



Delivering our strategy

SUSTAINABLE
DEVELOPMENT REPORT

2019

SUSTAINABLE DEVELOPMENT

2019 IN REVIEW

- One fatality
- Seven lost time injuries (LTIs)
- Groupwide all injury frequency rate (AIFR) of 0.93
- Zero major or significant stakeholder incidents
- Zero major or significant environmental incidents
- ISO 45001 certification was retained at Letšeng

This Sustainable Development Report provides a summary of the information contained on the 2019 Sustainable Development Reporting Platform, available on Gem Diamonds' website (www.gemdiamonds.com). Readers are encouraged to read the information below in conjunction with the content on the Sustainable Development Reporting Platform.

MANAGING THE GROUP'S MATERIAL MATTERS

Material matters are considered to have a direct or indirect impact on the Group's ability to create, preserve or erode economic, environmental and social value for the organisation, its stakeholders and society at large. Gem Diamonds' material matters include 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 in which the Group mines diamonds are the following five sustainability pillars: financial and operational; governance and ethics; employees; social; and environmental.

The Group's material matters have been organised under these five sustainability pillars. It is by monitoring these matters 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

Gem Diamonds has, for several years, aligned the United Nations Sustainable Development Goals (UN SDGs) with its sustainability and business practices. The exercise has been valuable in its emphasis on the mutual support between global and local priorities, between business and sustainability outcomes, and between the Company and its shareholders.

Following extensive engagement, it has been determined that the next step in this alignment is the institution of a rolling three-year cycle of commitments to specific UN SDGs to ensure a targeted impact. Each SDG will be driven by a relevant department, working in tandem with other departments.

According to this cycle, every three years, six SDGs will be selected for special organisational attention. Six SDGs were chosen as a manageable number that was also broad enough to have a wide-ranging impact.

Due to the interconnected nature of the SDGs, there might well be overlap in terms of the goals selected in each cycle. This process is not intended to be a tick-box approach. Instead, the goal is to integrate thinking and solutions aimed at enhancing Gem Diamonds' positive impact in line with the recommendations of the UN.

The 2020 – 2022 cycle will focus on the following UN SDGs:

UN SDG	UN SDG 1: No poverty	UN SDG 3: Good health and well-being	UN SDG 6: Sustainable management of water and sanitation	UN SDG 8: Decent work and economic growth	UN SDG 10: Reduced inequalities	UN SDG 12: Responsible consumption and production
Aim	To end poverty in all its forms everywhere by 2030	To ensure healthy lives and promote well-being for all at all ages	To ensure access to safe water sources and sanitation for all	To promote inclusive and sustainable economic growth, employment and decent work for all	To reduce inequalities within and among countries	To ensure sustainable consumption and production patterns

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FINANCIAL AND OPERATIONAL

The Group strives to take a holistic view of business performance and integrate sustainability into its activities. In addition to generating fair returns to shareholders, this approach supports Gem Diamonds' social licence to operate by delivering sustainable value to all stakeholders.

A snapshot of our performance

US\$182 million
in revenue
(2018: US\$267 million)

US\$41 million
underlying EBITDA (earnings before interest, tax,
depreciation and amortisation)
(2018: US\$88 million underlying pre-exceptional EBITDA)

US\$10 million in capital expenditure (2018: US\$23 million)	6.7 million production tonnes treated (2018: 6.5 million)
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Maintaining a strong revenue stream and managing costs

While 2019 was a year of good operational performance, and the Group made steady progress with regard to its Business Transformation (BT) initiatives and other strategic objectives, revenue and EBITDA declined due to weaker diamond prices. Furthermore, Letšeng transitioned into a new cutback during the year and the planned lower contribution of the higher-value Satellite pipe ore negatively impacted both price and volume of carats sold.

With regard to the BT process, it is pleasing to note that the Group remains on track to realise the planned cumulative benefits of US\$100 million by the end of 2021 with US\$54 million realised to date. Gem Diamonds' position as a safe and low-cost producer strengthens the Company's resilience and sustainability, as well as its ability to create value for its stakeholders.

Maintaining balance sheet strength

Through careful capital deployment, prudent cash flow management and strong relationship management with funders, the Group strives to protect and strengthen its balance sheet. Strict investment criteria are applied when assessing possible capital projects. All investments must support long-term growth while managing debt levels to preserve the Group's cash position and create value for its investors.

