

2020
RESPONSIBLE
GOLD MINING
REPORT

ABOUT TOREX GOLD

Torex Gold Resources Inc. (“Torex” or the “Company”) (TSX:TXG) is an intermediate gold producer engaged in mining, developing and exploring our wholly-owned 29,000 hectare Morelos Gold Property in the highly prospective Guerrero Gold Belt, located 180 kilometres southwest of Mexico City. The Company is based out of Canada, with our Corporate Office located in Toronto, Ontario.

Torex is currently the second-largest gold producer in Mexico. In 2020, our workforce was made up of 964 direct employees and 1,675 contractors. We are proud that 99% of our workforce at site is from Mexico, with 60% from Guerrero.

Our principal assets include the El Limón Guajes (ELG) Mine Complex, which is comprised of our El Limón, Guajes and El Limón Sur open pits, our El Limón Guajes Underground Mine (including zones referred to as Sub-Sill and El Limón Deep), and our Processing Plant and related infrastructure, which started commercial production on April 1, 2016.

We are also aiming to ensure the continuity of mining operations in Guerrero through our Media Luna deposit, which is an advanced stage development project located seven kilometres from ELG. A Preliminary Economic Assessment for Media Luna was released in September 2018, and a Feasibility Study is currently underway.

Our Morelos Gold Property has the potential to provide significant future opportunities beyond ELG and Media Luna, with 75% of the property currently unexplored and with multiple, drill-ready exploration targets identified. In addition to realizing the full potential of the Morelos Gold Property, we are seeking opportunities to acquire assets that enable profitable and productive geographic diversification.

References to Torex Gold throughout this Report include “the Company”, “Torex”, “we”, “us”, and “our”.



REPORT OVERVIEW

REPORT OVERVIEW

The 2020 Responsible Gold Mining Report (the “Report”) is our annual disclosure of the Company's environmental, social, and governance (ESG) performance. The Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards “Core” option and the Sustainability Accounting Standards Board (SASB) Metals and Mining Sustainability Accounting Standard (Version 2018-10). Indexes for these reporting frameworks are provided on page 77 of this Report.

Energy and climate-related disclosures are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as per the Phase 1 recommendations of the Expert Panel on Sustainable Finance’s Recommendation on Phased-in Approach to the Adoption of the TCFD Framework in Canada.

This is our sixth annual sustainability report. Report archives can be found on our website at www.torexgold.com.

BOUNDARIES AND SCOPE

The Report covers our corporate and operational ESG performance for 2020, including our ELG Mine Complex and Media Luna development project (unless otherwise indicated). All performance data is current as at December 31, 2020. Ongoing ESG initiatives that have progressed in early 2021 are discussed where relevant.

Material changes to the reporting parameters include preparing the Report in accordance with the GRI

Standards “Core” option instead of the “GRI-aligned” approach used for the 2019 Responsible Gold Mining Report. ESG Performance Data Tables are also provided in this Report to enhance the scope and depth of ESG performance data disclosures. The ESG Performance Data Tables can be found on page 63.

This Report has also been prepared as a “microsite” within our website at www.torexgold.com to provide ease of access and navigation for our key stakeholders, investors and ESG research and ratings agencies.

RESTATEMENTS

Restatements to performance data and information are provided as applicable throughout the Report, including the associated ESG Performance Data Tables.

CURRENCY

All financial figures are stated in United States dollars unless otherwise noted. Some figures and percentages may not add to the total figure or 100 percent due to rounding.

CAUTIONARY NOTES

Please refer to page 84 of this Report for full cautionary notes related to this Report, including notes on “forward-looking statements” and “forward-looking information” within the meaning of applicable Canadian securities laws.

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A MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER



As we continue to navigate through the pandemic in 2021, we will remain diligent in protecting the health and safety of our workforce and local communities, while maintaining business continuity and robust operational performance.

Jody Kuzenko
President & CEO

On behalf of the Torex team, I am pleased to welcome you to our 2020 Responsible Gold Mining Report. The Report forms a key part of our annual disclosures on the ESG topics most important to our business and our stakeholders, and summarizes our 2020 ESG performance, including progress on our goals and targets. It also shines a spotlight on the soul of our company.

I am incredibly proud of the resilience of our team during what was one of the most challenging years our generation has ever faced. Throughout the year, we were diligently focused on designing and implementing robust and multi-layered controls to protect the health and safety of our people, ensure business continuity, and mitigate the spread of COVID-19 both within our operations and our host communities.

Due to the pandemic, mining operations in Mexico were temporarily suspended in the second quarter following a decree of the Mexican Federal Government. We resumed full production in June and finished the year

with more than 430,000 ounces of gold produced – the second highest annual production in our Company’s history and a testament to the ability of the team to rise up in the face of even the most daunting of challenges.

As I reflect on our 2020 results, I am most proud of our industry-leading safety performance, achieving 10 million hours worked without a lost time injury in November. Against the backdrop of COVID-19 and all the complexities that it presented, our strong operational and safety performance is a direct result of the hard work and dedication of Torex’s employees and contractors as well as the strong relationships we have built with our host communities.

There were many other ESG achievements that made me very proud throughout the year, including:

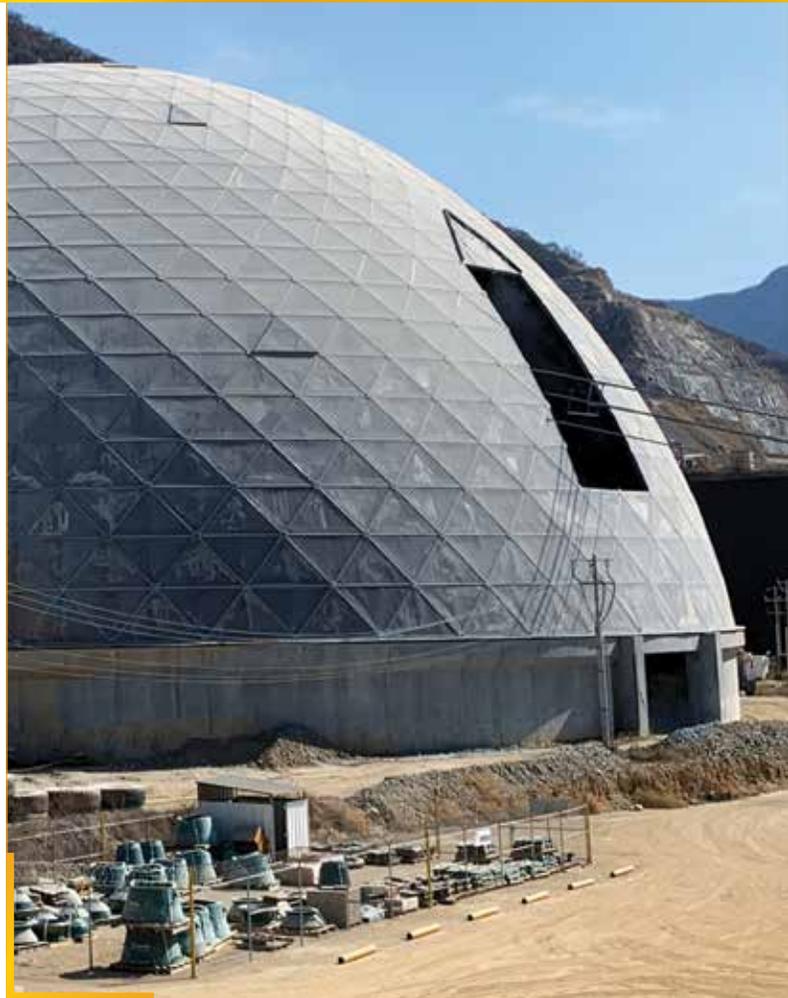
- › Zero reportable environmental incidents;
- › Continued implementation of Community Development Agreements (CODECOPs) in partnership with 11 local communities, with more than \$4M directly

invested in community projects that will make a positive difference in the lives of people living in our host communities;

- › Signing of a comprehensive two-year labour agreement with our unionized employees represented by the CTM Union in Mexico – differentiating ourselves in the Mexican mining sector where annual agreements are the norm;
- › Signing an agreement for the construction of an 8.5 megawatt (MW) solar power plant – marking our first major foray into renewable energy at our operations;
- › Achieving an overall ESG score of “A” from MSCI, a leading provider of corporate ESG ratings – a testament to our dedicated effort at enhancing our ESG disclosure;
- › Selected by the Globe and Mail Report on Business as a “Women Lead Here” honouree for the second consecutive year, in recognition of the high proportion of women on our executive team and Board – truly a recognition of the inclusive approach that Torex has embedded in the fabric of its culture from the outset.

Of note, in December, we were pleased to become a member of the World Gold Council. In so doing, we committed to supporting and implementing the Responsible Gold Mining Principles, which demand that member companies adhere to the highest standards of ethics and corporate responsibility. Conforming with the principles will augment our longstanding commitment to responsible mining and will help demonstrate the important role gold mining companies play in making a positive and lasting difference in society. In 2021, we will complete the year-one implementation requirements – a key strategic objective for the Company and one that has been tied to our executive compensation and Company-wide incentive plan.

As we continue to navigate through the pandemic in 2021 and I look to “the next ten” years of our company’s evolution, there is much work to be done. We are at a special moment in time with a confluence of critical challenges: emerging from the pandemic, rebuilding the economy, tackling climate change, addressing the root causes of the inexplicable persistence of gender disparity, talent scarcities, and decreasing societal



tolerance of the industry’s social and environmental failures. This confluence of challenges calls for the mining industry to reinvent itself. It calls for thoughtful and decisive leadership. It calls for leadership with purpose. Torex will be at the fore.

In so doing, we will remain steadfast in our commitment to our core values, which are ingrained in the DNA of our company. They have been – and will remain – the foundation of our business success as we continue to deliver superior value to our investors, while enhancing the lives of so many in our host communities, in Guerrero, and beyond. That is the Torex way.

Jody Kuzenko
President and Chief Executive Officer

A MESSAGE FROM THE CHAIR, SAFETY AND CSR COMMITTEE



We work diligently alongside a remarkable management team to help ensure that we maintain responsible stewardship of the resources we manage, with a view to creating long-term, sustainable value for our stakeholders.

Robin Bienenstock

Independent Director, Chair of the Safety and Corporate Social Responsibility (CSR) Committee

Robust ESG performance requires strong leadership and management from all levels of a company, from the Board of Directors and senior management through to operations management and on-the-ground teams. This is why at Torex, we have embedded ESG governance throughout our organization.

As Chair of the Safety and CSR Committee, I am proud to work with my fellow Directors in providing Board-level oversight for ESG and CSR issues for the Company. We work diligently alongside a remarkable management team to help ensure that we maintain responsible stewardship of the resources we manage, with a view to creating long-term, sustainable value for our stakeholders. In 2020, we made great progress on ESG and CSR. Amongst many achievements, three things stand out, and set the stage for our ambitious plans in the coming years.

1. We marked over ten million hours worked without a lost time injury; a statistical byproduct of our commitment to a deep and ubiquitous safety culture on which we continue to work daily.

2. We were again selected as a “Women Lead Here” honoree by the Globe and Mail, highlighting the industry-leading diversity of our leadership. Our work on diversity extends throughout the business into operations, something we are looking forward to progressing, formalizing and showcasing in coming years.

3. We reconstituted and updated our Safety and CSR Committee mandate, reinforcing governance to ensure that we stay on top of the proliferation of standards and disclosure requirements, and to develop plans for Torex to be a force for good on climate issues, responsible mining and strong community relations.

I am proud of the Company’s health and safety performance over time. Everyone in the organization – from senior management to frontline employees – should be proud of their efforts in embedding a strong safety culture within the business. This has never been more apparent than during the COVID-19 pandemic that

has challenged us – both individually and collectively – in so many ways. We fully recognize that building resilience within the operations is a business imperative that requires robust governance, effective management, and commitment from across the entire Company. Our ten million hour milestone is gratifying, but only in as much as it symbolizes the deeper work that everyone in the business does.

We have made great strides on diversity and inclusion across the Company. Currently, 30% of our Board Directors are female, which is 17% higher than TSX-listed mining companies and 8.5% higher than all TSX-listed companies¹. In recognition of this high proportion of women on our Board, and 40% female representation on our leadership team, including the President and CEO, in March 2021 we were selected for the second consecutive year as a “Women Lead Here” honouree by the Globe and Mail Report on Business. The Torex Board firmly recognizes the importance of diversity, not only in terms of gender. Some 20% of our heavy truck drivers are women from local communities. Increased female participation in the workforce is shown to improve not only business outcomes, but also educational outcomes, and to alleviate poverty and increase life expectancies of entire communities. We plan to build on these efforts to increase female participation in our workforce in the coming years.

We are strengthening our safety and CSR governance throughout the organization. The Safety and CSR Committee was re-constituted, combining our Safety and Health Committee and Environment and Corporate Social Responsibility Committee. We refreshed our Committee mandate and took on several new topics including oversight responsibility for climate change risks and opportunities, a topic of increasing importance to our investors, stakeholders and, indeed, the planet. The Committee meets quarterly on these topics, demonstrating our commitment to embed climate change into our core business processes. This is also aligned with the recommendations of the TCFD, which we have committed to start reporting against in 2021.

I am also pleased that management has established an internal ESG Working Group, comprised of corporate and operations subject matter experts from across various functions, including several new additions to



our organization that have already made outstanding contributions. The Working Group will help truly embed ESG management across the business and advance various ESG initiatives in the coming years. This includes implementation of the World Gold Council’s Responsible Gold Mining Principles by the end of 2023, which will add another layer of strong governance and management to our existing approach.

Looking forward, 2021 will surely bring many challenges, but we are well-positioned to navigate them while we work on our priorities of climate, diversity and governance. We have assembled a strong management team and Board and have an exemplary operations team that I am confident will continue to deliver the operational excellence that has come to be expected of Torex.

Robin Bienenstock
Independent Director, Chair of the Safety and CSR Committee

¹Osler, 2020 Diversity Disclosure Practices: Diversity and Leadership at Canadian Public Companies.

