

# SUSTAINABLE DEVELOPMENT REPORT 2020

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GEM DIAMONDS



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This icon refers the reader to further information about the Group's sustainable development activities on the Group's website at <https://www.gemdiamonds-reports.co.za/reports/sd-2021/index.php>

# SUSTAINABLE DEVELOPMENT



## SUSTAINABLE DEVELOPMENT

### 2020 in review

- Zero fatalities;
- One lost time injury (LTI);
- 0.76 Group-wide all injury frequency rate (AIFR);
- Zero major or significant stakeholder incidents;
- Zero major or significant environmental incidents; and
- ISO 45001 and 14001 accreditation retained for Letšeng.

This Sustainable Development (SD) Report provides a summary of the information contained on the 2020 SD Reporting Platform, available on Gem Diamonds' website (<https://www.gemdiamonds-reports.co.za/reports/sd-2021/index.php>). Readers are encouraged to read the information below in conjunction with the content on the SD Reporting Platform.

### Material issues

We consider material issues to be those topics that have a direct or indirect impact on our ability to create or preserve economic, environmental and social value for our organisation, our stakeholders and society at large. Material issues, therefore, include both risks that must be managed as well as opportunities that could be captured to enhance the viability of the business in the short, medium and long term.

Underpinning the way the Group mines diamonds are the following five sustainability pillars:

- financial and operational;
- governance and ethics;
- employees;
- social; and
- environmental.

Our material issues were organised under these five sustainability pillars. It is by monitoring these issues and remaining flexible in its approach that the business drives sustainable results, and that its impact on the places and communities where it operates is positive and any environmental damage is appropriately mitigated.

### WORKING TOWARDS GLOBAL GOALS

The United Nations (UN) Sustainable Development Goals (SDGs) are 17 interlinked global goals designed as a roadmap for countries to achieve a more sustainable future for all. The SDGs promote social prosperity and offer environmental protection for the planet. Aligning business practices to broader societal goals makes good business sense, as many of the world's top risks can impact a company's ability to create value for its stakeholders, with the recent COVID-19 pandemic being a perfect illustration of this.

We endeavour to work responsibly to maintain our social licence to operate. Our established sustainability strategy focuses on six areas aligned with the UN SDGs. This strategy confirms our support for both global and local sustainability priorities.

Priority UN Sustainable Development Goals (SDGs):





The 439 carat Letšeng Icon

## Financial and operational

We approach business performance holistically by integrating sustainability principles into our daily activities. We ensure our social licence to operate to generate fair returns for our shareholders and sustainable value to all our stakeholders

### A snapshot of our performance

<p><b>US\$190 million</b> in revenue (2019: US\$182 million)</p>	<p><b>US\$53 million</b> underlying earnings before interest, tax, depreciation and amortisation (EBITDA) (2019: US\$41 million underlying pre-exceptional EBITDA)</p>	<p><b>US\$2 million</b> in capital expenditure (2019: US\$10 million)</p>	<p><b>5.4 million</b> production tonnes treated (2019: 6.7 million)</p>
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### Maintaining a strong revenue stream and managing costs

The operating context remains challenging, and, as such, it is essential for us to ensure business continuity throughout the pandemic. This will help us generate strong revenues and protect the viability of our operations, ultimately enabling us to create shared value for our stakeholders. In addition to revenue generation, our success as a business depends on our ability to optimise our operations and to effectively manage costs.

To maintain strong revenue generation, we continue investing in leading technology to minimise diamond damage during recovery, ensuring our tender process remains active, operating according to our mine plan, and maintaining high safety standards. From a cost perspective, we continued implementing our continuous improvement (CI) initiatives across the organisation. The targeted US\$100 million in incremental revenue, productivity improvements and cost savings over the four-year period to end-2021 remains on target.

### Maintaining balance sheet strength

Mining is a long-term, capital-intensive industry that requires sufficient cash and debt facilities to ensure daily operational requirements are met to enable capital projects.