Protecting the premium brand of diamonds

The Group recognises that conflict diamonds and their role in perpetuating human rights abuses has been the greatest single threat to consumer confidence in diamonds over the past decade. Given this context, Gem Diamonds understands the need to protect the premium brand of diamonds through embedding the highest standards of corporate governance and ethics across the organisation.

Ensuring product security

Security and theft prevention are serious risk management considerations when dealing with high-value products such as diamonds. From mining and extraction through to sales, the Group ensures meticulous care and secure handling. The safety and security of its clients, staff and product are of paramount importance, and the Group continues to invest in risk mitigation and management at its facilities.

Mitigating risks posed by global economic movements

Like any other business, Gem Diamonds' operations are exposed to risks and uncertainties that could potentially have an adverse impact on the Group.

Ongoing currency volatility remains a challenge as the Group generates its revenue in US dollars, while its cost base is incurred in the local currencies of the various countries within which the Group operates. The volatility of these currencies against the US dollar impacts the Group's profitability. The resilience of the business in relation to changes in exchange rates is material to its viability and allows it to harness opportunities during economic flux.

Furthermore, numerous factors beyond the control of the Group may affect the price and demand for diamonds. These factors include international economic and political trends, as well as consumer trends. Even though the medium to long-term demand is forecast to outpace supply, in the short term the prevailing climate of global economic uncertainty and liquidity constraints within the diamond sector are causing pressure in rough diamond pricing. These trends directly affect Gem Diamonds' cash flows and its ability to fund operations, projects and growth plans.

GOVERNANCE AND ETHICS

The value of diamonds is inextricably linked to the manner in which they are mined. As such, the Group is committed to supplying rough and polished diamonds to clients that are produced and distributed in accordance with the highest ethical and legal standards. The Group continues to entrench robust governance throughout the business, and to ensure it continues to operate with ethics and integrity.

A snapshot of our performance

Every rough diamond is **certified** through the Kimberley Process

Fully **compliant** with all **government regulations** and relevant voluntary codes concerning product and service information labelling

Zero significant cases of bribery, corruption or anti-competitive behaviour have been brought against us to date (2018: zero)

Zero incidents of potential breach of confidentiality of clients (2018: zero)

20 cases of whistleblowing (2018: 24)

Protecting human rights

Diamonds mined in accordance with the requirements of the Kimberley Process can have a positive impact, while those that are not can have large-scale negative consequences, including fuelling conflict and contributing to human rights violations. This is why the Group ensures it operates in a manner compliant with the Kimberley Process. Furthermore, the Group recognises the inherent worth of every person in its value chain, and works to the highest standards to ensure their human rights are protected.

As a minimum, the Group adheres to the legislation and regulations of host countries and incorporates applicable international best practice into all human rights-related policies and procedures. The Group continuously refines its policies and procedures relating to upholding the rights of employees and project affected communities (PACs).

Prioritising business integrity

The Group's regulatory and social licences to operate are dependent on the manner in which its diamonds are mined and distributed. Gem Diamonds aims to supply its clients with rough and polished diamonds of the highest quality while meeting its responsibilities as an ethical and accountable organisation.

From mining to sale, throughout the diamond's journey, the Group incorporates responsible business practices to ensure its diamonds live up to the beauty and promise they embody.

Ensuring transparent governance and remuneration practices

The Board is ultimately responsible to shareholders for the Group's activities, its strategy and financial performance, as well as for the efficient use of the Group's resources and improving its health, safety, social and environmental performance. The Group regularly reviews its external reporting to ensure it aligns with industry best practice.

The Remuneration Committee considers and determines all elements of the remuneration 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 corporate governance is compliant with industry best practices

The Group's commitment to robust corporate governance supports its ability to create sustainable returns for all stakeholders. Gem Diamonds continues to monitor and align with industry best practice.

The Group keeps abreast of any changes to the UK Corporate Governance Code and other relevant standards and ensures the implementation of the changes are done timeously. During 2019, Gem Diamonds updated its governance practices to ensure compliance with the amendments to the Code.

Raising standards across the pipeline

The Group relies on supply chains that are multi-layered and its business processes are supported by these chains. Products comprise raw, direct and indirect materials, and services include technical, legal, administrative and professional services, as well as skilled operational labour.

As part of the Group's focus on identifying and mitigating risks, a whistleblowing policy was established. This policy enables and encourages employees to anonymously report any unethical activity taking place in the workplace.

The policy was reviewed and updated in 2019 and all incidents reported through the whistleblowing line were dealt with appropriately and with the necessary consequence management.

