

# **GEM DIAMONDS LIMITED**

**2021**

## **MATTERS RESERVED FOR THE BOARD**

### **1. INTRODUCTION**

- 1.1 The board of directors (the **board**) of Gem Diamonds Limited (the **Company**) exercises all powers, authorities and discretions of the Company. Each of the board, the board committees and the Chief Executive Officer perform their duties for all of the Company, its subsidiaries and subsidiary undertakings (the **Group**) unless stated otherwise.
- 1.2 The matters reserved enable the board to concentrate its efforts on strategy, management, governance and control issues. It facilitates the routine business of the Company through appropriate committees and delegations to management. The board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.
- 1.3 Resolutions by the board are passed by a majority of votes. Each member of the board has one vote.

### **2. STRATEGY AND MANAGEMENT**

- 2.1 Responsible for the overall leadership of the Group, setting the Group's purpose, values and standards and satisfying itself that these are aligned with its culture.
- 2.2 On-going assessment and monitoring of the Group's culture, including ensuring that policies, practices and procedures are aligned with the Group's purpose, values and strategy.
- 2.3 Ensuring that views of shareholders and other key stakeholders are considered when making decisions, in order to promote the long-term sustainable access of the Group and its contribution to wider society.
- 2.4 Agreeing the structure of management and its responsibilities.
- 2.5 Establishing overall Group strategy, including new activities and withdrawal from existing activities.
- 2.6 Approving the Group's commercial strategy and the annual operating and capital expenditure budget and any material changes to them.
- 2.7 Monitoring the Group's performance through the receipt of regular reports and management accounts
- 2.8 Ensuring the workforce policies and practices are consistent with the Group's values and support its long-term success.

### **3. STRUCTURE AND CAPITAL**

- 3.1 Changes to the group's capital structure including reduction of capital, share issues (except under employee share plans), share buybacks including the use of treasury shares.
- 3.2 Major changes to the group's corporate structure, including, but not limited to acquisitions and disposals of shares which are material relative to the size of the group in questions (taking into account initial and deferred consideration).
- 3.3 Changes to the group's management and control structure.
- 3.4 Any changes to the company's listing or its status as a public limited company.

### **4. FINANCIAL REPORTING AND CONTROLS**

- 4.1 Approving the interim and annual financial statements, and any trading statements, having satisfied itself on the integrity of the financial and narrative statements.
- 4.2 Approving the Annual Report (including the Strategic report, Corporate Governance Statement and the Directors' Remuneration Report).
- 4.3 On the recommendation of the Audit Committee, approving any significant changes in accounting policies or practices.
- 4.4 Approval of the dividend policy and the declaration of the interim dividend and recommendation of the final dividend.
- 4.5 Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).
- 4.6 Approve an annual report of payments of US\$116,000 or more (within a financial year) made to governments in the countries in which the company operates.

### **5. CONTROL, AUDIT AND RISK MANAGEMENT**

- 5.1 Agreeing internal control arrangements.
- 5.2 Establishing procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the group is willing to take in order to achieve its long- term objectives.
- 5.3 At least annually, to conduct a review of the effectiveness of the group's system of internal control and to report to shareholders in the company's annual report that this has been done. The review, to be overseen by the Audit Committee, is to cover all controls including financial, operating and compliance controls and risk management]

- 5.4 Carry out a robust assessment of the Group's emerging and principal risks and approve the Group's risk management strategy in light of its long-term strategic objectives.
- 5.5 Responsible for establishing formal and transparent policies and procedures to ensure the independent and effectiveness of internal and external audit functions.
- 5.6 Approving the assessment of viability over a specified period.
- 5.7 Agreeing the appointment, reappointment and removal of the external auditor following recommendations from the Audit Committee and proposing this to shareholders for approval.

## **6. FINANCING**

- 6.1 Approving loans and bank facilities above US\$ 5 million.
- 6.2 Approving of treasury policies, regular review of entry into banking facilities, foreign currency exposure and the use of financial derivatives.

## **7. CONTRACTS**

- 7.1 Approval of individual contracts for either capital or operational costs above US\$ 10 million.
- 7.2 Contracts which are materially strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business, for example contracts for the provision of services or outsource with an annual or total contract value above US\$ 10 million.
- 7.3 Contracts of the company or any subsidiary not in the ordinary course of business, for example major acquisitions or disposals above US\$ 10 million.
- 7.4 Any investments including the acquisition or disposal of any interest in the voting shares of any company or the making of any takeover offer or more than US \$ 10 million

## **8. COMMUNICATION**

- 8.1 Approving all Stock Exchange announcements, FCA circulars/formal listing procedures.
- 8.2 Any material press announcement or media briefing of a corporate or financial nature.
- 8.3 The convening of General Meetings and approval of resolutions and documentation to be put to the shareholders at such meetings.

