



**FORTUNA**  
SILVER MINES INC.

# 2019 SUSTAINABILITY REPORT



**At Fortuna,  
we understand  
sustainability as the  
creation of long-term  
economic, social and  
environmental value  
for our stakeholders.**



## Table of Contents

<b>Message from our President, CEO and Director</b>	<b>2</b>	 <b>Anti-corruption and Anti-bribery</b>	<b>28</b>	 <b>Environmental Management</b>	<b>69</b>
 <b>Fortuna Silver Mines</b>	<b>3</b>	 <b>Human Rights</b>	<b>32</b>	Water	71
Our Company	4	 <b>Financial Performance and Creation of Economic Value</b>	<b>36</b>	Energy	72
Historic Milestones	5	 <b>Occupational Health and Safety Management</b>	<b>44</b>	Climate Change	75
Our Operations	6	OHS in the Supply Chain	49	Air Quality	78
Our Projects	6	Emergency Preparedness and Response	52	Tailings and Waste	79
Our Figures	8	Hazardous Materials	54	Biodiversity	82
Our Supply Chain	9	 <b>Human and Organizational Development</b>	<b>56</b>	Mine Closure Plans	84
Our Production Process	9	 <b>Social Performance</b>	<b>62</b>	 <b>Appendices – Performance Data</b>	<b>85</b>
Our Products	11			 <b>GRI Content Index</b>	<b>96</b>
 <b>Sustainability Strategy</b>	<b>12</b>			<b>Cautionary Notes</b>	<b>105</b>
Our Strategic Framework	14				
Our Sustainability Approach	15				
Our Performance	16				
Our Structure of Governance	18				
 <b>About This Report</b>	<b>21</b>				
Stakeholder Engagement	23				
Materiality	25				



## Message from our President, CEO and Director

It is my pleasure to present our 2019 Fortuna Silver Mines' Sustainability Report. This is our second sustainability report and summarizes our sustainability performance and accomplishments in 2019. This was a particularly special year because we celebrated our 15th anniversary of conducting business in Latin America.

In 2019, we produced 8.8 million ounces of silver and 50,500 ounces of gold at our operating mines in Mexico and Peru. This is within the production projections announced at the beginning of the year but slightly below our production in 2018. The cash cost of our operations remained within the range of our annual guidance.

Celebrating our 15th anniversary coincides with nearing completion of our Lindero Project in Salta, Argentina. Once operational, the Lindero Mine will significantly increase our gold production and we plan to cast the first doré bar in 2020. The Lindero Project is an example of our constant search for new mining opportunities to materialize our vision: to be considered by our stakeholders as a sustainable company and a leader in the precious metals industry.

This year was one of strategic change for Fortuna, one that will lay the foundations for our future environmental, social and governance performance. The Board of Directors established a Sustainability Committee to support the fulfillment of our commitments and obligations in areas of human development, occupational health and safety, environment and social responsibility. This has been the starting point for designing our sustainability strategy which will guide our plans and initiatives in 2020 and beyond.

In our effort to continually improve our sustainability practices and to help us respond to market and stakeholder priorities, we created a five-year sustainability plan that sets out key performance indicators, goals and commitments along with new policies. These policy updates included the adoption of a Human Rights Policy and an Environment Policy which enable us to continue.

In 2019, we continued to implement our operational management plans with an emphasis on analyzing the lessons learned from the overflow of a contingency pond at our San Jose Mine in Mexico in October 2018 that revealed the potential risks we are exposed to from climate change and for which we need to be better prepared. As part of our response to this event, we carried out independent audits throughout our operations and developed a company-wide standard for the design and management of our tailing storage facilities and heap leach facilities.

Our priority is the health and safety of our employees and we are working hard to ensure that everyone returns home from work, safe and sound. We were deeply saddened by the death of a contractor's employee at our San Jose Mine in August 2019. Following an investigation of the fatal incident, we moved to strengthen preventative measures so that events like this never occur again. To this end, we made progress this year by aligning our occupational health and safety management systems with the ISO 45001 standard and continued to reinforce a culture of "safety first" and a philosophy of "zero tolerance" to unsafe acts and unsafe work conditions.

In 2019, we invested US\$2.8 million in three core community development areas: local infrastructure; promotion of education, health and culture and promotion of local entrepreneurship. We are doing this to honor our commitment to create economic value in the communities and countries where we operate.

At Fortuna, we believe that accountability and transparency are essential to achieving our sustainability goals. In that sense, we are convinced that this report—prepared under the Global Reporting Initiative Standards—gathers accurate, balanced, and reliable information which will be valued by our stakeholders.

I invite you to read our 2019 Sustainability Report.

Jorge A. Ganoza  
President, CEO and Director

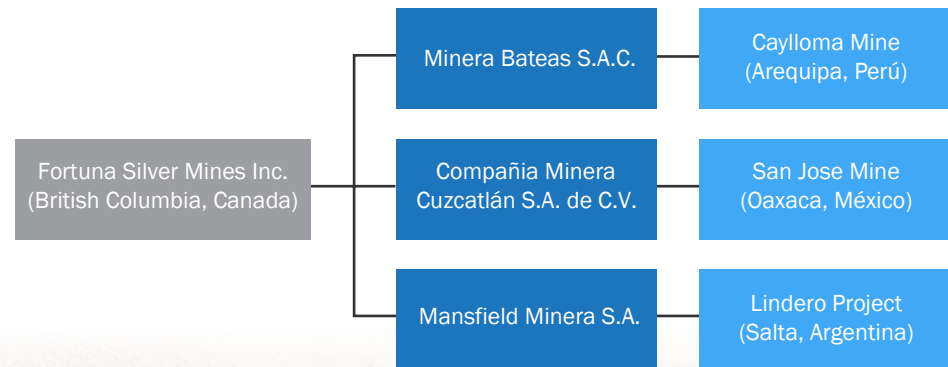


# Fortuna Silver Mines

## Our Company

Fortuna Silver Mines Inc. (Fortuna) is a Canadian mining company established in 2005 dedicated to the production of precious metals. Our corporate office is in Vancouver, Canada, and our management head office is in Lima, Peru. In 2019, through our subsidiaries, we operated two mines and developed a third. Minera Bateas (Bateas) operates the Caylloma Mine in Peru, Compañía Minera Cuzcatlán (Cuzcatlan) operates the San Jose Mine in Mexico, and Mansfield Minera (Mansfield) operates the Lindero Project in Argentina. The Lindero Project has entered its final stage of development. Figure 1 shows the relationship between Fortuna and our material subsidiaries.

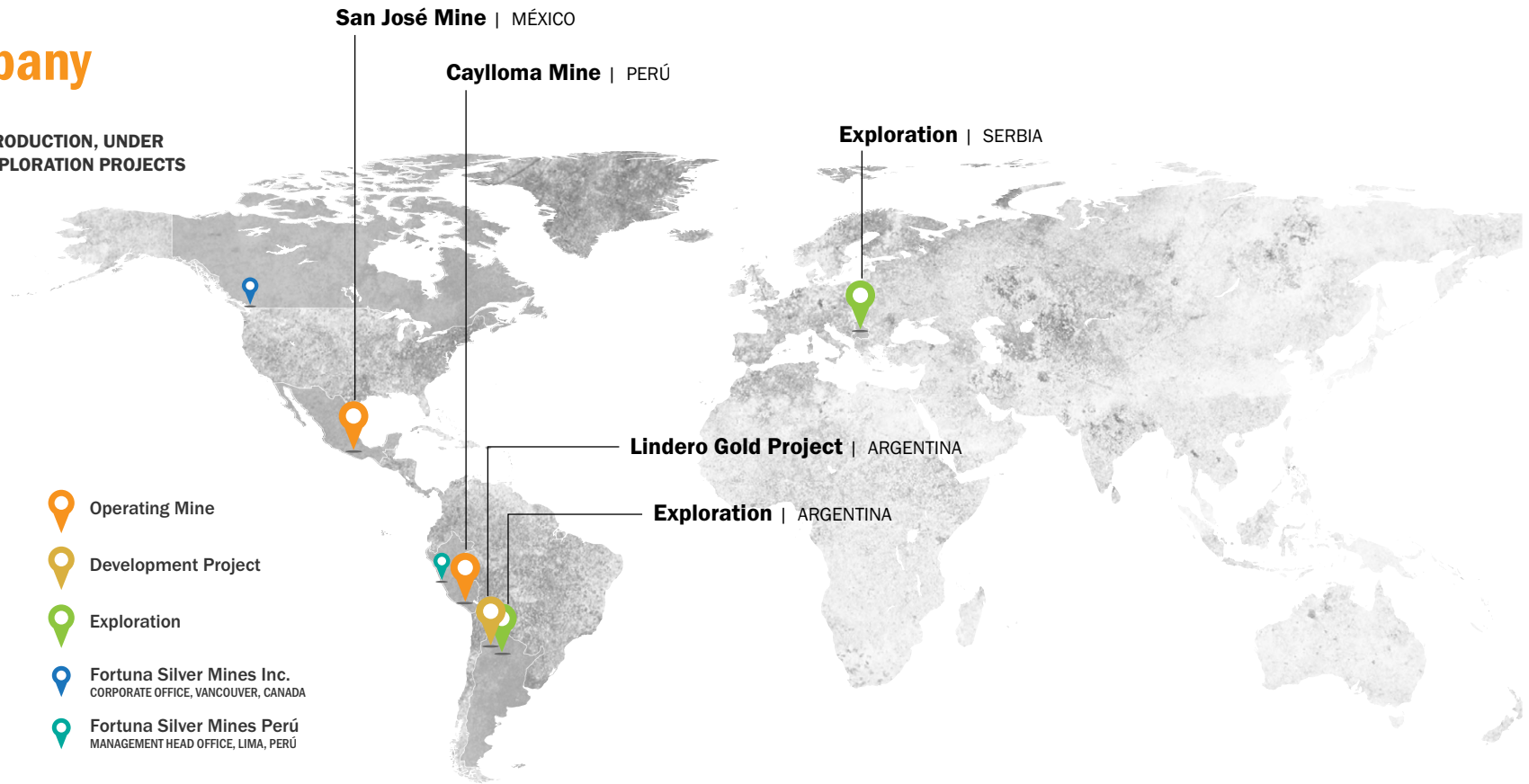
FIGURE 1 – FORTUNA AND MATERIAL SUBSIDIARIES





# Our Company

FIGURE 2 - MINES IN PRODUCTION, UNDER DEVELOPMENT AND EXPLORATION PROJECTS



We seek to consolidate ourselves as efficient mine operators. Our business strategy is focused on rapid growth through the acquisition of exploration projects and mines in production that incrementally improve our portfolio of assets. In 2019, our exploration activities were focused on Argentina, Mexico, Peru and Serbia, as shown in Figure 2.

### Corporate Office

Suite 650  
200 Burrard Street  
Vancouver,  
British Columbia, Canada

### Management Head Office

Piso 5,  
Av. Jorge Chávez #154  
Miraflores,  
Lima, Peru

### Initiatives and Associations

As a company committed to sustainable development, our management systems are aligned with international standards. We continuously interact with public, trade and/or private organizations, to develop synergies and promote sustainable development.

We have the following certifications:

- ISO 14001:2015 Certification at Bateas/Caylloma Mine
- ISO 45001:2018 Certification at Bateas/Caylloma Mine

We are proud members of:





## 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 relaunched

**2010**

Construction initiated at San Jose project

**2016**

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





## Our Operations

### Caylloma Mine

We acquired the Caylloma Mine in 2005 and relaunched operations the following year after expanding and modernizing the processing plant in the final quarter of 2006. By the end of 2019, the new plant was able to process 1,430tpd.



Operator	<b>Minera Bateas</b>
Location	<b>Caylloma, Arequipa, Peru</b>
Products	<b>Silver, gold, lead, zinc</b>
Area	<b>34,501 hectares</b>
Capacity	<b>1,430tpd</b>
Type of mine	<b>Underground</b>
Extraction method	<b>Cut and fill mining</b>
Labor force	<b>358 employees</b>
Closest community	<b>Caylloma, Arequipa</b>



### San Jose Mine

We initiated operations at the San Jose Mine in July 2011 with a production rate of 1,000tpd. By July 2016, following several processing plant expansions, the production rate rose to 3,000tpd and remained steady through 2019.



Operator	<b>Compañía Minera Cuzcatlan</b>
Location	<b>Mining District of Taviche, Oaxaca, Mexico</b>
Products	<b>Silver, gold</b>
Area	<b>64,422 hectares</b>
Capacity	<b>3,000tpd</b>
Type of mine	<b>Underground</b>
Extraction method	<b>Cut and fill mining</b>
Labor force	<b>429 employees</b>
Closest community	<b>San Jose del Progreso, Oaxaca</b>



## Our Projects

### Lindero Project

Construction on the Lindero Project began in September 2017 and continued through 2019. The project has been designed to have a processing capacity of 18,750tpd, which will enable us to produce doré bars using a heap leach process. The project is planned to start operations in 2020.



Operator	<b>Mansfield Minera</b>
Location	<b>Salta, Argentina</b>
Product	<b>Gold</b>
Area	<b>3,500 hectares</b>
Capacity	<b>18,750tpd</b>
Type of mine	<b>Open pit</b>
Extraction method	<b>Heap leach</b>
Labor force	<b>395 employees</b>
Closest community	<b>Tolar Grande, Salta</b>







## Exploration

### Brownfields Projects

We are exploring for mineral deposits located near our current operations so that we can use our installed production capacity. We had three active exploration projects in 2019:

- Arizaro gold-copper porphyry project, Argentina
- Taviche, Güilá and San Jose South silver and gold projects, Mexico
- Pisacca, Huaracco and Antacollo silver, lead and zinc projects, Peru

### Greenfields Projects

In 2019, we explored for new mineral deposits in Argentina and Serbia.

- Incachule, Nueva Esperanza and Casa Campo Blanco, Argentina
- Tlamino, Serbia

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 reviewed in the Technical Reports for each of our properties.<sup>1,2,3</sup>

Each subsidiary's production plan and production targets are submitted to the Fortuna Board of Directors for review and approval annually.<sup>4</sup>

Any material changes to our production plans or potential risks to people, the environment, the safety of the workers or the community, are publicly disclosed.<sup>5</sup>

## Innovation and Technology

Our Innovation and Operational Excellence (I&EO) department was established to develop a culture of continuous improvement and drive innovation focused on operational excellence, productivity and best practices.

In 2019, our I&EO activities focused on providing support to our subsidiaries to identify opportunities to improve productivity and implement best practices.

- At Caylloma, we developed a conceptual engineering project to optimize the use of hydraulic filling underground. For this project, we reused tailings generated by the plant, reducing the environmental impact from tailings disposal and increasing the life of the tailing dams.
- At San Jose, we identified opportunities to improve the mine ventilation system underground. Once implemented, these improvements will be particularly beneficial in the lower levels of the tunnels.
- At our Lindero Project, we prepared an operational plan. Operational preparation seeks to manage procedures, people, and systems in a timely manner to commence operations with the least amount of risk. In 2019, we developed an operational plan for the Lindero Project that integrated production procedures, operational risks e.g. occupational health and safety (OHS), community and the environmental impacts associated with operations.
- At Caylloma we implemented a cost-effective operational management software that allows greater traceability of information in real time and, consequently, enables us to monitor costs more efficiently.



<sup>1</sup> Fortuna, as a publicly traded Canadian company, must register technical reports in the System for Electronic Document Analysis and Retrieval (SEDAR). For further information, please click [here](#).

<sup>2</sup> Our mines and projects Technical Reports can also be found on our website. For further information, please click [here](#).

<sup>3</sup> Details of our mining reserves are public and can be reviewed on our [website](#) and the Annual Information Form (AIF). For further information, please click [here](#).

<sup>4</sup> The production plan and production targets are contained in the Mines' Annual Guidance 2019. This information is public and can be reviewed on our website. For further information, please click [here](#).

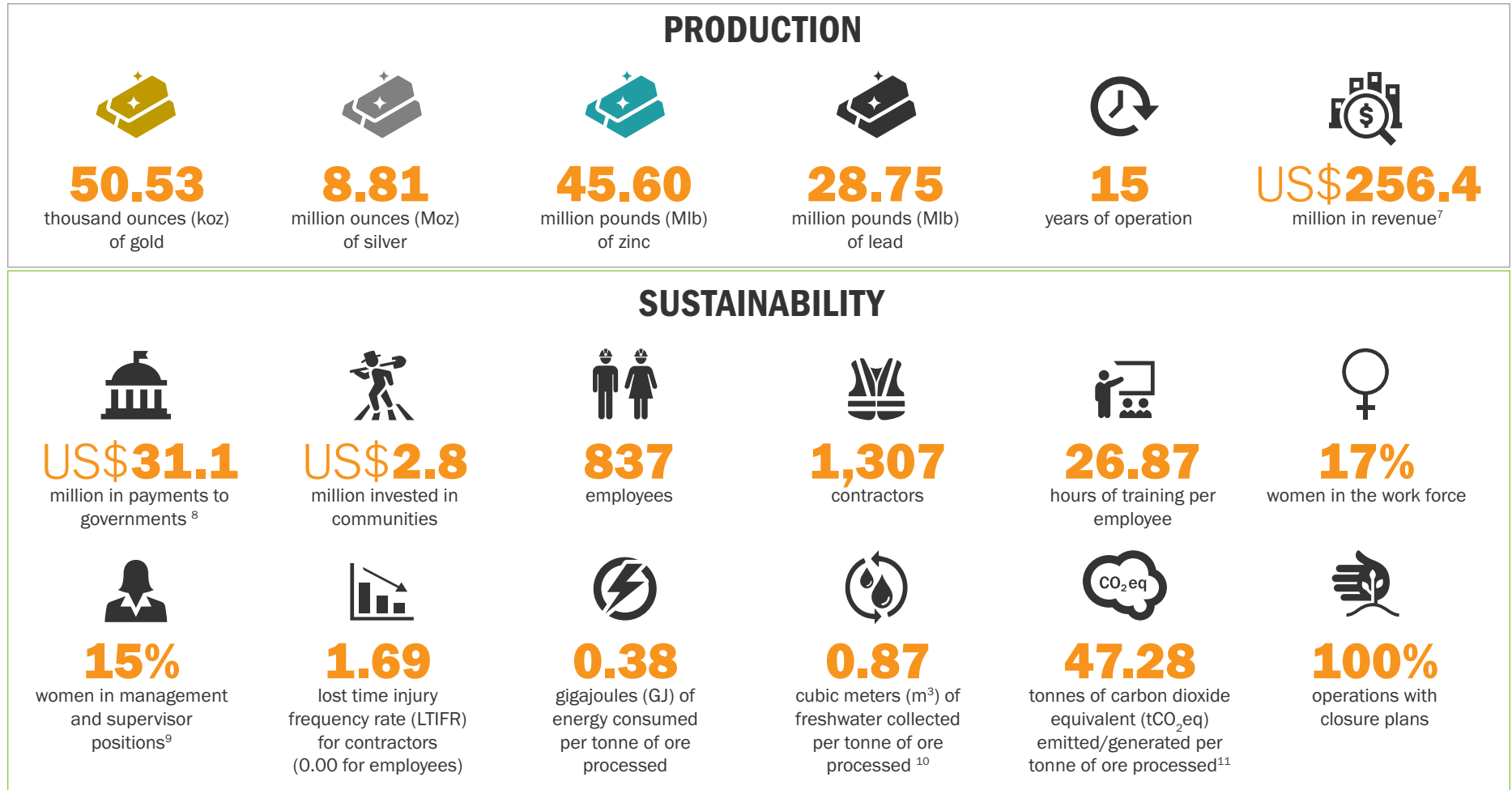
<sup>5</sup> Environmental, social, OHS and political risks (including risks relating to the global pandemic COVID-19) are described in our company's AIF.



## Our Figures

Some of our key consolidated figures of 2019 are shown in Figure 3. These consolidated figures include our operating subsidiaries, Bateas and Cuzcatlan, and Fortuna’s offices in Peru and Canada. The Lindero Project has not been incorporated into the 2019 consolidated figures because the project has not started operating yet.

**FIGURE 3 – MAIN PRODUCTION AND SUSTAINABILITY FIGURES<sup>6</sup>**



<sup>6</sup> All of the figures in this graphic are explained in further detail elsewhere in this report.

<sup>7</sup> Revenues shown represent the net sales plus revenue from financial investments and sale of assets.

<sup>8</sup> Government payments include property taxes, mining taxes, royalty taxes, the payment of other taxes and related fines paid at the international, domestic and local levels. Deferred payments are excluded.

<sup>9</sup> We consider management and supervisory positions from grade 18 onwards. Grade 18 are management or supervisory positions that are responsible for a specific function or department.

<sup>10</sup> We define freshwater as water originating from natural sources, including surface water (present in the form of ice sheets, ice covers, glaciers, icebergs, marshes, ponds, lakes, rivers and water currents) and groundwater.

<sup>11</sup> tCO<sub>2</sub>eq: tonne of CO<sub>2</sub> equivalent.

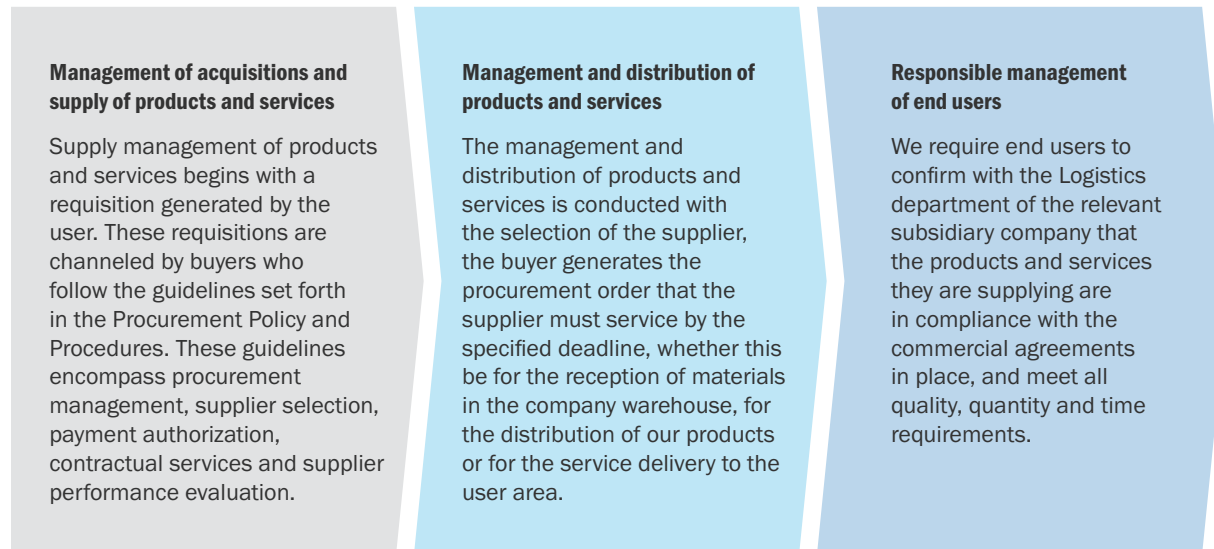


## Our Supply Chain

Fortuna relies on a network of suppliers (contractors, subcontractors, consultants or service providers) for the provision of the products and services required to support our mining activities.

Our subsidiaries manage their supply chains using the three primary processes outlined in Figure 4.

**FIGURE 4 – SUPPLY CHAIN MANAGEMENT**



At Caylloma, we categorize our suppliers based on the risk and criticality associated with the products and services we purchase:

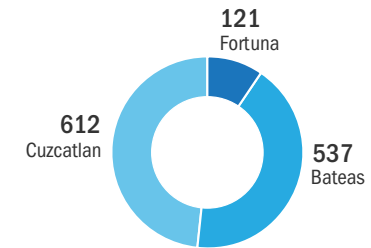
- Type A Suppliers: critical to primary mining activities and development of key activities.
- Type B Suppliers: moderately critical to primary mining activities, without which the mining operations can carry out its main business activity for a period of up to 30 days.
- Type C Suppliers: non-critical suppliers that provide products or services without which the mining operations could conduct its primary activities.

At San Jose, we categorize our suppliers based on the duration and risk of the work to be performed:

- Type A Suppliers: A supplier who forms part of the production process and/or has a fixed-term contract. They work for periods of 61 days or more.
- Type B Suppliers: Medium- to high-risk suppliers with employees who carry out specific activities associated with the process directly or indirectly. They conduct work for periods ranging between 21 and 60 days and during scheduled shutdowns.
- Type C Suppliers: Medium- to low-risk suppliers who conduct work activities at San Jose and have written permission to enter the operation area. They perform jobs that have a duration of less than 20 days.

In 2019, we had 1,270 suppliers providing various products and services, as shown in Figure 5.

**FIGURE 5 – NUMBER OF SUPPLIERS BY LOCATION**



## Our Production Process

We are a company focused on creating value through growth of precious mineral reserves, metal production and efficient asset operation. This objective is achieved by managing our mines and projects efficiently through their four phases: exploration, construction, production, and closure. Figure 6 shows the stages of our operations in the mining life cycle.

**FIGURE 6 – MINE LIFE CYCLE**

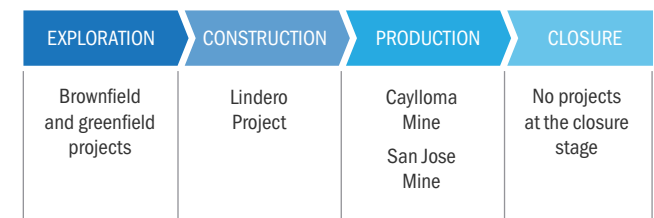
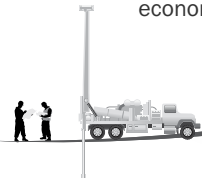




FIGURE 7 – OUR EXPLORATION AND PRODUCTION PROCESS

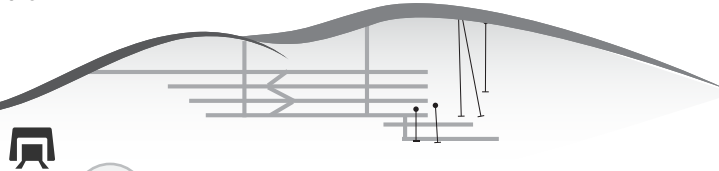
**1 Exploration and Planning**

Mineral deposits are identified through exploration in order to assess their economic value.



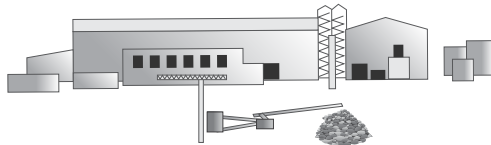
**2 Mining**

Once the production plan is defined based on resource estimates, the mining phase enables us to obtain the mineral ore needed to supply the processing plant.



**3 Loading and Haulage**

The fragmented material is transported to the various collection points. The mineral ore is transported to the processing plant.



**4 Processing**

Here is where we extract the mineral concentrates by putting the ore through the following steps: crushing, flotation, thickening and filtration.

**5 Concentrate Dispatch**

This process involves the loading and shipment of concentrates in compliance with safety and transportation standards and guidelines.



**Caylloma Mine**



**PRODUCTS**  
Gold, silver,  
lead and zinc

**OPERATION**  
1,430tpd

**San Jose Mine**



**PRODUCTS**  
Gold and silver

**OPERATION**  
3,000tpd



## Our Products

Our mines produce silver, gold, lead and zinc, commonly used metals in people's lives and in multiple industries. Demand for these metals is growing in tandem with the rise in global population and improvements in the quality of life for humanity. Accordingly, we seek to satisfy this need through responsible mineral extraction and production as described in Figure 7, in ways that generate positive impacts for our stakeholders. In 2019, the combined production of Caylloma and San Jose was 8.8 million silver ounces.

**TABLE 1 – FORTUNA'S MINING PRODUCTION IN 2019**

Product	Unit	Consolidated	Caylloma	San Jose
Silver	Moz	<b>8.81</b>	0.94	7.87
Gold	koz	<b>50.52</b>	1.64	48.88
Lead	Mlb	<b>28.75</b>	28.75	0.00
Zinc	Mlb	<b>45.60</b>	45.60	0.00

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

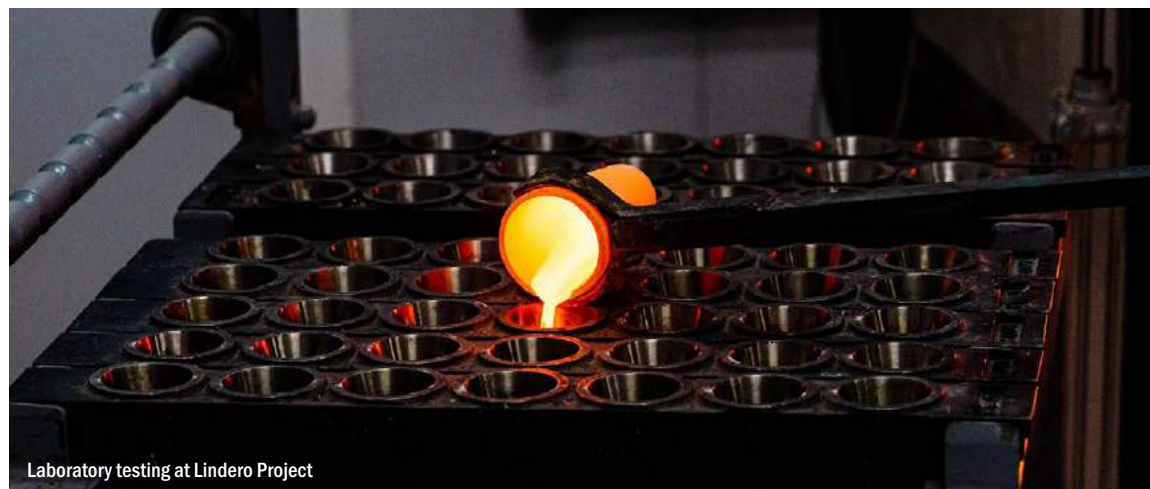
Our subsidiaries manage the distribution and marketing of our products through their trading departments. Transportation logistics are carried out under pre-established procedures using strict safety and security measures, using trucks that travel from the mines to warehouses located at the shipping ports.

The zinc concentrate produced at Caylloma is exported to international markets by way of 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, Veracruz.

## Environmental and Social Impacts of the Mining Life Cycle

Our subsidiaries take all the necessary preventive measures to avoid or mitigate any social or environmental impacts that may arise between the extraction point, the warehouse or port. In that sense, we devote a great deal of care and attention to product quality. We act immediately in the event of any product incidents following shipment.

In 2019, we focused our attention on optimizing our operations and assessing the conditions that will enable us to improve the life cycles of our products and help mitigate the potential social or environmental impacts. We are identifying the environmental and social impacts of our products, so that we can assess them in 2020. The results of such assessment will enable us to examine and incorporate changes to our strategy to create a more sustainable product portfolio.



We are devoted to transparency with respect to the metals we extract. Our metal products come exclusively from our own mining concessions. As disclosed in our annual management discussion and analysis for the financial year ended December 31, 2019, we only processed ore extracted from our mining concessions and we did not purchase ore or mineral concentrates from third parties either for processing, refining, or trading.



# Sustainability Strategy

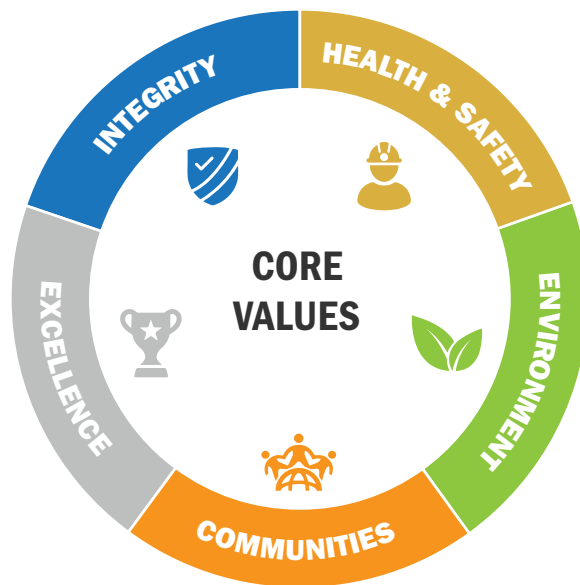


# Sustainability Strategy

At Fortuna, we understand 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.

Our sustainability strategy was developed in 2019 as a tool to transform our aspirations into actions and achieve our vision.

FIGURE 8 – OUR 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.



## Codes and Policies

- Code of Business Conduct and Ethics (Code of Ethics)
- Supplier Code of Business Conduct and Ethics (Supplier Code of Ethics)
- Occupational Health and Safety Policy (OHS Policy)
- Environmental Policy
- Human Rights Policy
- Diversity Policy
- Anti-corruption Policy
- Procurement Policy

We updated our corporate policies and guidelines in 2019 to reflect our culture and to demonstrate the cross-cutting nature of sustainability in our operations.