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Gem Diamonds' procurement policies drive rigorous vetting processes, ensuring that all qualifying suppliers and service providers are given equal opportunity to compete and supply services while also promoting in-country procurement as far as possible.

The Group ensures that goods and services are only procured from reputable companies, and suppliers are required to confirm their adherence to the Gem Diamonds' ethical policies.

Moreover, a zero-tolerance approach is enforced with regard to acts of bribery and corruption involving any of Gem Diamonds' staff, third-party representatives or associates, and the Group is committed to upholding and complying with the requirements of the UK Bribery Act.

EMPLOYEES

The health and safety of the Group's employees remains its utmost priority. It endeavours to promote equality and diversity at every level of the organisation, and to support employees' continued development and well-being.

A snapshot of our performance

One fatality (2018: zero)

Seven lost time injuries (LTIs) have been recorded
(2018: four)

Lost time injury frequency rate (LTIFR) is **0.28**
(2018: 0.15)

60 848 proactive safety management
actions implemented (2018: 64 952)

US\$37.1 million spent on employee
remuneration and benefits (2018: US\$36.1 million)

14.9% staff turnover (2018: 8.7%)

Following an extensive audit,
the ISO 45001 certification 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.

Regrettably, in February 2019, one of Gem Diamonds' sub-contractors tragically lost his life at the Letšeng mine while operating a vehicle. Furthermore, although a decrease in the Group's all injury frequency rate (AIFR) was noted, an increase in LTIs was recorded during the year. In response to these incidences and in line with Gem Diamonds' aim of achieving zero harm, an organisationwide analysis of safety practices was undertaken and, following this analysis, a 10-step safety improvement programme was implemented to address this trend.

The Group has taken a firm stand against non-compliance with its high safety standards amongst employees, as well as contractors and sub-contractors. In 2019, as a result of non-compliance, a contractor was blacklisted, banning them from further work with Gem Diamonds, and others have been placed on a final-notice watchlist after identifying unsafe working practices.

Attracting and retaining qualified people

Across every industry, the relationship between quality talent and business performance is clear. Furthermore, the growing skills shortage in the global natural resource sector intensifies the need to attract and retain high-calibre employees.

The Group attracts and retains talented, passionate people by offering market-related salaries, supportive working environments and meaningful development experiences.

The Group recognises that remuneration plays a significant role in the attraction and retention of quality individuals. Gem Diamonds remunerates all employees in line with market-related rates, with male and female employees in the same occupational grade rewarded at the same level. Furthermore, the Group endeavours to ensure that its lowest-graded employees are remunerated above the minimum wage standards of the host country. While Lesotho and Botswana do not prescribe a minimum wage in the mining sector, construction industry wage guidelines are used as the standard.

Providing skills development opportunities for employees

To remain competitive, the Group requires exceptional people. While it invests in recruiting specialist skills as required, it also empowers Gem Diamond employees to further their careers by providing learning and development opportunities.

The Group invests in the training and development of its employees both professionally and personally. While its subsidiaries have not yet implemented programmes for skills management or lifelong learning, the Group offers training through various internal and external programmes, as well as through its well-established mentorship culture. In addition, annual career reviews are performed at strategic levels across the Group to ensure that key personnel are engaged and developed to meet business requirements.

Ensuring our employees remain healthy

The remote location of the Group's mines necessitates a reliance on the on-site clinics and medical stations at operations to provide emergency, occupational and primary healthcare to employees.

During the induction programme for all new employees, complete medical examinations to proactively promote their care and well-being are conducted. Additionally, exit medical examinations are conducted when an employee leaves the operations.

In 2019, primary health cases and total occupational cases increased from 2018. No cases of malaria or cholera were reported at the Group's operations for the third consecutive year.

Engaging with employees and elected representatives

The Group seeks to maintain and consistently improve employee engagement to enhance employee relations. During 2019, the Letšeng operation remained non-unionised, while Ghaghoo became unionised in 2016.

By engaging with elected representatives, the Group aims to be proactive in addressing employee grievances. Moreover, it maintains a policy of freedom of association and its employees are free to join unions and other collective-bargaining organisations.

The Group's employees are notified of any significant or material changes to the operations or their working environments through established policies and procedures. The provisions in these policies are based on a detailed change management system, as well as the host country's legislation.

In 2019, the Gem Diamonds' Board engaged its employees through a survey, followed by a strategic session on mission and values to collaboratively define corporate culture, using internal stakeholder feedback to reach a conclusion on what the desired culture within Gem Diamonds was and how it might be achieved.

