



3.0

Building Strong Governance

MATERIAL TOPICS IN THIS CHAPTER

- 3.1 Corporate Governance and Business Ethics 20
- 3.2 Compensation and ESG 26
- 3.3 Risk Management 28

OUR PRIORITY SUSTAINABLE DEVELOPMENT GOALS

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



5 GENDER EQUITY



3.1

Corporate Governance & Business Ethics

Our Approach: Foundations for Sustainability

Corporate Governance Practices

The Board of Directors (the “Board”) and senior leadership team of Orla are committed to robust corporate governance. We have developed our corporate governance policies and practices to create long-term value and deliver on our responsibilities to shareholders and other relevant stakeholders.

The Board is responsible for the overall stewardship of the Company. As outlined in its Mandate, the Board’s primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet Orla’s strategic objectives. There are five Board committees: the Audit Committee; the Technical Committee; the Corporate Governance and Nominating Committee; the Environmental, Sustainability, Health and Safety (ESHS) Committee; and the Human Resources and Compensation Committee (HRCC).

Beyond complying with applicable rules under Canadian securities laws, the TSX and the NYSE American, we are committed to continuous improvement in our governance practices. For instance, following each significant business milestone since our inception, we have reviewed and enhanced our corporate governance practices and policies to ensure they evolve and reflect best practices in line with Orla’s growth. We continue to monitor corporate governance trends and developments in Canada, Mexico, Panama and the U.S., and will update our governance practices as needed.

To learn more about the Board, its members and committees, and our approach to governance, refer to our [2023 Management Information Circular](#) and [corporate governance](#) section of our website.

Why it Matters to Orla

Effective corporate governance and ethical behaviour are crucial foundations guiding the successful operation of our Company. These interconnected elements serve to protect and create value for all stakeholders, including employees, partners, communities, and shareholders.

Related Orla policies

[Anti-Bribery and Anti-Corruption Policy](#)

[Climate Change Policy](#)

[Code of Business Conduct and Ethics](#)

[Corporate Disclosure Policy](#)

[Diversity Policy](#)

[Environmental, Sustainability, Health and Safety Committee Charter](#)

[Human Rights Policy](#)

[Indigenous Peoples Policy](#)

[Insider Trading Policy](#)

[Mandate of the Board of Directors](#)

