

## **Analysts Corner**

**Disclosures and Indices Tags** 

GRI 102-1, 102-2, 102-3, 102-4, 102-7, 102-16, 413-2

# **ABOUT NEW GOLD**

New Gold Inc. is a Canadian-focused intermediate gold mining company committed to responsible mining. New Gold has a portfolio of two core producing assets in Canada—the Rainy River gold mine and the New Afton copper-gold mine—as well as one site in reclamation, the Cerro San Pedro Mine in Mexico.



We are driven by our Core Values:



Integrity

We do what is right.



Creativity We lead with innovation.



**People and Communities** 

We are committed to development.



Teamwork

We collaborate to achieve success.



Commitment

We deliver on promises.



#### **Our Mission**

Our Mission is to be the leading intermediate gold producer, driving responsible and profitable mining in a way that creates sustainable and enduring value for our shareholders, our stakeholders and our environment.

#### We are

- Canadian-focused: We are not exclusively Canadian, but Canadian first.
- Diversified: We operate multiple mines using multiple mining methods, producing gold, silver and copper.
- Values-driven: We live our New Gold Values every day.

#### We seek

- Premium valuation: We design and execute against a free cash flow objective.
- Strong Indigenous partnerships: We respect and acknowledge that, because of our partnerships with Indigenous nations, we have the license to operate on sacred lands.

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#### **Our Locations**

#### **New Afton**

New Gold's New Afton Mine is located approximately 10 kilometres (km) west of Kamloops, British Columbia (BC). New Afton began production in June 2012, with commercial production following in July of that year. The mine has a current projected life extending to 2030 based on the February 2020 Life of Mine (LOM) Plan and the current Mineral Reserves. Lower production is expected for the period of 2021 to 2024, until the C-Zone begins production. The development of the C-Zone will continue to advance, with first ore expected in the second half of 2023.

#### **Rainy River**

New Gold's Rainy River Mine is located approximately 50 km northwest of Fort Frances, Ontario. Rainy River began in September 2017, with commercial production following in October of that year. The LOM Plan, announced on March 31, 2022, projects the life of the Rainy River open pit mine to be completed in 2025 with a continuation of the underground mine until 2031 based on the current Mineral Reserves. New Gold is undertaking exploration efforts focusing on potentially extending the mine life. Currently operating as an open pit, development of the underground was re-initiated in 2020 with the Intrepid zone. Development of the underground main zones below the pit will begin in the later part of 2023.

#### Cerro San Pedro

New Gold's Cerro San Pedro (CSP) Mine is located approximately 20 km northeast of San Luis Potosi, Mexico. CSP concluded active mining in 2016 and transitioned to reclamation in December 2018.



Learn more about our sites >



New Afton Mine



Rainy River Mine



Cerro San Pedro Mine



# **OUR APPROACH TO SUSTAINABILITY**

New Gold's Core Values and Strategic Pillars guide us as we strive to fulfill our Mission. In 2020, we shared our four Strategic Pillars—Sustainability, Operational Excellence, People and Growth—that guide our decisions and drive value for all New Gold stakeholders. This year, we embedded these Pillars into our company culture.

As the mining industry continues to evolve, we know it is important to be responsible neighbours, to create long-term value for community partners and to care for the environment we work in.

We act and operate in ways that deliberately and consciously build a better future for our employees, stakeholders and shareholders.

Together, these actions enhance our bottom line, and also strengthen our resiliency, preparing us for the risks and opportunities of the future and allowing us to better serve the people and places of New Gold.

Our approach to sustainability extends beyond environment and community needs. To us, sustainability is about the health, safety, and well-being of our people and communities, diversity, equity and inclusivity in the workplace, and the continued success of our operations. Our practices and reporting cover all areas of the Company, specifically as they relate to our Sustainability Anchors, as described in this report.

# **Our Sustainability Strategy**

In 2021, we launched our Sustainability Strategy, which is rooted in New Gold's Mission, Core Values and Sustainability Pillar.

Our Sustainability Strategy is expressed through three Anchor areas: Environment, Indigenous Rights and Community Engagement. The Anchors represent our priorities and provide insights into our approach to sustainable business. We see sustainability performance as a key value driver for all New Gold stakeholders. Under each Anchor, we identified three Focus Areas to support performance and accountability. Our Anchors and their Focus Areas build the foundation of our Sustainability Strategy.