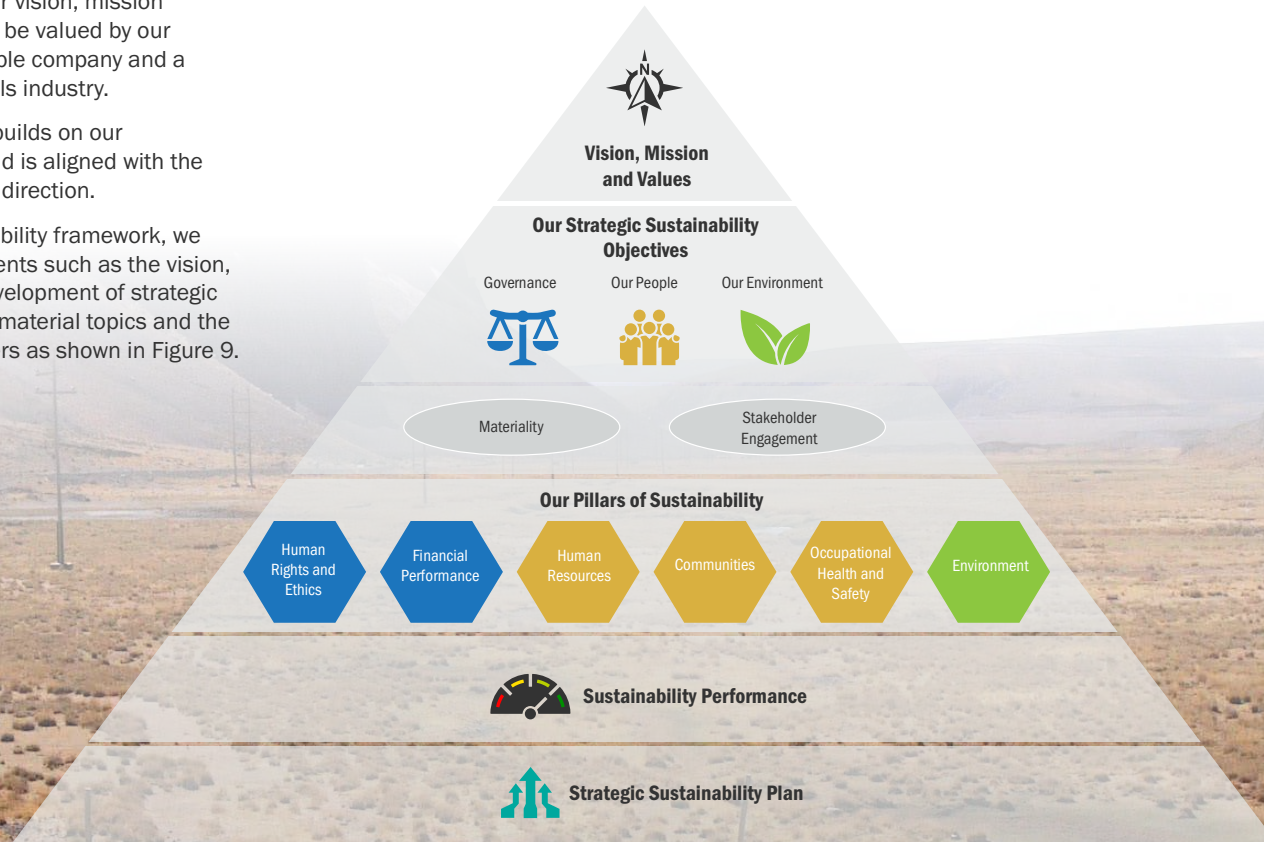
### Our Strategic Framework

At Fortuna, we believe in our vision, mission and values, and we want to be valued by our stakeholders as a sustainable company and a leader in the precious metals industry.

Our sustainability strategy builds on our sustainability framework and is aligned with the company's overall strategic direction.

In determining our sustainability framework, we singled out critical components such as the vision, mission and values, the development of strategic objectives, the selection of material topics and the priorities for our stakeholders as shown in Figure 9.

FIGURE 9 – STRATEGIC FRAMEWORK





## OUR APPROACH

Our sustainability approach begins with three fundamentals: environmental, social and governance (ESG). These fundamentals define our strategic objectives and are shown in Figure 10.

**FIGURE 10 – STRATEGIC 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.

Our six-pillar sustainability approach is aligned with the Sustainable Development Goals (SDGs) adopted by all United Nations (UN) Member States in 2015 and with the UN 2030 Agenda for Sustainable Development. We have used the SDGs as a reference to define our commitment and priorities, as shown in Figure 11.

**FIGURE 11 – SUSTAINABILITY APPROACH**





## Our Performance

We aspire to improve our sustainability performance each day. One of our most noteworthy initiatives in 2019 was the development of our five-year sustainability plan which contains short, medium and long-term (2020-2025) commitments.<sup>12</sup>

We designed our key performance indicators, goals and targets<sup>13</sup> to demonstrate our commitment to sustainability while standardizing and aligning our subsidiaries' management with our corporate sustainability practices.

In Table 2, we present our sustainability performance alongside our 2020 key performance indicators, goals and targets. These correspond to 18 key performance indicators, which, in turn, guide more than 60 quantitative indicators monitored by our subsidiaries.<sup>14</sup>

**TABLE 2 – SUSTAINABILITY PERFORMANCE AND COMMITMENTS**

Pillar	Material Topics	Stretch Goals	No.	KPIs	Performance 2018	Performance 2019	Targets Met 2019	Targets 2020	Commitments 2020 <sup>15</sup>
ETHICS AND HUMAN RIGHTS	Anti-corruption and Anti-bribery	Ensure that our employees are trained on our Code of Ethics and Anti-corruption Policy.	1	Percentage of employees who have received training on the Code of Ethics.	100%	100%	✓	100%	Maintain all employees continuously trained on the Code of Ethics.
			2	Percentage of employees in managerial and supervisory positions who have received training on the Anti-corruption Policy.	96%	100%	✓	100%	Maintain all employees in managerial and supervisory positions trained on the Anti-corruption Policy.
	Human Rights	Conduct our current and future operations with the utmost respect for the human rights of our employees, communities and other stakeholders.	3	Number of employee discrimination cases.	0	0	✓	0	Zero discrimination cases.
			4	Percentage of employees who have received training on the Human Rights Policy.	-	-	-	100%	All employees trained on the Human Rights Policy.
HUMAN RESOURCES	Human and Organizational Development	Be a mining company characterized by its inclusiveness and absence of discrimination.	5	Percentage of women in the workforce.	17%	17%	✓	19%	Increase the women workforce by 2%.
			6	Percentage of women in managerial and supervisory positions.	18%	15%	✓	17%	Increase the percentage of women in managerial and management positions by 2%.
OCCUPATIONAL HEALTH & SAFETY	OHS Management	Achieve a target of zero fatalities and improve our OHS programs.	7	Number of employees' fatalities due to work-related injury.	0	0	✓	0	Employee fatalities from workplace accidents to be kept at zero.
			8	Lost time injury frequency rate (LTIFR) for employees. <sup>16</sup>	1.02	0.00	✓	0.00	Keep the LTIFR at zero.
				Total recordable injury frequency rate (TRIFR) for employees. <sup>17</sup>	3.06	1.49	✓	1.02	Reduce the TRIFR by 32%.
				Severity Rate (SR) for employees. <sup>18</sup>	72.00	0.00	✓	0.00	Keep the SR at zero.
9	Number of employees' work-related illnesses.	0	0	✓	0	Keep cases of employee work-related illnesses at zero.			

<sup>12</sup> The development of medium and long term commitments are in progress and will be disclosed in future versions of the Sustainability Report.

<sup>13</sup> Our sustainability key performance indicators, goals and targets were approved by the Board of Directors during our annual strategic planning meeting.

<sup>14</sup> A detailed description of the quantitative indicators is available to the reader in the appendices under the heading "Performance Data".

<sup>15</sup> Commitments 2020 have been defined considering 2019 as baseline.

<sup>16</sup> LTIFR represents the frequency rate of injury with lost time per 1,000,000 hours worked.

<sup>17</sup> TRIFR is the recordable injury rate per 1,000,000 hours worked. Recordable injuries include lost time injuries and incidents needing medical treatment.

<sup>18</sup> SR represents the number of lost days as a result of a work-related injury per 1,000,000 hours worked.



Construction site at Lindero Project

TABLE 2 – SUSTAINABILITY PERFORMANCE AND COMMITMENTS (CONTINUED)

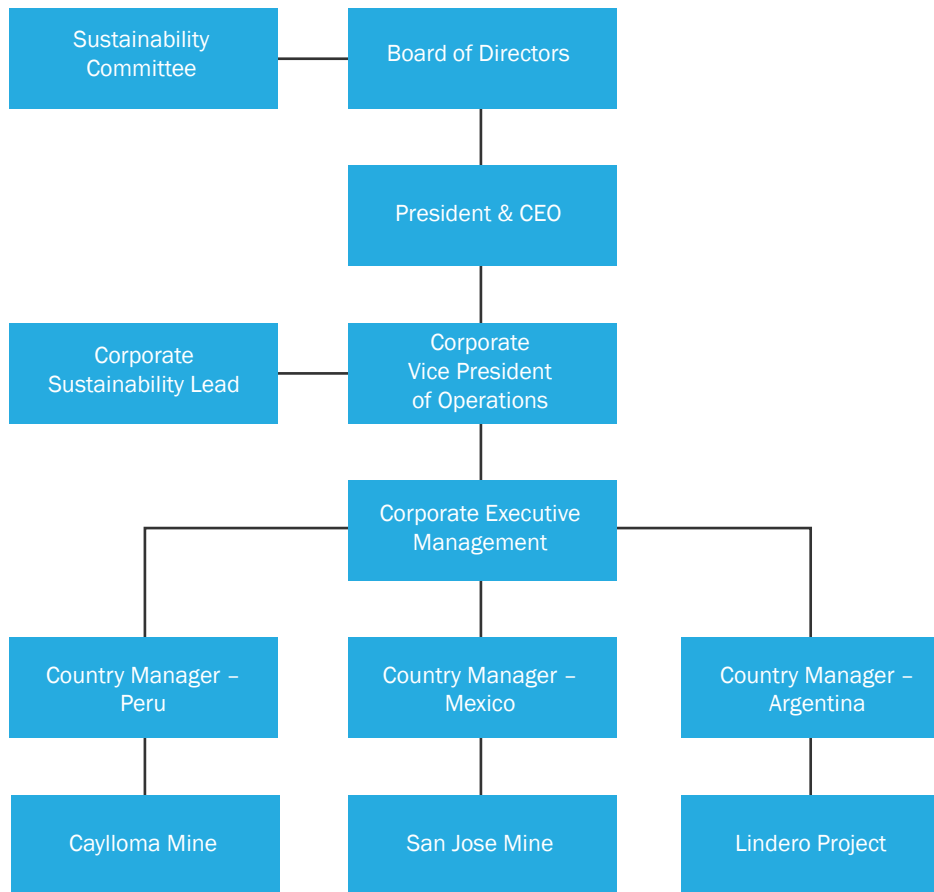
Pillar	Material Topics	Stretch Goals	No.	KPIs	Performance 2018	Performance 2019	Targets Met 2019	Targets 2020	Commitments 2020 <sup>14</sup>
OCCUPATIONAL HEALTH & SAFETY	OHS Management	Work to ensure that sustainable practices are used throughout our supply chain.	10	Number of contractors' fatalities as a result of work-related injury.	0	1	✗	0	Reduce contractor work-related fatalities to zero.
			11	LTIFR for contractors.	2.24	1.69	✓	1.67	Reduce the LTIFR by 1%.
				TRIFR for contractors.	8.39	6.18	✓	5.60	Reduce the TRIFR by 9%.
				SR for contractors.	136.20	1,847.08	✗	100.29	Reduce the SR by 95%.
12	Number of contractors' work-related illnesses.	0	0	✓	0	Maintain contractor's work-related illnesses at zero.			
COMMUNITIES	Social Performance	Contribute to local economic development through priority-based local employment.	13	Percentage employees from local communities - Direct Area of Influence (DAI).	33.93%	33.93%	✓	35.00%	Increase local hiring in our communities located in the DAI by 1.1%.
				Percentage employees from local communities - Direct and indirect area of influence (DAI+IAI).	56.17%	69.12%	✓	70.00%	Increase local hiring in our communities located in the DAI and IAI by 0.9%.
		Contribute to local economic development through priority-based local procurement.	14	Percentage of suppliers from local communities (DAI).	8.63%	9.75%	✓	10.40%	Increase the hiring of local suppliers from our DAI by 0.6%.
				Percentage of suppliers from local communities (DAI + IAI).	24.25%	24.28%	✓	24.30%	Increase the hiring of local suppliers from the DAI and IAI by 0.02%.
ENVIRONMENT	Water	Reduce the freshwater collection intensity rate by identifying opportunities for improvement.	15	Freshwater collection intensity rate per tonne of ore processed (m <sup>3</sup> /t).	0.85	0.87	✗	0.86	Reduce freshwater collection by 1% per tonne of ore processed.
	Energy	Optimize energy consumption.	16	Energy consumption intensity rate per tonne of ore processed (GJ/t).	0.42	0.38	✓	0.36	Reduce energy consumption by 5% per tonne of ore processed.
	Climate Change	Optimize processes aimed at reducing our greenhouse gas (GHG) emissions.	17	GHG emissions intensity rate per thousands of tonnes of ore processed (tCO <sub>2</sub> eq/kt).	50.97	47.28	✓	46.52	Reduce GHG emissions by 2% per thousand tonnes of ore processed.
	Waste and Tailings	Maximize the use of produced dry tailings and reduce their disposal.	18	Dry tailings disposal intensity rate per tonne of ore processed (t/t).	0.65	0.59	✓	0.58	Reduce dry tailings disposal by 2% per tonne of ore processed.



### Our Structure of Governance

Our commitment to manage sustainability starts with the Board of Directors and runs throughout all our key company departments, as shown in Figure 12.

FIGURE 12 – SUSTAINABILITY ORGANIZATION AND RESPONSIBILITY



### Board Members

Our Board of Directors is made up of seven directors.<sup>19</sup>

FIGURE 13 – BY SEX (%)

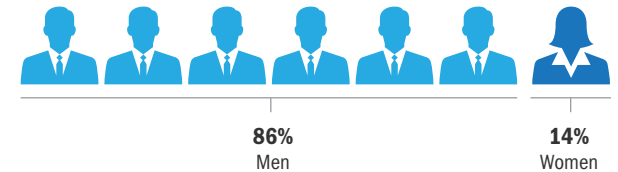


FIGURE 14 – BY AGE (%)

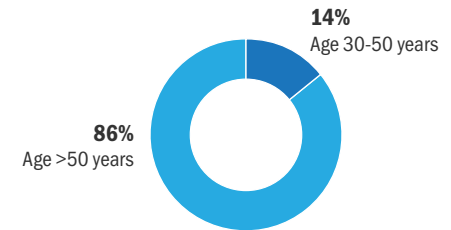
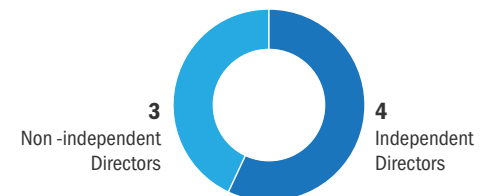


FIGURE 15 – INDEPENDENCE OF OUR BOARD MEMBERS (number)

Four (57%) of our directors are independent.



Our Board has approved the position of a “lead independent director”, whose duties include calling for separate meetings of the independent directors; coordinating with the Chair, CEO and Corporate Secretary for setting agendas for Board meetings; chairing meetings of independent directors; acting as liaison between the independent directors and the Chair; and, serving as a spokesperson for Fortuna, among other duties.

<sup>19</sup> Information on board meeting attendance, board tenure and number of board meetings is disclosed in the Fortuna’s Management Information Circular which is publicly filed on SEDAR.



### Board Committees

Our Committees, including the new Sustainability Committee formed in March 2019, are described in Table 3:

**TABLE 3 – BOARD COMMITTEES**

#### Audit Committee

Responsible for assisting Fortuna’s Board of Directors to comply with its oversight duties. It is in charge of reviewing the financial information to be provided to shareholders and other stakeholders; internal control systems and information systems; the company’s internal and external audit process; and monitoring compliance with laws and regulations governing its financial statements.

#### Corporate Governance and Nomination Committee

Develops Fortuna’s perspective of corporate governance. This includes keeping informed about legal and regulatory requirements and trends in corporate governance, monitoring and assessment of the Board of Directors and its respective committees. At the same time, it is responsible for developing, implementing and monitoring best practices in corporate governance. This committee also assumes the role of identifying and recommending to the Board any qualified individuals who could become new board members.

#### Compensation Committee

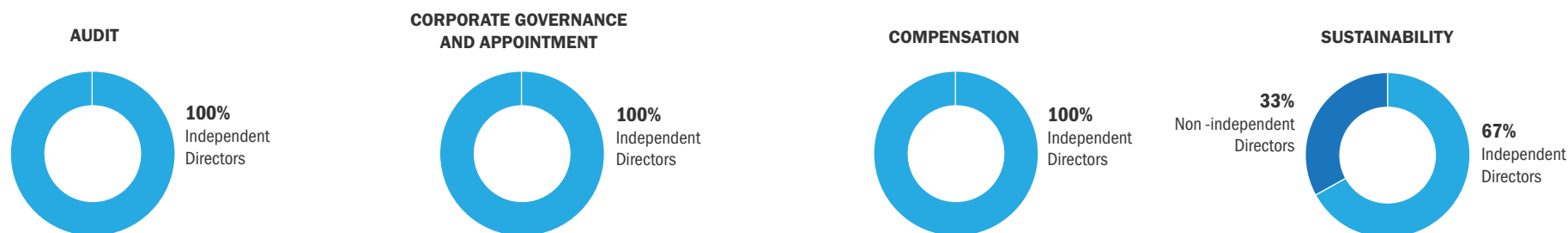
Makes recommendations for levels and methods of executive compensation that are competitive in order to attract and inspire Fortuna senior management and directors.

#### Sustainability Committee

Assists the company in fulfilling its obligations in the departments of OHS, Environment and Sustainability. More specifically, it provides the Board of Directors with reports and recommendations about matters associated with sustainability and requests approvals. The committee was formed on March, 2019.

Each committee is comprised of three directors. The directors of the Audit, Compensation and Corporate Governance and Nomination Committees are all independent, while the directors on the Sustainability Committee are 67% independent, as shown in Figure 16.<sup>20</sup>

**FIGURE 16 – INDEPENDENCE OF OUR BOARD COMMITTEES**



<sup>20</sup> Additional information on the independence of each committee is disclosed annually in Fortuna’s Management Information Circular publicly filed on SEDAR.

In 2019, the Board of Directors approved and amended the following codes and policies, as shown in Table 4:

**TABLE 4 – MAIN CODES AND POLICIES APPROVED IN 2019 BY OUR BOARD OF DIRECTORS**

Document	Date of approval
Code of Ethics	March 27, 2019
Diversity Policy	March 27, 2019
Procurement Policy	April 22, 2019
Supplier Code of Ethics	November 07, 2019
Environmental Policy	November 07, 2019
OHS Policy	Approval expected in March 2020
Human Rights Policy	November 12, 2019



## Shareholder Participation

Regardless of their level of participation, our shareholders have the following instruments at their disposal to exercise their rights over the Company:

### Common share voting rights

Fortuna has an authorized share capital of an unlimited number of common shares. Under the terms of our constating documents, each share holds the right to one vote. Fortuna has no other class of securities that carry voting rights. The constating documents contain no restrictions with respect to voting rights using common shares.

### Shareholder participation size needed to add a new resolution

Under the British Columbia Business Corporations Act, a shareholder can ask directors to call a shareholder meeting to present a resolution to Fortuna's shareholders. Applicants must own no less than 1/20 of the shares with voting rights to submit such an application.

### Facility of shareholder voting participation

Shareholders can vote at a shareholders meeting, either by attending the meeting in person, voting by proxy (telephone or internet), mailing, or delivering the proxy to the Company's registrar and transfer agent. In 2019, shareholder meetings were not broadcast in order to keep meeting costs at a reasonable level.

## Ownership structure

Fortuna is a public Company, with shares listed on the New York and Toronto Stock Exchanges. Accordingly, it has a diversified shareholder base. In accordance with applicable Canadian corporate and securities laws, the Company discloses on an annual basis in its management information circular, the name of each person or Company which to the knowledge of the Company's directors or executive officers beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10 per cent or more of the voting rights attached to any class of voting securities of the Company together with the approximate number of securities beneficially owned, or controlled or directed, directly or indirectly, by each such person or Company; and the percentage of the class of outstanding voting securities of the Company represented by the number of voting securities so owned, controlled or directed, directly or indirectly. Moreover, since shares are generally held in depository's or clearing house accounts, it proves complicated to provide an accurate description of shareholders holding less than 10% of the Company's shares.

## Management Team Remuneration

### Remuneration of members of the executive management team

Pursuant to Canadian securities laws, all compensation paid to the five highest-paid members of the executive management team is disclosed on an annual basis.<sup>21</sup>

Similarly, a safety performance variable has been included in the management team's variable remuneration. This component was included in 2019. However, sustainability performance targets have yet to be incorporated.

### Public disclosure of the employee's salary ratio vs. CEO salary ratio

Fortuna does not disclose the ratio of employee salaries in comparison to the CEOs salary. This disclosure is not required under Canadian corporate or securities law.



<sup>21</sup> This information is published in the Fortuna Management Information Circular publicly filed on SEDAR.



## About This Report





## About This Report

This report is a comprehensive, company-wide effort to improve how we communicate with our stakeholders and to reflect upon our role in a rapidly changing world. This report is for our stakeholders, including our shareholders and investors, employees, communities, customers, suppliers, and the governments of the countries where we operate.

The scope of this report includes:

- Fortuna corporate and management head offices in Peru and Canada.
- Our mines in production: Caylloma (operated by Bateas) and San Jose (operated by Cuzcatlan).
- Sustainability information pertinent to the construction stage of Lindero Project (operated by Mansfield).
- Three consecutive years of data (2017 to 2019) for the purpose of providing historical information.
- Quantitative data collected to the end of December 31st, 2019.
- A re-assessment of the material topics and figures reported in 2018.

This report was prepared in accordance with the Global Reporting Initiatives (GRI) Standards: Core option.<sup>22</sup> We also used the GRI Mining and Metals Sector Supplement, and other relevant standards.

**TABLE 5 – GENERAL INFORMATION**

<b>Report Period</b>	January 01 to December 31, 2019
<b>Date of publication</b>	May 6, 2020
<b>Frequency</b>	Annual
<b>Last report</b>	2018 Sustainability Report issued on May 9, 2019
<b>Contact</b>	Operations department – Fortuna Sustainability department sustainability@fortunasilver.com
<b>Website</b>	<a href="https://www.fortunasilver.com/sustainability/overview/">https://www.fortunasilver.com/sustainability/overview/</a>

In addition to this report, we published other relevant corporate documents which are available on our website:

- Audited consolidated financial statements for the fiscal year ended December 31, 2019 compared to the fiscal year ended December 31, 2018.
- Management’s Discussion and Analysis for the fiscal year ended December 31, 2019.
- AIF for the fiscal year ended December 31, 2019.
- Form 40-F – Annual Report for the fiscal year ended December 31, 2019.
- Management Information Circular for the fiscal year ended December 31, 2018.
- Extractive Sector Transparency Measures Act (ESTMA) Report for the fiscal year ended December 31, 2018 was filed with the Canadian Minister of Natural Resources and a copy is filed on Fortuna’s website. The Report for the fiscal year ended December 31, 2019 is required to be filed with the Canadian Minister of Natural Resources and on Fortuna’s website no later than 150 days after the end of the fiscal year.

<sup>22</sup> GRI is an independent international organization that has pioneered sustainability reporting since 1997. The GRI Sustainability Reporting Standards are developed with true multi-stakeholder contributions and rooted in the public interest.

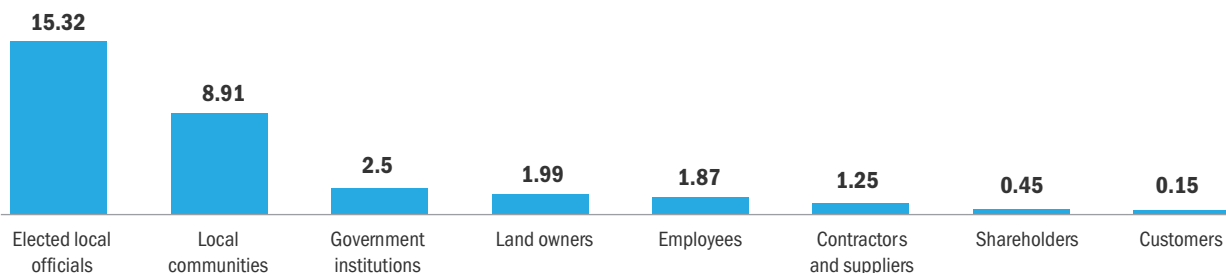




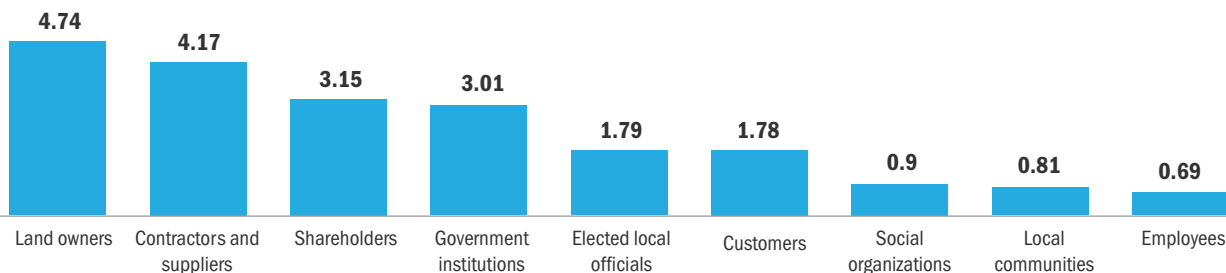
## Stakeholder Engagement

In 2018, we conducted our first stakeholder engagement exercise using a methodology proposed by Mitchell, Agle, & Wood that examined three criteria: power, legitimacy and urgency. We identified and categorized our stakeholders and held workshops and interviews at our Caylloma and San Jose mines. We evaluated each group based on the three criteria. Figures 17 and 18 shows the results for each mine.<sup>23</sup>

**FIGURE 17 – STAKEHOLDER PRIORITIZATION AT CAYLLOMA MINE**



**FIGURE 18 – STAKEHOLDER PRIORITIZATION AT SAN JOSE MINE**



<sup>23</sup> Extracted from our 2018 Sustainability Report (Stakeholder mapping at Bateas and Cuzcatlan)



Using the same process, we determined the preferred communication channels and frequency of communication for each group of stakeholders, as shown in Table 6.

**TABLE 6 – STAKEHOLDER COMMUNICATION CHANNELS AND FREQUENCY**

Stakeholder	Channel	Frequency
<b>Employees</b>	Meetings	Frequent
	Independent and group meetings	Frequent
	E-mail	As needed
	Employment contract	As needed
<b>Communities</b>	Independent and group meetings	Frequent, as needed or requested
	Guided visits	
	Radio	
	Social media networks	
<b>Shareholders and investors</b>	Reports	Frequent
	Various meetings (by telephone, E-mail, board meetings)	Frequent at the corporate level
<b>Customers</b>	E-mail	Frequent
	Telephone	
	Meetings	
<b>Contractors</b>	Independent and group meetings	Frequent
	E-mail or telephone	
<b>Suppliers</b>	E-mail, telephone, independent and group meetings	Frequent
<b>Government</b>	E-mail, telephone, meetings, formal letters, audits, field inspections	Frequent

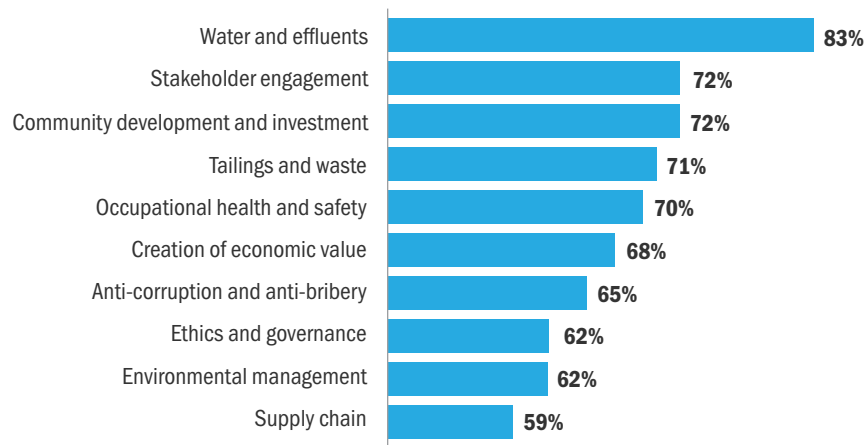
We interacted with our stakeholders using different mechanisms to be able to determine which topics were most relevant for each group and sub-group. The results are shown in Table 7.

**TABLE 7 – DIALOGUE PROCESS WITH STAKEHOLDERS**

Stakeholder groups	Stakeholder subgroups	Mechanism for raising priorities
<b>Employees</b>	Administrative employees	On-line survey
	Workers employed by Bateas	Focus group
	Workers employed by Cuzcatlan	Focus group
<b>Contractors</b>	Contractors from Bateas	Focus group
	Contractors from Cuzcatlan	Focus group
<b>Customers</b>	Customers	On-line survey
<b>Shareholders and investors</b>	Shareholders and investors	On-line survey
<b>Communities</b>	Caylloma Mine’s communities of interest	Interview
	San Jose Mine’s communities of interest	Interview

In 2019, our stakeholders rated key priority topics for the Company. The priority topics identified during the dialogue process are shown in Figure 19. The priority topics were added to the prioritization stage of the materiality assessment, which simultaneously fed our sustainability strategy.

**FIGURE 19 – STAKEHOLDER PRIORITIES**





## Materiality

Materiality plays an essential role in our sustainability management because it enables us to prioritize and focus our efforts on matters that generate value for our stakeholders and for the Company.

Our materiality analysis enabled us to identify issues in our business that are particularly relevant to sustainability. Their relevance is determined by the environmental, social and governance (ESG) risks and opportunities identified by us, and the perceptions of our stakeholders. The process is summarized in Figure 20.

When selecting topics most relevant to this report, we followed the materiality analysis recommended by GRI.

During the review phase, we compiled a list of initial topics upon which we built the materiality process. We started by benchmarking reports from companies in the mining sector and followed with the identification of topics included in sustainability guidelines and standards, such as SASB,<sup>24</sup> SAM Corporate Sustainability Analysis,<sup>25</sup> ISS ESG Corporate Rating and the Global Risks Report 2019 of the World Economic Forum.

To determining the sustainability context, we took into consideration the progress made on the SDGs in the countries in which our operations and projects are located. Finally, we reviewed press releases and news about Fortuna and its subsidiaries that appeared in various media sources during 2019.

Next came the identification phase, where we made a list of initial topics to discuss with our stakeholders. We also interviewed our corporate managers and reviewed relevant documentation on each topic.

In the subsequent prioritization phase, we categorized our stakeholder priorities based on five criteria: strategic relevance, legal compliance, occurrence, benchmarking, and risks identified by Fortuna and its subsidiaries.

Finally, we validated the material topics at the corporate management and Board level.

**FIGURE 20 – PHASES OF OUR MATERIALITY ASSESSMENT**

### Validation

The material topics were validated by our senior management and approved by the Board of Directors.

### Prioritization

We use two methodologies:

- We identify the main priorities for our stakeholders.
- Analysis based on five criteria to determine the topics that are relevant to the Company.<sup>27</sup>



### Review

We identified the initial sustainability topics starting with five sources of information.<sup>26</sup>

### Identification

We conducted two dialogue processes:

- Interviews with senior and corporate management.
- Dialogue with stakeholders.

<sup>24</sup> Sustainability Accounting Standards Board.

<sup>25</sup> SAM is a firm specialized in evaluating sustainable investments assessing companies included in the Dow Jones Sustainability Index.

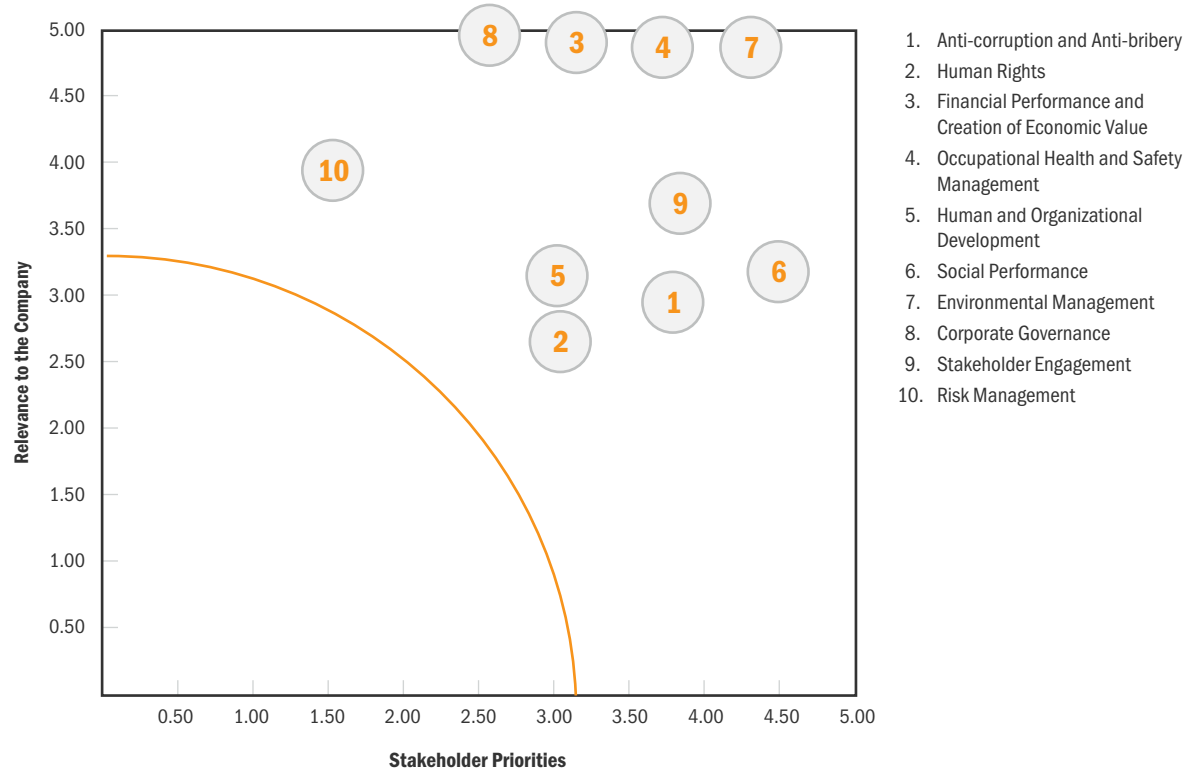
<sup>26</sup> Sources of information were sustainability reports, international sustainability standards and reports, national context of sustainability, internal documents and press releases, as well as Canadian regulations and standards.

<sup>27</sup> The criteria used to determine issues that are relevant to the Company included the strategic status, legal compliance, occurrence, benchmarking and risk assessment.



The materiality matrix, shown in Figure 21, plots our overall mission and competitive strategy (relevance to the company) against the priorities expressed directly by our stakeholders (stakeholder priorities) to assess materiality. The results determine which material topics are relevant and sufficiently important to report on. Our material sustainability topics are summarized in Table 8.

**FIGURE 21 – 2019 MATERIALITY MATRIX<sup>28</sup>**



<sup>28</sup> The materiality matrix shows ten material topics. We discuss nine of them in this report. The topics of “Corporate Governance” and “Stakeholder Engagement” are discussed as part of the general content in this report. The topic of “risk management” is described in the risk section of the Company Annual Information Form.



