercise is carried out at the subsidiary level, but in 2021 we will implement a comprehensive enterprise risk management process that will be more proactively aligned with material ESG factors [TCFD Risk Management (a), (b) and (c)].

Metrics and Targets

We track our total GHG emissions and our GHG emissions intensity, measured as emissions per tonne of processed ore. At both Caylloma and San Jose, we use the same methodology to calculate GHG emissions [TCFD Metrics & Targets (a)].

Our GHG emissions are predominantly Scope 2 emissions associated with purchased electricity generation and consumption (Figure 15). Our total Scope 2 emissions continued to trend downwards in 2020, while our Scope 1 emissions associated with direct use of fuel rose slightly. Our Scope 1 emissions are not currently covered by emissions-limiting regulations [SASB EM-MM-110a.1]. We do not currently measure Scope 3 emissions associated with activities in our value chain where we do not own or control the emissions source.

Our location-based Scope 2 GHG emissions (Figure 16) continued to decrease at San Jose and Caylloma in 2020 [GRI 305-2].

Our GHG emissions intensity increased in 2020. Due to COVID-19, production decreased, while the energy and fossil fuel consumption required to maintain the sites remained constant, increasing the GHG intensity ratio (Figure 17).

Figure 15: Gross global Scope 1 and 2 GHG emissions (tonnes CO_2 equivalent) [TCFD Metrics & Targets (b), SASB EM-MM-110a.1, GRI 305-1, GRI 305-2]

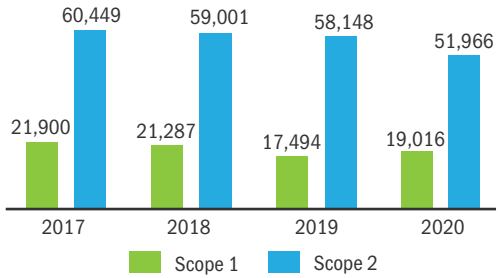


Figure 16: Location-based Scope 2 GHG emissions (tonnes CO_2 equivalent) [TCFD Metrics & Targets (b), SASB EM-MM-110a.1, GRI 305-1, GRI 305-2]

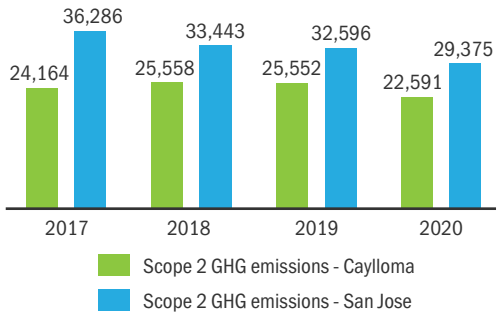
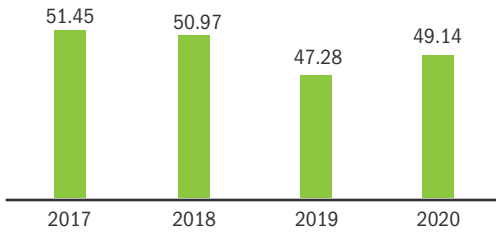


Figure 17: GHG emissions intensity per thousand tonnes of processed ore (tonnes CO_2 equivalent/kt) [GRI 305-4]



Additional metrics linked to climate change can be found in the following sections of this Report:

- Energy Management section
  - Figure 18: Total energy consumption
  - Table 15: Energy consumption by source
  - Figure 19: Energy intensity
- Water Management section
  - Figure 12: Freshwater withdrawal and water consumption intensity
  - Figure 13: Total freshwater withdrawn and consumed

We have not yet set targets for managing climate-related risks and opportunities. We will set targets as part of our climate strategy development in 2021 [TCFD Metrics & Targets (c)].

ESG Focus

- TCFD Governance a)
- TCFD Governance b)
- TCFD Strategy a)
- TCFD Strategy b)
- TCFD Risk Management a)
- TCFD Risk Management b)
- TCFD Risk Management c)
- TCFD Metrics and Targets a)
- TCFD Metrics and Targets b)
- TCFD Metrics and Targets c)
- SASB EM-MM-110a.1 Scope 1 emissions
- SASB EM-MM-110a.2 Strategy to manage Scope 1 emissions

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Energy Management

Why is this Important for Fortuna?

Optimizing energy supply and consumption has financial, operational, and environmental benefits. Energy can represent a significant portion of operating costs and energy supply disruptions can impact production. Electricity consumption and fuel combustion contribute to GHG emissions (see Climate Change section).

Caylloma and San Jose use electrical energy from the grid, which is generated almost entirely from non-renewable sources. As a contingency measure, we have on-site power generation plants that are used for emergency energy supply. At both mines, fuel consumption includes diesel and liquefied petroleum gas (LPG), primarily for transport.

Our Approach

We seek to reduce energy consumption and increase the use of renewable energy, while enhancing operational productivity. Our subsidiaries prepare monthly reports on actions to reduce energy consumption and intensity. The approach varies based on the life of mine stage.

- **Caylloma:** The life of mine extension has significant implications for energy management. New infrastructure will be developed while mining continues, which will increase energy consumption and overall energy intensity over the short term but create the opportunity to install more energy-efficient equipment. In 2020, we replaced pumps and flotation cells with more efficient versions. In 2021, we plan to install a new power transformer that could allow us to source more electricity from the grid and reduce our reliance on our on-site fossil-fueled power generation plant. We will also switch to a grid electricity supplier that offers greater access to energy from renewable sources. Increased electrical capacity will allow us to carry out infrastructure development initiatives, including installation of energy-efficient equipment.
- **San Jose:** While we seek to extend the life of the mine, energy management will focus on opportunities to reduce consumption, rather than installing new infrastructure and equipment. For example, we have installed sensors on key equipment such as underground mine ventilation fans, which are one of the biggest energy consumers on the site, allowing us to monitor them for overheating. We are designing and implementing software to automatically identify, measure and alert us to specific energy consumption anomalies, so they can be addressed immediately.

◀ Electricity Generation plant at San Jose

Our Performance

In 2020, our total consumption of energy from fuels and electricity continued to trend downwards (Figure 18).

Most of our energy (94%) is derived from non-renewable sources (Table 15). All the fuel consumed by our subsidiaries is non-renewable (primarily diesel). 23% of the electrical energy consumed by Caylloma is from renewable sources, and we seek to increase this percentage through our energy infrastructure enhancement plans. 100% of the electricity consumed by San Jose is generated from non-renewable sources, so our focus is on energy efficiency.

At San Jose, around 68% of electricity consumed is used by the concentrate processing plant, while the remaining 32% is consumed by the operations in the underground mine. In 2020 we implemented a project to stabilize power peaks in the processing plant. This resulted in an electrical energy saving of 2% (904,287 kWh), equivalent to GHG emissions of 457 tCO_2eq. As well as the direct energy cost saving there was an additional financial benefit, as the federal authorities rewarded our energy efficiency with a discount of 1,680,235 pesos (approximately USD 84,000) on our annual energy bill.

Although our energy intensity over the past four years has trended downwards (Figure 19), it increased slightly in 2020, because of production constraints due to the COVID-19 pandemic.

Back to Climate Change

Table 15: Energy consumption by source (GJ) [GRI 302-1]

Consolidated	2017	2018	2019	2020
Total Energy Consumption	**663,566**	**663,199**	**612,501**	**561,889**
Total Fuel Consumption	**274,055**	**260,155**	**215,284**	**197,778**
Non-renewable Sources	274,055	260,155	215,284	197,778
Diesel	not available	not available	not available	193,905
Gasoline	not available	not available	not available	1,309
LPG	not available	not available	not available	2,564
Other	not available	not available	not available	0
Renewable Sources	0	0	0	0
Total Electricity Consumption	**389,511**	**403,043**	**397,217**	**364,112**
Non-renewable Sources	361,450	355,904	357,071	328,393
Renewable Sources	28,061	47,139	40,146	35,718

Figure 18: Total energy consumption (GJ)

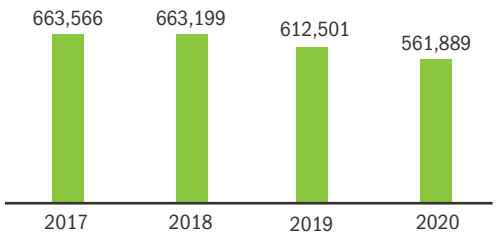
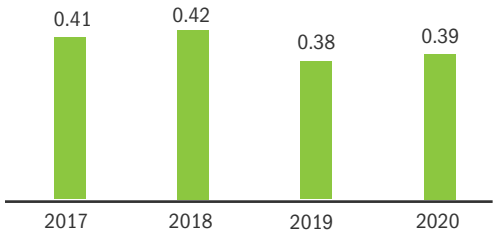


Figure 19: Energy intensity per tonne of processed ore (GJ/t) [GRI-302-3]



Caylloma installed more efficient flotation cells ▶

Air Quality

Why is this Important for Fortuna?

Effective management of air quality can reduce regulatory compliance costs, avoid fines and penalties, facilitate permit applications, and protect the Company's reputation in the communities where we operate.

Our mines are subject to air quality regulations that specify maximum permissible emissions limits. Caylloma is subject to air quality regulation D.S. N° 003-2017-MINAM issued by the Peruvian Ministry of the Environment. San Jose is subject to the requirements of the Mexican authority SEMARNAT, which include unannounced inspection visits by PROFEPA (the Mexican Federal Attorney for Environmental Protection). In 2020, PROFEPA conducted two inspection visits, with no adverse findings.

▼ Dust control system at the Caylloma Mine.

Our Approach

Our aim is to ensure that air emissions remain within the specified emissions limits. We use air quality monitoring stations to track our performance in preventing air pollution. Air quality monitoring is carried out by third-party accredited laboratories on a quarterly basis and validated by local authorities. We continually seek ways to improve air quality at our operations.

- **Caylloma (Bateas):** We operate 10 air quality monitoring stations. We primarily monitor for particulate matter of less than 2.5 microns ($PM_{2.5}$), nitrogen oxides (NO_x) and sulfur oxides (SO_x). We also monitor lead, arsenic, mercury, and benzene emissions as required by legislation. Monitoring accreditation is defined by the Quality National Institute (INACAL). Air quality measures include:
  - Daily irrigation of roads by water trucks hired from the local community to prevent dust.
  - Water spray systems and protective covers on the belts in the crusher area.
  - A sprinkler irrigation system for the tailings deposits.
- **San Jose (Cuzcatlan):** We operate 12 air quality monitoring stations. We primarily monitor for $PM_{2.5}$. There are no stationary sources generating NO_x and SO_x emissions. Monitoring accreditation is defined by the Mexican Accreditation Entity (EMA) and PROFEPA approval. Air quality measures include:
  - Improved frequency of irrigation of roads, especially in the dry season.
  - Installing particulate matter collectors and a gas scrubber in the laboratory area.
  - Installing safety covers for the plant conveyor belt to reduce particle generation.
  - Using a geomembrane and chemical applications to reduce particulate generation from dry tailings.

Our Performance

In 2020, our air emissions concentrations decreased or remained below the detection limits.

The types of air emissions generated and measured at our mines differ, based on production processes and local regulatory requirements (Table 16). Measures put in place at San Jose to address particulate generation were effective in reversing the previous increasing trend in particulate emissions.

Table 16: Air emissions concentrations by location (ug/m³) [GRI 305-7]

	Concentration (ug/m³)									
	Caylloma (Bateas)					San Jose (Cuzcatlan)				
Type of Emissions	Permitted	2017	2018	2019	2020	Permitted	2017	2018	2019	2020
Particulate Matter										
$PM_{2.5}$	25 ug/m³	8.43	5.84	5.81	2.77	12 ug/m³	10.81	23.11	89.66	6.95
PM_{10}	50 ug/m³	25.17	22.17	32.37	9.47	40 ug/m³	25.33	38.48	32.50	32.01
NO_x	100 ug/m³	9.03	8.02	<4.00		Not currently measured – no stationary sources				
SO_x	250 ug/m³ (each 24 hours)	Below the detection limit (<13.72)			Below the detection limit <3.00	Not currently measured – no stationary sources				
Volatile Organic Compounds (VOC)	2 ug/m³	Benzene Below the detection limit (<0.02)				Not generated				
Hazardous Air Pollutants (HAP)	0.5 ug/m³	Lead				Not generated				
		0.042	0.075	0.061	0.034					
Persistent Organic Pollutants (POP)	Not generated									

Safety covers on conveyor belt at San Jose Mine ▶

Biodiversity Impacts

Why is this Important for Fortuna?

Effective management of biodiversity can reduce regulatory compliance costs, avoid fines and penalties, facilitate permit applications, and protect the Company's reputation.

Caylloma is located near areas of significant biodiversity value (Table 17), including wetlands and Andean lagoons, that are considered to be fragile ecosystems under Article 99 of the General Law on the Environment of Peru, and which provide habitat for endangered species. Some protected species are found on the San Jose site (Table 18).

Table 17: Protected areas and sites of significant biodiversity value

Protected areas and sites of significant biodiversity value	Caylloma (Bateas)	San Jose (Cuzcatlan)
Number of sites located in or adjacent to protected areas	0	0
Number of sites located in or adjacent to high biodiversity value areas (outside protected areas)	2	0
Area of the identified sites (hectares)	65	0
Number of identified sites requiring a biodiversity management plan	2	0
Number of identified sites with a biodiversity management plan	2	0

Table 18: IUCN Red List or nationally conserved species with habitat affected by operations [GRI 304-4]

Extinction Risk Level	Number of Species	
	Caylloma (Bateas)	San Jose (Cuzcatlan)
Critically Endangered (CE)	1	0
Endangered (EN)	2	0
Vulnerable (VU)	10	8
Near Threatened (NT)	10	7
Least Concern (LC)	72	0

Acid rock drainage (ARD), which can pollute water sources and harm biodiversity and surrounding communities, is not a concern for the Company because acid-generating rock is not found at either Caylloma or San Jose. Testing conducted by an accredited laboratory has concluded that our mining waste does not have the characteristics to generate ARD. This monitoring is carried out annually [SASB EM-MM-160a.2].

◀ *Cinclodes atacamensis* (white-winged cinclodes) at Caylloma Mine

Our Approach [GRI 304-2, GRI 304-4]

We are committed to integrating biodiversity conservation considerations into our processes and to work with other parties to contribute information, knowledge, and practices to achieve common goals. We do not conduct exploration or mining operations in protected areas.

As part of our environmental impact studies, we conduct biodiversity risk and impact assessments. We prepare biodiversity management plans for approval by the local authorities, which describe the existing biodiversity inventory prior to mining operations, and set out a conservation monitoring plan. We monitor plant and animal species included in the International Union for Conservation of Nature (IUCN) Red List of Threatened Species, the Convention on International Trade in Endangered Species (CITES) and local regulations. At each site, monitoring is conducted every six months by specialized consultants, under the responsibility of the local HSSE department.

- **Caylloma (Bateas):** Biodiversity management plans were prepared and internally approved in 2020 covering the two areas of significant biodiversity value near the site, even though this was not a legal requirement. The biodiversity management plans reflect the biodiversity commitments in the most recent environmental impact assessment, and include monitoring the areas, conducting training and awareness sessions, and installing signage to help employees to identify the areas. Species monitored in 2020 included:
  - Fauna: Phegornis mitchellii (Diademed Sandpiper-Plover or Diademed Plover), Phoenicopterus chilensis (Chilean Flamingo), Hippocamelus antisensis (North Andean deer), Telmatobius arequipensis (Chili Water Frog), and Liolaemus signifer gr. (Zodiac Tree Iguana).
  - Flora: Ephedra rupestris (Pinku-pinku), Valeriana nivalis, Perezia coerulescens (Maransela) and Draba aretioides.

▼ *Telmatobius arequipensis* (Chili Water Frog) protected at Caylloma

▼ *Melanotis caerulescens* (Blue Mockingbird) rescued at San Jose.

- **San Jose:** We are required to report on protected species found on the mine site in our annual environmental compliance report sent to the local authorities SEMARNAT and PROFEPA. We are authorized to capture and relocate protected wildlife, which we undertake weekly throughout the year. We conduct annual external biological monitoring with external experts, and biweekly internal biological monitoring. We hold twice-yearly training and monitoring workshops with specialists on identification of protected species. All employees are trained on species preservation as part of their induction.
  - In 2020 we identified only one protected fauna species, Kinosternon integrum (Mexican Mud Turtle), but some other species that are not officially protected receive the same treatment: Black-bellied Whistling Duck (Dendrocygna autumnalis) Gray Fox (Urocyon cinereoargenteus) and Dipsadid Snake (Rhadinaea laureata).
  - Although there are no protected flora species on the site, we are required by SEMARNAT and PROFEPA to relocate flora and ensure a survival rate of over 85%. The flora species relocated in 2020 were mostly cacti, including Agave or "Maguey" (Agave karwinskii) (Agave lechuguilla) (Agave potatorum), Mammilaria carnea, Echinocactus platyacanthus, Opuntia rosea, Stenocereus treleasei, and Stenocereus queretaroensis.

We define disturbed land as land that has undergone some physical or chemical alteration that substantially disrupts pre-existing habitats and land cover. Disturbed land and land that has been decommissioned and assigned for rehabilitation is identified in our mine closure plans (see Mine Closure and Reclamation section).

Our Performance

At Bateas, there were no incidents or controversies relating to impacts on biodiversity in 2020.

At Cuzcatlan there was one incident in which a fox drowned in a surface pond after getting caught in an environmental protection geomembrane. To prevent further wildlife incidents, we replaced part of the pond fencing, built a concrete wall, and constructed four drinking water stations for wildlife in the surrounding area.

The status of disturbed and rehabilitated land at our operations is provided in Table 19.

Table 19: Status of land disturbed and rehabilitated (hectares)

	Caylloma (Bateas)				San Jose (Cuzcatlan)			
	2017	2018	2019	2020	2017	2018	2019	2020
Land disturbed and not yet rehabilitated (opening balance)	56.29	54.87	56.88	57.13	107.73	107.73	109.95	109.95
Land newly disturbed	0.03	2.58	0.27	4.06	0.00	2.22	4.74	4.74
Land newly rehabilitated	1.45	0.57	0.02	0.00	0.00	0.00	0.00	0.00
Land disturbed and not yet rehabilitated (closing balance)	**54.87**	**56.88**	**57.13**	**61.19**	**107.73**	**109.95**	**114.69**	**114.69**

Habitat protection and restoration carried out in 2020 at Caylloma in accordance with the approved mine closure plan is detailed in Table 20.

Table 20: Habitats protected and restored at Caylloma (Bateas) [GRI 304-3]

Protection and restoration at Caylloma	2017	2018	2019	2020
Size and location of areas protected from operations (hectares)	Jesus María Lagoon and Wetland 64.70			
Size of areas restored (hectares)	1.45	0.57	0.02	0.00
Location of areas restored	Caylloma	Caylloma	Caylloma	Caylloma
Success of restoration approved by independent professionals in accordance with mine closure plan	✓	✓	✓	✓

No habitat restoration was carried out in 2020 at San Jose, because no disturbed land areas ceased to be used for operations during the year. Areas previously restored continued to progress, including reforestation of a tailings dam slope and 25 hectares of reforestation elsewhere on the site. In addition to restoration required under the Mine Closure Plans, there are two other land restoration mechanisms to which San Jose has contributed.

- **Compensation:** According to the Mexican General Law of Sustainable Forest Development, when a change of land use is authorized for land with forest resources, the Company must make a payment to the Mexican Forest Fund, which can be used to finance forest restoration activities anywhere in the country. From 2009 to 2019, 171.70 hectares were reforested through this mechanism, and in 2020 an additional 1.14 hectares was restored.
- **Mitigation:** This is a commitment to restore two hectares of land outside the mine site for every hectare of land use authorized on the site. From 2015 to 2020 we accumulated 49.63 hectares to be restored. We have restored 23.75 hectares (48%) and 25.88 hectares are pending restoration.

Grazing areas are protected at Caylloma ▶

SOCIAL

Mining operations can be hazardous for employees and have significant social impacts on surrounding communities (both positive and negative). We are committed to the highest standards of social performance in all aspects of our operations.

Oversight and management responsibility for the social topics outlined in this section of the Report varies. The HSSE Corporate Committee ensures the alignment of subsidiary-level social initiatives with company-wide sustainability strategy.

HIGHLIGHTS IN 2020

- **Zero** work-related fatalities among employees and contractors
- Percentage of women employees increased to **20%**
- Percentage of women in management increased to **17%**
- **Zero** disputes and delays related to community concerns
- **Zero** confirmed cases of human rights violations
- **100%** of internal and external security personnel received human rights training

◀ Women employees at mine entrance of Caylloma Mine

CASE STUDY 4:

Fortuna – Responding to COVID-19

On February 28, 2020, Mexico confirmed its first case of COVID-19, and by early March the virus was also confirmed in Peru and Argentina. Our countries of operation were hit hard by the virus in 2020, and the authorities were overwhelmed. Fortuna and its subsidiaries worked quickly and effectively to control the contagion and contribute to emergency response in our communities.