# **SUSTAINABILITY STRATEGY**

#### **Anchors**

Environment
Community Engagement
Indigenous Rights

Long-term goals, focus areas, priorities and commitments

Our Sustainability Strategy outlines the goals out to 2030 to support our commitments, as described below. Each year, we develop work plans to guide and support progress toward each goal. We are pleased to share that we achieved all of our 2021 goals.

2021-2022 GOALS	STATUS
General	
Release the first annual Sustainability Report that builds on this new Sustainability Strategy	Complete
Environment	
Develop a Climate Action Strategy	Complete
Achieve compliance with Mining Association of Canada (MAC) and Canadian Dam Association (CDA) for all tailings management plans	Complete
Community Engagement	
Develop a Community Investment Strategy and metrics based on specific community needs at each operation	Complete
Indigenous Rights	
Set targets to increase Indigenous employment and procurement in line with our Local Economic Development and Diverse Supplier strategies	Complete



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#### **OUR APPROACH TO SUSTAINABILITY CONTINUED**

2022-2023 GOALS	STATUS
Environment	
Implement greenhouse gas (GHG) reduction strategies	In progress
Implement strong and transparent water management and stewardship program, allocating responsibilities at all levels of the Company	In progress
Publicly report on water performance and tailings management, including, material risks, opportunities and management approach	In progress
Community Engagement	
Develop a Social Management System at each operation	In progress
Complete social closure plans that identify value we want to create in 2030	In progress
Indigenous Rights	
Raise recruitment and retention rates for Indigenous employees from 2020 baseline	In progress
Raise Indigenous spending and business development from 2020 baseline	In progress

2025 AND 2030 GOALS	YEAR
General	
Continually improve Environment, Social and Governance (ESG) ratings compared to our peer group and achieve full compliance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations	2025
Establish strategic partnerships to support greater research and development for strategic areas	2025
Be a recognized partner in external research and innovation findings	2030
Environment	
Review energy-reduction strategies and look for greater opportunities to use green energy and electrification	2025
Identify technology to support goal of 100 percent recycled water use by 2030	2025
Reduce GHG emissions by 30 percent from 2020 baseline numbers	2030
Strive for 100 percent recycled water use at all operating sites	2030
Community Engagement	
Implement social closure activities that provide value to communities	2030
Indigenous Rights	
Improve skill training for Indigenous employees to help provide for future employment and advancement	2030
Support the development of more Indigenous-owned businesses in local areas	2030



See our Sustainability Strategy to learn more >

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#### **Disclosures and Indices Tags**

GRI 102-18, 102-19, 102-20, 102-21, 102-22, 102-26, 102-28, 102-29, 102-31, 102-32, 102-33, 103-1, 103-2, 103-3

#### **OUR APPROACH TO SUSTAINABILITY CONTINUED**

#### **Sustainability Oversight**

Primary oversight of ESG reporting and sustainability performance lies with New Gold's Sustainability Team, led by New Gold's Vice President (VP) of Sustainability. The Sustainability Team is responsible for setting the sustainability strategy, working across functions to support the implementation of such strategy, and reporting on the progress of the strategy.

Sustainability considerations are embedded across the Company, with departments including Sustainability, Human Resources (HR), Health and Safety, Finance, Legal, Procurement, and Operations playing key roles in implementing our strategy. New Gold will continue to integrate sustainability principles into key Company departments based on material priorities and market trends in the months and years to come. The following roles also support New Gold's sustainability efforts:

- Technical and Sustainability Committee of the Board
- oversees sustainability strategy and objectives, and monitors performance and risks
- President and CEO
- accountable for sustainability performance and priorities
- Chief Operating Officer
- responsible for the implementation and operationalization of the climate strategy and chairs the Climate Steering Committee
- VP, Sustainability and Corporate Sustainability Team
- responsible for sustainability strategy development, supporting sites with its implementation, and ESG reporting

#### General Managers and Department Managers

- responsible for site-based activities (including Health and Safety, HR, Finance, etc.) and regulatory requirements
- Site-based teams
- responsible for implementing management plans

#### **Board of Directors**

New Gold's Board of Directors (the Board) promotes a culture of integrity, ethical leadership, diversity, inclusion and sustainability within the Company. The Board oversees New Gold's Corporate Strategy which includes the Sustainability Strategy. The Board is responsible for the overall stewardship and conduct of New Gold's business, as well as oversight of management activities. The Board discharges this responsibility both directly and by the delegation of certain authority to committees of the Board and to management of the Company. Our current nine-member Board consists of six men and three women.