We strive to protect and strengthen our balance sheet through selective capital deployment, prudent cash flow management and strong relationship management and transparency with our funders. Furthermore, we apply strict investment criteria when assessing possible capital projects. All investments are assessed against long-term growth goals and current debt levels to preserve our cash position and create value for our shareholders.

### Protecting the premium brand of diamonds

Diamonds are often one of the most expensive and emotional purchases for consumers. However, conflict diamonds and the role they play in human rights abuses threaten consumers' confidence in and perception of diamonds. Given this context, we understand the need to protect the premium brand of diamonds through embedding the highest standards of corporate governance and ethics in our organisation.

We are committed to supplying rough and polished diamonds to our clients with assurance of the highest product integrity and investing in and implementing cutting-edge technology to build consumer confidence. Responsible business practices are incorporated into every step of our production journey. This ensures that our diamonds are equally as ethical, as they are beautiful. We also work with relevant industry organisations to ensure the premium brand of natural diamonds is protected. Our diamonds are exported in accordance with the requirements of the Kimberley Process.

### Ensuring product security

Security and theft prevention are inherent risk management considerations owing to the high value of diamonds. From mining and extraction through to selling our product, we ensure the meticulous care and secure handling of our diamonds is supported by the highest standards of ethical conduct to protect the premium brand of our products.

The safety and security of our employees, clients and product are of paramount importance to us. As such, we continue investing in risk mitigation and management at our facilities. Our operations are required to fully assess and understand their risk profile in this regard. We continuously strive to uphold the highest standards by applying good practice guidelines and providing rigorous training programmes for employees.

### Managing and mitigating macro, socio and economic risks

Like any other business, Gem Diamonds' operations are exposed to global risks and uncertainties that could potentially have an adverse impact on the Group. These include but are not limited to political instability, financial market uncertainty, the impact of COVID-19 and its resultant economic downturn, the financial implications of climate change and the effect of currency volatility.

The Group takes a proactive approach to the effective identification, management and mitigation of the risks and uncertainties it is exposed to. These risks, if not appropriately managed and mitigated, could result in financial, operational and compliance impacts on the Group's performance, reputation and long-term growth. Our comprehensive risk management framework combines top-down and bottom-up approaches with appropriate governance and oversight. The framework is detailed in the principal risks and uncertainties section of the Annual Report.

## SUSTAINABILITY CONTINUED

### Governance and ethics

We are committed to governance and ethics excellence, ensuring that good corporate citizenship is embedded throughout the business.

#### A snapshot of our performance

Every rough diamond recovered is certified through the <b>Kimberley Process</b>	<b>Fully compliant</b> with all government regulations and relevant voluntary codes concerning product and service information labelling	<b>Zero cases</b> of bribery, corruption and anti-competitive behaviour have been brought against us to date (2019: zero)
Blockchain technology will allow consumers to <b>track the source</b> of diamonds and consider corporate citizenship	<b>Zero breaches</b> of confidentiality and privacy of client information (2019: zero)	<b>19 cases</b> of whistleblowing (2019: 20)

#### Implementing effective ESG strategies, which are managed at Board level

Gem Diamonds embraces governance excellence at every level. We are committed to being a good corporate citizen. The Board ensures good governance and ethics are embedded throughout the organisation. The Board leads by example and has oversight over Group performance and activities. This includes oversight over ESG strategy development and implementation; risk management and mitigation plans; Group innovation; Group efficiencies through the Business Transformation (BT) and Continuous Improvement (CI) plans; community involvement; and employee health and safety.

We use sustainability to drive business success to ensure long-term prosperity for our stakeholders. Our sustainability focus was notably demonstrated in 2020 when, despite severe constraints, our plans were adapted to manage the critical risks that emerged to protect our business and our stakeholders during the pandemic.

