

Sustainability **STRATEGY**



ABOUT THIS REPORT

The New Gold Sustainability Strategy provides insights on the company's priorities and approach to operating a sustainable business. It is designed to give context to our annual Sustainability and ESG reports and to provide a window into how we view non-financial performance as a key value driver for all New Gold stakeholders.

For an accounting of New Gold's latest performance against this Sustainability Strategy, please see our current Sustainability and ESG reports, available on our website.

A note on this Sustainability Strategy

As members of the Mining Association of Canada, we look to Towards Sustainable Mining Protocols as a framework for reporting on our performance and assessing areas for improvement in our Sustainability efforts. These Protocols have played a large role in helping us to develop this Sustainability Strategy.

However, this Strategy does not provide an exhaustive accounting of all actions undertaken by New Gold to address the impact of our operations.

We take a holistic approach to Sustainability that attempts to address and prioritize the numerous ways in which our operations affect stakeholders and the environment. This includes such areas as protecting biodiversity, ensuring good air quality, managing waste, investing in our community, and much more.

Although these practices are integral to the way we run our company, they are not reflected in this Summary Sustainability Strategy.

Contents

Letter from the Director, Sustainability	3
In Context: Our Sustainability Strategy	4
Our Mission	
Our Core Values	
Our Strategic Pillars	
Responsibility for Our Sustainability Strategy	
Relationship to Sustainability Disclosure	
At a Glance: Our Sustainability Strategy	6
Sustainability Strategy Anchors Overview	
Alignment with UN Sustainable Development Goals (UN SDGs)	
Sustainability Anchors	8
Environment	
Community Engagement	
Indigenous Rights	
Sustainability Strategy Timeline	16



“Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

1987 Brundtland Report

In Indigenous cultures, it is common to consider the seven generations to come when choosing a course of action. In practice, this means being mindful about how we treat the land and how we treat each other. It means recognizing that we are not above the planet, and that treating all living things with respect will ultimately benefit everyone.

This mindset underlies our approach to sustainability at New Gold.

As a company with Canadian roots, we look around us at the unique landscape we live and work in – an environment stewarded for millennia by the First Nations, Métis and Inuit peoples who continue to live here. As a mining company, we alter this land, using resources and extracting raw materials from the ground to benefit our stakeholders.

This reality carries with it a big responsibility for us as we search for the best ways to deliver value while minimizing the impact of our operations. Our Sustainability Strategy – built around establishing long-term, mutually beneficial relationships with Indigenous peoples while managing our water use, our tailings and our response to climate change – is rooted in understanding that these issues are connected, and that addressing them efficiently and effectively is vital to our future success.

We know that issues like climate change and water scarcity disproportionately impact vulnerable communities. We see the drastic toll that floods, forest fires and other natural disasters can take on Indigenous peoples. Although we can't prevent these disasters, we can help communities prepare for and become more resilient in response to them – and we can assess our own actions and activities to make sure we aren't contributing to the problem.

With an eye on future generations, we approach our sustainability efforts with a robust plan for the actions that we can take now – always looking for better ways to serve the people who matter to our business, the land that provides our resources and opportunities, and the planet on which we all live.

Bethany Borody

Director, Sustainability

IN CONTEXT

Our Sustainability Strategy

Our Sustainability Strategy is rooted in New Gold's Mission and Core Values, and in our Sustainability Pillar – one of four Strategic Pillars that guide our decisions and drive value for all New Gold stakeholders.

MISSION	CORE VALUES	STRATEGIC PILLARS
	 Integrity	 Operational Excellence
	 Creativity	 People
	 People and Communities	 Growth
	 Teamwork	 Sustainability
	 Commitment	

 **Sustainability Strategy**



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 licence to operate on sacred lands

OUR CORE VALUES

We are driven by our Core Values, which are:

INTEGRITY

We do what is right

- Safety in all we do
- Be honest, trustworthy and ethical
- Demonstrate environmental and stakeholder stewardship

CREATIVITY

We lead with innovation

- Seek continuous improvement
- Implement positive change
- Encourage creative thinking
- Be bold – think outside of the box