#### Learn more about our Board >

Our Technical and Sustainability Committee oversees our Sustainability Strategy and objectives including health and safety, the environment, and relations with communities and Indigenous peoples. The Technical and Sustainability Committee also assists the Board in overseeing major technical and operational matters.

The Board reviews sustainability materials every quarter for updates, material risks and progress. New Gold's internal Disclosure Committee, made up of executive team members, reviews all public ESG disclosure, as do all members of the Board.

Our sites conduct social and environmental impact assessments and have dedicated community relations teams that interface with local communities to identify impacts, risks and opportunities for members. Material results from these assessments are shared with the Technical and Sustainability Committee as appropriate.



#### Read our TCFD Report >

#### Setting the Stage for Resilience

The Board also plays a key role in creating an environment conducive to resilience. In turn, our people are better prepared to tackle challenges and advance sustainability efforts across the Company.

"Several things have to be acted upon to create resilience," says lan Pearce, Chair of the Board.

"First, one needs to have a clear purpose, the right leadership and a well-communicated value set that underpins the strategy for the business.

Second, one needs clear accountabilities that set the organization up to operate efficiently. Communications also need to happen in a very open way and should not be controlled through organizational hierarchy.

Lastly, one needs an exciting resource base and a balance sheet that enables the Company to execute its strategy."





"In these times of change, our capacity to endure and adapt is critical.

Building resilience into our business, prepares us for future unknowns.

Supporting resilience and sustainability for our employees, communities and the environment enhances our impact and sets us up for growth."

Gillian Davidson

Director and Chair of the Technical and

Sustainability Committee

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#### **Disclosures and Indices Tags**

GRI 102-48, 102-49, 102-50, 102-52, 102-53, 102-54, 102-56

#### **OUR APPROACH TO SUSTAINABILITY CONTINUED**

# **Our Sustainability Report**

#### **Continuous Improvement**

At New Gold, we continually improve how we report on topics that matter to our stakeholders. As the ESG landscape evolves, we want to ensure our annual reports are aligned to global reporting frameworks and who we are as an organization. This means providing the right data for our chosen reporting frameworks while also addressing the challenges and successes we face throughout the year.

As the world continues to adapt to health crises, social injustices and a rapidly changing climate, our reporting has become more important than ever to create greater transparency and authenticity for all our stakeholders. While we are a Canadian-focused company, we are committed to reporting on issues in a global context as they relate to ESG.

#### **Overview of Standards and Disclosures**

This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards (Core option) and the G4 Mining and Metals Sector Disclosures, the Sustainability Accounting Standards Board (SASB) Metals and Mining Standards, and Mining Local Procurement Reporting Mechanism (LPRM). Consistent with prior years, our Sustainability Report represents a January to December calendar year. The boundary of all topics is limited to the jurisdictions of New Gold's mining operations, unless otherwise stated.

Our approach to ESG reporting will continue to evolve as new and relevant standards, frameworks and expectations become applicable. In 2021, we progressed our alignment with the TCFD recommendations on climate-related financial disclosures and developed our first TCFD Report.

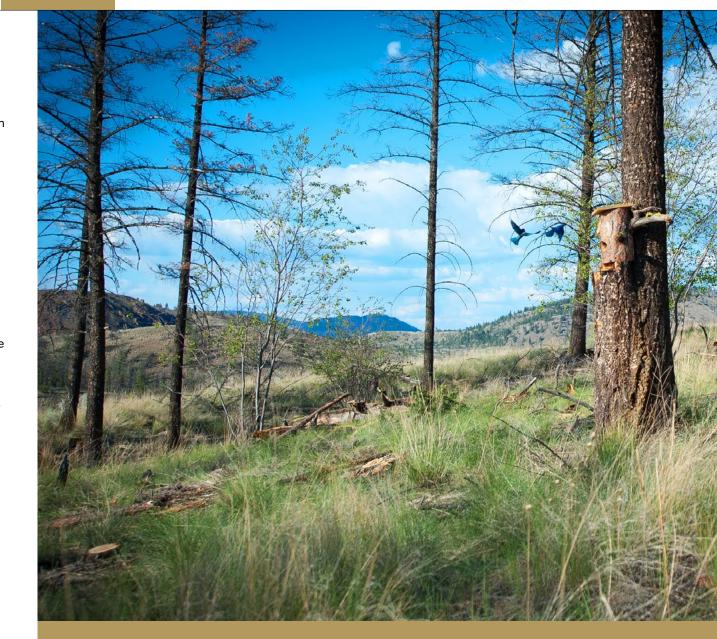
In 2021, we aligned our reporting more closely with the topics most important to our business.