2020 HIGHLIGHTS



Environmental

ZERO

REPORTABLE ENVIRONMENTAL INCIDENTS OR SPILLS

100%

COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

ZERO

WATER DISCHARGE SITE



Social

10 MILLION

HOURS ACHIEVED LOST TIME INJURY (LTI) FREE WITH NO LIVES LOST OR CHANGED

2-YEAR

COLLECTIVE BARGAINING AGREEMENT SIGNED – UNIQUE IN MEXICO'S MINING INDUSTRY

89%

OF PROCUREMENT SPEND IN MEXICO

964

DIRECT EMPLOYEES

1,675

CONTRACTORS

\$42.4M

IN PROCUREMENT FROM GUERRERO STATE



Governance

30% FEMALE

REPRESENTATION ON BOARD OF DIRECTORS

40% FEMALE

REPRESENTATION ON EXECUTIVE TEAM

BOARD REFRESH

4 NEW DIRECTORS APPOINTED

8.5 MW

SOLAR PLANT
ENGINEERING STUDIES
COMPLETED

5 MILLION

FINGERLINGS RELEASED
TO DATE IN LOCAL
WATERWAYS

65,745

NATIVE TREES PLANTED

105+

HECTARES OF LAND REFORESTED
TARGET OF 3:1 BIODIVERSITY
OFFSET

99%

OPERATIONS
EMPLOYEES
FROM MEXICO

60%

OPERATIONS
EMPLOYEES FROM
GUERRERO STATE

11

COMMUNITY DEVELOPMENT
AGREEMENTS

\$180.6

IN TOTAL GOVERNMENT
PAYMENTS INCLUDES
**\$16.9 MILLION IN TAXES
AND ROYALTIES** (FONDO
MINERO) FOR COMMUNITY
DEVELOPMENT PROJECTS

\$64.3M

PAID IN SALARIES AND
BENEFITS IN MEXICO

\$4M

INVESTED IN DIRECT
COMMUNITY DEVELOPMENT
**(\$20.9M INCLUDING
CONTRIBUTIONS TO
FONDO MINERO)**

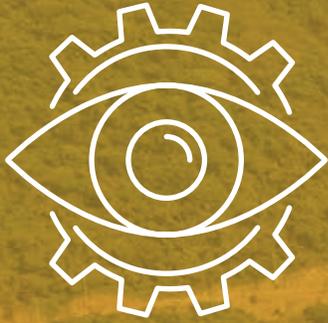


2021
REPORT ON BUSINESS
WOMEN LEAD HERE

2020 AND 2021 GLOBE
AND MAIL WOMEN LEAD
HERE HONOUREE

CEO SELECTED AS
ONE OF 100 GLOBAL
INSPIRATIONAL WOMEN
IN MINING

ESG PERFORMANCE
DIRECTLY LINKED
TO ANNUAL
COMPANY-WIDE
INCENTIVE PLANS



OUR APPROACH



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MINING PRINCIPLES

OUR APPROACH

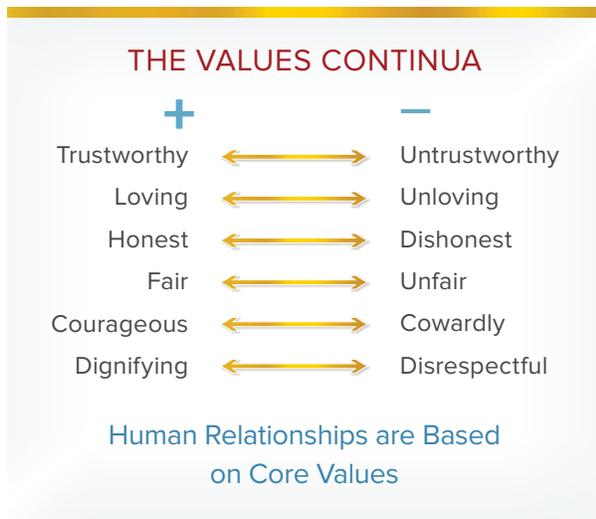
Responsible mining is central to our business philosophy and ingrained in decision making at all levels of our Company, from our Board of Directors and Executive Team, through to our operations management and individual employees.

We recognize that we operate in a geographic area that is challenging in many ways. This is why we have worked hard from our very beginnings to build a culture and systems that enable productive working relationships that enhance the lives of our team members and neighbouring communities.

Our Values

At Torex, we pride ourselves on being a company that is driven by our values. Our values form the foundation of our approach to doing business and they guide us in everything that we do. They have been part of our DNA since our very beginnings and they will continue to guide us now and into the future.

We believe in values lived. Our behaviours and practices – both as a Company and as individual employees – are guided by the “Values Continua”. We continually aim to be on the left side of the continua and by doing so, we strive to earn stakeholder trust in order to maintain our social license to operate.



Social Innovation through Systems Leadership¹

From our beginnings, we have also been guided by our “Systems Leadership” approach, which is aimed at creating a workplace experience in which employees willingly give their best to achieve positive business outcomes. Systems Leadership is a theoretically-based but practical set of integrated concepts, models and tools that encourage people to use their creativity, express their potential, and contribute to a just society.

While Systems Leadership has been foundational in terms of building our desired culture, the work has not been in isolation. In parallel paths, we have focused on:

- Getting the right leaders in the right roles. We do this through a very thorough vetting process that not only includes assessing technical and cognitive capability, but also ensures “fit” in terms of the values we live by.
- Having a clear set of rules that make good sense, are enforceable, and are understood by our people in terms of “what” the rules are and “why” they exist.
- Connecting the head with the heart. People need a reason to work safely and effectively, apart from compliance to rules and compliance to system requirements. We have worked hard to build a culture based on genuine care, and we place a lot of emphasis on personal relationships with each other, people’s families, and our local communities.

Technological Innovation

Technological innovation has always been part of our DNA as a company, given our unique approach to mine design, mining practices and social management. This includes our RopeCon, which is an innovative ore conveyance system that reduces the number of haul trucks at our operations, thereby reducing emissions and safety risks of driving down steep ramps. We have also built one of the world’s largest filtered tailings facilities, which reduces our water consumption and environmental footprint, in addition to essentially eliminating the risk of a catastrophic tailings dam failure.

We are also currently developing and testing our Muckahi Mining System, a proprietary, innovative underground mining system developed by Torex. Where a traditional underground mine uses haul trucks

¹Systems Leadership is based on “Systems Leadership: Creating Positive Organizations” by Ian MacDonald, Catherine Burke, Karl Stewart.

and scoops to carry ore to the surface, the Muckahi system uses an energy-efficient, roof-mounted monorail-based transport system. Muckahi has the potential to deliver a variety of benefits over traditional mining systems, including significant reductions in capital and operating expenditures, waste, and greenhouse gas emissions.

2020 MATERIALITY ASSESSMENT

Materiality Assessment Overview

As part of our commitment to transparent and comprehensive ESG disclosures, we conduct materiality assessments and reviews. Doing so helps to identify and prioritize ESG topics that are most important to our business and our stakeholders, including our investors, employees, business partners, and host governments and communities.

In 2019, we engaged independent, external experts to help conduct our assessment. The assessment focused on the identification of financially material ESG topics, with a key focus on ESG-related risks and impacts. Some 14 topics were identified and prioritized, which formed the basis of our 2019 Responsible Gold Mining Report and associated disclosures.

External Feedback

We made a commitment in our 2019 Report to incorporate greater external stakeholder feedback into the results of the assessment. To do so, we developed a survey for completion by members of local communities near our operations. Respondents were asked to rank approximately 30 sustainability-related topics according to their relative importance. The results were compiled by our Community Relations team and analyzed by our Corporate Responsibility team.

The results were used to validate the results of the 2019 assessment. There were no major changes to the topics identified in our 2019 Report, although the external results helped identify areas where we can enhance our disclosures in local communities, including in relation to local employment, local procurement, water, and community development. Enhanced disclosures in these areas can be found throughout this year's Report. Going forward, the external survey results will help to further tailor our ongoing community engagement with local communities.

Summary of Material Topics

An overview of our material topics is provided in the table below. We will review the results of our assessments annually and will undertake comprehensive reviews every two to three years or when material changes occur to our corporate and/or operating environments (for example, following the completion of a merger or acquisition).

PERFORMANCE AREA	REPORT DISCLOSURES PAGE
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Human Rights and Security	42
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Safety and Health	30
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Water Management	51

2020 PERFORMANCE ON ESG GOALS AND TARGETS

Continuous improvement in our performance is central to our approach to ESG and Corporate Social Responsibility. To support this, we set annual goals and targets and publicly report on our progress.

The tables below summarize our progress on our 2020 goals and outline our ESG objectives for 2021. The 2021

goals and targets marked with an asterisk are directly linked to executive compensation and company-wide incentive plans².

² For additional details on goals and targets that are directly linked to executive compensation and company-wide incentive plans, see pages 5 and 6 of our Q4 2020 MD&A on our website.

2020 PROGRESS ON GOALS AND TARGETS

PERFORMANCE AREA	2020 GOAL	PROGRESS
Safety and Health	Lost Time Injury Frequency (LTIF) of <1 per million hours worked*	Achieved – 2020 LTIF of 0.15 (employees plus contractors)
	Zero fatalities, zero lives changed*	Achieved
Community Relations	100% compliance with commitments from Community Development Agreements (CODECOPs) signed with the communities	Achieved
	Continue implementation of local participation strategy	Achieved
Environment	Zero reportable spills of 1,000 litres or more, that report to the river or reservoir*	Achieved
	Continued 100% compliance with environmental quality standards	Achieved
Our People	Conduct anti-corruption training to the level of Superintendent	Achieved – 26 Operations Managers and Superintendents participated in training
	Conduct human rights training for employees across the business	Postponed to align with adoption of human rights components of the World Gold Council's Responsible Gold Mining Principles
Human Rights	Continue to monitor human rights performance, aiming for zero authenticated complaints	Achieved
	Complete implementation of Human Rights Management System and incorporate aspects of selected ESG/CSR best practice framework	Postponed to align with adoption of human rights components of the World Gold Council's Responsible Gold Mining Principles
Transparency	External stakeholder participation and input in the 2020 materiality assessment in the context of sustainability disclosures	Achieved – See the “Materiality Assessment” section of this Report
	Continue to review and improve communications plans	Achieved – Overhaul of corporate communications ongoing, including release of new Company website and ESG Reporting Portal

* 2021 goals and targets

SPOTLIGHT

WORLD GOLD COUNCIL RESPONSIBLE GOLD MINING PRINCIPLES



In 2020, we became members of the World Gold Council, the global market development organization for the gold industry, whose purpose is to stimulate and sustain demand for gold, provide industry leadership, and be the global authority on the gold market.

As part of our membership commitment to the World Gold Council, we are committed to supporting and implementing the organization's Responsible Gold Mining Principles (the "RGMPs"). The RGMPs provide a framework that sets clear expectations for member companies to adhere to the highest standards of ethics and corporate responsibility. The Principles are designed to provide confidence to governments, investors, employees and contractors, communities, supply chain partners and civil society that gold has been produced responsibly.

We are committed to being in full conformance with the RGMPs by the end of 2023, in alignment with the three-year implementation requirements defined by the World Gold Council. In 2021, we will conduct a self-assessment of our current management practices and performance against the framework's 10 Principles and 51 sub-principles. We will receive independent verification and assurance of the self-assessment process and results, and will publicly report on our progress in an annual RGMPs Implementation Progress Report. This exercise is a strategic imperative for our Company and, as such, has been integrated into our annual company-wide incentive plans.

2021 GOALS AND TARGETS

PERFORMANCE AREA	2021 GOAL
Safety and Health	Zero fatalities*
	Lost Time Injury Frequency (LTI) <1.0*
Community Relations	100% compliance with commitments from Community Development Agreements (CODECOPs) signed with the communities
Environment	Zero reportable spills of 1,000 litres or more that report to a natural water body*
	100% compliance with environmental quality standards
	Continued development of overall climate change and energy management strategy
	Respond to the CDP Climate Change Questionnaire
	Conduct gap analysis against new Global Industry Standard on Tailings Management
	Become signatory to the International Cyanide Management Code and continue progress toward implementation
Our People	Implement 2021 plan for safety and leadership excellence including modules associated with SafeStart®, Supervisor Excellence Program and Leadership Enhancement Program
Human Rights	Conduct annual monitoring of human rights performance aiming for zero authenticated complaints
	Continue implementation of Human Rights Management System in alignment with requirements of the Responsible Gold Mining Principles
Transparency	Continue to enhance disclosure on ESG and improve scoring among key ESG ratings agencies
	Launch new website in H2 2021, with dedicated ESG Reporting Portal
General	Conduct self-assessment against the RGMPs and obtain independent verification and assurance of the results*
	Continued implementation of digital systems for ESG data management

* Goal directly linked to company-wide, short-term incentive plans

SEGURIDAD ES: PREVENIR ACCIDENTES

KOMATSU

MI 785

MI 785



GOVERNANCE



GOVERNANCE

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BOARD OF DIRECTORS

Our Board of Directors is the highest governance body within our organization. The Board is responsible for governing the management of the business and the affairs of the Corporation. The Board fulfills its oversight responsibilities both directly and indirectly through various committees, including the following³:

- › Audit Committee
- › Compensation Committee
- › Corporate Governance and Nominating Committee
- › Safety and Corporate Social Responsibility (CSR) Committee
- › Technical Committee

³ In 2020, we consolidated our Health and Safety Committee and Environment and CSR Committee into the Safety and CSR Committee. The Technical Committee is a newly-appointed committee in 2020.

There were several changes to our Board of Directors composition in 2020. Our Board size increased from 9 to 10 Directors and we appointed a new Executive Chair – Mr. Fred Stanford – as well as four new Board members, namely Ms. Jody Kuzenko (by way of appointment to the CEO position), Mr. Richard Howes, Ms. Robin Bienenstock and Mr. Roy Slack.

Currently, 80% of our Board Directors are independent. A full 100% of the members of the above noted committees are independent, apart from the Technical Committee (75% of members being independent).

Additional governance performance metrics are available in the ESG Performance Data Tables on page 63 of this Report. Full disclosure of our corporate governance practices is contained in our latest Annual Information Form (AIF) and Management Information Circular (MIC), both of which are publicly available on our website.

