

GEM DIAMONDS



OUR APPROACH TO CLIMATE CHANGE

2021



Q AND A WITH OUR CHIEF FINANCIAL OFFICER (CFO)

HOW DOES SUSTAINABILITY AND FINANCIAL PERFORMANCE LINK AT GEM DIAMONDS AND INFORM YOUR PLANNING?

Sustainability requires continuous balance between capital investment, sustainable growth, reducing the unavoidable impacts of operational activities and creating stakeholder value. These considerations are increasingly integrated into our business and financial planning, which has enhanced our ability to determine costs and benefits at an early stage of deliberation.

Our financial performance supports the broader goals of the business to leave a positive legacy for generations to come in terms of sustainable CSR practices, responsible environmental stewardship, opportunities for decent work, skills development, training programmes and driving forward our six UN SDGs.

Across the industry, we have seen increased interest from investors in ESG performance and we're pleased to be able to respond by demonstrating our work over the past several years and our future planning in this regard.

HOW HAS YOUR FUNDING STRATEGY EVOLVED, AND HOW IS SUSTAINABILITY AND CLIMATE CHANGE CONCERNS FROM FUNDERS IMPACTING THIS?

We have historically maintained numerous funding facilities across the Group with varying expiry periods. Although this provides a degree of flexibility, we decided to consolidate our funding position and expand our funding partnerships. As a result, Firststrand Bank has joined Nedbank and Standard Bank in a consolidated funding facility, which increased our revolving credit facilities to \$77.0 million, in dollar equivalent.

An exciting aspect of the funding is that a portion of the facility is linked to sustainability performance targets. This is a first for our Group, and it marks a milestone in terms of our commitments to ESG and the way ESG commitments are embedded in our financial models.

HOW ARE CLIMATE CHANGE CONSIDERATIONS BEING INCORPORATED INTO FINANCIAL PLANNING AND STRATEGY?

Our work to understand and mitigate the effects of climate change is not new but the degree to which it has been explicitly embedded into business structures and financial planning has increased significantly. In particular, to enhance reporting on the financial and strategic considerations related to climate change, Gem Diamonds is integrating the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) into the Group's governance and risk management structures, strategy and reporting platforms.

The processes to plan for and deal with the effects of climate change are therefore increasingly embedded, as are the results of the climate change scenario analysis, which allows us to mitigate risk more effectively. How we implement our investment decisions and take our decarbonisation and climate-change impacts into account is becoming more sophisticated. However, it remains a complex and rapidly changing focus area by its nature.

For example, just two years ago, the persistent drought encouraged discussions about building supplementary dams to ensure our sustainability from a water-availability perspective. This year, we saw severe rainfall and flooding. These extremities of weather events are expected to become more common, which makes forecasting and budgeting a complex task. We are, however, making progress in our ability to do so, especially by ensuring that these considerations are included at the beginning of planning processes and involve all affected stakeholders in the business.

Climate change has become a priority in our planning from the Board down to operational level, and we start from the position that efficiencies are necessary not only to reduce costs and increase revenues, but to reduce our carbon emissions, mitigate any climate risk and enhance the sustainability of the business.

OUR APPROACH TO CLIMATE CHANGE

THE 2021 REPORTING SUITE

In addition to this report, our reporting suite includes:

SUSTAINABILITY REPORT 2021 (REPORT AND INTERACTIVE PLATFORM)

Additional information and case studies on the Group's sustainability activities can be found on www.gemdiamonds-reports.co.za/reports/sd-2022/index.php and in our 2021 Sustainability Report.

ANNUAL REPORT AND ACCOUNTS 2021

The Annual Report and Accounts 2021 covers Gem Diamonds Limited and its subsidiaries (the Group) for the financial year ended 31 December 2021.

We believe that climate-related issues are intrinsically linked to creating value for all stakeholders. Therefore, these issues formed part of the Board's considerations when reviewing strategy, risk management, annual budgets and business plans as well as developing action plans and Group policies. In support of our existing commitment to sustainability and climate change-related matters, the Board officially adopted the TCFD framework in June 2021. It will be implemented over three years.