#### Review

This Sustainability Report is subject to internal review and not externally assured at this time. The report was reviewed by our Board.

Over the past year, we assessed our GRI and SASB data for assurance readiness by analyzing gaps in reporting against standards, governance and controls around data. This exercise was an important step toward external assurance, a process we are considering in future reports as we develop more robust disclosure.

Through the data in this report and in other annual publications, we strive to demonstrate our efforts to deliver on the expectations we hold for ourselves and that our stakeholders hold for us. For questions regarding this report, contact us at <a href="mailto:sustainability@newgold.com">sustainability@newgold.com</a>.



In 2021, we continued to progress our alignment with the TCFD recommendations and are pleased to present our inaugural TCFD Report.



#### **OUR APPROACH TO SUSTAINABILITY CONTINUED**

# United Nations' Sustainable Development Goals

#### Overview

As a Canadian-focused gold mining company and participant in the UN Global Compact, we actively look for opportunities to better support the UN SDGs.

While our current operations are in Canada, where the risk of certain UN SDGs may be lower than other areas of the world, we understand that we play an important role in supporting the UN SDGs call to action.

## Alignment

In 2020, we identified 12 UN SDGs that New Gold currently contributes to through our business. In 2021, we refined this list by looking for opportunities to better align with the goals in ways that are most relevant and material to our operations.

This involved an assessment of our sustainability and business strategies to identify areas of operations with the greatest impact and look for ways to drive meaningful change. Throughout this process, we refined our list to eight SDGs and 11 supporting targets.

New Gold intends to continue to demonstrate progress and create measurable impact toward each goal as we further refine this process. The following goals and targets are mapped to the ESG topics throughout this report and specifically identified in the Analysts Corner.



Read more about our material ESG topics >



Learn more about the UN SDGs and targets >

SDG			TARGET	
3	3 AGORD HEALTH	Ensure healthy lives and promote well- being for all at all ages	3.4	By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
			3.9	By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
5	5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	5.1	End all forms of discrimination against all women and girls everywhere
	Ψ		5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life
6	6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	6.3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
8	8 DECENT WORK AND COOKING COOKING	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
11	11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable	11.4	Strengthen efforts to protect and safeguard the world's cultural and natural heritage
12	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	12.2	By 2030, achieve the sustainable management and efficient use of natural resources
13	13 GUMATE	Take urgent action to combat climate change and its impacts	13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
15	15 OFFEND	use of terrestrial ecosystems, sustainably	15.1	By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
		manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	15.5	Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species

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#### **Disclosures and Indices Tags**

GRI 102-40, 102-42, 102-43, 102-44, 102-46, 102-47

# **2021 MATERIALITY ASSESSMENT**

# **Assessing Materiality Through Stakeholder Engagement**

Engaging with a range of stakeholder groups helps us enhance our mutual interests, ambitions, risks and opportunities as a Canadian-focused mining company.

We undertake an extensive process of identifying stakeholders who are or may be affected by our operations, with a particular focus on vulnerable or underrepresented groups, and encourage our stakeholders to identify others with whom we should engage.

We adapt our engagement approach, such as frequency and depth, to suit the varying desires of our stakeholders. In 2020, we conducted an in-depth materiality assessment to better understand which topics and issues are most important to our stakeholders.

Our stakeholder engagement process identifies the material topics we focus on. We list examples of our engagement mechanisms with various stakeholder groups in the accompanying table.

# **Materiality**

Given the evolving ESG landscape, we completed a refresh of our material topics in 2021 to make sure we keep track of emerging trends and topics of interest.

Through benchmarking of peers, industry standards and initiatives, reporting frameworks, and considering global and industry trends, we identified a list of ESG topics applicable to our business.

