

## Q AND A WITH OUR COO



We are resolutely clear on our standards in terms of operational performance and sustainability, and these standards are deeply ingrained. We have successfully incorporated safety, climate impact and biodiversity considerations into our operational practices while continuing to build on our relationships with stakeholders.

**Brandon de Bruin**

### WHAT WERE THE SUSTAINABILITY HIGHLIGHTS IN 2023?

2023 has been a good year from a sustainability perspective and we are especially proud of our safety performance – having achieved our lowest recorded annual All Injury Frequency Rate for the Group and Letšeng.

This does not happen without a great deal of commitment and hard work over the past three years, particularly through our organisational safety culture maturity campaign and the degree to which we have ingrained a focus on safety leadership amongst management and employees.

We also made very good progress on our decarbonisation and environmental objectives whilst continually optimising operational activities to reduce costs and capital outlay, without compromising on our sustainability standards and goals. Our newly constructed 300 kilolitre per day bioremediation plant is a perfect example. By working intentionally and pragmatically, we have a completed plant that is fit for purpose, requiring significantly reduced capital expenditure from initial estimates.

### WHAT CHALLENGES HAS THE GROUP FACED OVER THE YEAR?

The predominant challenge in 2023 related to continued operational and cost pressure arising from the instability of Letšeng's power supply from the Eskom grid due to the significant increase in load shedding hours during the year. From an operations perspective this resulted in increased use of diesel-generated power, significantly increasing fuel consumption by the treatment plants, and maintenance costs. Coupled with this, the Group experienced significant revenue pressure from global macro-economic conditions and geopolitical instability.

We had to adapt to navigate these challenges, which are largely outside of our control. In this context, leadership and management had to operate efficiently and be flexible to ensure that costs are continuously reviewed and reduced, and that any required projects are executed in a way that is fit for purpose, minimises capital expenditure and contributes to operational success.

We have made several changes in the leadership at Letšeng, bringing in a new management team that comes with the necessary experience to drive operational efficiencies and cost reductions. The increased volumes of diesel usage in the treatment plants driving diesel cost due to the historically high levels of load shedding, make it frustrating that we couldn't recognise the full benefits of the optimisation and cost reduction measures implemented during the year. Still, we are confident that our actions have significantly mitigated the effect of these challenges on our business. There are certainly opportunities for further improvement and additional optimisation and efficiencies – our committed focus in 2024.

## HOW HAS THE IMPLEMENTATION OF THE SUSTAINABILITY STRATEGY EVOLVED?

The focus in previous years on strategy formulation and key project design and implementation has matured. Our knowledge base, know-how and governance structures have evolved to include full sustainability integration in every aspect of our business, enabling us to more effectively realise the sustainability benefits of new and existing projects and from synergies between operational areas.

We are resolutely clear on our high standards of operational performance and sustainability, and these standards are now deeply ingrained into how we operate. Over the past three years, we successfully integrated all aspects of sustainability, including safety, climate impact, environment, social and biodiversity, into our operational practices while continuing to build on our good relationships with our stakeholders.

Everyone, from our operators to the Board, understands the rationale behind our sustainability standards and objectives. Through focused training and awareness campaigns, everyone understands our expectations, their personal responsibilities and corresponding accountability. This focus on awareness of sustainability has ensured that the Group, as a whole, is pulling towards the same sustainability objectives and contributing towards our zero-harm goals.

Each department, in particular mining, has actively identified and pursued initiatives related to decarbonisation and has presented strategies to the Energy and Decarbonisation Committee to improve energy efficiency, reduce carbon emissions and effectively manage costs.

## PLEASE EXPAND ON THE GROUP'S ENERGY EFFICIENCY AND DECARBONISATION INITIATIVES.

In 2023, we set our decarbonisation target - to reduce our Scope 1 and 2 carbon emissions by 30% by 2030 (against a 2021 baseline), and have already made good progress in this regard.

Reducing energy consumption through enhanced energy-use efficiencies is the most effective way for us to reduce our carbon emissions and operational cost base in the short term, with the intention to appropriately transition to operable alternative energy supply in due course.

Counterintuitively, load shedding has had a positive net effect on our decarbonisation goals, as diesel-generated power produces fewer emissions per kilowatt hour than Eskom's coal-fired power stations. However, diesel-generated power is not cost effective. We therefore actively pursue initiatives to reduce energy consumption (Scope 1 & 2), the following initiatives having already been implemented to reduce mobile combustion related diesel consumption:

- Reduced tramping of heavy machinery (i.e. in-pit maintenance and refuelling, shorter distances when blasting)
- Hauling route maintenance to improve road conditions
- Driver coaching to reduce idling
- Reduced distances for refuelling of all heavy machinery
- Reduced hauling distances for waste rock dumping
- Pit design optimisation to reduce mining waste rock volumes

While efficiency work and consumption reduction remain our immediate priority, we continue to actively explore appropriate and operable alternative energy sources. Letšeng's remote location and unique weather and operating conditions poses significant challenges to finding appropriate and cost effective alternative energy solutions; however, we are committed to working with stakeholders to advance progress toward a viable solution.

Installing a solar power solution at Ghaghoo has eliminated the need for ongoing diesel-generated electricity. Securing long-term renewable power for the Ghaghoo operation supports our Group decarbonisation goals and Ghaghoo's rehabilitation objectives.

## WHAT ARE YOUR FOCUS AREAS IN 2024?

We want to further improve our safety performance and operational safety culture maturity; we are resolutely committed to achieve zero safety related harm.

We look forward to gauging the effectiveness of the new bioremediation plant and the continuous improvement of our effective water management programme. We anticipate further opportunities to reduce our energy consumption (diesel and grid-powered electricity) and to increase the proportion of energy derived from renewable sources. We also expect to be able to advance our concurrent rehabilitation processes at Letšeng.

The insourcing of the mining activities in December 2023 will lead to enhanced synergies with our sustainability efforts - allowing us to use mining equipment to advance our environmental and community support objectives, and reduce operational cost restrictions for activities such as concurrent rehabilitation. Refer to our Annual Report and Accounts 2023 for more information on insourcing our mining activities.

We will continue to approach operational and sustainability considerations in an integrated and unified way through intentional and pragmatic decision making on each aspect of our operations and projects.

## APPRECIATION

I would like to thank Mike Brown and the Sustainability Committee for their ongoing and valuable support and also our HSSE and Sustainability Manager, Danielle Kriel, for her hard work and contribution in driving and integrating sustainability into every aspect of our business. Additionally, I value my fellow executives and senior managers who support, identify and drive the implementation of value-adding initiatives that positively impact safety, our environmental footprint, decarbonisation and costs.

I would also like to acknowledge the mining team at Letšeng, they are champions of decarbonisation and have identified and implemented initiatives to drive efficiencies which in turn reduced carbon emissions and associated energy costs. Their enthusiasm, creativity and passion to operate safely, responsibly and sustainably is to be commended.