We are committed to understanding and responding to climate change in a way that is measured and rooted in science, supports our business sustainability, and considers the needs of our host countries and local communities. To this end, we have developed a TCFD roadmap that outlines our path and allows us to deepen our understanding and respond effectively.

Our objective is to ensure that our science-based targets and decarbonisation strategy are established by the end of 2022. Implementation is scheduled to begin by the end of 2023, aligning with our TCFD roadmap.

OUR TCFD ROADMAP

Phase 1 – 2021	Phase 2 – 2022	Phase 3 – 2023
Establish the necessary governance, strategy and risk foundations to support meaningful, science-based decision-making.	Understand the climate-related risks Gem Diamonds faces to reassess our organisational resilience. Identify climate-related opportunities available to the Group and establish clear metrics and targets for decarbonisation.	Monitor and manage our climate-related exposure and measure against our decarbonisation targets.

In 2022, the Group will embark on the next phase of its TCFD adoption strategy, which will focus on:

- Deepening our understanding of the climate-related risks Gem Diamonds faces.
- Reflecting on the resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
- Establishing climate-related performance targets that will underpin the Group's decarbonisation strategy.

2021 HIGHLIGHTS

Established robust Board and management governance structures.

Strengthened the enterprise risk management processes to ensure climate risk is considered and managed.

Completed the climate change scenario analysis.

Identified and assessed physical and transition risks over the short, medium and long term.

Board and senior leadership trained in the science behind climate change and related studies.

Strengthened the Board's ESG skills and experience with the appointment of Rosalind Kainyah.

OUR APPROACH TO CLIMATE CHANGE continued

GOVERNANCE

How we govern climate-related risks and opportunities

BOARD

The Board is ultimately responsible for the governance of climate-related risks and opportunities, and is supported by the Sustainability Committee and Audit Committee. The Board embraces a science-based approach to understanding the impact of climate change and continues to deepen its understanding of the physical and transition risks along with associated opportunities.



To ensure effective oversight, the Board and Committees received quarterly reports, updates and presentations on climate change-related matters and the progress made in adopting the recommendations of the TCFD. During 2021, these reports included information on:

- Physical and transition risks
- Resource use performance and efficiencies
- Carbon tax
- Carbon footprint reduction opportunities
- Major project considerations related to climate matters and decarbonisation

The climate change-related data and performance information presented to the Board and Committees informed the 2021 reviews of the Group strategy, risk management framework, annual budgets and business plans. The Board and Committees also considered climate change-related data and performance when setting the organisation's internal key performance indicators (KPIs) and non-financial personal performance metrics for senior management.

OUR APPROACH TO CLIMATE CHANGE continued

MANAGEMENT

The Group's CFO holds overall accountability for integrating climate-related issues into annual budgets and business plans, financial disclosures and risk management. The Group's COO has overall accountability for sustainability, including climate-related issues. He is supported by the HSSE and Sustainability Manager who is responsible for the day-to-day management of climate-related work within the Group and reporting matters concerning TCFD and Carbon Disclosure Project (CDP).

In June 2021, Gem Diamonds established a TCFD Adoption Steering Committee, which is a management forum responsible for ensuring climate change-related risks and opportunities are appropriately identified and subsequently elevated through the established governance structures.