#### Our material topics are:

- Climate change
- Biodiversity and land
- Tailings
- Water
- Community engagement
- Indigenous rights
- Diversity, equity and inclusion
- Employee engagement
- Occupational health and safety
- Employee well-being
- Environment and social compliance
- Closure

We further refined this list through validation with
nternal stakeholders, New Gold's senior leaders
and Board members. This process revealed the
2 most important ESG topics that support our
Sustainability Strategy and public disclosure
noving forward.

IDENTIFIED STAKEHOLDERS	EXAMPLE ENGAGEMENT MECHANISMS
Employees	Surveys, bulletins, annual reporting, town halls, training and development programs, feedback mechanisms, performance reviews, committees, team communication channels (e.g., meetings, website, intranet), employee resource groups
Indigenous and non-Indigenous communities	Newsletters, open houses, Boards (e.g. Environmental Monitoring Boards), grievance mechanisms, materiality assessments, Impact Benefit Agreements/Cooperation Agreement, Community Relations Teams, Joint Implementation Committees, Mine Management Board
Industry associations	Mining Association of Canada, Ontario Mining Association, Mining Association of BC, First Nations Major Project Coalition, Canadian Mining Innovation Council, Canadian Dam Association, International Network for Acid Prevention, Canadian Industry Partnership for Energy Conservation
Shareholders and investors	Roundtable discussions, investor days, roadshows, one-on-one in- person or telephone meetings, virtual meetings, annual reporting, other forums
Contractors, suppliers, customers	Indigenous and community partnerships, meetings, feedback, evaluations, Supplier Code of Conduct, contracts and agreements, annual reporting



# **MOMENTS OF RESILIENCE AT-A-GLANCE**

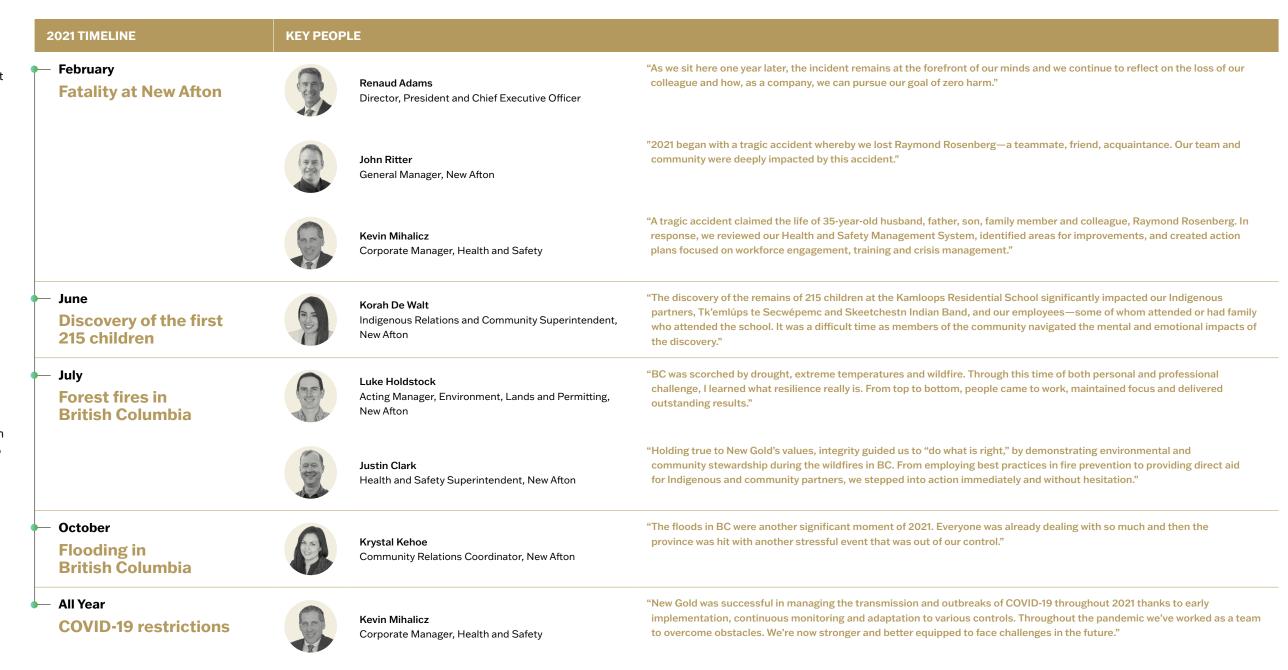
In 2021, we were met with many challenges to our people, operations and the communities we partner with. In step with our theme, we reflected on the past year and identified the most significant moments that demonstrate our resilience.