DIVERSITY AND GOVERNANCE

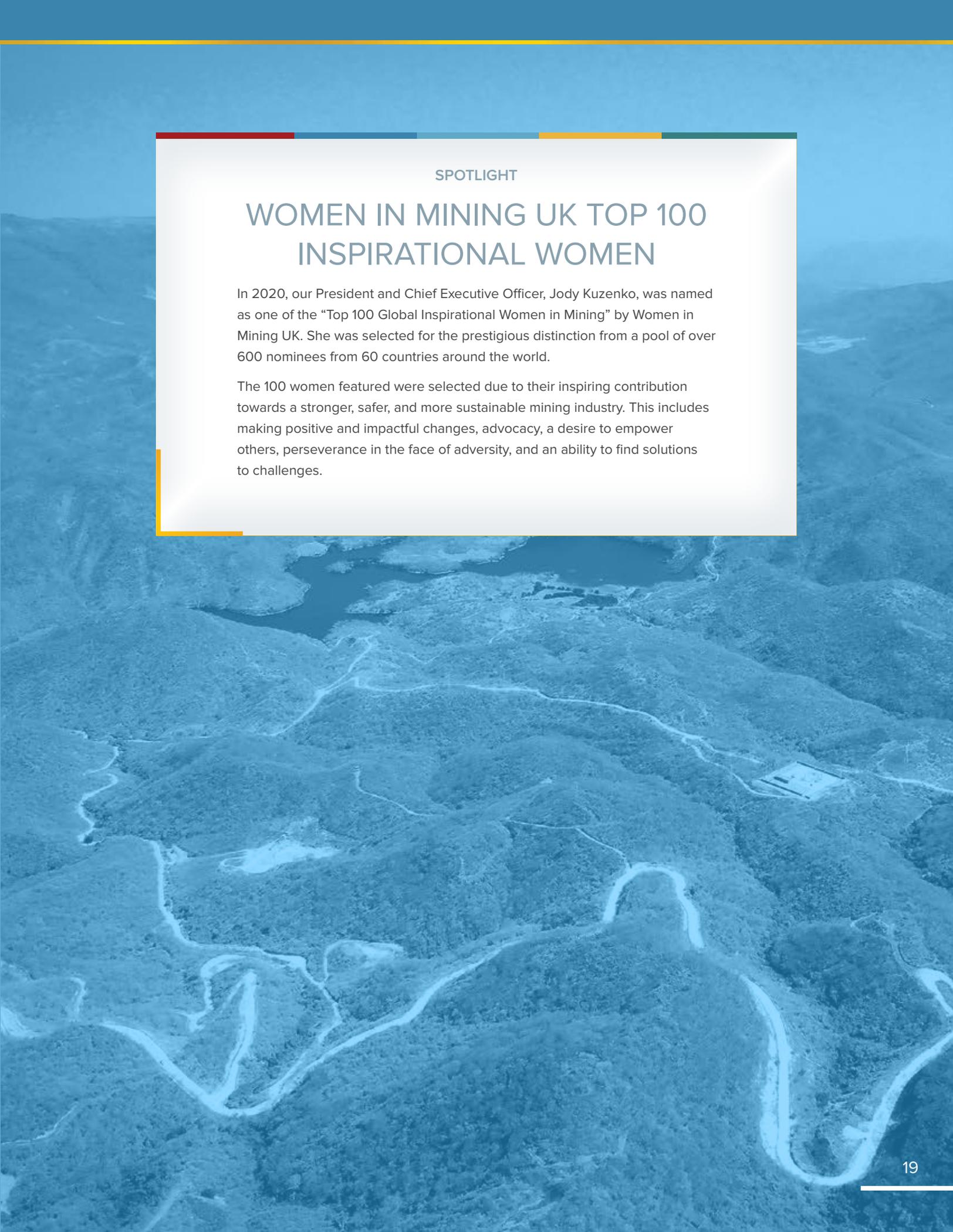
We believe that decision-making is enhanced through diversity in the broadest sense and we have adopted a Diversity Policy to reflect this principle. In the context of an effective Board, diversity includes expression of thought, business experience, skill sets, and capabilities. We believe that diverse skills and backgrounds help create a business environment that encourages a range of perspectives and fosters excellence in corporate governance, including the creation of shareholder value.

Our Diversity Policy defines merit as the key requirement for appointment to the Board and employee advancement. In identifying suitable candidates for appointment to the Board or in selecting and assessing candidates for executive positions, candidates are considered on merit against objective criteria regarding experience, education, expertise and general and sector specific knowledge, with due regard for the benefit of diversity.

Currently, the Board is comprised of 30% women, which is approximately 17% higher than the average among TSX-listed mining companies and 8.5% higher than all TSX-listed companies⁴. In both 2020 and 2021, we were listed as one of the Globe and Mail's "Women Lead Here" honourees in recognition of the high proportion of women serving on our Board and Executive Team.



⁴ Osler, 2020 Diversity Disclosure Practices: Diversity and Leadership at Canadian Public Companies.

An aerial photograph of a mining landscape, showing winding roads, a reservoir, and various mining structures. The image is overlaid with a semi-transparent white box containing text.

SPOTLIGHT

WOMEN IN MINING UK TOP 100 INSPIRATIONAL WOMEN

In 2020, our President and Chief Executive Officer, Jody Kuzenko, was named as one of the “Top 100 Global Inspirational Women in Mining” by Women in Mining UK. She was selected for the prestigious distinction from a pool of over 600 nominees from 60 countries around the world.

The 100 women featured were selected due to their inspiring contribution towards a stronger, safer, and more sustainable mining industry. This includes making positive and impactful changes, advocacy, a desire to empower others, perseverance in the face of adversity, and an ability to find solutions to challenges.

GUIDING POLICIES

Our governance approach is guided by a set of policies that are applicable across our entire business. They are designed to ensure that personnel at all levels of the organization are aware of their responsibilities and expectations regarding their conduct and behaviour.

The policies are developed by executive management and approved by our CEO and Board of Directors. Our main policies related to ESG are summarized in the graphic below.

EXECUTIVE TEAM

Our Executive Team is made up of a diverse group of professionals who collectively bring a wide variety of experience in all facets of mining operations and support functions. To ensure we attract the very best talent possible, and guard against unconscious biases that often impede diversity of hires, individuals at the executive level are carefully selected using a thorough selection and vetting process. This process assesses not only technical experience, but also “fit” with our core values and other critical selection criteria including

competence, capability, character and curiosity. We believe this approach has been instrumental in the creation of a diverse workforce and inclusive culture. Our Executive Team maintains senior management oversight of ESG topics and issues. The team meets weekly and ESG topics are discussed at each weekly meeting.

In 2020, we appointed Angie Robson to a newly created role as Vice President, Corporate Affairs and Social Responsibility to our Executive Team. Ms. Robson maintains primary accountability for ESG matters across the Company and reports directly to our CEO, and also works closely with the Safety and CSR Committee of the Board of Directors on matters related to ESG and CSR oversight.

Currently, our Executive Team is comprised of ten members, 40% of whom are women. This is 26% higher than the average female composition of executive management teams among TSX-listed mining companies in 2020⁵.

⁵ Osler, 2020 Diversity Disclosure Practices: Diversity and Leadership at Canadian Public Companies.



SPOTLIGHT

GLOBE AND MAIL “WOMEN LEAD HERE” HONOUREE

In March 2021, we were pleased to announce we earned a spot on the 2021 Globe and Mail Report on Business “Women Lead Here” list for the second year in a row, an annual editorial benchmark to identify best-in-class executive gender diversity in corporate Canada.

Established in 2020 by Report on Business magazine, the “Women Lead Here” initiative applies a proprietary research methodology to determine Canadian corporations with the highest degree of gender diversity among executive ranks.

For the 2021 ranking, Report on Business conducted a journalistic analysis of nearly 500 large publicly traded Canadian companies, evaluating the ratio of female to male executives in the top three tiers of executive leadership. The resultant data was applied to a weighted formula that also factored in company performance, diversity and year-to-year change.

In total, 71 companies earned the 2021 “Women Lead Here” seal, and we were proud to be among them. The full list of 2021 “Women Lead Here” honourees can be found at www.tgam.ca/WomenLeadHere.



ESG GOVERNANCE

Safety and CSR Committee

Our Board of Directors has appointed a Safety and Corporate Social Responsibility Committee that is responsible for matters related to ESG and CSR. Its primary mandate is to assist the Company in furthering its commitments related to health and safety, environmentally sound and responsible resource development (including climate change), good community relations, and the protection of human rights. This includes:

- › Oversight of the Company’s safety and social responsibility goals, policies, and programs;
- › The establishment of appropriate systems, standards, and procedures with respect to safety and social responsibility;

- › Compliance with applicable laws and standards of corporate conduct; and
- › Overseeing safety and CSR risk identification, assessment, and associated management and mitigation activities.

A full 100% of the Committee members are independent. The Committee mandate, which was refreshed in 2020, can be found on our website along with the Committee’s quarterly work plan.

ESG Working Group

In 2020, we established a company-wide ESG Working Group to further embed robust ESG management and performance across our business, including at the corporate and operational levels. Representatives include senior corporate and operations leadership who will provide subject-matter expertise across various ESG and CSR topic areas.

The mandate of the ESG Working Group includes the following activities:

- ▶ Assisting with the development and review of annual strategic ESG plans, including the development of short, medium, and long-term ESG targets;
- ▶ Reviewing the ESG performance of the Company, including in relation to public commitments, goals, and targets; and
- ▶ Considering and recommending improvements to ESG-related policies and practices of the Company.

The ongoing work of the group will be instrumental in advancing key ESG initiatives across the Company. This includes implementation of the Responsible Gold Mining Principles, which will help guide our ongoing ESG strategy and management going forward.

BUSINESS ETHICS AND ANTI-CORRUPTION

Code of Conduct and Business Ethics

We strive to conduct our business with the highest standards of ethical conduct. Doing so is consistent with our core values and is expected from everyone across our organization.

Our core values serve as the foundation of our Code of Business Conduct and Ethics and its associated guiding principles. The Code outlines a variety of standards of conduct, including in relation to our workforce, our environment, and our relationships with external stakeholders.

The Code has been adopted by the Board of Directors and applies to all employees, executive management, and Board Directors. Attestation to the Code is required by all staff employees annually.

As part of our Whistleblower Policy, we maintain a Whistleblower Hotline through which potential violations of the Code can be reported. All submissions are treated as confidential and can be made anonymously if desired. Any person submitting a report will not be subject to any form of harassment, retaliation, or negative impact on their employment status, provided the allegation was not made maliciously or in bad faith. Anyone who retaliates against someone reporting a potential violation in good faith will be subject to discipline. There were zero submissions to our Whistleblower Hotline in 2020.

Anti-Corruption and Anti-Bribery

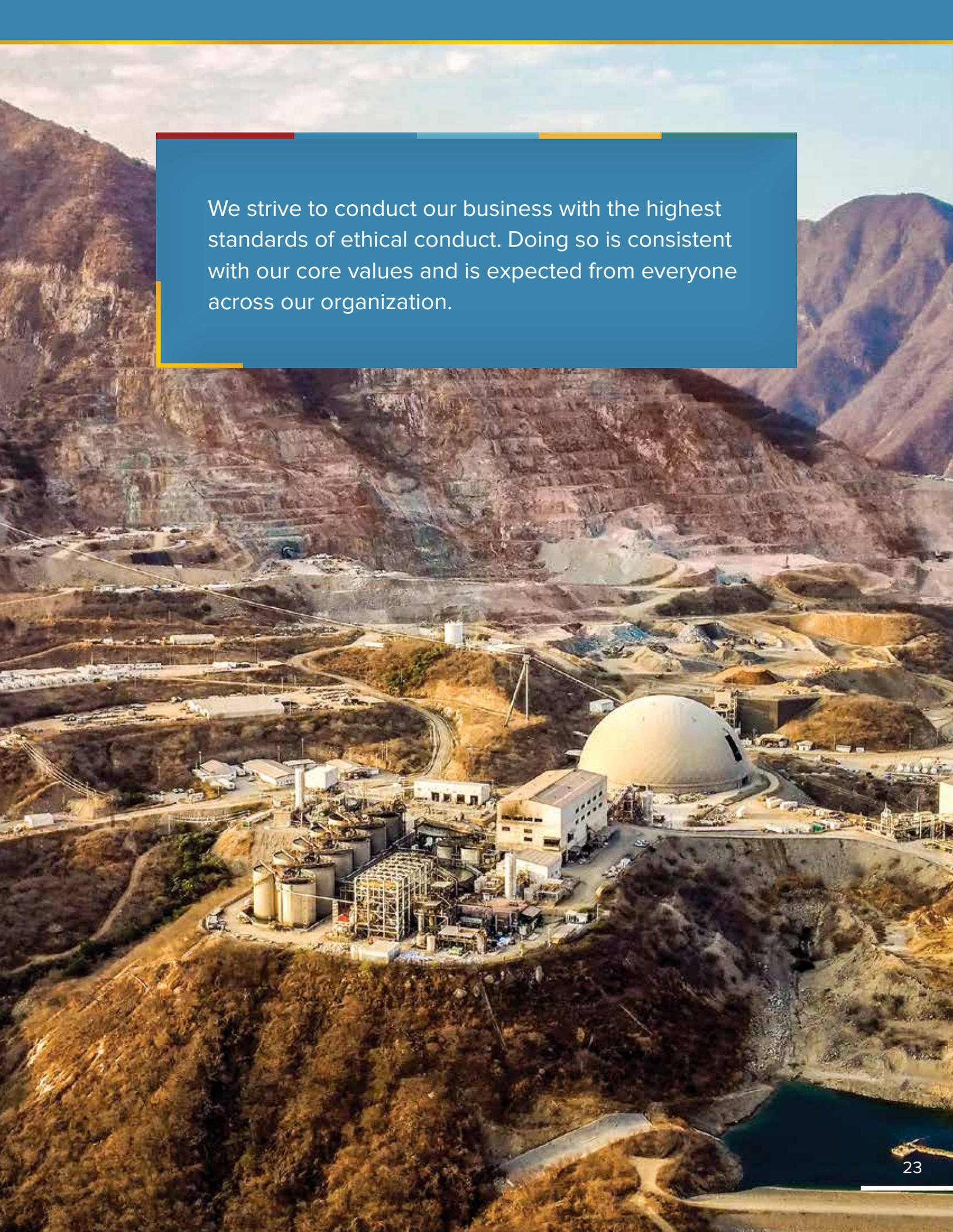
Our business is subject to various anti-corruption and anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act (CFPOA) as well as Mexican laws and regulations. According to Transparency International's 2020 Corruption Perceptions Index, Mexico scored 34/100, which indicates a high risk for potential corruption in the principal jurisdiction in which we operate. As such, corruption is a risk factor included in our overall enterprise risk management assessments and registers.

Our Anti-Corruption and Anti-Bribery Policy, available on our website, serves as the foundation of our approach to managing corruption risks. The purpose of the policy is to help the Company and its agents conduct themselves in an honest and ethical manner of the highest standard as well as to comply with all applicable anti-bribery and anti-corruption laws. The policy contains compliance procedures, including mechanisms for reporting potential violations. The policy also prohibits the use of Company funds for political advocacy purposes.

The policy is communicated to all staff employees through employee onboarding and an annual attestation process. Attestation is required from all staff employees annually.

In 2020, twenty-six operations managers and superintendents participated in Anti-Corruption Training, which focused on our internal policies and controls. This fulfilled one of the key goals we set in our 2019 Responsible Gold Mining Report. We plan to continue to provide anti-corruption training throughout the organization.

In 2020, there were no legal actions taken against the Company or its subsidiaries in relation to corruption, anti-competitive, or anti-trust behaviour. There were no incidents in which employees were dismissed or terminated for anti-corruption related issues and there were no contracts with business partners that were terminated for anti-corruption related issues.



We strive to conduct our business with the highest standards of ethical conduct. Doing so is consistent with our core values and is expected from everyone across our organization.



SOCIAL

OUR PEOPLE



OUR PEOPLE

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From our beginnings as a Company, we have worked hard to create an organization that is differentiated from our competitors and capable of achieving and sustaining optimal business results. To do so, we have methodically implemented a social innovation strategy that sets us apart as an organization and has led to many industry-leading initiatives in the Mexican mining sector.

MANAGEMENT APPROACH

At Torex, we believe that employee engagement and business excellence are achieved through effective leadership, interconnected systems, and clarity of work. Throughout our 10-year journey, we have been guided by Systems Leadership theory and have used one set of integrated organizational principles to develop our organizational structure, work systems, teamwork behaviours and leadership practices. In our workplace culture, we seek to understand and more importantly predict how people are likely to behave in different organizational contexts. We encourage our employees to express their creativity and develop their capability so they can contribute to the creation of a productive workplace experience in which employees willingly give their best to achieve business outcomes.

We have implemented a comprehensive set of 16 “People Systems” to clarify work, pay fairly, fill roles, manage performance, build capability, and resolve complaints. These People Systems are interconnected with a variety of other operational systems, so that our Team Leaders take a consistent and predictable approach to managing people in a safe and respectful work environment.