#### Prioritising business integrity

Responsible business practices are incorporated into every step of our production journey. This ensures that our diamonds are equally as ethical, as they are beautiful. Business integrity and being a good corporate citizen is essential to Gem Diamonds. We recognise each stakeholder's inherent worth in our value chain and work to the highest standards to ensure their human rights are protected. We adhere to all legislation and regulations of our host countries and, where applicable, apply international best practice to all human rights-related policies and procedures. We continuously refine our policies and procedures relating to upholding the rights of our employees and project affected communities (PACs).

#### Ensuring transparent governance and remuneration practices

The Board is accountable to shareholders and other stakeholders concerning Group performance (financial, social, environmental, governance, and health and safety). The Board is committed to corporate citizenship principles and entrenching world-class governance principles – achieved by promoting an ethical culture and embedding good governance at every level of the business. This ensures value is delivered to investors while host nations and PACs benefit from social and environmental upliftment.

The Board annually reviews the composition and chairmanship of its primary Committees, ensuring a balance of Executive and non-Executive Directors so that no individual or group can

dominate the Board's decision-making. In 2020, considerable time was spent assessing the Board and each Committees' performance through an effectiveness survey. The Remuneration Committee considers and determines all remuneration elements of the Chief Executive Officer, the Chief Financial Officer and the senior executive team. The Remuneration Committee also determines the terms and conditions of performance-related remuneration paid by the Company.

#### Ensuring legal, regulatory and governance excellence

We continuously work to improve our corporate governance by understanding legal, regulatory and governance requirements and keeping abreast of industry best practice. By embedding sound corporate governance principles throughout our business, we can create sustainable value for all stakeholders.

We frequently monitor changes to the UK Corporate Governance Code and other relevant standards and implement amendments to our governance policies as necessary. In 2020, the Board sought to evolve and improve our corporate governance by implementing the necessary adjustments identified from the UK Corporate Governance Code, and enhancing our reporting in relation to section 172 of the UK Companies Act 2006 and voluntary disclosures in relation to the Miscellaneous Reporting Regulation.

#### Raising standards across the pipeline

Our supply chain is multi-layered and supports our business processes. Our products comprise raw, direct and indirect materials, and services include technical, legal, administrative and professional, and skilled operational labour. Businesses, particularly those in the mining industry, have an increasing duty of care to ensure they operate in a manner that enhances the reputation of the industry. This duty is extended to their stakeholders, suppliers and partners.

We are committed to raising the standards across our pipeline, ensuring our processes, and those of our suppliers, align with our code of ethics and reputation in the industry. Our governance processes aim to timeously identify and mitigate risks. Our whistleblowing policy encourages employees to anonymously report any unethical behaviour. We have a zero-tolerance approach to bribery and corruption and are committed to upholding and complying with the UK Bribery Act requirements. All procurement undergoes a stringent vetting process. All suppliers must conform to the same zero-tolerance approach.



Clinic staff member at Letšeng

## Employees

The health and safety of our employees, their families and the surrounding communities is our primary objective. We promote safety, as well as their physical and psychological well-being.

### A snapshot of our performance

<b>Zero fatalities</b> (2019: one)	<b>One LTI</b> (2019: seven)	<b>0.04 lost time injury frequency rate</b> (LTIFR) (2019: 0.28)	<b>US\$1.1 million invested</b> in Letšeng towards COVID-19 mitigation measures	<b>0.76 AIFR</b> (2019: 0.93)
<b>US\$31.8 million</b> spent on employee remuneration and benefits (2019: US\$37.1 million)	<b>6.1% voluntary staff turnover</b> (2019: 14.9%)	More than 13 000 <b>COVID-19 screening</b> tests conducted at Letšeng	<b>55 547</b> proactive safety management actions implemented (2019: 60 848)	Following an extensive audit, the <b>ISO 45001 certification</b> was retained at Letšeng

### Providing a safe working environment

The Letšeng mine is one of the highest and most remote diamond mines in the world. These extreme operating conditions pose unique operational challenges that require specialised knowledge, rigorous planning and exceptional leadership to embed a culture of zero harm.