Looking back at this extraordinary year, we are proud that we kept our people safe, and we were there when it counted for our communities. After operations at Caylloma and San Jose were suspended, they were able to rapidly resume to production in accordance with health and safety protocols when permitted to do so, and we were still able to achieve the first gold pour at Lindero in October 2020. Our community relationships have been strengthened through this challenging shared experience. By demonstrating resilience and values during the COVID-19 emergency, we are building value for the future.

Fortuna Corporate

Our Emergency Preparedness process was triggered. COVID-19 was assessed as a top-level strategic emergency requiring a company-wide response. In March 2020, our President and CEO called the HSSE Corporate Committee into permanent session to ensure a proactive, coordinated, and balanced response across all our locations. Our priorities throughout the pandemic have been to support government efforts to curb the spread of the virus, safeguard the health and safety of our personnel and communities, and mitigate risks to business continuity and the environment.

- **Occupational Health and Safety:** From an early stage we obtained advice from an international infectious disease specialist, who advised on sanitary measures and safety protocols for each subsidiary. We developed a "Prevention of COVID-19 Contagion Standard" based on World Health Organization standards, OSHA guidelines and consultation with medical experts.
  - We established and maintained specific communication channels with the authorities in our areas of influence to support local action plans to reduce the spread of the virus.
  - As part of our occupational health plan, we implemented preventive vaccination programs against pneumococcus and influenza.
  - We identified at-risk workers and supported them to work from home.
  - We performed medical evaluations and testing before workers boarded transport to and from the sites, and transported workers in accordance with COVID-19 protocols.
  - We introduced an on-site COVID-19 symptom control program and provided training and prevention measures on-site.
  - We created onsite temporary quarantine areas.
  - We organized psychological assistance for anxiety management.
  - We restricted local and international travel
  - We constantly assessed of health and safety risks to our personnel and contractors at all our operations and offices.
- **Ensuring Business Continuity:** We decided to postpone all non-critical capital projects and approximately 40% of sustaining capital budgets. Our brownfield exploration budget was reduced by 50%. We reduced executive compensation and deferred or eliminated non-essential corporate expenses.
- **Continuing to minimize environmental impacts:** We were conscious that the global response to COVID-19 was diverting attention from other critical issues, including climate change. We made a special effort to stay focused on our environmental commitments while responding to the pandemic. We did not lose sight of our environmental KPIs and, despite the disruption to our operations, we achieved or came close to achieving 2020 targets for energy and freshwater use, tailings management and GHG emissions (see Sustainability Framework section).

Workforce Health and Safety: Controlling Contagion

Bateas – Caylloma Mine

We shut down the mine voluntarily for three weeks to disinfect, establish safety protocols and adapt the camp for physical distancing.

We were the first mining company in Peru to undertake COVID-19 rapid testing for 100% of employees and contractors before coming to the mine. This allowed us to keep the operations running while respecting the government restrictions.

We provided psychological support programs and facilitated contact between our workforce and their families.

Cuzcatlan – San Jose Mine

There was a 54-day government-mandated suspension of operations.

We altered shifts and systems to create working conditions that allowed for physical distancing.

Although it was not required by local regulations, we implemented COVID-19 rapid testing, and applied an extended quarantine period of three weeks.

While some companies terminated employees who needed to “shield” because of higher vulnerability to the virus, we kept them on payroll and hired temporary workers to cover their positions.

Mansfield – Lindero Mine

When the pandemic was declared, movement restrictions were imposed. Construction was suspended for two months from mid-March, with only a small team permitted to remain on site for maintenance, safety and environmental management.

Mining was the first economic sector in the country to develop a biosafety framework protocol. Within a month, we established protocols that allowed us to resume strategic activities in mid-May, including re-organizing the camp for physical distancing. We were the first mining company in Argentina to conduct molecular testing. Before taking up their positions, our workers quarantined for 10 days and passed a molecular test. Before returning home, they isolated for 14 days and took a second molecular test. We covered all the costs. We conducted over 6,000 tests and identified 65 positive cases before they reached the camp, preventing any contagion on site.

Community Relations: Contributing to Emergency Response

Bateas – Caylloma Mine

We worked with the authorities to provide emergency aid, including:

- Distribution of emergency food, cleaning, COVID-19 test kits and personal protective equipment
- Reinforcing the ambulance service

We signed an agreement with Radio Nacional del Perú to broadcast, through Radio San Andrés de Caylloma, the Ministry of Education's home-schooling program "Aprendo en casa", so that it would reach all students in the district. To complement these classes, we developed the radio show "El Profe al Aire", led by a team of teachers from the elementary and high schools, to reinforce learning with examples, activities and answering phone and text message queries. The Development Fund that we support as part of our agreement with the municipality purchased 900 tablets for students that were installed with the "Aprendo en casa" software app, to close the digital divide in home schooling.

The pandemic threatened to cause social conflict at first because needs were so great and physical distancing made engagement challenging. But relationships with the authorities were strengthened, and it became easier to contact high-level government representatives.

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Cuzcatlan – San Jose Mine

We worked with the authorities to provide emergency aid, including:

- Distribution of emergency food, cleaning and medical supplies to households in San Jose del Progreso and other communities where we have concessions and exploration activities
- Contributing to funeral costs for families in need
- Collaborating with the Oaxaca State Secretary of Health and the municipality to provide extended clinic hours and ambulance service for a medical centre in San Jose del Progreso
- Donating a ventilator to the State government for the local intensive care unit
- Providing oxygen supplies and access to COVID-19 testing

We found a common objective with neighboring communities in combatting COVID-19. This included communities where it had been challenging to build relationships previously.

Mansfield – Lindero Mine

We worked with the authorities to provide emergency aid, including:

- Supporting the Municipality of Tolar Grande with donations of oxygen, masks, medical equipment, disinfectant and food
- Donating a ventilator to Salta Province
- Contributing to industry fundraising for the Argentine Red Cross

We noted that centralization of the official pandemic response meant that remote communities were less well served, so we prioritized them for aid distribution.

As well as assistance to our nearest community, Tolar Grande, we donated oxygen to several other communities in need.

We shared our expertise on COVID-19 safety protocols with the authorities and with the community through local media, including the importance of physical distancing.

We were in almost daily contact with doctors, government and community authorities, creating stronger relationships for the future.

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San Jose employee at the office

Business Ethics and Transparency

Why is this Important for Fortuna?

Mining takes place in a complex environment in which companies must work with governments and local authorities to access mineral reserves, obtain permits and meet regulatory requirements. Strong business ethics, anti-corruption practices and transparency are essential to avoid significant penalties, enable efficient operations, and protect the Company's reputation with employees, communities, and in the capital markets. Ethical mining ensures that communities benefit from the development of natural resources, rather than being undermined by it.

None of our mines are located in countries posing the highest corruption risks[12] (see Table 21). We are subject to laws that impose harsh penalties on companies and individuals for bribery and corruption, including the Canadian Corruption of Foreign Public Officials Act (CFPOA) and the U.S. Foreign Corrupt Practices Act (FCPA). We also comply with the anti-corruption laws of the countries where we operate. We are required to disclose our payments to governments under the Canadian Extractive Sector Transparency Measures Act (ESTMA). As a Canadian company listed on the Toronto and New York Stock Exchanges, we must also comply with strict stock market regulations and requirements designed to protect investors and the integrity of the markets.

Table 21: Production country ranking in Corruption Perceptions Index 2020 [SASB EM-MM-510a.2]

Production Location	Rank
Peru (Caylloma)	94
Mexico (San Jose)	124
Argentina (Lindero)	78
None of our production is in countries in the bottom 20 ranks of the Corruption Perception Index 2020	

Our Approach

Ethical and responsible behaviour by our directors and employees is the basis for effective management of all aspects of our business.

Code of Ethics

Our Code of Business Conduct and Ethics, which is approved by the Board, sets out the principles governing our behavior. The Audit Committee of the Board provides oversight, and the Chief Compliance Officer (CCO) has management responsibility for its implementation.

All employees receive a copy of the Code and must certify that they have read and will comply with it. Every year employees complete an e-learning course on the Code and are tested on it in order to receive a certificate of compliance (see Human Capital Management section).

Any employee who knows or suspects a violation of the Code must report it through our whistleblower channel (see below). Reports are treated with strict confidentiality and retaliation against whistleblowers is not tolerated.

If a Code violation complaint is submitted, the CCO notifies the Chair of the Audit Committee. The CCO leads an investigation into the case and reports the results directly to the Audit Committee. The CCO and Audit Committee may request external advice, if necessary. Cases are reported to the Board through the Audit Committee.

We also seek to ensure that ethical practices are respected along our value chain. Our Supplier Code of Ethics sets expectations for contractors, suppliers and other parties with whom we have a business relationship (see Supply Chain Management section).

[12] Based on the Transparency International Corruption Perceptions Index 2020 https://www.transparency.org/en/cpi/2020/index/nzl

Anti-Corruption Policy [SASB EM-MM-510a.1]

Our Anti-Corruption Policy, which is approved by the Board, addresses bribery, corruption, facilitation payments, gifts, and political contributions. The Corporate Governance and Nominating Committee of the Board provides oversight, and the Chief Compliance Officer (CCO) has management responsibility for its implementation.

A copy of the Policy is provided to all new employees and all partners, agents, consultants, and other contractual parties who interact with government officials on our behalf. We conduct specialized training on the Policy for the Board and for target employees. Such employees must certify annually that they have complied with the Policy and are not aware of any potential violations by others. In addition, all directors and employees are trained on anti-corruption as part of the annual ethics training.

Employees who become aware of a potential violation of the Policy must report it to their immediate supervisor/manager or to the CCO as soon as possible. A supervisor/manager receiving a report must immediately communicate the information to the CCO through the whistle-blower channel. Employees may also make an anonymous report through the whistle-blower channel.

The CCO must report all potential violations of the Policy or applicable anti-bribery and anti-corruption laws to the Chair of the Audit Committee. The Audit Committee, in consultation with the CCO, determines how to investigate the report and ensures that there is appropriate monitoring until the matter has been satisfactorily resolved. The CCO leads the investigation, reporting directly to the Audit Committee. The CCO and the Audit Committee may request external advice, as necessary. Cases are reported to the Board through the Audit Committee.

Each year the CCO asks subsidiary compliance officers, managers and Finance and Administrative Managers to certify there have been no breaches of the Policy.

Subsidiaries must also comply with local anti-corruption regulations. For example, Bateas must comply with Peru Law 30424 which introduced corporate liability for corruption offences in 2018. Based on a risk assessment undertaken in 2019, Bateas implemented an anti-bribery management system in 2020. As well as training all employees on the Code of Business Conduct and Ethics and including anti-corruption and conflict of interest clauses in supplier contracts, Bateas has:

- Set up a tender process separating responsibility for economic and technical assessments.
- Established a Procurement Committee to oversee the award of larger contracts.
- Provided training sessions on conflicts of interest to address risks created by family or business relationships between employees, suppliers and local government officials.

Whistleblower Channel

We operate a whistleblower channel (Figure 20) for questions and complaints from employees and other stakeholders on potential violations of our corporate policies, including:

- Code of Business Conduct and Ethics
- Anti-Corruption Policy
- Health and Safety Policy
- Human Rights Policy
- Supplier Code of Business Conduct and Ethics

Reports can be made in person to a supervisor/manager, through a 24-hour telephone hotline, or through the channel website. The channel is introduced at employee induction and highlighted in the annual Code of Ethics and Business Conduct training. We have also taken steps to improve the awareness of the channel among contractors and consultants, leading to its increased use, with more than half of the reports logged coming from non-employees.

In connection with the preparation of our audited financial statements, annual external audits are performed by internationally recognized accounting firms. These audits also check that the whistleblower channel is active and functioning correctly.

Figure 20: Whistleblower channel

IN PERSON	Communication to the supervisor or manager
WEBSITE	http://fortuna.ethicspoint.com [13]
TELEPHONE	CANADA: 1-855-384-9882
	ARGENTINA: 0800-444-5616
	MEXICO: 001-800-840-7907
	PERU: 0800-52116

Transparency

Our Anti-Corruption Policy prohibits the Company from providing political contributions in any circumstances, either directly or through third parties.

If we undertake activities that could be considered as lobbying, we verify that this activity is aligned with the Code of Business Conduct and Ethics, the Anti-Corruption Policy, and the regulations of the jurisdictions where we operate.

We are transparent about our spending on industry associations that may undertake public policy advocacy (Table 22).

Table 22: Spending on industry association memberships in 2020 (USD) [GRI 102-13]

Subsidiary	Industry Associations and Other Memberships	Amount (USD)
Bateas (Peru)	Sociedad Nacional de Minería, Petroleo y Energia (SNMPE)	85,946
Cuzcatlan (Mexico)	Camara de Comercio Canada Camara Minera de México	2,747
Total		**88,693**

Under Canada's ESTMA legislation we are required to report our payments to all levels of government in Canada, Peru, Mexico, and Argentina. We file ESTMA reports with Natural Resources Canada (NRCAN) and post them to our website.

[13] Through the website, people can report complaints anonymously. Such complaints must contain enough detail and information to enable the event to be appropriately investigated and to resolve the grievance.

Tax

Our approach to tax planning and transfer pricing complies with the laws and practices of the countries where we operate. We deal with authorities openly and with integrity, and do not undertake contrived or artificial tax planning. We pay the right amount of tax, and transparently report all payments. If any tax regulations are unclear, we seek guidance from external tax experts. We do not carry out aggressive global tax planning. We price intra-group transactions by applying the Arm's Length Principle, the international transfer pricing standard that OECD member countries have agreed multi-national enterprises should use for tax purposes. Our transfer pricing strategy, which is verified annually by third-party experts, is not publicly disclosed. While we are responsible to shareholders, employees, and business partners to operate as efficiently as possible and remain competitive, we do not seek arrangements where the primary purpose is tax avoidance.

At the beginning of 2018, three of our indirect subsidiaries were domiciled in low tax jurisdictions, commonly referred to as "tax havens". These structures were inherited as part of the acquisition of our mining assets. Since we do not engage in or promote tax strategies designed to erode the tax base of our subsidiaries or divert profits to low tax jurisdictions, we unwound one of the structures in November 2018. Management is evaluating the possibility of unwinding the last two offshore entities. None of our operations receive government financial assistance of any kind, in the form of subsidies or tax relief to our business activities except for the tax stability agreements in Argentina to promote foreign investment. In this case, we have a 30-year Stability Agreement expiring in 2043 that was in place when we acquired the company that owned the Lindero property. This agreement includes a provision that the income tax rate payable will not exceed 35%, as well as specific provisions for double deduction of certain expenses, capital investments, and tax loss carryforwards.

Our Performance

- **Zero corruption cases:** There were no confirmed corruption cases or active cases under investigation in 2020 [GRI 205-3].
- **Zero political contributions:** Consistent with our policy, we made no corporate contributions to politicians, political parties or candidates for public office in 2020.
- **100%** of our board directors and employees undertook annual training on the Code of Business Conduct and Ethics.
- **100%** of target employees undertook training on the Anti-Corruption Policy (Table 23).

Table 23: Employees receiving Anti-Corruption Policy training
[GRI 205-2]

Role/Location	Target employees trained		
	Number	% of target employees	% of all employees
FSM	26	100%	53%
Bateas	14	100%	4%
Cuzcatlan	53	100%	12%

▼ Our values are shared at our sites.

ESG Focus

- Business Ethics and Transparency Governance
- Code of Ethics
- Anti-Corruption Policy
- Supplier Code of Ethics
- ESTMA
- SASB EM-MM-510a.1 Description of the management system for prevention of corruption and bribery throughout the value chain
- SASB EM-MM-510a.2 Production in countries with the 20 lowest rankings in the Corruption Perception Index

◀ Back to ESG for Investors

Employee at Caylloma Mine

Workforce Health and Safety

Why is this Important for Fortuna?

Mining is a high-risk industry. Effective management of occupational health and safety (OHS) prevents operational disruptions and loss of productivity, reduces regulatory compliance costs, fines, and penalties, and protects the Company's reputation, allowing us to attract and retain talent. The COVID-19 pandemic has increased health risk in the workplace: mining requires an onsite workforce and operations can be disrupted by outbreaks of disease or the imposition of emergency public health measures.

Our operations are subject to strict regulation by national health and safety agencies, which carry out regular audits and inspections. Contractors make up a significant portion of our operational workforce. All our countries of operation were significantly impacted in 2020 by the COVID-19 pandemic.

Our Approach

We are committed to providing safe and healthy conditions for employees, contractors, and visitors at all our mining operations, exploration sites and offices.

Health and Safety Policy

Our Health and Safety Policy, which was approved by the Board in 2020, outlines our approach. The Sustainability Committee of the Board provides oversight, and the Vice President of Operations, who also holds the title of Chief Safety Officer (CSO), is responsible for managing implementation. The CSO leads our Corporate HSSE Committee, which monitors key occupational health and safety indicators, evaluates the safety performance of the operations and, through the CEO, reports to the Board.

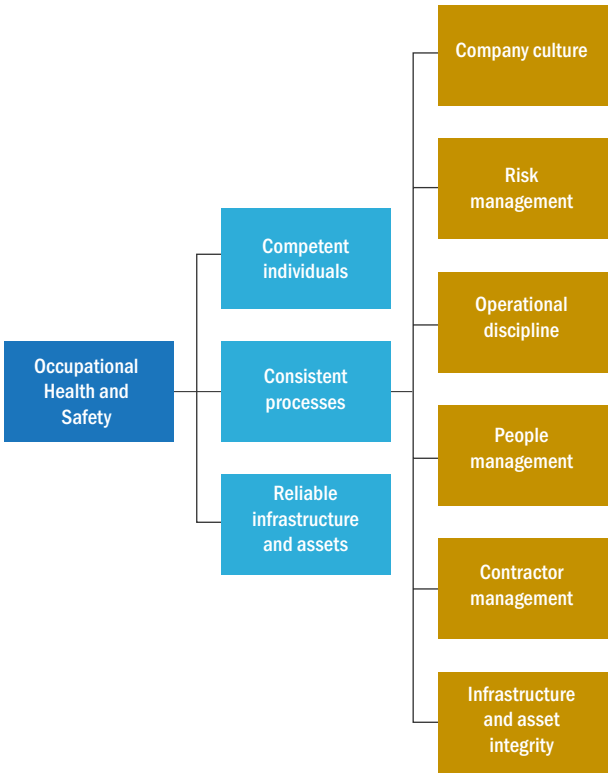
Each subsidiary has a specific Health and Safety Committee with employee, contractor and management representation [GRI 403-4].

The Health and Safety Policy requires workers to report work-related hazards and violations of the Policy, and empowers them to remove themselves from hazardous situations, without retaliation. Violations of the Policy can be reported through our whistleblower channel (see Business Ethics and Transparency section).

OHS Management Systems [GRI 403-1]

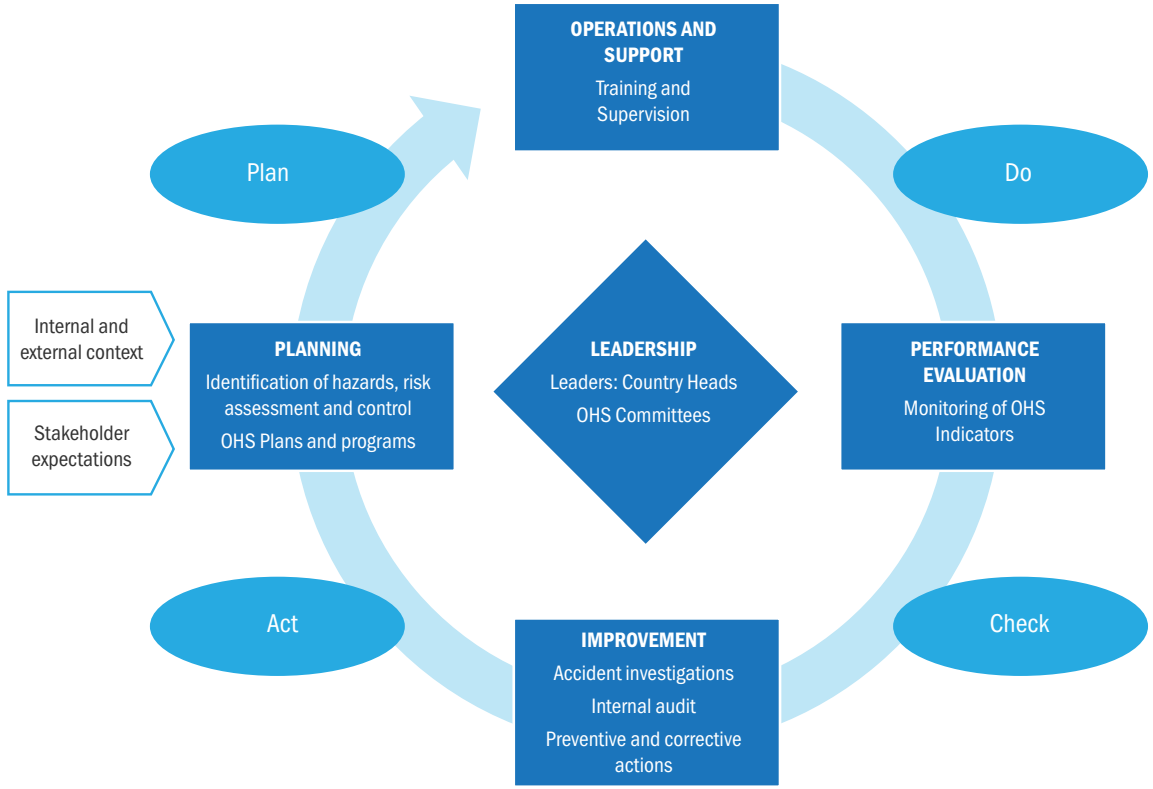
Our approach to OHS is built upon three core principles and six pillars (Figure 21).

