

**Fortuna Silver Mines Inc.**

Fighting Against Forced Labour and Child Labour in the Supply Chains Report

Financial Year Ended December 31, 2023

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**F O R T U N A**  
S I L V E R M I N E S I N C .

**REPORT UNDER THE FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR  
IN THE SUPPLY CHAINS ACT**

Financial Year Ended December 31, 2023

## Fortuna Silver Mines Inc.

### Report Under the Fighting Against Forced Labour and Child Labour in Supply Chains Act

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#### 1. INTRODUCTION

Fortuna Silver Mines Inc. (“**Fortuna**” or “**the Company**”) is pleased to present its first report (the “**Report**”) prepared under the Fighting Against Forced Labour and Child Labour in Supply Chains Act, which covers the steps and measures taken to prevent and reduce the use of forced labour and child labour in the Company’s operations and supply chains during the financial year ended December 31, 2023 (the “**Reporting Period**”).

Fortuna is committed to respecting human rights, and incorporating human rights considerations into our governance and operations. We recognize that mining activities and suppliers’ business relationships could be responsible for creating potential risks and impacts to human rights. We therefore strive to manage risks, maximize positive impacts, and reduce negative impacts in alignment with the UN Guiding Principles on Business and Human Rights.

#### 2. STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

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##### STRUCTURE

Fortuna is a precious metals mining company focused on the exploration, extraction, and processing of gold, silver, and base metals, with mines and projects located in Latin American and West Africa. Fortuna’s corporate head office is located in Vancouver, British Columbia, and its management head office is located in Lima, Peru. As of December 31, 2023, the Company and its subsidiaries have 2,490 direct employees and 2,695 indirect employees through contractors.

Fortuna was incorporated pursuant to the *Company Act* (British Columbia), and its common shares are listed for trading on the Toronto Stock Exchange (under the trading symbol “FVI”) and the New York Stock Exchange (under the trading symbol “FSM”).

##### ACTIVITIES

The Company, through its subsidiaries, is engaged in precious and base metals mining and related activities in Latin America and West Africa, including exploration, extraction, and processing. The Company’s principal products are gold and silver, although it also produces and sells lead and zinc.

The Company has five operating mines located in five different countries on two continents as follows:

- the Lindero open pit gold mine (the “Lindero Mine”) (100% ownership) in northern Argentina;
- the Yaramoko open pit gold mine (the “Yaramoko Mine”) (90% ownership) in southwestern Burkina Faso;
- the Séguéla open pit gold mine (the “Séguéla Mine”) (90% ownership) in northwestern Côte d’Ivoire;
- the underground San Jose silver and gold mine (the “San Jose Mine”) (100% ownership) in southern Mexico; and
- the underground Caylloma silver, lead and zinc mine (the “Caylloma Mine”) (100% ownership) in southern Peru.

The Company also has various exploration properties at different stages of development in Argentina, Côte d’Ivoire, Mexico, Peru, and Senegal.

##### SUPPLY CHAINS

For the exploration, extraction, processing and sale of precious metals, the subsidiaries of the Company engage with various suppliers and contractors, who deliver goods and services that make the operation of the mines possible. These suppliers and contractors range in size, and include large international corporations which supply critical elements for the extraction, haulage and processing of materials, to small suppliers that provide elements needed for the day-to-day activities of our employees and contractors, such as food and uniforms. Small and medium suppliers include national and local vendors, and members of the communities directly or indirectly in the area of influence of our operations. During 2023, the Company and its subsidiaries conducted business with an aggregate of approximately 2,572 suppliers.

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The majority of supplies are procured from national sources in the countries where the Company operates. The table below shows the percentage of national suppliers per operating site:

Site	Percentage of National Suppliers
Lindero Mine, Argentina	89%
Yaramoko Mine, Burkina Faso	66%
Séguéla Mine, Côte d'Ivoire	77%
San Jose Mine, Mexico	93%
Caylloma Mine, Peru	100%

Fortuna is committed to conducting business in an ethical, legal, and responsible way, and we expect the same commitment from contractors and suppliers. Fortuna seeks out contractors and suppliers who share the same corporate values, follow high standards and are committed to following the Company's policies. Fortuna requires that all of its employees and contractors to conduct their activities in an ethical way, and comply with local regulations and abide by the Company's the Corporate Policies, irrespective of their size or the product/service being supplied.