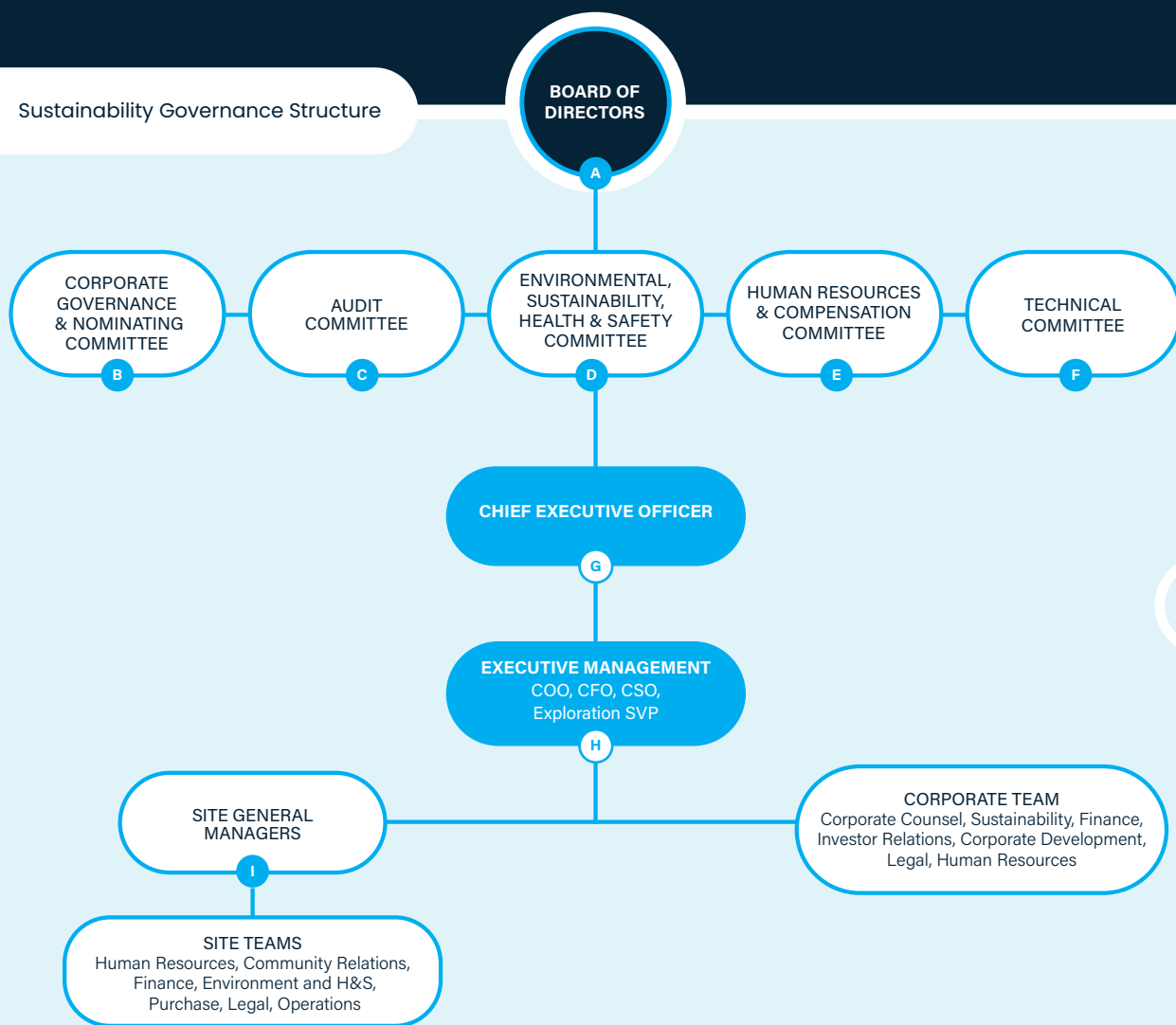
[Whistleblower Policy](#)

[Workplace Bullying and Harassment Policy and Reporting / Investigation Procedures](#)



At Orla we have set and followed high ethical standards since our founding. Adopting best practices in governance and integrity, and adhering to those principles every day to earn and maintain stakeholder trust, is the first priority in our approach to sustainability.

Sustainability Governance Structure



A The Board of Directors is responsible for overseeing management's approach to ESG-related risks and ensuring the implementation of appropriate sustainability systems to effectively monitor and manage those risks with a view to the long-term viability of the Company and its impacts across all stakeholders. The Board approves and monitors compliance with all sustainability policies and procedures and applicable laws.

B The Corporate Governance and Nominating Committee provides focus on governance that will enhance the Company's performance. The Committee monitors compliance with the Code of Conduct and Ethics, assesses and makes recommendations regarding the Board's effectiveness, and establishes and leads the process for identifying, recruiting, appointing, re-appointing, evaluating and providing ongoing development for directors.

C The Audit Committee is responsible for the Company's financial reporting process and the quality of its financial reporting. The Committee provides independent review and oversight of the financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight, and compensation of the Company's external auditors.

D The objective of the ESH&S Committee is to monitor and review the health, safety, environmental and sustainable development policies, principles, practices, and processes of the Company. The Committee has the authority to engage independent counsel or other experts and conduct any investigation that it considers appropriate. It is responsible for reviewing and approving annual disclosures relating to the Company's sustainability.

E The HRCC Committee reviews and approves the philosophy and design of the Company's compensation programs and the compensation of the Company's executives and members of the Board. The HRCC also provides oversight for compensation policies for all employees. In addition the HRCC is responsible for reviewing and making recommendations to the Board in connection with the Company's succession planning with respect to the CEO and other senior executive officers.