Figure 21: Corporate OHS approach



We have implemented OHS management systems (Figure 22) aligned with the ISO 45001:2018 Occupational Health and Safety Standard and our Corporate Health and Safety Key Risks Standards. 100% of our employees and contractors are covered by our OHS management systems, which are both internally and externally audited [GRI 403-8].

Figure 22: OHS Management System



We aim to certify the OHS management system at each of our operations to ISO 45001 [GRI 403-8].

- **Caylloma (Bateas):** The OHS management system has been certified to ISO 45001 since 2019.
- **San Jose (Cuzcatlan):** Certification of the OHS management system to ISO 45001 was scheduled for 2020, but it was impossible to conduct certification visits because of the pandemic. Certification has been rescheduled to 2021.

OHS Risk Management

We believe that all accidents and work-related health risks are preventable. We focus on identifying, understanding, managing and, where possible, eliminating these risks, always considering the hierarchy of controls [GRI 403-2]. Based on our Hazard Identification, Risk Evaluation and Controls matrix, incident analysis, observation, benchmarking, and international standards, a range of hazards have been determined to pose a risk of high-consequence injury (Table 24). To address these hazards, in 2021 we will implement a Critical Controls Management Program based on the ICMM Health and Safety Critical Control Management good practice guidance, which will involve training for security leaders, identifying critical controls for incidents, creating verification tools, and preparing implementation plans on site.

Table 24: High-consequence injury hazards and standards developed

Hazard	Standard developed
Confined space entry	✓
Contact with electricity	✓
Energy release	✓
Entrapment, Impact & Laceration	
Uncontrolled Explosions	✓
Falling Objects	
Immediate Contact with Hazardous Substances	✓
Extreme environment	✓
Slope Instability	
Vehicle Collision	✓
Falling from a height	✓
Fire	
Overexposure to Hazardous Atmosphere	
Slip and Trip	
Ground Collapse	
Lifting Operations	✓

We have established a company-wide incident investigation process, utilizing the Incident Cause Analysis Method (ICAM). The HSSE managers for each subsidiary were trained in 2020 and have begun to apply the method. We have implemented an online system for monitoring incidents, acts, conditions, inspections and audits, that allows workers to upload information and evidence, including from mobile devices. The system facilitates monitoring the status of investigations, reports, corrective actions and follow-up. Reports are reviewed monthly by the HSSE Corporate Committee.

In 2020, we promoted a safety culture awareness program among employees focused on four key behaviors: recognizing danger, stopping dangerous tasks, eliminating danger and reporting risks. These behaviors were reinforced throughout the year at our daily "safety shares" sessions and through leadership actions [GRI 403-5].

Although our workers are not at high risk for work-related diseases, we carry out medical surveillance in all subsidiaries, conducting occupational health examinations when employees and contractors begin working for us, periodically during their tenure, and when they leave. Annual occupational monitoring is provided for positions that are inherently exposed to greater risks. We also monitor for the presence of hazardous substances, to ensure they remain within permissible limits. For example, at Caylloma we have hydrocyanic acid detection equipment and specialized work protocols in place at the concentrate plant. We plan to develop further standards for potential hazards to health that have emerged through our risk assessment process, including exposure to noise and chemical substances, ergonomic issues, and respiratory protection [GRI 403-3]. We also train our employees on measures to prevent work-related illnesses and carry out preventive campaigns on various health topics [GRI 403-4]. Employees at risk of non-occupational illnesses can access support through health insurance, life insurance and our employee emergency support system. [GRI 403-6]

We have established processes to ensure contractors and their employees comply with our health and safety expectations (see Supply Chain Management section).

We undertake an annual internal corporate audit to verify health and safety compliance, including compliance with operational standards and management of contractors. In 2020, self-assessment was undertaken because COVID-19 prevented field visits.

Emergency Preparedness and Response

We have a corporate crisis plan and emergency response plans for different situations or contingencies:

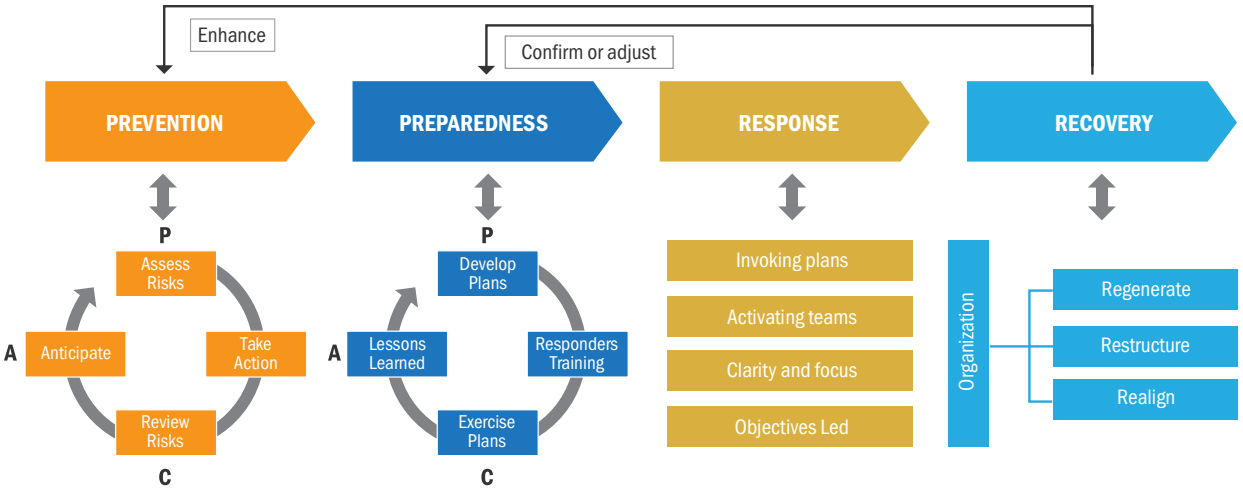
- Emergency situations that could impact our response priorities – people, the environment, property and the business
- Security threats (robberies, kidnappings, and terrorism)
- Partial or total evacuation of the geographical area due to conflict or natural disasters
- Any other event that could interrupt business continuity at local, national, or international level

Our emergency plans focus on company resilience and include incident response, business continuity management and crisis management. We identify three levels of response:

- **Operational (Level 1):** The emergency can be immediately controlled, either by employees from the area impacted or by the Tactical Response Team (TRT). The Incident Management Team (IMT) and the Subsidiary Emergency Committee are activated.
- **Tactical (Level 2):** The Incident Support Team (IST) is activated. Subsidiary managers coordinate with Country Heads and relevant Corporate Managers.
- **Strategic (Level 3):** The Crisis Management Team (CMT) is activated, with the participation of senior executives including the President, the Chief Financial Officer, the Corporate Counsel, the Corporate Manager of Investor Relations, and the Vice President of the department in charge of the response. This team reports directly to the Board.

Emergency response management is based on prevention, preparedness, response, and recovery (Figure 23).

Figure 23: Emergency response management



- **Caylloma (Bateas):** Emergency preparedness is managed through the Emergency Preparedness and Response Plan, which sets out responsibilities for different levels of emergency and for external cooperation during major incidents.
- **San Jose (Cuzcatlan):** The Emergency Response Action Plan is designed to prevent, mitigate and control risks for people, assets, reputation, business continuity and negative environmental impacts. The plan is reinforced with safe work procedures and standards, and a series of programs including:
  - Monthly review of emergency equipment, firefighting equipment, fire detection devices and fire alarms
  - Review of the annual mine shelter service
  - Mine emergency equipment maintenance
  - Self-rescue equipment inspection

Our subsidiaries have emergency response brigades, which are fully equipped and regularly trained. We also have an annual drill program to assess the team's performance level in response to emergency situations. Contractors play a critical role in the different stages of emergency preparedness and response. Our subsidiaries support them in the implementation of rapid and effective measures.

Hazardous Materials

Hazardous materials management is a priority for our subsidiaries, given the potential impact for health, safety, and the environment. Corporate management establishes general guidelines and undertakes audits, while the subsidiaries implement local policies and practices. We developed a corporate-level Hazardous/ Explosive Materials Standard in 2020, approved by our HSSE Corporate Committee, covering technical issues, processes and training requirements for the workers involved.

- We look for process enhancement opportunities to reduce the use of hazardous materials.
- Acquisition of hazardous materials is planned, controlled and managed through safety committees that conduct inspections and approve the areas where hazardous materials and waste are stored, used, and disposed.
- Information on hazardous materials management is integrated to new employee induction, annual training programs, procedures and emergency response plans. It is communicated through signage in storage areas and on transport units, as well as through bulletin boards and Material Safety Data Sheets (MSDS). Emergency preparedness and response plans include procedures for handling spills of hazardous materials and waste.
- Transportation of hazardous materials is managed through internal site traffic regulations, speed controls and GPS satellite monitoring systems. Carriers must hold appropriate certifications.
- Certified, specialized firms are contracted for the disposal of hazardous waste (see Waste and Hazardous Materials Management section).

Our Performance

In 2020, among our employees and contractors, there were:

- **Zero** fatalities from work-related injuries
- **Zero** fatalities from work-related illnesses
- **Zero** cases of work-related illnesses

However, in 2020 as a result of the impacts of the COVID-19 pandemic, there was an increase in work-related injury rates (Figures 24-28). Operational shutdowns in response to the public health emergency resulted in a lower number of hours worked over the year. In addition, there was a relatively high rotation in personnel, making it necessary to incorporate less experienced workers into the workforce.

Further data on work-related injury and illness rates can be found in Appendix D.

Since 2018, there has been a decrease in the average hours of training on health, safety and emergency response (Figure 29). With the aim of reversing this trend, our 2020 safety training was intended to be intensive and primarily conducted face-to-face. However, because COVID-19 has made it impossible to gather in large groups, we are transforming our training to remote model.

Figure 24: Work-related injury rates – employees (per million hours worked)

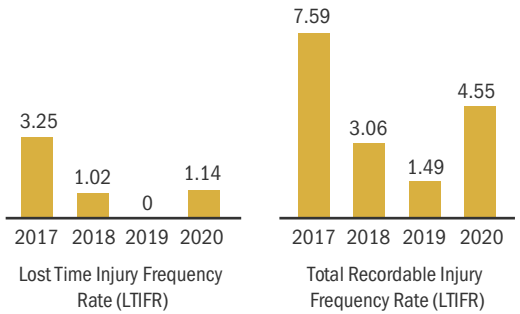


Figure 25: Work-related injury rates – contractors (per million hours worked)

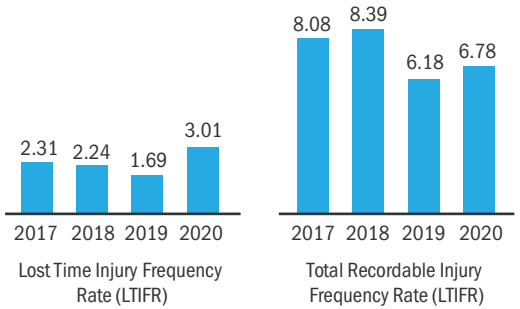


Figure 26: Severity rate – employees and contractors (per million hours worked)

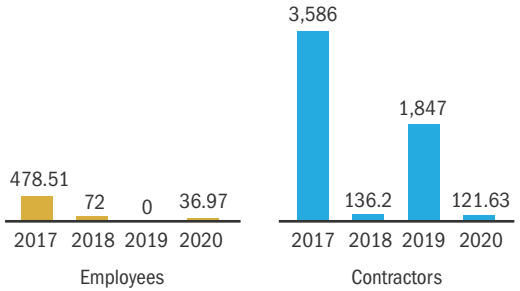


Figure 27: Workforce safety incidents per 200,000 hours worked – employees [SASB EM-MM-320a.1]

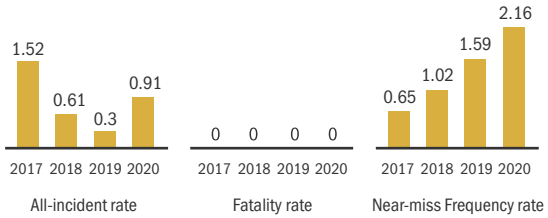


Figure 28: Workforce safety incidents per 200,000 hours worked – contractors [SASB EM-MM-320a.1]

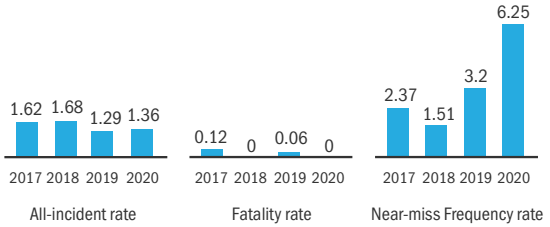
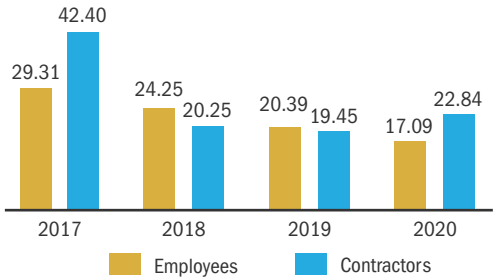


Figure 29: Average hours of health, safety and emergency response training (hours per year) [SASB EM-MM-320a.1]



ESG Focus

- Occupational Health and Safety Governance
- Occupational Health and Safety Policy
- SASB EM-MM-320a.1 (1) MSHA all-incidence rate, (2) fatality rate, (3) near miss frequency rate (NMFR) and (4) average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees

Back to ESG for Investors

Cuzcatlan employees analyzing geology

Human Capital Management and Labour Relations

Why is this Important for Fortuna?

Mining requires significant inputs of skilled labor and professional and technical expertise. It is demanding work that can be hazardous, and the workforce has traditionally been predominantly male. In some jurisdictions, workers' rights are poorly protected, while in others, unions play a key role in negotiating wages and working conditions. Strikes can shut down operations. Effective human capital management that recruits, develops and retains diverse talent can enhance productivity and reduce costs over the long term, while effective management of labor relations can prevent disruptions and protect the Company's reputation. The COVID-19 pandemic magnifies the labor relations risks, as the virus presents an additional work hazard and there is heightened scrutiny of how companies are supporting employees.

We operate within the framework of the labor regulations of the countries where our mines are located. Contractors play a significant role in our operations, representing more than half our workforce in 2020. At our underground mines Caylloma (Bateas) and San Jose (Cuzcatlan), operational work is undertaken by contractors. At our Lindero open pit mine (Mansfield) operational work will be undertaken primarily by our own employees. Freedom of association and collective bargaining are regulated in the countries in which we operate [GRI 407-1]. Approximately half our employees are unionized or covered by collective bargaining agreements (Table 25).

Table 25: Percentage of employees unionized and covered by collective bargaining agreements (total and by location)
[GRI 102-41]

Subsidiary	Unionized employees		Employees covered by collective bargaining agreements	
	2019	2020	2019	2020
Bateas	46%	42%	53%	48%
Cuzcatlan	58%	58%	58%	58%
Total	**53%**	**51%**	**56%**	**59%**

Our Approach

We consider our employees to be our most valuable asset. We strive to attract and retain highly skilled employees, offering competitive wages and professional development opportunities. We are committed to building a diverse organization that respects human rights and supports equal opportunities.

Our approach to human capital management is guided by the following policies:

- Code of Business Conduct and Ethics (see Business Ethics and Transparency section)
- Human Rights Policy (see Security and Human Rights section)
- Diversity Policy

Diversity Policy

Our Diversity Policy, which is approved by the Board, outlines our expectations with respect to equal opportunities. The Policy is overseen by senior management, and the Human and Organizational Development (HOD) Department has management responsibility for its implementation.

The HOD Department is responsible for our human capital management approach, which is further delegated to HOD managers at each subsidiary, who report to Corporate HOD management.

Talent Management

We seek to attract the best talent and avoid discrimination by using relevant and objective criteria in selection, training and promotions. Each vacancy has a job description against which candidates' skills and experience are evaluated, using a range of tools including psychometric evaluation, projective tests and interviews. Managers are assessed using the 360-degree feedback process, a comprehensive evaluation to measure managerial competencies. For non-managerial positions, we undertake a competency-based performance assessment. In 2020, we implemented a new company-wide competency-based talent management model based on the Korn Ferry Leadership Architect (KFLA) tool. This will allow us to develop succession plans and prepare high potential employees to assume leadership positions. We introduced a level-by-level competency manual in 2020. In 2021, we intend to train managers in competency-focused performance interviewing and introduce a new performance review model.

Talent Retention

We offer employees a competitive package of salary and benefits. Salaries are adjusted based on an analysis of external pay competitiveness data for our industry and the countries where we operate, and on internal pay equity. We approved a new Compensation Policy in 2020.

We conduct an employee satisfaction survey every two years. In the most recent survey (2019), the satisfaction rate was 71%. We developed an action plan to implement identified opportunities for improvement. In 2021 we will migrate our employee satisfaction survey to an international validated methodology, the Hay Group survey.

Our subsidiaries each have internal management procedures and work regulations for employees. Additional benefits managed by subsidiaries include provision of financial support for personal emergencies and extended special leave for personal emergencies and education. We also conduct regular internal audits and inspections at our subsidiaries to ensure that contractors comply with the payment of all wages and employee obligations as required by law.

We utilize an e-learning platform to deliver employee training, including regulatory, technical and management training courses.

Labour Relations

We maintain a regular dialogue with the unions that represent our workers. We respect the right to freedom of association and collective bargaining and guarantee the conditions that enable our employees to exercise such rights.

▲ Camp kitchen staff at San Jose

▲ Human Resources staff at Caylloma

▲ Induction process at Caylloma

Our Performance

Through our focus on workforce diversity, we are making progress on increasing the proportion of women employees, which increased from 17% in 2019 to 20% in 2020. Representation of women in management rose from 15% in 2019 to 17% in 2020 (Figure 30).

In 2020, we hired 147 new employees, representing a total hiring rate of 18%. Our hiring rate for women has been increasing steadily since 2017 and reached approximately 7% in 2020 (Figure 31).

Our total employee turnover rate increased in 2020 to over 18% (Figure 32), for reasons attributable to the COVID-19 pandemic. Some employees with a high level of vulnerability left the Company, and others moved to companies located closer to home to avoid commuting. However, our voluntary turnover rate remained relatively steady at 6.63%.

Figure 30: Representation of women

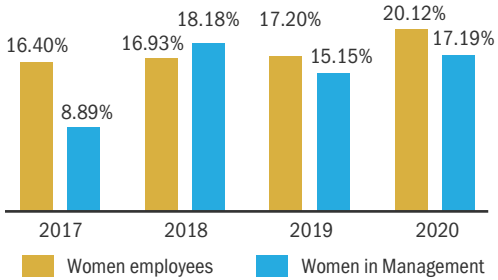


Figure 31: Women as a percentage of new hires

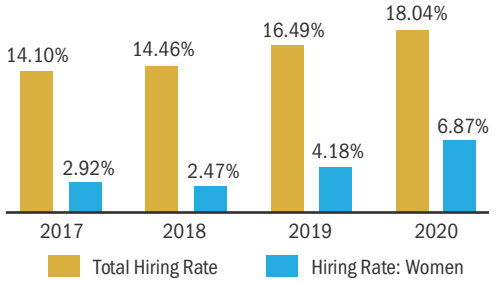
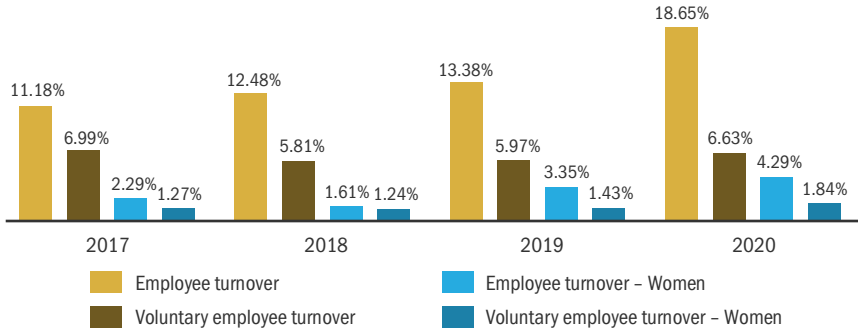


Figure 32: Employee turnover rates [GRI 401-1]



In 2020, we made progress in closing the pay gap between women and men at each level of the Company. However, at Bateas the pay equity ratio dropped in 2020 because of a restructuring of the subsidiary which resulted in a 15% reduction in the workforce (Figure 33).

