

## **GEM DIAMONDS LIMITED**

**2019**

### **TERMS OF REFERENCE FOR THE HEALTH, SAFETY, SOCIAL AND ENVIRONMENT COMMITTEE**

#### **1. CONSTITUTION**

- 1.1 The health, safety, social and environment committee (**Committee**) was constituted as a committee of the board of directors (**board**) of GEM DIAMONDS LIMITED (**Company**) at a full meeting of the board in accordance with the articles of association of the Company.
- 1.2 The Committee has the delegated authority of the board in respect of the functions and powers set out in these terms of reference.
- 1.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members or the company secretary, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

#### **2. ROLE**

The role of the Committee is to assist the board in fulfilling its oversight responsibilities in order:

- 2.1 To promote a culture of zero harm and responsible care through effective risk management that prioritises the workforce, creating a safe and healthy environment.
- 2.2 To minimise environmental impact and reduce resource consumption.
- 2.3 To achieve the goal of sustainable development, meeting the needs of the present while sustaining the ability of future generations to support their need.
- 2.4 To review and monitor the Company's approach, policies and measures on health, safety, corporate social responsibility and the environment.

#### **3. DUTIES**

The Committee shall carry out the following duties for the Company and its subsidiaries (the **Group**) as appropriate:

##### **3.1 Policies**

The Committee shall:

- a. evaluate the effectiveness of the Group's policies and systems for identifying and managing health, safety, corporate social responsibility and environmental risks within the Group's operations; and
- b. assess the policies and systems within the Group for ensuring compliance with applicable legal and regulatory requirements with respect to health, safety, corporate social responsibility and environmental aspects.

##### **3.2 Management processes and monitoring**

The Committee shall:

- a. assess the performance of the Group with regard to the impact of health, safety, corporate social responsibility and environmental decisions and actions upon employees, communities and other stakeholders. It shall also assess the impact of such decisions and actions on the reputation of the Group;
- b. on behalf of the Board, receive reports from management concerning all fatalities and serious accidents within the Group and actions taken by management as a result of such fatalities or serious accidents;
- c. on behalf of the Board, receive reports from management concerning any health, safety, corporate social responsibility or environmental concerns within the Group and actions taken by management in this regard;
- d. evaluate and oversee, on behalf of the Board, the quality and integrity of any reporting to external stakeholders concerning health, safety, corporate social responsibility and environmental issues;
- e. review the Sustainability Report that is published annually together with the Annual Report and Accounts of the Company and make recommendations to the Board where appropriate;
- f. assess and make recommendations as appropriate to the Board with regard to the Company's Modern Slavery Statement, required to be prepared for each financial year of the organisation in accordance with section 54 of the Modern Slavery Act 2015; and
- g. review the Group's public disclosure on health, safety, corporate social responsibility and environmental matters and approve them as necessary.

### 3.3 **Target setting**

The Committee shall:

- a. review the Group's performance indicators in connection with health, safety, corporate social responsibility and environmental aspects; and
- b. review the results of independent audits of the Group's performance in regard to health, safety, corporate social responsibility and environmental matters, review any strategies and action plans developed by management in response to issues raised and, where appropriate make recommendations to the Board concerning the same.

### 3.4 **Risk management**

The Committee shall:

- a. advise the Board on the Company's risk appetite and strategy with regard to health, safety, corporate social responsibility and environmental risks; and
- b. ensure that any potentially catastrophic risks relating to health, safety, corporate social responsibility and environmental factors are appropriately captured and considered in the Group's risk profile.

## 4. **MEMBERSHIP**

4.1 The Committee shall comprise a minimum of three members, including at least one board director and not less than two independent non-executive directors as determined by the board (in accordance with the principles of the UK Corporate Governance Code).

4.2 The board shall appoint members of the Committee, on the recommendation of the Nomination Committee. It is recognised that the number of members may fall below two for temporary periods due to departures pending new appointments.