**TABLE 8 – 2019 MATERIAL TOPICS**

Material Topic	Detail	Topic Scope	Responsible party(ies)	
<b>Pillar 1: Ethics and Human Rights</b>				
1	Anti-corruption and anti-bribery	Prevent corruption and bribery in the Company and its main stakeholders.	Internal and external	Fortuna, suppliers
2	Human rights	Ensure human rights are respected by the Company, its employees, and contractors.	Internal and external	Fortuna, suppliers
<b>Pillar 2: Financial Performance</b>				
3	Financial performance and creation of economic value	Company fiscal year and economic return and the distribution of value for the stakeholders.	Internal	Fortuna
<b>Pillar 3: Occupational Health and Safety</b>				
4	Occupational health and safety management	Manage and foster a culture of prevention of work-related injury and illnesses among our employees and contractors.	Internal	Fortuna
		Evaluate environmental, and OHS factors in Company suppliers.	Internal and external	Fortuna and suppliers
<b>Pillar 4: Human Resources</b>				
5	Human and organizational development	Develop educational plan, training and professional development opportunities plans that ensure equal opportunities with optimal job working conditions.	Internal	Fortuna
<b>Pillar 5: Communities</b>				
6	Social performance	Engage with communities and invest in local development programs that satisfy their needs. Give priority to hiring employees and suppliers from local communities	External	Fortuna and local communities
<b>Pillar 6: Environment</b>				
7	Environmental management	Water: Optimize water consumption and ensure the environmental safety of effluents generated by operations.	Internal and external	Fortuna
		Energy: Promote efficient energy consumption.	Internal	Fortuna
		Climate change: Reduce the generation of GHG emissions and foster the efficient use of energy in our operations.	Internal and external	Fortuna and stakeholders
		Air quality: Reduce pollutant emissions produced by operations and ensure compliance with the limits established by regulators	Internal and external	Fortuna
		Tailings and waste: Manage tailings and waste in a way that prevents and mitigates environmental impact.	Internal and external	Fortuna
		Biodiversity: Prevent and mitigate any impacts from operations on animal and plant life in the areas of influence.	Internal and external	Fortuna
		Mine closure plans: Comply with mine closure plans and inform such plans to stakeholders.	Internal	Fortuna



# Anti-corruption and Anti-bribery





# Anti-corruption and Anti-bribery

At Fortuna, we believe that all our employees should act in an ethical and responsible manner. This behavior is the starting point for the management of sustainability together with respect for the laws and regulatory frameworks of each country where we operate.

Based on our ethical guidelines, we reject any kind of dishonest behavior. We maintain a zero-tolerance policy against corruption and bribery.<sup>29</sup> Moreover, as a Canadian company listed on the Toronto and New York Stock Exchanges, we comply with strict stock market regulations and requirements designed to protect investors and the integrity of the markets.<sup>30</sup>

It is our hope that our ethical behavior reaches all stakeholders with whom we interact. Accordingly, we are working to ensure that our values and ethical practices related to anti-corruption and anti-bribery are adopted by our value chain. These are essential elements to operate within the complex environment of the mining industry.

## MANAGEMENT APPROACH

Our position on ethical, anti-corruption and anti-bribery conduct is reflected in the following documents:

### Code of Ethics

Our Code of Ethics sets out principals governing behavior regarding 11 types of conduct, some of which are directly related to preventing acts of corruption, such as bribes, gifts, invitations and events involving a conflict

of interest. All our employees receive a copy of this code and are required to sign a certificate to acknowledge they have read it and will comply with the procedures and restrictions set out in the Code of Ethics.<sup>31</sup>

In 2019, we sought to strengthen knowledge of and compliance with our Code of Ethics by delivering a virtual course on our e-learning platform. Following completion of the course, our employees were evaluated and received a certificate of compliance if they passed the test.

The Code of Ethics also establishes how our reporting system functions. Under the system, any person who has knowledge of or is aware of a potential or suspected violation of the Code of Ethics is under an obligation to report it. Also, a whistle-blower system was designed to receive questions about ethical issues. Complaints can be submitted through the following whistle-blower channels:

**TABLE 9 – WHISTLE-BLOWER CHANNELS**

<b>In person</b>	Communication with a supervisor or manager	
<b>Website</b>	<a href="http://fortuna.ethicspoint.com">http://fortuna.ethicspoint.com</a> <sup>32</sup>	
<b>Telephone</b>	CANADA	1-855-384-9882
	PERU	0800-444-5616
	MEXICO	001-800-840-7907
	ARGENTINA	0800-521116

Our company addresses breaches of the Code with strict confidentiality. The Code promotes the reporting of retaliation events against those who have submitted a complaint or who participate in an investigation through the above-mentioned channels. We do not tolerate any type of retaliation associated with complaints.

The person responsible for overseeing the Code of Ethics is the Chief Compliance Officer (CCO).

When a complaint is submitted, the CCO notifies the Chair of the Audit Committee and begins a thorough investigation. The CCO leads the process and reports directly to the Audit Committee. If needed, the CCO and the committee may request external legal advice. The CCO reports the cases to our Board through the Audit Committee.

### Supplier Code of Ethics

We developed our Supplier Code of Ethics in 2019 to guide the ethical behavior of our suppliers and other parties with whom we maintain business relationships. Like our Code of Ethics, this document describes certain behaviors associated with corruption, conflict of interest, gifts, etc. which are not acceptable in our organization. We provide a copy of this Code to all suppliers and request that they sign an acknowledgement that they have read it and will comply with the provisions of the Code.

The complaints associated with events of non-compliance with this Code follow the same procedure as the complaints in the Code of Ethics.

<sup>29</sup> Fortuna's Anti-corruption Policy.

<sup>30</sup> There are laws throughout the world combating bribery and corruption, including laws that apply to the company's international activities. Canada's Corruption of Foreign Public Officials Act (CFPOA) prohibits bribing foreign public officials, making such an act a crime. The United States Foreign Corrupt Practices Act (FCPA) applies to companies in that country and to those listed on the New York Stock Exchange. The FCPA is a United States criminal and civil law that prohibits bribery of foreign government officials. Both, the CFPOA and the FCPA impose harsh criminal penalties on both individuals and corporations that violate its provisions. Moreover, our company complies with other anti-corruption laws of the countries where we operate.

<sup>31</sup> The Code of Ethics and other documents that regulate our business conduct are available in English and Spanish on our intranet and company website.

<sup>32</sup> 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.



## Anti-corruption Policy

Our Anti-corruption Policy prohibits bribery, corruption, facilitation payments, gifts, and the payment of political contributions. The Policy provides limited situations in which expenses of government officials may be paid and places a dollar value limit on certain food and entertainment expenses. It also defines bribery and corruption, provides examples of what this may look like and defines government officials.

This Policy also seeks to prevent employees and their family members from giving or receiving any gift, gratuity or invitation that could be perceived as an unjustified influence on a business relationship.

We communicate this Policy by providing a copy to all new employees and all partners, agents, consultants, and other contractual parties who interact with government officials on the company's behalf.<sup>33</sup>

We conduct training in the Anti-corruption Policy for all employees in managerial and supervisory positions. Our employees are requested to sign a certificate of compliance with this policy annually. This certificate serves to verify that our employees have not violated any of the terms and conditions of the policy and are unaware of any violation or potential violation of the policy. The person responsible for overseeing the Anti-corruption Policy is the CCO.

Employees who become aware of a violation of the Policy must report the matter to their immediate supervisor/manager or the CCO as soon as possible. If an Employee reports the matter to their immediate supervisor/manager, that supervisor/manager must immediately communicate the information to the CCO through the whistle-blower website. Where an employee does not want to report suspicious activity to their immediate supervisor/manager or directly to the CCO, then a report can be made anonymously through the whistle-blower website.

The Policy provides that the CCO shall report all violations or potential violations of the Policy or applicable anti-bribery and anti-corruption laws to the Audit Committee, and the Audit Committee in consultation with the CCO shall determine the most appropriate method to investigate the substance of the complaints and ensure that there is appropriate monitoring of progress until the matter has been satisfactorily resolved. As needed, the CCO and the Audit committee may request external advice.

When a complaint is submitted, the CCO notifies the Chair of the Audit Committee and begins a thorough investigation. The CCO leads the process and reports directly to the Audit Committee. As needed, the CCO and the committee may request external advice. The CCO reports the cases to our Board through the Audit Committee.

Each year, the CCO requests each compliance officer of the subsidiaries in addition to the managers and chief financial officers to answer a series of questions seeking to verify that there have been no breaches of the Anti-corruption Policy.

In addition, in connection with the annual preparation of our audited financial statements, we are subjected to external audits by internationally recognized accounting firms such as KPMG and PwC on an annual basis, to verify compliance with the applicable sections of the Sarbanes-Oxley Act (SOX).<sup>34</sup> These audits check that the channel to file complaints is active and functioning properly.

## Participation in Public Policies

We are transparent about our participation in public policy through our business associations: the National Society of Mining, Petroleum and Energy of Peru (SNMPE); the Geological, Mining and Metallurgical Institute (INGEMMET) in Peru; the Mexican Chamber of Mining; and the Canadian Chambers of Commerce in Mexico and Peru.

We defend our business interests and, in the event that there is an activity that can be categorized as a lobby, we will verify that such activity is in alignment with our Code of Ethics, our Anti-corruption Policy and in compliance with the regulations to which we adhere to.

## Political Contributions

Our Anti-corruption Policy establishes that under no circumstances can political contributions be made in order to influence any decision of a government official or with the intention of gaining an improper advantage.

To avoid any potential perception of the company exercising improper influence over any decision of a government official, the company does not support any political party, group or individual. The company therefore prohibits the provision of financial and other support for political purposes to any politician, political party or related organizations, or to any official of a political party or candidate for political office, in any circumstances, either directly or through third parties. We made no political contributions in 2019.

## Payments to Governments

As required under the Canadian Extractive Sector Transparency Measures Act (ESTMA), we are required to report our payments to all levels of government in Canada, Peru, Mexico, and Argentina. We file ESTMA reports with the Canadian Minister of Natural Resources and post a copy on our website. Payments to the government are disclosed in detail in the Financial Performance and Creation of Economic Value section.

<sup>33</sup> The Anti-corruption policy is available on our intranet and website.

<sup>34</sup> The Sarbanes-Oxley Act (SOX) was enacted in 2002 in the United States to monitor companies listed on the New York Stock Exchange with the intention to avoid that the valuation of the shares is altered in a dubious way, while its value is lower. The purpose is to avoid fraud and bankruptcy risks thus protecting the investor.





## SUSTAINABILITY INDICATORS

The consolidated indicators related to ethics recorded in 2019 are shown in Figures 22-24 and Table 10.

### FIGURE 22 – COMMUNICATION AND TRAINING ON THE ANTI-CORRUPTION POLICY AND CODE OF ETHICS (%)

In 2019, our e-learning platform enabled us to train 100% of our employees on the Code of Ethics, and employees in managerial and supervisory positions, on the Anti-corruption Policy. Our target for 2020 is to maintain 100% of communication and training of our new employees.



**100%**

All directors and employees have read and are trained on the **Code of Ethics**.



**100%**

All directors and employees—in managerial and supervisory positions—are trained on our **Anti-Corruption Policy**.

### FIGURE 23 – CORRUPTION CASES (number)



#### Zero corruption cases

There were zero confirmed corruption cases, or active cases under investigation in 2019.

### FIGURE 24 – POLITICAL CONTRIBUTIONS (US\$)



#### Zero spent in political contributions

We made no contributions to politicians, political parties or candidates for public office in 2019.

### TABLE 10 – PAYMENTS TO TRADE ASSOCIATIONS (US\$)

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.

Company	Amount paid
Fortuna	1,214
Bateas	170,530
Cuzcatlan	2,661
<b>Consolidated</b>	<b>174,405</b>

## BEYOND 2019

At the corporate and subsidiary level, we are considering the following actions:

- Expanding the Code of Ethics to include antitrust violation and compliance with international agreements and trade blockades.
- Voluntary alignment to the Ten Principles of the UN Global Compact.<sup>35</sup>
- Distribution and training on the Code of Ethics and the Anti-corruption Policy for our collaborators and directors.
- At Bateas, we will continue with the implementation of the Anti-bribery Management System,<sup>36</sup> and the implementation of action plans derived from the diagnosis carried out in 2019.



<sup>35</sup> The Ten Principles of the Global Compact are derived from the UN declaration on matters pertaining to Human Rights, Employment, Environment and Anti-corruption. For further information, please click [here](#).

<sup>36</sup> In Peru, Law 30424 regulates the administrative responsibility of legal entities. Legislative Decree 1352 expands the administrative responsibility of legal entities.



# Human Rights





## Human Rights

At Fortuna, we are aware of the role we play in the development of the countries where we operate. Our respect for human rights is critical when meeting the expectations of such a role. We are committed to ensuring that human rights are respected in our day-to-day activities and integrated into our policies.

### MANAGEMENT APPROACH

#### Human Rights Policy

In 2019, our Board of Directors approved our Human Rights Policy, which is mandatory for the company and its subsidiaries, suppliers, and business partners. This policy demands respect for human rights for all people who are in any way associated with our activities and operations, i.e., our stakeholders. It is based on the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

In this policy, we commit to not tolerate forced labor, child labor or any type of discrimination. We acknowledge the right to freedom of association and collective bargaining, and we guarantee respect for diversity and equal opportunity. Similarly, we respect the human rights of the people in the communities where we operate.

The principles that govern our Human Rights Policy are incorporated into all our processes and systems. This includes our employment, environment, security, anti-corruption, and community relations processes.<sup>37</sup>

The person responsible for the implementation of this policy is our CCO, who has the support of the Human and Organizational Development (HOD) department, who oversee education and training activities.

In 2019, our work centered on the dissemination of the policy on our intranet and website. Our whistle-blower system was made available to all employees who wish to report any violation of this policy.<sup>38</sup>

Respect for human rights has supplementary support in our Diversity Policy and our Code of Ethics. These documents establish certain commitments concerning the fulfillment of human rights within the context of behavioral principles, such as the prevention of discrimination or harassment, and the promotion of diversity and equal opportunity.<sup>39, 40</sup>

<sup>37</sup> We are committed to train 100% of our employees on the Human Rights Policy by 2020.

<sup>38</sup> For more information about our whistle-blower channels, please see Anti-corruption and Anti-bribery section.

<sup>39</sup> For more information about diversity and equal opportunities please see Human and Organizational Development section.

<sup>40</sup> For more information about our Code of Ethics, please see Anti-corruption and Anti-bribery section.



Right to say NO



Table 11 summarizes our position on human rights and the key points in our Human Rights Policy.

**TABLE 11 – OUR POSITION ON HUMAN RIGHTS**

<b>Non-discrimination</b>
<ul style="list-style-type: none"> <li>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.</li> <li>We respect diversity and equal opportunity.</li> </ul>
<b>Freedom of association and collective bargaining</b>
<ul style="list-style-type: none"> <li>We respect the right of freedom of association and collective bargaining and we guarantee the conditions that enable our employees to exercise such rights.</li> <li>Freedom of association and collective bargaining is regulated in all countries in which we operate.</li> </ul>
<b>Prevention of child, youth and forced labor</b>
<ul style="list-style-type: none"> <li>We reject child, youth or forced labor, under conditions of or slave labor. Our company procedures prohibit the hiring of child laborers.</li> <li>All overtime work tasks are voluntary and not mandatory, and are compensated in accordance with the appropriate labor legislation.</li> </ul>
<b>Human rights and security</b>
<ul style="list-style-type: none"> <li>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.</li> <li>During interactions between public and private security service personnel and local communities, we observe and support the Voluntary Principles on Security and Human Rights.<sup>41</sup></li> </ul>
<b>Human rights of local communities</b>
<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>

At Caylloma and San Jose, we delegated the human rights management function to the managers of HOD department of each subsidiary, who then report to the Corporate HOD Manager.

Some of the principle actions implemented by the subsidiaries in 2019 within the framework of the Human Rights Policy, include:

- Preventing discrimination by using relevant criteria in the selection, training and promotion processes.
- Training security employees to conduct themselves with local communities in compliance with the security regulations of each country.<sup>42</sup>

At Caylloma, we rely on the General Law for Rural Communities.<sup>43</sup> Under this law, we respect and protect the customs and traditions of local rural communities, while promoting the development of cultural identity and respecting the human rights of all community members. In addition, this law guarantees the rural community territory rights and regulates its use for mining activities.

At San Jose, although there are no specific regulations, we respect the local customs, traditions and community rights. Our Community Relations department maintains ongoing dialogue with all communities within our area of influence through its community services office.

<sup>41</sup> The Voluntary Principles on Security and Human Rights is a collaborative effort by governments, major multinational extractive companies, and NGOs to provide guidance to companies on tangible steps that they can take to minimize the risk of human rights abuses in communities located near extraction sites. For further information, please click [here](#).

<sup>42</sup> For example, mandatory human rights courses for security personnel are regulated in Peru by the National Superintendency of Control of Security Services, Weapons, Ammunition and Explosives for Civil Use (SUCAMEC). In Mexico, they are regulated by the Public and Private Security Law Regulations.

<sup>43</sup> Ley General de Comunidades Campesinas No 24656

## SUSTAINABILITY INDICATORS

The consolidated indicators related to human rights recorded in 2019 are shown in Figures 25-27 and Table 12:

**FIGURE 25 – CONFIRMED CASES OF DISCRIMINATION (number)**



In 2019, there were no confirmed cases of discrimination involving our employees. Our target for 2020 is to maintain this indicator at zero.

**FIGURE 26 – CONFIRMED CASES OF HUMAN RIGHTS VIOLATIONS (number)**



No confirmed cases involving our employees or suppliers in relation to human rights violations such as freedom of association, child labor, youth labor, and forced labor in compliance with our human rights policy in 2019.

**TABLE 12 – EMPLOYEES COVERED BY COLLECTIVE BARGAINING AND UNION AGREEMENTS (%)**

	Bateas	Cuzcatlan
Unionized employees	46%	58%
Employees covered by collective bargaining agreements	53%	58%

**FIGURE 27 – SECURITY EMPLOYEES TRAINED IN HUMAN RIGHTS (%)**



**100%**

In 2019, all of our company and third-party security employees completed training in human rights.

In 2019, all seven of the company’s security employees—one from Caylloma and six from San Jose—received training in human rights. Similarly, our 74 public and private security employees—44 from Caylloma and 33 from San Jose— also received training on human rights.



## BEYOND 2019

In 2019, at the corporate level, we will:

- Ensure that our whistle-blower line is easily available for non-Fortuna employees.
- Provide a copy of the Human Rights Policy to all new employees, including suppliers.
- Train our employees and suppliers in the Human Rights Policy and the whistle-blower channels. Deliver a course to our corporate staff on the e-learning platform.
- Incorporate human rights risk assessments and undertake audits.
- Monitor the delivery of training in human rights to all internal and external security staff.
- Implement corporate standards of security service to include human rights training for all security employees.
- Voluntarily align to the Ten Principles of the UN Global Compact.

At the subsidiary level:

- Bateas will implement a “blind” hiring selection process, which will eliminate the decision makers’ personal biases and promote non-discrimination in hiring.
- Cuzcatlan will implement a performance assessment based on the human rights training exercises.



# Financial Performance and Creation of Economic Value





# Financial Performance and Creation of Economic Value

Our financial performance is aimed at creating the economic value expected by our shareholders and investors, while distributing the economic value benefits among our stakeholders.

During 2019, we achieved a solid financial performance within our planning expectations, which enabled us to advance growth and maximize the value of our assets. This sound position allowed us to contribute effectively to the economies of the countries and communities where we operate.

We distribute economic value to the areas of influence around our operations through local employment, business opportunities for local suppliers, taxes, and royalties. Similarly, our social investments allow local communities to access the benefits from our mining business activities. An example of how we create value in a sustainable way and contribute to the development of our stakeholders is shown in the *Case Study 1: Creating Sustainable Value at the Lindero Project in Argentina*.

## MANAGEMENT APPROACH

Financial planning is the starting point for good performance and creation of economic value. We implemented a cost management model that allows us to optimize value creation, facilitating timely and accurate spending decisions.

Both financial planning and the cost management model form part of our annual corporate strategic planning: both are used to determine the budget, strategic objectives, and annual production goals.

Achieving our financial and production strategic objectives enables us to sustain the creation of economic value. These objectives target production growth, low production costs (our cost per unit tonne is below the industry average) and the optimization of our operation's longevity (life-of-mine or LOM). Figure 28 shows our financial and production strategic objectives for 2017-2021.

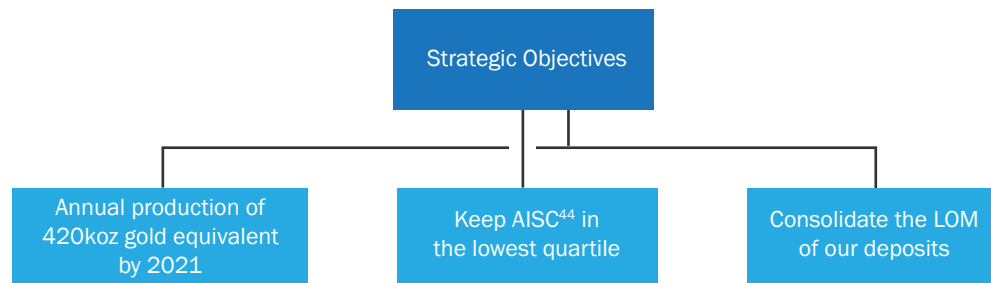
Our Exploration, Geology and Planning departments generate the inputs that define the LOM economic-financial model. They are responsible for maintaining our production through current operations and new projects that enable the sustainability of our business.

Our Financial Committee is responsible for the initiatives aimed at complying with the financial plan presented in the Corporate Strategic Plan. It also convenes cost management meetings involving financial and operations managers at the subsidiary level. There, the cost results are reviewed against what was planned in the 2019 budget and the production goals of the subsidiaries. Finally, we evaluate the execution of the budget through internal and external audits.

During 2019, financial management compliance was monitored and reported to the Board of Directors each month. Our quarterly financial results were publicly disclosed.<sup>45</sup>

Through our subsidiaries, Bateas and Cuzcatlan, we prepare annual financial budgets. The Administration and Finance department leads the financial planning and the management of costs, with the support of the Country Managers.

**FIGURE 28 – STRATEGIC OBJECTIVES 2017-2021**



<sup>44</sup> AISC = All-In Sustaining Cost, a measure established by the World Gold Council, which incorporates the direct costs of producing and selling an ounce of gold and the costs related to sustaining the current level of production, including variable costs throughout the LOM.

<sup>45</sup> Quarter financial results are filed on SEDAR and published on our website.



The financial performance of the subsidiaries is based on the achievement of production and cost goals. For 2019, we set the production goals outlined in Table 13 for Caylloma and San Jose.

**TABLE 13 – PRODUCTION AND COST GOALS AT EACH MINE 2019**

Mine	Silver (Moz)	Gold (koz)	Lead (Mlb)	Zinc (Mlb)	Cash cost (US\$ per t) <sup>46</sup>	AISC (US\$ per ounce of silver equivalent) <sup>47</sup>
Caylloma	0.9 – 1.0	-	26.1 – 28.8	39.8 – 44.0	80.0 – 88.4	11.8 – 14.5
San Jose	7.3 – 8.1	49.0 – 54.0	-	-	63.5 – 70.1	8.3 – 10.2
<b>Total</b>	<b>8.2 – 9.0</b>	<b>49.0 – 54.0</b>	<b>26.1 – 28.8</b>	<b>39.8 – 44.0</b>		<b>9.9 – 12.1</b>

Notes:

- AISC is a non-GAAP financial measure, refer to Cautionary Notes regarding non-GAAP financial measures at the end of this Report.; AISC per ounce of silver equivalent, including by-products, estimated at metal prices of US\$1,250/oz (gold), US\$15.00/oz (Silver), US\$2,100/t (Lead) and \$2,700/t.
- Silver equivalent production does not include lead or zinc and is calculated using a silver to gold ratio of 72 to 1.
- Totals may not add due to rounding.

Each subsidiary oversees monitoring, reporting and the achievement of its goals within the established ranges. In this way, we are looking to generate the cash flow required to maintain our operations and investments and compensate our communities and stakeholders.

### Tax Base Erosion and Profit Shifting

Our approach to tax planning and transfer pricing complies with the laws and practices of the countries where we operate, deals with the authorities openly and with integrity, and does 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 out external tax experts for guidance.

We do not carry out aggressive global tax planning initiatives. We price intra-group transactions by applying the Arm's Length Principle, which is the international transfer pricing standard that OECD member countries have agreed to use for tax purposes by multi-national enterprises.

Even though our transfer pricing is verified annually by third-party experts, our transfer pricing strategy 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 2019, two 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 2019. Plans are in place to unwind the last structure.

We report that 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 two tax stability agreements in Argentina and Peru to promote foreign investment and tax stability. In Peru, the stability agreement, which expired in 2017, had set out an income tax rate of 32% as well as a deferral of a mining tax that was calculated at a rate of 0.5% of taxable income. In Argentina, we have a 30-year Stability Agreement expiring in 2043 that was in place when we acquired the company that owned the Lindero Project. This agreement has provisions, including, among others, the income tax rate payable will not exceed 35% and includes specific provisions for double deduction of certain expenses, capital investments, and tax loss carry-forwards.

<sup>46</sup> The silver equivalent production guide in 2019 is between 11.7 million – 12.9 million ounces.

<sup>47</sup> The consolidated AISC for 2019 is between US\$9.9 and US\$12.1 per ounce of silver equivalent.

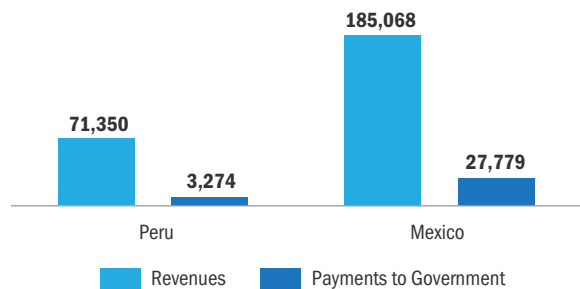




## SUSTAINABILITY INDICATORS

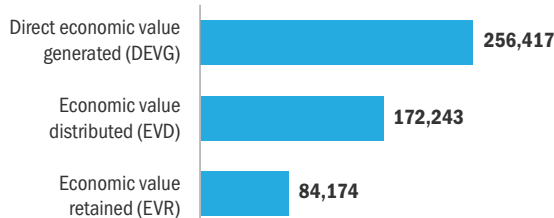
The consolidated indicators related to economic value creation recorded in 2019 are shown in Figures 29-30 and Table 14.

**FIGURE 29 – REVENUES AND PAYMENTS TO THE GOVERNMENT BY COUNTRY ('000 US\$)**



The revenues shown represent the total amount of net sales plus financial investments from our subsidiaries. This value is also defined as direct economic value generated. In addition, we show the payments made to the government by country. In addition, we show the payments made to the government by country. Our company does not pay any taxes to the Canadian government.

**FIGURE 30 – ECONOMIC VALUE GENERATED, DISTRIBUTED, AND RETAINED ('000 US\$)**



The EVR is calculated as the difference between the direct economic value generated and the economic value distributed to the stakeholders (DEVG-EVD). The EVR includes dividends paid to all shareholders and interest payments made to providers of loans.

We contribute to the creation of value for our suppliers through operating costs.<sup>48</sup> Payments to governments in the countries where we operate contribute to the country's economy growth by way of property taxes, mining taxes, royalty taxes, the payment of other taxes and related fines paid at the international, domestic, and local levels paid throughout the year. Similarly, we create value for our employees and communities in the form of wages and benefits, in addition to direct investments made in our areas of influence. These contributions are summarized in Table 14.

**TABLE 14 – DETAIL OF THE EVD BY COMPANY ('000 US\$)**

Components	Consolidated	Fortuna Peru	Bateas	Cuzcatlan
<b>EVD</b>	<b>172,242</b>	<b>5,002</b>	<b>53,278</b>	<b>113,963</b>
Operating costs	106,851	924	36,206	69,720
Employee wages and benefits	32,323	4,003	13,523	14,797
Payments to government	31,053	75	3,199	27,779
Community investments	2,016	0	3,450	1,666

## BEYOND 2019

During 2020, at the corporate level, we will work on meeting the financial plans and will continue to implement the cost management model. At the subsidiary level, we will focus our attention on implementing the cost management model, in order to foster and strengthen timely decision-making.



<sup>48</sup> Operating costs include operating expenses, administrative expenses, costs of sales and exclude employees' participation, community investments and depreciation.



# CASE STUDY 1

## CREATING SUSTAINABLE VALUE AT THE LINDERO PROJECT IN ARGENTINA

The Lindero Project is a mine under construction in the Salta region in northern Argentina. It is 100% owned by Fortuna and is being developed through our subsidiary, Mansfield. As an open-pit, gold heap-leaching mining operation with a processing capacity of 18,750tpd, the Lindero Mine will strengthen the sustainability of our business and build a solid foundation for future exploration in the area.

The Lindero Mine will play a significant role in changing how Fortuna defines itself. Traditionally, we have focused on silver production and, to a lesser extent, gold. When the Lindero Mine opens, this relationship will be reversed. For this reason we have invested a total of US\$280.3 million in construction spending to date. We hope to recover this investment during the first years of production.<sup>49</sup>



### Remote but Connected

The Lindero Project is in the Argentine Puna (plateau) at an altitude of approximately 3,500 to 4,000 meters above sea level. Lindero is a 7-hour drive from the region’s capital, Salta. The geographic location, high altitude, barren environment, dry and cold climate of the project are natural barriers to the presence of neighboring settlements. The closest town is Tolar Grande, approximately

75 kilometers from the site, where most of the community are members of the traditional Kolla nation.

The Lindero Project is connected by road and railway to primary population centers. The regional capital, Salta, has a population of more than 800,000 people and it is a source of many mining professionals interested in joining our workforce.

### Our Production Process

In 2019, the project entered the final stage of development. The plan is to mine the Lindero deposit using traditional mining methods (shown in Figure 31) including the development of an open pit for ore extraction and a mineral processing system designed to produce doré bars, a mix of approximate 80% gold and 20% silver and copper.



FIGURE 31 – LINDERO PROJECT PRODUCTION PROCESS



<sup>49</sup> Total construction spending as December 31, 2019. This amount does not include Value Added Tax.

<sup>50</sup> The SART (sulfidization, acidification, recycling and thickening process) allows us to efficiently recycle cyanide for reuse and facilitates the purification of our product by separating out copper.

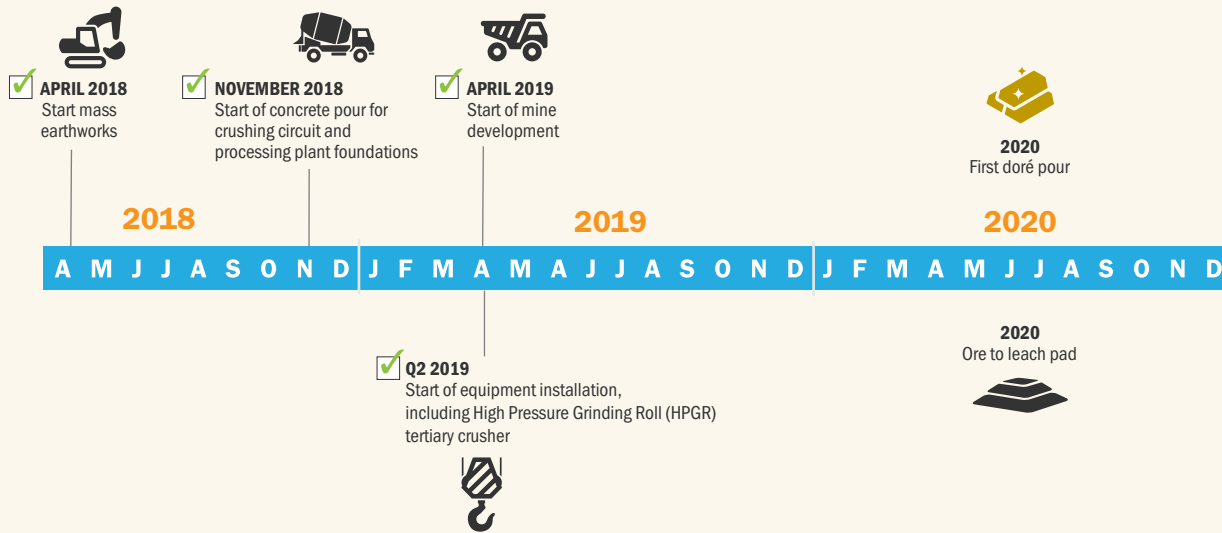
<sup>51</sup> ADR: Adsorption, desorption and recovery is the process by which we recover gold through the use of activated carbon.



### Start of Operations

In 2016, we acquired 100% of the shares of Goldrock Mines Corp., making Mansfield a wholly-owned subsidiary of Fortuna. In 2017, we announced the construction of the Lindero Project. Construction began in 2018. Placement of ore on the leach pad and production of the first doré is scheduled for 2020 as shown in Figure 32.

**FIGURE 32 – LINDERO PROJECT DEVELOPMENT**



The impact of a new project on the environment and communities can take years or decades to materialize. Understanding those potential impacts requires a long-term view that is based on a robust analysis of a complex set of interactions.

At Lindero, we conducted a comprehensive Environmental and Social Impact Assessment and developed associated management plans. Such plans were approved by the Salta Provincial Mining Secretariat in 2011 through a formal public declaration of support for the Lindero development recognizing Lindero as a priority development project for the region of Salta.

### Occupational Health and Safety is Our Highest Priority

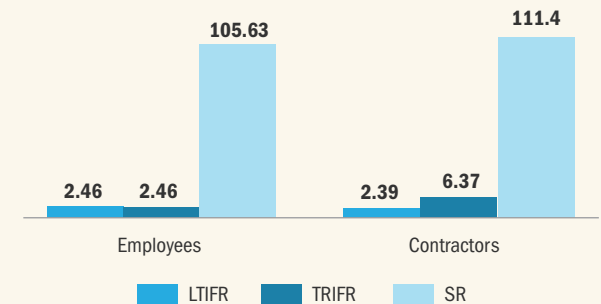
All OHS activities at Lindero were carried out under the applicable local regulations and guidelines contained in our OHS Policy in 2019. Our OHS management system is based on international standard ISO 45001:2018, under which we plan to become certified once we initiate operations.

Within the gold extraction process, we recognize cyanide as a dangerous chemical that requires appropriate management to address its proper storage, handling, and disposal in compliance with the local regulations and the application of best industry practices.

A part of our Cyanide Safe Management Plan, we rigorously train and prepare our employees in the adequate handling and control of this substance. In addition, we develop our plans in accordance with the principles of the International Cyanide Management Code.

In 2019, our work-related injury indicators for employees and contractors during the construction phase is shown in Figure 33.

