

# Q AND A WITH OUR SUSTAINABILITY COMMITTEE CHAIRPERSON



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**Mike Brown**

## PLEASE REFLECT ON GEM DIAMONDS' SUSTAINABILITY PERFORMANCE OVER THE PAST YEAR

Overall, it was a good year, marked by steady improvements in several critical areas. We recorded our lowest all injury frequency rate, experienced no major environmental issues and made good progress in reducing our energy consumption and carbon footprint. We also introduced two new UN SDGs to the six we adopted in 2020 and are already aligned with.

We were pleased to be recognised, once again by the Mining Indaba, for our commitment to responsible water use and protecting water sources, having won the Junior ESG Awards 2023 for Water as selected by the Mining Indaba Sustainability Committee. The award commended the actions taken by the team in pursuing the effective management of water to ensure that water sources are responsibly used while remaining clean and safe for communities.

This and other recognitions, such as our inclusion in the FTSE4Good Index, provide visibility of our commitment to fulfilling our obligations to the environment and stakeholders. The intrinsic value of the work that leads to this recognition, however, lies in it being the right thing to do – from an ethical and business perspective.

Operating sustainably, by which we mean ensuring good governance, driving improved safety performance, conserving water, and reducing our environmental footprints and energy usage, leads to a more efficient business and improved outcomes. Costs over time are reduced, not increased, through this approach.

Our intention was that every three years, we would recommit to our adopted UN SDG goals and would add additional goals as appropriate. In 2023, we added SDG 2 (Zero Hunger) and SDG 13 (Climate Action) to our existing six goals, further supporting our ongoing CSI and decarbonisation efforts well.

## PLEASE PROVIDE A BRIEF OVERVIEW OF SUSTAINABILITY ACTIVITIES IN 2023

### Safety and health

We had a very pleasing year in 2023 in respect of safety, recording our lowest all injury frequency rate to date. There were no major health incidents, and the Group retained its ISO 45001 certification for health and safety. We continue prioritising safety by driving the ongoing organisational safety culture maturity campaigns and through regular Board member and executive site visits.

## Environment

No significant environmental incidents were recorded during the year and we retained our ISO14001 certification. Our two pilot bioremediation plants demonstrated their value by effectively eliminating nitrates from retained water; we began the commissioning of our larger 300 kilolitre plant in December 2023 to be fully operational in Q1 2024. We also completed a detailed wetland design to be located below the RTZ bioremediation catchment dam; however, should the new bioremediation plant perform at current levels as planned, the wetland may not be required.

The recently re-shaped slopes at our residue facilities allow for the implementation of more effective rehabilitation initiatives, and we expect further benefits to rehabilitation resulting from the insourcing of mining equipment, which can now more efficiently and cost effectively also be used for environmental and other projects.

## Residue storage facilities (RSFs)

We have made significant progress on our RSFs and freshwater dams. Strict daily, weekly, monthly and quarterly inspections are carried out to ensure that key performance indicators (KPIs) are closely monitored and adhered to.

The Independent Tailings Review Board (ITRB), with world tailings dam experts John Wates and Danie Brink, visited the Letšeng site in October 2023 for their annual audit. The ITRB commended management on the effective management of the tailings dams and confirmed that the dams comply with the applicable responsible practice standards, codes and regulations, meet the requirements of good practice, satisfy functional safety requirements, and are suitable for the site's actual climate setting and physical parameters.

## Corporate social investment (CSI)

We continue working to enhance our contributions to communities, who are directly represented on the CSRI Committee of the Letšeng Board. Informed by regular needs analyses, the major portion of our CSI spend in 2023 was on small, medium and micro enterprise (SMME) development and educational support. The community dairy, vegetable farm and egg projects are operating well, and we expect the dairy project to become self-funding in 2024.

## Decarbonisation

The Board adopted the Taskforce on Climate-Related Financial Disclosures (TCFD) framework in 2021, and in March 2023, we committed to a 30% reduction of Scope 1 and 2 emissions by 2030, against our 2021 carbon footprint baseline. Several projects have been implemented to reduce emissions, mainly focused on reducing power usage and managing maximum demand. Steepened pit slopes and optimised short-term pit designs have reduced haul distances and shortened fuel and maintenance trips which in turn have reduced fuel usage and associated emissions. To derive maximum benefit from our interventions, our phased approach will see us continue to reduce our energy usage and improve efficiencies in the first instance, and after that, implement appropriate renewable energy sources.

## WHAT RISKS, CHALLENGES AND OPPORTUNITIES DID THE GROUP EXPERIENCE OVER THE YEAR?

As with many companies, one of the key risks remained the lack of consistent power supply and the disruption caused by load shedding in South Africa. The Group exceeded its budget for diesel due to the number of load shedding hours and the need to run diesel generators to maintain production.

Tailings remained on the agenda as a risk due to the severity of incidents occurring worldwide over the past number of years. However, we have implemented numerous mitigation factors to reduce this risk, and the relevant practices and procedures are resolutely followed.

Our change from contractor mining to owner mining came into effect on 1 December 2023. Implementing this change requires careful planning to ensure no material disruptions to operations occur, but will offer opportunities to reduce costs and enable us to implement additional rehabilitation and environmental projects using equipment under our direct management.

Letšeng is well positioned to start rehabilitating some permanent waste rock sites and dam walls. Previous rehabilitation trials have indicated that rehabilitation is successful even on very steep slopes, which could lead to reduced rehabilitation liabilities.

## WHAT ARE YOUR EXPECTATIONS FOR 2024?

We are proud of what we have achieved in terms of our sustainability objectives in 2023. We look forward to continuous improvement and progress, particularly regarding safety, governance and our environmental impact.

We will continue to engage and interact with the communities surrounding our operation to ensure our mutual objectives are met and that we provide support, where possible and appropriate, to those in need.

## ARE THERE ANY THANKS OR APPRECIATION YOU WOULD LIKE TO EXTEND?

I would like to extend my deep thanks and appreciation to Danielle Kriel, our former HSSE and Sustainability Manager, who resigned in 2023. Under her management, we achieved significant environmental and decarbonisation milestones. She will be missed, but the strong foundation built during her tenure has provided a sound basis for further progress.

I would also like to thank our COO, Brandon de Bruin, and his team for the tightly focused management of our operations, and the continued integration of sustainability considerations into operational activities.