PEOPLE AND COMMUNITIES

We are committed to development

- We invest in our employees through personal development
- We strengthen our team by embracing diversity and inclusiveness
- We are dedicated to creating sustainable benefits for our host communities

TEAMWORK

We collaborate to achieve success

- The whole is greater than the sum of its parts
- Work to common goals
- Trust, respect for one another, leveraging individual contribution

COMMITMENT

We deliver on promises

- Do what you say you are going to do
- Create sustainable value for our shareholders
- Be accountable, take personal responsibility
- Be persistent in the pursuit of our goals

OUR STRATEGIC PILLARS

- Operational Excellence
- People
- Growth
- Sustainability

For further information on our Strategic Pillars, see our current Sustainability Report (available on our website).

RESPONSIBILITY FOR OUR SUSTAINABILITY STRATEGY

Primary oversight of New Gold's Sustainability Strategy lies with New Gold's Sustainability department, led by New Gold's Director of Sustainability. Additional parties associated with New Gold's Sustainability Strategy include the following:

- **Board Committee** – Oversees technical operations and sustainability
- **CEO** – Accountable for sustainability performance and priorities
- **Site GMs, Community and Environment Managers** – Responsible for site-based activities, regulators and priorities
- **Community and Environmental teams** – Responsible for implementing plans

RELATIONSHIP TO SUSTAINABILITY DISCLOSURE

New Gold is fully committed to transparency in reporting on our performance against this Sustainability Strategy. Our cadence on sustainability disclosure includes:

- Our annual Sustainability Report, which highlights the successes and challenges that our sites face in executing our Sustainability Strategy, looking beyond the metrics of our frameworks to provide in-depth stories and context to our impact and progress;
- Our annual ESG Report, which highlights New Gold's Environment, Social and Governance performance, including metrics that relate to Sustainability, Human Resources, Finance and Operations;
- Our annual Management's Discussion and Analysis, which details our approach to Materiality and Risk Management as they relate to sustainability issues; and
- Ongoing disclosure, which includes quarterly earnings press releases and website updates.

AT A GLANCE

Our Sustainability Strategy

Our Sustainability Strategy is expressed through Anchors that represent priority areas for our Sustainability Strategic Pillar.



SUSTAINABILITY STRATEGY ANCHORS OVERVIEW

Environment (see p. 9)	Community Engagement (see p. 12)	Indigenous Rights (see p. 14)
LONG-TERM GOAL To minimize impact to the environment. FOCUS AREA GOALS Climate Action Target a 30 percent decrease in its greenhouse gas emissions by 2030 through greater electrification and other energy reduction strategies. (UN SDG 7, 13) Water Management Target 100 percent recycled water in operations by 2030 and strive to be a net neutral water consumer over life of mine by returning clean excess water to the external environment. (UN SDG 6) Tailings Management Ensure compliance with Mining Association of Canada Towards Sustainable Mining (TSM) Protocol and Canadian Dam Association requirements. Continuously review and enhance post-closure tailings management strategies building on internal learnings and investment in external research and innovation. (UN SDG 6, 12, 13)	LONG-TERM GOAL To contribute to operating communities that are self-sustaining and free from poverty and inequality. FOCUS AREA GOALS Social Management Develop a Social Management System to guide and inform engagement, community investment and local economic development activities by 2022. (UN SDG 1, 3, 11) Community Investment Develop and implement a Community Investment Strategy and metrics that support our Sustainability Strategy and the United Nations' UN SDGs by late 2021. (UN SDG 1, 4, 8) Local Economic Development Strengthen institutional capacity and develop alternative industries in local areas; this includes supporting the increase of more Indigenous-owned businesses. (UN SDG 8, 11)	LONG-TERM GOAL To generate economic benefits for communities through skills training, business development support and minimizing barriers to contract opportunities to help support community well-being with long-term value creation. FOCUS AREA GOALS Reconciliation Respect the rights of Indigenous peoples, incorporating the culture and traditions of Indigenous communities into our company culture. (UN SDG 1, 11, 16) Community Well-Being Deliver positive social, economic and environmental outcomes for communities and Indigenous peoples based on community-defined aspirations. (UN SDG 1, 3, 4, 11) Economic Benefit Set a target to increase Indigenous employment and procurement by end of 2021 to improve local Indigenous economic benefits in the areas where we operate. (UN SDG 1, 8, 11)