- 4.3 Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three- year periods, so long as members continue to be independent, unless the board otherwise determines.
- 4.4 The board shall appoint the chairman of the Committee from among the independent non-executive directors. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present at a meeting shall elect one of their number present to chair the meeting.
- 4.5 The company secretary, or his or her nominee, shall act as the secretary of the Committee and provide all necessary support for the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.
- 4.6 Current members of the Committee:
- a. Mike Brown (appointed 13 March 2018)
  - b. Jonathan Velloza (appointed 16 September 2018)
  - c. Mazvi Maharasoa (appointed 4 September 2019)

## **5. ATTENDANCE AT MEETINGS**

- 5.1 The Committee shall meet not less than twice a year and at such other times as the Chairman of the Committee shall require.
- 5.2 Only Committee members and the company secretary (or his or her nominee) for the purposes of paragraph 9, have the right to attend Committee meetings. Only Committee members have the right to vote at Committee meetings. However, other individuals such as other directors may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 5.3 The Committee shall engage specialists with appropriate technical expertise to be members of and/or attend meetings of the Committee as and when appropriate and necessary.

## **6. NOTICE OF MEETINGS**

- 6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time, but Committee papers may be forwarded at shorter notice with the approval of the Committee chairman.
- 6.3 The Committee may send notices, agendas and supporting papers in electronic form where the recipient has agreed to receive documents in such a way.

## **7. QUORUM**

- 7.1 The quorum necessary for the transaction of business shall be 2 members including at least one board director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 7.2 Members of the Committee may attend in person or participate by other electronic means, including teleconference or video conference and be counted as part of the quorum.

## **8. VOTING ARRANGEMENTS**

- 8.1 Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting.
- 8.2 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 8.3 Except where he has a personal interest, the Committee chairman shall have a casting vote.
- 8.4 The Committee chairman may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

## **9. MINUTES OF MEETINGS**

- 9.1 The company secretary (or his or her nominee) shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 9.2 Minutes of Committee meetings shall be circulated to the Chairman of the Committee in the first instance, then to all members of the Committee and once agreed, to all members of the Board on request.

## **10. ANNUAL GENERAL MEETING**

- 10.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **11. REPORTING RESPONSIBILITIES**

- 11.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall review the Sustainability Report that is published annually together with the Annual Report and Accounts of the Company and make recommendations to the Board where appropriate;

- 11.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.4 The Committee shall make a statement in the annual report about its activities.
- 11.5 The Committee shall ensure, through the chairman of the board, that the Company maintains contact, and the Committee chair seeks engagement, as required, with its principal shareholders on significant matters related to the Committee's areas of responsibility.
- 11.6 The Committee shall make available to shareholders these terms of reference by placing them on the Company's website.

## **12. GENERAL MATTERS**

The Committee shall:

- 12.1 Consider other duties determined by the board from time to time.
- 12.2 Have access to sufficient resources in order to carry out its duties, including access to professional technical expertise in the areas within its remit and the assistance of the company secretary as required.
- 12.3 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 12.4 Give due consideration to all applicable laws and regulations, in particular the directors duties contained in the Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and other applicable rules as appropriate.
- 12.5 Work and liaise as necessary with all other board committees taking particular account of any delegation of the impact of risk management and internal controls to different committees.
- 12.6 Arrange for periodic reviews of its own performance and, at least annually review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.
- 12.7 At every level of the organisation, line managers are responsible for health, safety, corporate social responsibility and environmental matters. Ultimate responsibility for health, safety, corporate social responsibility and environmental matters will remain with the board.

## **13. AUTHORITY**

The board authorises the Committee to:

- 13.1 Carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense,

appropriate professional advice on any matter within its terms of reference as it considers necessary.

- 13.2 Seek any information it requires from any employee of the Company or the Group to perform its duties.
- 13.3 Call any employee to be questioned at a Committee meeting as and when required.
- 13.4 Secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense.
- 13.5 Commission, at the Company's expense, any reports or surveys which it deems necessary to help it fulfil its obligations.

Adopted at the board meeting of the Company on

2019