After experiencing one fatality and seven LTIs at Letšeng in 2019, we adopted a safety turnaround strategy to improve our safety record. Our extensive safety work has yielded zero fatalities and one LTI (an employee twisted his ankle while pushing a wheelbarrow). We are immensely proud of our improved safety record in 2020, achieving our lowest AIFR in a decade.

Throughout the COVID-19 pandemic, our primary objective was to ensure the safety and health of our workforce. A Group-wide COVID-19 Detection and Management Protocol was implemented to ensure the physical and psychological welfare of all people on-site and to curb the spread of COVID-19.

### Attracting and retaining qualified people

In a constrained business environment, the need to remain competitive and differentiate oneself is more important than ever. For this reason, Gem Diamonds invests considerable resources into attracting and retaining talent, skills, expertise and experience. Skills shortages in the mining sector, coupled with our operations' remote location, intensify our need to attract and retain high-calibre employees.

Our strength lies in the quality of the people who work for the Group. To attract and retain talented individuals, we must address employee needs, offer market-related salaries, cultivate a supportive working environment and offer career development opportunities. We remunerate all employees in line with market-related rates, and male and female employees in the same occupational grade are rewarded at the same level. We also ensure our lowest graded employees are remunerated above the minimum wage standards of the host country.

## SUSTAINABILITY CONTINUED

### Providing skills development opportunities for employees

Skills retention and CI training initiatives have contributed to building our human capital in 2020, to ensure that we maintain our competitive advantage in our industry. While we appropriately invest in recruiting specialist skills when required, we prefer to upskill and empower our employees by providing learning and career development opportunities.

Our human resources practices are designed to identify skills shortages and implement development programmes and succession planning for employees. We train and develop our employees through various internal and external programmes and our well-established mentorship culture. Performance reviews are conducted annually to ensure key personnel are engaged and developed to meet our business requirements.

### Ensuring our employees remain healthy

Promoting employee health and well-being is a critical focus area. Therefore, our work environments actively encourage and support employee well-being and healthy living. Improving employee health and wellness can increase morale, reduce absenteeism and improve productivity. Ensuring that effective safety policies and processes are in place reduces risk to our workforce, strengthens our relationships with employees and regulators, and safeguards the Group's reputation.

All employees complete a full medical examination during our induction programme. When an employee leaves, an exit medical examination is performed. Our primary health and total occupational cases were lower than in previous years. With the onset of COVID-19, we implemented and continued taking all necessary precautions as part of our COVID-19 response to ensure the welfare of our workforce.

### Engaging with employees and elected representatives

We seek to maintain and improve direct employee engagement and engagement with their representatives to enhance our employee relations. Our Letšeng operation remains non-unionised, and Ghaghoo mine was unionised in 2016. We maintain a policy of freedom of association; our employees can join unions and other collective bargaining organisations.

Employees are notified of any significant or material changes to the operations or their working environments through established policies and procedures. Our management team also ensures frequent engagement with our workforce through multiple forums, including daily toolbox talks, weekly visible felt leadership visits, town hall meetings when permitted and weekly newsletters. Non-Executive Director, Mazvi Maharasoa, leads employee engagement and consultation at Board level.

We are satisfied that adequate mechanisms are in place to record and address employees' grievances; and we maintain good relationships with our employees and relevant bodies.



Food aid distribution in PACs



PPE distribution in PACs

## Social

We regard ourselves as guests in the countries where we operate and endeavour at all times to maintain healthy and constructive relationships, both with regional and national governments and with our PACs.

To maintain our social licence to operate, we regularly engage with government and local communities to seek mutually beneficial solutions to challenges that arise – providing both financial and practical support on a range of projects considered material, thereby ensuring mutually beneficial partnerships and creating sustainable value for our stakeholders.

Mining is a finite resource; this means we need to establish sustainable businesses through our corporate social investments that continue creating value beyond the life of our mines.