### 3. STEPS TO PREVENT AND REDUCE RISKS OF FORCED LABOUR AND CHILD LABOUR

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During the Reporting Period, the Company has taken the following steps to prevent and reduce the risk that forced labour and child labour is being used in the business and supply chains:

- Gathered information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily and are of legal working age;
- Updated, developed and implemented policies that prohibit the use of forced labour and/or child labour in the Company's activities and supply chains;
- Required suppliers and contractors to observe and abide by the Company's policies that do not tolerate the use of forced labour and/or child labour in their activities and supply chains;
- Implemented grievance mechanisms;
- Invested in projects focused on access to education in the countries where we operate;
- Conducted employee training and awareness programs on Human Rights;
- Adopted the ESG/HSEC Contractor Management Corporate Standard which outlines the requirements for each phase of the contractor management lifecycle to ensure that contractor activities or services are conducted in a responsible and effective manner, in compliance with Fortuna's policies and standards on ESG related matters, including human rights.

Further details of the steps taken are provided in the sections below.

### 4. POLICIES AND DUE DILIGENCE PROCESSES IN RELATION TO FORCED LABOUR AND CHILD LABOUR

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#### GOVERNANCE

The Sustainability Committee of the Board of Directors is responsible for overseeing the Company's approach and performance with respect to its sustainability strategy, which includes human rights and related risks. The Senior Vice President Sustainability ("**SVP Sustainability**") is the corporate executive responsible for managing human rights risks and works with the local health and safety, environment and communities' teams at the sites to ensure appropriate processes are implemented. The SVP Sustainability reports directly to the Chief Executive Officer and also to the Sustainability Committee on a quarterly basis on the Company's sustainability progress and its performance on human rights.

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#### **POLICIES**

Fortuna has put in place several policies and procedures pertaining to human rights. These policies commit all directors, officers, employees and contractors to act honestly and respect human rights, including to avoid practices related to forced labour and child labour. These policies, which were approved by the Board of Directors and which are reviewed on an annual basis, include:

**Human Rights Policy** - aims to ensure that we respect human rights and prevent or mitigate any violations, in alignment with the United Nations Guiding Principles on Business and Human Rights. It is applicable to all Fortuna's directors, officers, employees and suppliers. All new employees receive a copy of the Human Rights Policy and a training session. Human rights expectations are included in agreements entered into with suppliers and contractors.

This Policy reflects Fortuna's commitment to support the elimination of all forms of forced, compulsory and child labour in the Company's direct business activities, through business relationships, and in the supply chain. Fortuna implemented its Human Rights Policy in 2019. The policy was last updated and approved in March of 2023.

**Code of Business Conduct and Ethics and Whistle-blower Policy** - was adopted by the Board of Directors in order to promote integrity and honest and ethical conduct of the Company's business. The Code of Conduct applies to all directors, officers, employees and consultants of the Company and its subsidiaries.

In line with the Company's commitment to open communication, the Code provides an avenue for Company personnel, suppliers and customers to raise concerns on any matter that could result, or potentially result, in a violation of the Code of Conduct or any other internal Policy, including violations to Human Rights. All stakeholders bound by the Code have the obligation to report a potential or suspected violation, by way of a confidential or anonymous report through the Whistle-blower channel, without fear of dismissal or retaliation of any kind.