**FIGURE 33 – WORK-RELATED INJURY INDICATORS FOR EMPLOYEES AND CONTRACTORS (rate)**





### We Care for the Environment

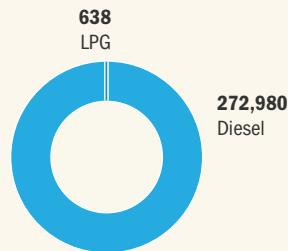
Our goal at the Lindero Project is to prevent environmental impacts and comply with the commitments made in our environmental policy.<sup>52</sup>

Topics included in our environmental management plans at the construction stage range from water management, soil handling, biodiversity, and landscape conservation, among others.

We also evaluated two specific environmental impacts associated with water use for industrial purposes: water quality availability in the area, and impact on local groundwater resources. We found that surface and groundwater resources in the Lindero Project are highly saline by nature, due to their proximity to salt flat areas, therefore, our activities represent a negligible impact on the water resources of the area.

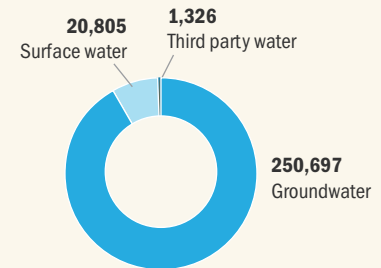
The sustainability indicators we are tracking at the construction stage are shown in Figures 34 and 35.

**FIGURE 34 – ENERGY CONSUMPTION BY SOURCE (GJ)**



In 2019, we used 273,618 GJ of energy, comprising 100% of fuel consumption. 99.8% of this consumption is diesel used to produce energy<sup>53</sup> for the operation of machinery and transport. 0.2% represents the liquefied petroleum gas (LPG) consumed for domestic use in the kitchen.

**FIGURE 35 – WATER COLLECTION BY SOURCE (m³)**



We measured the volume of water input by source. In 2019, we recorded 272,828 m³, 91.9% of which came from groundwater wells, 7.6% from an artificial pond which is naturally fed by the water table and the remaining 0.5% is potable water purchased from third parties for human consumption.

In 2019, our water collection figures were reviewed through monthly inspections by the Municipality of Tolar Grande, the Provincial Secretariat of Mining and the Provincial Secretariat of the Environment and Sustainable Development of Argentina. We also reported information in compliance with our permits and authorizations to different national agencies such as the National Registry of Chemical Precursors, the Ministry of Energy, the General Directorate in charge of Refining and Marketing and the National Agency for Controlled Materials.

<sup>52</sup> Environmental and Impact Assessment Declaration and Report.

<sup>53</sup> 100% of electrical supply comes from our on-site power generation plant.



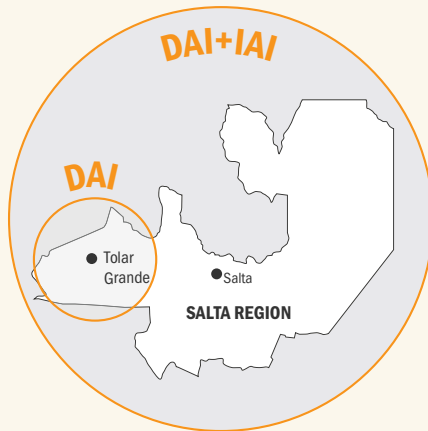
### We Invest in Our Communities

At Lindero in 2019, we placed a strong emphasis on managing our social risks and impacts and promoting community consultation and community participation. We maintained open, transparent and fluid communication with the authorities and the local community.

We developed a Community Relations Plan based on continuous engagement with the local community and implemented two key cooperation agreements with groups in our direct and indirect areas of influence, as shown in Figure 36.

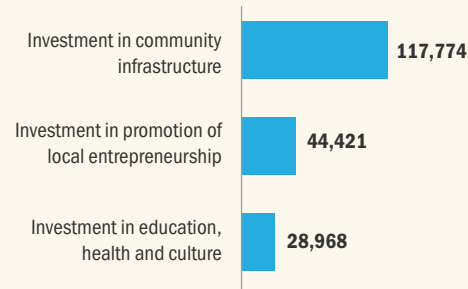
- Local Development Agreement signed with the municipality of Tolar Grande.
- Economic, Social and Cultural Support Agreement signed with the Kolla Community of Tolar Grande.

**FIGURE 36 – LINDERO PROJECT AREAS OF INFLUENCE**



Our agreements and lines of intervention are aligned with our corporate guidelines for community investment. Our priorities for investment are the promotion of local entrepreneurship, community infrastructure and education, health, and culture. Our social investments at Lindero are shown in Figure 37.

**FIGURE 37 – INVESTMENT IN LOCAL COMMUNITIES (US\$)**



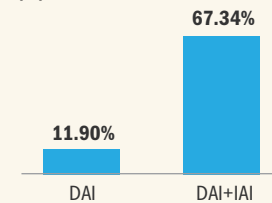
In 2019, we ensured community participation, consultation, and actions of mutual cooperation through meetings and forums organized with the authorities and local communities. Some of these forums included monthly meetings with the Municipality of Tolar Grande, the Social Action Committees and the Civil Defense Councils.

Our local communities need a trusted way to voice and resolve concerns. At Lindero, we provided a grievance mechanism through our community services office located in the Municipality of Tolar Grande. We also have an office in Salta offering a reliable structure and set of approaches where the community can find effective solutions. In 2019, all grievances received from the community were tracked, monitored and successfully resolved through dialogue, consensus and activities of mutual cooperation.

### We Create Economic Value at the Local and Regional Levels

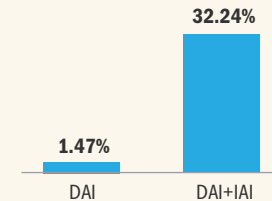
The construction stage at Lindero demanded a large workforce and allowed us to engage in hiring of employees from the local communities. In 2019, we hired 47 new employees from the DAI and 266 from the IAI, as shown in Figure 38. We monitored the hiring of local workers and submitted monthly reports to the Secretary of Mining of the Region of Salta.

**FIGURE 38 – EMPLOYEES RECRUITED FROM LOCAL COMMUNITIES (%)**



We foster local development through the capture of procurement opportunities from local suppliers. We identify local suppliers through our company's Logistic department. In 2019, 7 local suppliers were retained from the DAI and 163 from the IAI, as shown in Figure 39.

**FIGURE 39 – SUPPLIERS FROM RETAINED FROM LOCAL COMMUNITIES (%)**



Beyond 2019, as the Lindero Project moves toward production, we will continue to work in partnership with the authorities and local communities to maximize local value, employee retention and new opportunities for development. We look forward to continuing to work with local stakeholders in order to create long-term economic value for the region.



# Occupational Health and Safety Management





# Occupational Health and Safety Management

Our corporate values state our commitment to protecting our employee and suppliers' health and safety. We provide and maintain safe and healthy work environments throughout all our operations and projects. We ensure we have an efficient and motivated workforce to keep performing at a high level.

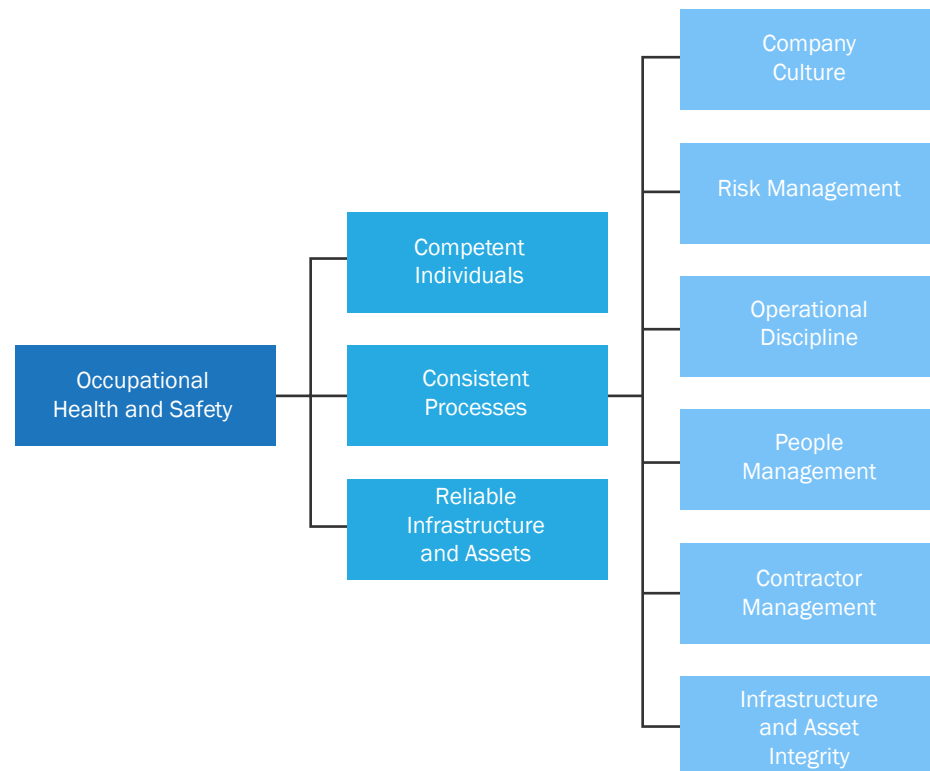
## MANAGEMENT APPROACH

### Occupational Health and Safety Policy

In 2019, Our OHS Policy was reviewed and updated. Our OHS Policy seeks to avoid work related accidents and illnesses and declares our commitment to implement a culture of safety within our subsidiaries.

Our approach to occupational health and safety is built upon three core principles and six pillars displayed in Figure 40.

FIGURE 40 – CORPORATE OHS APPROACH





Security contractor at Caylloma Mine

Our executive OHS Committee is led by the Corporate Vice-President of Operations who also fills the role of Chief Safety Officer (CSO). The OHS Committee monitors key OHS indicators and evaluates the operations' performance on an ongoing basis and, through the CEO, keeps the Board informed.

Our OHS management system focus on continuous improvement, as shown in Figure 41, and is aimed at creating a safety culture within our operations. Each subsidiary has a joint OHS Committee with representatives from employees, contractors and management. The regulatory agencies of the countries where we operate<sup>54</sup> carry out regular audits and inspections.

At our Mines, we implemented OHS management systems aligned with the international standard ISO 45001.

In 2019, Caylloma achieved ISO 45001 certification, and San Jose will become certified in the standard in 2020.

Since 2018, we implemented computer tools in our subsidiaries to monitor incidents, acts, conditions, inspections and audits. In addition, we established an incident management standard, utilizing an Incident Cause Analysis Method (ICAM) tool.

We carry out occupational medical examinations on employees when they join the company, periodically and when they leave. Similarly, we carry out occupational health monitoring to ensure the absence of agents that may adversely affect the wellbeing and health of our employees.<sup>55</sup>

We monitor the job positions that, by nature, may be exposed to greater health risks. We train our employees in the application of measures that help preventing work-related illnesses. We also carry out preventive health campaigns on different health topics. In situations where employees may be at risk of non-occupational illnesses, they have access to different care mechanisms, such as health insurance, life insurance and, if necessary, our own emergency response system.



Medical facilities at Caylloma Mine

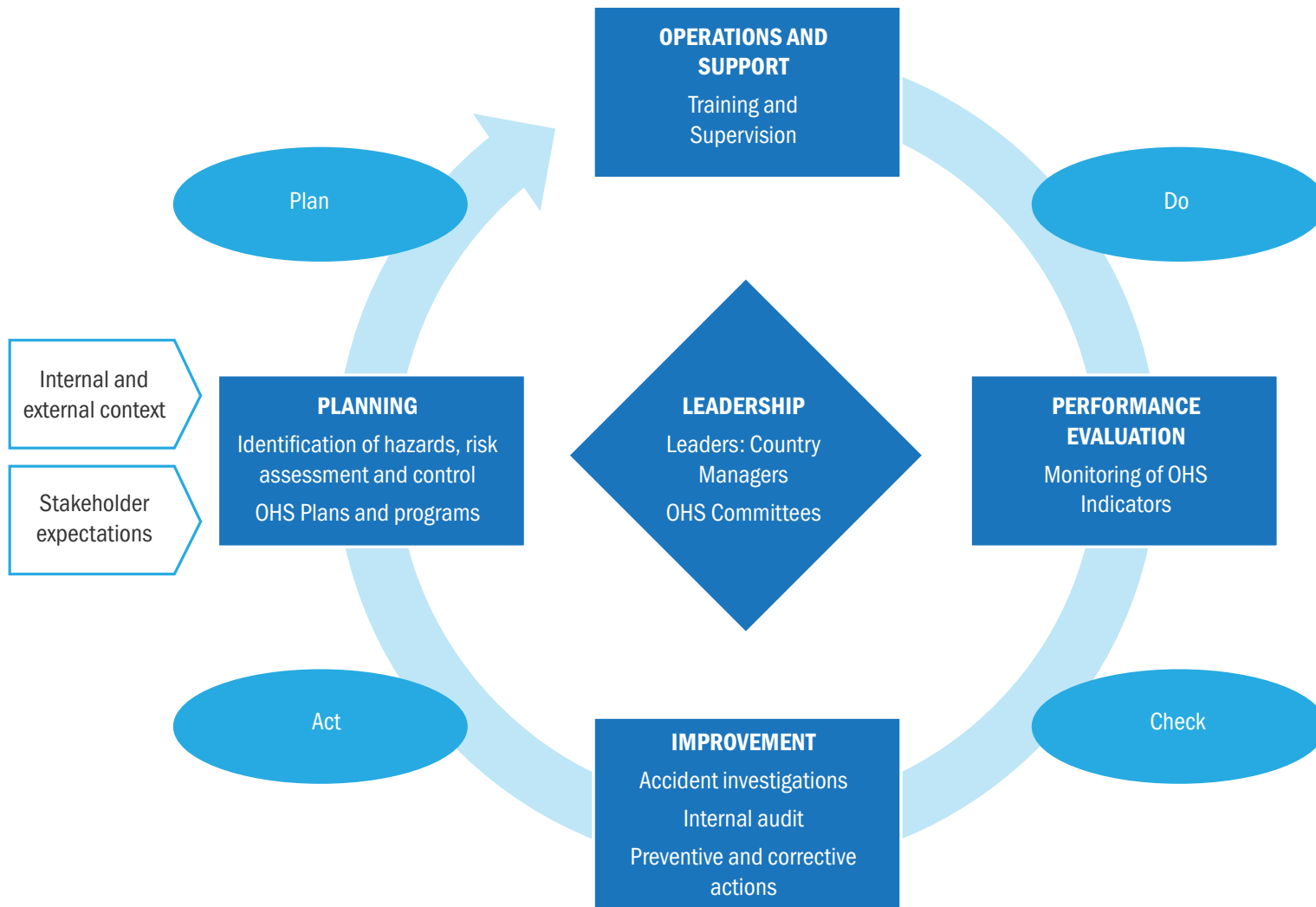
<sup>54</sup> At Cuzcatlan, the external OHS audits are performed by the Ministry of Labor and Social Security, while at Bateas it is conducted by the Superintendent of Labor Inspection

<sup>55</sup> We conduct monitoring of physical (lighting, dust, vibrations, thermal conditions, noise), chemical, biological, ergonomic and psychosocial conditions.





**FIGURE 41 – OHS MANAGEMENT SYSTEM**

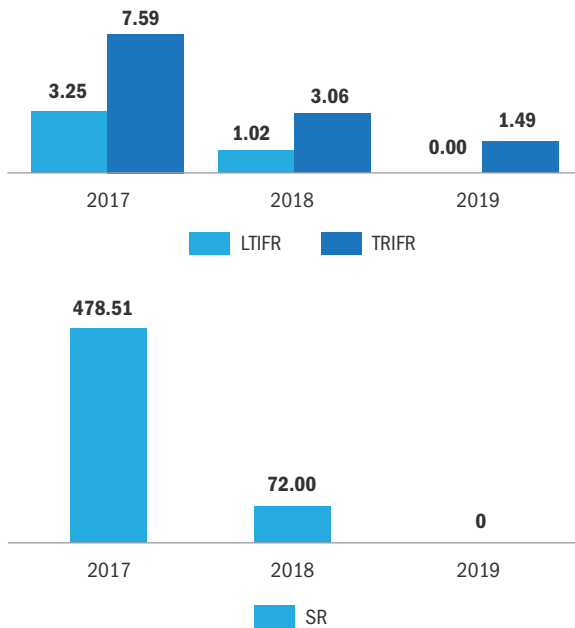




## SUSTAINABILITY INDICATORS

The consolidated indicators related to OHS management recorded between 2017 and 2019 are shown in Figures 42-44.

**FIGURE 42 – WORK-RELATED INJURY INDICATORS FOR EMPLOYEES (rate)**



These rates were calculated on data from our subsidiaries and from our corporate and management head offices in Peru and Canada.

**FIGURE 43 – EMPLOYEE FATALITIES DUE TO WORK-RELATED INJURY IN 2019 (number)**



Zero employee fatalities. Our target in 2020 is to keep this indicator at zero

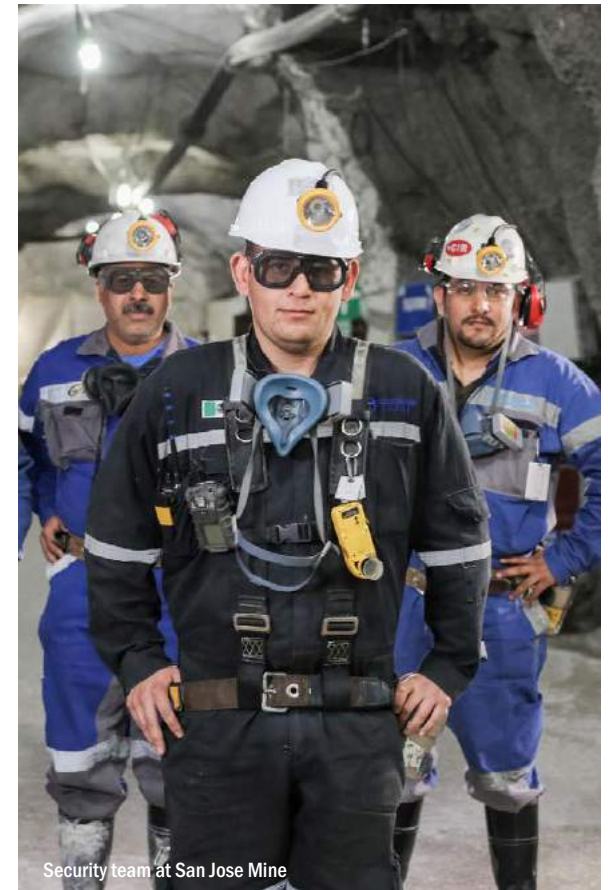
**FIGURE 44 – EMPLOYEE WORK-RELATED ILLNESSES IN 2019 (number)**



Zero employee work-related illnesses. Our target in 2020 is to keep this indicator at zero

## BEYOND 2019

At the corporate level, a new OHS Policy is expected to be approved in March 2020. In order to ensure compliance with our management and operational standards, we will begin implementing cross-operation audits beyond 2019.



Security team at San Jose Mine



## OHS IN THE SUPPLY CHAIN

Our suppliers, particularly our contractors, are essential for us to carry out our business activities. They work closely with our employees, and as such, they perform their work tasks under the same standards of health, safety, and respect for the environment. For this reason, we continuously work to keep our contractors informed of and aligned with our requirements.

One characteristic of our supply chain is the sourcing of products and materials that require safe and controlled handling, e.g. explosives, chemicals, personal protective equipment, safety equipment, chemical reagents, and cyanide. We only work with companies who align themselves to high safety standards.

## MANAGEMENT APPROACH

We conduct our business in an ethical, legal, and socially responsible manner, in line with our corporate values. We do not tolerate acts or conditions that have a negative impact on the environment or the OHS of our workers or neighboring communities. We look for contractors who share our philosophy and are committed to our OHS Policies.

At the corporate level, we have codes and policies that guide good business behavior of our contractors. These corporate documents include:

- **Code of Ethics**  
Applicable to company-wide activities that include our contractors.
- **Supplier Code of Ethics**  
Commits our contractors to comply with the applicable legislation and our corporate policies and guidelines on OHS, environment, human rights and responsible work.

- **OHS Policy and Environmental Policy**  
Compliance with these policies is the responsibility of our employees and of anyone who performs work within our operations, e.g. contractors. They form an active and integral part of our performance in the areas of OHS and environmental care and protection.

Under the policies, our contractors have the following responsibilities:

- Safeguard the health and safety of their own employees and the environmental aspects of their work activities.
- Ensure respect for the labor rights of their employees.
- Comply with applicable laws and regulations and our corporate requirements.

The above responsibilities are included in the contracts signed with our contractors. Each subsidiary verifies compliance of the contract. In the event of non-compliance, the Logistics department is notified and will evaluate whether to suspend the relationship with the contractor.

Key OHS and environmental requirements attached to the contracts include:

- OHS and environmental management systems.
- Alcohol and drug control program; safe work procedures, emergency preparedness and response plans, as well as environmental management and social responsibility plans.
- Internal regulations governing OHS.
- Technical reviews of equipment and maintenance plans.
- Specific list of requirements for drivers.

- List of the personal protective equipment and their quality certificates.
- Qualifications or certifications (e.g. ISO).

In the area of emergency preparedness, contractors play a critical role in the different stages of emergency preparedness and response plans. Our subsidiaries support them in the implementation of quick and effective measures.

Our annual suppliers audit is a contractor assessment process performed by a third party. It is mainly applicable to our critical Type A supplier (contractors). Each year, we recognize the contractor who scores the best performance under these criteria

The mechanism for reporting non-compliances or incidents associated with contractors is specified in our internal procedures. For example, in 2019, we identified a contractor who had not paid social security for their staff. Our HOD department dealt with the matter and our Logistics department suspended our commercial relationship with the contractor until the situation was resolved.

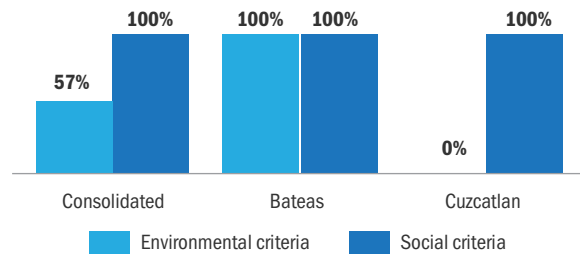
At the subsidiaries, in coordination with our OHS and Environmental departments, we evaluate the OHS and environmental performance of our contractors, in this way, we gain control over the risks that could affect people's well-being. Our Procurement department and contractors are trained in all aspects associated with our OHS and environmental requirements for contractors.



### SUSTAINABILITY INDICATORS

The consolidated indicators related to supplier and contractor management in 2019 are shown in Figures 45-48.

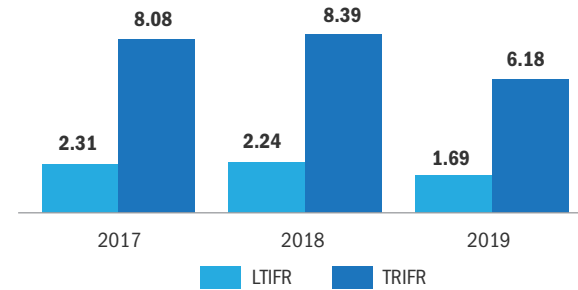
**FIGURE 45 – NEW CONTRACTORS SCREENED USING ENVIRONMENTAL AND SOCIAL CRITERIA (%)**



Bateas performed an OHS and environmental audit for new Type A critical contractors. Cuzcatlan performed the same assessment using the social criteria only for the Type A contractors.

**FIGURE 46 – WORK-RELATED INJURY INDICATORS FOR CONTRACTORS (rate)**

These rates were calculated based on data from our subsidiaries, Bateas and Cuzcatlan, and from our corporate and management head offices in Peru and Canada. The continuous progress made by our subsidiaries is shown in the following charts.



**FIGURE 47 – CONTRACTOR FATALITIES DUE TO WORK-RELATED INJURY IN 2019 (number)**

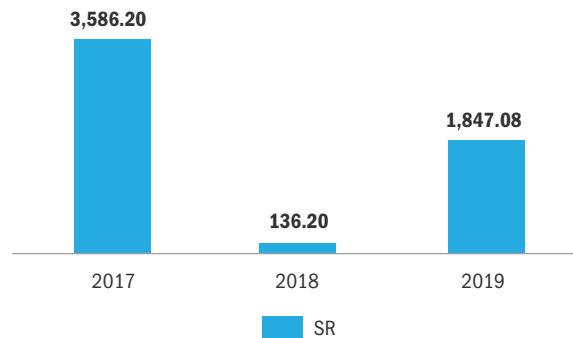


One contractor fatality. Additional details can be found in the *Case Study 2: Lessons learned from the fatal accident of a Contractor at San Jose Mine*. Our target in 2020 is to reduce this indicator to zero.

**FIGURE 48 – CONTRACTOR WORK-RELATED ILLNESSES IN 2019 (number)**



Zero contractor work-related illnesses. Our target in 2020 is to keep this indicator at zero.



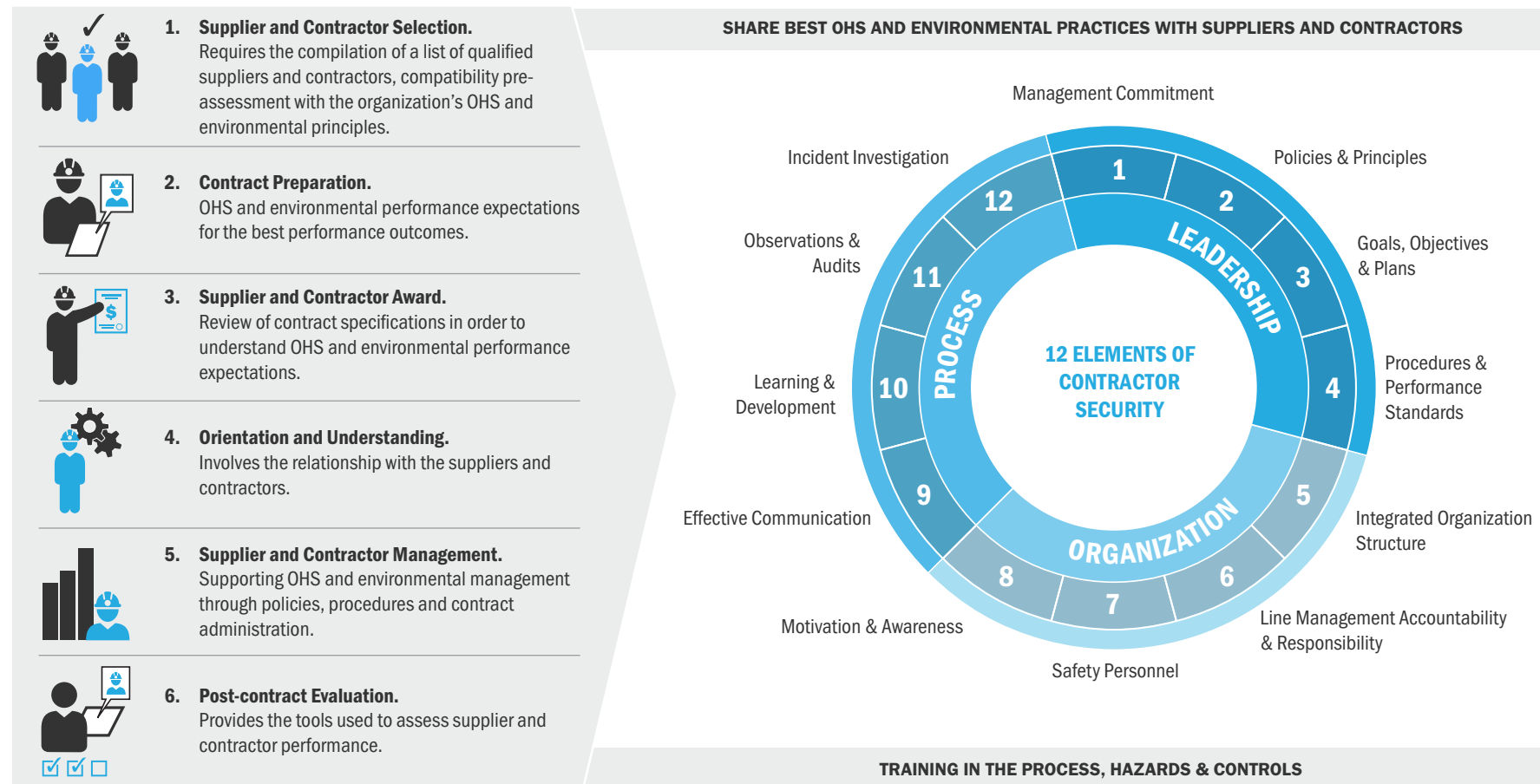
Contractors at San Jose Mine



## BEYOND 2019

In 2019, we retained the international firm DuPont to recommend a new OHS and environmental structure for the management of suppliers and contractors which we will be implementing in 2020. The methodology is shown in Figure 49.

**FIGURE 49 – SUPPLIER AND CONTRACTOR OHS MANAGEMENT STRUCTURE**



An OHS and environmental manual for contractors will be developed in 2020 based on the OHS and environmental structure provided by DuPont.



### Emergency Preparedness and Response

At Fortuna, we have a corporate crisis plan and emergency response plans for different situations or contingencies. These plans take these factors into account:

- Emergency situations that may have an impact on employees, communities, and the environment within our areas of influence, or on the assets, business continuity, reputation.
- Threats to security (e.g. robberies, kidnappings, and terrorism).
- Partial or total evacuation of the geographical area in the event of social conflicts, natural disasters, etc.
- Any event that has the potential to interrupt business continuity at the local, national, or international level.

Our emergency plans focus on a system that strengthens company resilience. It includes such elements as incident response, business continuity management and crisis management.

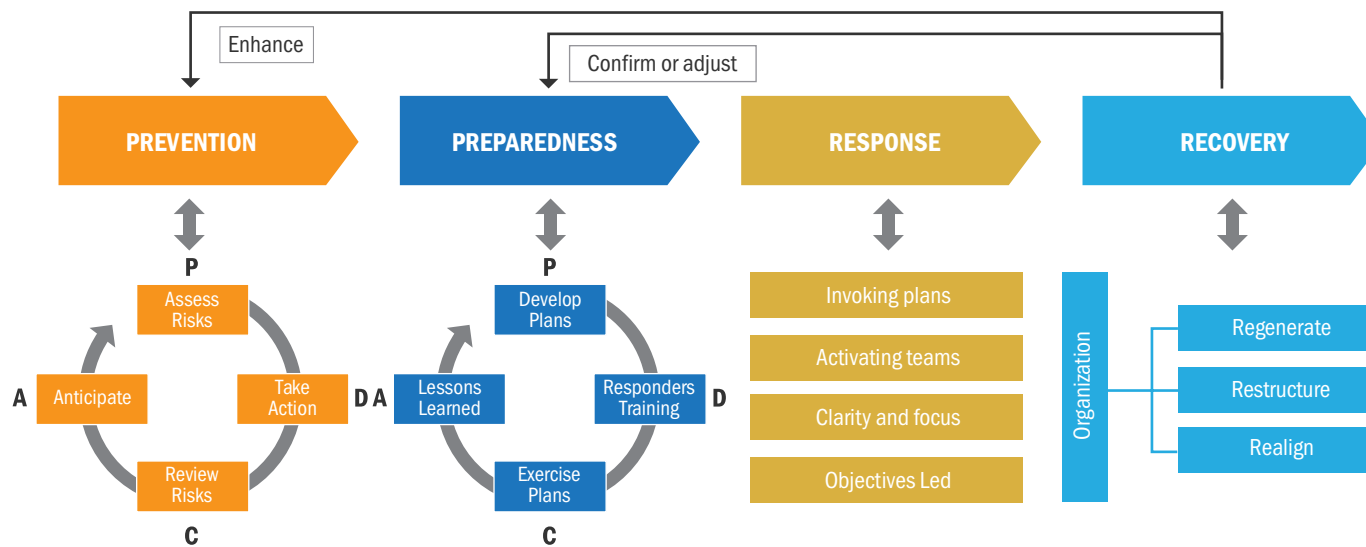
We work on three levels of response:

- Operational (level 1): The emergency can be immediately controlled, either by employees from the area impacted or by the Tactical Response Team (TRT). It is necessary to activate the Incident Management Team (IMT) and the Subsidiary Emergency Committee.
- Tactical (level 2): The emergency requires the activation of the Incident Support Team (IST) in order to respond in a timely manner. At the tactical level, the subsidiary managers are involved in direct coordination with the Country Managers and relevant Corporate Managers.
- Strategic (level 3): The emergency requires activation of the Crisis Management Team (CMT). Senior executives participate in this committee, i.e. 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 our Board.

Emergency response management is based on the four blocks shown in Figure 50: prevention, preparedness, response, and recovery.

- Prevention and preparation activities, including development of a PDCA quality cycle: activities must be planned (P), done (D), their progress is checked (C) and, finally, be acted upon (A) to correct and improve.
- Response and recovery activities are linear processes, with a beginning and an end: these two blocks provide feedback to the prevention and preparation blocks.

FIGURE 50 – EMERGENCY RESPONSE MANAGEMENT




**FIGURE 51 – PRIORITIES FOR EMERGENCY RESPONSE**

**1**
**PEOPLE**

Community, employees, contractors, respondents, suppliers and visitors


**2**
**ENVIRONMENT**

Air, water and land


**3**
**PROPERTY**

Community, contractors and owned assets, offices and facilities


**4**
**BUSINESS**

Reputation, brand, operations and supplies

At Caylloma, emergency preparedness is managed through the Emergency Preparedness and Response Plan, as well as specific plans such as the Emergency Response Plan for the handling, storage and disposal of sodium cyanide among others. These plans lay out responsibilities for levels of emergency and for external cooperation during major incidents.

At San Jose, there is an Emergency Response Action Plan designed to prevent, mitigate and control risks associated with people, assets, reputation, business continuity and negative environmental impacts. This plan is reinforced with safe work procedures and standards, and a series of programs such as:

- 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 regularly equipped and trained. We also have an annual drill program that allows us to measure the staff performance level in response to emergency situations.

Figure 51 outlines Fortuna's priorities during an operational response.





## Hazardous Materials

Hazardous materials management is a priority for us, given the potential impact they have on human health and safety, and on the environment. Information about such materials is communicated through:

- Signs posted in the storage area and on transport units.
- Material Safety Data Sheets (MSDS).
- Induction course for all new employees.
- Training on handling hazardous materials including emergency response plans.
- Bulletin boards.
- Procedures related to the handling, storage, and disposal of hazardous materials.
- Emergency response plans.

Our subsidiaries retain specialized firms that are certified in the handling and disposal of hazardous substances. We include topics about the MSDS, handling, storage, and disposal of hazardous materials in our subsidiaries annual training programs.