Training is a central component of our overall approach to organizational effectiveness. In addition to our technical training courses that build role-specific skills, we provide a program of social process training that helps our employees interact with others in a way that is positive and trust-inducing. This includes our flagship **Working Together** program, which is a combination of theory and hands-on learning aimed at strengthening Team Leader and Team Member skills.

In 2020, we launched our Supervisor Excellence Program (SEP) to develop the capability of our Supervisors to deliver the business excellence expected on safety, production, and costs. The program is comprised of classroom training, peer learning and individual coaching sessions which are tightly





In 2020, we signed a two-year collective bargaining agreement (CBA) with our Union partners, which is unique in Mexico's mining sector in that typically CBAs are negotiated on an annual basis.

The signing of the agreement is testament to our strong ongoing partnership, which is based on the mutual trust that we have developed over many years.

coordinated to help Supervisors apply what they have learned back on the job. SEP is designed and delivered in-house by our managers and technical specialists which is also unique in the Mexican mining sector. Some 85 Supervisors participated in the program in the second half of 2020 representing 1,445 total hours of training for a total of 17 hours of training per person. We will continue to implement the program in 2021 as a core element of our integrated Safety and Leadership Excellence Plan, alongside our SafeStart® safety program and our Leadership Enhancement Program (LEP).

LABOUR RELATIONS AND COLLECTIVE BARGAINING AGREEMENTS

All of our employees are guaranteed the right to freedom of association and collective bargaining as per Mexican labour laws, in alignment with the core conventions of the International Labour Organization (ILO). We maintain a strong relationship with our national and local union leaders representing the Mining Union of the Confederation of Mexican Workers – (CTM Union). Approximately 66% of our workforce (some 600 employees) is unionized.

In 2020, we signed a two-year collective bargaining agreement (CBA) with our union partners, which is unique in Mexico's mining sector in that typically CBAs are negotiated on an annual basis. The signing of the agreement is a testament to our strong ongoing partnership, which is based on the mutual trust that we have developed over many years.

Key highlights of the agreement include a 5% and 6% increase in base salaries in 2021 and 2022, respectively, which is largely consistent with the market. This is in addition to increases in a variety of other benefits, including contributions to the savings fund, vacation premium and the increased provision of scholarships for employees' dependents. All employees – without exception – receive the same health benefits, which is industry-leading practice in Mexico. Typically, only 7% of unionized employees in the mining sector receive private medical coverage through CBAs.

Our CBA also defines a Mixed Attendance Bonus arrangement, which includes two portions: 1. Weekly fixed pay that the employees earn if they have perfect attendance over the week and 2. Monthly pay, equivalent to 2% of their base salary, also dependent on having perfect attendance. This second portion could be increased if the rate of absenteeism decreases. This is a novel approach within the Mexican mining sector designed to reduce absenteeism among employees, and, in turn, improve productivity and instill a sense of accountability throughout our workforce.

These achievements build on other firsts we have achieved in the Mexican mining sector. For example, in 2019, we became the first mining company in the country to hire our employees as part of the operating company (MML) instead of subcontracting through a service company. This resulted in our employees sharing in the profits of the operating company rather than being limited to sharing the profits of a service

company. We believe this aligned us with the original intent of the statutory profit sharing system (PTU) in Mexico, thus demonstrating our commitment to being a leading employer within the industry and living up to our commitment that when the Company does well, so do our employees.

We also carry out monthly meetings between team leaders (Managers and Superintendents), local union representatives and our Labour Relations team to address and solve issues that may arise in a timely and proactive manner, thus building strong relationships and having open communication.

Lastly, we maintain five working committees comprised of management and employees, both unionized and non-unionized, which enable constructive relationships based on ongoing dialogue with our workforce. These include the following committees:

- › Productivity and Training Committee
- › Safety and Health Committee
- › Profit Share Committee
- › Seniority Committee
- › Internal Regulations Committee

2020 PERFORMANCE

In 2020, we revamped our Human Resources Information System to strengthen our operational efficiency as well as capture key performance metrics. The added scope and depth of our performance disclosures reflect this enhanced data gathering and management.

The table below presents key metrics related to our workforce and organizational excellence initiatives. More comprehensive data can be found in the “Our People” section of the ESG Performance Data Tables on page 63 of this Report.

PEOPLE

	2020	2019
Number of operations employees	924	889
Total value of salaries and benefits paid	\$64.3 million	\$58.0 million
Percent employees from local communities	41%	45%
Percent employees from Guerrero	60%	70%
Percent employees from Mexico (operations)	99%	99%
Percent employees female (operations)	14%	14%
Percent employee turnover (operations)	9%	11%

SPOTLIGHT

BUILDING PORTAL 3 AT ELG

A picture truly says a thousand words. In 2020, our team began work on building Portal 3 at our ELG underground mine, which will reduce haulage distances and associated operating costs while at the same time improving access to explore and mine valuable ore bodies in an effort to increase our reserves. The care our team took to build the entrance of the portal is clear — a proud homage to Mexican culture with the Guadalupe Virgin watching over to keep our people safe.

The mural around the Portal, called “Fertile Land”, was painted by local artist Gerzain Vargas. The confrontation of the two jaguars is a ritual to ask for rains in Guerrero State, and the fruit of that effort is corn in the field, which symbolizes harmony among all people.

In February 2021, we were honoured to welcome the Chilpancingo Bishop, Mr. Salvador Rangel, who officiated a mass at Portal 3, and spoke about the important social, economic and security benefits we provide to our employees and host communities. This Portal is a symbol of our approach to inclusion. For us, inclusion extends well beyond gender to culture, ethnicities, religious beliefs and communities. Inclusion is not a statistic; it is an action (“to make whole”) underpinned by a feeling (“you belong”). As a Company, this is who we are.





SOCIAL

HEALTH & SAFETY





HEALTH & SAFETY

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Health and safety is central to our overall success as a company. We know that when our health and safety performance is excellent, excellence in production and other operational aspects follow suit. Over the years, we have built a robust health and safety culture across our business with the primary goal of “zero lives lost, and zero lives changed”.

MANAGEMENT APPROACH

Our Safety and Health Policy serves as the foundation of our approach to manage safety and health risks and promote a culture that recognizes safety and health as both individual and collective responsibilities. The policy is available on our website.

We maintain a comprehensive operational health and safety management system that is based on the “plan-do-check-act” model. We implement the system in alignment with Mexican federal labour laws, including regulation NOM-023-STPS-2012 of the Mexican Secretariat of Labour and Social Security. The system is also aligned with the IFC Environmental, Health and Safety Guidelines and IFC Performance Standard 2 on Labour and Working Conditions. A full 100% of our employees and contractors are covered by the system.

The system is overseen by a team of health and safety specialists at both the corporate and operational levels. Our VP, Mexico, who reports directly to the CEO, maintains primary system accountability. Our Safety and CSR Committee of the Board of Directors provides Board-level oversight of the system. The system is audited internally on a regular basis and undergoes periodic regulatory audits.

Risk management is a core system element, including clear processes for identifying, analyzing, and evaluating risk. This includes detailed risk assessment tools, such as bowtie analysis, hazard and operability studies, and failure mode and effects analysis. Health and safety risks are integrated into our operational risk register, which is monitored weekly by specialist staff. We also use an incident management system for reporting and investigating incidents, near misses, and unsafe conditions.

We provide on-site occupational health services for our employees and contractors, including through our on-site clinic. To promote worker health, we provide all our employees with comprehensive private medical coverage. All employees – without exception – receive the same coverage, which is industry-leading practice within the Mexican mining industry.

TRAINING

Training is a central component of our health and safety management systems. We provide a variety of traditional and behaviour-based training as well as leadership development programs to embed a robust safety culture into our leadership practices.

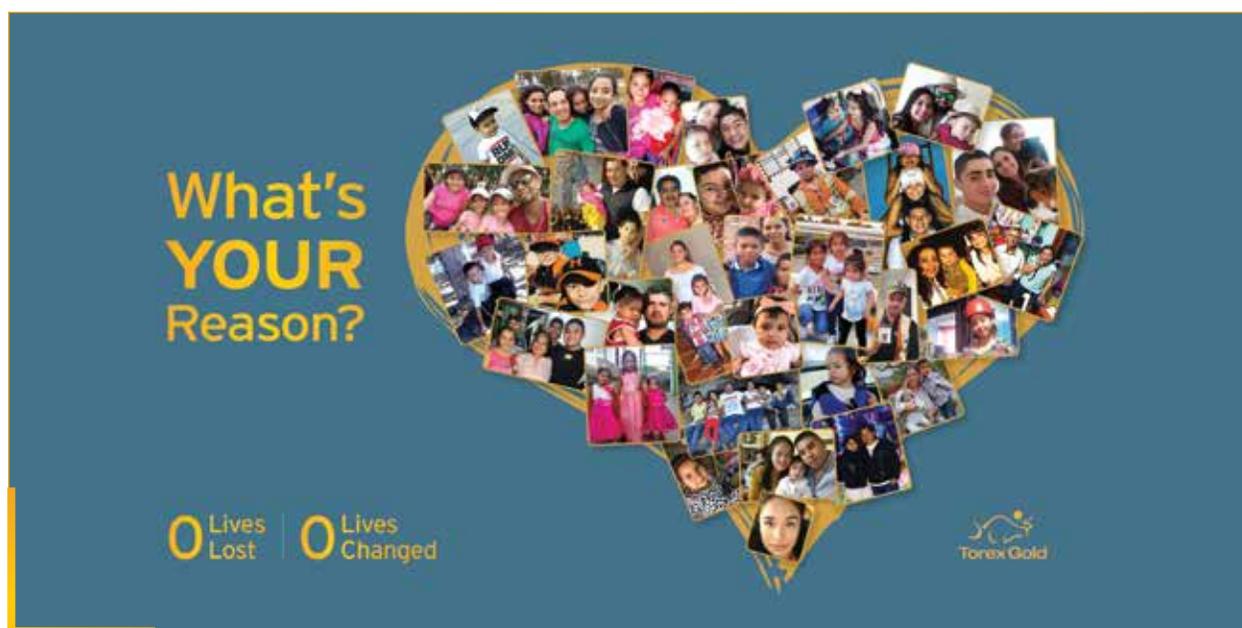
In 2020, we began implementation of the SafeStart® program at our operations. Key elements of the program include providing practical skills and safety awareness training to reduce critical errors that can lead to safety incidents and injuries at work and at home. The program is a core component of our 2021 Safety and Leadership Excellence Plan and complements our Supervisor Excellence Program and Leadership Enhancement Program. For more information on the latter two programs, see the “Our People” section of this Report.

Full safety and health training metrics can be found in the ESG Performance Data Tables on page 63 of this Report.

2020 PERFORMANCE

We maintained strong safety and health performance throughout 2020. In November, we achieved 10 million hours worked without a lost time injury, which is an achievement that is testament to the strength of our safety culture, management systems, and individual and collective commitments to safety. While we ended the year with one contractor lost time injury, we achieved our 2020 safety goal of a lost time injury frequency (LTIF) of less than one per million hours worked. The year end number was a LTIF of 0.15. This objective was tied to our executive compensation and company-wide incentive plans.

Key safety metrics for 2020 are presented in the table below. Comprehensive safety metrics and indicators can be found in the health and safety section of the ESG Performance Data Tables on page 63 of this Report.



2020 HEALTH AND SAFETY METRICS (EMPLOYEES PLUS CONTRACTORS)¹

	EMPLOYEES	CONTRACTORS	TOTAL
Fatalities	0	0	0
Lost time injury frequency (LTIF)	0	0.27	0.15
Total recordable injury frequency (TRIF)	2.26	2.75	2.52
Total training hours	10,629	35,296	46,555
Average training hours per person	15	8	12

¹ All rates are based on a 12-month rolling average and are calculated per million hours worked.

SPOTLIGHT

10 MILLION HOURS LTI-FREE

In November 2020, we achieved a remarkable milestone of 10 million hours worked without a Lost Time Injury (LTI). This achievement is testament to the strong safety and workplace culture that, over many years, our team has built together. It is also testament to the robust safety systems, training, and leadership development we have implemented over time. Most importantly, it is a reflection of our individual and collective commitments to safety throughout our entire company.

In December 2020, a contract employee suffered a finger injury resulting in an LTI. The incident served as an important reminder that while we can and should be proud of our safety performance, we must always remain vigilant in order to continue to achieve our objective of “zero lives lost, zero lives changed”.

▶ **LTIF FREQUENCY AND TRIF PER MILLION HOURS WORKED**
(January 2018 – December 2020)





SPOTLIGHT

OUR COVID-19 RESPONSE

Throughout the COVID-19 pandemic, we have worked diligently to prevent the spread of the virus both within our workforce and our host communities.

Operationally, we have implemented a variety of enhanced safety protocols to maintain a controlled, safe working environment. Access to the operations has been restricted, including strict limitations on international travel to the site. We have implemented and continue to enforce a multi-layered COVID-19 screening process, an on-site mobile testing laboratory, clearance testing for site access, and rapid response contact tracing. Ongoing and transparent communication with our workforce and our communities has been essential to promote awareness and help ensure compliance with the protocols.

We continue to work closely with our host communities to aid in their management of the pandemic. We implemented a variety of infection prevention education campaigns for adults and children, including the “Use of Face Masks” and “Hygiene and Handwashing” campaigns to raise awareness about the importance of proper daily habits to mitigate spread of the virus. We also donated a variety of medical equipment and supplies to local health facilities.

In 2020, we were proud to be recognized by the national Mexican Institute of Social Security (IMSS) for our efforts in developing COVID-19 precautionary measures and in implementing robust protocols to mitigate contagion risks at the workplace.

Moving forward, we will continue to build resilience into our operations and support our host communities as we persevere through the pandemic together.



SOCIAL

COMMUNITY





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COMMUNITY ENGAGEMENT

Mining responsibly and earning the trust of our host communities has always been central to our business philosophy. We believe that governments grant permits and communities grant permission, and we understand that building lasting and constructive relationships based on mutual respect and benefit is essential to maintaining our social license to operate.

Management Approach

Our Policy on Social Harmony and Human Rights outlines our company-wide commitments to integrating positive community relations into our overall management systems. Our approach is aligned with the IFC Performance Standard 4 on Community Health, Safety, and Security.

We conduct comprehensive social impact studies with input from local communities as part of our overall environmental and social impact assessments (ESIAs). The assessments include stakeholder mapping exercises, which, in turn, help inform ongoing stakeholder engagement plans. We also review our social risk assessments every three months to ensure we regularly integrate changes to our approach based on the social context and required mitigation measures. We also conduct ESG materiality assessments and in 2020 gained input from local community members to address ongoing requirements and evolving stakeholder expectations.

We maintain a comprehensive Environmental and Social Management System, that integrates community

relations as a core component. The system is overseen by specialist staff at our operations in Mexico and at the corporate level. Our VP, Mexico maintains overall accountability for the system with oversight provided by our Executive Team and our Safety and CSR Committee of the Board of Directors.