Figure 33: Ratio of women's total cash compensation to men's total cash compensation [GRI 405-2]

As part of our effort to increase the representation of women in the Company, since 2017 we have consistently invested a higher average amount in training for women. In 2020, the average training hours for women dropped below that of men for the first time since 2017, because roles with greater representation of women were less likely to be on site due to COVID-19 protocols, and because in-person working was restricted to avoid the spread of the virus. However, we continued to invest in training for women employees at a significantly higher rate (Table 26).

Table 26: Average hours of training and investment in training, by gender [GRI 404-1]

Category	2017		2018		2019		2020	
	Hours	USD	Hours	USD	Hours	USD	Hours	USD
Women	23.1	234	73.4	363	37.7	769	32.9	422
Men	9.7	150	8.3	191	24.6	457	53.9	276

Performance reviews are an important part of our talent management. In 2019 we started to track compliance with our policy that all employees should receive feedback. The percentage of employees receiving feedback dropped in 2020 (Table 27). This was partly attributable to workload and challenges created by the COVID-19 emergency, specifically in our corporate office, which fell furthest behind in completing performance reviews. Our subsidiaries, which also faced challenges, performed better. We will implement measures to ensure that this important process is completed for all our employees.

Table 27: Percentage of employees who received a performance review by gender [GRI 404-3]

	Category	2019	2020
Consolidated	Men	98.9%	92.3%
	Women	100%	94.4%
FSM Corporate	Men	100%	63.6%
	Women	100%	58.3%
Bateas	Men	100%	88.6%
	Women	100%	92%
Cuzcatlan	Men	97.7%	99.7%
	Women	100%	100%

Further data on human capital management can be found in Appendix D.

▼ Employees at Caylloma

Community Relations

Why is this Important for Fortuna?

Mining operations can have significant environmental, social and economic impacts (both positive and negative) on surrounding communities. An effective community relations approach can help to minimize conflicts and operational disruptions, facilitate permits and approvals, and enhance the Company's reputation. The COVID-19 pandemic has magnified the risks, as communities hard hit by the pandemic may be seeking additional support from companies.

The community context in which our mines operate is outlined below:

- **Caylloma (Bateas):** Land rights are governed by the General Law for Rural Communities, under which companies must respect and protect the customs and traditions of local communities. However, the mine is located on privately-owned land, rather than communal land.
- **San Jose (Cuzcatlan):** The State of Oaxaca has many municipalities. Most are managed on a customary basis, such that the subsidiary must develop relationships with Federal, State, municipal and traditional authorities. Municipal relationships are a key element of community relations. Some of the areas the subsidiary uses for access and exploration are communal land. Under the Mexican Agrarian Law, the subsidiary must negotiate directly with communal land holders on the rents or benefits that will be exchanged for use of the land.

Our countries of operation were all significantly impacted by COVID-19.

Our Approach [SASB EM-MM-210b.1, GRI 413-2]

We seek to maintain good relations in the communities where we operate, based on dialogue, transparency and respect, and to be a catalyst for social development.

Our Country Heads have executive responsibility for community relations at the subsidiary level, reporting directly to the CEO. The Country Heads are supported by Community Relations Managers.

The Country Heads are responsible for developing and implementing a Community Relations Plan, which is approved annually and for which the CEO and Chief Financial Officer are ultimately accountable. All community support agreements prepared under the Community Relations Plan must be prepared in writing and referred to the CCO for approval. Subsidiaries provide updates on their Community Relations Plans during the monthly reviews with Corporate.

Dialogue and Stakeholder Engagement

Our subsidiaries maintain ongoing dialogue and engagement with community stakeholders. They operate local community service offices, work collaboratively with local authorities, undertake community engagement activities, and participate in community events. They also take part in consultations and participatory meetings to identify and prioritize community development needs. More information on stakeholder engagement can be found in the About This Report section.

Grievance Mechanisms

Issues can arise even in the best relationships. At the Corporate level we are implementing a new grievance mechanism, under the supervision of the Legal Department, that will allow systematic monitoring of how concerns are addressed. Our subsidiary Community Relations departments operate local-level grievance mechanisms through which stakeholders can lodge grievances, which are registered and monitored until they are resolved.

Local Economic Development

We seek to ensure that our presence in the community contributes to economic opportunities for local people. We identify the direct and indirect areas of influence of our operations (DAI and IAI) and use this to prioritize local employment and procurement and measure our effectiveness (Table 28).

Table 28: Direct and Indirect Areas of Influence of Caylloma and San Jose mines

Subsidiaries	Direct Area of Influence (DAI)	DAI+ Indirect Area of Influence (IAI)
Bateas (Caylloma Mine)	District of Caylloma, Peru	Region of Arequipa, Peru
Cuzcatlan (San Jose Mine)	Municipality of San Jose del Progreso, Oaxaca, Mexico	Region of Oaxaca, Mexico

In accordance with these definitions, our subsidiaries give priority to recruitment of employment candidates and suppliers from the DAI, and then from the IAI. We also promote local small businesses with the potential to become suppliers.

▲ Community members' greenhouse at San Jose

Social Investment

Our Community Relations Plans include social programs and social investment budgets. We are committed to working with community organizations, local governments and local suppliers to identify community needs and provide sustainable benefits to the communities in our direct and indirect areas of influence (See Case Study 5).

Our Community Support Initiatives Guidelines ensure that our financial contributions are used in an effective and ethical way to support outcomes-focused community initiatives, consistent with our support for the SDGs (see Sustainability Framework section). The Guidelines provide advice on designing and implementing community focused initiatives, effective use of funding, procedures to avoid violations of local or international laws (including anti-corruption laws), and procedures for approval, documentation, payments, progress measurement and audits, transparency and handling of queries.

Our financial contributions support initiatives that create a social and economic legacy and align with the SDGs (Table 29).

Table 29: Alignment of social investment with the SDGs

	SDG 1 No Poverty	SDG 3 Good Health & Wellbeing	SDG 4 Quality Education	SDG 5 Gender Equality	SDG 6 Clean Water & Sanitation	SDG 8 Decent Work & Economic Growth	SDG 9 Industry, Innovation & Infrastructure	SDG 10 Reduced Inequalities
Education			✓					
Health		✓						
Support programs for local entrepreneurs	✓					✓		✓
Capacity-building in agricultural activities	✓					✓		✓
Public Social Services		✓	✓		✓		✓	
Other: Social issues (equality, poverty, women and children, preserving indigenous culture, cultural promotion)	✓			✓	✓			✓

Because our countries of operation were all significantly impacted by COVID-19, in 2020 we also undertook a wide range of activities responding to the pandemic (see Case Study 4). The COVID-19 pandemic has revealed much about the strength of companies' commitments to community relations and allowed us to demonstrate our corporate values in real time.

We also establish formal sustainable development funding agreements with local authorities. In 2018 Bateas signed an agreement with the Municipality of Caylloma and a civil society organization (Frente de Defensa de los Intereses de Caylloma – FUDICAY) through which it is contributing USD 1.4 million to the community Development Fund over a period of two and a half years. The fund is administered by a multi-stakeholder management committee charged with prioritizing social investment projects (see Case Study 5). Cuzcatlan has also signed a cooperation agreement with the local authorities.

Our Performance

- There were zero significant community disputes related to the use of land and resources
- There were zero days of shutdowns and delays caused by community concerns relating to our operations [SASB EM-MM-210b.2]

We continue to source the majority of our workforce from our area of influence (Figure 34). In 2020 we made progress in increasing the percentage of local suppliers (Figure 35). Spending on local suppliers in the DAI of our operations represented 2.19% of our total procurement, while suppliers in the DAI and IAI together accounted for 19.87% of our total procurement [GRI 204-1].

Figure 34: Local employment (DAI and IAI) as a percentage of the workforce

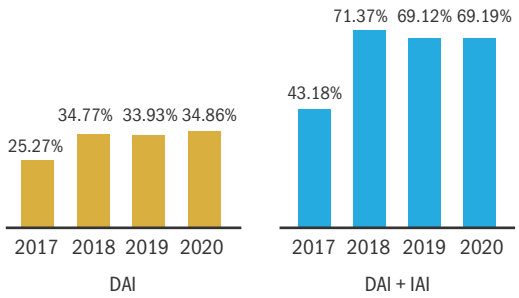
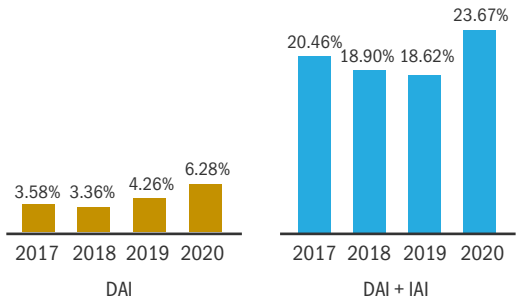


Figure 35: Local suppliers (DAI and IAI) as a percentage of suppliers



Our community investments in 2020 (Table 30) totaled more than USD 2.4 million, of which 29% was invested in public social services, 23% in support programs for local entrepreneurs, 7% in capacity-building in agricultural activities, 19% in health, 13% in education and 10% in other themes. A significant portion of the investment this year was directed to helping our communities face the COVID-19 pandemic.

Almost USD 900,000 was contributed by Bateas to the residents of the District of Caylloma as part of the Development Fund agreement. Some of the most important contributions made by Cuzcatlan were the construction of a church at San Jose del Progreso, the donation of a garbage compactor truck, and road maintenance infrastructure work.

Table 30 Community investment (USD) [GRI 203-1]

Goal	Company-wide	Bateas	Cuzcatlan
Education	310,021	250,238	59,783
Health	439,747	220,708	219,039
Support programs for local entrepreneurs	551,542	551,458	84
Capacity-building in agricultural activities	153,427	104,976	48,451
Public Social Services	678,925	52,647	626,278
Other	224,919	35,750	189,169
Total	**2,358,581**	**1,215,777**	**1,142,804**

▼ Caylloma children learning using donated tablets

ESG Focus

- Community Relations Governance
- SASB EM-MM-210b.1 Discussion of process to manage risks and opportunities associated with community rights and interests
- SASB EM-MM-210b.2 Number and duration of non-technical delays

Back to ESG for Investors

CASE STUDY 5

Caylloma – Partnering for Sustainable Development

Social investment is most effective when the key stakeholders collaborate to identify and target the most important community needs, and then work together to develop effective programs that deliver measurable benefits. Under the Caylloma Mine Community Relations Plan, Bateas undertakes social investment through a multi-stakeholder approach that fosters collective initiatives between various level of government, civil society and other institutions (see Community Relations section). In this way, we seek to make a meaningful contribution to achieving the SDGs, to which the Government of Peru committed in 2015 (see Sustainability Framework section). Our social investment focuses on education, health, productive development, local economic development, and gender equality. In 2020, we continued our long-term social investment program, while also contributing significantly to the local struggle against the COVID-19 pandemic (see Case Study 4). For a number of projects, such as the examples described below, we have established direct cooperation with the government ministries ultimately responsible for achieving the SDGs in Peru in order to support the services needed by the people of Caylloma.

"Kuskaya Yuyasapa Wawakunawan / Por un niño inteligente" (Childhood Anemia Program)

Early childhood anemia can impact intellectual development, with lifelong economic and social consequences. More than four out of 10 children under the age of three in Peru suffer from anemia, and in mountain populations (such as Caylloma in Arequipa), the rate can be as high as to six out of 10. It is for this reason that the Peruvian government developed the Multisectoral Plan to Fight Anemia from 2018-2021, with emphasis on children under 35 months of age, pregnant women and adolescents, focusing on effective interventions by different levels of government.

To contribute to this national effort, our Kuskaya Yuyasapa Wawakunawan program aims to prevent and reduce anemia among children in Caylloma under three years old, because until this age the effects of the disease are reversible. The initiative involves providing more palatable nutritional supplements, raising awareness of the problem, medical screening, treatment, and in-home dietary advice from a Quechua-speaking chef.

- **Partner:** Ministry of Health (Ministerio de Salud) - Caylloma Micro Health Network (Microred de Salud Caylloma) and local health facility ("Posta médica")
- **Sustainable Development Goals:**
  - SDG 2: Zero Hunger - Target 2.2: End all forms of malnutrition, including achieving internationally agreed upon targets in children under the age of five by 2025
  - SDG 3: Good Health and Well-being - Target 3.2: End preventable deaths of children under the age of five
- **2020 Results:**
  - 216 children screened
  - 140 children diagnosed with anemia, all received treatment
  - 1.42% reduction in anemia in children from six months to three years old (July-December 2020)

Caylloma Childhood Anemia Program ▶

"Programa de Mejoramiento Alpaquero" (Alpaca Productive Improvement Program)

Peru is the world's leading producer of alpaca fiber, and Arequipa Province is the biggest source of fiber for export. However, the livelihoods of alpaca herders are undermined by a high mortality rate for alpaca due to cold and disease, and poor animal health measures. We co-fund a program of personalized advice, veterinary technical assistance and equipment for small-scale alpaca herders, which encompasses interventions throughout the value chain, including improving pasture and transfer of animal husbandry knowledge. We have helped to establish a local producer trade association, Wiñachicuna, to execute the program and allow the producers to market their products directly to the fiber buyers, which can improve their profits by as much as 150%. The community is empowered to take control and make the business sustainable over the long term.

- **Partner**: Ministry of Production (Ministerio de la Produccion)
- **Sustainable Development Goals:**
  - SDG 2 - Zero Hunger - Target 2.3: Double the agricultural productivity and incomes of small-scale food producers
  - SDG 8 - Decent Work and Economic Growth - Target 8.3: Support productive activities and encourage the formalization and growth of micro-enterprises
- **2020 Results:**
  - 80 families reached with capacity building and animal care interventions
  - 350 families integrated into the trade association to eliminate intermediaries and increase their profits
  - 46,912 animal care interventions
  - 4.7% reduction in animal mortality since 2019
  - Income enhancement of 19% for 6 families from the sale of mechanically sheared fiber

San Andrés Caylloma community radio station

To increase awareness, we fund the San Andrés Caylloma community radio station that broadcasts news, music and information on a range of issues, including anemia prevention messages, alpaca livestock management, and women's empowerment, that are addressed through our social investment program. As part of our stakeholder engagement, the radio station also hosts a show where the mine Community Relations Manager responds to questions and complaints from the community.

During 2020, Bateas' social investment program contributed to progress on nine of the 17 SDGs. As demonstrated by this Report, we are committed to collecting and disclosing sustainability data transparently to our investors and stakeholders. That commitment also extends to the collection of data about the reach and effectiveness of our social investment programs, so that we can be sure we are contributing to the achievement of the SDGs.

◀ Back to Community Relations

▲ Alpaca Productive Improvement Program in Caylloma's local communities

Alpaca herders at Caylloma ▶

Security, Human Rights and Rights of Indigenous Peoples

Why is this Important for Fortuna?

Mining companies may operate in countries where governance institutions, rule of law and human rights protections are weak. Where companies use security personnel to protect workers and assets, there is potential for community conflict and human rights violations. Risk may be magnified in territories occupied or claimed by Indigenous Peoples. Regardless of where a mining company operates, it may be held accountable for human rights violations in the supply chain. Effective human rights due diligence can help to prevent operational disruptions, reduce costs from settlements and compensation payments, facilitate permitting, avoid write-downs of assets in conflict areas, and protect the Company's reputation.

Our Caylloma and San Jose mines are in areas that periodically experience community unrest. The mines have security personnel, some of whom are employed directly by the Company, but the majority of whom are employed by external public and private security enterprises. Mandatory human rights courses for security personnel are regulated in both Peru and Mexico.

The Indigenous and Tribal Peoples Convention (ILO 169) has been ratified by most Latin American countries including Mexico, Peru and Argentina, all of which have also endorsed the UN Declaration on the Rights of Indigenous Peoples. At Caylloma (Bateas), the Santa Rosa community could in future be recognized as Indigenous by the Peru Ministry of Culture. Under Mexican law, the municipalities surrounding San Jose (Cuzcatlan) that have customary governance systems are recognized by the authorities as Indigenous [SASB Index].

Our Approach

We are committed to respecting human rights in our operations and our supply chain. We are also committed to respecting and protecting local customs, traditions and community rights.

Human Rights Policy

Our Human Rights Policy, which is approved by the Board, is mandatory for the Company and its subsidiaries, suppliers, and business partners. The Policy is overseen by the Sustainability Committee of the Board, and the CCO has management responsibility for its implementation. The CCO is supported by the Corporate HOD Department, which is responsible for education and training activities. The human rights function is further delegated to HOD managers in each subsidiary, who report indirectly to Corporate HOD management (see Human Capital Management section).

The Policy draws on the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the Voluntary Principles on Security and Human Rights, and its key principles are incorporated across our processes and systems (Figure 36) [SASB Index].

◀ Our Code of Ethics is delivered to all of our employees

Figure 36: Human Rights Policy commitments

Non-discrimination

- We do not discriminate against any individual for reasons of race, gender, religion, age, social status, sexual orientation or any other characteristic unrelated to their individual job performance.
- We respect diversity and equal opportunity.

Freedom of association and collective bargaining

- We respect the right of freedom of association and collective bargaining and we guarantee the conditions that enable our employees to exercise such rights.
- Freedom of association and collective bargaining is regulated in all countries in which we operate.

Prevention of child, youth and forced labor

- We reject child, youth or forced labor, under conditions of or slave labor. Our company procedures prohibit the hiring of child laborers.
- All overtime work tasks are voluntary and not mandatory, and are compensated in accordance with the appropriate labor legislation.

Human rights and security

- Our security staff are usually the first contact for anyone visiting our facilities. This group is trained in all aspects of respect for human rights as a part of their day-to-day activities.
- During interactions between public and private security service personnel and local communities, we observe and support the Voluntary Principles on Security and Human Rights.[41]

Human rights of local communities

- We respect the rights of local and Indigenous communities neighboring our operations; we also contribute to health, education, and economic welfare of the surrounding communities.
- We respect the rights of the local community members to have supply of water available to them that is sufficient, safe, acceptable, physically accessible and affordable for personal and domestic use.
- We avoid, prevent or minimize adverse socio-economic impacts on local communities, such as resettlement due to land acquisitions or restrictions on land use. If applicable, we manage these cases through compensation and proper disclosure of information, consultation and informed participation of the affected parties.

In 2020, all new employees received a copy of the Policy and a training session, mainly delivered through our e-learning platform. Human rights expectations are included in agreements with suppliers and contractors (see Supply Chain Management section). All internal and external security personnel receive human rights training aligned with local regulation and the Voluntary Principles on Security and Human Rights [GRI 410-1].

Violations of the Policy can be reported through our whistleblower channel (see Business Ethics and Transparency section).

Our commitment to respect human rights is further supported by the following policies:

- Code of Business Conduct and Ethics
- Supplier Code of Business Conduct and Ethics
- Diversity Policy

Our Performance

- There were zero confirmed cases of discrimination or violations of human rights, freedom of association, child labor, youth labor with exposure to high-risk work, or forced labor involving our employees (Table 31).
- There were zero incidents related to violations involving the rights of indigenous peoples [GRI 411-1].
- 100% of our internal and external security personnel received formal human rights training.

Table 31: Recorded cases of violations of human rights
[GRI 406-1, GRI 407-1, GRI 408-1, GRI 409-1]

Recorded Cases of Violations of Human Rights	2017	2018	2019	2020
Discrimination	0	0	0	0
Freedom of association and collective bargaining	0	0	0	0
Child labour	0	0	0	0
Youth labour with exposure to high-risk work	0	0	0	0
Forced labour	0	0	0	0
Indigenous rights	0	0	0	0

Contract worker at San Jose

Supply Chain Management

Why is this Important for Fortuna?

Companies have influence on the environmental and social performance of their contractors and suppliers and may be held responsible for their actions by stakeholders. Breakdowns in the supply chain for essential materials can shut down operations, and materials required for the extraction of metals and minerals can have significant environmental and social impacts for communities, workers, and ecosystems. Effective management of the supply chain can prevent operational disruptions, reduce litigation and regulatory risk, build community relationships through local procurement, and protect the Company's reputation.

A significant part of our operational workforce consists of contractors, who work closely with our employees. We also rely on suppliers for a wide range of goods and services. An important aspect of our supply chain is the sourcing and transportation of products and materials that require special handling, such as explosives, hydrocarbons, chemical reagents, cyanide, personal protective equipment, and safety equipment [GRI 102-9].

In 2020, we had 1,264 suppliers of products and services (Figure 37) and 1,351 contractors (Figure 38).

Figure 37: Number of suppliers by location [GRI 102-9]

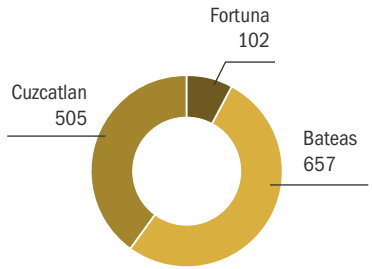
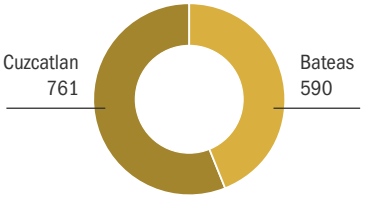


Figure 38: Number of contractors by location [GRI 102-9]



Our Approach

Fortuna is committed to conducting business in an ethical, legal and responsible way, and we expect the same commitment from our contractors and suppliers. We seek out contractors and suppliers who share our corporate values, follow high standards and are committed to following our policies.