F The Technical Committee was established to assist the Board in its oversight of the reporting of the quantity and quality of the Company's mineral resources and reserves, the operating activities of the Company's material mines, the Company's technical activities relating to its material exploration, operational efficiency opportunities, life of mine plans, and development projects and the Company process for identifying and managing technical risks.

G Ultimate responsibility for sustainability and ESG performance within Orla rests with our Chief Executive Officer.

H Executive management covers Strategy, Operations, Finance, and Sustainability.

I Site General Managers make decisions at the operational level and own the management of ESG risks at each site.

Sustainability Oversight

- Ultimate responsibility for sustainability at Orla rests with our Chief Executive Officer.
- Our Chief Sustainability Officer (CSO) is responsible for embedding the principles of sustainability into our business operations, our team and our relations with stakeholders.
- The Board engages in and oversees ESG matters, including risks, opportunities, developments, and Company performance. Refer to the accompanying chart “How the Board oversees ESG”.
- The Environmental, Sustainability, Health and Safety Committee is responsible for assisting Orla’s Board of Directors in fulfilling its ESG oversight role. The Committee is responsible for environmental, health and safety, and sustainability factors and it reviews performance, regulations, and proactive efforts by management on a quarterly basis and reports to the rest of the Board.



All employees, management, and directors are required to review and certify the Code of Business Conduct and Ethics on an annual basis.

How the Board Oversees ESG

AREA	ESG OVERSIGHT
Environment	<ul style="list-style-type: none"> • Ensures compliance with environmental laws and the implementation of appropriate environmental stewardship systems based on best practices of the mining industry with applicable laws. • Through its ESHS system, the Board assesses environmental risks at each operation and provides recommendations to policies, standards, accountabilities, and programs of the Company.
Social	<ul style="list-style-type: none"> • Ensures the implementation of appropriate health and safety management systems. • Approves and oversees Orla’s Diversity Policy, Corporate Social Responsibility Policy and ESHS Policy. • Through its ESHS Committee, the Board assesses quarterly sustainable development risks including community and government relations, human rights, and the Company’s risk management. The Committee also reviews and recommends to the Board for approval changes in or additions to the social responsibility and sustainable development policies, standards, accountabilities, and programs of the Company.
Governance	<ul style="list-style-type: none"> • Approves Orla’s strategy and business objectives and monitors Company performance, including on ESG matters. • Oversees the Company’s risk culture, systems, and practices. • Approves and monitors employee compliance with all significant policies, procedures, and standards, including the Code of Conduct and Ethics, by which the Company operates. • Through its Corporate Governance and Nominating Committee, the Board annually compares the Company’s corporate governance practices against those recommended by regulators, stock exchange or governance and proxy advisory firms. The goal is to ensure the Company meets all requirements.

Ethics and Integrity

Our [Code of Business Conduct & Ethics](#) (the Code) is the compass that defines the standards and expectations for everyone at Orla and our subsidiaries. The Code is based on our values of honesty, integrity and accountability. Topics covered by the Code include conflicts of interest, gifts and entertainment, anti-bribery and anti-corruption, insider trading, confidential information, harassment and discrimination, proper use of company assets, and environment, health, and safety.

All employees, management and Directors are required to review and certify the Code yearly. The Board monitors compliance with the Code and management provides a yearly report to the Board regarding issues, if any, arising under the Code and the Company's corporate governance policies.

In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar activities, the Board must comply with the conflict of interest provisions of the Canada Business Corporation Act (CBCA), as well as the relevant securities regulatory instruments, to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Each director is required to declare the nature and extent of his or her interest and is not entitled to vote at meetings that involve such conflict.



Continued efforts on maintaining health and safety of workforce

Anti-bribery and Anti-corruption

As a company operating in different jurisdictions, our personnel may be exposed to scenarios of bribery and corruption. We take a zero-tolerance approach to any form of bribery and corruption and have policies and procedures to deter and detect such activities. As prescribed in our Code, we prohibit bribery of public officials and third parties and we require compliance with all anti-corruption and other applicable laws in the countries where we do business, including the Canadian Corruption of Foreign Public Officials Act. We also provide training to our personnel, as well as contractors and suppliers, to emphasize our safe and ethical way of doing business.