Since 2018, we have maintained a local hiring program, which is targeted at hiring local community members for available positions within the Company. The program includes transparent hiring practices and procedures, as well as capacity development training where appropriate, to enable local community members to obtain the requisite skills for filling these positions. Local communities also participate in the decision-making process for local hiring through an established labour committee.

We maintain a local grievance mechanism to provide a means for local community members to submit complaints related to our operations. Grievances can be submitted through a variety of means, including monthly community meetings, informal meetings with mine site staff, and our formal grievance procedure. We also maintain community offices in local communities to enable access to local company representatives, including for submitting grievances. Grievances are classified according to their severity of impact and are subject to corresponding management controls to streamline Company responses and their ensuing resolution.

2020 Performance

COMMUNITY

	2020	2019
Number of non-technical delays ¹	0	0
Number of grievances	10	24
Number of grievances resolved	7	24
Non-technical delays related to community disputes	0	0
Payments for local land agreements	\$10.2M	\$9.5M

¹ Non-technical delays refer to production interruptions not due to technical, operational or asset integrity issues due to social disruption. Note that while the operations were interrupted in Q2 due to a government-mandated shutdown of operations to mitigate spread of COVID-19, for this purpose this is not listed as a non-technical delay as the government order was not unique to the Company, but a country-wide mandate.



COMMUNITY DEVELOPMENT

We are proud of the wide variety of local economic benefits our operations generate, including through local employment and local procurement opportunities. In fact, our operations are one of the key economic drivers for the State of Guerrero as a whole. In 2020, \$42.4 million of our total procurement spend was in Guerrero, with 60% of our employees living in Guerrero State.

We maintain a local procurement procedure to help increase the amount of spend in our host communities. The procedure was updated in 2020 to reflect operational changes and to align with our agreements with local communities. We also recognize the important role we play as a catalyst for indirect economic development in our host communities, including through economic diversification and capacity building initiatives that leverage the skills of people that live around our operations.

We are committed to leaving a net positive legacy in the communities in which we operate. As such, we partner with host communities through innovative Community Development Agreements called CODECOPs (Convenio de Desarrollo Comunitario Participativo) established with 11 local communities. Under the Agreements, community projects are defined according to local needs and priorities through CODECOP committees established for each community, with committee members selected by each community assembly. This was done to empower local communities on decision-making processes related to community investment with the

community deciding how and when to spend the funds available. Typical projects include infrastructure development and improvements, water and sanitation projects, education initiatives, and cultural initiatives. In 2020, we invested \$0.9 million in community development through our CODECOP Agreements.

When the funds are not sufficient for the projects or initiatives selected by the community, we support the creation of partnerships between our Company, the community, and the regional or federal government to support local development. In 2020, we spent \$3.1 million on direct community investment in addition to the CODECOP agreements, bringing our total direct community investment to \$4 million.

The Company also contributes to the Mexican Fondo Minero (the "Mining Fund"), which is funded through a 7.5% mining tax on extractive activities earnings and 0.5% royalty on gold and silver sales, with proceeds used to fund community infrastructure projects in mining communities. In addition to paying these special taxes, since 2018, the Company has fostered local development by aligning the municipal development program to the local communities' interests while promoting local consultation and participation in the decision-making process for the use of the Mining Fund. This approach helps the local Municipal President to create a case for the Mexican government to use the Mining Fund locally, benefiting the communities in our area of direct impact. In 2020, the Company paid \$16.9 million toward the Mining Fund in respect of 2019, bringing our total direct and indirect community development investments to \$20.9 million in the calendar year.

SPOTLIGHT

STRENGTHENING FISHING ACTIVITIES IN LOCAL COMMUNITIES

Aquaculture is an important economic activity for our host communities adjacent to the Balsas River, which is in close proximity to our operations. It is an important source of employment and income for many local community members and their families. As a result, strengthening local aquaculture has long been a component of our local economic development initiatives. Doing so helps build on existing community economic strengths and helps diversify local economies beyond mining-related activities.

Since 2017, we have supported local aquaculture through various training and capacity development initiatives, demonstration projects, and supporting the establishment of local fishing cooperatives. We have also supported the release of fingerlings into the Balsas River with more than five million fingerlings released to date. Programs are typically delivered in partnership with local fishing cooperatives and often with regulatory authorities including the National Commission of Fisheries and Aquaculture (CONAPESCA). Expert consultants are also often engaged to provide specialized support and training. The consultants' support enables local fishermen to access funds available through government programs for fishing activities. Support is also given to prevent illegal fishing by providing guidance on ways to become part of fishing cooperatives.

In 2020, we continued our partnerships with local fishermen by investing in the CAGES program, which was delivered in partnership with expert consultants. The program was designed to foster more advanced capture and post-harvest techniques and culminated in the delivery of over MEX\$350,000 in fishing cages to local communities. In December, we also renewed a comprehensive agreement with local fishermen to provide training and ongoing support to promote best practices and prevent overfishing.



SPOTLIGHT

NUEVO BALSAS HEALTH CENTRE REHABILITATION

In 2020, we supported a comprehensive refurbishment of the Nuevo Balsas Health Centre. The work focused on addressing several key needs for the enhanced delivery of health services in local communities.

Prior to the rehabilitation project, the primary challenge was the delivery of continuing care given the aging nature of the facility, including inadequate ventilation systems, poor electrical supply, defective drainage and sanitary systems, and worn-out furniture and supplies.

To address these issues, the following activities were completed:

- › Electrical, water, and drainage repairs throughout the facility
- › Air conditioners installed in all continuous care areas and ceiling fans in secondary areas
- › All existing windows and doors replaced to enhance ventilation.
- › Furniture upgrades
- › Complete kitchen renovations
- › Isolation room construction, currently used for COVID-19 patients
- › Sanitation upgrades throughout the facility
- › Comprehensive exterior repairs

The improvements represented an investment of over MEX\$2.2 million. The facility will benefit over 4,000 people from local communities, including Nuevo Balsas, La Fundición, Real del Limón, Acalmantlila, Las Mesas, San Nicolas, San Luis, Tomixtlahuacan, and Puente Sur Balsas.

2020 Performance

The table below summarizes key community metrics for 2020. More detailed performance data can be found

in the “Community Engagement” section of the ESG Performance Data Tables on page 63 of this Report.

COMMUNITY DEVELOPMENT

	2020	2019
Communities covered by community development agreements	11	11
Direct community investment through CODECOP agreements	\$0.9M	\$0.4M
Direct investment in local communities (non-CODECOP)	\$3.1M	\$4.7M
Direct investment in local communities (CODECOP + non-CODECOP)	\$4M	\$5.1M
Amount paid to the Fondo Minero ²	\$16.9M	\$8.2M
Total invested in community development	\$20.9M	\$13.3M

² Note these funds were paid in the calendar year in respect of the previous year. In Q1 2021 \$34.4M was paid to the Fondo Minero in respect of 2020 and will be reported in our 2021 Responsible Gold Mining Report.

DIVERSITY AND INCLUSION

We implement a variety of programs at the operational and community level to promote the advancement of women. We do so recognizing that mining is traditionally a male-dominated industry with economic benefits disproportionately accruing to men in the form of employment and procurement.

Since 2018, we have implemented a female truck driver program to provide well-paying employment for women from our host communities. To date, we have trained over 27 women with 16 women currently employed as haul truck drivers.

We have also implemented a variety of female empowerment programs in partnership with local communities and businesses. In 2020, we continued our partnership with *Confeciones Luna*, a local, female-led company that sews uniforms for our Company. In partnership with a Mexican development organization, PRENDAYUC, we invested in business training and skills support to build capacity and strengthen business management systems. Training was also provided to help the company seek new customers and markets.

HUMAN RIGHTS

We recognize that we have a responsibility to respect the human rights of our stakeholders within our sphere

of influence. We also recognize that we operate in a complex environment for human rights underscoring the need for robust human rights management.

Management Approach

Our Social Harmony and Human Rights Policy outlines our company-wide commitments to respect the human rights of our stakeholders. The Policy is aligned with the “Protect, Respect, Remedy” framework of the UN Guiding Principles on Business and Human Rights and is applicable to our suppliers, vendors, and other business partners.

We conduct ongoing human rights due diligence to identify and assess salient human rights risks material to our business and operations. In 2018, we commissioned an independent, voluntary human rights assessment for our operations, which assessed human rights risks and impacts related to labour practices, security, environmental management, diversity and inclusion, and anti-corruption. Associated management plans were developed to help improve the management of specific human rights issues.

In 2021, we will conduct additional human rights due diligence to update our management practices and systems. The due diligence will focus on human rights and security with a view to aligning with the Voluntary Principles on Security and Human Rights. We will also update our management practices and systems

Torex is proud to have obtained the ESR® 2020 Distinction from the Mexican Centre for Philanthropy (CEMEFI) and the Alliance for Corporate Social Responsibility in Mexico (AliaRSE) for two years in a row as a result of our public and voluntary commitment to implement socially responsible management at our operations in Mexico.

The distinction recognizes high standards in ethics and corporate governance, improving social cohesion, promoting community development and care for the environment.



in alignment with the human rights provisions of the Responsible Gold Mining Principles. This will include a review of our grievance management system to ensure the integration of human rights considerations. Ongoing human rights training will be delivered to management and employees with a focus on these new commitments and frameworks.

The table below summarizes key human rights metrics for the Company.

2020 Performance

In 2020, we set a goal of achieving zero authenticated human rights complaints against the Company, which we achieved in 2020. We set a similar goal for 2021 and will report on our progress in our 2021 Responsible Gold Mining Report.

HUMAN RIGHTS

	2020	2019
Percentage of (1) proved and (2) probable reserves in or near Indigenous land ³	0	0
Operations that have been subject to human rights reviews or impact assessments	100%	100%
Number of authenticated human rights complaints	0	0

³ There is no designated Indigenous land surrounding our operations.

SPOTLIGHT

MAKING OUR TOWNS PRETTY

Throughout 2020, we partnered with local communities on a project entitled “Enchulemos Juntos nuestra Comunidad”, which was designed to improve the urban image of local communities.

The program was initiated in five local communities, namely Atzcala, La Fundición, Nuevo Balsas, Real del Limón, and Valerio Trujano. Key activities included:

- › Waste disposal and removal
- › Repairs to streetlamps
- › Painting of local buildings
- › Installation of emblematic letters of the names of communities
- › Tree planting
- › Upgrades to local murals and public art

The program was designed to enhance a sense of pride in local communities and promote civic engagement – both from local community members and our employees, many of whom volunteered their time to assist with the enhancements.







ENVIRONMENT



ENVIRONMENT

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OUR APPROACH

Our Environmental Protection Policy serves as the foundation of our approach to environmental management. Under the Policy, we are committed to meeting or surpassing regulatory requirements in all of our exploration, development, mining, and closure activities, while doing zero harm to the environment beyond our operational boundaries.

We maintain an Environmental and Social Management System (ESMS), which is aligned with the International Finance Corporation (IFC) Environmental, Health, and Safety Guidelines and the IFC Performance Standards. The ESMS is also guided by the Equator Principles (EP4, July 2020) requirements.

The ESMS considers performance-based preventive measures to address potential environmental risks associated with our operations as well as responsive measures required if an emergency occurs. We maintain an environmental quality monitoring program *Programa de Seguimiento de Calidad Ambiental (PSCA)*, which is comprised of 16 management plans covering ten material environmental aspects.

The ESMS and PSCA are implemented by a team of environmental specialists at our operations with overall

operational accountability residing with our VP, Mexico, who reports directly to our CEO. The Safety and Corporate Social Responsibility Committee of our Board of Directors maintains Board-level oversight of environmental management and associated performance.

We conducted a comprehensive environmental and social impact assessment (ESIA) in 2015 for our ELG project, which included impact assessments for a variety of material environmental aspects. Risk management is a central component of the ESIA, which includes a comprehensive natural and industrial hazards risk assessment. Associated risk mitigations, including prevention and contingency measures, were incorporated into project designs and associated management plans. In addition, in compliance with the Federal Law of Environmental Protection, we maintain an environmental risk assessment procedure, which is used on an ongoing basis to identify and assess environmental risks associated with the use, handling, transportation, and storage of substances and activities considered hazardous.

We maintain compliance with our environmental monitoring plans with comprehensive tools that combine regulatory and internal environmental best practice



commitments to help ensure the robustness of our management plans, to inform corrective actions (as required) and document the evidence of each action implemented. Regular reporting of monitoring results is conducted for senior operations management, executive management, and the Safety and CSR Committee of the Board of Directors.

Our environmental performance is also audited annually by an independent auditor approved by SEMARNAT, the Federal environmental regulatory agency in Mexico.

PERMITTING AND COMPLIANCE

Our operations are subject to a variety of environmental laws and regulations in Mexico, including at the Federal and State levels. As per our Environmental Protection Policy, we are committed to meeting or surpassing all legal and regulatory requirements, with a goal of zero harm to the environment.

Management Approach

We maintain a comprehensive register of our environmental obligations, including all permits, authorizations, and commitments. We also maintain a comprehensive environmental risk register to monitor, manage, and mitigate the 51 environmental risks

identified within our baseline natural and industrial risk assessment. Risk monitoring and management are integrated into our PSCA to maintain legal and regulatory compliance with key environmental aspects, and to drive continual improvement in our environmental performance.

2020 Activities and Performance

In 2020, our primary environmental permitting and compliance activities related to the ongoing compliance of the ELG operation as well as the permitting of our Media Luna project.

We maintained 100% compliance with environmental quality standards during the year, which was a goal we set in our 2019 Responsible Gold Mining Report. We also achieved our goal of zero environmental spills of 1,000 litres or more to the receiving environment, a goal that was tied to our executive compensation and company-wide incentive plans.

In March 2021, we received a key environmental permit for our Media Luna project, namely approval for early works on the south side of the Balsas River. In 2021, we will continue to advance permitting activities for our Media Luna project, which, if approved, represents the future of our operations in Guerrero.

TAILINGS MANAGEMENT

Tailings management is one of the most material environmental issues for mining companies globally. We recognize the increased focus investors have placed on tailings-related disclosures and are fully supportive of these efforts. Each year, we release a Tailings Management Report, which outlines our approach to managing tailings and provides key disclosures for our stakeholders.

Management Approach

Our approach to tailings management begins with project design. At our ELG operations, we designed and constructed a world-class filtered tailings storage facility, which is one of the largest globally and one we believe to be best-in-class in the global mining industry.

We filter our tailings through a process that reduces the moisture content to 17%, which conserves water, eliminates the needs for tailing embankments, and essentially eliminates the risk of dam failure, which is a critical consideration given that we operate in a seismic area.

Tailings are conveyed and stacked within the storage facility. A buttress of rock on the downstream side of the storage facility adds additional stability and safety. We have internal technical teams dedicated to monitoring the area, and their work is audited by external experts who inspect the site twice a year in both the wet and dry season.

The facility is also inspected annually by an independent, third-party consultant. The filtered tailings facility operated through all of 2020 with zero discharge to the downstream environment. In addition, lab results obtained throughout the year continue to indicate no acid drainage potential.