Supplier Code of Business Ethics and Conduct

Our Supplier Code of Business Ethics and Conduct, which is approved by the Board, sets out our expectations for the behavior of suppliers and other parties with whom we maintain business relationships.

We provide a copy of the Supplier Code of Business Ethics and Conduct to all suppliers, who must sign an acknowledgement that they have read it and will comply with its provisions. The Code also requires contractors and suppliers to comply with or exceed local legislation, as well as our corporate policies and guidelines:

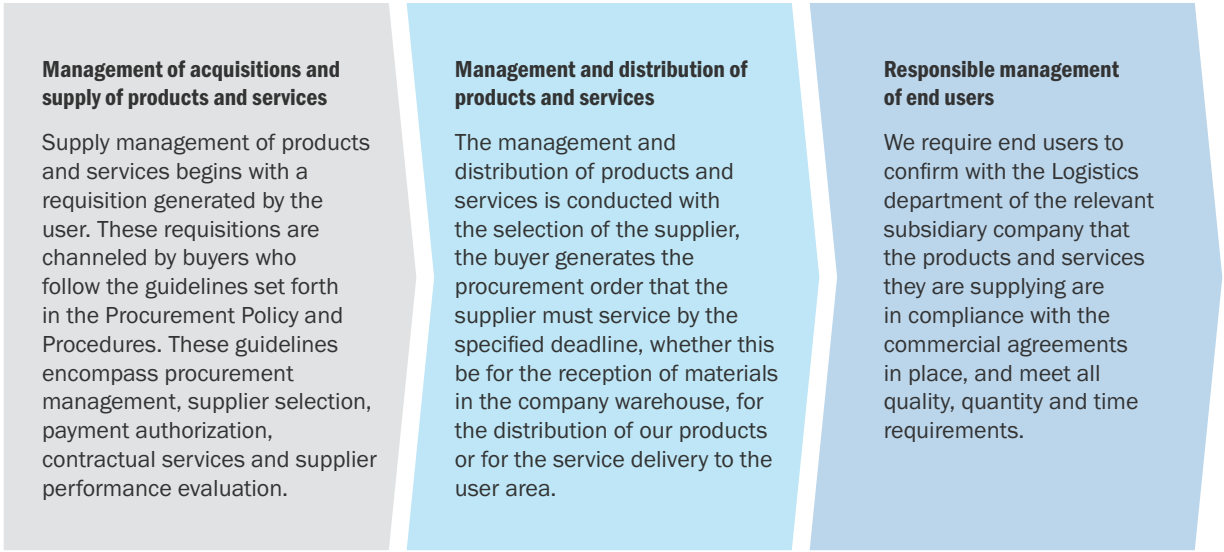
- Code of Business Ethics and Conduct
- Anti-Corruption Policy
- Health and Safety Policy
- Human Rights Policy
- Environmental Policy

Complaints about any non-compliance with the Code may be submitted through our whistleblower channel (see Business Ethics and Transparency section).

Supply Chain Management

Our supply chain management process is outlined in Figure 39.

Figure 39: Supply chain management



Contractors and suppliers are categorized as Type A, B or C according to the duration of their work for the Company and the extent to which the goods and services they supply are critical to our primary mining activities. In 2020 we began to implement a new structure for managing supplier and contractor health and safety and environmental performance and issued guidance to subsidiaries. For this, we retained the international firm DuPont to recommend a new HSSE structure for the management of suppliers and contractors, which was intended to be implemented in 2020 but was postponed to 2021 due to COVID-19. The methodology is shown in Figure 40.

Figure 40: Supplier OHS and Environmental Management

1. **Supplier and Contractor Selection**
Requires the compilation of a list of qualified suppliers and contractors, compatibility pre-assessment with the organization's OHS and environmental principles.

2. **Contract Preparation**
OHS and environmental performance expectations for the best performance outcomes.

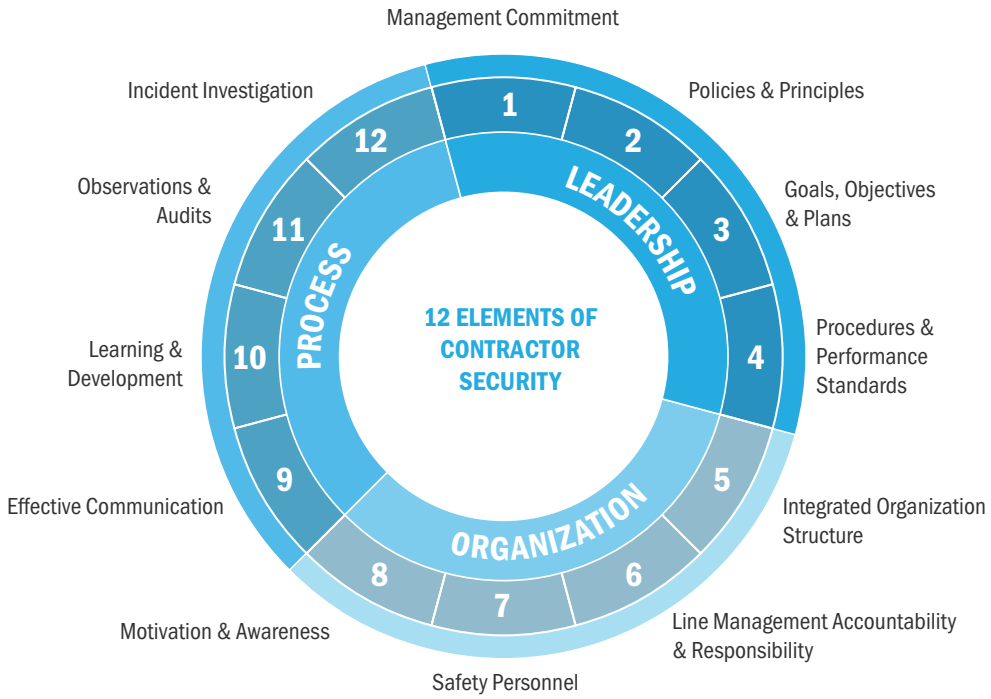
3. **Supplier and Contractor Award**
Review of contract specifications in order to understand OHS and environmental performance expectations.

4. **Orientation and Understanding**
Involves the relationship with the suppliers and contractors.

5. **Supplier and Contractor Management**
Supporting OHS and environmental management through policies, procedures and contract administration.

6. **Post-contract Evaluation**
Provides the tools used to assess supplier and contractor performance.

SHARE BEST OHS AND ENVIRONMENTAL PRACTICES WITH SUPPLIERS AND CONTRACTORS



TRAINING IN THE PROCESS, HAZARDS & CONTROLS

Because of the key role they play in our operations, our subsidiaries set specific contractual expectations for contractors on HSSE matters, including:

- Health and safety and environmental management systems
- Alcohol and drug control programs, safe work procedures, emergency preparedness and response plans, environmental management and social responsibility plans
- Internal regulations governing health and safety
- Equipment technical specifications and maintenance plans
- Driver qualifications
- Personal protective equipment requirements and quality certificates
- Qualifications or certifications (such as certification to ISO Standards)

More details on our safety approach and performance can be found in the Workforce Health and Safety section.

Assessment of Supplier Performance

Our subsidiary Procurement departments work with HSSE departments to evaluate the performance of our contractors and verify compliance with our expectations. In the event of non-compliance, the local Procurement department is notified and will evaluate whether to suspend the business relationship [GRI 403-7]. Our Procurement departments are trained in all aspects of our requirements for contractors.

Our annual supplier audit is an internal assessment process performed by an external third party. It focuses primarily on our critical Type A contractors. Each year, we recognize the contractor with the highest assessment under the audit criteria.

Our subsidiaries are responsible for implementing our corporate expectations. For example, in 2020 Bateas established a Procurement Committee and introduced a supplier certification process, in which an external third-party assesses potential suppliers on criteria including a range of sustainability issues. Potential suppliers passing the evaluation receive a one-year certification qualifying them as a supplier. In 2020, all current suppliers of key services were assessed, and from 2021 the certification process will be a requirement for new suppliers. In addition to the certification process, the Procurement Committee may set contractual expectations for suppliers on additional criteria, such as certification to international standards or local employment. As a collaboration between the Community Relations and Procurement teams, Bateas has also implemented a local supplier development database, "Caylloma Match", that is used to support local procurement and employment.

Our Performance

In the last two years we have made progress in assessing the selection of our suppliers according to environmental criteria. We still face challenges and opportunities relating to supplier social compliance and the development responsible sourcing processes. There were no recorded cases of supplier violations of key human rights criteria in 2020 (Table 32).

Table 32: Supplier selection and compliance
[GRI 308-1, GRI 404-1, GRI 407-1, GRI 408-1, GRI 409-1]

Supplier Selection and Compliance	Suppliers			
	2017	2018	2019	2020
Supplier Selection				
New suppliers selected in accordance with environmental criteria (%)	N/A	N/A	4.17%	13.30%
New suppliers selected in accordance with social criteria (%)	N/A	N/A	0%	0%
Recorded Cases of Supplier Violations				
Freedom of association and collective bargaining	0	0	0	0
Child labour	0	0	0	0
Youth labour with exposure to high-risk work	0	0	0	0
Forced labour	0	0	0	0

APPENDIX A

Mansfield Data

Mansfield data is not included in our consolidated sustainability metrics for 2020. However, in the interests of transparency, we have provided a range of Mansfield metrics in Table 33. We plan to integrate Mansfield fully to our next Sustainability Report.

Table 33: Mansfield data

Indicator	Reference	Unit	2017	2018	2019	2020
ENVIRONMENTAL						
Significant environmental fines	GRI 307-1	USD	-	-	-	0
		number	-	-	-	0
WASTE AND HAZARDOUS MATERIALS MANAGEMENT						
Number of tailings impoundments, hazard potential	SASB: EM-MM-150a.3	number	-	-	-	1
		hazard potential	-	-	-	Significant
Significant spills		number	-	-	-	0
Waste generated (total)	GRI 306-3	t	-	-	-	670.17
Hazardous waste generated	GRI 306-3	t	-	-	-	108.10
- Diverted from disposal	GRI 306-4	t	-	-	-	0
- Directed to disposal	GRI 306-5	t	-	-	-	108.10
Non-hazardous waste generated	GRI 306-3	t	-	-	-	562.07
- Diverted from disposal	GRI 306-4	t	-	-	-	390.96
- Directed to disposal	GRI 306-5	t	-	-	-	171.11
WATER MANAGEMENT						
Total fresh water withdrawn	SASB: EM-MM-140a.1, GRI 303-3	thousand m^3	0.60	52.30	272.83	271.15
Total fresh water consumed	SASB: EM-MM-140a.1, GRI 303-5	thousand m^3	0.60	52.30	227.03	241.03
Freshwater withdrawn/ consumed in regions with High/Extremely High Baseline Water Stress	SASB: EM-MM-140a.1	%	0	0	0	0
Percentage of water recycled		%	0	0	0.75	3.45
Water discharge	GRI 303-4	thousand m^3	0	0	44.48	29.61
CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS						
Gross global Scope1 emissions covered by emissions-limiting regulations	SASB: EM-MM-110a.1	%	-	-	-	0
ENERGY MANAGEMENT						
Total energy consumption	GRI 302-1	GJ	3,491	12,891	273,618	250,372
Fuel consumption	GRI 302-1	GJ	3,491	12,891	273,618	250,372
- Non-renewable fuel		GJ	3,491	12,891	273,618	250,372
- Renewable fuel		GJ	0	0	0	0
Electricity consumption	GRI 302-1	GJ	0	0	0	0
BIODIVERSITY IMPACTS						
Sites in/adjacent to protected areas & high biodiversity value areas	GRI 304-1	number	-	-	-	0
IUCN Red List/national list species in areas affected by operations: - Critically endangered	GRI 304-4	number	-	-	-	0
- Endangered		number	-	-	-	1
- Vulnerable		number	-	-	-	6
- Near-threatened		number	-	-	-	2
- Least concern		number	-	-	-	1
Land disturbed and not yet rehabilitated (year-end balance)		ha	-	-	-	65

Indicator	Reference	Unit	2017	2018	2019	2020
SOCIAL						
BUSINESS ETHICS AND TRANSPARENCY						
Production in countries with lowest Corruption Perception Index rankings	SASB EM-MM-510a.2	t	-	-	-	0
Target employees trained on anti-corruption policies	GRI 205-2	number	-	-	-	42
		%	-	-	-	100
Employees trained on Code of Ethics and anti-corruption		%	-	-	-	100
Political contributions	GRI 415-1	USD	-	-	-	0
Spending on industry associations		USD	-	-	-	22,171
WORKFORCE HEALTH AND SAFETY						
Work-related injuries: employees - Fatalities	GRI 403-9	number	0	0	0	0
- LTIFR		rate	-	0	2.46	7.91
- TRIFR		rate	-	0	2.46	9.89
- Severity rate		rate	-	0	105.63	868.08
Work-related injuries: contractors - Fatalities	GRI 403-9	number	0	0	0	0
- LTIFR		rate	0	8.56	2.39	3.95
- TRIFR		rate	-	18.34	6.37	4.61
- Severity rate		rate	-	288.56	111.14	193.03
Work-related ill health	GRI 403-10	number	0	0	0	0
HUMAN CAPITAL MANAGEMENT AND LABOR RELATIONS						
Employees	GRI 102-8	number	-	-	395	421
- Men		number	-	-	347	368
- Women		number	-	-	48	53
Contractors		number	49	1,096	1,201	641
Ratio of basic salary of women to men	GRI 405-2	ratio	-	-	-	1.03
Ratio of remuneration of women to men		ratio	-	-	-	1.03

Indicator	Reference	Unit	2017	2018	2019	2020
New employee hires	GRI 401-1	number	-	-	-	73
		rate	-	-	-	17.34
- Men		number	-	-	-	64
		rate	-	-	-	15.20
- Women		number	-	-	-	9
		rate	-	-	-	2.14
Employee turnover	GRI 401-1	number	-	-	-	47
		rate	-	-	-	11.16
- Men		number	-	-	-	41
		rate	-	-	-	9.74
- Women		number	-	-	-	6
		rate	-	-	-	1.43
Voluntary employee turnover	GRI 401-1	number	-	-	-	37
		rate	-	-	-	8.79
- Men		number	-	-	-	32
		rate	-	-	-	7.60
- Women		number	-	-	-	5
		rate	-	-	-	1.19
Average hours of training per year	GRI 404-1	hours	-	-	-	15.97
- Men		hours	-	-	-	15.91
- Women		hours	-	-	-	16.43
Employees covered by collective bargaining agreements	SASB EM-MM-310a.1., GRI 102-41	%	-	-	-	58.91

Indicator	Reference	Unit	2017	2018	2019	2020
COMMUNITY RELATIONS						
Number of non-technical delays / significant disputes	SASB: EM-MM-210b.2	number	0	0	0	0
Local employees - DAI		%	1.89	11.11	11.90	11.40
- DAI + IAI		%	52.83	69.57	67.34	68.88
Local suppliers - DAI		%	2.06	1.95	1.47	1.65
- DAI + IAI		%	57.73	38.44	34.24	34.00
Spending on local suppliers - DAI	GRI 204-1	%	0.09	0.03	1	3.52
- DAI + IAI		%	76	45	36	18.94
Community investment		USD	-	-	191,163	252,940
SECURITY, HUMAN RIGHTS AND RIGHTS OF INDIGENOUS PEOPLES						
Incidents of discrimination and corrective actions taken	GRI 406-1	number	-	-	-	0
Incidents of violations involving rights of indigenous peoples	GRI 411-1	number	-	-	-	0
Freedom of association at risk	GRI 407-1	number	-	-	-	0
Child labor risk	GRI 408-1	number	-	-	-	0
Forced labor risk	GRI 409-1	number	-	-	-	0
Security personnel trained on human rights	GRI 410-1	%	-	-	-	100
Employees trained on human rights	GRI 412-1	%	-	-	-	100

◀ Back to Report - Case Study 1 ◀ Back to Report - About This Report

APPENDIX B

Performance Data Table

A summary of the consolidated ESG and sustainability performance metrics in this Report, including four years of data (where available) and references to disclosure frameworks, can be found in Table 34.

Table 34: Summary of ESG and sustainability data included in the Report

Indicator	Reference	Unit	2017	2018	2019	2020
ENVIRONMENTAL						
Significant environmental fines	GRI 307-1	USD	96,998	0	170,990	0
		number	2	0	2	0
MINE CLOSURE AND RECLAMATION						
Closure guarantees (Caylloma Mine)		million USD	3.18	4.99	7.24	9.70
Closure budget (San José Mine)		million USD	5.02	6.57	5.91	6.22
WASTE AND HAZARDOUS MATERIALS MANAGEMENT						
Total weight of tailings waste	SASB: EM-MM-150a.1	t	1,511,195	1,485,985	1,509,124	1,357,774
Tailings waste recycled		%	28.01	31.06	37.81	34.84
Tailings generation intensity – processed ore		t/t	0.94	0.94	0.94	0.94
Number of tailings impoundments, hazard potential	SASB: EM-MM-150a.3	number	4	4	4	4
		hazard potential	Significant	Significant	Significant	Significant
Significant spills		number	1	1	0	0
Waste generated (total)	GRI 306-3	t	1,175	1,483	1,329	1,123
Hazardous waste generated	GRI 306-3	t	329.71	345.16	307.71	261.06
- Diverted from disposal	GRI 306-4	t	151.12	171.88	126.57	115.76
- Directed to disposal	GRI 306-5	t	178.59	173.28	181.14	145.30
Non-hazardous waste generated	GRI 306-3	t	845.70	1,138	1,021	862.06
- Diverted from disposal	GRI 306-4	t	475.42	720.48	602.09	519.36
- Directed to disposal	GRI 306-5	t	370.28	417.32	419.27	342.70
Waste generation intensity – processed ore		kg/t	0.73	0.94	0.83	0.78

Indicator	Reference	Unit	2017	2018	2019	2020
WATER MANAGEMENT						
Total water withdrawn	GRI 303-3	thousand m^3	1,612	1,384	1,590	1,252
Total freshwater withdrawn	SASB: EM-MM-140a.1, GRI 303-3	thousand m^3	1,405	1,244	1,337	1,030
Total water consumed	GRI 303-5	thousand m^3	1,444	948	1,285	1,022
Total freshwater consumed	SASB: EM-MM-140a.1, GRI 303-5	thousand m^3	1,237	808	1,032	800
Freshwater withdrawn/ consumed in regions with High/Extremely High-Water Stress	SASB: EM-MM-140a.1	%	0	0	0	0
Water consumption intensity – processed ore		m^3/t	0.90	0.60	0.80	0.71
Percentage of water recycled		%	67.92	70.64	67.70	70.74
Water discharge	GRI 303-4	thousand m^3	168.59	436.02	304.81	230.14
Incidents of non-compliance with water quality permits, standards and regulations	SASB: EM-MM-140a.2	number	0	1	0	0
CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS						
Total GHG emissions		tCO_2e	82,349	80,288	75,642	70,983
Gross global Scope 1 emissions	SASB: EM-MM-110a.1, GRI 305-1	tCO_2e	21,900	21,287	17,494	19,016
Gross global Scope 1 emissions covered by emissions-limiting regulations	SASB: EM-MM-110a.1	%	0	0	0	0
Gross global Scope 2 emissions	GRI 305-2	tCO_2e	60,449	59,001	58,148	51,966

Indicator	Reference	Unit	2017	2018	2019	2020
GHG emissions intensity – processed ore	GRI 305-4	tCO_2eq/ thousand t	51.45	50.97	47.28	49.14
ENERGY MANAGEMENT						
Total energy consumption	SASB Index, GRI 302-1	GJ	663,566	663,199	612,501	561,889
- Non-renewable energy		GJ	635,505	616,060	572,354	526,171
- Renewable energy		GJ	28,060	47,139	40,146	35,718
Fuel consumption	GRI 302-1	GJ	274,055	260,155	215,284	197,778
- Non-renewable fuel		GJ	274,055	260,155	215,284	197,778
- Renewable fuel		GJ	0	0	0	0
Electricity consumption	GRI 302-1	GJ	389,511	403,043	397,217	364,112
- Non-renewable sources		GJ	361,450	355,904	357,071	328,393
- Renewable sources		GJ	28,061	47,139	40,146	35,718
Energy intensity - processed ore	GRI 302-3	GJ/t	0.41	0.42	0.38	0.39
AIR QUALITY						
Air emissions concentration - NO_x	SASB Index	ug/m³	9.03	8.02	<4.00	<4.00
- SO_x		ug/m³	13.72	13.72	13.72	<3.00
- $PM_{2.5}$		ug/m³	9.62	14.48	47.74	4.86
- PM_{10}		ug/m³	25.25	30.33	32.44	20.74
BIODIVERSITY IMPACTS						
Sites in/adjacent to protected areas & high biodiversity value areas	SASB Index, GRI 304-1	number	2	2	2	2
IUCN Red List/national list species: - Critically endangered	SASB Index, GRI 304-4	number	0	2	2	1
- Endangered		number	0	2	1	2
- Vulnerable		number	14	17	17	18
- Near-threatened		number	14	18	16	17
- Least concern		number	39	71	68	72
Land disturbed and not yet rehabilitated (year-end balance)		ha	162.6	166.83	171.82	175.88