### A snapshot of our performance

<b>US\$ 0.1 million</b> invested in COVID-19 community relief	<b>US\$ 0.3 million in total</b> invested in social projects (2019: US\$0.8 million)	<b>US\$ 126.9 million</b> spent on local procurement (2019: US\$164.6 million)	<b>Zero</b> major or significant community incidents (2019: zero)
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### Safeguarding our communities

Our mining operations face daily challenges due to their remote locations; these challenges include extreme weather, inaccessible transport routes and limited public infrastructure. While these circumstances pose significant operational challenges, they can also impact the health and well-being of our PACs. In addition to the challenges faced by community members due to their natural and built environment, it is our responsibility as a good corporate citizen to protect our communities against any potential risks posed by our mining operations and support our communities during times of crisis.

We follow a comprehensive social and environmental engagement programme to help us identify PACs and their needs. Our new mining lease stipulates that 1% of turnover or a minimum of LSL5 million should be invested in community initiatives each year. Following the recovery and sale of all special diamonds greater than 300 carats, 1% of that diamond's value is directed to social projects.

Since the start of the COVID-19 pandemic, our primary objective was to operate in a safe and responsible manner, at all times ensuring the safety and health of our workforce, their families and our PACs, as well as supporting Lesotho's national effort to control the spread of the virus. We were able to leverage our infectious disease management platform to help raise awareness about COVID-19, by engaging extensively with government, medical experts and communities. We partnered with the Lesotho Government and the Ministry of Health to raise awareness and distribute personal protective equipment (PPE) and hand sanitisers to 10 villages in neighbouring Mokhotlong District.

Our tailings storage dams are an integral and necessary part of our mining operations and present a substantial risk if not responsibly managed. We continuously assess our Tailings Storage Facility (TSF) management protocols against best practice standards such as the International Council on Mining and Metals (ICMM) standard and develop an action plan to

## SUSTAINABILITY CONTINUED

bridge any gaps if they emerge. We take a proactive approach to guarantee that dam safety is continuously managed according to our Dam Safety Protocol. We also regularly monitor the natural springs and local boreholes in our PACs. To assist our communities, we provide clean potable water sources.

Due to inadequate basic infrastructure in the Letšeng area, our team regularly performs road maintenance, clears snow, scatters salt on access roads and remove vehicles that block access, thereby ensuring safer road conditions for our PACs. In the case of vehicle road accidents or other road emergencies, the Letšeng clinic and healthcare workers are the closest and best equipped to assist.

### Ensuring positive engagement with our stakeholders

The strength of our relationships with our stakeholders, particularly employees, regulators, PACs and host nation governments ensures our social licence to operate. This relationship depends on how effectively we manage issues such as ethics, labour practices, environmental and social responsibility, as well as our risk management and engagement activities with stakeholders. We adopt a culture of care within our business, by engaging, listening and responding responsibly to our stakeholders' needs. Our decision-making is helped by regular stakeholder engagements, which in turn enables us to create value for wider society and promote our long-term sustainability.

Lesotho has high levels of unemployment, inequality and poverty. We recognise that we have a responsibility to contribute positively and sustainably to our PACs that extends beyond the life of the mine, and believe that it is only through meaningful engagement that this can be achieved.

Our community engagement approach is informed by our operation-specific social and environmental impact assessments (SEIAs) and community needs analyses. These are informed by extensive public participation, host country legislation and international best practice guidelines.

We aim to engage transparently and respectfully to acknowledge the many cultures and traditions of our host communities. Therefore, we appointed suitably qualified and trained employees to ensure this transpires.

### Minimising our potentially negative social impact

Due to our mines being in remote, rural locations, we recognise the importance of protecting the well-established cultures and social structures in the surrounding communities. We believe it is our duty to uplift and support the economic, environmental and social sustainability potential of these communities, promoting practices that protect human rights in every aspect of how we operate.

We align our community engagements and corporate social investment (CSI) projects to international best practice and principles of sustainability. We apply an informed approach using information gathered in the community needs analyses and SEIAs conducted. These assessments include extensive public participation to understand our PACs' needs and concerns. The goal is to minimise adverse mining impacts while identifying opportunities for positive outcomes.

