

Fortuna Silver's Sustainability Framework

Partners in Sustainable Development

At Fortuna, we recognize that our exploration, mining, processing, and transportation activities have impacts on the communities and environments where we work. We also recognize the role we can play to enable sustainable development by carrying out action plans that provide substantive support and develop local capabilities.

Recognizing that we share the responsibility for building sustainable societies and creating green growth outcomes with governments and other companies in the private sector is critical. Our impact is amplified when we are transparent and report on our performance against international development goals.

Mining with Pride and Purpose

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

Our vision is to be valued by our stakeholders as a sustainable company and at the forefront in the precious metals industry. To achieve this, we are optimizing our efforts and striving to become recognized and respected for our ESG goals and performance in the precious metals sector.

We aspire to improve our sustainability performance on a daily basis. In 2019, we developed a five year sustainability plan which contains short, medium and long term commitments. As a result, we have integrated key performance indicators (KPIs) related to sustainability into the management of our business. Our Board approves our KPI goals and targets on an annual basis. The achievement of these goals is monitored monthly. Management eligible for annual performance incentives as part of their annual compensation are held accountable for the Company's sustainability performance through the achievement of annual target performance goals.

As sustainability includes environmental, social and governance (ESG) factors which expand into all aspects of our business and ecosystem of stakeholders, rather than confining sustainability to a single policy, we have created a sustainability framework to manage our approach to sustainability.



Our Sustainability Framework

At the core of our approach to sustainability are Governance, Our People, and Our Environment. Six pillars support these core fundamentals:

1. **Financial Performance:** Maintain a sound financial position while creating shared value
2. **Human Rights and Ethics:** Be a responsible producer
3. **Communities:** Be a catalyst for sustainable development independent of the presence of the Company in the community
4. **Occupational Health & Safety:** Demonstrate commitment in everything we do
5. **Human Resources:** Attract and train a workforce which draws on the local stakeholder community.
6. **Environment:** Minimize our impact on the environment to preserve it for future generations

Our approach to sustainability is aligned with the United Nation's Sustainable Development Goals.

Policies, guidelines, and other documents

Our Sustainability Framework is based on the policies and standards listed below relating to ESG matters, under which Fortuna and its subsidiaries conduct business:

- Human Rights
- Diversity
- Anti-corruption
- Occupational Health and Safety
- Environmental
- Business Code of Conduct and Ethics and Whistle-blower
- Supplier Business Code of Conduct and Ethics
- Design Standards For Tailings And Filtered Storage Facilities, Heap Leach Facilities And Waste Rock Storage Facilities

These policies and standards are supported by guidelines, manuals and other documents that help interpret them and further guide operations in their management and application.

We provide training to our workforce on these policies and standards to facilitate their commitment to our Sustainability Framework. All of these policies and standards are available on our website.



Sustainable Operations: ESG in action

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

- conveys to the business units (BUs) our desired sustainable ways of working via the business process management (BPM)
- serves as a risk management tool that considers ESG by establishing a framework of action in which BUs can operate at their discretion but within the risk appetite permitted by our leadership
- provides a common approach for all BUs under our day-to-day management and control, guiding strategic, tactical and operational and ESG actions. In this way, sustainability leads the way but is not restrictive, and allows specific adaptations to accommodate for different local realities
- offers a set of Operational and ESG tools (in the form of policies, guidelines, processes, and best practices, among others) that may be quickly adopted

Managing our operations with a sustainability focus is key to generating value for our business, providing benefits to our employees, communities, suppliers, and protecting the environment we all share. We aim to embed sustainability in everything we do.

Functions and Responsibilities

Our Board's Sustainability Committee guides and supervises the fulfillment of our sustainability obligations across our entire business. The Committee provides our Board of Directors with timely reports and recommendations about sustainability matters.

At the corporate level, our Vice President of Operations oversees our Sustainability Framework and directly manages three of the six Sustainability Pillars. Our Chief Financial Officer and Director of Organizational Human Development oversee the Financial Performance and Human Resources pillars, respectively. Throughout our entire organisation is the sixth pillar to "Operate honestly and ethically".

Our Corporate Sustainability Manager is responsible for the development, deployment and update of our Sustainability Framework, including all related documents (policies, procedures, manuals, standards), its management system and training. Corporate oversight also establishes group-wide strategies and alliances, conducts group-level reporting and audit processes and assesses progress towards ESG goals, with periodic reviews. Thus sustainability information is consolidated from all operations into the annual Sustainability Report and other company communications.

Our way of operating aims to ensure that each subsidiary:

- meets the elementary level determined for each of the six Sustainability pillars, as a minimum, and proactively challenges itself to show progress beyond the basic standard.
- establishes long term operational & ESG plans.
- presents Operational and Sustainability Strategies, including ESG action plans as part of the annual business planning process.
- makes use of documents and tools included in the framework to guide the strategic approach of each BU's action plans.

Progress Tracking and Reporting

We measure our sustainability performance using the Global Reporting Initiative (GRI) guidelines, the most widely adopted global standards for sustainability reporting. Recently, we also aligned our operations with both the Metals and Mining Industry Standard by Sustainability Accounting Standards Board (SASB). In addition, in 2021 we are taking the first steps to develop a plan to align ESG reporting with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Internally, we have a dedicated Health, Safety, Social & Environment (HSSE) committee tasked with improving the culture and management of HSSE within the company. Each subsidiary conducts a corporate operational & sustainability review each month led by Corporate. Our Country Managers participate in reviewing operational progress, sustainability data, and progress toward KPIs and goals. These meetings are part of our quality assurance process. In all cases, performance is measured against our operational KPIs and metrics control tools and the indicators corresponding to each of the six sustainability pillars.