The Committee meets monthly and members include the CFO, COO, Group Financial Controller, and HSSE and Sustainability Manager. Internal and external attendees are invited to provide input into the process as appropriate. The TCFD Adoption Steering Committee drives an integrated approach to climate change by identifying and assessing climate-related issues through internal assessments and external independent studies. In 2021, the TCFD Adoption Steering Committee commissioned the following external and independent studies to build the Group's climate-related knowledge base:

- Climate change scenario analysis
- Carbon and water footprints
- Physical and transition risk assessments
- Scope 1 and 2 carbon footprint reduction opportunity assessment
- Materiality assessment

The TCFD Adoption Steering Committee also worked with the relevant internal functions to bolster the integration of climate change consideration throughout the business, including:

- Enterprise risk management
- Communication and reporting
- Insurance
- Financial planning and disclosure
- Project management
- Internal audit
- Engineering
- Mining
- Treatment

The TCFD Adoption Steering Committee's findings are reported to the Board, and the Audit and Sustainability Committees, by the HSSE and Sustainability Manager every quarter. Reports on existing and planned metrics and targets, performance and operational objectives are presented to the Sustainability Committee. At the same time, the Audit Committee reviews matters concerning strategy, governance and risk. Both committees report to the Board on these issues. In addition, the HSSE and Sustainability Manager presents to the Board quarterly on emerging climate-related issues and developments such as carbon tax, regulatory changes and technological developments.

OUR APPROACH TO CLIMATE CHANGE continued

STRATEGY

The impacts of climate-related risks and opportunities on our businesses, strategy and financial planning

Our strategy aims to sustainably maximise stakeholder value in alignment with our commitment to being responsible stewards of natural resources. Gem Diamonds has identified three priorities (listed below) that underpin how the Group creates value for all stakeholders. We believe that climate-related issues can affect the Group's performance within these priorities, and impact the Group's business, strategy, financial planning and performance.

Strategic priority		
 EXTRACTING MAXIMUM VALUE FROM OUR OPERATIONS	 WORKING RESPONSIBLY AND MAINTAINING SOCIAL LICENCE	 PREPARING FOR OUR FUTURE
Climate considerations		
Operational initiatives to improve efficiencies thereby reducing operating costs and ensuring future availability of resources for all stakeholders.	Bolstering our resilience to the physical impacts of climate change while working with our PACs to improve their readiness and resilience, ensures that Gem Diamonds can protect its social licence to operate and continue to work responsibly with our stakeholders.	The impact of climate change can already be seen around the world. The work we undertook in 2021 to identify and respond to both physical and transition risks associated with climate change ensures that we can appropriately strategise for and mitigate against the impact of climate change in our future. The Group's existing business continuity and disaster management plans include considerations for extreme natural events, which we have responded to since we started mining in 2006.
2021 integration		
In 2021, Letšeng implemented an improved waste rock dumping strategy that reduced hauling distances and resulted in a measurable reduction in fossil fuel consumption, related carbon emissions and costs. Our integrated approach ensures alignment between sustainability and operational objectives.	As a result of localised flooding in the Patiseng valley during the first half of 2021, water supply infrastructure, access roads and footbridges in our PACs were swept away. We rebuilt the damaged infrastructure and used the findings from our climate change work findings to design an improved water supply structure, using borehole and groundwater systems rather than surface water. This limits the impact of future flooding and drought on water supply.	While Gem Diamonds is currently in the foundation phase of its TCFD journey, the business identified climate-related risks and opportunities through externally commissioned studies and internal assessment processes.

The 2021 Group risk and strategy workshops identified strategic and financial planning processes that should consider climate-related risks and opportunities over the short, medium and long term. The timeframes adopted by Gem Diamonds for the short, medium and long term align with accepted industry practice and consider the mine lease period for our operating mine, Letšeng.

Our operations are located in remote areas, making them susceptible to more frequent extreme weather events due to climate change. While we continue to deepen our understanding of the expected physical risks under various scenarios, climate change has already impacted our operations and forms part of our business continuity planning. For more information on how we are managing and mitigating the impact of extreme weather events, refer to our Annual Report and Accounts 2021 and Sustainability Report.

OUR APPROACH TO CLIMATE CHANGE continued

The table below provides a high-level overview of some of the risks and opportunities identified during 2021. Where opportunities for improvement over the short term were identified, the related processes were enhanced, and the foundations for further integration and consideration of climate-related issues in 2022 were established.