ALIGNMENT WITH UN SUSTAINABLE DEVELOPMENT GOALS (UN SDGS)

As a participant of the UN Global Compact, New Gold recognizes that we have a responsibility to ensure that our operations align, to the greatest extent possible, with the UN SDGs.

Beginning in 2020, we have identified 12 (of the UN's 17) SDGs that are applicable to our operations; our Sustainability Strategy addresses each of these UN SDGs in some capacity. We will continue to look for more and better ways to address these goals in the future, and to incorporate their guidance into our operations.

For more about our alignment with UN SDGs, see our annual Sustainability and ESG reports.



SUSTAINABILITY ANCHORS



Environment

By their nature, mining operations affect the use and quality of air, water and the land, including wildlife habitats. Mining operations also have an impact on the climate through greenhouse gas (GHG) emissions and energy use.

As members of a responsible mining community, we are committed to reducing our impact on the environment and returning it to conditions that are the same or better than they were when we began operations.

LONG-TERM GOAL

To minimize impact to the environment.

FOCUS AREA: Climate Action

OVERVIEW

Climate change is a critical global challenge for our operations, our industry, our partner communities and our world.

An increase in GHG emissions due to human activities has changed our atmosphere, our climate and global weather patterns. Today we are witnessing higher temperatures, changes in rainfall patterns, and more unpredictable and severe weather. There is an urgent need for a global response to the threats of climate change across all levels of society, including business.

Reducing GHG emissions and lessening our environmental impact are key elements of New Gold's Sustainability Strategy. We will continue to refine our approach to mitigating our carbon impact, exploring options that include building carbon pricing into project feasibility and positioning New Gold for a low-carbon economy.

New Gold supports the Paris Agreement.

GOAL

Reduce GHG emissions by 30 percent by 2030

PRIORITIES

- GHG Emissions
- Energy Reduction
- Carbon Tax and Offsetting

COMMITMENTS

- Create interim intensity targets (GHG emissions per ounce of gold produced) by the end of 2023 to support the achievement of the 2030 goal
- Develop a Climate Action strategy by the end of 2021, which will define our approach to climate advocacy and policy, to reducing our carbon footprint, and to adapting to physical impacts of climate change
- Create Energy and Greenhouse Gas Emissions Management Plans at all current operations by the end of 2021, including short- and medium-term actions that will reduce GHG emissions
- Report performance and progress according to the Global Reporting Initiative (GRI), and Sustainability Accounting Standards Board (SASB), and better understand the requirements of the Task Force for Climate-related Financial Disclosure (TCFD)

UN SDG ALIGNMENT





FOCUS AREA: Water Management

OVERVIEW

Water is perhaps the most vital natural resource on the planet, and managing its responsible use is increasingly viewed as an urgent need that intersects with global challenges such as climate change, biodiversity loss and human rights.

Human pressure is the key force driving the use and distribution of global freshwater systems. Shifts in water system use can happen quickly and cause irreversible change, particularly when thresholds are reached in water catchments.

Water stewardship – a key part of our Sustainability Strategy – provides important opportunities to drive momentum for global and local water management action.