In early 2021, we initiated a gap analysis against Global Industry Standard on Tailings Management (GISTM), which was finalized in August 2020 by the International Council on Mining and Metals (ICMM), the United Nations Environment Programme (UNEP), and the Principles for Responsible Investment (PRI). The GISTM is being considered with a view to continuously improving our existing tailings management approach with the ultimate goal of zero harm to people and the environment.



2020 Performance

The table below presents key tailings metrics for 2019 and 2020. For more detailed information on our tailings

approach and associated metrics, see our annual Tailings Management Report available on our website.

TAILINGS METRICS

	2020	2019
Amount of tailings produced (tonnes)	4,161,722	4,205,455
Facilities with acid drainage potential	0	0

WATER MANAGEMENT

We recognize that water is a critical, shared resource and that water security is an important global issue. Water management is also one of the primary concerns of our host communities, particularly those adjacent to the Balsas River, which is an important economic and cultural resource in the region. As such, we implement robust management systems to promote water efficiency at our operations and work in close partnership with our host communities on water-related projects.

Management Approach

Our approach to water management is aligned with IFC Performance Standard 3 on Resource Efficiency and Pollution Prevention, which requires us to adopt measures that avoid or reduce water usage so that water consumption at our operations does not have significant adverse impacts on others.

Our water management system has been designed to maximize recycling by collecting and reusing water and minimize the potential impact to the environment from run-off from rain events by monitoring water quality prior to its release. The processing facility is designed as a closed loop system and therefore there is no release of process water, meaning we operate as a zero discharge water site.





We integrate water risk and impact management as core components of our project-level ESIA's. This includes detailed hydrology, hydrogeology, and aquatic risk and impact assessments. The assessments inform the development of a comprehensive water management plan (*Plan Operativo de Manejo de Agua POMA*). This plan lays out the principles on which the water management strategy is based, outlines procedures for normal operations and actions to be taken in upset conditions. We also assess water-related risks using the World Resource Institute's *Aqueduct Water Risk Atlas*, which indicates that our operations are not located in a region of "high" or "extremely high" water stress.

We maintain a comprehensive water balance, which was developed in conjunction with recognized engineering experts. In 2020, we began work to update our water balance to reflect ongoing operational changes. We plan to continue this work in 2021.

We maintain a comprehensive water monitoring program to ensure compliance with water regulations. Samples are collected daily and third-party verification is conducted monthly. Downstream water sampling is also periodically conducted by an independent, expert third party from the Autonomous University of Guerrero in partnership with local communities. This participatory,

community-based monitoring helps augment our existing water monitoring and helps to build trust with local communities.

We maintain a variety of water-related permits, which allow us discharge water up to 50 times a year. However, we maintain a "zero-discharge" water site as we do not discharge water to local watersheds.

We maintain a water recycling program to promote water efficiency at our operations. Water is primarily recycled in our process plant and we use recycled water for dust suppression purposes, including on haul and access roads, crushers, a stockpile dome, and ore belts.

2020 Activities and Performance

In 2020, there were no water-related non-conformance incidents at our operations and no fines and/or penalties were levied against the company for water-related incidents.

The following table presents key water metrics for 2020. More comprehensive water-related data can be found in the ESG Performance Data Tables on page 63 of this Report. The scope and depth of our disclosed metrics reflect the enhanced focus on water disclosures based on the review of our materiality assessment in 2020.

WATER

	2020	2019
Water withdrawal (ML)	1,719	1,384
Water discharged	0	0
Water consumed (ML) ¹	1,719	1,384
Water recycled (ML)	788	787
Total water used (consumed + recycled) (ML)	2,507	2,172
Water recycled (as percentage of total consumption)	46%	57%
Water use intensity (per oz of gold produced)	0.00582	0.00478

¹ All water consumed is from groundwater sources and from precipitation that is contained within our operational boundaries. We do not source water from surface water bodies.

CLIMATE CHANGE

Climate change is one of the world's most pressing challenges. We recognize the important role we – and the mining industry as a whole – can and must play in helping to address this issue. We also understand and support the growing integration of climate-related risks and opportunities into investors' investment decision-making processes globally.

As such, we have started to align our climate change disclosures with internationally recognized disclosure frameworks. In 2020, we submitted our inaugural response to the CDP Climate Change Questionnaire and will continue to do so annually. We are also committed to aligning our climate disclosures with the TCFD. We will do so using a multi-year approach as we continue to build out our climate change strategy.

In the second half of 2021, we plan to release a standalone Climate Report detailing our ongoing climate-related work, which will also be aligned with the recommendations of TCFD and will build off the following disclosures presented.

Governance

The Board Safety and CSR Committee maintains Board-level oversight of the Company's environmental management, including climate change. Key responsibilities include reviewing with management

the Company's environmental and social responsibility goals, policies, and programs as well as associated systems, standards, and procedures. The Committee is also responsible for reviewing environmental-related management strategies, performance, and investment decisions related to climate change. The Committee is currently led by an independent Director. Senior management reports to the Safety and CSR Committee quarterly on climate-related issues as per defined business cycle requirements.

The Board of Directors maintains overall Board oversight of enterprise risk management (ERM). This includes oversight of the Company's enterprise risk register, which includes both physical and transition climate-related risks.

Our Chief Executive Officer maintains the senior-most management accountability for climate-related issues, including assessing and managing climate-related risks and opportunities. Our VP, Corporate Affairs and Social Responsibility, who reports to the CEO, has been assigned senior corporate responsibilities for climate-related activities, including leading the development and implementation of a climate change strategy as well as oversight on ongoing climate-related disclosures. Our Chief Financial Officer, who also reports to the CEO, is primarily responsible for the Company's ERM system, including ensuring the appropriate integration of climate-related risks.

Our Director of Environment and CSR maintains operational climate-related responsibilities, including managing environment-related, site-level risk and impact assessments. This also includes maintaining conformance with external standards and frameworks in relation to climate change, such as the Air Emissions and Ambient Air Quality Guidelines of the IFC Environment, Health, and Safety Guidelines as well as IFC Performance Standard 3 on Pollution Prevention and Abatement. Overall operational accountability rests with our Vice President, Mexico.

Strategy

We assess climate-related risks and opportunities over multiple time horizons, including the short, medium, and long-term.

Since 2019, Climate-related risks have been assessed using a materiality threshold consistent with Canadian securities law. In addition, in 2020, we identified climate-related risks and opportunities as a “core” ESG factor for ongoing management and disclosure. In 2021, we will conduct a standalone climate materiality assessment to further prioritize material climate factors impacting the Company.

In 2021, we will develop a climate change strategy, which will serve as a foundational plan for addressing

the four pillars of the TCFD framework, which include governance, strategy, risk management and metrics and targets. The strategy will include a roadmap to guide our approach moving forward. We have engaged external climate change experts to help lead the development of the plan and guide our ongoing implementation over the coming years.

In addition, innovation is a core part of our overall business strategy. We recognize that investments in innovative technology can – and increasingly will – provide robust economic and environmental value. As such, we regularly assess low-carbon technologies for adoption at our operations as part of our capital expenditure and investment decision processes and will continue to do so moving forward.

We have implemented RopeCon, an innovative ore conveyance system that significantly reduces the need for haul trucks, which are a key source of emissions for most mining operations. In 2021, we plan to begin work on a solar plant to provide electricity to our facilities, which will reduce Scope 2 emissions by up to 8.7% and overall emissions (Scope 1 and Scope 2) by up to 4.75%. We also continue to evaluate the feasibility of Muckahi, an innovative underground mining system that has the potential to reduce underground greenhouse gas (GHG) emissions significantly compared to traditional underground mining systems.





Risk Management

Climate-related risks and opportunities are integrated into our annual ESG materiality assessments. We also assess climate-related risks as part of our existing enterprise and operational risk assessment process for integration into our enterprise risk management system.

Climate-related risks are assessed according to their impact and likelihood, which include established financial thresholds. Individual risks are assigned a residual risk rating based on existing management controls. Risk status is monitored continuously to ensure appropriate management. In 2021, we will further integrate climate-related risks into our ERM system.

At the operational level, a climate-related risk assessment was integrated into our 2015 ESIA for the ELG project. This provided an understanding of climate-related impacts on the project and, in turn, supported the development of associated mitigation plans.

Our 2021 standalone climate materiality assessment will further analyze climate risks to enable us to develop a roadmap for enhanced risk management. This will allow us to further prioritize risks and opportunities and help further embed climate resiliency across the Company.





Metrics and Targets

We have not yet set targets for GHG reductions. We plan to do so in 2021 as part of our overall climate change strategy and implementation plan, which will include the development of a roadmap to create meaningful pathways towards emissions reductions and overall climate resilience.

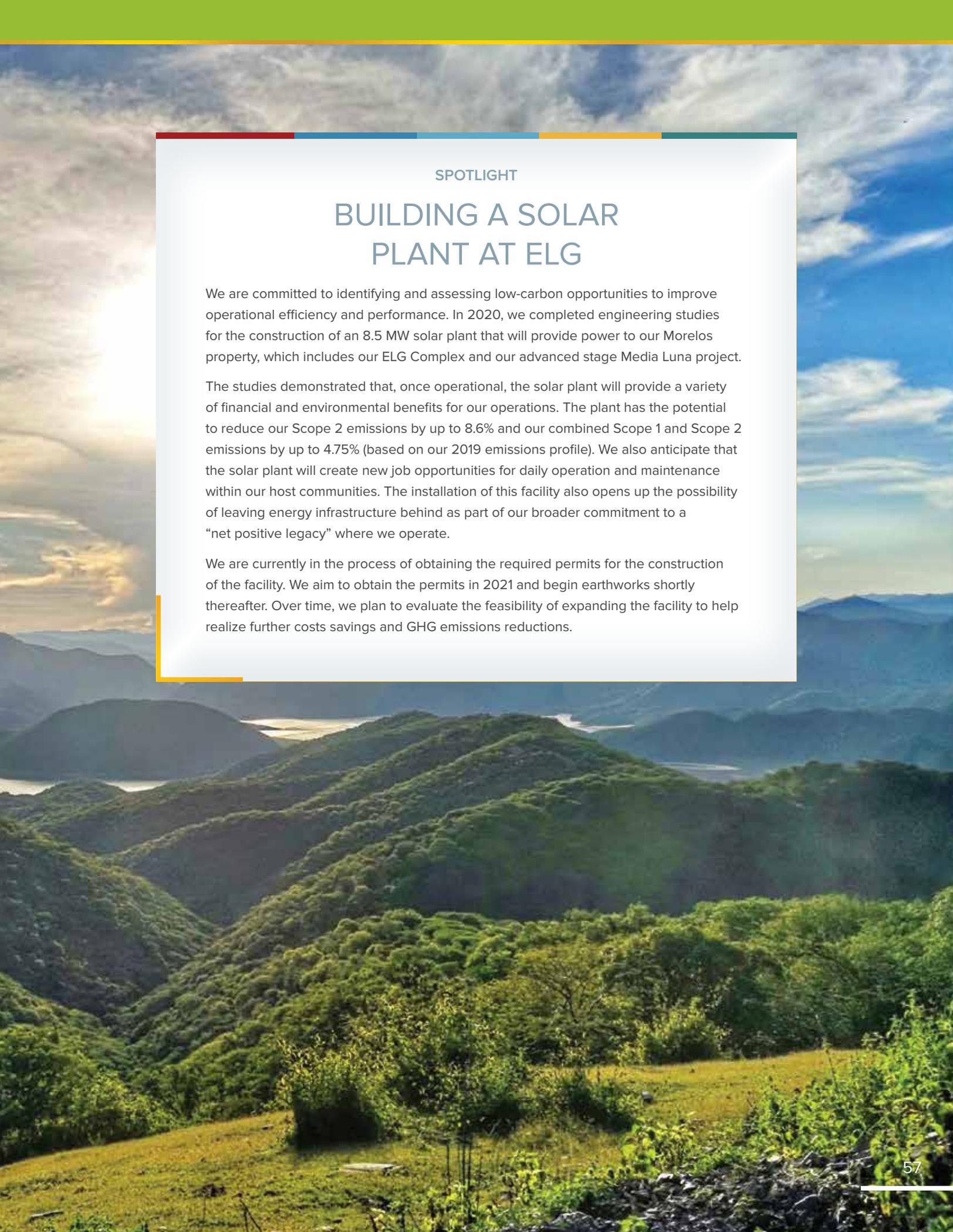
2020 Performance

We maintain a comprehensive inventory of our operational energy consumption and associated GHG emissions in

compliance with Mexican regulations. The development of the inventory is based on the Greenhouse Gas Protocol of the World Resources Institute. The inventory is maintained by specialist operations staff with support from a nationally-accredited GHG consultant in Mexico and is verified by an independent third-party annually. The independent assurance statement for the inventory can be found on our website. The table below summarizes our energy and GHG emissions performance in 2019 and 2020.

ENERGY AND GHG EMISSIONS METRICS

	2020	2019
Scope 1 emissions (t of CO ₂ e)	84,402.38	88,380.61
Scope 2 emissions (t of CO ₂ e)	106,739.82	109,099.79
Total emissions (Scope 1 + Scope 2 emissions)	191,142.20	197,480.40
Emissions intensity (t of CO ₂ e per oz gold produced)	0.444	0.434
% energy consumption that is renewable	0	0



SPOTLIGHT

BUILDING A SOLAR PLANT AT ELG

We are committed to identifying and assessing low-carbon opportunities to improve operational efficiency and performance. In 2020, we completed engineering studies for the construction of an 8.5 MW solar plant that will provide power to our Morelos property, which includes our ELG Complex and our advanced stage Media Luna project.

The studies demonstrated that, once operational, the solar plant will provide a variety of financial and environmental benefits for our operations. The plant has the potential to reduce our Scope 2 emissions by up to 8.6% and our combined Scope 1 and Scope 2 emissions by up to 4.75% (based on our 2019 emissions profile). We also anticipate that the solar plant will create new job opportunities for daily operation and maintenance within our host communities. The installation of this facility also opens up the possibility of leaving energy infrastructure behind as part of our broader commitment to a “net positive legacy” where we operate.

We are currently in the process of obtaining the required permits for the construction of the facility. We aim to obtain the permits in 2021 and begin earthworks shortly thereafter. Over time, we plan to evaluate the feasibility of expanding the facility to help realize further costs savings and GHG emissions reductions.

WASTE AND HAZARDOUS MATERIALS MANAGEMENT

Our operations generate a variety of waste that can be both hazardous and non-hazardous. We recognize that responsibly managing waste is a core element of responsible resource development.