Another means of protection for the health of our employees and contractors is the use of hazardous substance detection equipment. For example, at Caylloma, we have hydrocyanic acid detection equipment and specialized work protocols in place at the concentrate plant.

We have emergency preparedness and response plans including procedures for handling spills of hazardous products such as fuels, toxic products, concentrates, hazardous substances, gas leaks, tailings, solid waste, etc.<sup>56</sup>

We care for the health of our employees through the annual occupational monitoring of chemical agents such as: breathable dust, metallic fumes, vapors and gases within the mine. Our subsidiaries have medical inspection plans and manage these inspections according to the degree of exposure and risk that exist in their daily work activities.

The planned and controlled acquisition of hazardous substances is managed through the approval of the safety committees that conduct inspections of the spaces where hazardous products or waste byproducts are stored, used, and disposed.

Regarding transportation of hazardous materials, we established that our operations should have speed control and GPS satellite monitoring systems installed to provide safe and secure conditions for people, hazardous materials and concentrates being transported. At Caylloma, we have internal traffic regulations that specify the speed limits and provides details on using the emergency spill kits. At San Jose, we also have internal transport regulations applicable to suppliers, contractors and visitors. Contractors who transport hazardous materials carry the appropriate permits.

In 2019, we reduced the use of dangerous substances during the production process at our mines.

At Caylloma, we focused our attention on controlling sodium cyanide through inspections of the storage, handling, and disposal facilities. We also changed in recovery process to eliminate the use of hydrofluoric acid (HF) through improved comminution.

At San Jose, few eliminated the use of Freon 22 gas (R22-chlorofluoromethane) from the air conditioning maintenance program because it contributes to the greenhouse effect.

In both, Caylloma and San Jose we developed training to identify and communicate hazards and risks associated to hazardous chemical substances handling.<sup>57</sup>

Beyond 2019, our goal is to ensure that 100% of hazardous materials carriers are properly trained.



Emergency response team at San Jose Mine

<sup>56</sup> For more information about our emergency response management, refer to Emergency Preparedness and Response section.

<sup>57</sup> Training is provided in line with the provisions contained in the official Mexican standard NOM-018-STPS-2015.





## CASE STUDY 2

### LESSONS FROM THE CONTRACTOR FATALITY AT SAN JOSE MINE, MEXICO

At Fortuna, preserving the health of our employees and contractors is one of our core values. We strive to prevent accidents and occupational illnesses, and to reduce safety risks. We provide training, undertake inspections, and ensure the use of personal protective equipment.

Despite our efforts and safety protocols, the possibility of unexpected and unpredictable events exists. On August 18, 2019, a tragic event at the San Jose Mine in Oaxaca, Mexico cast a shadow over our company.

On this day, a contractor was moving ore with a scoop tram loader to an underground loading area where two drivers in trucks were waiting to transport the material to the surface. Both drivers noticed an unusual delay by the loading operator, so they approached and found him trapped between the cabin and the loader's fender, with no visible signs of life. They immediately notified their supervisor who activated emergency protocol. An ambulance arrived at the scene and the paramedics confirmed the death of the loader operator.

Following verification of the fatality by the site medical team, Cuzcatlan notified the local authorities, including the Ministry of Labor and Social Welfare, the Public Ministry, and the Mexican Institute of Social Welfare of the death of the loader operator. At the same time, we initiated an investigation using the Incident Cause Analysis Method (ICAM)<sup>®</sup> methodology. Our investigation was carried out by accredited employees to determine the causes that led to this tragic accident and to prevent a recurrence.

Operations at the San Jose Mine were suspended to review all the operational processes, particularly the activities and processes involved in the fatal accident. Fortuna issued a press release on 19 August to inform

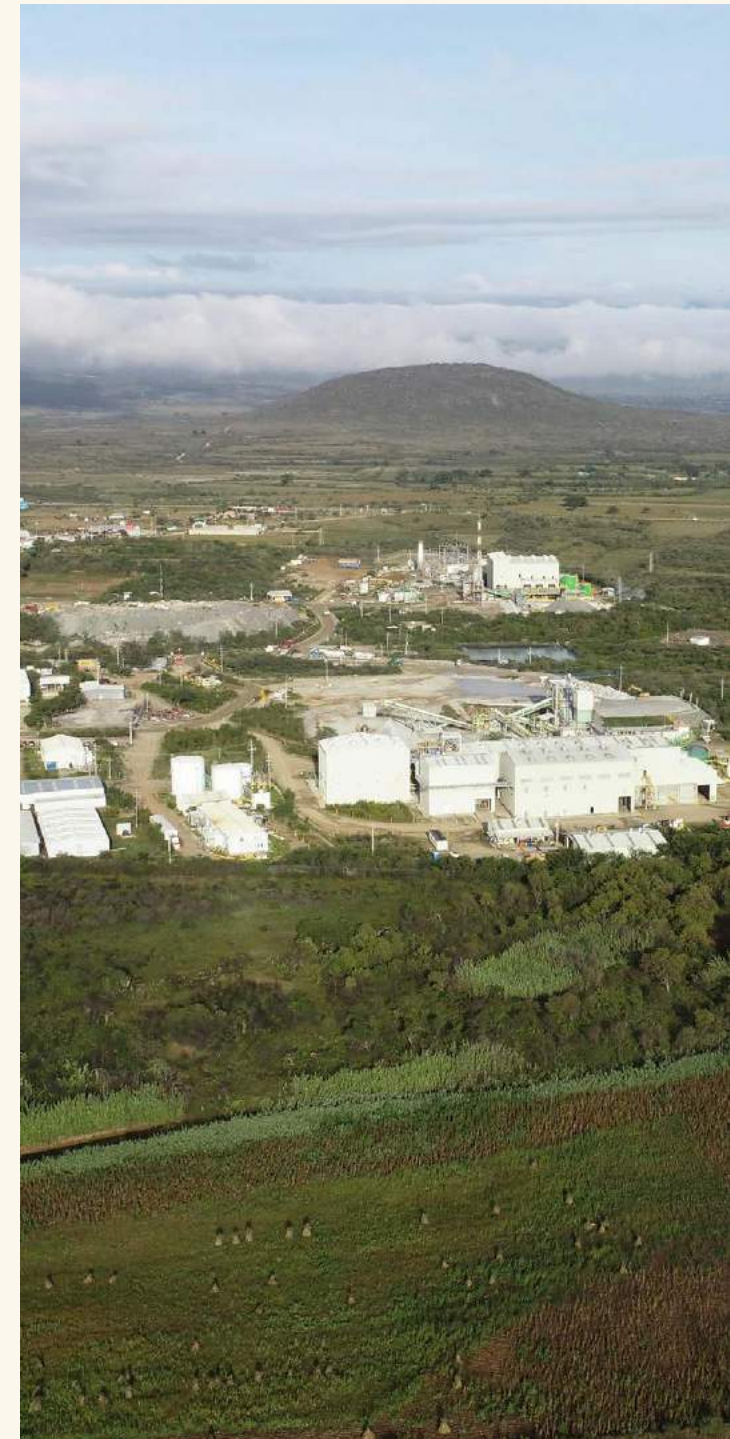
stakeholders of the fatal accident. In this statement, we expressed our feelings of solidarity and extended condolences to the operator's family and colleagues.

The investigation identified organizational and personal factors that resulted in the accident. One of the key findings was the failure of the contractor's equipment safety device. Another finding was the unauthorized use of suspenders by the operator. They were caught on the lever when lowering the equipment and caused the operator to become trapped.

We took various actions to prevent events like this occurring again. The actions implemented by our Corporate OHS Committee with the support of the Board of Directors included:

- We ensured that our contractor equipment is 100% operational and complies with appropriate safety measures.
- We improved the process of equipment safety verification which is undertaken by the contractor's maintenance areas for safety reasons. The verification checklists were updated according to the manufacturer's safety recommendations.
- We removed those responsible from the contractor's maintenance areas.
- We added OHS liability clauses and penalties to our contract agreements with contractors so that these companies share the same level of responsibility as us.
- We implemented a Corporate Safety Standard where we include all the processes described above.
- We developed a Code of Business Conduct and Ethics for Contractors.

Safety is at the core of our business strategy and our safety teams work every single day to ensure all employees and contractors return home safely. We know that our actions speak louder than words. We will not stop until our contractors adhere to the highest occupational safety practices and the lessons of this fatal accident are learned.





# Human and Organizational Development





# Human and Organizational Development

We consider our employees to be our most valuable asset and, for this reason, we go to great lengths to attract and maintain highly skilled and trained employees to achieve our goals as a company.

Our company operates within the framework of the applicable labor laws of the countries where we operate.

Our employees drive our operational performance and represent the key to Fortuna's success. We work to provide them with job positions that offer competitive wages and professional development opportunities. We are committed to building a diverse organization in an environment with equal opportunities and respect for human rights.



Maintenance team at the Lindero Project

## MANAGEMENT APPROACH

Our Code of Ethics contains guidelines that our employees must follow in order to promote integrity, honesty and ethical conduct.

Our Diversity Policy outlines our expectations with respect to equal opportunities, and our Human Rights Policy expresses our commitment to respect the rights and dignity of all our employees.<sup>58</sup>

Our approach to HOD involves traditional employee management processes, such as payroll,<sup>59</sup> rotation, vacations, work environment, work benefits, and contractor job compliance.

In addition, we use the processes outlined in Figure 52 to engage with our employees.

FIGURE 52 – HOD EMPLOYEE MANAGEMENT APPROACH



## Talent Management

We are committed to using responsible practices to attract, train and develop talent. Our processes are based on objective criteria: technical knowledge, experience in the role, development potential, interpersonal and intrapersonal skills, among others.

The process of attracting talent seeks to satisfy our company and employee's needs. Each job position has a role description, each candidate is evaluated against the role description to fill the vacancy. We use various tools, such as psychometric evaluations, projective tests and interviews to evaluate the candidates.

We perform a 360-degree feedback process<sup>60</sup> for evaluating management positions. This consists of a comprehensive evaluation to measure managerial competencies. For non-managerial positions, we deliver a competency-based performance assessment.

In 2019, we initiated a project that places talent management under a new model, which we will be implementing in 2020. We have developed a competency model based on the Korn Ferry Leadership Architect (KFLA) tool, a global competency framework that readily adapts to any talent management model and focuses on the skills and abilities needed for success. This will change the way we identify, attract, measure, develop and retain talent at Fortuna and optimize compensation management, development and training plans.

This model will help us to develop a level-by-level competency manual. This new competency-based model will allow us to develop succession plans that aim to prepare employees with high potential and performance to assume leadership positions.

<sup>58</sup> We understand diversity as any aspect that can be used to differentiate between groups and people, as well as respect and appreciation due to differences in gender, age, ethnic origin, religion, education, sexual orientation, political opinion or disability.

<sup>59</sup> In 2019, we implemented the SAP enterprise application software to optimize our payroll at the corporate and management head offices. This forms part of the internal control - SOX process, which ensures that the payroll calculations are appropriate and do not represent risks.

<sup>60</sup> The 360-degree feedback measures the leadership skills and work environment of the team.



## Talent Retention

We offer our employees competitive salaries based on annual statistical data for our industry and the countries where we operate. This data enables us to analyze our external competitiveness and internal equity, and then make any appropriate adjustments. We provide additional benefits such as medical campaigns, insurance, etc. We also organize activities that foster integration and entertainment.

In addition, we conduct work environment surveys every two years to assess our employees' level of satisfaction. In the most recent survey (2019), we scored a 71% satisfaction rate and developed an action plan to implement identified improvement opportunities.

Regarding flexibility and reduction of work hours, we apply a summer work schedule at our management head office in Lima, Peru, that reduces the number of working hours in summer. This enables us to ensure that we contribute to the well-being of our employees, as this has an impact on their motivation and productivity.

At the subsidiary level, both Bateas and Cuzcatlan have internal management procedures and work regulations for employees. Management activities are the responsibility of HOD management teams who work in coordination with the HOD Corporate Manager.

We also conduct regular audits and inspections at our subsidiaries to ensure that our contractors also comply with the payment of all wages and employee obligations as required by law.

Other practices that are directly managed by Bateas and Cuzcatlan include:

- The provision of financial support to our employees in the event of justifiable emergencies.
- Extended special leave in the event of an emergency or for education.<sup>61</sup>

We utilize an e-learning platform available to all employees for training. We use this platform to develop, deploy and deliver regulatory, technical and management training courses.

At Bateas, the annual training plan promotes our employee development. At Cuzcatlan, we applied the training needs assessment methodology, seeking to identify which competencies, technical and human development skills are needed.

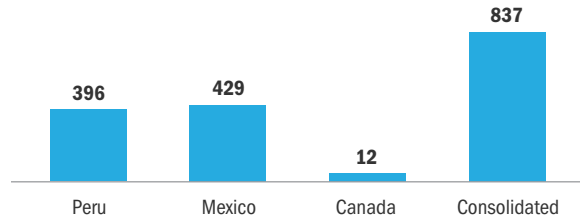
During 2019, due to lower market base metal prices, we identified the need to optimize our costs and efficiency at Bateas. Accordingly, we implemented a series of cost cutting measures. These measures included the reduction of about 10% of the workforce. Each termination was conducted with respect to the applicable laws and included compensation and termination benefits.

<sup>61</sup> Due to the remote location of our operations, we do not grant special licenses for dependent care reasons. We also do not have flexible work hours given that in the operation we have fixed work shift systems.

## SUSTAINABILITY INDICATORS

The consolidated indicators related to employee management and development recorded in 2019 are shown in Figures 53-66 and Table 15-16.

**FIGURE 53 – EMPLOYEES BY COUNTRY (number)**



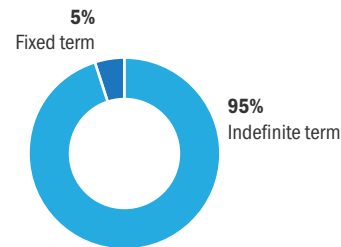
In Peru, we employed 358 individuals at the Caylloma Mine and 38 at the Fortuna management head office in Lima. In Mexico, we employed 429 people at the San Jose Mine, and 12 in our corporate offices in Canada.

**FIGURE 54 – EMPLOYEES HIRED DIRECTLY AND INDIRECTLY (%)**



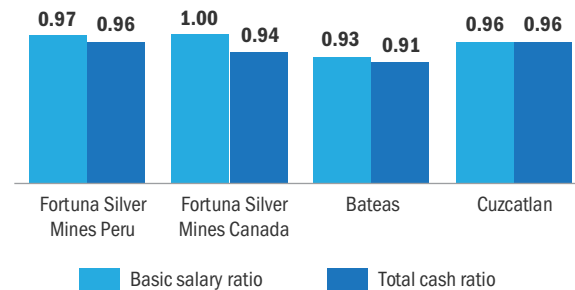
As of end December 2019, Fortuna employed 837 employees directly, representing 39% of our total workforce. Indirectly, we employed 1,307 contractors who represent the remaining 61%.

**FIGURE 55 – EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT (%)**

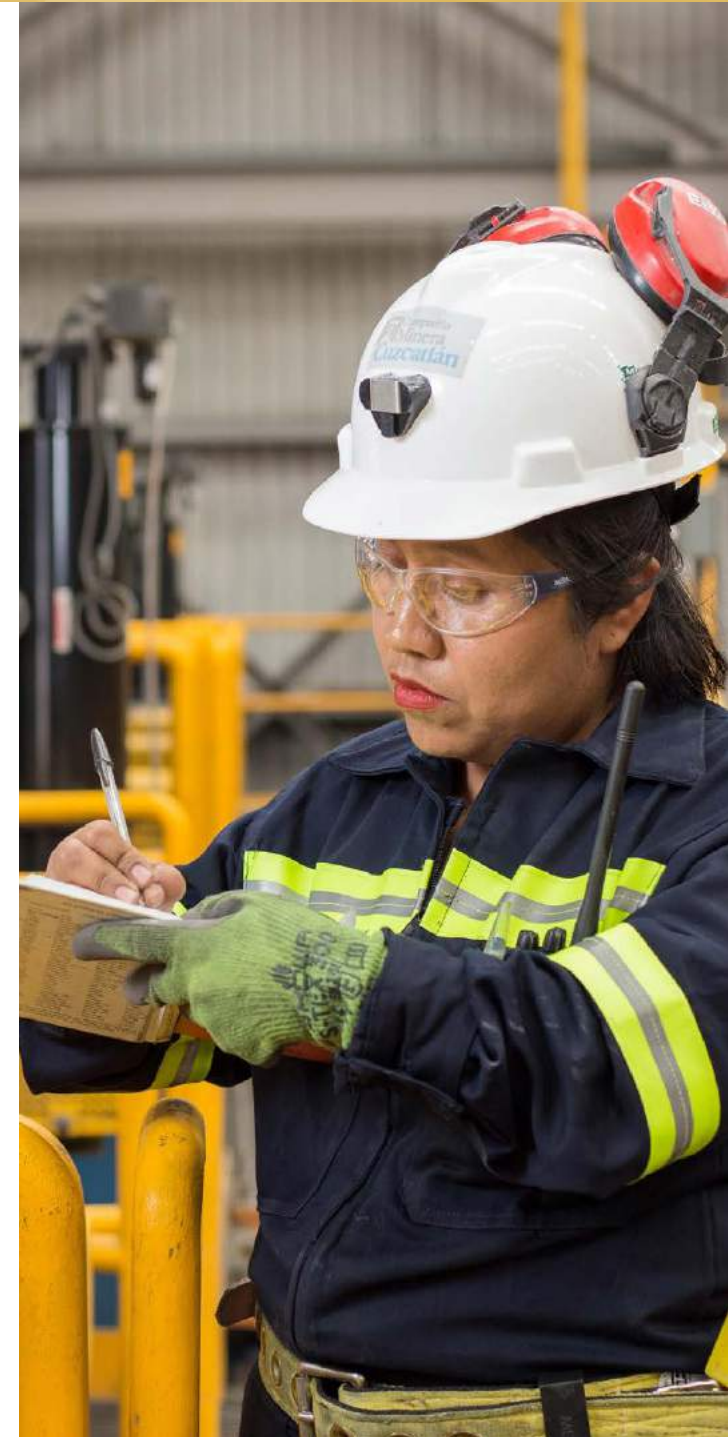


Employee job stability is a priority for Fortuna. For this reason, 95% of our employees have indefinite term contracts.

**FIGURE 56 – RATIO OF BASIC SALARY AND TOTAL CASH OF WOMEN TO MEN (salary of women/salary of men)**

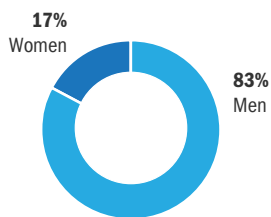


These values represent the weighted average salaries calculated by job levels. Total cash includes the basic salary and other variable compensation, such as bonuses or incentives subject to performance or results obtained.



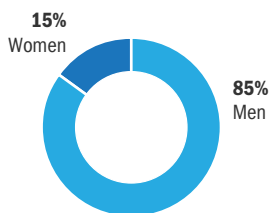


**FIGURE 57 – WOMEN IN THE WORKFORCE (%)**



At Fortuna, we acknowledge the value of having a diverse and inclusive workforce. By end December 2019 we employed 144 women representing 17% of our total workforce (837 employees).

**FIGURE 58 – WOMEN IN MANAGERIAL AND SUPERVISORY POSITIONS (%)**



In 2019, 15% of managerial and supervisory positions were held by women.

**New Employee Hires by Sex and Age Group (%)**<sup>62</sup>

In 2019, we hired 138 new employees which represents a total hiring rate of 16.49%. The hiring rate is broken down by sex and age group as shown in Figure 59 and Table 15.

**FIGURE 59 – NEW HIRES BY SEX (%)**



**TABLE 15 – BY AGE GROUP (%)**

< 30 years	30-50 years	>50 years
6.21	9.80	0.48

**Employee Turnover by Sex and Age Group (%)**<sup>63</sup>

In 2019, 112 employees left the Company, representing a turnover rate of 13.38%. This includes people who left voluntarily or involuntarily due to dismissal, retirement, or death in service during the fiscal year. The turnover rate is broken down by sex and age group as shown in Figure 60 and Table 16.

**FIGURE 60 – EMPLOYEE TURNOVER BY SEX (%)**



**TABLE 16 – BY AGE GROUP (%)**

< 30 years	30-50 years	>50 years
2.39	8.84	2.15

<sup>62</sup> The hiring rate is calculated as the division of the number of hires and the total number of employees at the end of the fiscal year. This number is then broken down by sex and age group.

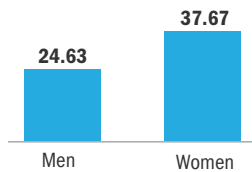
<sup>63</sup> The turnover rate is calculated as the division of the number of leaves and the total number of employees at the end of the fiscal year. This number is then broken down by sex and age group.



### Average Training Time by Job Level and Sex (h/employee) <sup>64</sup>

In 2019, we provided 22,492 hours of training to our employees, representing an average of 26.87 hours per employee. This training time rate is broken down by job level and sex as shown in Figures 61 and 62.

**FIGURE 61 – TRAINING TIME BY SEX (h/employee)**



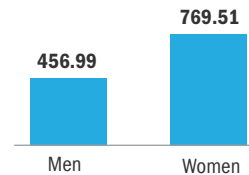
**FIGURE 62 – TRAINING TIME BY JOB LEVEL (h/employee)**



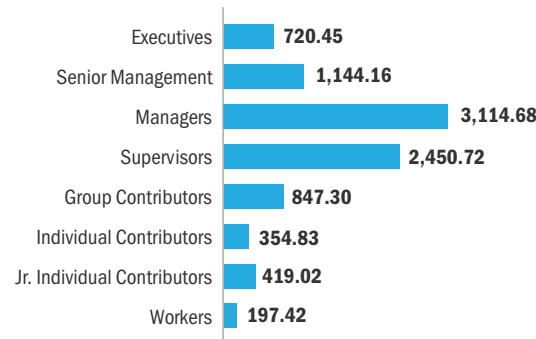
### Average Training Expenses by Job Level and Sex (US\$/employee) <sup>65</sup>

In 2019, we invested US\$427,505 in training or US\$510.76 per employee. This training investment rate was distributed by job level and sex as shown in Figures 63 and 64.

**FIGURE 63 – TRAINING EXPENSES BY SEX**

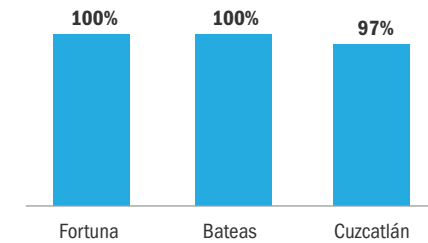


**FIGURE 64 – TRAINING EXPENSES BY JOB LEVEL**



In 2019, 99% of our employees in non-managerial positions underwent a competency-based performance assessment, as displayed in Figure 65.

**FIGURE 65 – EMPLOYEE PERFORMANCE EVALUATION (%)**



## BEYOND 2019

After implementing the new competency-based model and the new job level structure at the corporate level, we plan to:

- Prepare the compensation and benefits policy and training policy.
- Migrate to a competency-based assessment that will apply to all our employees.
- Implement a quota system to meet the goal of increasing women in the workforce and in managerial and supervisory positions.

Below are the actions to be implemented at the subsidiary level:

- At Bateas, we will implement a series of digital tools for training, such as game learning and make learning. These methodologies stimulate learning and facilitate the assimilation of new knowledge through games and practice.
- At Cuzcatlan, we will implement payrolls using SAP.

<sup>64</sup> The training time rate is calculated as the division of the number of training hours by the total number of employees at the end of the fiscal year. This rate is then broken down by sex and job level.

<sup>65</sup> The training expenses rate is calculated as the division of the amount of expenses on training by the total number of employees at the end of the fiscal year. This rate is then broken down by sex and job level.



# Social Performance







# Social Performance

We seek to be a catalyst for social development in the countries where we operate. Maintaining good relationships with local communities facilitates the continuity of our operations. Dialogue, engagement and transparency forms the basis of our relationships with the communities in which we operate.



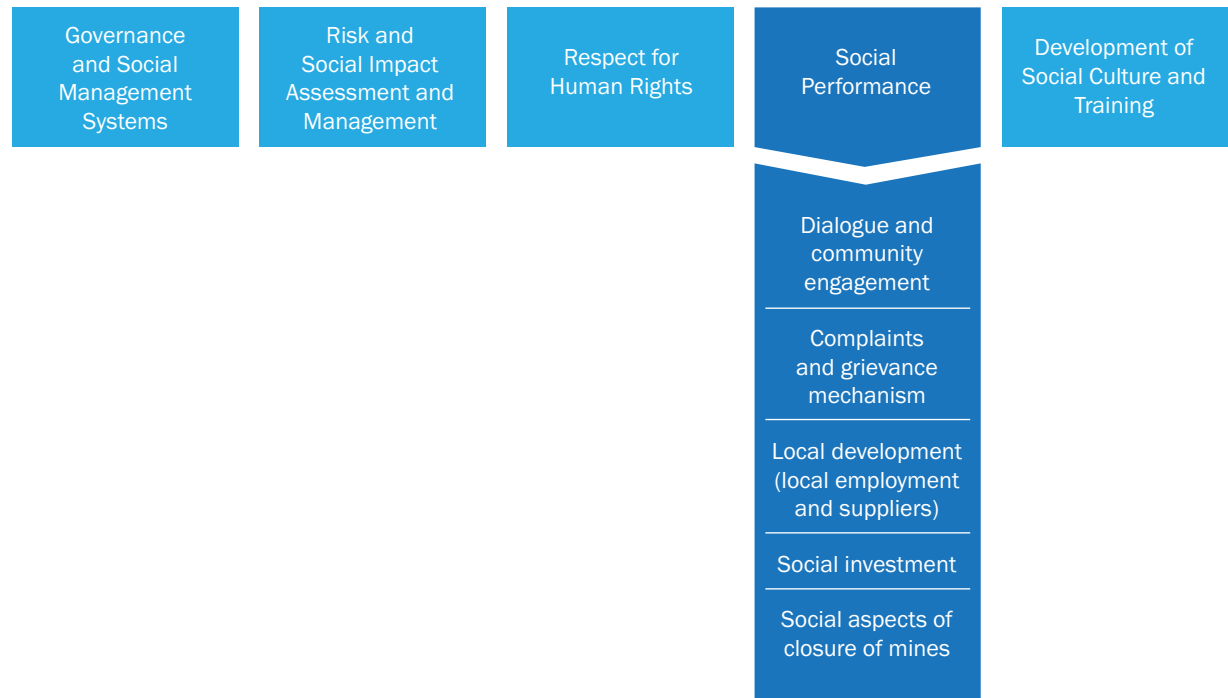
## MANAGEMENT APPROACH

We are committed to the development of our local communities and respect their rights and traditions. In 2019, Insuco, an independent consulting firm specializing in social sciences and engineering, performed a review of our social performance at the corporate and subsidiary level. This study identified measures required to achieve a good level of social performance.

Accordingly, we established a new social approach that involves five core areas shown in Figure 66.



**FIGURE 66 – CORE AREAS FOR SOCIAL PERFORMANCE**





## Dialogue and Community Engagement

In order to build trust with our neighbors at the Caylloma Mine, Bateas maintains a permanent dialogue and engagement with our communities. We work collaboratively with local governments and carry out community engagement activities, such as community visits and guided tours of our facilities. We also participate in community gatherings and events such as assemblies, anniversaries, and festivities.

At Caylloma, we maintain a steady flow of communication with the Caylloma municipality, sub-prefecture, and other local and regional authorities to understand their issues and promote social development. We participate in relevant round table meetings on various social affairs.

At San Jose, we work to strengthen our relationship with the communities through mutual cooperation. With the municipal authority, we conduct participatory meetings to assess the community needs and to improve the municipal agreements we sign each year.

In 2019, at San Jose, we established an Institutional Communications department, with the objective of reaching community stakeholders at a much broader scale. This department manages the communication channels and dissemination of information about our social activities. We also hold meetings with the community to inform about our operation and the channels available to present questions, complaints, or grievances.

## Grievance Mechanisms

Bateas has a mechanism for addressing complaints and grievances that our communities can use to submit their concerns. Complaints and grievances are received and registered using a code that facilitates registration, monitoring and resolution. Our permanent community service office in the Caylloma town facilitates this process through the Community Relations department.

Cuzcatlan has a similar mechanism where our Community Relations department receives complaints or grievances at our community service office in the San Jose town, or by telephone or through social networks. In addition, people can submit their complaints through the municipal authority or its agents.

## Local Development

Working proactively to establish long-term relationships with the community that will improve the programs and investments we support. We invest in our communities through the creation of local development programs, investing in beneficial and viable programs, strengthening the employment capacity and providing local suppliers with business opportunities.

In 2019, with the intention to support the local development programs, we standardized the definition of direct and indirect areas of influence of our operations,<sup>66</sup> as shown in Table 17. This has enabled us to accurately measure the indicators for local development.

**TABLE 17 – DEFINITIONS OF DIRECT AND INDIRECT AREAS OF INFLUENCE**

Subsidiaries	DAI	DAI+IAI
Bateas	District of Caylloma	Region of Arequipa
Cuzcatlan	Municipality of San Jose del Progreso	Region of Oaxaca

In accordance with these definitions, we give priority to the local community residents for employment as our first source of recruitment. In addition, our suppliers publish job vacancies through our Community Relations departments, which in turn assists with the identification of possible local candidates.

In 2019, Caylloma focused on the selection and training of mine and plant operators with no prior experience. At San Jose, we focused on the terms of agreement with the municipality of San Jose del Progreso on hiring local employees.

We also prioritize hiring from local suppliers whenever possible. Our Procurement departments at the subsidiaries oversee local purchases, in coordination with the Community Relations department.

At Caylloma, our local procurement procedures begin with invitations to local suppliers. Where local suppliers fail to meet the necessary requirements, we invite suppliers located outside the direct area of influence. In 2019, our Procurement and Community Relations departments conducted studies to examine the status of supply and demand of local suppliers. This study sought to assess the conditions and potential of local suppliers.

At San Jose, the Procurement department prepared a map of local product and services available for local provision. Using this information, in 2019, we developed some local production projects with positive results.

We also help community members launch small businesses by investing in their capacity. An example is provided in the *Case Study 3: Zorali Clothing Manufacture and Repair: Cuzcatlan's Local Entrepreneur Initiative* where we supported handicraft artisans to formally set up a business to sell their clothing.

<sup>66</sup> These definitions are related to performance indicators and not based on the environmental and social impact studies of our subsidiaries.



### Social Investment

At Fortuna, we are fully committed to working with social organizations, governments, and local suppliers to identify the community needs and provide sustainable benefits to the local communities. This commitment extends to our direct and indirect areas of influence.

We recognize that social investment is an important benefit that mining operations can provide in partnership with the local governments. We have guidelines to ensure that our financial contributions are used in the most effective way and support outcome-focused initiatives. In 2019, our social investment prioritized three key areas for social investment as shown in Figure 67.

**FIGURE 67 – PRIORITY AREAS FOR SOCIAL INVESTMENT**



Our subsidiaries develop specific Community Relations Plan that includes social programs and budgets for social investment which are reviewed and approved by the Board of Directors annually. Each Country Manager is responsible for developing and implementing the Community Relations Plan. Both Bateas and Cuzcatlan provide monthly progress reports on their community relations plans.

A summary of the social programs implemented by Bateas in 2019 are shown in Table 18.

**TABLE 18 – MAIN SOCIAL PROGRAMS – BATEAS 2019**

Priority Area	Project / Program	Objective	Monitoring and Outcome
Education, health and culture	Educational strengthening program	To improve learning achievements in Communications and Mathematics (literacy, reading comprehension and mathematical logic) of students of primary education in the jurisdiction of Caylloma.	<ul style="list-style-type: none"> <li>Primary-level schools were supported, 32 teachers and more than 430 children benefitted.</li> <li>Entrepreneurship fairs and storytelling contests were organized.</li> </ul>
	Healthy family program	To assist with health monitoring and improvement in our direct and indirect areas of influence, with an emphasis on the categories of children ages 0–5 years, school children ages 6–14 years and expectant mothers.	<ul style="list-style-type: none"> <li>Health campaigns were organized with the participation of 1,205 individuals.</li> <li>3,157 medical services were provided in different specialties and 77 cases of childhood anemia were monitored and improved.</li> </ul>
Local entrepreneurship	Productive program: Alpaca Production Improvement	To strengthen the reproductive capacity of alpacas in our DAI, through knowledge building, provision of tools and technical assistance to breeders.	<ul style="list-style-type: none"> <li>A campaign for camelids were developed and more than 25,450 animals were treated with antibiotics and other drugs to treat parasitic infections.</li> <li>Vitaminization campaigns were organized with 37,162 animals treated.</li> <li>Warm layers for baby alpacas were provided during the cold season, helping 7,800 animals to survive the season.</li> <li>Training in shearing and fiber management was provided to improve the income of locals.</li> </ul>
Community infrastructure	Local road infrastructure maintenance	To improve road network connectivity in the District of Caylloma.	<ul style="list-style-type: none"> <li>Working with the Caylloma Municipality, maintenance of the Sibayo bridge was carried out.</li> </ul>

In addition, Bateas signed an agreement with the Municipality of Caylloma in 2018. Under the terms of the agreement we contributed US\$1.4 million to the Development Fund of the Caylloma town over two and a half years. This fund is administered by a management committee in charge of prioritizing social investment projects in the Caylloma Municipal District. The first million was disbursed in 2019. The final disbursement of this fund will be made in the second half of 2020.

Bateas also increased its budget for the Community Relations Plan by 300%.



Similarly, Cuicatlan signed a cooperation agreement with the local authorities, under which we seek to maintain a healthy institutional relationship. The primary social programs emerging from this agreement are shown in Table 19.