Indicator	Reference	Unit	2017	2018	2019	2020
SOCIAL						
BUSINESS ETHICS AND TRANSPARENCY						
Production in countries with lowest Corruption Perception Index rankings	SASB EM-MM-510a.2	t	-	-	-	0
Corruption cases	GRI 205-3	number	0	0	0	0
Employees trained on anti-corruption policies	GRI 205-2	%	-	8	12	11
		number	-	68	101	93
Target employees trained on anti-corruption policies		%	-	96	100	100
Directors and employees trained on Code of Ethics		%	100	100	100	100
Political contributions	GRI 415-1	USD	0	0	0	0
Spending on industry associations		USD	-	-	81,788	88,693
WORKFORCE HEALTH AND SAFETY						
Employees: - All incidence rate	SASB: EM-MM-320a.1, GRI 403-5	rate	1.52	0.61	0.30	0.91
- Fatality rate		rate	0	0	0	0
- Near miss frequency rate		rate	0.65	1.02	1.59	2.16
- Average hours of health, safety and emergency response training		hours	29.31	24.25	20.39	17.09
Contractors: - All incidence rate	SASB: EM-MM-320a.1, GRI 403-5	rate	1.62	1.68	1.29	1.36
- Fatality rate		rate	0.12	0	0.06	0
- Near miss frequency rate		rate	2.37	1.51	3.20	6.25
- Average hours of health, safety and emergency response training		hours	42.4	20.25	19.45	22.84
Work-related injuries: employees - Fatalities	GRI 403-9	number	0	0	0	0
		rate	0	0	0	0
- LTIFR		rate	3.25	1.02	0	1.14
- TRIFR		rate	7.59	3.06	1.49	4.55
- Severity rate		rate	478.51	72	0	36.97
High consequence injuries		number	0	0	0	0
		rate	0	0	0	0

Indicator	Reference	Unit	2017	2018	2019	2020
Work-related injuries: contractors - Fatalities	GRI 403-9	number	2	0	1	0
		rate	1.15	0	0.56	0
- LTIFR		rate	2.31	2.24	1.69	3.01
- TRIFR		rate	8.08	8.39	6.18	6.78
- Severity rate		rate	3,586	136.2	1,847	121.63
- High consequence injuries		number	0	2	0	0
		rate	0	0.56	0	0
Work-related ill health	GRI 403-10	number	0	0	0	0
HUMAN CAPITAL MANAGEMENT AND LABOR RELATIONS						
Employees	GRI 102-8	number	787	809	837	815
- Men		number	660	672	693	651
- Women		number	127	137	144	164
Contractors		number	1,260	1,527	1,307	1,351
New employee hires	GRI 401-1	number	111	117	138	147
		rate	14.1	14.46	16.49	18.04
- Men		number	88	97	103	91
		rate	11.18	11.99	12.31	11.17
- Women		number	23	20	35	56
		rate	2.92	2.47	4.18	6.87
Employee turnover	GRI 401-1	number	88	101	112	152
		rate	11.18	12.48	13.38	18.65
- Men		number	70	88	84	117
		rate	8.89	10.88	10.04	14.36
- Women		number	18	13	28	35
		rate	2.29	1.61	3.35	4.29
Voluntary employee turnover	GRI 401-1	number	55	47	50	54
		rate	6.99	5.81	5.97	6.63
- Men		number	45	37	38	39
		rate	5.72	4.57	4.54	4.79
- Women		number	10	10	12	15
		rate	1.27	1.24	1.43	1.84

Indicator	Reference	Unit	2017	2018	2019	2020
Average hours of training per year	GRI 404-1	hours	11.83	19.37	26.87	49.64
- Men		hours	9.67	8.34	24.63	53.86
- Women		hours	23.07	73.44	37.67	32.87
Employees receiving evaluation	GRI 404-3	%	-	100	99.06	92.59
- Men		%	-	100	98.87	92.25
- Women		%	-	100	100	94.35
Employees covered by collective bargaining agreements	SASB Index, GRI 102-41	%	-	-	55.91	53.92
COMMUNITY RELATIONS						
Number of non-technical delays / significant disputes	SASB: EM-MM-210b.2	number	-	-	0	0
Local employees - DAI		%	25.27	34.77	33.93	34.86
- DAI + IA		%	43.18	71.37	69.12	69.19
Spending on local suppliers - DAI	GRI 204-1	%	-	-	-	2.19
- DAI + IAI		%	-	-	-	19.87
Community investment		USD	-	-	2,798,770	2,358,581
SECURITY, HUMAN RIGHTS AND RIGHTS OF INDIGENOUS PEOPLES						
Incidents of discrimination and corrective actions taken	GRI 406-1	number	0	0	0	0
Incidents of violations involving rights of indigenous peoples	GRI 411-1	number	0	0	0	0
Freedom of association at risk	GRI 407-1	number	0	0	0	0
Child labor risk	GRI 408-1	number	0	0	0	0
Forced labor risk	GRI 409-1	number	0	0	0	0
Security personnel trained on human rights - Employees	GRI 410-1	%	12.5	100	100	100
- Contractors		%	71.62	100	100	100
Employees trained on human rights	GRI 412-1	%	-	-	-	100
Hours of training		hours	-	-	-	103.89

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APPENDIX C

SASB Metals & Mining Standard Content Index

The Sustainability Accounting Standards Board (SASB) publishes industry-specific sustainability accounting standards, intended to help companies disclose financially material, decision-useful ESG information to investors in a cost-effective and comparable way. We have reported applicable metrics from the SASB Metals & Mining Standard for topics that were identified as most financially material in our 2020 ESG materiality assessment. Consolidated data is provided for Fortuna offices, Bateas and Cuzcatlan. Mansfield data will be added in 2021. The SASB Content Index is provided in Table 35. Where possible, links have been provided to data and information in the Report or Appendix B.

We have explained any deviations from the Standard, which fall into the following categories:

- We have omitted the metric because the topic is not applicable to our business model or not financially material for the Company. (If we have reported a similar or identical metric in accordance with the GRI Standards, a reference is provided.)
- We have modified the metric because the protocol for completion references a U.S. standard, and it is more appropriate for our Company to report using international standards, Canadian standards or standards applicable in the markets in which our operations are located.

Table 35: SASB Content Index

Indicator Code	Metric	Location
GREENHOUSE GAS EMISSIONS		
SASB EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Climate Change and Greenhouse Gas Emissions (p.44). Our operational emissions in Peru and Mexico are not covered under emissions-limiting regulations.
SASB EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Climate Change and Greenhouse Gas Emissions (p.43)
AIR QUALITY		
SASB EM-MM-120a.1	Air emissions of the following pollutants: (1) CO, (2) NO_x (excluding N_2O), (3) SO_x, (4) particulate matter (PM_{10}), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)	Omitted. This metric was not assessed to be financially material for Fortuna. However, data on air emissions concentrations is provided. Air Quality (p.48)
ENERGY MANAGEMENT		
SASB EM-MM-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	This metric was not assessed to be financially material for Fortuna. However, data on energy consumption is provided. Energy Management (p.46)
WATER MANAGEMENT		
SASB EM-MM-140a.1	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Water Management (p.41). None of our operations are situated in areas of high or extremely high baseline water stress.
SASB EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Water Management (p.41)

Indicator Code	Metric	Location
WASTE & HAZARDOUS MATERIALS MANAGEMENT		
EM-MM-150a.1	Total weight of tailings waste, percentage recycled	Waste and Hazardous Materials Management (p.38). Recycled percentage is the percentage of tailings used for paste fill.
EM-MM-150a.2	Total weight of mineral processing waste, percentage recycled	Omitted. This metric is not applicable to our business model, as we do not undertake metal processing activities.
EM-MM-150a.3	Number of tailings impoundments, broken down by MSHA hazard potential	Waste and Hazardous Materials Management (p.36). We have reported using a Canadian standard (Canadian Dam Association Consequence Classification Ratings for Dams).
BIODIVERSITY IMPACTS		
SASB EM-MM-160a.1	Description of environmental management policies and practices for active sites	Environmental – Our Approach (p.33)
SASB EM-MM-160a.2	Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation	Biodiversity Impacts (p.49). Acid rock drainage is not a risk at our operations.
SASB EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	We do not conduct exploration or mining operations in protected areas according to international conventions. However, data on high biodiversity value areas and presence of species on the IUCN Red List. Biodiversity Impacts (p.49)

Indicator Code	Metric	Location
SECURITY, HUMAN RIGHTS AND RIGHTS OF INDIGENOUS PEOPLES		
SASB EM-MM-210a.1	Percentage of (1) proved and (2) probable mineral reserves in or near areas of conflict	This metric was not assessed to be financially material for Fortuna. However, none of our mineral reserves are in or near areas of conflict.
SASB EM-MM-210a.2	Percentage of (1) proved and (2) probable mineral reserves in or near indigenous land	This metric was not assessed to be financially material for Fortuna. However, information is provided on the de facto or self-identified Indigenous status of communities in the vicinity of our operations. Security, Human Rights and Rights of Indigenous Peoples (p.73)
SASB EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	This metric was not assessed to be financially material for Fortuna. However, information is provided on our human rights approach. Security, Human Rights and Rights of Indigenous Peoples (p.73)
COMMUNITY RELATIONS		
SASB EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	Community Relations (p.68)
SASB EM-MM-210b.2	Number and duration of non-technical delays	Community Relations (p.70). There were no non-technical delays related to community relations issues. This does not include shutdowns mandated by the authorities or undertaken voluntarily to prevent the spread of COVID-19.

Indicator Code	Metric	Location
LABOR RELATIONS		
EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees	This metric was not assessed to be financially material for Fortuna. However, data is provided on the percentage of our employees covered by collective bargaining agreements. The Company has no U.S. employees. Human Capital Management and Labor Relations (p.64)
EM-MM-310a.2	Number and duration of strikes and lockouts	This metric was not assessed to be financially material for Fortuna.
WORKFORCE HEALTH AND SAFETY		
SASB EM-MM-320a.1	(1) MSHA all-incidence rate, (2) fatality rate, (3) near miss frequency rate (NMFR) and (4) average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees	Workforce Health and Safety (p.63) Rates are calculated per 200,000 hours. Prior to 2019 we did not have a corporate classification for incidents. We now have an incident standard that classifies the types of incidents according to ICMM principles. As a result, some incidents from 2017 and 2018 have been reclassified.
BUSINESS ETHICS & TRANSPARENCY		
SASB EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	Business Ethics & Transparency (p.57) Supply Chain Management (p.76)
SASB EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Business Ethics & Transparency (p.56)

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APPENDIX D

GRI Content Index

The GRI Content Index can be found in Table 36. Where possible, links have been provided to data and information in the Report or Appendix B.

Table 36: GRI Content Index

Disclosure	Content	Page	Reasons for Omissions
GRI 101: Foundation (2016)			
GRI 102: General Disclosures (2016)			
1. ORGANIZATIONAL PROFILE			
GRI 102-1	Name of the organization	About Fortuna – Our Company (p.7)	–
GRI 102-2	Activities, brands, products, and services	About Fortuna – Our Operations (p.9)	–
GRI 102-3	Location of headquarters	About Fortuna – Our Company (p.7)	–
GRI 102-4	Location of operations	About Fortuna – Our Company (p.7)	–
GRI 102-5	Ownership and legal form	About Fortuna – Our Company (p.7)	–
GRI 102-6	Markets served	About Fortuna – Our Production (p.12)	–
GRI 102-7	Scale of the organization	2020 in Figures (p.6) About Fortuna - Our Operations (p.9)	–
GRI 102-8	Information on employees and other workers	Table 40 provides a more detailed overview of our employee workforce in 2020 by region, contract type (permanent or temporary/fixed term) and gender. We had no part-time employees in 2020.	–
GRI 102-9	Supply chain	Supply Chain Management (p.75)	–
GRI 102-10	Significant changes to the organization and its supply chain	Historic Milestones (p.8)	–
GRI 102-11	Precautionary Principle or approach	Environmental – Our Approach (p.33)	–
GRI 102-12	External initiatives	External initiatives adopted previously: - SDGs - UN Guiding Principles on Business and Human Rights - Voluntary Principles on Security and Human Rights - ISO 14001 - ISO 45001 - GRI Standards External initiatives adopted in 2020: - SASB Standards - TCFD Recommendations"	–
GRI 103-13	Membership of associations	Business Ethics and Transparency (p.13) We go beyond the requirements of this indicator by disclosing our spending on industry association memberships	–

Disclosure	Content	Page	Reasons for Omissions
2. STRATEGY			
GRI 102-14	Statement from senior decision-maker	Message from our President and CEO (p.3) Message from the Chair of the Sustainability Committee of the Board (p.5)	–
GRI 102-15	Key impacts, risks, and opportunities	ESG for Investors – Material ESG Factors (p.15). Although this disclosure is not required, information has been provided in the Report.	–
3. ETHICS AND INTEGRITY			
GRI 102-16	Values, principles, standards, and norms of behavior	Sustainability Framework - Mission, Vision and Values (p.17) Corporate Governance – Oversight of ESG (p.27)	–
GRI 102-17	Mechanisms for advice and concerns about ethics	Business Ethics and Transparency Whistleblower Channel (p.57). Although this disclosure is not required, information has been provided in the Report.	–
4. GOVERNANCE			
GRI 102-18	Governance structure	Corporate Governance - Oversight of ESG (p.27)	–
5. STAKEHOLDER ENGAGEMENT			
GRI 102-40	List of stakeholder groups	About This Report: Stakeholder Engagement (p.23)	–
GRI 102-41	Collective bargaining agreements	Human Capital Management and Labor Relations (p.64)	–
GRI 102-42	Identifying and selecting stakeholders	About this Report: Stakeholder Engagement (p.23) Community Relations (p.68)	–
GRI 102-43	Approach to stakeholder engagement	About this Report: Stakeholder Engagement (p.23) Community Relations (p.68)	–
GRI 102-44	Key topics and concerns raised	About This Report - ESG Materiality Assessment (p.24)	–
6. REPORTING PRACTICE			
GRI 102-45	Entities included in the consolidated financial statements	About This Report (p.22)	–
GRI 102-46	Defining report content and topic Boundaries	Sustainability Framework – Partners in Sustainable Development (p.18) About This Report (p.24)	–
GRI 102-47	List of material topics	About this Report – ESG Materiality Assessment (p.25)	–
GRI 102-48	Restatements of information	Appendix D (p.96)	–
GRI 102-49	Changes in reporting	About This Report (p.22) About This Report - ESG Materiality Assessment (p.25)	–
GRI 102-50	Reporting period	About This Report (p.23)	–
GRI 102-51	Date of most recent report	About This Report (p.23)	–
GRI 102-52	Reporting cycle	About This Report (p.23)	–
GRI 102-53	Contact point for questions regarding the report	About This Report (p.23)	–
GRI 102-54	Claims of reporting in accordance with the GRI Standards	About This Report (p.23)	–
GRI 102-55	GRI content index	Appendix D (p.88)	–
GRI 102-56	External assurance	About This Report (p.23)	–

Disclosure	Content	Page	Reasons for Omissions
GRI 204: PROCUREMENT PRACTICES (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Community Relations – Why is this Important for Fortuna (p68)	–
GRI 103-2	The management approach and its components	Community Relations – Our Approach (p.68)	–
GRI 103-3	Evaluation of the management approach	Community Relations – Our Performance (p.70)	–
GRI 204-1	Proportion of spending on local suppliers	Community Relations (p.70)	–
GRI 205: ANTI-CORRUPTION (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Business Ethics and Transparency – Why is this Important for Fortuna (p.56)	–
GRI 103-2	The management approach and its components	Business Ethics and Transparency – Our Approach (p.56)	–
GRI 103-3	Evaluation of the management approach	Business Ethics and Transparency – Our Performance (p.56)	–
GRI 205-2	Communication and training about anti-corruption policies and procedures	Business Ethics and Transparency (p.58)	–
GRI 205-3	Confirmed incidents of corruption and actions taken	Business Ethics and Transparency (p.58). There were zero confirmed incidents of corruption, and as a result no action was taken.	–
GRI 302: ENERGY (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Energy Management – Why is this Important for Fortuna (p.45)	–
GRI 103-2	The management approach and its components	Energy Management – Our Approach (p.45)	–
GRI 103-3	Evaluation of the management approach	Energy Management – Our Performance (p.46)	–
GRI 302-1	Energy consumption within the organization	Energy Management (p.46) Only energy consumption is applicable, no energy was sold. Electrical energy is measured in international system (SI) units, fuel energy is measured based on calorific power.	–
GRI 302-3	Energy intensity	Energy Management (p46) Fuel and electricity consumed within the organization.	–
GRI 303: WATER AND EFFLUENTS (2018)			
GRI 103-1	Explanation of the material topic and its Boundary	Water Management – Why is this Important for Fortuna (p.40)	–
GRI 103-2	The management approach and its components	Water Management – Our Approach (p.40)	–
GRI 103-3	Evaluation of the management approach	Water Management – Our Performance (p.41)	–
GRI 303-1	Interactions with water as a shared resource	Water Management (p.40)	–
GRI 303-2	Management of water discharge-related impacts	Water Management (p.40)	–
GRI 303-3	Water withdrawal	Water Management (p.41). Table 38 provides a more detailed overview of water withdrawal, discharge and consumption by source and region.	–
GRI 303-4	Water discharge	Water Management (p.41). Table 38 provides a more detailed overview of water withdrawal, discharge and consumption by source and region.	–
GRI 303-5	Water consumption	Water Management (p.41). Table 38 provides a more detailed overview of water withdrawal, discharge and consumption by source and region.	–

Disclosure	Content	Page	Reasons for Omissions
GRI 304: BIODIVERSITY (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Biodiversity Impacts – Why is this Important for Fortuna (p.49)	–
GRI 103-2	The management approach and its components	Biodiversity Impacts – Our Approach (p.50)	–
GRI 103-3	Evaluation of the management approach	Biodiversity Impacts – Our Performance (p.51)	–
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Impacts (p.50)	–
GRI 304-3	Habitats protected or restored	Biodiversity Impacts (p.51)	–
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity Impacts (p.49)	–
GRI 305: EMISSIONS (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Climate Change and Greenhouse Gas Emissions – Why is this Important for Fortuna (p.43) Air Quality – Why is this Important for Fortuna (p.47)	–
GRI 103-2	The management approach and its components	Climate Change and Greenhouse Gas Emissions – Governance, Strategy and Risk Management (p.43) Air Quality – Our Approach (p.47)	–
GRI 103-3	Evaluation of the management approach	Climate Change and Greenhouse Gas Emissions – Metrics and Targets (p.44) Air Quality – Our Performance (p.48)	–
GRI 305-1	Direct (Scope 1) GHG emissions	Climate Change and Greenhouse Gas Emissions (p.44) We have considered the Mexican Climate legislation as reference for the emissions factors. The basis for measurement is operational control.	–
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Climate Change and Greenhouse Gas Emissions (p.44)	–
GRI 305-4	GHG emissions intensity	Climate Change and Greenhouse Gas Emissions (p.44) The calculation includes Scope 1 and Scope 2 and the ratio is based on kilotonnes (kt) of processed ore.	–
GRI 305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	Air Quality (p.48) Emissions concentrations are disclosed. For some pollutants, the detection limit is provided rather than actual concentration, because concentrations were below the detection limit.	–

Disclosure	Content	Page	Reasons for Omissions
GRI 306: WASTE (2020)			
GRI 103-1	Explanation of the material topic and its Boundary	Waste and Hazardous Materials Management – Why is this Important for Fortuna (p.36)	–
GRI 103-2	The management approach and its components	Waste and Hazardous Materials Management – Our Approach (p.36)	–
GRI 103-3	Evaluation of the management approach	Waste and Hazardous Materials Management – Our Performance (p.38)	–
GRI 306-1	Waste generation and significant waste-related impacts	Waste and Hazardous Materials Management (p.37)	–
GRI 306-2	Management of significant waste-related impacts	Waste and Hazardous Materials Management (p.37)	–
GRI 306-3	Waste generated	Waste and Hazardous Materials Management (p.39)	–
GRI 306-4	Waste diverted from disposal	Waste and Hazardous Materials Management (p.39)	–
GRI 306-5	Waste directed to disposal	Waste and Hazardous Materials Management (p.39)	–
GRI 307: ENVIRONMENTAL COMPLIANCE (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Environmental (p.32)	–
GRI 103-2	The management approach and its components	Environmental – Our Approach (p.33)	–
GRI 103-3	Evaluation of the management approach	Environmental – Our Performance (p.33)	–
GRI 307-1	Non-compliance with environmental laws and regulations	Environmental (p.33)	–
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016) / GRI 414: SUPPLIER SOCIAL ASSESSMENT (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Supply Chain Management – Why is this Important for Fortuna (p.75)	–
GRI 103-2	The management approach and its components	Supply Chain Management – Our Approach (p.76)	–
GRI 103-3	Evaluation of the management approach	Supply Chain Management – Our Performance (p.78)	–
GRI 308-1	New suppliers that were screened using environmental criteria	Supply Chain Management (p.78)	–
GRI 414-1	New suppliers that were screened using social criteria	Supply Chain Management (p.78)	–
GRI 401: EMPLOYMENT (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Human Capital Management and Labor Relations – Why is this Important for Fortuna (p.64)	–
GRI 103-2	The management approach and its components	Human Capital Management and Labor Relations – Our Approach (p.65)	–
GRI 103-3	Evaluation of the management approach	Human Capital Management and Labor Relations – Our Performance (p.66)	–
GRI 401-1	New employee hires and employee turnover	Human Capital Management (p67). Table 42-44 provide more detailed information on hiring and employee turnover by age and gender.	–
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	There are no differences in the benefits provided to permanent and temporary employees. There are no part-time employees.	–