**Supplier Code of Business Conduct and Ethics** - governs the conduct of all suppliers when they do business with the Company or any of the Company's subsidiaries. All suppliers are expected to review and fully understand the contents of the Supplier Code and comply with the provisions, together with all other contractual terms and conditions with the Company and its subsidiaries that they are subject to. Suppliers are required to sign an acknowledgement that they have read and will comply with the provisions of the Supplier Code of Conduct and Ethics. Suppliers are also responsible for reporting to the Company or its subsidiaries any behavior that violates the provisions of the Supplier Code.

Suppliers are also expected to share the Company's commitment towards the respect of Human Rights and are therefore bound to comply with the terms of the Company's Human Rights Policy. They are encouraged to internally implement policies and procedures that support respect for human rights, and specifically, do not tolerate forced, bonded, or child labour.

**ESG/HSEC Contractor Management Corporate Standard** – describes the requirements for each phase of the contractor management lifecycle to ensure that contractor activities or services are carried out in a responsible and effective manner, in compliance with Fortuna's policies and standards on ESG related matters including human rights. This Standard was approved in late 2023 and its roll-out and implementation is continuing throughout the organization.

**External Stakeholder Grievance Management Corporate Standard** – establishes the requirements for the implementation of an effective, formal non-judicial, dialogue-based grievance mechanism to receive, manage, respond to, and strive to remedy all grievances from Fortuna's external stakeholders, including neighboring communities, regarding the impacts of Fortuna's operations and its activities. The objective is also to enable Fortuna's operations and projects to ensure that each grievance mechanism at subsidiary level meets the guidelines set out in the UN Guiding Principles on Business and Human Rights and other industry best practices. This Standard was approved in March 2023 and the implementation started thereafter.

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Grievance mechanisms are designed and implemented by each operating site. Complaints could come from any external individual or group that believes to be directly or indirectly affected by Fortuna's operations, products, or services or the activities of Fortuna's business relationships, such as contractors as they conduct Fortuna-related work. Complaints could relate to, among others, environmental resources, inadequate conduct, respect for private and/or communal property, communal resources, local employment, or human rights.

#### **DUE DILIGENCE PROCESSES**

While the Company does not have a Corporate standard that includes minimum due diligence requirements related specifically to forced labour and child labour, its operating sites have implemented some practices to mitigate third party risks that indirectly contribute to the identification and mitigation of the risk of forced and child labour in the supply chain, as follows:

##### **Verification of Legal Working Age**

The Company and its subsidiaries have existing controls in place to verify that employees are of the appropriate legal working age.

##### **Applicable Policies are Provided to Suppliers, who are Contractually Bound to Their Compliance**

All suppliers must observe and comply with the applicable Company's Policies. In this sense, during the procurement process and upon formal engagement, suppliers are provided with copies of the Supplier Code of Conduct and Ethics and Human Rights Policy, and other policies related to the scope of their services.

Furthermore, all agreements signed between the Company and suppliers and contractors include clauses that refer to the obligation to comply with the Company's policies. Non-compliance with these terms will result in the termination of the agreement.

##### **ESG/HSEC Contractor Management Corporate Standard Roll-Out**

The implementation of the ESG/HSEC Contractor Management Corporate Standard developed in 2023 provides that the Company must verify that contractors comply with the Company's ESG/HSEC standards and policies during the term of the agreement with the respective contractor. The verification of the contractors' compliance must be recorded. In the event of any non-compliance, an action plan must be prepared and implemented. The implementation of this Standard is continuing throughout the organization, after which the Company intends to conduct an assessment to improve contractor performance where necessary.

## **5. RISKS OF FORCED LABOUR AND CHILD LABOUR IN THE OPERATIONS AND SUPPLY CHAINS**

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Recognizing the importance of enhancing the Company's approach to human rights, in 2022 Fortuna engaged an external consultant to undertake an assessment of the Company's existing human rights management system.

Based on due diligence and assessment studies conducted at both the subsidiary and corporate levels, Fortuna strengthened its oversight on human rights and is seeking to ensure that its operations implement human rights best practices. This is a process towards continuous improvement of the Company's human rights management system and a proactive way to manage potential human rights issues.