Climate-related risks	Potential financial impact	Climate-related opportunities	Potential financial impact
Short term: 1–3 years			
Short-term processes include annual business and financial planning, performance reporting, short-term capital and contract negotiations.			
Increase in occurrence of moderate precipitation. Enhanced emissions reporting obligations. Enhanced ESG obligations.	Increased operating costs. Increased capital investment.	Increased resource efficiencies and reducing our reliance on fossil fuels. Enhanced water use strategies. Waste reduction and recycling initiatives.	Reduced operating costs. Increased capital investment.
Medium term: 3–5 years, long term: 5–10 years			
Medium to long-term processes include strategy development, social and environmental management plans, rehabilitation planning, capital management plans, financing and capital investments and operational planning, including contract negotiations and future-focused projects.			
Increase in occurrence and severity of precipitation. Rising mean temperature. Strong winds. Increased frequency of and duration of droughts. Failure of electricity providers to move to a low carbon economy. Substitution of technology with lower emission alternatives. Social risks due to resource constraints, particularly in developing countries. Evolving regulatory context regarding carbon tax. Increased costs of carbon-intensive products i.e. diesel. Reputational risk.	Increased capital investment. Increased operating cost. Reduced revenue from decreased production capacity. Increased insurance premium or insurance unavailability. Research, development and implementation costs of new technology. Inappropriate investment decisions.	Identify opportunities to transition to renewable energy sources. Position Gem Diamonds as an ethical and responsible producer of low carbon footprint diamonds. Use of new technologies.	Reduced exposure to carbon and fossil fuel pricing. Increased capital availability. Reputational benefits. Decreased operating costs. Increased capital investment.

Our mining operations require significant energy, and Letšeng receives its electricity supply from the South African grid. Increasing global demand for renewable energy, concerns about climate change and greenhouse gas (GHG) emissions, actual and proposed taxation of carbon emissions and limited availability of alternative energy sources will affect the price and availability of energy. Higher energy demand in countries supplied with electricity through South Africa and grid instability in South Africa could increase electricity supply interruptions and associated use of diesel-powered generators. Greater focus on transitioning the South African electricity supply sector to renewable energy can also increase energy supply interruptions. Additionally, changes in energy laws and regulations in various jurisdictions, such as taxation on carbon emissions or fossil fuel-based energy, may impact energy costs and technology available for use. Limitations on grid electricity supply and increased energy prices could negatively impact our operating activities, costs and cash flows.

In line with our TCFD roadmap, in 2022, we will conduct comprehensive physical and transition risk exposure assessments and determine the materiality of potential financial impacts on financial performance and position. This will assist us in indicating the materiality of the risks in the short, medium and long term, as well as the Group's resilience against climate issues, and identify appropriate mitigation strategies.

OUR APPROACH TO CLIMATE CHANGE continued

UNPACKING OUR CLIMATE CHANGE SCENARIO ANALYSIS

Understanding climate-related risks and opportunities allows us to align our business strategy with stakeholder demands of the industry, enhance sustainability efforts throughout the organisation, create resilience to climate change-related impacts and maximise value for all stakeholders.

In 2021, Gem Diamonds engaged an independent external expert to conduct an organisation-specific climate change scenario analysis (CCSA) that considers a mix of quantitative and qualitative information. Data from the Carbon Brief and World Bank Climate Change Knowledge Portal was used to determine climate-related physical impacts specific to the Group's locations. The current open-pit life of mine for Letšeng was considered in determining appropriate timeframes in the short, medium and long term.

The Shared Socio-Economic Pathway model is a GHG concentration trajectory model, adopted by the Intergovernmental Panel on Climate Change (IPCC), and includes consideration of 1.4°C, 1.9°C, 3.3°C and 6.0°C temperature increases. The 6.0°C datasets were used as critical information and represent the world economy in the current format without climate adaption and initiatives. These four climate scenarios, modelled on potential temperature increases by the end of the century, were included in the Group's assessment of physical climate-related impacts.