Disclosure	Content	Page	Reasons for Omissions
GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)			
GRI 103-1	Explanation of the material topic and its Boundary	Workforce Health and Safety – Why is this Important for Fortuna (p.59)	–
GRI 103-2	The management approach and its components	Workforce Health and Safety – Our Approach (p.59)	–
GRI 103-3	Evaluation of the management approach	Workforce Health and Safety – Our Performance (p.63)	–
GRI 403-1	Occupational health and safety management system	Workforce Health and Safety (p.60)	–
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Workforce Health and Safety (p.61)	–
GRI 403-3	Occupational health services	Workforce Health and Safety (p.61)	–
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Workforce Health and Safety (p.59)	–
GRI 403-5	Worker training on occupational health and safety	Workforce Health and Safety (p.60)	–
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Supply Chain Management (p.78)	–
GRI 403-8	Workers covered by an occupational health and safety management system	Workforce Health and Safety (p.60)	–
GRI 403-9	Work-related injuries	Workforce Health and Safety (p.63). Table 39 provides more detailed information on work-related injuries and illnesses per million hours worked.	–
GRI 403-10	Work-related ill health	Workforce Health and Safety (p63). Table 39 provides more detailed information on work-related injuries and illnesses per million hours worked..	–
GRI 404: TRAINING AND EDUCATION (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Human Capital Management and Labor Relations – Why is this Important for Fortuna (p.64)	–
GRI 103-2	The management approach and its components	Human Capital Management and Labor Relations – Our Approach (p.65)	–
GRI 103-3	Evaluation of the management approach	Human Capital Management and Labor Relations – Our Performance (p.66)	–
GRI 404-1	Average hours of training per year per employee	Human Capital Management and Labor Relations (p67). Table 46-47 provide additional information.	–
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Human Capital Management and Labor Relations (p67). Table 48 provides additional information.	–
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Corporate Governance – Diversity & Inclusion (p.31) Human Capital Management and Labor Relations – Why is this Important for Fortuna (p.64)	–
GRI 103-2	The management approach and its components	Human Capital Management and Labor Relations – Our Approach (p.65)	–
GRI 103-3	Evaluation of the management approach	Human Capital Management and Labor Relations – Our Performance (p.66)	–
GRI 405-1	Diversity of governance bodies and employees	Corporate Governance: Diversity & Inclusion (p.31). Table 41 provides more detailed information on employee diversity by position level, gender, and age group.	–
GRI 405-2	Ratio of basic salary and remuneration of women to men	Human Capital Management and Labor Relations (p.67). The definition used for "significant locations of operation" under this indicator is management offices and subsidiaries. Table 45 provides more detailed information.	–

Disclosure	Content	Page	Reasons for Omissions
GRI 406: NON-DISCRIMINATION (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Human Capital Management and Labor Relations – Why is this Important for Fortuna (p.64) Security, Human Rights and Rights of Indigenous Peoples – Why is this Important for Fortuna (p.73)	–
GRI 103-2	The management approach and its components	Human Capital Management and Labor Relations – Our Approach (p.65) Security, Human Rights and Rights of Indigenous Peoples – Our Approach (p.73)	–
GRI 103-3	Evaluation of the management approach	Human Capital Management and Labor Relations – Our Performance (p.66) Security, Human Rights and Rights of Indigenous Peoples – Our Performance (p.74)	–
GRI 406-1	Incidents of discrimination and corrective actions taken	Security, Human Rights and Rights of Indigenous Peoples (p.74)	–
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Human Capital Management and Labor Relations – Why is this Important for Fortuna (p.64) Supply Chain Management – Why is this Important for Fortuna (p.75)	–
GRI 103-2	The management approach and its components	Human Capital Management and Labor Relations – Our Approach (p.65) Supply Chain Management – Our Approach (p76)	–
GRI 103-3	Evaluation of the management approach	Human Capital Management and Labor Relations – Our Performance (p.66) Supply Chain Management – Our Performance (p.78)	–
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None of our operations or suppliers are at significant risk. Security, Human Rights and Rights of Indigenous Peoples (p.74) Supply Chain Management (p.78)	–
GRI 408: CHILD LABOR (2016)			
GRI 103-1 GRI 103-2 GRI 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	Omitted	Not applicable. The issue is not material for our operations.
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	None of our operations or suppliers are at significant risk. Security, Human Rights and Rights of Indigenous Peoples (p.74) Supply Chain Management (p.78)	–
GRI 409: FORCED OR COMPULSORY LABOR (2016)			
GRI 103-1 GRI 103-2 GRI 103-3	Explanation of the material topic and its Boundary, the management approach and its components, evaluation of the management approach	Omitted	Not applicable. The issue is not material for our operations
GRI 409-1	Operations and suppliers at significant risk for incidents of child labor	None of our operations or suppliers are at significant risk. Security, Human Rights and Rights of Indigenous Peoples (p.74) Supply Chain Management (p.78)	–
GRI 410: SECURITY PRACTICES (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Security, Human Rights and Rights of Indigenous Peoples – Why is this Important for Fortuna (p.73)	–
GRI 103-2	The management approach and its components	Security, Human Rights and Rights of Indigenous Peoples – Our Approach (p.73)	–
GRI 103-3	Evaluation of the management approach	Security, Human Rights and Rights of Indigenous Peoples – Our Performance (p.74)	–
GRI 410-1	Security personnel trained in human rights policies or procedures	Security, Human Rights and Rights of Indigenous Peoples (p.74)	–

Disclosure	Content	Page	Reasons for Omissions
GRI 411: RIGHTS OF INDIGENOUS PEOPLES (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Security, Human Rights and Rights of Indigenous Peoples – Why is this Important for Fortuna (p.73)	–
GRI 103-2	The management approach and its components	Security, Human Rights and Rights of Indigenous Peoples – Our Approach (p.73)	–
GRI 103-3	Evaluation of the management approach	Security, Human Rights and Rights of Indigenous Peoples – Our Performance (p.74)	–
GRI 411-1	Incidents of violations involving rights of indigenous peoples	Security, Human Rights and Rights of Indigenous Peoples (p.74)	–
GRI 412: HUMAN RIGHTS ASSESSMENT (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Security, Human Rights and Rights of Indigenous Peoples – Why is this Important for Fortuna (p.73)	–
GRI 103-2	The management approach and its components	Security, Human Rights and Rights of Indigenous Peoples – Our Approach (p.73)	–
GRI 103-3	Evaluation of the management approach	Security, Human Rights and Rights of Indigenous Peoples – Our Performance (p.74)	–
GRI 412-2	Employee training on human rights policies or procedures	Security, Human Rights and Rights of Indigenous Peoples (p.74)	–
GRI 413: LOCAL COMMUNITIES (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Community Relations – Why is this Important for Fortuna (p.68)	–
GRI 103-2	The management approach and its components	Community Relations – Our Approach (p.68)	–
GRI 103-3	Evaluation of the management approach	Community Relations – Our Performance (p.70)	–
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	100% of our operations have implemented programs. Community Relations (p.68) Workforce Health and Safety (p.61)	–
GRI 415: PUBLIC POLICY (2016)			
GRI 103-1	Explanation of the material topic and its Boundary	Business Ethics and Transparency – Why is this Important for Fortuna (p.56)	–
GRI 103-2	The management approach and its components	Business Ethics and Transparency – Our Approach (p.56)	–
GRI 103-3	Evaluation of the management approach	Business Ethics and Transparency – Our Performance (p.58)	–
GRI 415-1	Political contributions	Business Ethics and Transparency (p.58). Our policy prohibits political contributions.	–

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Restatements of Sustainability Report 2019 Information

Certain information provided in the 2019 Sustainability Report has been restated in this Report. The restatements are provided in Table 37.

Table 37: Restatements of information provided in 2019 Sustainability Report

2019 SR text	Amendment	Explanation
On page 84 we stated: *Figure 98 – Financial Provision for Mine closure (MUSD)* *Caylloma: 5.88* *San Jose: 7.24*	The amendment is: *Figure 98 – Financial Provision for Mine closure (MUSD)* *Caylloma: **7.24*** *San Jose: **5.88*** The following text should have been included: ***There is no legal requirement for the San Jose Mine to make a financial provision. We have included the budget for mine closure.***	The amounts for the two mines were reversed. There is no legal requirement for the San Jose Mine to make a financial provision. We included the budget for mine closure.
On page 76, we stated: *Figure 85 - GHG emissions intensity per tonne of processed ore (tCO2eq/t)* The following text was also included: *"Figure 85 presents our intensity as tonnes of GHG emissions generated per tonne of ore processed. In 2019, we achieved a significant reduction of 47.28 tCO2eq/t"*	The amendment is: *Figure 85 - GHG emissions intensity per **thousand tonnes** of processed ore ($tCO_2eq/$**kt**)* The following text should read: *"Figure 85 presents our intensity as tonnes of GHG emissions generated per **thousand tonnes** of ore processed. In 2019, we achieved a significant reduction of 47.28 $tCO_2eq/$**kt"***	There was a typographical error. The denominator of the intensity ratio is kilo tonnes (kt), not tonnes (t)
On page 67, we stated: *Figure 70 – Suppliers from local communities (%)* *Consolidated (DAI: 9.75%, DAI+IAI: 24.28%)* *Bateas (DAI: 3.35%, DAI+IAI:10.43%)* *Cuzcatlan (DAI: 17.50%, DAI+IAI: 41.53%)* The following text was also included: *"In 2019, at Bateas we commissioned 18 suppliers from Caylloma town (3.35%) and 56 from Arequipa (10.43%). 94 suppliers of Cuzcatlan are from San Jose town (17.50%) and 223 from Oaxaca District (41.53%). We bought the total to 112 suppliers from our DAI (9.75%) and 279 from our DAI + IAI (24.28%). ..."*	The amendment is: Figure 70 – Suppliers from local communities (%) *Consolidated (DAI: **4.26%**, DAI+IAI: **18.62%**)* *Bateas (DAI: 3.35%, DAI+IAI:10.43%)* *Cuzcatlan (DAI: **5.07%**, DAI+IAI: **25.82%**)* The following text should read: *"In 2019, at Bateas we commissioned 18 suppliers from Caylloma town (3.35%) and 56 from Arequipa (10.43%). **31** suppliers of Cuzcatlan are from San Jose town (**5.07%**) and **158** from Oaxaca District (**25.82%**). We bought the total to **49** suppliers from our DAI (**4.26%**) and **214** from our DAI + IAI (**18.62%**). ..."* This amendment also applies to table 56 on page 90: *Table 56 – Suppliers from local communities (number and percentage)*	There was a miscalculation of the Cuzcatlan local supplier data that also impacted the consolidated data.

2019 SR text	Amendment	Explanation
On page 17, we stated: *Table 2 – Sustainability Performance and commitments* *Communities / Social Performance* *Performance 2019* *Percentage of suppliers from local communities (DAI): 9.75%* *Percentage of suppliers from local communities (DAI + IAI): 24.28%*	The amendment is: *Table 2 – Sustainability Performance and commitments* *Communities / Social Performance* *Performance 2019* *Percentage of suppliers from local communities (DAI): **4.26%*** *Percentage of suppliers from local communities (DAI + IAI): **18.62%***	There was a miscalculation of the Cuzcatlan local supplier data that also impacted the consolidated data. Because of the miscalculated baseline, our 2020 targets were not set correctly.
On page 31, we stated: *Table 10 – Payments to trade associations (USD)* *Fortuna: 1,214* *Bateas: 170,530* *Cuzcatlan: 2,661* *Consolidated: 174,405* The following text was also included: *"In 2019, we made payments to trade associations for membership fees. Fortuna and Bateas are members of the Peruvian Canadian Chamber of Commerce. Bateas is also a member of SNMPE, and INGEMMET. Cuzcatlan is a member of the Canadian Chamber of Commerce in Mexico and the Mexican Mining Chamber."*	The amendment is: *Table 10 – Payments to trade associations (USD)* *Fortuna: 1,214* *Bateas: **77,913*** *Cuzcatlan: 2,661* *Consolidated: **81,788*** The following text was also included: *"In 2019, we made payments to trade associations for membership fees. Fortuna and Bateas are members of the Peruvian Canadian Chamber of Commerce. Bateas is also a member of SNMPE, Cuzcatlan is a member of the Canadian Chamber of Commerce."*	INGEMMET is a research group rather than a trade association. It should not have been included in the calculation of payments to trade associations.

2019 SR text	Amendment	Explanation
On page 80, we stated several indicators related to waste management. *Table 22 – Waste generation by Type and Disposal method for the year 2019 (t)* *Hazardous waste: 276.45* *Non-hazardous waste: 809.47* *Figure 93 - Waste intensity rate per tonne of ore processed (kg/t)* *2017: 0.63* *2018: 0.82* *2019: 0.68* *Figure 94 – Waste intensity rate per thousands of ounces of silver concentrate produced (t/koz)* *2017: 0.12* *2018: 0.14* *2019: 0.12* *Figure 95 – Waste intensity rate per thousands of ounces of gold concentrate produced (t/koz)* *2017: 17.89* *2018: 23.76* *2019: 21.49*	The amendment is: *Table 22 – Waste generation by Type and Disposal method for the year 2019 (t)* *Hazardous waste:* ***307.71*** *Non-hazardous waste:* ***1,021.36*** *Figure 93 – Waste intensity rate per tonne of ore processed (kg/t)* *2017:* ***0.73*** *2018:* ***0.94*** *2019:* ***0.83*** *Figure 94 – Waste intensity rate per thousands of ounces of silver concentrate produced (t/koz)* *2017:* ***0.14*** *2018:* ***0.17*** *2019:* ***0.15*** *Figure 95 – Waste intensity rate per thousands of ounces of gold concentrate produced (t/koz)* *2017:* ***20.83*** *2018:* ***27.36*** *2019:* ***26.31*** This amendment also applies to the following tables on page 94: *Table 83 – Waste generation by type and disposal method (t)* *Table 84 – Waste generation (t)* *Table 85 – Waste intensity rate per tonne of ore processed (kg/t)* *Table 86 – Waste intensity rate per thousands of USD concentrate sales (kg/USD)* *Table 87 – Waste intensity rate per thousands of ounces of silver concentrate (t/koz)* *Table 88 – Waste intensity rate per thousands of ounces of gold concentrate produced (t/koz)*	We now report using the new GRI Standard 306: Waste (2020) and have recalculated the previously stated waste indicators accordingly.
On page 61, we stated: *Figure 56 - Ratio of basic salary and total cash of women to men for the year 2019 (salary of women/salary of men)* *Bateas Total cash ratio: 0.91*	*The amendment is:* *Figure 56 - Ratio of basic salary and total cash of women to men for the year (salary of women/ salary of men)* *Bateas Total cash ratio:* **0.92**	We recalculated this indicator considering only performance-related additional amounts paid to employees as part of remuneration.

2019 SR text	Amendment	Explanation
On page 90, we stated: *Table 39 - Ratio of basic salary and total cash of women to men for the year 2019 (salary of women/salary of men)* *Bateas Total cash ratio: 0.91* *Cuzcatlan Total cash ratio: 0.96*	The amendment is: *Table 39 - Ratio of basic salary and total cash of women to men for the year 2019 (salary of women/ salary of men)* *Bateas Total cash ratio:* ***0.92*** *Cuzcatlan Total cash ratio:* ***0.97***	We recalculated this indicator considering only performance-related additional amounts paid to employees as part of remuneration.
On page 63, we stated: *Figure 65 – Employee Performance evaluation for the year 2019 (%)* *Cuzcatlan 97%*	The amendment is: *Figure 65 – Employee Performance evaluation for the year 2019 (%)* *Cuzcatlan* **98%**	We recalculated this indicator considering only active employees during the employee performance evaluation process.
On page 92, we stated: *Table 52 – Employee Performance evaluation by job level for the year 2019 (%)* *Cuzcatlan Results:* *Executives: NA* *Senior Managers: NA* *Managers: NA* *Supervisors: 100%* *Group Contributors: 83%* *Individual contributors: 99%* *Jr. Individual contributors: 100%* *Workers: 99%* *Total: 97%* *Consolidated Results:* *Executives: NA* *Senior Managers: 100%* *Managers: 100%* *Supervisors: 100%* *Group Contributors: 89%* *Individual contributors: 99%* *Jr. Individual contributors: 100%* *Workers: 99%* *Total: 99%*	The amendment is: *Table 52 – Employee Performance evaluation by job level for the year 2019 (%)* *Cuzcatlan Results:* *Executives: NA* *Senior Managers: NA* *Managers: NA* *Supervisors: 100%* *Group Contributors:* ***89%*** *Individual contributors:* ***100%*** *Jr. Individual contributors: 100%* *Workers: 99%* *Total:* ***98%*** *Consolidated Results:* *Executives: NA* *Senior Managers: 100%* *Managers: 100%* *Supervisors: 100%* *Group Contributors:* ***94%*** *Individual contributors: 99%* *Jr. Individual contributors: 100%* *Workers: 99%* *Total: 99%*	We recalculated this indicator considering only active employees during the employee performance evaluation process.

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Supplementary Data

Tables 38-48 contain supplementary and disaggregated data relevant for certain GRI disclosures.

Water Management

Table 38: Water withdrawal, discharge, consumption and storage by source and location (thousand m3) [GRI 303-3, GRI 303-4, GRI 303-5]

Consolidated	2017	2018	2019	2020
Total Water Withdrawn	**1,612**	**1,384**	**1,590**	**1,252**
Surface Water	1,405	1,244	1,337	1,030
Freshwater	1,405	1,244	1,337	1,030
Other	0	0	0	0
Groundwater	0	0	0	0
Freshwater	0	0	0	0
Other	0	0	0	0
Seawater	not applicable	not applicable	not applicable	not applicable
Produced water	not applicable	not applicable	not applicable	not applicable
Third-Party Water	207.19	139.97	253.05	222.56
Freshwater	207.19	139.97	253.05	222.56
Other	0	0	0	0
Total Water Discharged	**168.59**	**436.02**	**304.81**	**230.14**
Surface Water	168.59	436.02	304.81	230.14
Freshwater	168.59	436.02	304.81	230.14
Other	0	0	0	0
Groundwater	0	0	0	0
Seawater	not applicable	not applicable	not applicable	not applicable
Third-Party Water	0	0	0	0
Total Water Consumed	**1,444**	**947.55**	**1,285**	**1,022**
Change in Water Storage[14]	**417.69**	**310.55**	**364.10**	**312.34**

Caylloma Mine	2017	2018	2019	2020
Total Water Withdrawn	**1,165**	**1,106**	**1,068**	**814.77**
Surface Water	1,165	1,106	1,068	814.77
Freshwater	1,165	1,106	1,068	814.77
Other	0	0	0	0
Groundwater	0	0	0	0
Seawater	not applicable	not applicable	not applicable	not applicable
Produced water	not applicable	not applicable	not applicable	not applicable
Third-Party Water	0	0	0	0
Total Water Discharged	**168.59**	**436.02**	**304.81**	**230.14**
Surface Water	168.59	436.02	304.81	230.14
Freshwater	168.59	436.02	304.81	230.14
Other	0	0	0	0
Groundwater	0	0	0	0
Seawater	not applicable	not applicable	not applicable	not applicable
Third-Party Water	0	0	0	0
Total Water Consumed	**996.53**	**669.63**	**762.83**	**584.64**

[14] Only water storage at San Jose is identified as having a significant impact.