While the assessment did not solely focus on forced labour and child labour, the study did not identify risks related to these practices. However, no formal study has been conducted to specifically identify risks of forced labour and child labour in the supply chains, and as a consequence, the Company has not formally identified parts of its business and supply chains that carry risks of forced labour and child labour. Our risk profile for child labour may be influenced by the ancestral way of living and cultural activities in the remote areas where certain of our operations are located in Latin America and West Africa.

Through our human rights programs, we are committed to strengthening our risk profile to ensure that how we manage this risk is effective.

In the event of an actual or potential breach of the Corporate Policies, including the Human Rights Policy, any person may submit on a confidential or anonymous basis a report without fear of dismissal or retaliation of any kind. Reports may be made orally or in writing and, if preferred, anonymously. Reports could be made by:

1. Raising the concern with the employee's manager or supervisor; or
2. Raising the concern through <http://fortuna.ethicspoint.com>.

Prompt and appropriate corrective action will be taken when and as warranted. When possible and when determined appropriate, notice of any corrective action taken will be given to the person who submitted the report.

Grievance mechanisms created and managed by the subsidiaries under the External Stakeholder Grievance Management Corporate Standard have multiple channels available for stakeholders to present their complaints. These include face-to-face meetings, community information centers, dedicated telephone lines, email addresses, and instant messaging systems or applications, the Fortuna website, social media platforms, and letters, among others. Anonymous complaints are also acceptable under this mechanism. When a grievance is received, it is registered, assessed and classified according to the nature of the grievance. Confirmation of receipt is sent to the concerned stakeholder. The grievance is investigated and a response, including a resolution where applicable, is developed and implemented. Once the agreed resolution is fully implemented, a final notice is addressed to and signed by the affected stakeholder, to obtain and demonstrate its conformity with the related actions.

#### **6. MEASURES TAKEN TO REMEDIATE FORCED LABOUR AND CHILD LABOUR, INCLUDING REMEDIATION OF LOSS OF INCOME TO MOST VULNERABLE FAMILIES**

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Fortuna has not formally identified parts of its business and supply chains that carry risks of forced labour and child labour. The Company's current Human Rights oversight mechanisms in place have not revealed any instances in which forced labour and child labour are present in the Company's operations. In consequence, no remediation measures have been undertaken to date.

Fortuna recognizes that preventing and reducing the risks of forced labour and child labour could potentially result in financial consequences for the most vulnerable families. Based on the results from the current measures in place to address forced labour and child labour, the Company is not aware of any instances in which remediation of loss of income is necessary to date.

#### **7. TRAINING PROVIDED TO EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR**

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All directors, officers and employees at Fortuna undertake annual mandatory training on the contents of the Code of Conduct and the Human Rights Policy which is conducted internally.

While the human rights training does not exclusively focus on forced labour and child labour, the training emphasises Fortuna's commitment to eliminate all forms of forced, compulsory and child labour. Additional training on other topics, such as conflicts of interest, anti-corruption, health and safety, no discrimination, harassment and workplace violence, among others is provided during the training on the Code of Conduct and Human Rights Policy.

The training also reinforces the importance of using the whistle-blower channel to report any potential or suspected breach of the Code of Conduct, the Human Rights Policy or any other internal policy, and the obligation to report such violation immediately.

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### **8. EFFECTIVENESS IN ENSURING THAT FORCED LABOUR AND CHILD LABOUR ARE NOT BEING USED IN THE BUSINESS AND SUPPLY CHAINS**

Fortuna has not yet implemented specific actions to assess its effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains. However, the Company is in the process of developing an action plan, together with the continued roll-out and implementation of the ESG/HSEC Contractor Management Corporate Standard, which will include mechanisms to assess the effectiveness of the measures taken to ensure that forced labour and child labour are not used in the business and supply chains.

### **9. ATTESTATION**

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

“I have the authority to bind Fortuna Silver Mines Inc.”

“Jorge Ganoza Durant”

Jorge Ganoza Durant

President, CEO and Director

May 29, 2024