GOAL

Target 100 percent recycled water in operations by 2030 and strive to be a net neutral water consumer over life of mine by returning clean excess water to the external environment

PRIORITIES

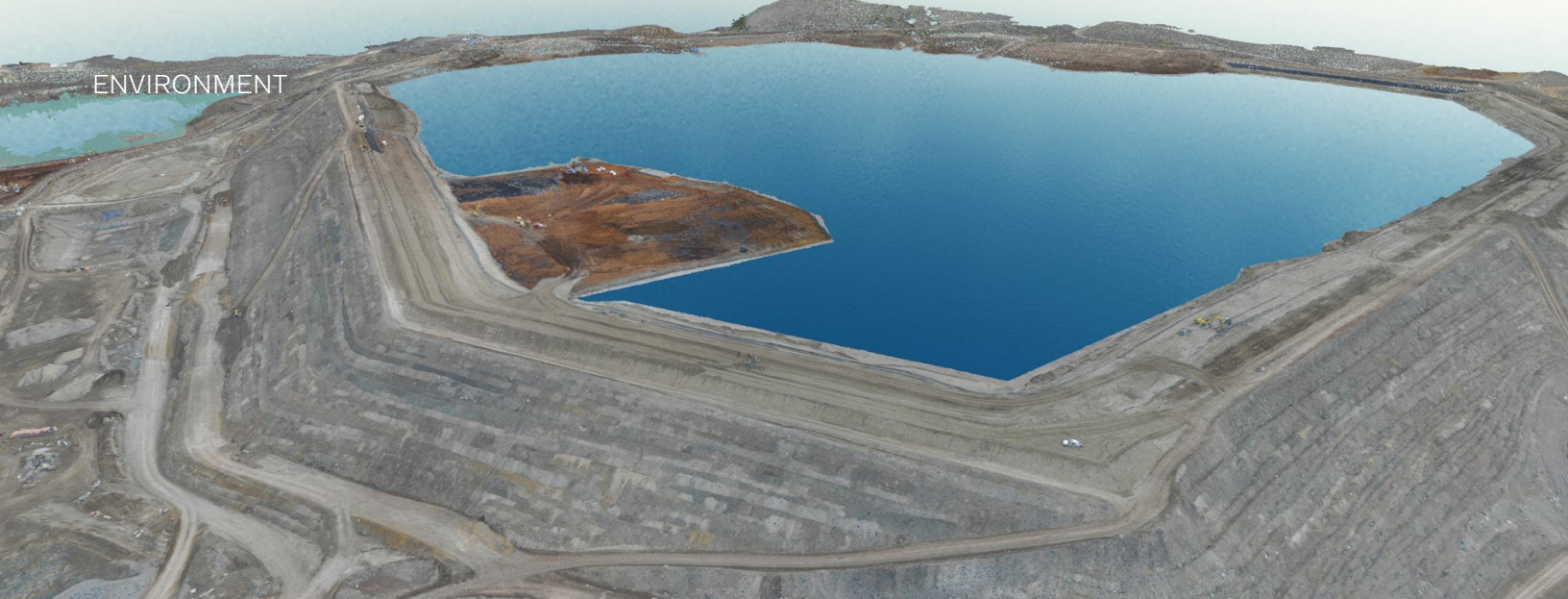
- Water Management
- Water Quality
- Water Access

COMMITMENTS

- Set site-specific water targets for operations where water is identified as a material risk
- Set a long-term goal to ensure water use at our operations is within annually renewable levels by watershed by 2022
- Update our internal standards and processes to strengthen our approach to water stewardship, centred on promoting better water use, effective catchment management and improved water security by 2022. This will be achieved by:
 - Ensuring strong and transparent corporate water governance
 - Allocating clear responsibilities and accountability for water management to Board, corporate management and site level management
 - Implementing effective water operations management, including maintaining water balances for all operations, maintaining water resource forecasts in our business planning process, and undertaking water resource risk and opportunity analyses that consider both operational and broader catchment aspects
 - Working with other key stakeholders (government, NGOs and communities) in our catchment areas to achieve responsible and sustainable water use
 - Aligning water reporting and disclosure with this approach

UN SDG ALIGNMENT





FOCUS AREA: Tailings Management

OVERVIEW

Recent tailings dam failures have triggered mining industry reviews and actions by companies and stakeholders, including governments and investors.

The outcomes of the reviews are expected to drive practice improvements that will help to prevent future disasters. In addition to ensuring that tailings facilities are planned, designed, built and managed to the highest standards, other key recommended management practices have emerged from the reviews.