## **9. BOARD MEMBERSHIP AND OTHER APPOINTMENTS**

- 9.1 The appointment and removal of the Chair and Chief Executive Officer and other directors, following recommendations from the Nomination Committee.

- 9.2 Changes to the size, structure and composition of the board, following recommendations from the Nomination Committee.
- 9.3 The appointment and removal of the Senior Independent Director, following recommendation from the Nomination Committee.
- 9.4 The appointment and removal of the Company Secretary.
- 9.5 The approval of the terms of reference, membership and chairmanship of all board committees and any changes thereto.
- 9.6 Agreeing the responsibilities of the Chair, Chief Executive Officer, Senior Independent Director, board committees and the board and publishing them on the Company's website.
- 9.7 Ensuring adequate succession planning for the board and senior management based on merit and objective criteria and, within this context, promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths
- 9.8 The appointment to boards of subsidiaries.

## **10. REMUNERATION**

- 10.1 Determining the group's remuneration policy for executive directors, Company Secretary and other senior management and its costs in the light of recommendations made by the Remuneration Committee.
- 10.2 Determining the remuneration of the non-executive directors, subject to the Articles of Association and shareholder approval as appropriate.
- 10.3 The introduction of new share incentive plans, or major changes to existing plans, to be put to shareholders for approval.

## **11. CORPORATE GOVERNANCE MATTERS**

- 11.1 Approval of any changes to the Company's Articles of Association.
- 11.2 Undertaking a formal and rigorous annual review of the board's own performance, that of its committees and individual directors.
- 11.3 Taking action to identify and eliminate conflicts of interests, including those resulting from significant shareholdings and authorising conflicts of interest where permitted by the Company's Articles of Association
- 11.4 Determining the independence of non-executive directors.
- 11.5 Ensuring effective engagement with, and encouraging participation from, shareholders and stakeholders
- 11.6 Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the board as a whole.

11.7 Considering the balance of interests between shareholders, employees, customers and the community.

## **12. REPUTATIONAL ISSUES**

12.1 Considering and reviewing matters materially affecting the reputation or financial position of the Company and its subsidiaries.

## **13. WHISTLEBLOWING**

13.1 Reviewing arrangements by which the workforce may, in confidence and anonymously, raise concerns and ensuring that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

## **14. MISCELLANEOUS**

14.1 Approving Group policies, including but not limited to those summarised in Appendix 1.

14.2 Approval of the Group's principal professional advisers.

14.3 Approval of the overall levels of insurance for the Group including Directors' and Officers' liability insurance and indemnification of directors.

14.4 Approval of any prosecution, defence or settlement of any litigation of a material or unusual nature, usually above US\$ 500,000.

14.5 Major changes to the rules of any company pension scheme, or changes of trustees, or when this is subject to the approval of the company, changes in the fund management arrangements.

Adopted at the board meeting of the Company on 10 March 2021

## APPENDIX 1 - GROUP POLICIES

<b>POLICY</b>	<b>BOARD / COMMITTEE APPROVAL</b>
Matters reserved for the Board	Board
Audit Committee Terms of Reference	Audit Committee / Board
Remuneration Committee Terms of Reference	Remuneration Committee / Board
Nomination Committee Terms of Reference	Nomination Committee / Board
Sustainability Committee Terms of Reference	Sustainability Committee / Board
Share Schemes Committee Terms of Reference	Remuneration Committee / Board
Standing Committee Terms of Reference	Board
Policy on Provision of Non-Audit Services	Audit Committee / Board
Independent Advice Policy for Directors	Nominations Committee / Board
Equality and Diversity Policy	Nominations Committee / Board
Share Dealing Policy	Remuneration Committee / Board
Disclosure Procedures	Remuneration Committee / Board
Conflicts of Interest Policy	Nominations Committee / Board
Role profiles of Chair, Chief Executive, Senior Independent Director	Nominations Committee / Board
Succession Policy	Nominations Committee / Board
Code of Ethics	Board
Corporate and Social Responsibility Policy	Sustainability Committee / Board
Environmental Policy	Sustainability Committee / Board
Health and Safety Policy	Sustainability Committee / Board
Sustainability Policy	Sustainability Committee / Board
Anti-Bribery and Corruption	Audit Committee / Board
Modern Slavery Statement	Sustainability Committee / Board
Charitable Donations Policy	Board

Political Donations Policy	Board
Foreign Currency Hedging Policy	Board