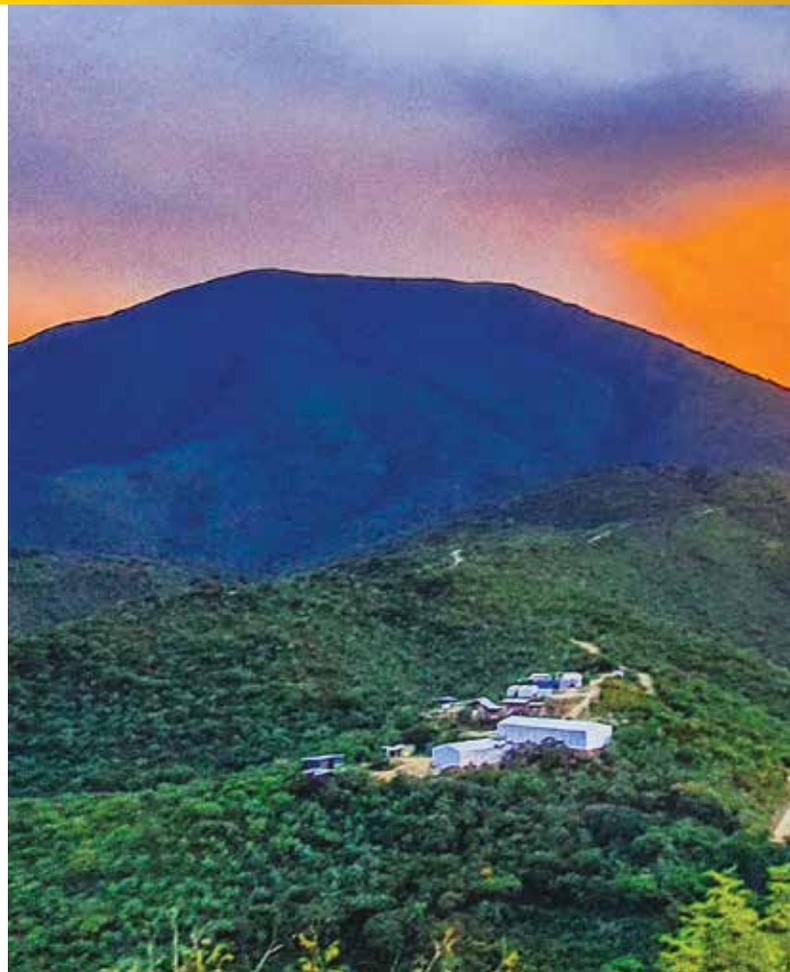
Management Approach

Our approach to waste and hazardous materials management is aligned with IFC Performance Standard 3 on Resource Efficiency. Our Environmental Protection Policy outlines our company-wide commitments to identifying, assessing, and managing potentially harmful pollutants.

We maintain a Solid Waste Management Plan and a Special Waste Management Plan that are aligned with Mexican environmental legislation, namely the General Law for the Prevention and Integral Management of Waste. Solid urban waste – generated primarily in administrative and camp areas – is separated into various sub-streams. All organic waste is used in restoration areas, while plastic and aluminum are removed by a government-accredited contractor.

A full 100% of special handling waste is recycled. We support local companies in removing the waste from our operational area for alternative use and donate plastic cartons, cans, aluminum, copper, iron, and plastic to local communities for reuse.

All hazardous waste is controlled and stored in metal drums and transferred to a warehouse before being removed by a government-accredited contractor. In 2020, we educated our staff and contractors and subcontractors on waste reduction initiatives and increased our vendor requirements for the re-use and



final disposal of hazardous waste. Priority was given to companies that use waste management alternatives in the following order: recycling, co-processing, and confinement.

2020 Performance

The table below presents key related performance metrics for 2020. Detailed data can be found in our ESG Performance Data Tables on page 63 of this Report.

WASTE MANAGEMENT

	2020	2019
Waste rock mined (kt)	36,657	46,449
Acid-potential waste rock generated (kt)	–	–
Cyanide consumption (tonnes) ¹	12,247	16,410
Domestic waste (L)	81,875	155,281

¹ Cyanide consumption values have been restated. Previous values were reported in kilograms, while the stated unit was tonnes. The values have been updated for accuracy.

SPOTLIGHT

INTERNATIONAL CYANIDE MANAGEMENT CODE UPDATE

In 2020, we continued a multi-year process to become compliant with the International Cyanide Management Code (ICMC), a global, best-practice standard for cyanide management.

During the year, we completed a gap analysis of our current management and performance against the Code and developed department-specific action plans to address key requirements for conformance.

In April 2021, we became official signatories to the ICMC. As part of the signatory requirements, we are required to become fully compliant with the ICMC by the end of 2023. ICMC compliance is also a key requirement of the World Gold Council Responsible Gold Mining Principles, which we also plan to be in full conformance with by the end of 2023.

BIODIVERSITY AND LAND USE

We recognize the importance of biodiversity in maintaining ecosystem health. We also operate in the vicinity of a priority region for biodiversity conservation – known as Cañón del Zopilote – demonstrating the need for strong management of biodiversity risks and impacts.

Management Approach

Our approach to managing biodiversity risks and impacts is aligned with IFC Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources. In accordance with these requirements, we are committed to “no net loss” of natural and critical habitat. We are committed to doing so by offsetting our entire mine footprint in natural habitat areas, with a target of a 3:1 offset. Doing so will result in a net increase in habitat conservation.

Biodiversity risk and impact assessments are key components of our overall project-level environmental and social impact assessments, which inform our associated Biodiversity Management Plans developed in conjunction with key stakeholders and regulatory agencies. The plans are also informed by standalone wildlife risk assessments.





Our most recent ESIA contained comprehensive flora and fauna baseline studies. This included the identification of vascular plants and vertebrates that are of high priority or critical concern. We also maintain a registry of IUCN red list species for ongoing management and monitoring.

We implement a variety of initiatives to restore and promote ecosystem protection. We have designated conservation areas within our land package, which are inhabited by four of the six species of wild cats in Mexico. We have also successfully relocated two species at risk, namely the boa constrictor (*mazacuata*) and *heloderma horridum* (Mexican beaded lizard).

In 2020, we planted some 65,745 trees, which were sourced from seedlings at our two greenhouses, one at ELG and one at Media Luna. Since 2015, we have reforested more than 559 hectares of land, including in areas outside of our property, with the planting of more than 349,822 trees.

Biodiversity and land use considerations are also integrated into our mine planning and mine closure plans. A primary objective of the closure plan is to restore land to a productive, post-mining land use.

As part of the mine planning process for Media Luna, and beyond our regulatory commitments, we included a conservation area of 84.3 hectares to extend our biological corridor and preserve the site’s landscape and biological components.

2020 Activities and Performance

The table below presents key biodiversity performance metrics for 2020. Detailed data can be found in our ESG Performance Data Tables on page 63 of this Report.

BIODIVERSITY AND LAND USE

	2020	2019
New land disturbed (ha)	0	7
Land rehabilitated (ha)	0	2
Area reforested (ha)	105.19	116.16

SPOTLIGHT

BIODIVERSITY PARTNERSHIP

In 2016, we began a unique partnership with two local communities – San Pedro and San Felipe Chichila – to preserve the unique biodiversity in the region. This initiative began as a compensation measure for land disturbance in the mining project area.

The focus is now on preserving water resources, as Chichila is located at the head of the Cocula River basin. We contribute to the conservation area “Cerro Los Manantiales”, which is classified as a Natural Protected Area. It has a certificate granted by SEMARNAT through the National Commission of Fisheries and Aquaculture (CONAPESCA) that endorses the biological and hydrological importance of this ecosystem.

AIR QUALITY

Our operations generate fugitive air emissions, including from haul trucks, vehicle traffic, and waste rock storage facilities. In addition, air quality – particularly dust emissions – is one of the most important environmental impacts defined by several of our host communities.

Management Approach

Our approach to managing air quality impacts is compliant with all applicable Mexican regulations and is aligned with the Air Emissions and Ambient Air Quality requirements of the IFC Environmental, Health and Safety Guidelines. As per the requirements, we are committed to preventing and minimizing impacts by following defined air quality guidelines, which complement local regulations.

In 2015, we conducted a comprehensive air quality impact assessment as part of our overall ESIA. This included a comprehensive air quality baseline study,

an assessment of predicted effects, and associated monitoring programs.

We control dust generated from haul truck and vehicle movement through regular watering of haul and access roads. In doing so, we recycle treated process water to promote water conservation and resource efficiency.

We maintain a comprehensive air quality monitoring program to help ensure our emissions are within limits defined by local regulations and the IFC Environmental, Health and Safety Guidelines. Our monitoring program includes a real-time air quality monitoring network, including within local communities.

2020 Activities and Performance

In 2020, we met all standards for air quality, including compliance with SEMARNAT regulations. The table below presents key air quality data for our operations. More comprehensive data can be found in the “Air Quality” section of the ESG Performance Data Tables on page 63 of this Report.

AIR QUALITY

	2020	2019
SO _x (ppm)	70.48	531.64
NO _x (ppm) ¹	Not measured	98.36
PM ₁₀ (particulate matter)	Average of 19.2 µg / m ³ Hr	Average of 33.5 µg / m ³ Hr

¹ Excludes N₂O



ESG PERFORMANCE DATA TABLES

Governance

DIRECTOR INDEPENDENCE AND TENURE

METRIC	2020	2019
% of Directors Independent	80	89
% Committee Independence		
Audit Committee	100	100
Compensation Committee	100	100
Corporate Governance and Nominating Committee	100	100
Safety & CSR Committee	100	100
Technical Committee	75	N/A
Average Director tenure ¹	6.4	8.6

¹ As at time of release of annual Management Information Circular for each respective year

DIRECTOR DIVERSITY

METRIC	2020	2019
% of Directors male	70	89
% of Directors female	30	11
Average Director age ²	58	61

² As at time of release of annual Management Information Circular for each respective year.

EXECUTIVE TEAM DIVERSITY

METRIC	2020	2019
% male	60	66
% female	40	33

ANTI-CORRUPTION AND WHISTLEBLOWER METRICS

METRIC	2020	2019
Corruption incidents	0	0
Whistleblower complaints	0	0
Attestation to anti-corruption policies (%)	100%	100%
Total hours of anti-corruption training	26	No specific training

Value Sharing**ECONOMIC VALUE GENERATED AND DISTRIBUTED (MILLIONS OF USD)**

METRIC	2020	2019
Revenue	\$789.2	\$640.8
Production costs	\$277.2	\$267.4
Mine capital expenditures	\$166.0	\$100.5
Salaries paid	\$64.3	\$58.0
Payments to local, state, and federal governments	\$180.6	\$62.1
Direct Community Investments ¹	\$4.0	\$5.1
Fondo Minero Payments ²	\$16.9	\$8.2
Total Community Investments ³	\$20.9	\$13.3
Payments for local land agreements	\$10.2	\$9.5

¹ Includes CODECOP contributions for community development and direct community investment

² Fondo Minero tax and royalty payments to fund local community infrastructure payments in local communities paid in the calendar year in respect of the previous year

³ Includes CODECOP contributions, direct community investment and tax and royalty contributions to Fondo Minero

LOCAL PROCUREMENT SPEND

METRIC	2020	2019
Host communities (local companies) ⁴	\$4.4	\$4.0
Host country (other Guerrero-based companies) ⁵	\$38.0	\$41.2
Host country (other Mexico) companies	\$336.6	\$312.2
Total Mexican spend	\$379.0	\$357.4
International companies	\$48.5	\$58.6
TOTAL	\$427.5	\$416.0

⁴ Local companies are defined as companies domiciled in mine-impacted communities

⁵ Figures are exclusive of the local companies spend values

LOCAL PROCUREMENT SPEND (AS % OF TOTAL SPEND)

BUSINESS UNIT	2020	2019
Host communities (Local companies)	1%	1%
Host country (other Guerrero-based companies) ⁶	9%	10%
Host country (other Mexico) companies	77%	75%
Total Mexican spend	89%	86%
International companies	13%	14%

⁶ Figures are exclusive of the Local companies spend values

Health and Safety

INJURY STATISTICS

METRIC	2020			2019		
	Employees	Contractors	Total	Employees	Contractors	Total
Fatalities	0	0	0	0	0	0
Lost time injuries	0	1	1	2	2	4
Total recordable injuries	7	10	17	8	14	22
Near misses	31	45	76	21	26	47

SAFETY INDICATORS¹

METRIC	2020			2019		
	Employees	Contractors	Total	Employees	Contractors	Total
Hours worked	3,093,233	3,639,744	6,732,977	2,835,626	3,476,363	6,311,989
Fatality rate	0	0	0	0	0	0
LTIF ²	0	0.27	0.15	0.71	0.58	0.63
TRIF ³	2.26	2.75	2.52	3.53	4.6	4.12
NMIF ⁴	10.02	12.36	11.29	7.41	7.48	7.45

¹ All rates are based on a 12-month rolling average and are calculated per million hours worked

² Lost Time Injury Frequency

³ Total Recordable Injury Frequency

⁴ Near Miss Incident Frequency

SAFETY MANAGEMENT

METRIC	2020			2019		
	Employees	Contractors	Total	Employees	Contractors	Total
% employees covered by safety management system	100	100	100	100	100	100
% employees covered by joint worker-management committee	66%	N/A	66%	66%	N/A	66%
Fines levied for non-conformance	0	0	0	0	0	0

SAFETY TRAINING

METRIC	2020			2019		
	Employees	Contractors	Total	Employees	Contractors	Total
Total employees trained	671	4,026	4,697	887	2,991	3,878
Total managers trained	8	0	8	8	N/A	8
SafeStart® training hours ⁵	648	0	648	N/A	N/A	N/A
Total training hours	10,629	35,296	46,555	29,227	37,268	66,495
Average training hours per person	15	8	12	32	12	22

⁵ SafeStart® is an internal employee safety training program that was initiated in 2020

Employment

EMPLOYMENT

METRIC	2020	2019
Corporate		
Total employees	40	37
Operations		
Staff employees	320	304
Non-staff employees	604	585
Total employees	924	889
Contractors	1,675	1,175

EMPLOYEE ORIGIN

METRIC	2020	2019
Corporate		
International Employees at corporate	0	0
Operations		
Local communities	410	397
Guerrero state	153	141
Mexico	914	879
International	10	10

EMPLOYEE ORIGIN (AS % OF TOTAL EMPLOYMENT)

METRIC	2020	2019
Corporate		
International Employees at corporate	0%	0%
Operations		
Local communities	44%	45%
Guerrero state	60%	70%
Outside of Guerrero	39%	29%
Mexico	99%	99%
International	1%	1%

CONTRACTOR ORIGIN

METRIC	2020	2019
Operations		
Local communities	319	223
Guerrero state	725	505
Mexico	1,666	1,164
International	9	11

CONTRACTORS ORIGIN (AS % OF TOTAL CONTRACTORS)

METRIC	2020	2019
Operations		
Local communities	19%	19%
Guerrero state	43%	43%
Mexico	99%	99%
International	1%	1%

EMPLOYEE TURNOVER

METRIC	2020	2019
Corporate		
Male turnover rate	17%	15%
Female turnover rate	13%	6%
Total turnover rate	16%	11%
Operations		
Male turnover rate	6%	10%
Female turnover rate	7%	11%
Total turnover rate	6%	9%

DIVERSITY

METRIC	2020	2019
Corporate		
Total female employment	15	16
Total female employment (as % of total employment)	38%	43%
Females in management or higher positions (%)	23%	22%
Operations		
Total female employment	127	124
Total female employment (as % of total employment)	14%	14%
Females in management or higher positions (%)	18%	18%

LABOUR RELATIONS

METRIC	2020	2019
Operations		
% of employees covered by collective bargaining agreements	66%	66%
Strikes or lockouts	0	0

EMPLOYMENT BY AGE

METRIC	2020	2019
Corporate		
<30	1	1
30-50	24	24
50+	15	12
Operations		
<30	244	280
30-50	628	562
50+	52	47

TRAINING

METRIC	2020	2019
Corporate		
Total hours of employee training	848	2,040
Average hours of training per employee	20	57
Operations		
Total hours of employee training	10,629	29,227
Average hours of training per employee	16	33
Total hours of contractor training	35,926	37,268
Average hours of training per contractor	9	12

COMMUNITY AGREEMENTS

METRIC	2020	2019
Number of agreements signed	11	11
% compliance with agreements	100	100
Number of CODECOP projects	11	11

COMMUNITY GRIEVANCES

METRIC	2020	2019
Number of grievances	10	24
Grievances resolved	7	24
Outstanding grievances	3	0

NON-TECHNICAL DELAYS¹

METRIC	2020	2019
Delays caused by community-related issues	0	0

¹ Note that as a result of a Decree issued by the Mexican government due to the COVID-19, operations in Q2 were partially suspended, which may account for some differences in certain metrics between 2019 and 2020.