General circulation models (GCMs), also called global climate models, which simulate the physics of the climate itself, were also used. These models consider the flows of air and water in the atmosphere and/or the oceans as well as the transfer of heat. The most recent subset of GCMs now incorporate biogeochemical cycles and can simulate the carbon cycle, nitrogen cycle, atmospheric chemistry, ocean ecology, and vegetation and land use changes, which all affect how the climate responds to human-caused GHG emissions. An ensemble of GCM models was used to determine our Group locations' climate-related changes and impacts.

To understand the impact of climate-related events on our mining activity, we linked climate issues to production impact by considering factors such as human health and behaviour, water, energy and vegetation changes. Parameters such as temperature, heat waves, cold waves, floods, droughts, hurricanes and storms directly affect human health and behaviour. Precipitation, evaporation, drought and wind factors will generally increase operational challenges and present a resultant risk to the mining sector.

This research reflects our measured and science-based approach to understanding the impact of climate change and will inform the work to be conducted in phases 2 and 3 of our TCFD roadmap.

RISK MANAGEMENT

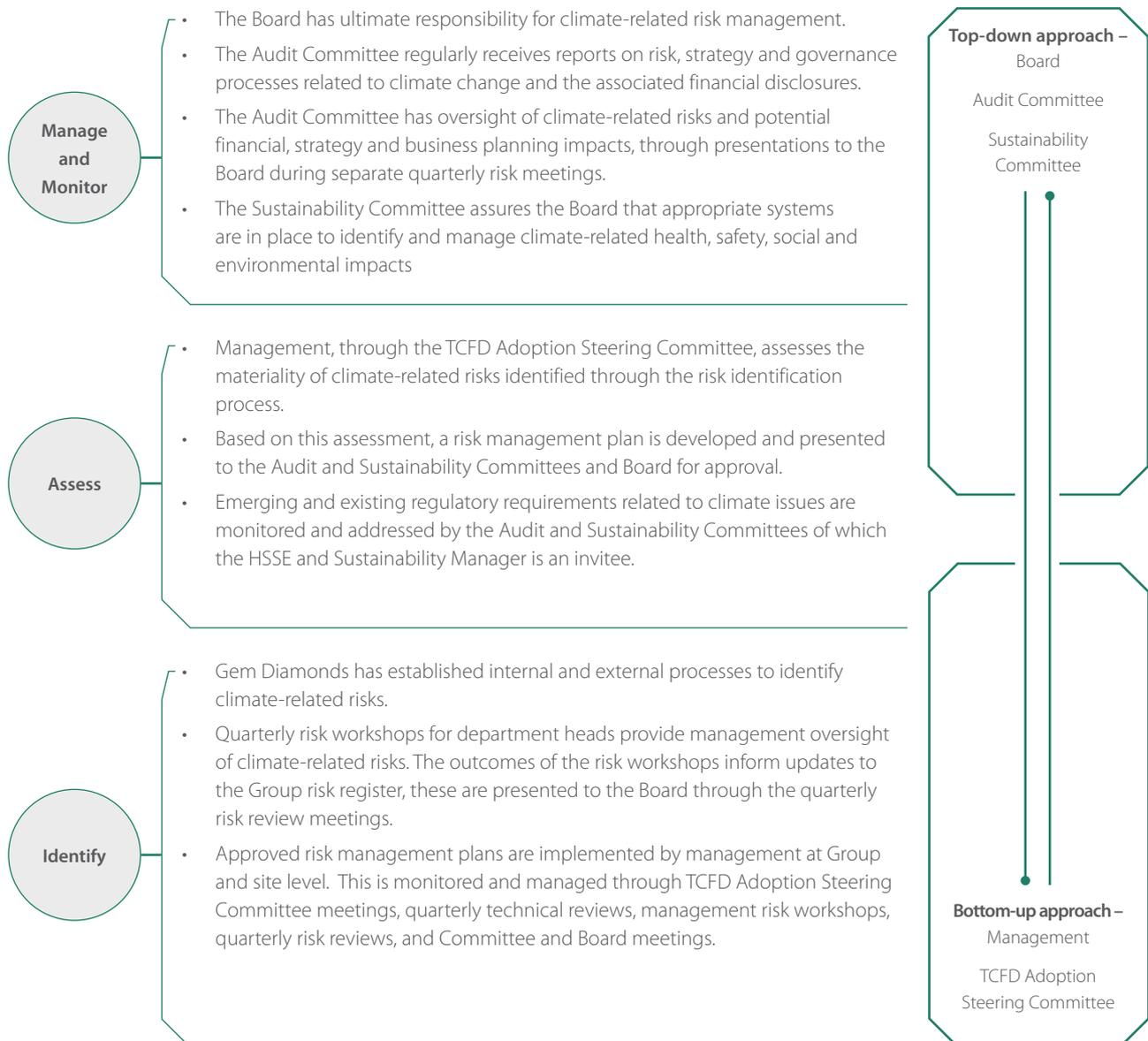
How we identify, assess and manage climate-related risks