Whistleblower Policy and Hotline

As a key part of our Company culture, we promote an environment of openness in which employees and other stakeholders can speak up with any concerns or complaints, especially if they witness or perceive behaviour that violates the Company's code, policies or standards. Within the workplace, we proactively encourage our people to talk to supervisors, managers, or other appropriate personnel when in doubt about the best course of action to take in a particular situation. Representatives may also contact a member of senior management or the Chair of the Audit Committee, if appropriate.

Our [Whistleblower Policy](#) outlines the steps for reporting a complaint regarding accounting, internal accounting controls, auditing matters, or fraud. The policy protects any individual who in good faith submits any complaint and states that reported matters will be kept confidential and may be communicated anonymously if desired. To report concerns or complaints, people can use the [Orla Confidence Line](#), an independent and confidential reporting service available 24/7 in English and Spanish. It is our most effective forum for ensuring that employees and other stakeholders can safely report concerns. The line is managed by Xpera HR Services, an independent reporting and risk mitigation agency. Once a complaint is received, it is promptly investigated by the Chair of the Audit Committee.

Transparent Payments

Orla is committed to tax and payments transparency and complying with all applicable tax laws, rules and regulations. The Board oversees Orla's financial reporting, including tax matters. We report annually on our tax and payments to governments in the jurisdictions where we operate, as required under the Canadian Extractive Sector Transparency Measures Act (ESTMA). This information includes details about taxes, royalties, fees, and other types of payments in each country where we operate. Please see our [ESTMA disclosure archive](#) on our website.

All employees and Company representatives are prohibited from offering, paying, promising, or authorizing any payment or other benefit to any government official, political party, campaign for an elected office, or political candidates.

CASE STUDY

Building ethical and impactful relations with our communities

Orla is helping bolster incomes among rural Mexican families - and integrating these households into the security of the formal financial system - as part of landmark negotiations between the Camino Rojo team and the communal landowners of the Ejido San Tiburcio.

As part of these 2022 negotiations to secure mining access to an area adjacent to Orla's current production site, both parties agreed to follow the Agrarian legal framework and the principles of fairness and equity. The agreement, signed in December 2022, sets in motion an immediate positive impact on these families through fair land compensation that will contribute to their lasting social and economic wellbeing.

In particular, the agreement includes a monthly cash payment for the lifespan of the mine that represents a family income surpassing the typical Mexican cost of living, thus moving these families above the country's official poverty line. Ejido members will now assume responsibility for paying their legal tax obligations and establishing bank accounts to receive payments through the national financial system. In turn, they will gain access to associated government services and business opportunities.

In addition to the cash compensation, Orla agreed to support one of the 'first in-its-kind' agreements in Mexico to allow rural landowners older than 65 years and their family members to

access universal social security benefits, including health care, medical emergencies, pension, disability, and death.

With financial support from Orla, in 2023 the Ejido will sign an agreement with the Instituto Mexicano de Seguridad Social [Mexican Institute of Social Security], to add Ejido members without social security coverage into the country's benefits system.

This milestone agreement, which will significantly boost the economic wellbeing and stability of community members, is the result of years of trust-building and cooperation between Orla and the 363 members of this rural landowner group.



2022 Highlights

- As of December 31, 2022, Orla’s Board was comprised of eight directors, six of whom were independent and 25% were women.
- The Company documented its internal control procedures in order to comply with the requirements of Section 404 of the U.S. federal law Sarbanes-Oxley Act (“SOX”). SOX requires an annual assessment by management of the effectiveness of the Company’s internal control over financial reporting and an attestation report by the Company’s independent auditors addressing this assessment.
- We continued to assess all operations for risks related to bribery and corruption, and found no reported or identified cases of bribery or corruption in 2022.

2023 Focus

- Continue building an ethical culture through ongoing employee training, communication, and engagement.
- Continue bringing the Company’s new acquisition, the South Railroad project in Nevada, U.S., into corporate policies and systems.
- Complete full integration of climate- and social-related risks within our Enterprise Risk Management Program.
- Work with our suppliers and contractors to update their knowledge, application and adoption of our critical policies and codes for better governance and business behaviour.
- Increase our diversity by adding another woman to the Board at the Company’s annual general meeting held on June 21, 2023, thereby bringing the proportion of women on the Board to 33%.