Furthermore, following the appointment of Mazvi Maharasoja as a non-Executive Director of Gem Diamonds' Board, it was decided that, given her insight and depth of local experience, Mazvi would take the lead in driving employee engagement and consultation from Board level.

SOCIAL

To maintain the Group's social licence to operate it must demonstrate positive impact to its communities. This goes beyond a traditional social-investment approach, requiring the Group to pursue quality partnerships that create sustainable value.

A snapshot of our performance

US\$0.8 million invested in social projects
(2018: US\$0.8 million)

US\$164.6 million spent on local procurement
(2018: US\$159.3 million)

Zero major or significant community incidents (2018: zero)

Safeguarding our communities

The Group's operations are located in remote areas where weather can be extreme, transport routes remain a challenge and access to basic infrastructure can hamper progress. While these circumstances pose significant operational challenges, they can also threaten the health and well-being of the communities surrounding its operations.

In addition to the challenges faced by community members as a result of their natural and built environment, it is the Group's responsibility to guard communities against potential risks posed by its operations. For example, tailings storage dams, while an integral part of mining, also present one of the most significant potential hazards associated with the industry. Recent tragedies involving tailings dam failures have placed the mining industry under intense scrutiny, highlighting that risk management is crucial at every stage of the lifecycle of the Group's facilities.

In response to these tragedies, a global review into the safety of tailings dams was announced and co-convened by the International Council of Mining and Metals (ICMM), the Principles for Responsible Investment (PRI) and the United Nations Environment Programme (UNEP).

The ICMM announced in February 2019 that it would establish an independent panel of experts to develop an international standard for tailings facilities for its member companies. The standard would be informed by a review of current global best practices in the mining industry and beyond.

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Public consultation on the standard was concluded by 31 December 2019, and the deliberations are expected to be finalised in 2020.

Furthermore, during the year, the Church of England and the Swedish government sent out questionnaires and monitors to the mining stocks in which they were invested to ascertain their level of dam-safety preparedness.

To protect host communities from potential dam-related hazards, the Group monitors three facilities at the Letšeng mine: the Patiseng tailings storage facility (TSF), the old TSF, and the Mothusi Dam – the fresh-water-supply resource. All facilities undergo stringent inspections on a daily, weekly and monthly basis, surveying various factors such as water level, beach length, freeboard and overall structural stability. Furthermore, an early-warning system, together with community training and awareness programmes, are used to ensure the emergency readiness of communities that could be affected in the unlikely event of a failure.

Ensuring positive stakeholder engagement with our local communities

Lesotho is classified by the World Bank as a lower-middle-income country with high levels of unemployment, inequality and poverty. In this context, the Group has a significant responsibility to contribute positively and sustainably to project affected communities (PACs), even beyond the life of the mine, and believes that it is only through meaningful engagement that this can be achieved.

Along with excellent social, economic and environmental practice, engagement is the primary means of maintaining the Group's social license to operate. Its approach to community engagement is informed by operation-specific social and environmental impact assessments (SEIAs) and community needs analyses. The SEIAs and community needs analyses are informed by extensive public participation, host-country legislation and international best-practice guidelines such as the World Bank Equator Principles and the International Finance Corporation's Performance Standards on Environmental and Social Performance.

Minimising our potential negative social impacts

Operating in remote, rural locations, the Group recognises the critical challenge of ensuring that its operations do not threaten the well-established cultures and social structures in the communities surrounding its mines. Rather, it is the Group's duty to support the upliftment of these communities and their economic and social potential.

The Group applies an informed approach to community engagements and interventions, using information gleaned from community needs analyses and SEIAs, in line with international best practice.

These assessments include extensive public participation to ensure the Group understands the surrounding communities and their concerns and to minimise adverse impacts while also identifying opportunities for positive outcomes.

SEIAs involve biodiversity surveys; soil, water and air-quality studies; archaeological surveys; visual and socio-economic impact assessments; and an extensive public-participation process.



Working with communities to understand and meet their needs

The Group's recently signed mining lease agreement with the Lesotho government stipulates a minimum amount – L5 million – to be spent on CSI activities each year from 2020. To ensure this investment results in tangible, sustainable impact for host communities, the Group believes that a long-term strategic approach must be applied.

While the Group's flagship-project model has prefigured this long-term planning by endeavouring to take projects from conception to handover, with the increased investment comes the possibility of multiple flagship projects per year and an expanded geographical footprint, resulting in increased complexity.