Throughout the report you'll find this badge to signify Moments of Resilience. These moments represent significant events that challenged us as a company and as individuals.



## **Looking Ahead**

As a company and as community members, we experienced challenges but showed that we are resilient and adaptable. We are now stronger and more connected than ever. Together, we took action to establish the right processes and foundations so that in 2022 we can focus on implementation and target setting for long-term success.



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#### 2021 AT-A-GLANCE CONTINUED

#### **Performance**

Each year, our Board approves a Company Scorecard of performance factors to assess performance in health, safety and sustainability, capital management and execution, operational excellence, and financial objectives.



See more on the Company Scorecard >

The following presents our health, safety and sustainability performance from the 2021 reporting year.

#### Health and Safety

Our health and safety performance is based on total recordable injury frequency rate (TRIFR). In 2021, our health and safety performance goal was 1.00; our performance was 1.73. We are deeply saddened by the fatality of one of our contractors at the New Afton Mine in early 2021. The health and safety of everyone who works at New Gold is of the utmost importance and we continue to improve our practices, workforce engagement

and training in support of this commitment. While we experienced an increase in injuries in the first quarter of the year, performance improved throughout the year with several months achieving no reportable injuries recorded.

#### Sustainability

Our sustainability performance is based on our Energy Use and GHG Emissions Management, Water Stewardship, Tailings Management, Indigenous and Community Relationships scores under the Mining Association of Canada's (MAC) Towards Sustainable Mining (TSM) Protocols.

In 2021, New Afton completed an external verification and Rainy River conducted a self-assessment of the TSM Protocols. We achieved our targets on each Protocol, achieving AAA on Tailings Management and New Afton achieving our stretch goal of AAA and 1,000 tCO<sub>2</sub>e GHG emission reduction on Energy Use and GHG Emissions Management.



<sup>&</sup>lt;sup>1</sup> Based on achieving target score on at least one indicator.



#### **Energy Use and GHG Emissions Management**



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**Disclosures and Indices Tags** 

GRI 403-103, 403-6

## **COVID-19 RESPONSE**

# At New Gold, the safety, health and wellness of our employees and communities is our highest priority.

At the onset of the COVID-19 pandemic, we established a company-wide Pandemic Response and Business Plan Committee to assess risks and develop contingency plans that address risks to our employees, contractors and communities. Across New Gold, we continue to identify and implement measures to protect our workforce and communities to the best of our ability.

We use our COVID-19 Communication Plan to keep our employees and communities up to date on our activities at site, regionally and at the corporate level. To reduce the risk of exposure to COVID-19 among our workforce, each of our locations implements plans consistent with our safety standards and issues communications relevant to each office and location—the key priority being the health and well-being of everyone working at New Gold.

Both Rainy River and New Afton have implemented several preventative measures for sites, camps, transportation, and employee and family support. New Gold was the first organization to bring private testing to the Rainy River area and worked with the Northwestern Health Unit in its implementation. We hosted two vaccination clinics at Rainy River and effectively managed risk of on-site transmission by early implementation of controls, including testing and contact tracing. In 2021, New Afton transitioned from a COVID-19 Safety Plan to a Communicable Disease Prevention Plan in accordance with phase three of the provincial reopening plan. CSP implements COVID-19 health and safety protocols based on the Technical Guidelines for Health and Safety in the Work Environment of the Ministry of Health of the Government of Mexico.

As COVID-19 continues to present new variants, New Gold follows the guidance of federal Public Health and complies with all BC and Ontario restrictions and regulations.



Learn more about our COVID-19 response >



# Supporting UNICEF's COVID-19 Campaign

As part of our ongoing efforts to strengthen domestic and international COVID-19 relief, New Gold participated in UNICEF's #Sharethehealth initiative. We supported the distribution of COVID-19 vaccines to the most vulnerable people in Canada and abroad through a donation of US\$100,000.









"While the pandemic has been challenging to our employees and stakeholders, we learned that it takes teamwork, optimism and hard work to navigate difficult situations. In turn, these challenges build strength within our teams, so they're better prepared to face and overcome adversity in the future."

**Kevin Mihalicz** Corporate Manager, Health and Safety