2022 Highlights

100%

of our workforce completed training on our Code of Conduct and Ethics

25%

Women Directors

75%

Independent Directors



13%

Board members who identified themselves as belonging to a minority group



Cerro Quema, Panama

3.2

Compensation and ESG

Why it Matters to Orla

We recognize that our business activities are connected to diverse impacts on both the environment and communities where we operate. Our actions to maximize our positive legacy and minimize physical impacts are connected to employee remuneration at all levels of the organization.

Our Approach: Sustainability Performance Incentives

Our short- and long-term compensation programs are designed to be fair, competitive and linked to individual and company-wide objectives that are shared with each employee early in the year by Orla’s Chief Executive Officer. All of our employees are engaged in executing initiatives that are connected to these goals and add value to the organization.

Orla is committed to ensuring our organization effectively manages ESG issues and progresses towards our ESG goals. To help achieve that and underscore the value of ESG to Orla’s business strategy and future, ESG factors are integrated into our compensation model.

Executive and employee short-term incentives are directly linked to our ESG performance. This approach enables everyone at Orla to share accountability and contribute to meeting our ESG targets in our journey toward building a sustainable business. An important part of establishing ESG-oriented compensation is setting clear and formal targets and metrics. In 2022, ESG performance — including safety and environmental performance — accounted for 25 per cent of our annual corporate goals. This is the same weight as the Company’s production, finance and strategic goals, further reinforcing the importance of ESG to the viability of our business.

Orla’s approach to executive compensation is also predicated on “pay-for-performance” and fully disclosed to all of our stakeholders. We review industry compensation practices and trends, including short- and long-term incentive plan designs, and incorporate key elements into our compensation model. For more details on our compensation practices, please see our [Management Information Circular](#).



Efficient and low CO₂ emissions mine at Camino Rojo



We exceeded each of our corporate objectives in 2022, including ESG-linked goals.

2022 Highlights

- In consultation with its independent compensation advisor, the HRCC reviewed and updated Orla's peer group for 2022. The update better reflects the Company's evolving maturity level and risk profile as a gold producer in Mexico.
- We exceeded each of our corporate objectives in 2022, including ESG-linked goals. As a result, an overall corporate objective score of 160% for the 2022 short-term incentive plan was applied based on the following achievements:
 - An excellent health and safety record, with a lost time injury frequency rate of 1.49 and no COVID outbreaks caused by our operations.
 - No category 4 or 5 (serious or catastrophic) environmental incidents, as defined by the US Environmental Protection Agency ("USEPA") during a full year of construction at Camino Rojo and its first year of production in 2022.
 - The absence of any disruptions having a material effect on the construction progress and operations at Camino Rojo, coupled with ongoing efforts in Mexico, United States, and Panama to continue developing an effective and sustainable community program to maintain a social license to operate.
 - We started commercial production at Camino Rojo on April 1, 2022 and completed the acquisition of Gold Standard Ventures Corp. (Gold Standard), and the South Railroad Project in August 2022.
 - We continued to advance exploration and study work in Mexico, Panama and our newly acquired project in Nevada, which included the completion of drilling programs at each project.

2022 Highlights

25%
of our corporate goals were ESG-linked

160%
Orla's overall performance score including ESG objectives

2023 Focus

- Introduce a "Say-on-Pay" vote on our approach to executive compensation, to allow shareholders to express their views.
- Review Orla's peer group ESG compensation models to ensure Orla's practices are in line with market trends and reflect best practices.
- Maintain ESG objectives at 25% of the total corporate goals.