New Gold supports and adheres to the Mining Association of Canada's TSM Tailings Management Protocol, as well as the Canadian Dam Association (CDA). We strive to continue to improve our management systems and disclosure practices around our tailings facilities, investing in research and innovations that will establish our company as a mining industry leader.

GOAL

Ensure compliance with the Mining Association of Canada TSM Protocol and Canadian Dam Association requirements. Continuously review and enhance post-closure tailings management strategies building on internal learnings and investment in external research and innovation

PRIORITIES

- Disclosure
- Tailings Management
- Independent Tailings Review Board (ITRB)

COMMITMENTS

- Identify gaps and align with the Global Tailing Standard
- Ensure compliance with the Mining Association of Canada TSM Tailings Management Protocol and the Canadian Dam Association regulations
- Make data freely available on the company website

UN SDG ALIGNMENT



Community Engagement

At New Gold, the relationships we have with the communities where we operate have a significant impact on all aspects of our financial and non-financial performance.

With these impacts in mind, New Gold takes an inclusive and responsive approach to engaging communities that is designed to maximize positive outcomes, strengthen community resilience, and protect the safety and well-being of all people affected by our operations.

LONG-TERM GOAL

To contribute to operating communities that are self-sustaining and free from poverty and inequality.

FOCUS AREA: Social Management

OVERVIEW

For a mining company, managing relationships with communities is a key to operating sustainably, since communities grant its licence to operate and support it with long-term access to talent.

We recognize that our mining operation has the potential to negatively impact areas surrounding our worksites: for example, without proper management, a mining project can deteriorate natural resources that provide food, livelihoods, services and sustenance to communities, and an influx of migrant labour could negatively impact community health and economic well-being.

With these potential impacts in mind, New Gold will develop an inclusive, responsive Social Management System designed to maximize positive impact and strengthen community resilience while mitigating the potential negative consequences and conflicts raised by our presence in the community.

COMMITMENTS

- Develop a Social Management System based on community needs at each operation by 2022
- Track, review and improve our performance on managing the socio-economic impacts of our activities in affected communities
- Develop and ensure that our operations take specific measures to enable the participation of women, youth and persons with disabilities in discussions and decision making on matters that may impact them
- Track, review and act to improve the quality of our relationship with affected communities

UN SDG ALIGNMENT



FOCUS AREA: Community Investment

OVERVIEW

Investment plays a key role in developing thriving communities: strategically directed capital can create new work opportunities, bridge gaps in education, promote gender and racial equality, and contribute to community health and vitality.

We recognize the important role we play in local economies, and consider it our responsibility to strengthen our communities through targeted giving.

Guided by community needs and aspirations, our corporate values, and UN SDG principles, we will develop a comprehensive Community Investment Strategy that contributes to the resilience and well-being of people where we live and work.

COMMITMENTS

- Develop and implement a Community Investment Strategy based on specific community needs at each operation by 2021

UN SDG ALIGNMENT



FOCUS AREA: Local Economic Development

OVERVIEW

One of the most important ways to ensure decent work and promote economic growth in our communities is by creating local jobs and procurement opportunities for suppliers of goods and services to our mines.

New Gold commits to thinking and acting differently to strengthen local supply chain capacity, developing innovative ways to encourage local entrepreneurship and support local business development.

Building on this approach, we will also seek ways to develop alternative local industries and businesses, cultivating procurement opportunities for diverse suppliers with an emphasis on Indigenous- and women-owned businesses.

COMMITMENTS

- Develop and implement a Local Economic Development Strategy that encourages local entrepreneurship and supports local business development
- Develop a Diverse Supplier Strategy that cultivates local procurement opportunities for diverse suppliers, including Indigenous- and women-owned enterprises

UN SDG ALIGNMENT



Indigenous Rights

Honouring the needs, beliefs, culture and traditions of Indigenous peoples is central to New Gold's approach to sustainability. We make every effort to understand the history and culture of our Indigenous partners, knowing that the ongoing viability of our operations depends on their support.

We strive to operate with the utmost respect on traditional lands, to actively promote the health and well-being of Indigenous peoples, and to create consistently positive outcomes for our Indigenous Communities of Interest.