Taking this into consideration, Gem Diamonds has taken the decision to adopt rolling five-year CSI cycles, beginning with a full needs analysis in 2020. This will involve an extensive consultation process with communities and community leadership to ensure that community priorities and Gem Diamonds' initiatives are best aligned.

The five-year cycles will not entail any diminished support for Gem Diamonds' existing CSI projects. The progress of both the dairy project and Lesotho Legend project have, however, been negatively impacted by delays in the implementation of the Lesotho Highlands Water Project – an initiative of the Lesotho Highlands Development Authority. This large-scale state infrastructure project was anticipated to drive baseline demand for the produce derived from both projects, and was considered key to their sustainability. The delays, though problematic, do coincide with the switch to five-year cycles, and can therefore more easily be incorporated in the new funding regime. The Lesotho Legend project in particular will see enhanced support as a result.

Supporting our communities through localisation to create shared value

Given the remote locations of the Group's operations and the limited employment available for PACs, localisation is valued as a critical strategy to create shared value for communities. Where operations are able to match available skills with on-site requirements, the Group recruits locally.

Furthermore, the Group strives to create sustainable socio-economic growth in the areas in which it operates by optimising local procurement. In this endeavour, it remains mindful of ensuring that all goods and services procured locally comply with necessary standards, and supporting local suppliers in meeting these requirements where appropriate.

Total in-country procurement by the Group during 2019 amounted to US\$164.6 million (2018: US\$159.3 million). In-country procurement at Letšeng amounted to

US\$161.9 million in 2019 (2018: US\$152.3 million). Letšeng also reports on PAC and regional procurement to show the extent of shared value created. During 2019 US\$2.1 million (2018: US\$2.1 million) was allocated to procurement from PACs. An additional US\$30.9 million in goods and services was procured from regional communities around Letšeng from US\$32.3 million in 2018.

ENVIRONMENTAL

The Group takes its duty of care seriously by minimising, managing and mitigating potential environmental impacts at every stage of the mining lifecycle.

A snapshot of our performance

Zero major environmental incidents for the eleventh consecutive year

Zero significant environmental incidents for the sixth consecutive year

US\$0.7 million invested in environmental protection during 2019 (2018: US\$0.6 million)

No fines for environmental transgressions or non-compliance with host-country legislation for the tenth consecutive year

US\$18.7 million environmental rehabilitation provision (2018: US\$17.9 million)

Water supply and quality

Effective water management is crucial for the Group's viability. This refers not only to the preservation of natural resources for the benefit of host communities but also to the cost implications of water consumption on the business.

The tributaries of the Khubelu River and one of the tributaries of the Matsoku River drain into the Letšeng Diamond Mine lease area. Both these rivers flow into the Senqu River, which feeds into the Lesotho Highlands Water Scheme. Safeguarding the quality of water entering the tributaries is therefore of the highest priority for both the future of the operation and for the communities that rely on a stable supply of water.

Although Lesotho has historically been one of the world's most water-rich countries, and a traditional provider of water to neighbouring South Africa, the country has suffered from a severe drought, which intensified in 2019, placing additional

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pressure on the country's water reserves. The Government of the Kingdom of Lesotho declared a national disaster on 30 October and issued a drought response and resilience plan. The Group is alert to ways in which it can play its part in alleviating suffering as a result of the drought, and is aware that the conservation of water resources is more crucial than ever.

The Group continues to address potential water contamination through a variety of measures, including a bioremediation initiative. To date, research undertaken with regard to the feasibility of bioremediation as means of addressing nitrate levels has been promising. The concept has been proven and assessment of the best placement for assessed the pilot plant has been conducted. During the year, the Group began the next phase of research, which includes detailed design and costing.

Letšeng has developed an integrated water-management plan to protect groundwater and surface water resources. Regular water quality monitoring is ongoing at Ghaghoo, despite the mine having been placed on care and maintenance in 2017.

The Group has also made a concerted effort not only to invest in the mitigation of impact, but also in the avoidance of impact. Innovative new methods of liberating diamonds to eliminate power-intensive, water-intensive mechanical processes continue to be explored.

Managing carbon emissions and waste

The Group recognises the critical need to decouple economic activity from greenhouse gas (GHG) emissions to protect global climate stability going forward.

In addition, it understands that responsible waste management also has a significant role to play – not only in the sustainability of the business but in the long-term viability of the planet.