Our SEIAs involve biodiversity surveys; soil, water and air quality studies; archaeological surveys; visual and socio-economic

impact assessments; and an extensive public participation process. Our needs analysis was postponed in 2020, and we aim to complete the community needs analysis in 2021 depending on COVID-19 restrictions.

### Working with communities to understand and meet their needs

Diamonds and the textile industry contribute the majority to Lesotho's export economy. While these industries are growing, they are still in the early stages of development. We contribute towards our host communities through the payment of taxes and royalties as well as our SD investments, local employment and local procurement practices. To ensure our investments create meaningful change, we focus on real engagement with our communities to understand their needs and the implementation of sustainable projects.

Our approach to CSI focuses on investments that promote long-term sustainability for our communities. Each project in our CSI programme follows a five-year plan to ensure sustainability. Our CSI projects focus on education, health, infrastructural, environmental and enterprise development initiatives. We also integrate the UN SDGs when conceptualising new CSI initiatives to contribute to achieving these goals.

### Supporting our communities through localisation to create shared value

We value localisation as a critical strategy to create shared value for our host countries and communities. By employing our PACs and engaging with local businesses in our supply chain, we can create value for our stakeholders and offer a significant and positive contribution to our communities, while meeting our business's needs.

The Letšeng mine makes a substantial contribution to the Lesotho economy, providing jobs for 1 894 people and supporting the local economy and the broader population of Lesotho through focused local procurement initiatives.

### Managing our environmental footprint

To pursue financial growth at the expense of the environment is unsustainable. As such, we strive to manage our environmental impacts responsibly, measuring, monitoring and minimising our consumption; by considering our water and carbon footprints, as well as how we manage waste, impacts our value chain. We recognise that natural resources like water, air, biodiversity and land are central to our business, and therefore, we use them with the utmost respect and responsibility.

### Water footprint

We are heavily reliant on water in our operations. Due to the ongoing drought in Lesotho and consequent low rainfall over the past three years, our dam levels were very low in 2020. We are mindful of the fragile relationship between the mine and our PACs, especially regarding access to quality water, food security and stakeholder relationships. We know that we cannot secure water resources for our mine without securing water for our PACs.

We actively minimise freshwater use by recycling and reusing water on-site, recovering run-off water, creating additional drainage channels, and economising our water usage. We focused on our stormwater management system and enhanced



*The endangered Maluti Stream frog at Letšeng*

## Environmental

We strive to minimise our environmental impact in line with our earnest commitment to responsible environmental stewardship. Furthermore, we continue deepening our understanding of the risks presented by climate change and develop appropriate response plans.

### A snapshot of our performance

<b>Zero</b> major environmental incidents for the 12th consecutive year	<b>Zero</b> significant environmental incidents for the seventh consecutive year	<b>US\$0.5 million</b> invested in environmental protection during 2020 (2019: US\$0.7 million)	<b>US\$16.1 million</b> environmental rehabilitation provision (2019: US\$18.7 million)
<b>No fines</b> for environmental transgressions or non-compliance with host country legislation for the 11th consecutive year	<b>Dam safety</b> management framework implemented	<b>Rehabilitation</b> and closure management strategy adopted and updated	<b>Climate change</b> adaptation plan adopted

the existing engineering mechanisms to catch and redirect stormwater drainage into our freshwater dam. We continue exploring opportunities for additional catchment and freshwater supply for the operation and its PACs.

### Carbon footprint

To protect global climate stability going forward, we must prevent further greenhouse gas (GHG) emissions. Our goal is to reduce and at a minimum stabilise our GHG emissions to avoid

any dangerous anthropogenic interference to our climate system. Considering the extreme weather events already experienced in our locations; we wish to prevent further climate disturbance. Our carbon footprint is monitored and measured to develop and implement initiatives to mitigate our environmental impact. We measure the tonnes of carbon dioxide (tCO<sub>2</sub>e) emitted per employee and per carat recovered, to consider our impact in isolation from our operation size.