Table 38: Water withdrawal, discharge, consumption and storage by source (thousand m³) [GRI 303-3, GRI 303-4, GRI 303-5] continued

San Jose Mine	2017	2018	2019	2020
Total Water Withdrawn	**447.31**	**277.92**	**522.26**	**437.63**
Surface Water	240.12	137.95	269.20	215.07
Freshwater	240.12	137.95	269.20	215.07
Other	0	0	0	0
Groundwater	0	0	0	0
Freshwater	0	0	0	0
Other	0	0	0	0
Seawater	not applicable	not applicable	not applicable	not applicable
Produced water	not applicable	not applicable	not applicable	not applicable
Third-Party Water	207.19	139.97	253.05	222.56
Freshwater	207.19	139.97	253.05	222.56
Other	0	0	0	0
Total Water Discharged	**0**	**0**	**0**	**0**
Total Water Consumed	**447.31**	**277.92**	**522.26**	**437.63**
Change in Water Storage	**417.69**	**310.55**	**364.10**	**312.34**

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Workforce Health and Safety

Table 39: Work-related injuries and illnesses per million hours worked [GRI 403-09, GRI 403-10]

Indicator	Employees				Contractors			
	2017	2018	2019	2020	2017	2018	2019	2020
Number of hours worked	1,845,292	1,958,337	2,010,153	1,758,040	3,464,395	3,575,701	3,559,681	2,655,524
Fatalities as a result of work-related injury								
Number	0	0	0	0	2	0	1	0
Rate per million hours	0	0	0	0	0.58	0	0.28	0
High consequence work-related injuries *(injuries with recovery time of 6 months or more, excluding fatalities)*								
Number	0	0	0	0	0	2	0	0
Rate per million hours	0	0	0	0	0	0.56	0	0
Recordable work-related injuries *The most common work-related injuries are injuries to hands and feet*								
Number	14	6	3	8	28	30	22	18
Rate per million hours	7.59	3.06	1.49	4.55	8.08	8.39	6.18	6.78
Fatalities as a result of work-related ill health								
Number	0	0	0	0	0	0	0	0
Recordable work-related ill health								
Cases	0	0	0	0	0	0	0	0

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Human Capital Management

Table 40: Employees by region, contract type and gender [GRI 102-8]

Region	Total	Contract Type		Women		Men	
		Perm.	Temp.	Perm.	Temp.	Perm.	Temp.
PERU							
FSM Peru	**36**	34	2	7	1	27	1
Bateas	**319**	319	0	34	0	285	0
CANADA							
FSM Canada	**13**	13	0	5	0	8	0
MEXICO							
Cuzcatlan	**447**	429	18	112	5	317	13
CONSOLIDATED							
All Regions	**815**	**795**	**20**	**158**	**6**	**637**	**14**

Table 41: Employees by position level, gender, and age group [GRI 405-1]

Position Level	Gender %		Age Group %		
	Women	Men	Under 30	30-50	Over 50
Managerial Employees	17.19%	82.81%	0%	71.88%	28.13%
Non-Managerial Employees	23.96%	76.04%	18.34%	74.56%	7.10%
Workers	17.43%	82.57%	28.33%	61.74%	9.93%
Total	**20.12%**	**79.88%**	**21.96%**	**67.85%**	**10.18%**

Table 42: Number and rate of new employee hires by region, gender, and age group [GRI 401-1]

Region	Gender				Age Group					
	Women		Men		Under 30		30-50		Over 50	
	No.	%	No.	%	No.	%	No.	%	No.	%
PERU										
FSM Peru	1	2.78%	0	0.00%	0	0.00%	1	2.78%	0	0.00%
Bateas	27	8.46%	40	12.54%	28	8.78%	38	11.91%	1	0.31%
CANADA										
FSM Canada	1	7.69%	0	0.00%	0	0.00%	1	7.69%	0	0.00%
MEXICO										
Cuzcatlan	27	6.04%	51	11.41%	50	11.19%	27	6.04%	1	0.22%
ALL REGIONS										
Consolidated	**56**	**6.87%**	**91**	**11.17%**	**78**	**9.57%**	**67**	**8.22%**	**2**	**0.25%**

Table 43: Number and rate of employee turnover by region, gender, and age group [GRI 401-1]

Region	Gender				Age Group					
	Women		Men		Under 30		30-50		Over 50	
	No.	%	No.	%	No.	%	No.	%	No.	%
PERU										
FSM Peru	1	2.78%	2	5.56%	0	0.00%	1	2.78%	2	5.56%
Bateas	20	6.27%	73	22.88%	30	9.40%	48	15.05%	15	4.70%
CANADA										
FSM Canada	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
MEXICO										
Cuzcatlan	14	3.13%	42	9.40%	23	5.15%	32	7.16%	1	0.22%
ALL REGIONS										
Consolidated	**35**	**4.29%**	**117**	**14.36%**	**53**	**6.50%**	**81**	**9.94%**	**18**	**2.21%**

Table 44: Number and rate of voluntary employee turnover by region, gender and age group [GRI 401-1]

Region	Gender				Age Group					
	Women		Men		Under 30		30-50		Over 50	
	No.	%	No.	%	No.	%	No.	%	No.	%
PERU										
FSM Peru	1	2.78%	0	0%	0	0%	1	2.78%	0	0%
Bateas	9	2.82%	22	6.90%	14	4.39%	16	5.02%	1	0.31%
CANADA										
FSM Canada	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
MEXICO										
Cuzcatlan	5	1.12%	17	3.80%	11	2.46%	11	2.46%	0	0%
ALL REGIONS										
Consolidated	**15**	**1.84%**	**39**	**4.79%**	**25**	**3.07%**	**28**	**3.44%**	**1**	**0.12%**

Table 45: Ratio of basic salary and remuneration of women to men by employee category and location of operations [GRI 405-2]

Employee Category	Employee grade	FSM Peru		FSM Canada		Bateas		Cuzcatlan	
		Basic Salary	Total Cash	Basic Salary	Total Cash	Basic Salary	Total Cash	Basic Salary	Total Cash
Consolidated	-	0.97	0.98	0.97	0.96	0.92	0.81	0.97	0.97
Executives	28	-	-	-	-	N/A	N/A	N/A	N/A
	25	-	-	-	-	N/A	N/A	N/A	N/A
	24	-	-	-	-	N/A	N/A	N/A	N/A
	23	-	-	1.00	0.98	-	-	-	-
Senior Managers	22	-	-	-	-	-	-	-	-
	21	-	-	-	-	-	-	-	-
Managers	20	-	-	0.92	0.92	-	-	0.88	0.86
	19	-	-	-	-	0.96	0.88	0.71	0.72
Supervisors	18	0.94	0.94	-	-	0.81	0.89	1.00	1.00
	17	-	-	-	-	0.93	0.53	-	-
Group Contributors	16	-	-	-	-	0.79	0.66	0.93	0.93
	15	0.96	0.96	-	-	1.32	1.40	0.97	0.97
Individual Contributors	14	1.03	1.03	-	-	0.90	0.89	0.95	0.95
	13	-	-	-	-	0.83	0.88	1.00	1.01
	12	-	-	-	-	0.88	0.78	0.81	0.82
Jr. Individual Contributors	11	-	-	-	-	-	-	-	-
	10	-	-	-	-	0.84	0.73	-	-
Workers	Level 1	N/A	N/A	N/A	N/A	-	-	1.00	1.00
	Level 2	N/A	N/A	N/A	N/A	-	-	0.98	0.98
	Level 3	N/A	N/A	N/A	N/A	0.88	0.57	0.99	0.99

Table 46: Average hours of training and in by employee category [GRI 401-1]

Employee Category	2017	2018	2019	2020
Executives	0	0.80	5.93	23.04
Senior Managers	0	0.36	11.67	25.76
Managers	29.11	1.71	35.33	71.45
Supervisors	31.60	3.58	78.11	102.97
Group Contributors	33.74	24.99	42.39	76.60
Individual Contributors	10.21	8.75	25.22	67.98
Jr. Individual Contributors	0	1.03	12.63	73.50
Workers	6.31	25.24	19.78	27.71

Table 47: Average hours of training and in by employee category [GRI 404-1]

	2017		2018		2019		2020	
	Hours	USD	Hours	USD	Hours	USD	Hours	USD
Women	23.07	233.74	73.44	362.84	37.67	768.51	32.87	421.77
Men	9.67	150.21	8.34	191.09	24.63	456.99	53.86	275.98

Table 48: Percentage of employees who received a performance review by employee category [GRI 404-3]

Employee Category	2019	2020
Executives	N/A	10.00%
Senior Managers	100.00%	60.00%
Managers	100.00%	84.62%
Supervisors	100.00%	94.44%
Group Contributors	93.95%	86.27%
Individual Contributors	100.00%	92.17%
Jr. Individual Contributors	100.00%	50.00%
Workers	99.54%	98.56%

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APPENDIX E

Definitions of Technical Terms

Mining Processes

In **cut and fill** underground mining, areas that have been mined out are refilled with paste fill, a cement that can include rock, sand or mine tailings. The filled areas provide support that enables mining of further areas. ◂ Back to Report

Our Lindero open pit mine uses **heap leaching** to extract gold by applying a cyanide solution to dissolve minerals from heaps of crushed ore. ◂ Back to Report

Doré bars are bars of partially refined gold, made at the Lindero Mine site, which are transported to a refinery for further refining into pure gold. ◂ Back to Report

Environment

The International Standards Organization (ISO) develops consistent international standards for a wide range of products, technology and systems. **ISO 14001:2015** is the international standard for environmental management systems (EMS). An EMS is a system to identify, manage, monitor and control all environmental factors that are relevant for a company or organization. ◂ Back to Report

Independent third-party verification of conformity with a standard is called **certification**. After the initial certification audit of a management system, **surveillance audits** are conducted to verify continuing conformity with the standard. ◂ Back to Report

Waste and Hazardous Materials Management

Mine tailings are the material left over after ore has been processed to extract the valuable minerals. A **tailings storage facility** (TSF) is a dam or impoundment in which liquid or semi-liquid tailings are stored. ◂ Back to Report

Dry stacking of tailings is another type of tailings management in which the tailings are dewatered before storage, making them denser and more stable, and reducing their physical volume. This reduces the risk of loss of containment, minimizes site water consumption and enables progressive reclamation. The reduced surface area of tailings storage implies a smaller site catchment area, reduced runoff, reduced leachate (contaminated water) production, less contamination of groundwater, and less onerous ongoing monitoring. ◂ Back to Report

If a TSF fails, damage to neighboring communities and the environment can be significant. The **Canadian Dam Association Consequence Classification Ratings for Dams** are guidelines for determining the level of impact that would be created by the failure of a specific dam. ◂ Back to Report

Water Management

Suspended solids are small solid particles that remain suspended in water. They can carry toxins and pathogens that are harmful to health and are an important indicator of water quality. ◂ Back to Report

Climate Change and Greenhouse Gas Emissions

The **Paris Agreement** is an international treaty on climate change adopted in 2015. The objective of the treaty is to avoid the worst impacts of climate change by limiting the increase in average global temperature to under 2°C, and preferably to 1.5°, compared to pre-industrial levels. ◂ Back to Report

Climate change is widely considered to pose systemic risk to the global financial system, because the value of companies in almost every sector of the economy could be impacted. The Financial Stability Board (FSB) is an international organization of central banks and finance ministries that was established after the 2008 global financial crisis to monitor and address risks to the global financial system. The FSB established the **Task Force on Climate-related Financial Disclosures** (TCFD) to address systemic climate risk to the global financial system, by developing recommendations for more effective climate disclosure by companies and the capital markets. The TCFD Recommendations, published in 2017, have been endorsed by many of the world's largest banks, insurers and investors. ◂ Back to Report

Air Quality

Mining can generate air pollutant emissions that are harmful to human health and the environment. Air pollutant emissions at our mines are primarily associated with fuel combustion and activities that generate dust.

- **NO_x**: Nitrogen oxides are formed primarily through combustion of fuel. NO_x can affect respiratory health, damage vegetation and contributes to acidification of aquatic and terrestrial ecosystems. It also contributes to the formation of other air pollutants. ◂ Back to Report
- **SO_x**: Sulfur oxides are formed primarily through combustion and processing of raw materials containing sulfur. SOx can affect respiratory health, damage vegetation and contributes to acidification of aquatic and terrestrial ecosystems. It also contributes to the formation of other air pollutants. ◂ Back to Report
- **Particulate matter (PM)**: PM includes dust and other airborne particles that can be formed through combustion or the chemical reaction of air pollutants. PM can affect respiratory and cardiac health, damage vegetation and contribute to poor visibility. The smaller the size of the particles, the greater the risk of harm, because smaller particles can travel more deeply into the respiratory system. ◂ Back to Report
- **Volatile organic compounds (VOCs)**: VOCs are hydrocarbon gases. Some VOCs, such as benzene, are considered toxic. VOCs also contribute to the formation of other air pollutants. ◂ Back to Report

In the emissions context, a **stationary source** is a facility at a fixed location that emits air pollutants (as opposed to a mobile source such as a vehicle). **A gas scrubber** is an installation that removes harmful gases from the exhaust stream of an emissions source. Back to Report

Biodiversity Impacts

Acid rock drainage is an outflow of acidic water resulting from the oxidation of minerals contained in rock that is exposed to air and water through the mining process, which can have a negative impact on water quality and aquatic life. Acid rock drainage is not a risk factor at our mines. Back to Report

The International Union for the Conservation of Nature's Red List of Threatened Species (**IUCN Red List**) is a global inventory of the conservation status of plants and wildlife, which evaluates the level of risk that they could become extinct. Back to Report

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (**CITES**) is an international agreement to ensure that trade in wildlife and plant specimens and products does not threaten the survival of their species. Back to Report

Social

Business Ethics and Transparency

Transparency International's **Corruption Perceptions Index** is an annual ranking of countries according to their perceived level of official corruption, based on expert assessments and opinion surveys. Back to Report

A **tax haven** is a jurisdiction that imposes low or no tax, that can be used by companies or individuals to avoid tax that would otherwise be payable in a jurisdiction that imposes higher tax.

Transfer pricing is pricing that is used when related companies transact business with each other. It is possible for multinational companies to manipulate transfer pricing between related companies located in higher- and lower-tax jurisdictions, to shift profits and reduce tax. The **arm's length principle** is a valuation principle for transactions between related companies, according to which transactions should be valued at market rates, as if they had been carried out between unrelated companies, each acting in its own best interest.

Double deduction allows the same expense to be set off against income twice for tax purposes. Back to Report

Workforce Health and Safety

The International Standards Organization (ISO) is an international organization of national standards agencies that develops consistent international standards for a wide range of products, technology and systems. ISO 45001:2018 is the international standard for occupational health and safety (OHS) management systems. An OHS management system is designed to identify, manage, monitor and control workplace health and safety risks and opportunities. Back to Report

The **hierarchy of controls** prioritizes the most effective means of hazard reduction. The preferred choice is elimination, through which the hazard is physically removed. If the hazard cannot be removed and there are no options to reduce the hazard or isolate workers from contact with it, the final option in the hierarchy is to provide personal protective equipment. Back to Report

The **Incident Cause Analysis Method** (ICAM) is an industrial safety methodology to identify the actions, conditions and underlying factors that led to a safety incident and develop recommendation to prevent similar incidents in the future. Back to Report

A **Material Safety Data Sheet** (MSDS) is a document containing information on the hazards posed by a material (such as its flammability or health impacts). It also explains how to work safely with the material, including emergency procedures. Back to Report

Human Capital Management and Labour Relations

360-degree feedback is an employee assessment process in which employees receive confidential feedback from the people who work with them, including subordinates, peers and superiors. Back to Report

Security, Human Rights and Rights of Indigenous Peoples

The **Universal Declaration of Human Rights** (UDHR), proclaimed at the United Nations General Assembly in 1948, set out for the first time a set of fundamental human rights that should be universally protected. UDHR forms the basis for subsequent global human rights conventions and initiatives. Back to Report

- **The International Labour Organization Indigenous and Tribal People's Convention** (**ILO 169**), adopted in 1989, addresses prevention of discrimination again Indigenous Peoples and respect for Indigenous cultures. It covers consultation and participation, rights to land, employment and vocational training, education, health and social security, customary law, traditional institutions, and cross-border cooperation. Back to Report
- The **United Nations Declaration on the Rights of Indigenous Peoples** (UNDRIP), adopted in 2007, builds on earlier human rights conventions and standards to address the specific situation of Indigenous Peoples, covering issues including self-determination, respect for traditional culture, governance and territory, and the concept of free, prior and informed consent for projects and actions that impact Indigenous communities. Back to Report
- The **United Nations Guiding Principles on Business and Human Rights** (UNGPs), adopted in 2011, are global guidelines for companies focusing on due diligence to prevent and address adverse impacts for human rights linked to business activities. Back to Report
- The **Voluntary Principles on Security and Human Rights** (Voluntary Principles) is a multi-stakeholder initiative, created in 2000, that guides companies on how to provide security for their operations while respecting fundamental human rights. The Principles cover risk assessment and interactions with both public and private security providers. Back to Report

APPENDIX F

Cautionary Notes

This Sustainability Report contains forward-looking statements which constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 (collectively, "forward looking statements"). All statements included herein, other than statements of historical fact, are forward-looking statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements. The forward-looking statements in this document may include, without limitation, statements about the Company's plans for its mines and mineral properties; the Company's business strategy, plans and outlook; the merit of the Company's mines and mineral properties; mineral resource and reserve estimates; timelines; the future financial or operating performance of the Company; expenditures; approvals, future production of gold, silver and other metals; estimated production costs, including cash costs per payable ounce of gold, silver and other metals sold; life of mine estimates; the effects of laws, regulations and government policies affecting our operations or potential future operations; achievement of the corporate objectives and key performance indicators stated in this sustainability report, including achieving a zero fatalities rate and improving our health and safety programs, training on our policies; increasing the number of women in our workforce; working to ensure sustainable practices are used throughout the supply chain; reducing the use of water intensity; optimizing energy consumption; maximizing the use of the tailings that are produced the completion of external audits on our environmental and health and management systems; the completion of an external audit on our tailings storage and heap leach facilities; completing certifications of our environmental and occupational health and safety management systems at the San Jose mine to ISO standards; the estimates of expected or anticipated economic returns from our mining projects, including future sales of metals, concentrate or other products produced by us; and our plans and expectations for our properties and operations.

Often, but not always, these forward-looking statements can be identified by the use of words such as "estimate", "estimated", "potential", "open", "future", "assumed", "projected", "calculated", "used", "detailed", "has been", "gain", "upgraded", "expected", "offset", "limited", "contained", "reflecting", "containing", "conduct", "increasing", "remaining", "to be", "periodically", or statements that events, "could" or "should" occur or be achieved and similar expressions, including negative variations. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others, changes in general economic conditions and financial markets; additional restrictions that may be placed on our operations as a result of the COVID-19 pandemic, additional waves of the virus or variants of the virus which may result in faster transmission and adversely affect our operations and supply chain and result in the suspension of operations, the timing of the roll-out of the COVID-19 vaccination program in the countries in which we operate; changes in prices for silver and other metals; technological and operational hazards in Fortuna's mining and mine development activities; risks inherent in mineral exploration; uncertainties inherent in the estimation of mineral reserves, mineral resources, and metal recoveries; construction delays, the timing and availability of financing; governmental and other approvals; political unrest or instability in countries where Fortuna is active; labor relations issues; as well as those factors discussed under "Risk Factors" in the Company's Annual Information Form. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking statements contained herein are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to estimates of future production levels; expectations regarding mine production costs; expectations regarding mine construction costs; expected trends in mineral prices and currency exchange rates; the accuracy of the Company's current mineral resource and reserve estimates; that the Company's activities will be in accordance with the Company's public statements and stated goals; that there will be no material adverse change affecting the Company or its properties; that all required approvals will be obtained; that there will be no significant disruptions affecting operations, and such other assumptions as set out herein. Forward-looking statements are made as of the date hereof and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on forward-looking statements.

The Company is a Canadian "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and is permitted to prepare the technical information contained herein in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of the securities laws currently in effect in the United States.

Technical disclosure regarding our properties included herein, has not been prepared in accordance with the requirements of U.S. securities laws. Without limiting the foregoing, such technical disclosure uses terms that comply with reporting standards in Canada and certain estimates are made in accordance with National Instrument 43-101 — Standards of Disclosure for Mineral Projects ("NI 43-101"). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all mineral reserve and mineral resource estimates contained in the technical disclosure have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards on Mineral Resources and Reserves ("CIM Definition Standards").

Canadian standards, including NI 43-101, differ significantly from the historical requirements of the Securities and Exchange Commission (the "SEC"), and mineral reserve and resource information contained or incorporated by reference herein may not be comparable to similar information disclosed by U.S. companies.

The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC. These amendments became effective February 25, 2019 (the "SEC Modernization Rules") and, following a two-year transition period, the SEC Modernization Rules replaced the historical property disclosure requirements for mining registrants that are included in SEC Industry Guide 7. U.S. companies are required to provide disclosure on mineral properties under the SEC Modernization Rules for fiscal years beginning January 1, 2021 or later.

Under the SEC Modernization Rules, the definitions of "proven mineral reserves" and "probable mineral reserves" have been amended to be substantially similar to the corresponding CIM Definition Standards and the SEC has added definitions to recognize "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" which are also substantially similar to the corresponding CIM Definition Standards; however, there are still differences in the definitions and standards under the SEC Modernization Rules and the CIM Definition Standards. Therefore, the Company's mineral resources and reserves as determined in accordance with NI 43-101 may be significantly different than if they had been determined in accordance with the SEC Modernization Rules.

Eric Chapman, our Vice President of Technical Services, is a Qualified Person as defined by NI 43-101. Except as otherwise noted, Mr. Chapman has reviewed and approved the scientific and technical information contained in this Report relating to all of our properties.

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