**TABLE 19 – MAIN SOCIAL PROGRAMS – CUZCATLAN 2019**

Priority Area	Project/Program	Objective	Monitoring and Outcome
Education, health and culture	Scholarship program	To develop the potential of the most outstanding students in our local communities.	<ul style="list-style-type: none"> <li>140 young students of upper secondary education level were provided with scholarships. 12% more scholarship were provided as compared to 2018.</li> <li>Uniforms and sports shoes were provided for 450 students from the Nicolás Bravo primary school and 130 students from the distance learning school in the community of San Jose del Progreso.</li> </ul>
	School improvements	To improve local educational quality through the provision of educational material, multimedia equipment, supplies and others in the educational centers of our local communities.	<ul style="list-style-type: none"> <li>104 children from San Jose La Garzona benefited from new blackboards, chairs, paint and supplies.</li> <li>Academic materials, multimedia equipment, supplies, stationery, sports and cleaning materials were provided for educational institutions.</li> </ul>
	Healthy Households Program	To contribute to improving the health of our local communities through donations and health campaigns.	<ul style="list-style-type: none"> <li>Medicines for the municipality of San Jose del Progreso were distributed to all the communities.</li> <li>We organized medical and psychological care for residents of the San Jose del Progreso community.</li> </ul>
		To improvement of the storage and quality of water for self-consumption of the families of the community of El Cuajilote.	<ul style="list-style-type: none"> <li>105 water storage tanks of 1,100 L were delivered to the community in collaboration with the Mariana Trinitaria Congregation and the municipality of San Jose del Progreso.</li> </ul>
	Vision for Life Program	To improve the air quality of households in the community of San Jose La Garzona through the replacement of their wood stoves. In addition, through this program we generate energy and economic savings.	<ul style="list-style-type: none"> <li>15 firewood-saving stoves were donated to replace stoves used by families in the community, reducing 70% of firewood consumption and generating 60% more heat.</li> <li>A community canteen was donated for the San Jose del progreso community.</li> </ul>
	Save a Life Program	To influence academic development and motivate high school youth to continue their studies and fulfill their dreams.	<ul style="list-style-type: none"> <li>Multiple motivation and leadership workshops were organized, which benefited 130 students from San Jose secondary school and 26 from El Porvenir.</li> </ul>
Local entrepreneurship	Strengthening of rural farm communities	To promote prevention and attention to emergencies within the Jose Vasconcelos Kindergarten at San Jose del Progreso.	<ul style="list-style-type: none"> <li>Fire extinguishers and first-aid kits were donated for the kindergarten and the secondary school of San Jose del Progreso, benefiting 250 students.</li> <li>Parents were trained in first aid and fire extinguisher management.</li> </ul>
	Handicrafts for the development of San Jose	To provide technical assistance and supplies to ensure a better harvest for rural inhabitants of our local communities.	<ul style="list-style-type: none"> <li>1.5 hectares of national corn seed was donated with a 300% increase in the level of grain yield for human consumption in the El Cuajilote community.</li> </ul>
	Support for local traditions	To create a point of sale for handicraft merchants in the community of San Jose del Progreso. This initiative was developed with the Cultural Directorate of the Municipality of San Jose del Progreso, in conjunction with the local craft group.	<ul style="list-style-type: none"> <li>A work plan to strengthen commercial activities was created in the community through training and dissemination for the sale of handicrafts.</li> <li>Workshops and other dissemination activities were organized to consolidate local organizations.</li> </ul>
Community infrastructure	Maintenance of access roads for harvesting	To contribute to the dissemination of culture and preserve the uses and traditions of our DAI and IAI.	<ul style="list-style-type: none"> <li>Celebration of festive day and other activities were organized.</li> </ul>
		To contribute to the development of agricultural activities in our DAI, through maintenance of access roads for the use of local farmer producers as part of the agreement with the Municipality of San Jose del Progreso.	<ul style="list-style-type: none"> <li>Rehabilitation of the chapel and the love park was undertaken in San Jose del Progreso.</li> <li>Vehicle crossing bridge was constructed on the Shal river.</li> <li>The construction of the San Jose church was completed.</li> <li>Public lighting along the main access to the San Jose community was improved.</li> <li>Signage and improvement of road safety was implemented along the main access of the San Jose community.</li> <li>Cleaning work on the Benito Juárez dam was undertaken, maintenance and leveling of harvesting roads, and rehabilitation and cleaning in rivers and streams to collect water was completed.</li> <li>Temporary employment (reforestation work) was completed employing 20 people (50% men and 50% women).</li> </ul>



## SUSTAINABILITY INDICATORS

The consolidated indicators related to the management of local communities, job creation and community investment recorded in 2019 are shown in Figures 68-71 and Table 20.

**TABLE 20 – INVESTMENT IN LOCAL COMMUNITIES (US\$)**

Type of investment	Consolidated	Bateas	Cuzcatlan
Investment in community infrastructure	1,241,349	57,869	1,183,480
Investment in education, health and culture	1,068,213	247,409	820,805
Investment in promotion of local entrepreneurship	489,208	430,695	58,513
<b>Total</b>	<b>2,798,770</b>	<b>735,972</b>	<b>2,062,798</b>

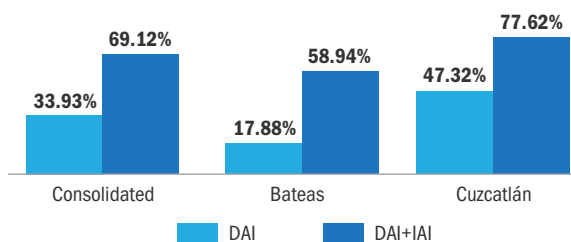
**FIGURE 68 – SIGNIFICANT DISPUTES WITH LOCAL COMMUNITIES (number)**



Zero significant disputes related to the use of land or resources associated with local communities during 2019.

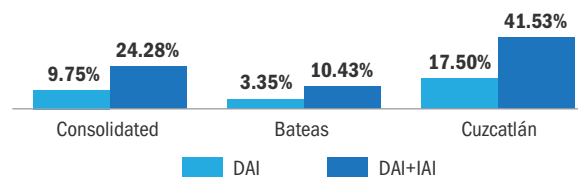
In 2019, at Bateas we employed 64 employees from the Caylloma town (17.88%) and 211 from Arequipa (58.94%). 203 employees of Cuzcatlan are from San Jose town (47.32%) and 333 from Oaxaca (77.62%). We total employed 267 employees from our DAI (33.93%) and 544 from our DAI + IAI (69.12%). Our target in 2020 is to reach 35% in DAI and 70% in DAI + IAI. The numbers are shown in Figure 69.

**FIGURE 69 - EMPLOYEES FROM LOCAL COMMUNITIES (%)**

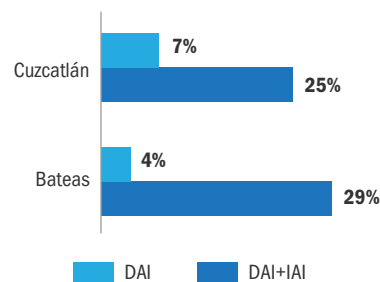


In 2019, at Bateas we commissioned 18 suppliers from Caylloma town (3.35%) and 56 from Arequipa (10.43%). 94 suppliers of Cuzcatlan are from San Jose town (17.50%) and 223 from Oaxaca District (41.53%). We bought the total to 112 suppliers from our DAI (9.75%) and 279 from our DAI + IAI (24.28%). Our target in 2020 is to reach 10.4% in the DAI and 24.3% in DAI+IAI. The numbers are shown in Figure 70.

**FIGURE 70 – SUPPLIERS FROM LOCAL COMMUNITIES (%)**



**FIGURE 71 – SPENDING ON LOCAL SUPPLIERS (Percentage of Total Spending)**



## BEYOND 2019

At the corporate level, we are considering the following actions:

- Develop a new Social Responsibility Policy and update our social risk and impact register.
- Improve our grievance mechanisms.
- Align our social investment criteria with the UN Sustainable Development Goals.
- Implement a social program follow-up and monitoring system.
- Develop corporate procedures and protocols for social closure.

At the subsidiary level, we will take the following actions:

- At Caylloma, we will seek to change course of our work toward a multi-stakeholder approach, which will enable us to enhance the capacities and responsibilities of the different stakeholders in the community. We will expand the scope of our alliances for social investment.
- We will pursue the re-negotiation of our social agreement with the Municipal District of Caylloma.
- At San Jose, we will establish a transparent relationship with the new local authorities, in a way that enables cooperative efforts.



## CASE STUDY 3

### ZORALI CLOTHING MANUFACTURE AND REPAIR: CUZCATLAN'S LOCAL ENTREPRENEUR INITIATIVE

We are committed to creating sustainable value that extends well after our operations are no longer active in the area. Our social investments aim to strengthen the capacity of the communities within our areas of influence so that community members become leaders of their own development.



Confecciones y Deshilados Zorali S.A. (Zorali) was created ten years ago near our San Jose Mine in the Municipality of San Jose del Progreso, Oaxaca, Mexico. Zorali is a group of local artisans who succeeded in transforming a small business into a formal and established company. Over the past decade, Zorali has taken Oaxacan embroidery craft traditions to an industrial scale.

The sewing of frayed garments and embroidery is a well-known cultural tradition in the region of Oaxaca. The skilled artisans who formed Zorali were taught the tradition that is passed from generation to generation.

Prior to the creation of Zorali, the artisans of San Jose del Progreso would sell their embroidery locally, away from urban and tourist centers. Then, in 2010, our subsidiary Cuzcatlan promoted and supported the creation of a business initiative to help these artisans maximize their potential.

Maria Leonor González is a local artisan and founder of Zorali. She explained her connection to embroidery and how the company started: "When I was six years old, I started embroidering. I kept sewing until the mining company arrived and said they were going to support us as a group to work together. This is how Zorali started 10 years ago."



We focused on developing Zorali's business and technical skills through several initiatives. We began by training craftswomen to supply all the garments and industrial uniforms for our San Jose Mine. The goal was ambitious for a newly formed group, said Irene Soila Vázquez, a Zorali craftswoman: "Making uniforms was going to require a lot of resources, but the people at Cuzcatlan told us that if we were sure about what we were going to make, they would support us and they did. Cuzcatlan provided a course that taught us how to make industrial uniforms."

From there, Zorali developed its first business proposal to supply vests and overalls for the San Jose Mine. It was a resounding success and Cuzcatlan increased the volume of orders.

In addition to funding training for Zorali staff, Cuzcatlan provided financial support in the form of start-up capital over five years in exchange for the group's formal incorporation as a company. "From that moment, everything changed because we now have formal invoices [and] we began selling," said Vázquez.

Today, Zorali employs many women in formal job positions. They have developed a regular customer base in the regions of Sonora, Guanajuato, Chihuahua, Morelos, San Luis Potosí, Mexico City and the United States, demonstrating that their business will remain sustainable after the closure of the San Jose Mine.

Zorali is both a success story in social entrepreneurship, and an example of inclusiveness and female labor empowerment.

In 2019, we continued to identify more business initiatives like Zorali, which we are supporting with funding and training programs. We partnered with the Institute of Training and Work Productivity in the Region of Oaxaca (ICAPET) to provide support with training. The courses are open to men and women and offer a variety of subjects such as business skills, tailoring, jewelry, electrical, and baking.



# Environmental Management





# Environmental Management

At Fortuna, we prevent or, when this is not possible, minimize our impact on the environment, seeking to preserve it for future generations. We ensure that, when we complete our mine closure, we return the land to as close to its natural condition as is reasonably possible. For this purpose, we invite local communities, government authorities and other stakeholders to provide opinions and learn about ways to improve our environmental performance.

Our environmental management activities are governed by our Environmental Policy, which was updated and approved in 2019. The Policy expresses our commitment to implement the highest standards throughout our operations and communicate issues concerning the environment to our stakeholders.

The application of this Policy enables us to pursue responsible management of energy, water, emissions, residues and waste, climate change and protection of natural resources and biodiversity in compliance with the applicable laws of the countries where we operate.



Greenhouse at San Jose Mine

## Environmental Management Systems

At Caylloma and San Jose, we implemented ISO 14001 environmental management systems. Our Caylloma operations was certified previously and recertified ISO 14001:2015 in 2019.<sup>67</sup>

At San Jose, we use an environmental management system based on the ISO 14001 standard, but the operation is not yet formally certified. The environmental management plans at San Jose are approved by the Ministry of Environment and Natural Resources (SEMARNAT)<sup>68</sup> and meet the requirements of the environmental impact studies authorized by the National Water Commission (CONAGUA)<sup>69</sup> and SEMARNAT.

## Environmental Compliance

Fortuna operates within the applicable laws and regulations of the countries where we operate. Both Peru and Mexico have legislative and regulatory mechanisms to ensure compliance with environmental permits, authorizations and other environmental obligations.

Our subsidiaries have legal support to ensure compliance with the applicable environmental laws and regulations. Such support involves legal advice regarding compliance with the law, changes in the environmental legislation, environmental monitoring requirements and commitments established in the permits.

In 2019, no environmental fines or penalties were issued by the authorities of the countries where we operate however Cuzcatlan paid for two environmental fines derived from two incidents reported in 2017 and 2018.

<sup>67</sup> Certified by SGS, a multinational company headquartered in Geneva, Switzerland which provides inspection, verification, testing and certification services.

<sup>68</sup> Ministry of Environment and Natural Resources (SEMARNAT)

<sup>69</sup> National Water Commission (CONAGUA)

## SUSTAINABILITY INDICATORS

The consolidated indicators related to the environmental management recorded in 2019 are shown in Table 21.

**TABLE 21 – SIGNIFICANT ENVIRONMENTAL FINES PAYED IN 2019 (US\$)**

Company	Amount
Fortuna	0
Bateas	0
Cuzcatlan	170,990
<b>Consolidated</b>	<b>170,990</b>

In 2019, we registered the following environmental fines:

- US\$128,990 imposed by the Mexican Federal Attorney for Environmental Protection (PROFEPA). It derived from minor changes in the location of infrastructure which was different from the location of infrastructure reported in the 2009 Environmental Impact Assessment (EIA) To verify compliance with the EIA, in 2017, PROFEPA inspected the expansions and/or new facilities built at the San Jose Mine. As a result, in 2018, PROFEPA issued a resolution requesting an EIA update and imposed a financial penalty.
- US\$42,000 imposed by CONAGUA. It derived from the administrative proceeding opened against the San Jose Mine with respect to the overflow at our dry stack tailings facility contingency pond occurred in October 2018. See *Case Study 4: Lessons from the 2018 Overflow at the San Jose Mine*.

## BEYOND 2019

At the corporate level, we will perform scheduled internal environmental audits.

At Caylloma, we will update our environmental management system programs, and, at San Jose, we will pursue certification of the ISO 14001:2015 standard.





## WATER

Water is a vital resource that we share with communities and the ecosystem in the area of influence of our operations. We are responsible for its rational and reasonable use as well as the prevention of potential impacts on water resources.

### MANAGEMENT APPROACH

Water management is governed by the approvals and regulations established by the environmental authorities of the countries where we operate.

Our Environmental Policy states our commitment to the protection of water sources and rational use of water resources. We achieve this by minimizing our operational consumption requirements, rational use of the water in our processes, and by ensuring that effluents are treated and meet required quality standards.

At our Caylloma and San Jose mines, water conservation is a priority. Although our operations are not located in areas of high-water stress,<sup>70</sup> we have developed water management plans to optimize water consumption.

We conduct participatory monitoring together with local authorities and communities and we identify any type of discharge that could have an impact on water quality. At Caylloma, participatory monitoring is carried out three times per year, while at San Jose it is done quarterly.

These monitoring activities form part of our actions designed to ensure that our operations have no negative impacts on the water resources which are important for consumption and economic activities of the region.

At Caylloma, our freshwater source is the Santiago River. We focus on minimizing water collection and maximizing water reuse as much as possible. With respect to effluents, we conduct monitoring programs in accordance with regulations. We have eight effluent discharge points. We regularly report our monitoring results to the National Water Authority (ANA).

At San Jose, freshwater comes from two sources: rainwater harvesting and mine groundwater recovery. We also access the industrial water (treated wastewater) supply through an agreement with the Municipality of Ocotlan de Morelos. We pump treated wastewater to our operations from the Ocotlan Wastewater Treatment Plant for reuse. Since 2010, this treatment plant has provided almost 8% of the water requirements of the San Jose Mine. The San Jose Mine has a closed water circuit and does not discharge effluents.



Water monitoring at Caylloma Mine

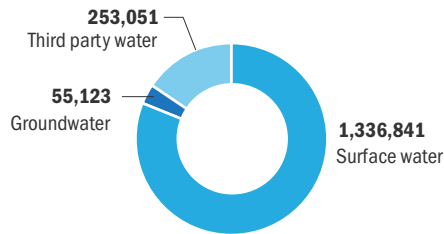
<sup>70</sup> At Cuzcatlan, we use the updates from CONAGUA on the availability of water at the basins and aquifers of Mexico (Federal Law of Rights). As for Bateas, the demand for freshwater is currently 60% of the authorized volume, therefore our demand is low. We used the Aqueduct Water Risk Atlas tool from the World Resources Institute (WRI) to get information on high water stress areas and avoid them.



## SUSTAINABILITY INDICATORS

The consolidated indicators related to water management recorded between 2017 and 2019 are shown in the Figures 72-78.

**FIGURE 72 – WATER COLLECTION BY SOURCE FOR 2019 (m<sup>3</sup>)**

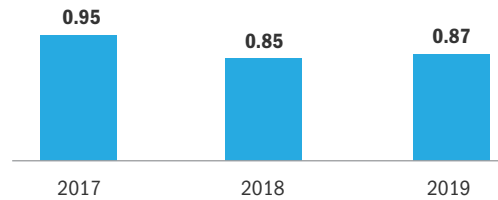


During 2019, a total of 1,645,015 cubic meters (m<sup>3</sup>) of water was collected: 84% came from freshwater sources,<sup>71</sup> and the remaining 15% from third-party water sources. At Caylloma, freshwater is collected from the Santiago River (surface water). At San Jose, freshwater is collected from rainwater (surface water) and groundwater, and third-party water came from the Ocotlan Wastewater Treatment Plant. At San Jose, we also purchase potable water for human consumption.

<sup>71</sup> Freshwater is the total volume of surface and groundwater. 81% comes from surface water sources and 3% comes from groundwater sources.

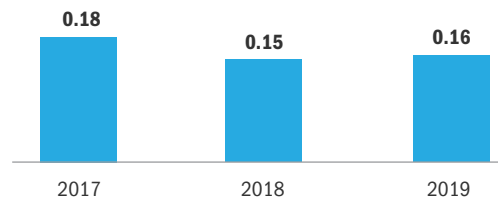
<sup>72</sup> These recycled water percentages were calculated with respect to the sum of the volumes of collected water and the recycled water in each operation.

**FIGURE 73 – FRESHWATER COLLECTION INTENSITY RATE PER TONNE OF ORE PROCESSED (m<sup>3</sup>/t)**



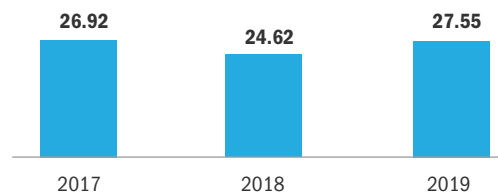
At Fortuna, our primary indicator for efficiency is the rate of freshwater collection per tonne of ore processed. In 2019, our water collection rate was 0.87m<sup>3</sup>/t and our target in 2020 is to reduce this number by 1% to reach 0.86m<sup>3</sup>/t.

**FIGURE 74 – FRESHWATER COLLECTION INTENSITY RATE PER OUNCE OF SILVER CONCENTRATE PRODUCED (m<sup>3</sup>/oz)**



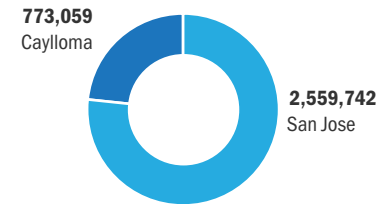
We measure our performance against other parameters of intensity, such as ounces of silver produced. In 2019, we achieved an intensity of 0.16m<sup>3</sup>/oz.

**FIGURE 75 – FRESHWATER COLLECTION INTENSITY RATE PER OUNCE OF GOLD CONCENTRATE PRODUCED (m<sup>3</sup>/oz)**



In 2019, we achieved an intensity of 27.55m<sup>3</sup>/oz.

**FIGURE 76 – RECYCLED WATER FOR 2019 (m<sup>3</sup>)**

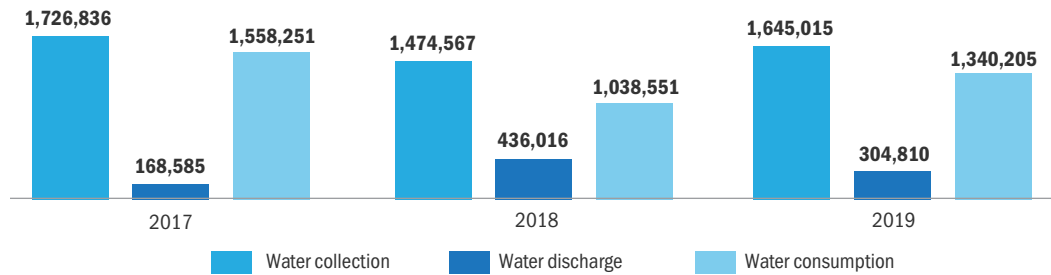


In 2019, we recycled a total of 3,332,801m<sup>3</sup> of water, or 67% of the water we required.<sup>72</sup> The recycled water volume at Caylloma represents 42% of the total water needs of the operation, while at San Jose this value was 82%.





**FIGURE 77 – WATER COLLECTION, DISCHARGE, AND CONSUMPTION (m<sup>3</sup>)**

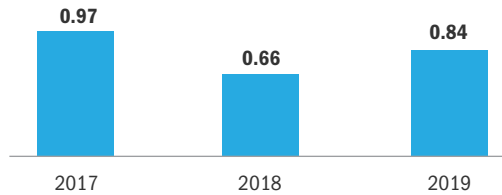


**BEYOND 2019**

We will intensify our water quality monitoring activities in our operations. At Caylloma, we will complete a water pumping system project that includes the incorporation of four water treatment ponds, which will improve the quality of water discharges.

At Fortuna, we calculate the water balance in our operations by monitoring three parameters: volume of water collected, water discharged, and water consumed. Our water consumption, as shown in Figure 77, is the difference between the first two, being the amount of water that does not return to the natural environment and is lost for various reasons such as absorption into the process, evaporation, human consumption, and others.

**FIGURE 78 – WATER CONSUMPTION INTENSITY RATE PER TONNE OF ORE PROCESSED (m<sup>3</sup>/t)**



In 2019, our rate of water consumption per tonne of ore processed was recorded at 0.84m<sup>3</sup>/t.



Water storage at San Jose Mine



## ENERGY

The nature of our work requires that we use large volumes of energy. Optimizing energy consumption has both economic and environmental benefits. We incorporate different measures designed to lower energy consumption, use of renewable sources and increase our operations' productivity.

### MANAGEMENT APPROACH

The efficient use of energy and natural resources is one of our key commitments in the Environmental Policy. In fact, energy conservation is a major environmental component within the environmental management systems of our subsidiaries.

In 2019, we identified a baseline for measuring and monitoring energy consumption and set energy efficiency goals and targets. This process enabled us to reduce the consumption of fuel and electricity in each subsidiary.

At Caylloma and San Jose, energy consumption is managed in compliance with the approved environmental permits and the regulatory framework of countries where we operate. Our subsidiaries prepare monthly reports stating the actions taken to control and reduce energy consumption. In 2019, we began evaluating the requirements needed to develop an energy management system.

At Caylloma and San Jose, electrical energy is supplied by the national grid and power generation plants. We have internal procedures and standards to maintain the electrical installations. Regarding fuel consumption, both mines use diesel and LPG, primarily for transport.

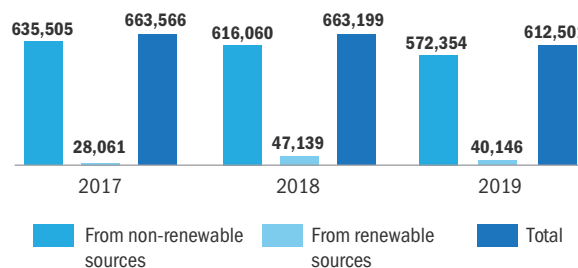
<sup>73</sup> In our 2018 Sustainability Report we mentioned by mistake that 100% of our electricity consumed at Cuzcatlan came from renewable sources instead of non-renewable sources.

<sup>74</sup> It should be noted that the energy self-generated in our power generation plants has been counted under fuel consumption to avoid the double-counting.

## SUSTAINABILITY INDICATORS

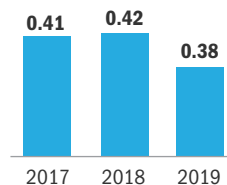
The consolidated indicators related to energy management recorded between 2017 and 2019 are shown in Figures 79-83.

**FIGURE 79 – ENERGY CONSUMPTION BY SOURCE (GJ)**



In 2019, we consumed a total of 612,501 gigajoules (GJ) of energy from fuels and electricity. The majority (93.5%) came from non-renewable sources and 6.5% from renewable sources, as shown in Figure 79.<sup>73</sup> All (100%) of the fuel consumed by our subsidiaries operations is from non-renewable sources. Only 23% of the electrical energy consumed by Bateas is from renewable sources, and 100% of the electricity consumed by Cuzcatlan comes from non-renewable sources.<sup>74</sup>

**FIGURE 80 – ENERGY CONSUMPTION INTENSITY RATE PER TONNE OF ORE PROCESSED (GJ/t)**

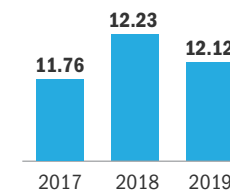


We measure our energy efficiency by calculating our energy consumption per tonne of ore processed. As Figure 80 shows, we significantly reduced our consumption in 2019 compared to the previous year. This was achieved by making improvements to the electric generator equipment in the Caylloma Mine and by reducing the use of fans.

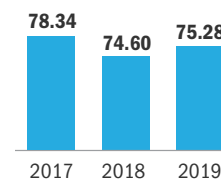
### Other Energy Consumption Intensity Rates

We also measure our energy intensity performance against other parameters, including ounces of gold and silver concentrate produced, and pounds of zinc concentrate produced, as shown in Figures 81-83.

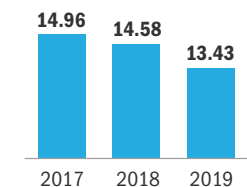
**FIGURE 81 – ENERGY CONSUMPTION PER OUNCE OF GOLD CONCENTRATE PRODUCED (GJ/oz)**



**FIGURE 82 – ENERGY CONSUMPTION PER THOUSAND OUNCES OF SILVER CONCENTRATE PRODUCED (GJ/koz)**



**FIGURE 83 – ENERGY CONSUMPTION PER THOUSAND POUNDS OF ZINC CONCENTRATE PRODUCED (GJ/klb)**



### BEYOND 2019

Both Bateas and Cuzcatlan will develop energy consumption optimization plans to contribute to the achievement of our corporate goals. An energy savings committee will be established to identify opportunities for energy reduction.

At Caylloma, we will implement a project to optimize energy use at the mine by adjusting the water pumping system, the automated ignition control mechanism of the mine fans, and by changing the flotation cells.



## CLIMATE CHANGE

We believe that climate change has the potential to impact our operations, our infrastructure, and the availability of mineral resources. In 2018, extreme weather events impacted our San Jose Mine in Mexico. Such event highlighted the need to reassess our climate change risks and plan adaptation strategies. We have the responsibility to promote the efficient use of energy and reduce our GHG emissions.

### MANAGEMENT APPROACH

Through our Environmental Policy, we are committed to promote the efficient use of energy and adopting long-term practices to reduce our carbon footprint. We are also committed to complying with all applicable environmental standards, laws and regulations in the countries where we operate.

As a Company listed on the New York and Toronto Stock Exchanges, and subject to such stock exchanges policies and the policies of applicable Canadian securities regulatory authorities, we are obliged to disclose any material risks in our operations, including those associated with climate change.<sup>75</sup> We seek to identify and assess our physical and transitional risks of climate change, and thus managing the impact of climate change on our operations.

At the corporate level in 2019, we actively promoted actions aimed at minimizing impacts associated with the generation of GHGs by setting corporate targets. We have undertaken various actions in our subsidiaries to optimize the consumption of electricity and fuels, and thus reducing our carbon footprint.

### GHG Emissions

We track the intensity of our GHG emissions which help us estimate the overall energy efficiency of our processes and the effect of our use. Minimizing GHG emissions is a corporate commitment aligned with our Environmental Policy.

At Caylloma and San Jose, we use the same methodology to estimate GHG emissions (emission per tonne of ore processed). At San Jose, this methodology was implemented in 2017 in compliance with the General Law on Climate Change of Mexico and it is independently verified by a Company authorized by the Mexican Entity of Accreditation. At Caylloma, we estimated GHG emissions for the first time in 2019.

At our subsidiaries, electrical power consumption is the main source of GHGs. In 2018, we assessed our energy consumption and, in 2019, we set reduction targets which will be implemented under specific initiatives to reduce energy use at each operation.



Solar panel installation during the construction of Lindero Project

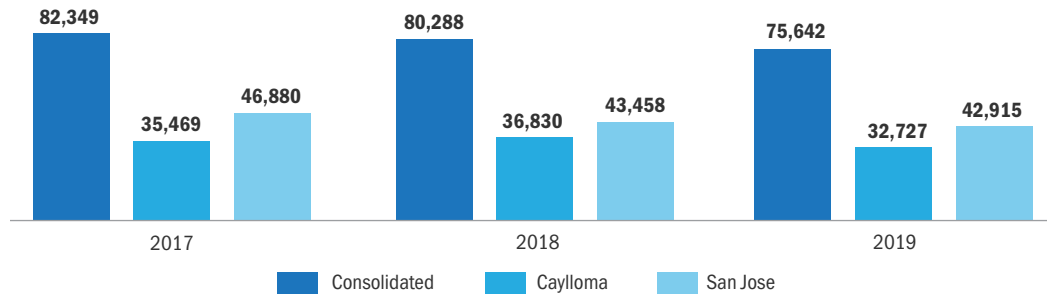
<sup>75</sup> Canadian Securities Administrators – CSA Staff Notice 51-358 entitled “Reporting of Climate Change-related Risks. For further information, please click [here](#).



## SUSTAINABILITY INDICATORS

The consolidated indicators related to GHG emissions recorded between 2017 and 2019 are shown in Figures 84-89.

**FIGURE 84 – GHG EMISSIONS GENERATED (tCO<sub>2</sub>eq)<sup>76</sup>**



The consolidated emissions from Caylloma and San Jose are presented in Figure 84. The gases included in these calculations for both mines were carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). The measurements include those derived under scope 1 (emissions generated by the company's direct consumption, primarily fuel consumption) and scope 2 (indirect emissions generated by electrical energy consumption).

**FIGURE 85 – GHG EMISSIONS INTENSITY RATE PER THOUSAND TONNES OF ORE PROCESSED (tCO<sub>2</sub>eq/t)**

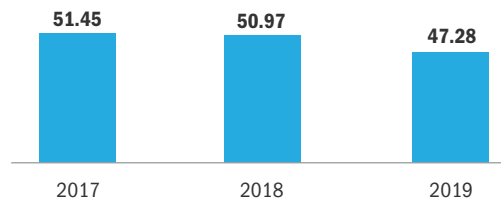
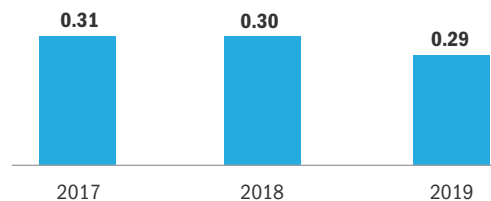


Figure 85 presents our intensity as tonnes of GHG emissions generated per tonne of ore processed. In 2019, we achieved a significant reduction of 47.28tCO<sub>2</sub>eq/t. Our target for 2020 is to reduce this rate by 2%.

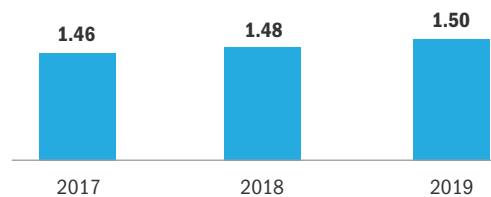
### Other GHG Emissions Intensity Rates

We measure our GHG emissions against other parameters of net concentrate sales and concentrate produced, such as ounces of gold, thousands of ounces of silver, and thousands of pounds of zinc. These are presented in Figures 86-89.

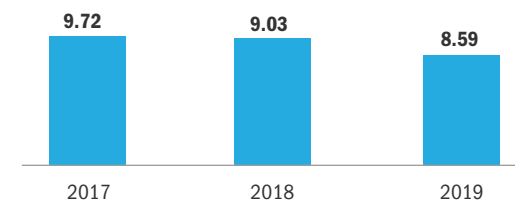
**FIGURE 86 – GHG EMISSIONS INTENSITY RATE BY NET CONCENTRATE SALES (tCO<sub>2</sub>eq /kUS\$)**



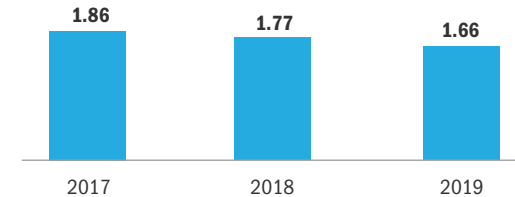
**FIGURE 87 – GHG EMISSIONS INTENSITY RATE BY GOLD CONCENTRATE PRODUCED (tCO<sub>2</sub>eq /oz)**



**FIGURE 88 – GHG EMISSIONS INTENSITY RATE BY SILVER CONCENTRATE PRODUCED (tCO<sub>2</sub>eq/koz)**



**FIGURE 89 – GHG EMISSIONS INTENSITY RATE BY ZINC CONCENTRATE PRODUCED (tCO<sub>2</sub>eq/klb)**



### BEYOND 2019

In 2020, we will work on the following actions related to GHG emissions:

- We seek to identify and assess our physical and transitional risks of climate change.
- We will incorporate (scope 3)<sup>77</sup> in our GHG estimations in the medium or long-term.
- Caylloma and San Jose will implement projects to reduce energy consumption, in accordance with the identified risk types.

<sup>76</sup> In our 2018 Sustainability Report we reported by mistake our generated GHG emissions at Cuzcatlan in units of gigatonnes instead of tonnes which is amended on this report.

<sup>77</sup> Emissions from sources not owned or controlled by Fortuna.



## AIR QUALITY

Due to intensive extraction, production and transportation activities during mining, our activities generate air emissions. The management of air quality within environmental quality standards required by legislations of the countries where we operate is essential to successfully meeting our air quality commitments.

### MANAGEMENT APPROACH

Minimizing air emissions is a commitment aligned with our Environmental Policy. We conduct regular air quality monitoring at our operations. This monitoring allows us to confirm compliance with air quality requirements.

Our subsidiaries use air quality monitoring stations to monitor the amount of particulate matter (dust) and gases in the air. Air quality monitoring is carried out by third party accredited laboratories on a quarterly basis.