Gem Diamonds has a robust risk management process and framework to identify, assess, manage and mitigate current and emerging risks and uncertainties. Our risk management framework combines a top-down and bottom-up approach to ensure appropriate governance and oversight.

The Board is responsible for risk management in the Group, including climate-related risks, ensuring that all risks are appropriately identified, assessed, mitigated and monitored. Risks are assessed and prioritised in terms of potential impact, probability of occurrence and effectiveness of controls across short, medium and long-term timeframes. The impact of a specific risk is assessed within the categories of finance, reputation, regulation, health and safety, climate and environment, and social and community. A standalone risk review meeting of the Board is held quarterly to explore all risks, including climate-related risks, in depth and fully assess management scenarios and plans.

Our climate-related risks are integrated into the Group's risk management framework. In assessing the Group's principal risks, the impact of climate change is considered a key element and impact determinant. In 2022, we will undertake an extensive exposure assessment of climate-related risks to mature our understanding of the potential impacts and opportunities. For more information on how we manage risk, refer to our Annual Report and Accounts 2021 and Sustainability Report.

OUR APPROACH TO CLIMATE CHANGE continued



TARGETS AND METRICS

The targets and metrics used to assess and manage relevant climate-related risks and opportunities

The Group monitors a wide range of metrics to inform its assessment of climate-related risks and opportunities. Before 2021, the following metrics and trends were measured and monitored:

- Carbon footprint
- Water footprint
- Freshwater dam levels
- Precipitation patterns
- Energy consumption trends
- Environmental expenditure
- Land use and rehabilitation activities

OUR APPROACH TO CLIMATE CHANGE continued

For information on our GHG emissions, including scope 1, 2 and 3 emissions and other climate-related metrics, refer to our Annual Report and Accounts 2021 and Sustainability Report.

In addition to these metrics, we also monitor developments regarding areas that may impact our transition risks:

- Current and emerging climate-related regulations
- Regional renewable energy developments
- Existing and proposed carbon pricing such as carbon tax
- New technology

Following the adoption of the TCFD recommendations, we also track our climate change-related expenditure. In 2021, we spent US\$0.9 million on environmental protection measures. US\$0.2 million specifically related to climate change, and the adoption of the recommendations of the TCFD.

Non-financial performance indicators related to climate metrics are included in Group Executives' personal performance targets, Group performance targets and as part of the Group's annual incentive plan. Refer to the Remuneration Committee report refer to our Annual Report and Accounts 2021 for more information.

In 2021, the Group worked on improving the internal KPIs and targets around climate change. Our internal KPIs aim to improve resource use efficiencies, reduce our carbon footprint and advance our water stewardship goals. In line with our Group sustainability strategy, Gem Diamonds included carbon reduction and water conservation KPIs in its Sustainability Linked Loan (SLL). The interest rate on the SLL decreases if performance indicator targets are achieved.