The Group monitors and measures its carbon footprint in order to develop and implement initiatives to mitigate its impact. Gem Diamonds also tracks the tonnes of CO₂ emitted per employee and per carat recovered to consider its impact in isolation from the size of operations.

Managing waste remains a priority. The proper disposal of waste is an ongoing challenge that the Group takes seriously. In addition to making every effort to reduce waste, Gem Diamonds ensures compliance with host-country requirements to minimise its impact on the natural environment and surrounding communities. Both operations have waste-management plans in place to ensure that effective waste-handling mechanisms are enforced.

The pit slope design at Letšeng mine was reviewed in 2019 by the Letšeng Geotechnical team in order to reduce mining waste and improve the profitability of the mine, as the volume

of waste mined is a function of the slope design. Furthermore, a stability analysis was conducted by the team to derive optimised slope angles. The mine plan was rerun on steeper slopes, resulting in a 100 million tonne reduction in waste mined, as well as an increase in satellite ore of 6 million tonnes, to end-of-life of the open pit. Both the stability analysis and the pit slope design developed by the team were reviewed and approved by an independent external expert during the year.

The Group endeavours to reduce the use of infrastructure and utilised resources where appropriate. In 2019, it was able to reduce the Letšeng office footprint by 40%, from 6 272m² to 3 756m².

Dealing with extreme natural events at mining sites

Nestled high in the Maluti mountains, the Letšeng mine is often host to blizzards, extreme cold and snow, while the Ghaghoo mine, situated in the Central Kalahari Game Reserve, experiences extreme year-round heat, as well as occasional flash floods.

To prepare for these conditions, the Group has implemented a number of protocols. In addition, given the unpredictability of the environment, reactionary measures are considered and regularly assessed.

Moreover, the Group takes into account the potential risks that climate change poses to its operations, which could disturb mining, transport to and from operations, as well as rehabilitation efforts. Fluctuations in temperature associated with climate change could have severe repercussions in operating conditions that already oscillate between extremes. Food security and the prevalence of disease are further impacts of climate change that need to be considered.

As previously highlighted, Lesotho suffered an extreme drought during the year, impacting communities and the mine. Gem Diamonds recognises the need to integrate planning of this nature into its resource-management strategy going forward. Water-saving campaigns have been instituted to preserve water and ensure it is treated as a precious resource at all times.

Additionally, the upward trend of nitrates in the process water at Letšeng was also impacted by the water shortage, as reduced water levels resulted in more concentrated levels of nitrates in the water. As discussed, the Group continues to pursue its bioremediation initiative to address this concern.

Ensuring consistent electricity supply and minimising energy usage

Energy is essential to mining operations. However, the Group recognises that current global energy usage trends –

particularly the use of environmentally inefficient fossil fuels – are not sustainable.

Tracking the Group's consumption patterns enables it to identify opportunities to improve energy efficiency in areas that make the most significant impact. To ensure the accurate and efficient monitoring of energy usage, the Group has appointed a facilities manager to oversee the energy management of its operations.

Letšeng implemented an ISO 50001 Energy Management System. ISO 50001 provides organisations with a structured framework to manage energy.

At Ghaghoo, energy usage was drastically minimised once the operation was placed under care and maintenance in 2017. However, one generator remains in use for essential services, along with a back-up generator, when needed.

In 2019, the Group's total energy consumption was 1 377 867GJ (2018: 1 172 244GJ). Groupwide energy intensity was recorded as 10.1GJ per carat. During 2019, the Group recorded a minor increase in energy consumption as a result of ore haul distance increase at Letšeng, which resulted in higher diesel consumption. Letšeng saw a 10.4% increase in

total energy consumption and a 2.4% decrease in grid-supplied electricity consumption.

Planning for mine closure

Mining has a finite lifespan, and the Group understands that the complete rehabilitation of mine land will be expected of it in the future. As such, all project lifecycles are focused on the eventual restoration of the land used.

The Group pursues best practice in mine-closure planning, going beyond what is required by host-country legislation, as it believes that this forms part of its responsibility to host countries and to the communities that live in proximity to its mines.

The Group's operations have integrated rehabilitation plans in place to ensure that it meets its closure objectives as efficiently as possible. With these plans, the Group can better manage the environmental impact of its operations, as well as identify cost-effective rehabilitation strategies. Plans are revisited on an annual basis, and in 2019 the Group made further progress in integrating progressive rehabilitation programmes into the Letšeng mine plan.





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