At Caylloma, we primarily monitor particulate matter of less than 2.5 microns ( $PM_{2.5}$ ), nitrogen oxides ( $NO_x$ ) and sulfur oxides ( $SO_x$ ). At San Jose we monitor  $PM_{2.5}$ . Additionally, at Caylloma we monitor lead, arsenic, mercury and benzen emissions as requested by the legislation. In 2019, both Caylloma and San Jose reported emissions under the maximum permissible limits.<sup>78</sup>

We continually seek ways to improve the air quality of our operations. In 2019, the primary measures taken to reduce emissions at Caylloma included:

- Road and access road irrigation programs.
- Implementation of water spray systems and protective covers on the belts in the crusher area.
- Implementation of a sprinkler irrigation system for tailings deposits.

The primary measures implemented to reduce emissions at San Jose in 2019 included:

- Road dust control with water trucks.
- Particulate matter collectors in the laboratory area.
- Gas scrubber in the laboratory area to reduce acid gas emissions.

- Use of safety guards in the plant conveyor belt to reduce particle generation.
- Monitoring of the dry stack tailings facility which contains 14% moisture to prevent the dispersion of particles and improve their compression.
- Placement of a geomembrane on top of the dry tailings to prevent particle dispersion.

In addition, at Caylloma, we conducted participatory air quality monitoring inspections every quarter through 2019. These inspections included participation by community members and local authorities.

In 2019, we also conducted preventative monitoring tests and technical reviews of vehicle units to mitigate emissions by transport vehicles.



San Jose Mine

<sup>78</sup> In this report we specify the  $NO_x$ ,  $SO_x$  and  $PM_{2.5}$  emissions, in accordance with GRI Sustainability Reporting Standards.



## SUSTAINABILITY INDICATORS

The consolidated indicators related to polluting emissions recorded between 2017 to 2019 are shown in Figures 90 and 91.

### Concentration of Polluting Emissions ( $\mu\text{g}/\text{m}^3$ )

At Caylloma, we monitor  $\text{PM}_{2.5}$ ,  $\text{NO}_x$  and  $\text{SO}_x$  emissions, which decreased over the last three years. In 2019, we observed  $\text{NO}_x$  and  $\text{SO}_x$  emissions below the minimum detection threshold ( $13.72\mu\text{g}/\text{m}^3$  and  $4\mu\text{g}/\text{m}^3$ , respectively). At San Jose, due to the increase of the surface area in the dry stack tailings, there was an increase in the generation of  $\text{PM}_{2.5}$  compared to 2018.

FIGURE 90 – CAYLLOMA

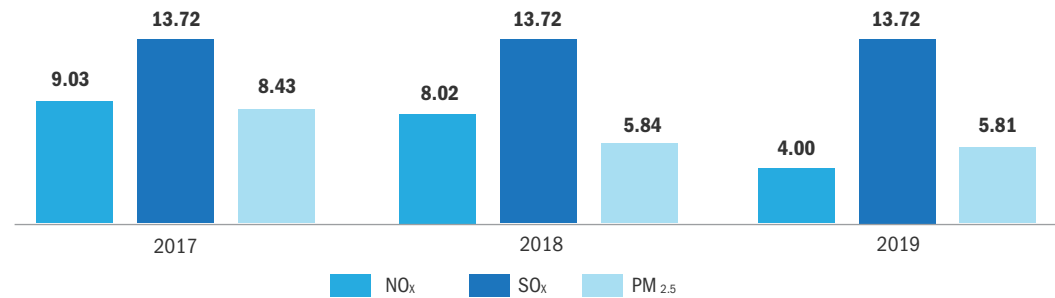
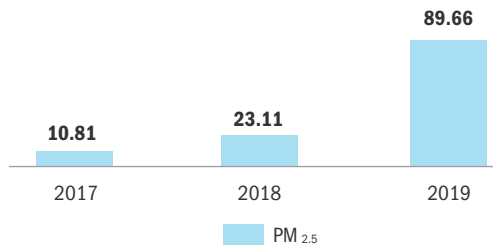


FIGURE 91 – SAN JOSE



### BEYOND 2019

At Cuzcatlan, we will start taking  $\text{NO}_x$  and  $\text{SO}_x$  measurements which will serve to standardize the indicators measured at our operations.





## TAILINGS AND WASTE

Tailings and waste generated by our production activities have the potential to impact the environment, landscape and ecosystems. We are fully committed to managing tailings and waste in a manner that mitigates such impacts, and to prevent incidents from affecting human health.

### MANAGEMENT APPROACH

In our Environmental Policy, we state our commitment to safely dispose of tailings that are byproducts of our mining processes, and to ensure that our waste management activities comply with the regulatory requirements of the countries where we operate.

#### Tailings and Waste Rock Management

At Fortuna, management of Tailings Storage Facilities (TSFs) and Heap Leach Facilities (HLF) is a priority. We design, build, operate, and maintain our TSFs and HLFs with a focus on risk identification and prevention. Our TSF and HLF standards provide the basis for effective tailings management.

Both Bateas and Cuzcatlan work hard to ensure stable and long-term management of tailings and associated facilities. Our subsidiaries must report any risks, concerns, deviations or problems that arise from the management of tailings and waste rock so that these can be addressed in a timely manner.

In our previous 2018 Sustainability Report, we reported an overflow at our dry stack tailings contingency pond at the San Jose Mine. Although this event was not considered significant by the Mexican authorities, in 2019 we updated our tailings management standards and operational manuals as described in our *Case Study 4: Lessons from the 2018 Overflow at the San Jose Mine*.

#### Hazardous and Non-Hazardous Waste

Mining processes also generate hazardous and non-hazardous waste which require adequate management and disposal.

We segregate and dispose of waste in accordance with the commitments undertaken in our environmental impact studies and the legislation of the countries where we operate.

At Caylloma, Bateas has specific procedures and guidelines for comprehensive waste management that govern collection, segregation, storage, reuse and disposal. At San Jose, Cuzcatlan has management plans designed to manage urban solid waste, hazardous and non-hazardous waste, and mining waste.

In 2019, both Caylloma and San Jose were successful in reducing our overall waste generation and increasing reuse and recycling at each site.



Tailings Dam at Caylloma Mine



Recycling at San Jose Mine



## SUSTAINABILITY INDICATORS

The consolidated indicators related to waste and tailings management recorded between 2017 and 2019 are shown in Table 22 and Figures 92-97.

**TABLE 22 – WASTE GENERATION BY TYPE AND DISPOSAL METHOD FOR THE YEAR 2019 (t)**

Disposal method	Hazardous waste	Non-hazardous waste
Reuse	0.00	0.82
Recycling	87.92	290.79
Composting	0.00	8.31
Incineration (mass burn)	0.11	82.22
Landfill	0.00	33.11
On site storage	0.00	0.34
Others	188.43	393.88
<b>Total</b>	<b>276.45</b>	<b>809.47</b>

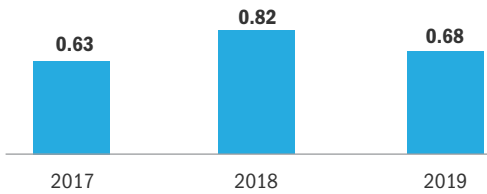
In 2019, we generated 1,086t of waste made up of 25% hazardous waste and 75% non-hazardous waste. At Caylloma, the main source of hazardous waste is hydrocarbon-contaminated waste, empty reagent cylinders and cardboard of used explosives. Non-hazardous waste is organic and general waste. At San Jose, the main sources of hazardous waste are used oil, hydrocarbon-contaminated solids and empty containers of hazardous materials. Non-hazardous materials are made up of plastic, cardboard, wood, scrap metal and organic waste.

**FIGURE 92 – NUMBER OF SIGNIFICANT SPILLS FOR 2019<sup>79</sup>**



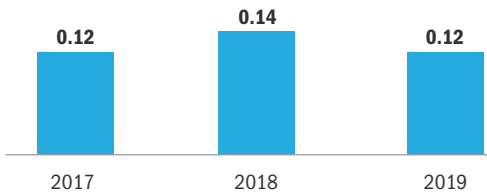
In 2019, there were no significant spills of concentrate, fuels, hazardous waste, hazardous chemical substances or any others at our Caylloma or San Jose Mines.

**FIGURE 93 – WASTE INTENSITY RATE PER TONNE OF ORE PROCESSED (kg/t)**



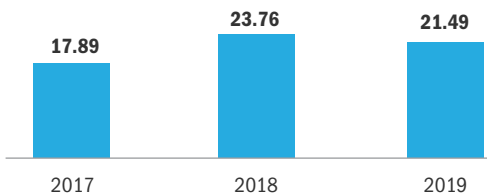
Our main waste management indicator is the rate of waste generated per tonnes of ore processed. In 2019, we achieved a rate of 0.68kg/t.

**FIGURE 94 – WASTE INTENSITY RATE PER THOUSANDS OF OUNCES OF SILVER CONCENTRATE PRODUCED (t/koz)**



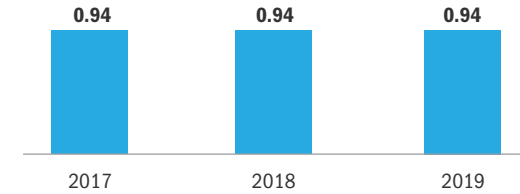
We also measure our waste management performance by using other parameters, such as waste generated per number of ounces of silver concentrate produced. In 2019 we achieved an intensity of 0.12t/koz.

**FIGURE 95 – WASTE INTENSITY RATE PER THOUSANDS OF OUNCES OF GOLD CONCENTRATE PRODUCED (t/koz)**



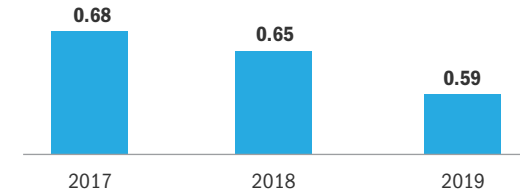
We also measure our waste management performance by plotting waste generated per thousand ounces of gold concentrate produced. In 2019 we achieved an intensity of 21.49t/koz.

**FIGURE 96 – TAILINGS GENERATION INTENSITY RATE PER TONNE OF ORE PROCESSED (t/t)**



We regularly monitor the intensity of tailings generated per tonne of ore processed. Over the past three years, this indicator has remained steady at 0.94t/t.

**FIGURE 97 – DRY TAILINGS DISPOSAL INTENSITY RATE PER TONNE OF ORE PROCESSED (t/t)**



Whenever possible, we look for ways to reuse the waste byproduct of our processes. For example, we reuse tailings as hydraulic fill in our mines, thereby reducing the amount of dry tailings that we need to dispose. In 2019, we reached a value of 0.59t/t and, in 2020, our target is to reduce this indicator by 2% to a value of 0.58t/t.

### BEYOND 2019

At the corporate level, we will continue to apply TSF and HLF management standards and conducting internal audits.

At Bateas and Cuzcatlan, we will focus on optimizing the use of tailings for hydraulic filling in our underground mines.

<sup>79</sup> The significance of spills is evaluated in relation to the following impact criteria: operational, financial, safety, health, environment, community, reputation.



## CASE STUDY 4

### LESSONS FROM THE 2018 OVERFLOW AT THE SAN JOSE MINE

As we reported in our 2018 Sustainability Report, unusually heavy rains caused an overflow at our dry stack tailings contingency pond at the San Jose Mine, Oaxaca, Mexico in October 2018. The contingency pond collects water from the ditch system at the dry stack tailing facility designed to capture and manage rainwater. No process water was involved in this incident. PROFEPA and CONAGUA conducted surface and groundwater monitoring and confirmed that no contamination of soil or water resources occurred.

Following the 2018 incident, we conducted investigations and concluded that a formal audit of our Tailings Storage Facilities (TSFs) and Heap Leach Facilities (HLFs) was required before any changes were implemented on-site. The audit should include recommendations in order to prevent reoccurrence of such events.

Accordingly, in December 2018, an independent, suitably qualified engineer carried out an external audit on all our TSF located at the San Jose Mine in Mexico and the Caylloma Mine in Peru. The external audits were supplemented by a peer review of the HLF being constructed at the Lindero Project in Salta, Argentina.

The results of the external audit recommended some areas of improvement. The recommended improvements were reviewed and endorsed by our Executive Team and the Board of Directors in March 2019 and, based on the recommendations made, an action plan was prepared.

The action plan focused on two primary activities: the development of annual audit plans for all TSFs and HLFs, and the assignment of an Engineer of Record (EoR) for each facility.

In parallel to the improvements recommended by the external audit, we also expanded the capacity of the San Jose Mine dry stack TSF, doubled the capacity of the contingency pond and increased the pumping capacity by five times to prevent overflows during the rainy season. We also upgraded and increased the geotechnical monitoring equipment and control points, updated our storm water management plans, and tested our emergency response plans.

Finally, based on guidelines from the Mining Association of Canada and Canadian Dam Association, we developed a design standard for our TSFs and HLFs and updated our tailings operational manuals, with a particular focus on:

- TSF and HLF integrity: design, construction, operation and maintenance phases.
- TSF and HLF governance: at the owner, responsible engineer and EoR.
- Monitoring, surveillance and audit: through geotechnical instrumentation, safety reviews and inspections by a qualified professional engineer.
- Emergency preparedness and response: including monitoring conditions assessing potential impacts, testing and training in emergency preparedness.

Our Design Standards for Tailings and Heap Leach Facilities and new operating manual can be found on our website.

Beyond 2019, we plan to implement assurance protocols that will verify implementation of the standards and updated manuals.





## BIODIVERSITY

Mining activities alter the natural features of the local landscape and can damage land, habitat, impact species and affect the overall ecosystem. We prepare management plans to avoid or mitigate the impacts of our activities on biodiversity, and enable conservation of plant and animal life, in compliance of the environmental regulations of the countries where we operate.

## MANAGEMENT APPROACH

In line with our Environmental Policy, we address issues concerning the conservation of biodiversity impacted by our activities. For this reason, we do not explore or operate in areas identified as protected by international conventions.<sup>80</sup>

At Caylloma and San Jose, we prepared management plans for the protection of biodiversity which are approved by local authorities. These documents outline the existing biodiversity inventory prior to the start of operations, accompanied by a conservation monitoring plan.

In addition, as part of our environmental impact studies, we conduct biodiversity risk and impact assessments to complete our biodiversity management plans. Such plans include biological monitoring and measurements aimed at mitigating biodiversity impacts.

We monitor the number of plant or animal species included in the International Union for Conservation of Nature (IUCN) Red List of Threatened Species,<sup>81</sup> the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)<sup>82</sup> and in regulations applicable to each operation at Caylloma and San Jose.

Monitoring is conducted every six months, under the responsibility of the OHS and Environmental departments and are performed by specialized consultants. In 2019, no controversy arose in relation to impacts on biodiversity.

<sup>80</sup> We have taken into consideration the national definitions of protected areas available in the countries where we operate, as those of the Ramsar Convention.

<sup>81</sup> IUCN is an international entity that seeks to promote the conservation of nature and the sustainable use of resources. It provides information about the conservation status of species around the world, it provides information according to the classification of the vulnerability of each species as follows: Least Concern (LC), Near Threatened (NT), Vulnerable (VU), Endangered (EN), Critically Endangered (CR), Extinct in the wild (EW) and Extinct (EX).

<sup>82</sup> CITES is an international agreement between governments, approved since 1973 that seeks to ensure that international trade in animal and plant specimens does not threaten their survival.



## SUSTAINABILITY INDICATORS

The consolidated indicators related to biodiversity management recorded in 2019 are shown in Tables 23-24.

**TABLE 23 – DISTURBED AND REHABILITATED LAND (ha)**

	Caylloma	San Jose
Land disturbed and not yet rehabilitated at the beginning of 2019 (opening balance)	56.88	109.95
Land newly disturbed (in 2019)	0.27	4.74
Land newly rehabilitated (in 2019)	0.02	0.00
Land disturbed and not yet rehabilitated at the end of 2019 (closing balance)	57.14	114.69

We define disturbed lands as land that has undergone some physical or chemical alteration that substantially disrupts pre-existing habitats and land cover. For the purposes of this indicator, we are considering land as land we own, lease and/or is managed under our operating activities.

In 2019, we disturbed a land area of 4.74ha at San Jose, due to preparation and construction for the dry TSF expansion project. At Caylloma in 2019, we rehabilitated 0.02ha as part of the mine closure plan and disturbed 0.27ha, primarily due to the construction activities at one of our mine waste rock deposits.

Our active operations or exploration projects in 2019 were not located within or adjacent to protected areas. However, the Caylloma Mine is located near areas of significant biodiversity value, including wetlands and Andean lagoons.<sup>83</sup> The Peruvian Government considers these two habitats to be fragile ecosystems according to Article 99 of the General Law on the Environment of Peru.

<sup>83</sup> Located between 0km to 7km from the Caylloma Mine.

<sup>84</sup> As part of our environmental commitments, our subsidiaries take some preventive actions to protect and conserve the flora and fauna species in the wetlands and Andean lagoons. This includes flora and fauna monitoring, awareness sessions among others.

These habitats serve as a shelter for a wide diversity of plants and animal life, many of them contain species that are in some category of protective status at the national and international level, some are migratory species, etc. Similarly, wetlands fulfill the function of water accumulation, enabling the growth of ivy plants. Table 24 details the areas near our operations that require a biodiversity management plan.

**TABLE 24 – SITES REQUIRING A BIODIVERSITY MANAGEMENT PLAN**

	Caylloma	San Jose
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 of protected areas.	2	0
Area of the identified site(s) (ha)	65	0
Number of sites identified as in need of a biodiversity management plan	2	0
Number of sites identified that have a biodiversity management plan (in progress) <sup>84</sup>	0	NA

## BEYOND 2019

At Caylloma, we will update our risk assessments and update our biodiversity management plans for sensitive habitats near our operations, in particular for sites adjacent to areas of significant value for biodiversity. At San Jose, we will continue with the initiative to rescue and relocate plant and wildlife species, particularly those classified as at risk.





## MINE CLOSURE PLANS

Mine closure plans represent a fundamental component of planning and development from the very beginning of our operations. The regulations of countries where we operate, and international standards require that the environmental and social aspects of mine closure be considered from the start of planning of each mining project.



Rehabilitation at Caylloma Mine

## MANAGEMENT APPROACH

We are committed to implementing rigorous environmental standards in all the phases of our mining activities including closure activities. Similarly, under the regulations of the countries where we operate we are committed to make operational provisions and financial provisions until the mine closure plans, rehabilitation and remediation activities are completed.<sup>85</sup>

The objective of our mine closure plans is to ensure that the environment where our mining activities take place recovers the quality conditions necessary to ensure long-term sustainability, whether these conditions are similar to those it had before the start of operations or conditions for alternative viable use.

All our operations have conceptual, progressive and final closure plans. The conceptual closure plans were developed at the beginning of operations. Physical conditions (including water quality, soil conditions, physical stability, chemical stability and hydrological stability), biological conditions (including habitats and revegetation), socioeconomic (including stakeholder participation and social programs) and the cultural environment were assessed.

Prior to closure, our mine closure plans and financial provisions are approved by the local regulators and are endorsed by the Board of Directors. Progress reports on the implementation of the plans are sent to the local regulators on an annual basis.

In 2019, no Fortuna operations were near closure. However, at Caylloma we closed some mine components as part of the progressive mine closure.<sup>86</sup>

At San Jose, the mine closure plan was updated in 2019.<sup>87</sup> This ensures that enough money is set aside, and rehabilitation is conducted before closure.

Both closure plans are reassessed regularly if more reserves or resources are discovered extending the life of mine and delaying the planned date of closure.

## SUSTAINABILITY INDICATORS

The consolidated indicators related to Mine Closure are shown in Figure 98.

**FIGURE 98 – FINANCIAL PROVISIONS FOR MINE CLOSURE (MUS\$)**



Figure 98 illustrates our financial provision in 2019 of US\$13.12 million allocated for the Caylloma and San Jose closure plans.

### BEYOND 2019

At the subsidiary level, Bateas expects government approval in 2020 for the modifications made to their closure plans. Cuzcatlan will include the impacts from the construction of the dry tailings facility in its mine closure plans.

<sup>85</sup> Peruvian legislative decree 28090 “Law regulating mine closures” requires a financial provision, the identification of stakeholder groups, and a record of the consultation process during the initial, progressive and final closure.

<sup>86</sup> A camp and a pit were closed where dismantling and remedial revegetation rehabilitation work was completed. A summary of the closure activities is included in the 2018 Bateas Technical Report available in our website.

<sup>87</sup> Updated by Clifton. A summary is included in the 2018 Cuzcatlan Technical Report available in our website.



APPENDICES

# Performance Data





## APPENDICES

# Performance Data

Our sustainability performance data presented below represents the sustainability indicators monitored at each of our operating subsidiaries. Data is reported from the 1st of January 2019 to the 31st December 2019.

Data reported in our previous Sustainability Report 2018 was adjusted and restated on this report.

Due to time constraints, no external verification was undertaken in 2019.

## Anti-corruption and Anti-bribery

**TABLE 25 – COMMUNICATION AND TRAINING OF THE CODE OF ETHICS AND THE ANTI-CORRUPTION POLICY (number and percentage)**

Group	No.	%
Members of the Board of Directors	7	100

Group	Job Level	Fortuna		Bateas		Cuzcatlan	
		No.	%	No.	%	No.	%
Employees	Executives	8	100	1	100	1	100
	Senior Management	9	100	1	100	2	100
	Management	6	100	6	100	4	100
	Supervisors	7	100	13	100	20	100
	Group Contributors	9	100	45	100	65	100
	Individual contributors	8	100	90	100	84	100
	Jr. Individual contributors.	3	100	8	100	2	100
	Workers	0	100	194	100	251	100
<b>Total</b>		<b>50</b>	<b>100</b>	<b>358</b>	<b>100</b>	<b>429</b>	<b>100</b>

**TABLE 26 – ANTI-CORRUPTION POLICY TRAINING (number and percentage)**

Group	No.	%
Board of Directors	7	100

Group	Fortuna		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%
Employees in managerial and supervisory positions	31	100	21	100	49	100
<b>Total</b>	<b>31</b>	<b>100</b>	<b>21</b>	<b>100</b>	<b>49</b>	<b>100</b>

## Human Rights

**TABLE 27 – SECURITY EMPLOYEES TRAINED IN HUMAN RIGHTS (number and percentage)**

	Consolidated		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%
Own personnel	7	100	1	100	6	100
Public and private security employees	74	100	44	100	30	100

## Financial Performance and Creation of Economic Value

**TABLE 28 – DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED ('000 US\$)**

	Consolidated	Fortuna (Peru)	Bateas (Peru)	Cuzcatlan (Mexico)
Direct economic value generated (DEVG)	256,417	0	71,350	185,068
Revenues	256,417	0	71,350	185,068
Economic value distributed (EVD)	172,243	5,002	53,278	113,963
Operational costs	106,851	924	36,206	69,720
Employee wages and benefits	32,323	4,003	13,523	14,797
Payments to the Government	31,053	75	3,199	27,779
Community investments	2,016	0	350	1,666
Economic Value Retained (DEVG-EVD)	84,174			





## Occupational Health & Safety Management

**TABLE 29 – WORK-RELATED INJURY INDICATORS FOR EMPLOYEES (number)**

Indicator	Consolidated			Fortuna			Bateas			Cuzcatlan		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
TRF <sup>88</sup>	0	0	0	0	0	0	0	0	0	0	0	0
LTI <sup>89</sup>	6	2	0	0	0	0	4	1	0	2	1	0
TRI <sup>90</sup>	14	6	3	0	0	0	10	1	0	4	5	3
Days lost	883	141	0	0	0	0	768	69	0	115	72	0

**TABLE 30 – WORK-RELATED INJURY INDICATORS FOR EMPLOYEES (rate)**

Indicator	Consolidated			Fortuna			Bateas			Cuzcatlan		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
LTIFR	3.25	1.02	0.00	0.00	0.00	0.00	5.70	1.17	0.00	1.90	0.99	0.00
TRIFR	7.59	3.06	1.49	0.00	0.00	0.00	14.24	1.17	0.00	3.81	4.94	2.99
SR	478.51	72.00	0.00	0.00	0.00	0.00	1,093.83	80.50	0.00	109.44	71.11	0.00

**TABLE 31 – WORK-RELATED ILLNESSES INDICATORS FOR EMPLOYEES (number)**

Indicator	Consolidated			Fortuna			Bateas			Cuzcatlan		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Fatalities due to work-related illnesses	0	0	0	0	0	0	0	0	0	0	0	0
Number of work-related illnesses	0	0	0	0	0	0	0	0	0	0	0	0

**TABLE 32 – WORK-RELATED INJURY INDICATORS FOR CONTRACTORS (number)**

Indicator	Consolidated			Fortuna			Bateas			Cuzcatlan		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
TRF	2	0	1	0	0	0	2	0	0	0	0	1
LTI	8	8	6	0	0	0	3	3	3	5	5	3
TRI	28	30	22	0	0	0	18	19	12	10	11	10
Days lost	12,424	487	6,575	0	0	0	12,265	205	79	159	282	6,496

<sup>88</sup> Total Recordable Fatalities (TRF) as a result of work-related injury.

<sup>89</sup> Lost time Injury (LTI).

<sup>90</sup> Total Recordable Injuries (TRI). Includes injuries with lost time and incidents with medical treatment.

**TABLE 33 – WORK-RELATED INJURY INDICATORS FOR CONTRACTORS (rate)**

Indicator	Consolidated			Fortuna			Bateas			Cuzcatlan		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
LTIFR	2.31	2.24	1.69	0.00	0.00	0.00	1.78	1.57	1.50	2.81	3.01	1.93
TRIFR	8.08	8.39	6.18	0.00	0.00	0.00	10.67	9.92	5.98	5.63	6.62	6.44
SR	3,586.20	136.20	1,847.08	0.00	0.00	0.00	7,270.38	107.07	39.37	89.46	169.78	4,182.60

**TABLE 34 – WORK-RELATED ILLNESSES INDICATORS FOR CONTRACTOR (number)**

Indicator	Consolidated			Fortuna			Bateas			Cuzcatlan		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Fatalities due to work-related illnesses	0	0	0	0	0	0	0	0	0	0	0	0
Number of work-related illnesses	0	0	0	0	0	0	0	0	0	0	0	0

**TABLE 35 – NEW CONTRACTORS THAT WERE SCREENED USING ENVIRONMENTAL AND SOCIAL CRITERIA (number and percentage)**

	Consolidated		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%
Environmental	4	57	4	100	0	0
Social	7	100	4	100	3	100

## Human and Organizational Development

**TABLE 36 – EMPLOYEES BY EMPLOYMENT CONTRACT (number and percentage)**

Contract type	Consolidated		Fortuna		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%	No.	%
Indefinite term	797	95	44	88	324	91	429	100
Fixed term	40	5	6	12	34	9	0	0
<b>Total</b>	<b>837</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>358</b>	<b>100</b>	<b>429</b>	<b>100</b>

**TABLE 37 – EMPLOYEES HIRED DIRECTLY AND INDIRECTLY (number and percentage)**

Group	Consolidated		Fortuna		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%	No.	%
Employees	837	39	50	100	358	33	429	42
Contractors	1,307	61	0	0	723	67	584	58
<b>Total</b>	<b>2,144</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>1,081</b>	<b>100</b>	<b>1,013</b>	<b>100</b>

**TABLE 38 – EMPLOYEES BY COUNTRY (number)**

Country	Consolidated	Fortuna	Bateas	Cuzcatlan
Canada	12	12	-	-
Peru	396	38	358	-
Mexico	429	-	-	429
<b>Total</b>	<b>837</b>	<b>50</b>	<b>358</b>	<b>429</b>

**TABLE 39 – RATIO OF BASIC SALARY AND TOTAL CASH OF WOMEN TO MEN (salary of women/salary of men)**

Ratio	Fortuna Peru	Fortuna Canada	Bateas	Cuzcatlan
Basic salary	0.97	1.00	0.93	0.96
Total cash	0.96	0.94	0.91	0.96

**TABLE 40 – EMPLOYEES BY SEX AND JOB LEVEL (number and percentage)**

Job level	Sex	Consolidated		Fortuna		Bateas		Cuzcatlan	
		No.	%	No.	%	No.	%	No.	%
Managerial Employees	Men	56	85	26	87	13	87	17	81
	Women	10	15	4	13	2	13	4	19
	<b>Total</b>	<b>66</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>21</b>	<b>100</b>
Non-Managerial Employees	Men	253	78	12	60	124	83	117	75
	Women	73	22	8	40	25	17	40	25
	<b>Total</b>	<b>326</b>	<b>100</b>	<b>20</b>	<b>100</b>	<b>149</b>	<b>100</b>	<b>157</b>	<b>100</b>
Workers	Men	384	86	0	0	193	99	191	76
	Women	61	14	0	0	1	1	60	24
	<b>Total</b>	<b>445</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>194</b>	<b>100</b>	<b>251</b>	<b>100</b>
Total	Men	693	83	38	76	330	92	325	76
	Women	144	17	12	24	28	8	104	24
	<b>Total</b>	<b>837</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>358</b>	<b>100</b>	<b>429</b>	<b>100</b>

**TABLE 41 – EMPLOYEES BY AGE GROUP AND JOB LEVEL (number and percentage)**

Level	Age Group	Consolidated		Fortuna		Bateas		Cuzcatlan	
		No.	%	No.	%	No.	%	No.	%
Managerial Employees	Under 30 years	0	0	0	0	0	0	0	0
	Between 30 and 50	52	79	22	73	13	87	17	81
	Over 50	14	21	8	27	2	13	4	19
	<b>Total</b>	<b>66</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>21</b>	<b>100</b>
Non-Managerial Employees	Under 30 years	69	21	3	15	19	13	47	30
	Between 30 and 50	231	71	15	75	110	74	106	68
	Over 50	26	8	2	10	20	13	4	3
	<b>Total</b>	<b>326</b>	<b>100</b>	<b>20</b>	<b>100</b>	<b>149</b>	<b>100</b>	<b>157</b>	<b>100</b>
Workers	Under 30 years	123	28	0	0	26	13	97	39
	Between 30 and 50	274	62	0	0	139	72	135	54
	Over 50	48	11	0	0	29	15	19	8
	<b>Total</b>	<b>445</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>194</b>	<b>100</b>	<b>251</b>	<b>100</b>
Total	Under 30 years	192	23	3	6	45	13	144	34
	Between 30 and 50	557	67	37	74	262	73	258	60
	Over 50	88	11	10	20	51	14	27	6
	<b>Total</b>	<b>837</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>358</b>	<b>100</b>	<b>429</b>	<b>100</b>

**TABLE 42 – NEW EMPLOYEE HIRES BY SEX (number and percentage)**

Sex	Consolidated		Fortuna		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%	No.	%
Men	103	12.31	4	8.00	55	15.36	44	10.26
Women	35	4.18	5	10.00	11	3.07	19	4.43
<b>Total</b>	<b>138</b>	<b>16.49</b>	<b>9</b>	<b>18.00</b>	<b>66</b>	<b>18.44</b>	<b>63</b>	<b>14.69</b>

**TABLE 43 – NEW EMPLOYEE HIRES BY AGE GROUP (number and percentage)**

Age group	Consolidated		Fortuna		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%	No.	%
Under 30 years old	52	6.21	3	6.00	16	4.47	33	7.69
Between 30 and 50	82	9.80	6	12.00	48	13.41	28	6.53
Over 50	4	0.48	0	0.00	2	0.56	2	0.47
<b>Total</b>	<b>138</b>	<b>16.49</b>	<b>9</b>	<b>18.00</b>	<b>66</b>	<b>18.44</b>	<b>63</b>	<b>14.69</b>

**TABLE 44 – EMPLOYEE TURNOVER BY SEX (number and percentage)**

Sex	Consolidated		Fortuna		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%	No.	%
Men	84	10.04	2	4.00	57	15.92	25	5.83
Women	28	3.35	2	4.00	13	3.63	13	3.03
<b>Total</b>	<b>112</b>	<b>13.38</b>	<b>4</b>	<b>8.00</b>	<b>70</b>	<b>19.55</b>	<b>38</b>	<b>8.86</b>

**TABLE 45 – EMPLOYEE TURNOVER BY AGE GROUP (number and percentage)**

Age group	Consolidated		Fortuna		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%	No.	%
Under 30 years old	20	2.39	1	2.00	15	4.19	4	0.93
Between 30 and 50	74	8.84	3	6.00	45	12.57	26	6.06
Over 50	18	2.15	0	0.00	10	2.79	8	1.86
<b>Total</b>	<b>112</b>	<b>13.38</b>	<b>4</b>	<b>8.00</b>	<b>70</b>	<b>19.55</b>	<b>38</b>	<b>8.86</b>

**TABLE 46 – VOLUNTARY EMPLOYEE TURNOVER BY SEX (number and percentage)**

Sex	Consolidated		Fortuna		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%	No.	%
Men	38	4.54	0	0.00	26	7.26	12	2.80
Women	12	1.43	0	0.00	7	1.96	5	1.17
<b>Total</b>	<b>50</b>	<b>5.97</b>	<b>0</b>	<b>0.00</b>	<b>33</b>	<b>9.22</b>	<b>17</b>	<b>3.96</b>

**TABLE 47 – VOLUNTARY EMPLOYEE TURNOVER BY AGE GROUP (number and percentage)**

Age group	Consolidated		Fortuna		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%	No.	%
Under 30 years old	11	1.31	0	0.00	9	2.51	2	0.47
Between 30 and 50	35	4.18	0	0.00	22	6.15	13	3.03
Over 50	4	0.48	0	0.00	2	0.56	2	0.47
<b>Total</b>	<b>50</b>	<b>5.97</b>	<b>0</b>	<b>0.00</b>	<b>33</b>	<b>9.22</b>	<b>17</b>	<b>3.96</b>

**TABLE 48 – AVERAGE TRAINING TIME BY JOB LEVEL (number of hours and rate)**

Job Level	Consolidated		Fortuna		Bateas		Cuzcatlan	
	Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate
Executives	59	5.93	2	0.28	32	32.00	25	25.00
Senior Managers	140	11.67	84	9.34	32	32.00	24	12.00
Managers	565	35.33	2	0.38	228	38.00	335	83.75
Supervisors	3,124	78.11	173	24.76	427	32.86	2,524	126.20
Group Contributors	5,044	42.39	29	3.26	696	15.47	4,319	66.45
Individual Contributors	4,591	25.22	25	3.07	220	2.44	4,346	51.74
Jr. Individual Contributors	164	12.63	2	0.75	142	17.75	20	10.00
Workers	8,804	19.78	-	-	1,748	9.01	7,056	28.11
<b>Total</b>	<b>22,492</b>	<b>26.87</b>	<b>318</b>	<b>6.36</b>	<b>3,525</b>	<b>9.85</b>	<b>18,649</b>	<b>43.47</b>