Environmental Compliance

ENVIRONMENTAL MONITORING

METRIC	2020	2019
Water quality monitoring points	41	41
Water quality samples	309	355
Air quality monitoring points	6	6
Air quality samples	23	24

ENVIRONMENTAL COMPLIANCE (% COMPLIANCE TO STATUTORY MONITORING PLAN AND STANDARDS REQUIREMENTS)

METRIC	2020	2019
Water quality	100%	100%
Air quality	100%	100%

REPORTABLE ENVIRONMENTAL INCIDENTS

METRIC	2020	2019
Reportable to SEMARNAT ²	0	1
Significant fines ³	0	0
Significant spills ⁴	0	0

² Mexican Secretariat of Environment and Natural Resources

³ Significant fines are defined as fines levied by SEMARNAT and/or reportable in our annual Financial Statements.

⁴ Significant spills are defined as spills reportable to SEMARNAT and/or reportable in our annual Financial Statements.

Energy and Emissions¹

¹ The following data has been prepared with reference to the Corporate Accounting and Reporting Standard (Revised Edition) developed by the Greenhouse Gas Protocol of the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD). Reporting boundaries are based on "financial control". Emissions factors include Global Warming Potentials (GWP) from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report. All stated emissions are covered under an emissions-limiting regulation or program within Mexico.

ENERGY CONSUMPTION

ENERGY SOURCE	2020	2019
Electricity purchased MWh ²	216,073	216,039
Diesel from mobile sources (L)	27,344,472	28,349,730
Diesel from stationary sources (L)	962,806	733,455
Gasoline (L)	1,224,617	1,114,756
Natural gas (L)	0	0
Propane (L)	39,389	39,049

² All electricity is purchased from Federal Electricity Commission power plants in Guerrero.

ENERGY CONSUMPTION

METRIC	2020	2019
Total energy consumption (GJ)	1,897,802.04	1,943,092.18
GJ/oz gold produced	4.41	4.27
GJ/tonne processed	0.46	0.44

GREENHOUSE GAS EMISSIONS (TONNES OF CO₂e)

METRIC	2020	2019
Scope 1 (direct) ³	84,402.38	88,380.61
Scope 2 (indirect) ⁴	106,739.82	109,099.79
Scope 3 ⁵	Not measured	Not measured
TOTAL ⁶	191,142.20	197,480.40

³ Purchasing records and warehouse data were used to verify data.

⁴ Emissions factors provided by the Comisión Federal de Electricidad (CFE) were used to calculate Scope 2 emissions. Calculations include CO₂, CH₄, and N₂O. Purchasing records were used to verify data.

⁵ We do not currently calculate Scope 3 emissions although we plan to do so as part of our ongoing energy and climate change strategy.

⁶ Scope 1 + Scope 2 emissions.

GREENHOUSE GAS EMISSIONS INTENSITY (TONNES OF CO₂e)

METRIC	2020	2019
Per oz gold produced	0.444	0.434
Per t ore processed	0.046	0.045

RENEWABLE AND NON-RENEWABLE ENERGY CONSUMPTION (AS % OF OVERALL CONSUMPTION)

METRIC	2020	2019
Renewable	0	0
Non-renewable	100%	100%

ELECTRICITY PURCHASED BY SOURCE (%)

METRIC	2020	2019
Grid	100	100
Non-grid	0	0

Water

WATER WITHDRAWAL (ML)^{1,2}

YEAR	FRESH SURFACE WATER		GROUNDWATER			THIRD-PARTY WATER	PRODUCED WATER	TOTAL WITHDRAWAL
	Rainfall ³	Other ⁴	Mine dewater ⁵	Groundwater ⁶	Not reported ⁷			
2020	443	0	0	1,276	0	0	0	1,719
2019	426	0	0	957	0	0	0	1,384

¹ Water withdrawal is the sum of all water drawn into our operations from all sources (including surface water, ground water, rain water, water from another organization/municipal provider) for any use at the operations.

² We enhanced our water accounting in 2020 to align with the ICMM Water Accounting Framework. As such, 2019 figures have been restated.

³ Includes rainfall collected in tailings storage facilities and pits minus evaporation losses.

⁴ Includes rivers, streams, creeks, etc.

⁵ Includes water dewatered from the mines that is used by Torex.

⁶ Water abstracted from borefields for use.

⁷ Entrainment in ore.

WATER DISCHARGED FROM OPERATIONS (ML)

METRIC	DISCHARGED ⁸
2020	0
2019	0

⁸ Discharged water is water that is discharged into local water bodies.

WATER USAGE (ML)

YEAR	CONSUMPTION ⁹	RECYCLED ¹⁰	TOTAL USE ¹¹	PERCENTAGE RECYCLED ¹²
2020	1,719	787	2,507	46%
2019	1,384	788	2,172	57%

⁹ Consumption = water withdrawn – water discharged.

¹⁰ Recycled water = water/waste water that is recycled and/or reused.

¹¹ Total water use = water consumption + water recycled.

¹² As percentage of total use.

WATER TASK USE (ML)

YEAR	PROCESSING ¹³	DUST SUPPRESSION ¹⁴	DOMESTIC ¹⁵
2020	316	370	589
2019	343	153	460

¹³ Total water use that relates to processing plant operations.

¹⁴ Total water use that relates to dust suppression.

¹⁵ Total water use that relates to domestic activities.

WATER USE INTENSITY (ML)

BUSINESS UNIT	PER OZ GOLD PRODUCED	PER TONNE ORE PROCESSED
2020	0.00582	0.00060
2019	0.00478	0.00049

Waste and Materials

WASTE GENERATION

BUSINESS UNIT	2020	2019
Tailings produced (tonnes)	4,161,722	4,205,455
Waste rock generated (kt)	36,657,000	46,449,000
Acid-potential waste rock generated (kt)	0	0
Domestic waste (L)	81,875	155,281
Assay waste (tonnes)	4,899,688	1,506,910
Waste incinerated (m ³)	0	0
Waste to landfill (m ³)	81,875	155,281
Mineral processing waste (tonnes)	4,161,722	4,205,455

WASTE RECYCLED

BUSINESS UNIT	2020	2019
Metal (tonnes)	1,291	1,051
Plastic (tonnes)	8	6
Waste oil (L)	251,657	421,630
Waste rock (m ³)	12,321,310	22,354,795

CHEMICALS CONSUMPTION

BUSINESS UNIT	2020	2019
Cyanide (tonnes) ¹	12,247	16,410
Lime (tonnes)	10,800	1,495
Diesel (000s L)	28,648,396	29,083,185

¹ Cyanide consumption values have been restated. Previous values were reported in kilograms, while the stated unit was tonnes. The values have been updated for accuracy.

Biodiversity and Land Use

LAND DISTURBANCE

METRIC	2020	2019
Area of land package (ha)	29,000	29,000
Disturbance in current year (ha)	0	7
Disturbance to date (ha)	667	667

LAND REHABILITATION

METRIC	2020	2019
Rehabilitated in current year (ha)	0	2.00
Fully remediated to date (ha)	21.21	21.21

REFORESTATION

METRIC	2020	2019
Hectares reforested	105.19	116.16
Native trees planted	65,745	72,600

PROTECTED SPECIES

METRIC	2020	2019
IUCN red-listed species identified	0	0

Air Quality

AIR QUALITY

	2020	2019
SO _x (ppm)	70.48	531.64
NO _x (ppm) ¹	Not measured	98.36
PM ₁₀ (particulate matter)	Average of 19.2 µg / m ³ Hr	Average of 33.5 µg / m ³ Hr
CO (ppm)	194.77	198.43
VOCs (ppm)	344	Not reported
Lead	0	0
Mercury	0	0

¹ Excludes N₂O.



GRI STANDARDS INDEX

GENERAL DISCLOSURES

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102-5	Ownership and legal form	AIF (Page 6)
102-6	Markets served	1
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	aii. Total number of operations	1
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102-12	External initiatives	85
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GRI 102: GOVERNANCE		PAGE/LOCATION
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GRI 102: STAKEHOLDER ENGAGEMENT		PAGE/LOCATION
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102-42	Identifying and selecting stakeholders	38
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102-46	Defining Report content and topic Boundaries	1
102-47	List of material topics	11
102-48	Restatements of information	1
102-49	Changes in reporting	1
102-50	Reporting period	1
102-51	Date of most recent Report	1
102-52	Reporting cycle	1
102-53	Contact point for questions regarding the Report	85
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403-3	Occupational health services	32
403-4	Worker participation, consultation, and communication on occupational health and safety	32
403-5	Worker training on occupational health and safety	33
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407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	27
GRI 408: CHILD LABOUR		PAGE/LOCATION
408-1	Operations and suppliers at significant risk for incidents of child labour	N/A (zero)
GRI 409: FORCED OR COMPULSORY LABOUR		PAGE/LOCATION
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	N/A (zero)
GRI 412: HUMAN RIGHTS ASSESSMENT		PAGE/LOCATION
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GRI G4 MM		PAGE/LOCATION
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MM-2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	60
MM-3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	58, 75
MM-4	Number of strikes and lockouts exceeding one week's duration, by country	69
MM-5	Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities	N/A (zero)
MM-6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples	N/A (zero)
MM-7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes	N/A (zero)
MM-8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	N/A (zero)
MM-9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	N/A
MM-10	Number and percentage of operations with closure plans	60

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX

SASB INDEX

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	(2) Total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	52
EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	52
WASTE AND MATERIALS MANAGEMENT		PAGE/LOCATION
EM-MM-150a.1	Total weight of tailings waste, percentage recycled	50
EM-MM-150a.2	Total weight of mineral processing waste, percentage recycled	50
EM-MM-150a.3	Number of tailings impoundments, broken down by MSHA hazard potential	50
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EM-MM-160a.1	Description of environmental management policies and practices for active sites	48, 59-60
EM-MM-160a.2	Percentage of mine sites where acid rock drainage is:	
	(1) Predicted to occur	50
	(2) Actively mitigated	50
	(3) Under treatment or remediation	50
EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	50

Sustainability Accounting Standards Board (SASB) index - Continued

SECURITY, HUMAN RIGHTS, AND RIGHTS OF INDIGENOUS PEOPLES		PAGE/LOCATION
EM-MM-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	100%
EM-MM-210a.2	Percentage of (1) proved and (2) probable reserves in or near Indigenous land	N/A (zero)
EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	N/A (zero)
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EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	38
EM-MM-210b.2	Number and duration of non-technical delays	38, 70
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EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees	69
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EM-MM-320a.1	(1) All-incidence rate	65
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EM-MM-000.B	Total number of employees, percentage contractors	66

CAUTIONARY NOTES

FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements” and “forward-looking information” within the meaning of applicable Canadian securities legislation. While the Company intends to advance the Media Luna project to production in the first quarter of 2024 and has taken the decision to commence the early works program to maintain the schedule to first production, the Company has not taken a production decision in advance of completing the Feasibility Study for Media Luna. Forward-looking information also includes, but is not limited to: the potential significant future opportunities of the Morelos Gold Property; seeking opportunities to acquire assets that enable profitable and productive geographic diversification; as the Company continues to navigate through the pandemic in 2021, remaining diligent in protecting the health and safety of our workforce and local communities, while maintaining business continuity and robust operational performance; commitment to the Company’s core values and continually aiming to be on the left side of the values continua; continually striving to earn the stakeholder trust in order to maintain the social licence to operate; commitment to continue delivery of superior value to investors, while enhancing the lives of those in the host communities; plans to implement the World Gold Council’s Responsible Gold Mining Principles by the end of 2023; the expectation that the filtered tailings facilities essentially eliminate the risk of a catastrophic tailings dam failure; the potential of the Muckahi mining system to deliver a variety of benefits over traditional mining systems, including, significant reductions in capital and operating expenditures, waste and greenhouse gas emissions; expectation that the materiality assessments identify and prioritize the ESG topics that are most important to the business and stakeholders; plans for regular reviews of assessments and when circumstances warrant; the Company’s 2021 ESG goals and targets; plans to continue anti-corruption training in 2021; community development initiatives promote long-term sustainability; commitment to meet or surpass all legal and regulatory requirements, with a goal of zero harm to the environment; statements regarding risk identification, assessment, mitigation measure and monitoring; continued advancement of the permitting for the Media Luna project; the design of the water management system to maximize recycling of water; the design of the processing plant as a closed loop system so that the operations are a zero discharge water site; plans to build a solar plant and expected reduction in GHG emissions; plans for conformance with the ICMC by the end of 2023; primary objective of the closure plan is to restore the land to a productive, post-mining land use; commitment to prevent and minimize impacts of the operations on air quality by following air quality guidelines and regulatory requirements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “aim”, “plans”, “expects”, “estimates”, “intends”, “anticipates”, “believes” “goal”, “strategy” or “potential” or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur”, or “be achieved”. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including, without limitation, risk associated with the ability to accurately identify and assess issues that are important to stakeholders and the ability to identify, assess, mitigate and monitor risks to the enterprise and those risk factors identified in the Company’s technical report titled “NI 43-101 Technical Report ELG Mine Complex LOM Plan and Media Luna Preliminary Economic Assessment” dated effective March 31, 2018 (the “Technical Report”) and the annual information form and management’s discussion and analysis. Forward-looking information is based on the assumptions discussed in the Technical Report and such other reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, and other factors that management believes are relevant and reasonable in the circumstances at the date such statements are made. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, whether as a result of new information or future events or otherwise, except as may be required by applicable securities laws.

CORPORATE DIRECTORY

BOARD OF DIRECTORS 2020

Fred Stanford

Executive Chair of the Board
(Non-Independent)

Rick Howes

Lead Independent Director,
Chair of Compensation Committee

Andrew Adams

Director (Independent),
Chair of Audit Committee

Robin Bienenstock

Director (Independent),
Chair of Safety and Corporate Social
Responsibility Committee

Frank Davis

Director (Independent),
Chair of Corporate Governance and
Nominating Committee

David Fennell

Director (Independent)

Michael Murphy

Director (Independent)

Roy Slack

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Chair of Technical Committee

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on this Report or on any other
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