LONG-TERM GOAL

To generate economic benefits for communities through skills training, business development support and minimizing barriers to contract opportunities in an effort to help support community well-being with long-term value creation.

FOCUS AREA: Reconciliation

OVERVIEW

New Gold recognizes the findings of the Truth and Reconciliation Commission of Canada's 2015 Summary Report and Calls to Action, along with the importance in aligning with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and Free Prior and Informed Consent (FPIC) right.

We strive in our words and actions to respect the rights of Indigenous peoples, to incorporate the traditions of Indigenous communities into our company culture and to support Reconciliation efforts in local communities.

COMMITMENTS

- Work with communities and Indigenous peoples to advance local Reconciliation efforts
- Implement an Indigenous Relations Strategy that furthers our goals to achieve an AAA TSM rating

UN SDG ALIGNMENT



FOCUS AREA: Community Well-Being

OVERVIEW

Knowing that issues such as climate change, water scarcity and ill health disproportionately impact vulnerable First Nations and Métis communities, we focus on helping people prepare for and become more resilient in response to them.

Based on community-defined aspirations, we work to deliver positive social benefits and improved health and well-being for Indigenous peoples and the communities in which they live.

COMMITMENTS

- Develop and implement a Community Investment Strategy based on specific community needs at each operation by late 2021
- Implement an Indigenous Relations Strategy that furthers our goals to achieve an AAA TSM rating

UN SDG ALIGNMENT



FOCUS AREA: Economic Benefit

OVERVIEW

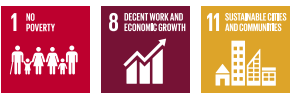
Recognizing that access to job and business opportunities represents a critical bridge to economic self-determination, New Gold works to increase local employment and procurement opportunities for Indigenous people and Indigenous suppliers in our operating communities.

Our Indigenous Engagement, Community Investment, Local Economic Development and Diverse Supplier strategies integrate to multiply economic benefits for Indigenous businesses and increase beneficial outcomes for Indigenous Communities of Interest.

COMMITMENTS

- Set a target to increase Indigenous employment and procurement by end of 2021 to improve local Indigenous economic benefits in the areas where we operate
- Increase local employment and procurement opportunities by 2025 to deliver direct economic benefits to communities
- Increase the representation of Indigenous peoples by 2025 at all levels of our business

UN SDG ALIGNMENT



SUSTAINABILITY STRATEGY TIMELINE



2021

- **Develop a comprehensive Climate Action Strategy** (see p. 9)
- **Develop a strategic Community Investment Strategy and metrics based on specific community needs at each operation** (see p. 13)
- **Set targets to increase Indigenous employment and procurement in line with our Local Economic Development and Diverse Supplier strategies**
- **Release the first annual Sustainability Report that builds on this new Sustainability Strategy**

2022 – 2023

- **Develop a Social Management System at each operation** (see p. 12)
- **Implement GHG reduction strategies**
- **Implement strong and transparent corporate water governance, allocating clear responsibilities at all levels of the company**
- **Publicly report on water performance, material risks, opportunities, and management approach, similarly to tailings disclosures**
- **Complete social closure plans that identify value we want to create in 2030**
- **Raise recruitment and retention rates for Indigenous employees from 2020 baseline**
- **Raise Indigenous spending and business development from 2020 baseline**



2025

- Review energy-reduction strategies and look for greater opportunities to use green energy and electrification
- Strive for 100 percent recycled water use at all operating sites
- Achieve high external ESG ratings for our peer group, with full compliance to TCFD
- Establish strategic partnerships to support greater R&D for strategic areas

2030

- Reduce GHG emissions by 30 percent from 2019 baseline numbers
- Strive for 100 percent recycled water use at all operating sites
- Be a recognized partner in external research and innovation findings
- Improve skill training for Indigenous employees to ensure future employment and advancement
- Support the development of more Indigenous-owned businesses in local areas
- Achieve compliance with MAC and Canadian Dam Association (CDA) for all tailings management plans



newgold™

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