**TABLE 49 – AVERAGE TRAINING TIME BY SEX (number of hours and rate)**

Sex	Consolidated		Fortuna		Bateas		Cuzcatlan	
	Hours	Rate	Hours	Rate	Hours	Rate	Hours	Rate
Men	17,067	24.63	240	6.32	3,361	10.19	13,466	41.43
Women	5,425	37.67	78	6.48	164	5.86	5,183	49.84
<b>Total</b>	<b>22,492</b>	<b>26.87</b>	<b>318</b>	<b>6.36</b>	<b>3,525</b>	<b>9.85</b>	<b>18,649</b>	<b>43.47</b>

**TABLE 50 – AVERAGE TRAINING EXPENSES BY JOB LEVEL (US\$ and rate)**

Job level	Consolidated		Fortuna		Bateas		Cuzcatlan	
	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
Executives	7,204	720.45	800.00	100.00	3,625	3,625.00	2,779	2,779.48
Senior Managers	13,730	1,144.16	5,250.00	583.33	3,625	3,625.00	4,855	2,427.45
Managers	49,835	3,114.68	0.00	0.00	22,950	3,825.00	26,885	6,721.20
Supervisors	98,029	2,450.72	4,157.00	593.86	31,694	2,438.00	62,178	3,108.89
Group Contributors	100,829	847.30	2,113.64	234.85	13,053	290.07	85,663	1,317.88
Individual Contributors	64,579	354.83	0.00	0.00	5,370	59.67	59,209	704.86
Jr. Individual Contributors	5,447	419.02	0.00	0.00	2,615	326.88	2,832	1,416.14
Workers	87,852	197.42	-	-	12,874	66.36	74,978	298.72
<b>Total</b>	<b>427,505</b>	<b>510.76</b>	<b>12,320.64</b>	<b>246.41</b>	<b>95,806</b>	<b>267.61</b>	<b>319,378</b>	<b>744.47</b>

**TABLE 51 – AVERAGE TRAINING EXPENSES BY SEX (US\$ and rate)**

Sex	Consolidated		Fortuna		Bateas		Cuzcatlan	
	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
Men	316,696	456.99	10,885	286.44	82,085	248.74	223,726	688.39
Women	110,809	769.51	1,436	119.67	13,721	490.04	95,652	919.73
<b>Total</b>	<b>427,505</b>	<b>510.76</b>	<b>12,321</b>	<b>246.41</b>	<b>95,806</b>	<b>267.61</b>	<b>319,378</b>	<b>744.47</b>

**TABLE 52 – EMPLOYEE PERFORMANCE EVALUATION BY JOB LEVEL (number and percentage)**

Job Level	Consolidated			Fortuna			Bateas			Cuzcatlan		
	No.	Total	%	No.	Total	%	No.	Total	%	No.	Total	%
Executives	-	-	-	-	-	-	-	-	-	-	-	-
Senior Managers	5	5	100	5	5	100	-	-	-	-	-	-
Managers	5	5	100	5	5	100	-	-	-	-	-	-
Supervisors	6	6	100	5	5	100	0	0	0	1	1	100
Group Contributors	59	66	89	4	4	100	22	22	100	33	40	83
Individual contributors	138	139	99	3	3	100	61	61	100	74	75	99
Jr. Individual contributors	14	14	100	3	3	100	10	10	100	1	1	100
Workers	432	434	99	-	-	-	194	194	100	238	240	99
<b>Total</b>	<b>659</b>	<b>669</b>	<b>99</b>	<b>25</b>	<b>25</b>	<b>100</b>	<b>287</b>	<b>287</b>	<b>100</b>	<b>347</b>	<b>357</b>	<b>97</b>

## Social Performance

**TABLE 53 – SPENDING IN LOCAL COMMUNITIES (US\$)**

Community involvement activities	Consolidated	Bateas	Cuzcatlan
Cash donations	461,450	0	461,450
Monetary value of in-kind donations	133,809	48,330	85,479
Community development program spending	445,184	184,200	260,984
Productive development program spending	505,368	445,574	59,794
Investment in community infrastructure	1,252,959	57,869	1,195,090
Management costs	923,077	342,708	580,369
<b>Total</b>	<b>3,721,846</b>	<b>1,078,680</b>	<b>2,643,166</b>

**TABLE 54 – INVESTMENT IN LOCAL COMMUNITIES (US\$)**

Indicator	Consolidated	Bateas	Cuzcatlan
Investment in community infrastructure	1,241,349	57,869	1,183,480
Investment in education, health and culture	1,068,213	247,409	820,805
Investment in the promotion of local entrepreneurship	489,208	430,695	58,513
<b>Total</b>	<b>2,798,770</b>	<b>735,972</b>	<b>2,062,798</b>

**TABLE 55 – EMPLOYEES FROM LOCAL COMMUNITIES (number and percentage)**

Area of influence	Consolidated		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%
DAI	267	33.93	64	17.88	203	47.32
DAI+IAI	544	69.12	211	58.94	333	77.62

**TABLE 56 – SUPPLIERS FROM LOCAL COMMUNITIES (number and percentage)**

Area of influence	Consolidated		Bateas		Cuzcatlan	
	No.	%	No.	%	No.	%
DAI	112	9.75	18	3.35	94	15.36
DAI+IAI	279	24.28	56	10.43	223	36.44

**TABLE 57 – SPENDING ON LOCAL SUPPLIERS (%)**

Area of influence	Bateas	Cuzcatlan
DAI	4	7
DAI+IAI	29	25

## Environmental Management

### Water

**TABLE 58 – WATER COLLECTION BY SOURCE (m<sup>3</sup>)**

Source	Consolidated	Bateas	Cuzcatlan
Surface water (A)	1,336,841	1,067,637	269,204
Groundwater (B)	55,123	0	55,123
Freshwater (A+B)	1,391,964	1,067,637	324,327
Third-party water <sup>91</sup>	253,051	0	253,051
<b>Total</b>	<b>1,645,015</b>	<b>1,067,637</b>	<b>577,378</b>

<sup>91</sup> Municipal water suppliers and municipal wastewater treatment plants, public and private utilities, and other organizations involved in the provision, transport, treatment, disposal or use of water and effluent.

**TABLE 59 – WATER COLLECTION (m<sup>3</sup>)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Water collection	2017	1,726,836	1,165,111	561,725
	2018	1,474,567	1,105,643	368,924
	2019	1,645,015	1,067,637	577,378

**TABLE 60 – WATER RECYCLED (m<sup>3</sup>)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Water recycled	2017	3,414,577	778,140	2,636,438
	2018	3,329,188	780,091	2,549,097
	2019	3,332,801	773,059	2,559,742

**TABLE 61 – WATER RECYCLED (%)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Water recycled	2017	66	40	82
	2018	69	41	87
	2019	67	42	82

**TABLE 62 – WATER DISCHARGE (m<sup>3</sup>)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Water discharge	2017	168,585	168,585	0
	2018	436,016	436,016	0
	2019	304,810	304,810	0

**TABLE 63 – WATER CONSUMPTION<sup>92</sup> (m<sup>3</sup>)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Water consumption	2017	1,558,251	996,526	561,725
	2018	1,038,551	669,628	368,924
	2019	1,340,205	762,829	577,378

<sup>92</sup> We calculate water consumption as the difference between water collection and water discharge.

**TABLE 64 – FRESHWATER COLLECTION INTENSITY RATE PER TONNE OF ORE PROCESSED (m<sup>3</sup>/t)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Freshwater collection intensity rate	2017	0.95	2.20	0.33
	2018	0.85	2.07	0.22
	2019	0.87	2.01	0.30

**TABLE 65 – FRESHWATER COLLECTION INTENSITY RATE PER THOUSANDS OF US\$ IN CONCENTRATE SALES (m<sup>3</sup>/kUS\$)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Freshwater collection intensity rate	2017	5.67	13.22	1.97
	2018	5.07	12.64	1.30
	2019	5.41	14.65	1.76

**TABLE 66 – FRESHWATER COLLECTION INTENSITY RATE PER OUNCE OF SILVER CONCENTRATE PRODUCED (m<sup>3</sup>/oz)**

Indicator	Year	Consolidated
Freshwater collection intensity rate	2017	0.18
	2018	0.15
	2019	0.16

**TABLE 67 – FRESHWATER COLLECTION INTENSITY RATE PER OUNCE OF GOLD CONCENTRATE PRODUCED (m<sup>3</sup>/oz)**

Indicator	Year	Consolidated
Freshwater collection intensity rate	2017	26.92
	2018	24.62
	2019	27.55

**TABLE 68 – WATER CONSUMPTION INTENSITY RATE PER TONNE OF ORE PROCESSED (m<sup>3</sup>/t)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Water consumption intensity rate	2017	0.97	1.88	0.52
	2018	0.66	1.25	0.35
	2019	0.84	1.44	0.54



## Energy

TABLE 69 – FUEL CONSUMPTION (GJ)

Source	Year	Consolidated		Bateas		Cuzcatlan	
		GJ	%	GJ	%	GJ	%
From non-renewable sources	2017	274,055	100	139,548	100	134,507	100
	2018	260,155	100	138,886	100	121,269	100
	2019	215,284	100	89,624	100	125,660	100
From renewable sources	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2018	0	0	0	0	0	0
<b>Total</b>	<b>2017</b>	<b>274,055</b>	<b>100</b>	<b>139,548</b>	<b>100</b>	<b>134,507</b>	<b>100</b>
	<b>2018</b>	<b>260,155</b>	<b>100</b>	<b>138,886</b>	<b>100</b>	<b>121,269</b>	<b>100</b>
	<b>2019</b>	<b>215,284</b>	<b>100</b>	<b>89,624</b>	<b>100</b>	<b>125,660</b>	<b>100</b>

TABLE 70 – ELECTRICITY CONSUMPTION (GJ)

Source	Year	Consolidated		Bateas		Cuzcatlan	
		GJ	%	GJ	%	GJ	%
From non-renewable sources	2017	361,450	93	137,003	83	224,446	100
	2018	355,905	88	127,450	73	228,455	100
	2019	357,071	90	134,402	77	222,669	100
From renewable sources	2017	28,061	7	28,061	17	0	0
	2018	47,139	12	47,139	27	0	0
	2019	40,146	10	40,146	23	0	0
<b>Total</b>	<b>2017</b>	<b>389,511</b>	<b>100</b>	<b>165,064</b>	<b>100</b>	<b>224,446</b>	<b>100</b>
	<b>2018</b>	<b>403,043</b>	<b>100</b>	<b>174,588</b>	<b>100</b>	<b>228,455</b>	<b>100</b>
	<b>2019</b>	<b>397,217</b>	<b>100</b>	<b>174,549</b>	<b>100</b>	<b>222,669</b>	<b>100</b>

TABLE 71 – ENERGY CONSUMPTION BY SOURCE (GJ)

Source	Year	Consolidated		Bateas		Cuzcatlan	
		GJ	%	GJ	%	GJ	%
From non-renewable sources	2017	635,505	96	276,551	91	358,954	100
	2018	616,060	93	266,336	85	228,455	100
	2019	572,354	93	224,026	85	222,669	100
From renewable sources	2017	28,061	4	28,061	9	0	0
	2018	47,139	7	47,139	15	0	0
	2019	40,146	7	40,146	15	0	0
<b>Total</b>	<b>2017</b>	<b>663,566</b>	<b>100</b>	<b>304,612</b>	<b>100</b>	<b>358,954</b>	<b>100</b>
	<b>2018</b>	<b>663,199</b>	<b>100</b>	<b>313,475</b>	<b>100</b>	<b>228,455</b>	<b>100</b>
	<b>2019</b>	<b>612,501</b>	<b>100</b>	<b>264,172</b>	<b>100</b>	<b>222,669</b>	<b>100</b>

TABLE 72 – ENERGY INTENSITY RATE PER TONNE OF ORE PROCESSED (GJ/t)

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Energy intensity rate	2017	0.41	0.58	0.34
	2018	0.42	0.59	0.34
	2019	0.38	0.50	0.33

TABLE 73 – ENERGY INTENSITY RATE PER THOUSANDS OF US\$ IN CONCENTRATE SALES (GJ/kUSS)

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Energy intensity rate	2017	2.47	3.46	1.99
	2018	2.52	3.58	1.99
	2019	2.38	3.62	1.89

TABLE 74 – ENERGY INTENSITY RATE PER OUNCE OF GOLD CONCENTRATE PRODUCED (GJ/oz)

Indicator	Year	Consolidated
Energy intensity rate	2017	11.76
	2018	12.23
	2019	12.12



**TABLE 75 – ENERGY INTENSITY RATE PER THOUSANDS OF OUNCES OF SILVER CONCENTRATE PRODUCED (GJ/koz)**

Indicator	Year	Consolidated
Energy intensity rate	2017	78.34
	2018	74.60
	2019	75.28

**TABLE 76 – ENERGY INTENSITY RATE PER THOUSANDS OF POUNDS OF ZINC CONCENTRATE PRODUCED (GJ/klb)**

Indicator	Year	Consolidated
Energy intensity rate	2017	14.96
	2018	14.58
	2019	13.43

## Climate Change

**TABLE 77 – GHG EMISSIONS GENERATION (tCO<sub>2</sub>eq)**

SCOPE	Year	Consolidated	Bateas	Cuzcatlan
Direct (Scope 1) GHG emissions	2017	21,890	11,305	10,595
	2018	21,287	11,272	10,015
	2019	17,494	7,175	10,319
Energy indirect (Scope 2) GHG emissions	2017	60,449	24,164	36,286
	2018	59,001	25,558	33,443
	2019	58,148	25,552	32,596
<b>Total</b>	<b>2017</b>	<b>82,349</b>	<b>35,469</b>	<b>46,880</b>
	<b>2018</b>	<b>80,288</b>	<b>36,830</b>	<b>43,458</b>
	<b>2019</b>	<b>75,642</b>	<b>32,727</b>	<b>42,915</b>

**TABLE 78 – GHG EMISSIONS INTENSITY RATE PER THOUSANDS OF TONNES OF ORE PROCESSED (tCO<sub>2</sub>eq/kt)**

Indicator	Year	Consolidated
GHG emissions intensity rate	2017	51.47
	2018	50.97
	2019	47.28

**TABLE 79 – GHG EMISSIONS INTENSITY RATE PER OUNCE OF GOLD CONCENTRATE PRODUCED (tCO<sub>2</sub>eq/oz)**

Indicator	Year	Consolidated
GHG emissions intensity rate	2017	1.46
	2018	1.48
	2019	1.50

**TABLE 80 – GHG EMISSIONS INTENSITY RATE PER THOUSANDS OF OUNCES OF SILVER CONCENTRATE PRODUCED (tCO<sub>2</sub>eq/koz)**

Indicator	Year	Consolidated
GHG emissions intensity rate	2017	9.72
	2018	9.03
	2019	8.59

**TABLE 81 – GHG EMISSIONS INTENSITY RATE PER THOUSANDS OF POUNDS OF ZINC CONCENTRATE PRODUCED (tCO<sub>2</sub>eq/klb)**

Indicator	Year	Consolidated
GHG emissions intensity rate	2017	1.86
	2018	1.77
	2019	1.66

**TABLE 82 – GHG EMISSIONS INTENSITY RATE PER THOUSANDS OF US\$ OF CONCENTRATE SALES (tCO<sub>2</sub>eq/kUS\$)**

Indicator	Year	Consolidated
GHG emissions intensity rate	2017	0.31
	2018	0.30
	2019	0.29



## Waste and Tailings

**TABLE 83 – WASTE GENERATION BY TYPE AND DISPOSAL METHOD (t)**

Type of Waste	Disposal method	Consolidated	Bateas	Cuzcatlan
Hazardous waste	Reuse	0.00	0.00	0.00
	Recycling	87.92	0.00	87.92
	Composting	0.00	0.00	0.00
	Recovery	0.00	0.00	0.00
	Incineration (mass burn)	0.11	0.00	0.11
	Deep well injection	0.00	0.00	0.00
	Landfill	0.00	0.00	0.00
	On site storage	0.00	0.00	0.00
	Others	188.43	156.90	31.53
	<b>Total hazardous waste</b>		<b>276.45</b>	<b>156.90</b>
Non-hazardous waste	Reuse	0.82	0.00	0.82
	Recycling	290.79	15.78	275.01
	Composting	8.31	0.00	8.31
	Recovery	0.00	0.00	0.00
	Incineration (mass burn)	82.22	0.00	82.22
	Deep well injection	0.00	0.00	0.00
	Landfill	33.11	0.00	33.11
	On site storage	0.34	0.00	0.34
	Others	393.88	386.16	7.72
<b>Total non-hazardous waste</b>		<b>809.47</b>	<b>401.94</b>	<b>407.53</b>
<b>Total</b>		<b>1,085.92</b>	<b>558.84</b>	<b>527.08</b>

**TABLE 84 – WASTE GENERATION (t)**

Type of waste	Year	Consolidated	Bateas	Cuzcatlan
Hazardous waste	2017	279	167	112
	2018	302	148	154
	2019	277	157	120
Non-hazardous waste	2017	732	411	321
	2018	986	429	558
	2019	810	402	408
<b>Total</b>	<b>2017</b>	<b>1,010</b>	<b>578</b>	<b>432</b>
	<b>2018</b>	<b>1,288</b>	<b>577</b>	<b>712</b>
	<b>2019</b>	<b>1,086</b>	<b>559</b>	<b>527</b>

**TABLE 85 – WASTE INTENSITY RATE PER TONNE OF ORE PROCESSED (kg/t)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Waste intensity rate	2017	0.63	1.09	0.40
	2018	0.82	1.08	0.68
	2019	0.68	1.05	0.49

**TABLE 86 – WASTE INTENSITY RATE PER THOUSANDS OF US\$ OF CONCENTRATE SALES (kg/kUS\$)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Waste intensity rate	2017	3.77	6.56	2.40
	2018	4.89	6.59	4.05
	2019	4.22	7.67	2.86

**TABLE 87 – WASTE INTENSITY RATE PER THOUSANDS OF OUNCES OF SILVER CONCENTRATE PRODUCED (t/koz)**

Indicator	Year	Consolidated
Waste intensity rate	2017	0.09
	2018	0.14
	2019	0.12

**TABLE 88 – WASTE INTENSITY RATE PER THOUSANDS OF OUNCES OF GOLD CONCENTRATE PRODUCED (t/koz)**

Indicator	Year	Consolidated
Waste intensity rate	2017	17.89
	2018	23.76
	2019	21.49



**TABLE 89 – WASTE ROCK GENERATION (t)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Waste rock generation	2017	244,780	244,780	0
	2018	247,357	247,357	0
	2019	141,820	141,820	0

**TABLE 90 – DRY TAILINGS DISPOSAL (t)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Dry tailings disposal	2017	1,087,933	274,522	813,411
	2018	1,024,497	279,571	744,926
	2019	938,524	310,367	628,157

**TABLE 91 – TAILINGS GENERATION (t)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Tailings generation	2017	1,511,195	469,083	1,042,112
	2018	1,485,985	474,082	1,011,903
	2019	1,509,124	470,566	1,038,558

**TABLE 92 – SLUDGE GENERATION (t)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Sludge generation	2017	267	267	0
	2018	239	239	0
	2019	331	331	0

**TABLE 93 – TAILINGS GENERATION INTENSITY RATE PER TONNE OF ORE PROCESSED (t/t)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Tailings generation intensity rate	2017	0.94	0.89	0.97
	2018	0.94	0.89	0.97
	2019	0.94	0.89	0.97

**TABLE 94 – DRY TAILINGS DISPOSAL INTENSITY RATE PER TONNE OF ORE PROCESSED (t/t)**

Indicator	Year	Consolidated	Bateas	Cuzcatlan
Dry tailings disposal intensity rate	2017	0.68	0.52	0.76
	2018	0.65	0.52	0.72
	2019	0.59	0.58	0.59

## Biodiversity

**TABLE 95 – SITES REQUIRING A BIODIVERSITY MANAGEMENT PLAN**

	Bateas	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 of protected areas.	2	0
Area of the identified site(s) (ha)	65	0
Number of sites identified as in need of a biodiversity management plan	2	0
Number of sites identified that have a biodiversity management plan	0	NA

**TABLE 96 – DISTURBED AND REHABILITATED LAND (ha)**

Indicator	Consolidated	Bateas	Cuzcatlan
Land disturbed and not yet rehabilitated at the beginning of 2019 (opening balance)	166.83	56.88	109.95
Land newly disturbed (in 2019)	5.01	0.27	4.74
Land newly rehabilitated (in 2019)	0.016	0.02	0.00
Land disturbed and not yet rehabilitated by the end of 2019 (closing balance)	171.82	57.14	114.69

**TABLE 97 – SPECIES OF PLANTS AND ANIMALS AT RISK<sup>93</sup> (number)**

Extinction Risk level	Bateas	Cuzcatlan
Critically endangered (CE)	2	0
Endangered (EN)	1	0
Vulnerable (VU)	9	8
Near threatened (NT)	9	7
Least concern (LC)	68	0

<sup>93</sup> IUCN Red List species and national conservation lists species with habitats in areas affected by our operations.



# GRI Content Index





## GRI Content Index

For Materiality Disclosures Services, GRI has reviewed to ensure that the GRI content is clear and that the references used for Disclosures from 102-40 to 102-49 correspond to the sections indicated in the report. The service was performed on the English version of the report.



GRI Standard	Content	Page	Omission
<b>Foundation</b>			
GRI 101: Foundation 2016	-	-	-
<b>General Disclosures</b>			
GRI 102: General Disclosures 2016	102-1: Name of the organization	3, 22	-
	102-2: Activities, brands, products and/or services	11	-
	102-3: Location of headquarters	4	-
	102-4: Location of operations	4, 6	-
	102-5: Ownership and legal form	3	-
	102-6: Markets served	11	-
	102-7: Scale of the organization	8	-
	102-8: Information on employees and other workers	59, 87-88	-
	102-9: Supply chain	9-10	-
	102-10: Significant changes to the organization and its supply chain	No significant changes	-
	102-11: Precautionary Principle or approach	70	-
	102-12: External initiatives	4	-
	102-13: Membership to associations	4	-
	102-14: Statement from senior decision-maker	2	-
	102-16: Values, principles, standards and norms of behavior	13	-
	102-17: Mechanisms for advice and concerns about ethics	29-30	-
	102-18: Governance structure	18-19	-
	102-40: List of stakeholder groups	24	-
	102-41: Collective bargaining agreements	35	-
	102-42: Identifying and selecting stakeholders	23	-
	102-43: Approach to Stakeholder engagement	24	-
	102-44: Key topics and concerns raised	24	-
	102-45: Entities included in the consolidated financial statements	22	-
	102-46: Defining report content and topic Boundaries	25-27	-
	102-47: List of material topics	26-27	-
	102-48: Restatements of information	86	-
	102-49: Changes in reporting	22	-



<b>GRI Standard</b>	<b>Content</b>	<b>Page</b>	<b>Omission</b>
	102-50: Reporting period	22	-
	102-51: Date of most recent report	22	-
	102-52: Reporting cycle	22	-
	102-53: Contact point for questions regarding the report	22	-
	102-54: Claims of reporting in accordance with GRI standards	22	-
	102-55: GRI content index	97-104	-
	102-56: External assurance	86	-
<b>Material topics</b>			
<b>Economic Performance</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	37-39	-
	103-3: Evaluation of the management approach	37-39	-
GRI 201: Economic Performance 2016	201-1: Direct economic value generated and distributed	39, 86	-
<b>Indirect Economic Impacts</b>			
	103-1: Explanation of the material topic and its Boundaries	26	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	65-67	-
	103-3: Evaluation of the management approach	65-67	-
GRI 203: Indirect Economic Impacts 2016	203-1: Infrastructure investments and services supported	67, 90	-
<b>Procurement Practices</b>			
	103-1: Explanation of the material topic and its Boundaries	26	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	64, 67	-
	103-3: Evaluation of the management approach	64, 67	-
GRI 204: Procurement Practices 2016	204-1: Proportion of spending on local suppliers	67, 90	-
Fortuna Silver Mine Indicators	FSM-10: Percentage of local suppliers	67, 90	-
<b>Anti-corruption</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	29-31	-
	103-3: Evaluation of the management approach	29-31	-
GRI 205: Anti-corruption 2016	205-2: Communication and training about anti-corruption policies and procedures	31, 86	-
	205-3: Confirmed incidents of corruption and actions taken	31	-



GRI Standard	Content	Page	Omission
<b>Energy</b>			
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundaries	27	-
	103-2: The management approach and its components	74	-
	103-3: Evaluation of the management approach	74	-
GRI 302: Energy 2016	302-1: Energy consumption within the organization	74, 92	-
	302-3: Energy intensity	74, 92	-
Fortuna Silver Mine Indicators	FSM-11: Energy intensity (ore processed)	74, 92	-
	FSM-12: Energy intensity (gold production)	74, 92	-
	FSM-31: Energy intensity (silver production)	74, 93	-
	FSM-13: Energy intensity (zinc production)	74, 93	-
	FSM-27: Energy intensity (net sales)	92	-
<b>Water and Effluents</b>			
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundaries	27	-
	103-2: The management approach and its components	71, 73	-
	103-3: Evaluation of the management approach	71, 73	-
GRI 303: Water and Effluents 2018	303-1: Interactions with water as a shared resource	71	-
	303-2: Management of water discharge-related impacts	71	-
	303-3: Water collection	72, 73, 90, 91	-
	303-4: Water discharge	73, 91	-
	303-5: Water consumption	73, 91	-
Fortuna Silver Mine Indicators	FSM-14: Freshwater collection intensity (ore processed)	72, 91	-
	FSM-15: Freshwater collection intensity (silver production)	72, 91	-
	FSM-28: Freshwater collection intensity (net sales)	91	-
	FSM-32: Freshwater collection intensity (gold production)	72, 91	-
	FSM-16: Volume of water recycled	72, 91	-
	FSM-29: Percentage of water recycled	72, 91	-
Fortuna Silver Mine Indicators	FSM-17: Water consumption intensity (ore processed)	73, 91	-
	FSM-17: Water consumption intensity (ore processed)	73, 91	-
<b>Biodiversity</b>			
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundaries	27	-
	103-2: The management approach and its components	82-83	-
	103-3: Evaluation of the management approach	82-83	-
GRI 304: Biodiversity 2016	304-4: UICN Red List species and national conservation list species with habitats in areas affected by operations	82, 95	-
	MM-1: Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	83, 95	-
	MM-2: Number and percentage of sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	83, 95	-



GRI Standard	Content	Page	Omission
<b>Emissions</b>			
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundaries	27	-
	103-2: The management approach and its components	75-78	-
	103-3: Evaluation of the management approach	75-78	-
GRI 305: Emissions 2016	305-1: Direct (scope 1) GHG emissions	76, 93	-
	305-2: Energy indirect (scope 2) GHG emissions	76, 93	-
	305-4: GHG emission intensity	76, 93	-
	305-7: Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ) and other significant air emissions	78	-
Fortuna Silver Mine Indicators	FSM-22: GHG emission intensity (ore processed)	76, 93	-
	FSM-23: GHG emission intensity (net sales)	76, 93	-
	FSM-24: GHG emission intensity (gold production)	76, 93	-
	FSM-33: GHG emission intensity (silver production)	76, 93	-
	FSM-25: GHG emission intensity (zinc production)	76, 93	-
<b>Waste</b>			
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundaries	27	-
	103-2: The management approach and its components	79-80	-
	103-3: Management approach assessment	79-80	-
GRI 306: Effluents and Waste 2016	306-2: Waste by type and disposal method	80, 94	-
	306-3: Significant spills	80	-
Fortuna Silver Mine Indicators	FSM-18: Waste intensity (ore processed)	80, 94	-
	FSM-19: Waste intensity (silver production)	80, 94	-
	FSM-30: Waste intensity (net sales)	94	-
	FSM-34: Waste intensity (gold production)	80, 94	-
<b>Supplier Environmental Assessment</b>			
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundaries	27	-
	103-2: The management approach and its components	49-51	-
	103-3: Management approach assessment	49-51	-
GRI 308: Supplier Environmental Assessment 2016	308-1: New suppliers that were screened using environmental criteria	50, 87	-
<b>Employment</b>			
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundaries	27	-
	103-2: The management approach and its components	57-58, 61	-
	103-3: Management approach assessment	57-58, 61	-
GRI 401: Employment 2016	401-1: New employee hires and employee turnover	60, 88-89	-
Fortuna Silver Mine Indicators	FSM-5: Percentage of employees hired directly and indirectly	59, 88	-
	FSM-6: Voluntary employee turnover	89	-



GRI Standard	Content	Page	Omission
<b>Occupational Health and Safety</b>			
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundaries	27	-
	103-2: The management approach and its components	45-54	-
	103-3: Management approach assessment	45-54	-
GRI 403: Occupational Health and Safety 2018	403-1: Occupational health and safety management system	45-54	-
	403-2: Hazard identification, risk assessment, and incident investigation	45-54	-
	403-3: Occupational health services	45-54	-
	403-4: Worker participation, consultation, and communication on occupational health and safety	45-54	-
	403-5: Worker training on occupational health and safety	45-54	-
	403-6: Promotion of worker health	45-54	-
	403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	45-54	-
	403-9: Work-related injuries	48, 50, 87	-
	403-10: Work-related illnesses	48, 50, 87	-
	<b>Training and Education</b>		
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundaries	27	-
	103-2: The management approach and its components	57, 61	-
	103-3: Management approach assessment	57, 61	-
GRI 404: Training and Education 2016	404-1: Average hours of training	61, 89	-
	404-3: Percentage of employees receiving regular performance and career development reviews	61, 90	-
Fortuna Silver Mine Indicators	FSM-7: Investment in training	61, 89, 90	-
<b>Diversity and Equal Opportunity</b>			
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundaries	27	-
	103-2: The management approach and its components	33-35, 57-58	-
	103-3: Management approach assessment	33-35, 57-58	-
GRI 405: Diversity and Equal Opportunity 2016	405-1: Diversity of governance bodies and employees	18, 59, 60, 88	-
	405-2: Ratio of basic salary and remuneration of women to men	59, 88	-
<b>Non-Discrimination</b>			
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundaries	27	-
	103-2: The management approach and its components	33-35	-
	103-3: Management approach assessment	33-35	-
GRI 406: Non-Discrimination 2016	406-1: Incidents of discrimination and corrective actions taken	35	-



GRI Standard	Content	Page	Omission
<b>Freedom of Association and Collective Bargaining</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	33-35	-
	103-3: Management approach assessment	33-35	-
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	35	-
<b>Child Labor</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	33-35	-
	103-3: Management approach assessment	33-35	-
GRI 408: Child Labor 2016	408-1: Operations and suppliers at significant risk for incidents of child labor	35	-
<b>Forced or Compulsory Labor</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	33-35	-
	103-3: Management approach assessment	33-35	-
GRI 409: Forced or Compulsory Labor 2016	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	35	-
<b>Security Practices</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	33-35	-
	103-3: Management approach assessment	33-35	-
GRI 410: Security Practices 2016	410-1: Security employees trained in human rights policies or procedures	35, 86	-
<b>Human Rights Assessment</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	33-35	-
	103-3: Management approach assessment	33-35	-
GRI 412: Human Rights Assessment 2016	412-2: Employee training on human rights policies or procedures	33	-
<b>Local Communities</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	63-67	-
	103-3: Management approach assessment	63-67	-
GRI 413: Local Communities 2016	413-1: Operations with local community engagement, impact assessments, and development programs	63-66	-
	MM-6: Number and description of significant disputes relating to land use, customary rights of local and indigenous communities	67	-
Fortuna Silver Mine Indicators	FSM-8: Community spending	90	-





GRI Standard	Content	Page	Omission
<b>Supplier Social Assessment</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	49-51	-
	103-3: Management approach assessment	49-51	-
GRI 414: Supplier Social Assessment 2016	414-1: New suppliers that were screened using social criteria	50, 87	-
<b>Public Policy</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	30	-
	103-3: Management approach assessment	30	-
GRI 415: Public Policy 2016	415-1: Political contributions	31	-
Fortuna Silver Mine Indicators	FSM-4: Contributions to business associations	31	-
<b>Product Life Cycle</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	11	-
	103-3: Management approach assessment	11	-
<b>Emergency Preparedness</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	52-54	-
	103-3: Management approach assessment	52-54	-
<b>Hazardous Materials</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	54	-
	103-3: Management approach assessment	54	-
<b>Transport</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	11, 54, 75, 77	-
	103-3: Management approach assessment	11, 54, 75, 77	-
<b>Innovation and Technology</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	7	-
	103-3: Management approach assessment	7	-



<b>GRI Standard</b>	<b>Content</b>	<b>Page</b>	<b>Omission</b>
<b>Closure Plans</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	84	-
	103-3: Management approach assessment	84	-
Closure Plans	MM-10: Number and percentage of operations with closure plans	84	-
Fortuna Silver Mine Indicators	FSM-26: Financial provisions for site closure	84	-
<b>Environmental Participatory Monitoring</b>			
	103-1: Explanation of the material topic and its Boundary	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	71, 77	-
	103-3: Management approach assessment	71, 77	-
<b>Environmental Management System</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	70	-
	103-3: Management approach assessment	70	-
<b>Tailings, Waste Rock and Sludges Management</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	79-80	-
	103-3: Management approach assessment	79-80	-
Tailings, Waste Rock and Sludges management	MM-3: Total amount of overburden, rock, tailings and sludges and their associated risks	95	-
Fortuna Silver Mine Indicators	FSM-20: Tailings generation intensity (ore processed)	80, 95	-
	FSM-21: Dry tailings disposal intensity (ore processed)	80, 95	-
<b>Climate Change</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	75-76	-
	103-3: Management approach assessment	75-76	-
<b>Local Employment</b>			
	103-1: Explanation of the material topic and its Boundaries	27	-
GRI 103: Management Approach 2016	103-2: The management approach and its components	64	-
	103-3: Management approach assessment	64	-
Fortuna Silver Mine Indicators	FSM-9: Percentage of local employment	67, 90	-

## 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 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; maximising the use of the tailings that are reduced and reducing their; 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; 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.

This Sustainability Report also refers to non-GAAP financial measures, such as cash cost per tonne of processed ore; cash cost per payable ounce of silver; total production cost per tonne; all-in sustaining cash cost; all-in cash cost; adjusted net (loss) income; operating cash flow per share before changes in working capital, income taxes, and interest income; and adjusted EBITDA. These measures do not have a standardized meaning or method of calculation, even though the descriptions of such measures may be similar. These performance measures have no meaning under International Financial Reporting Standards (IFRS) and therefore, amounts presented may not be comparable to similar data presented by other mining companies.



**FORTUNA**  
SILVER MINES INC.



We welcome any feedback  
at [sustainability@fortunasilver.com](mailto:sustainability@fortunasilver.com)