In 2022, the Group will embark on the next phase of its TCFD adoption strategy, which will focus on establishing climate-related performance targets that will underpin the Group's decarbonisation strategy. Gem Diamonds is committed to a science-based approach to setting targets and metrics. Our objective is to ensure that our science-based targets and decarbonisation strategy are implemented by the end of 2023 in alignment with our TCFD adoption roadmap.

Our carbon, energy and water footprints

CARBON

The Gem Diamonds carbon footprint was calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, an accounting tool to manage GHG emissions. The standard was developed through a decade-long partnership between the World Resources Institute and the World Business Council for Sustainable Development. It includes IPCC GHG inventory guidelines for specific heating values, carbon content, densities and emission factors.

Our carbon footprint was also calculated in accordance with the International Organisation for Standardisation (ISO) 14064-1 Part 1: Specification with guidance at the organisation level for quantification and reporting of GHG emissions and removals.

In 2021, the total carbon footprint for the Group was 153 864 tonnes of carbon dioxide equivalent (tCO₂e) (2020: 135 694 tCO₂e). This includes direct GHG emissions (Scope 1), energy indirect GHG emissions (Scope 2) and material Scope 3 emissions.

In 2020, our Letšeng mine suspended operations from 28 March to 26 April due to the Lesotho Government's COVID-19-related lockdown. During May, operational activities were ramped up and planned waste mining activities were successfully deferred to resume in July. This suspension of operations explains the reduced 2020 carbon footprint. Below is a three-year view of our carbon emission performance.

Carbon emissions (tCO ₂ e)	2021	2020	2019
Scope 1 (direct) (tCO ₂ e)	62 672	53 568	75 359
Scope 2 (indirect) (tCO ₂ e)	67 473	61 320	67 870
Total Scope 1 and 2 (tCO₂e)	130 145	114 888	143 229
Scope 3 (indirect) (tCO ₂ e)	23 718	20 807	29 739
Total Scope 1, 2 and 3 (tCO₂e)	153 864	135 694	172 968
Total tonnes mined (ore and waste)	24 962 356	21 167 606	30 327 114
Ore tonnes treated	6 213 098	5 436 396	6 707 791
Scope 1 and 2 (tCO ₂ e)/Tonnes mined (ore and waste)	0.005	0.005	0.005
Scope 1 and 2 (tCO ₂ e)/Tonne ore treated	0.021	0.021	0.021

OUR APPROACH TO CLIMATE CHANGE continued

The Group's carbon footprint is primarily driven by electricity consumption, and mobile and stationary fuel combustion at Letšeng. Scope 1 emissions made up 41% of the 2021 total carbon footprint. 92% of the Scope 1 emissions are related to mobile combustion activity at Letšeng with the remainder related to stationary combustion, liquefied petroleum gas and explosives. Scope 2 emissions make up 44% of Group emissions, driven by grid electricity consumption at Letšeng. Our carbon intensity reporting is based on Scope 1 and 2 emissions. Less than 1% of the Group's total CO₂ emissions originated from its UK-based office.

A key strategic objective for the Group is to continuously identify opportunities to unlock value within our business. During 2021, we focused on continuous improvement opportunities to reduce mining-related costs and improve resource use efficiencies. At Letšeng, waste hauling distance is a major driver of both current and future mining costs and fossil fuel combustion-related greenhouse gas emissions.

We identified an opportunity to reduce both mining costs and greenhouse gas emissions through shorter mining waste haulage distances of our waste from the Main pit. Following extensive collaboration between our environmental and mining teams, a new mine waste dumping plan was designed and implemented. The revised plan has reduced these haulage distances by 30%, resulting in a significant long-term reduction of the associated operational costs and diesel consumption, and advancing our sustainability objectives to lower carbon emissions.