## SUSTAINABILITY CONTINUED

### Managing and addressing climate change and extreme natural events

Climate is an important component of operating in extreme environments because significant climatic hazards can negatively affect operations and could potentially endanger workforce and PAC safety. Increased and/or extreme climatic events can be symptomatic of climate change; therefore, any fluctuations in temperature associated with climate change could have severe repercussions for our operating conditions. Extreme weather events include snowstorms, extreme temperatures, flash flooding and drought. Many of the root causes of climate change are also linked to increased prevalence of diseases.

We are cognisant of the risks presented by climate change and its potential impact on our operations; we therefore seek efficient ways to minimise our emissions and reduce our operations' environmental impact. Our business continuity plans also work to mitigate the effects of these extreme weather events to prevent unnecessary risks for our people and operating environments.

Climate change is a disrupter that can potentially suspend mining, interrupt transport schedules and disturb our rehabilitation efforts. We adopted a climate change adaptation plan that considers the Paris Agreement, a UN treaty under the United Nations Framework Convention on Climate Change (UNFCCC). The goal of this plan is to reduce our environmental impact – achieved by reducing our GHG emissions; identifying carbon-neutral energy solutions; outlining the responsible management and efficient use of resources so as not to impact production; and defines the long-term use of the land to ensure resources are used responsibly and sustainably so that the land can be restored, mitigating any environmental impacts from our mining activities.

### Ensuring consistent electricity supply and minimising energy usage

Electricity is a crucial resource needed in our daily operations. The use of inefficient fossil fuels is not sustainable – we must reduce our GHG emissions to stabilise climate change. As a business we have extensively explored clean energy solutions; unfortunately, Letšeng's extreme location and extremely low temperatures prevent the use of solar panels (they freeze and break during winter), and the use of wind turbines is not possible because an endangered vulture colony resides close to the mine. Therefore, we seek ways to reduce our consumption and improve electricity efficiencies and keep abreast of potential clean energy opportunities to implement.

Improving energy efficiency is a critical focus area of our BT and CI plans. By reducing consumption, we can preserve cash flow and reduce our environmental footprint. Letšeng has implemented an ISO 50001 energy management system, which provides us with a structured framework to manage and protect our energy supply, to track and minimise our consumption, and to help us monitor our CO<sub>2</sub> and GHG emissions.

### Planning for mine closure

We take a long-term view of the land under our management, recognising that adverse impacts must be remediated to demonstrate responsible stewardship of natural resources. All our project lifecycles are focused on the eventual restoration of the land we use, and multiple CSI initiatives implemented support socio-economic opportunities for our PACs. Remediation of our Letšeng mine poses a unique challenge because it is the world's highest diamond mine, with an altitude of ±3 200 metres above sea level. Revegetation of this area can be challenging due to the remoteness of the mine and its extreme environment.

We follow best practice when planning mine closure programmes. We believe that this forms part of our responsibility to our host countries and the communities who live in proximity to our mines. Our operations have integrated rehabilitation plans to ensure we meet our closure objectives as efficiently as possible. With these plans, we can better manage our operations' environmental impact and identify cost-effective rehabilitation strategies. Plans are revisited annually.

### Protecting biodiversity and enhancing conservation

While mining is a significant contributor to our host nations' socio-economic prosperity, it also has a significant environmental impact. Gem Diamonds takes its responsibility to mitigate environmental damage, protect biodiversity, and enhance conservation efforts seriously.

We believe that our responsibility is to protect the biodiversity of indigenous flora and fauna surrounding our mine. We achieve this by collecting and storing topsoil for all areas of potential disturbance so that we can use the collected topsoil to rehabilitate those areas at a later time. We collaborate and partner extensively with our host countries, our PACs, peer mining companies, regulators, scientists and other industry stakeholders to implement practical environmental protection strategies. These strategies are integrated into our BT and CI programme. Our ultimate goal is to ensure the long-term sustainability and prosperity (from both an environmental and socio-economic perspective) for our host communities, our PACs and ourselves. Bioremediation is a critical part of our conservation efforts.

# GEM DIAMONDS LIMITED

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