100%
of Orla executives and managerial-level employees were evaluated against ESG performance

Orla's 2022 Balanced Business and Sustainability Corporate Objectives

COMPONENT	PERFORMANCE INDICATORS	CRITERIA / DISCUSSION	2022 RESULTS
25% ESG	LTIF	Lost time injury rate of 1.49	✔ Achieved
	Community health	No COVID-19 outbreaks caused by operations	✔ Achieved
	Environmental incidents	No category 4 or 5 incidents (USEPA)	✔ Achieved
	Sustained operations	No disruptions to operations and maintenance of community relations	✔ Achieved
25% Production	Gold poured	109,600 oz versus original guidance of 90,000 to 100,000 oz	✔ Achieved
25% Expenditure	Operating cost	Operating costs on budget	✔ Achieved
	Capital post	Capital costs approximately 50% under budget	✔ Achieved
25% Strategic Objectives	Exploration	Reserve and resource update for Camino Rojo Oxide Mine completed	✔ Achieved
	Project development	Drilling programs completed	✔ Achieved
	Corporate development	Acquisition of Gold Standard	✔ Achieved
	Improve balance sheet	Re-financing of project debt	✔ Achieved
Overall Performance Score			160%

3.3

Risk Management

Why it Matters to Orla

Risk management is a cornerstone of effective governance and responsible business. As a mining company, it is critical that we continuously review, prioritize and mitigate the wide-ranging risks facing our Company. These risks range from labour shortages and shutdowns due to supply chain disruptions, social unrest, health and safety incidents, security issues (e.g., theft, fraud, cybersecurity threats) and extreme weather events.

Related Orla policies

Mandate of the Board of Directors

Our Approach: Sustainability and Risk Management

Orla has developed a robust Enterprise Risk Management (ERM) Program that is integral to our organizational processes, including strategic planning and decision-making.

Aligned with industry practices, the ERM enables us to identify, assess, and prioritize the most significant enterprise risks that have an impact, both positively and negatively, on the achievement of our strategic objectives. Orla's ERM is a tool to manage risk in a structured and systematic manner, so that we better achieve our business objectives while demonstrating effective corporate governance.

For each of our operations, we have developed a risk registry using our Corporate-wide matrix that our local teams review and update through monthly and quarterly managerial meetings. These meetings include discussions about specific sustainability-related risks, such as the threats posed by climate change, supply chain disruptions or labour shortages, which can affect the short-and long-term success of our sites. The likelihood and impact of each risk is rated considering different factors including geopolitical events, social and business trends in each jurisdiction where Orla operates. The top risks are consolidated at the corporate level and communicated to the senior leadership team on a quarterly basis, and the Board on a semi-annual basis.

The Board of Directors, as per its mandate, is responsible for reviewing the principal risks of the Company's business and ensuring appropriate measures are in place, such as environmental stewardship and health and safety management systems, to effectively monitor and manage those risks. In addition, the Environmental, Sustainability,

Health and Safety Committee has specific responsibilities for assessing environmental, health and safety, and sustainable development risks, including those related to human rights and community and government relations.

We believe everyone at Orla has a role to play in managing risks, especially safety hazards. We provide training and communication to help build awareness of key risk management concepts and tools.

For more on how we manage risk, please refer to our [2022 Annual Information Form](#) and [Management Information Circular](#).



Exploration planning at Camino Rojo

The Key Principles that Guide our ERM System



2022 Highlights

ESG

risks integrated into the Company Risk Matrix

100%

of Orla's sites applied the Corporate-wide ERM system and Risk Matrix tailoring risks and levels to each operation

2022 Highlights

- In 2022, our Board and management continued to sharpen their focus on ESG risk management. Issues like changing climate regulations and a tightening labour market for mining professionals impact both our financial and ESG performance and therefore require heightened attention. We recognize the ESG risk landscape is constantly evolving, and we are working to improve our ability to proactively identify, manage and monitor emerging ESG risks and opportunities in this dynamic environment.
- Throughout the year, we continued to further develop and incorporate the ERM program into Orla's management approach and workplace culture.

2023 Focus

- Integrate climate-related risks into our ERM system following the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), with a special focus on the climate change transition risks and opportunities. Learn more about our approach in our Climate Change section.
- Improve our understanding of emerging and rising sustainability risks, including infectious diseases, cyber risks, and legal and regulatory uncertainty, among others.