By working together to design innovative solutions, we are able to unlock shared value and drive Group goals with regards to maximising value, managing costs and reducing our environmental footprints.

ENERGY

The Group-wide energy consumption (for Scope 1 and 2 activities) in 2021 was 320 381 029 kWh (2020: 278 103 602 kWh). 99% of Scope 1 and 2 energy consumption in 2021 is attributable to Letšeng. Less than 1% of our Scope 1 and 2 energy consumption originated from our UK-based operations. The COVID-19-related operational suspension of our Letšeng mine during 2020 explains the reduced energy consumption during 2020. Below is a three-year view of our energy consumption performance.

Our principal energy sources are grid electricity and diesel. Scope 1 energy consumption in 2021 was primarily driven by mobile and stationary diesel combustion activities at our Letšeng operation. Group-wide Scope 1 energy consumption decreased by 18.7% from 2019 to 2021, resulting in a 9% improvement in our energy efficiency ratio for ore tonnes treated. The energy efficiency improvements are because of a reduction in waste tonnes, steeper slopes and an optimised mine waste dumping strategy.

Energy consumption (kWh)	2021	2020	2019
Scope 1 (kWh)	251 743 229	215 725 348	309 639 385
Scope 2 (kWh)	68 637 800	62 378 253	69 751 658
Total Scope 1 and 2 (kWh)	320 381 029	278 103 602	379 391 043
Total tonnes mined (ore and waste)	24 962 356	21 167 606	30 327 114
Ore tonnes treated	6 213 098	5 436 396	6 707 791
kWh/Tonnes mined (ore and waste)	12.83	13.14	12.51
kWh/Tonnes ore treated	51.57	51.16	56.56

Our Letšeng operation is located in a remote location, requiring long-distance transmission of power. Scope 2 energy consumption for the Group is primarily driven by grid electricity consumption at the Letšeng operation. As our operations move towards lower carbon emissions targets, power sources and technology at our operations will continue to be evaluated to secure stable and cost-effective supply and reduce our carbon emissions.

OUR APPROACH TO CLIMATE CHANGE continued

In 2021, the Group assessed several energy-saving initiatives, specifically at Letšeng as the primary energy consumer. Our approach to energy-saving initiatives considers both short- and long-term initiatives. The following initiatives were implemented in 2021.

By optimising heating systems, we were able to reduce the energy requirements for accommodation heating by 19%.

We reduced our waste rock hauling distance, resulting in a reduction of our carbon emissions and diesel consumption.

See case study for more information.

Letšeng implemented an ISO 50001 aligned energy management system that further informs the operational approach to manage, track and protect energy supply as well as track and minimise energy consumption.

Strengthened the Board's ESG skills and experience with the appointment of Rosalind Kainyah.

WATER

The Group water footprint (net water usage) for 2021 was 7.1 million cubic metres (m³) (2020: 6.0 million m³). The COVID-19-related operational suspension of our Letšeng mine in 2020 explains the reduced water consumption during the year. Below is a three-year view of our water consumption performance. The total volume of water recycled within our production processes increased by 11.2% from 2019 to 2021. This is due to water use efficiencies in recycling water seepage from the Patiseng Tailings Facility and wastewater from the sewerage treatment plant back into the processing plants.

Water consumption (million m ³)	2021	2020	2019
Net water usage	7.1	6	7.6
Water withdrawal and capture	3.8	3.5	5.6
Water recycled	8.9	8.8	7.9
Water loss through evaporation, entrainment, and seepage	3.1	3.2	2.7
Total tonnes mined (ore and waste)	24.9	21.1	30.3
Ore tonnes treated	6.2	5.4	6.7
Net water use (m ³)/Tonnes mined (ore and waste)	0.29	0.28	0.25
Net water use (m ³)/Tonnes ore treated	1.15	1.11	1.13
Recycled water (m ³)/Tonnes mined (ore and waste)	0.36	0.42	0.26
Recycled water (m ³)/Tonnes ore treated	1.44	1.63	1.18





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