

Sustainability Committee report



ELIZABETH HEADON

Chairman of the Sustainability Committee

An increasing focus on sustainability

Principal responsibilities of the Sustainability Committee

- Oversee management of health, safety, security, social and environmental risks, and facilitate progressive employment practices on our operating sites;
- Facilitate fair land access, compensation, and timely rehabilitation arrangements in our mining areas;
- Advocate for and promote community development, particularly economic, healthcare and education in our host communities;
- Incorporate management of climate change and other sustainability factors into Group plans, with external reporting where appropriate to recognised international norms; and
- Monitor socio-political developments within the region and Mozambique.

See the Committee's terms of reference at

www.kenmareresources.com/about-us/corporate-governance

Kenmare has always demonstrated a commitment to upholding strong health and safety, social and environmental standards, which are our long-standing core values. With increasing focus on sustainability, and the need to formalise systems and reporting structures that support this work, in 2019 the Board determined that it was the right time to establish a Sustainability Committee.

Meetings

Following its establishment in Q3 2019, the Committee met three times by year end. It agreed the Committee's terms of reference and it focused on developing or revising corporate policies on health and safety, environment, freedom of association, community, business ethics and stakeholder engagement. This process involved senior and site management, and there was strong engagement and debate to ensure the policies are meaningful for all operational divisions.

One challenge has been the expectation among some that suppliers should be required to adopt the same policies as Kenmare. In view of our commitment to progressively increase the number of Mozambican suppliers, we have pursued a pragmatic approach of formally informing suppliers of our policies, and advising them that we desire that they should adopt the same standards.

We intend to work more closely with our entire supplier base over time to develop capacity and support their adoption of key policies.

The Committee considered a review of community grievances since the mine was established, a detailed review of health and safety, the Kenmare Moma Development Association (KMAD) work programme and budget, and an update on the political situation. The Committee's work programme for 2020 has also been agreed.

2019 sustainability performance

Turning to the year's performance, the Group had seven injuries among employees and contractors during the year, resulting in a LTIFR of 0.27. Although this LTIFR represents a robust performance from an industry perspective, it is an increase for Moma compared to 2018, and therefore we have redoubled our efforts to ensure every employee goes home safe and well, after every shift. We have been encouraged by a 30% reduction in malaria cases among employees compared to the average of the past four years, underlining the positive efforts being made by the Group to ensure employee health and wellbeing.

We made progress towards our goal of increased gender diversity, with an 8% female workforce by the end of 2019 compared to

Membership and meetings

The Sustainability Committee consists of the Non-Executive Directors Ms. E. Headon, Mr. C. Fonseca, Mr. G. Martin, Dr. E. Dorward-King and Mr. T. Keating. Dr. E. Dorward-King attended all meetings held after her appointment to the Committee.

		Independent	Date of appointment to Committee	Meetings attended
E. Headon	Chairman	Yes	2/10/2019	4/4
C. Fonseca	Member	Yes	2/10/2019	4/4
E. Dorward-King	Member	Yes	4/11/2019	3/4
T. Keating	Member	No ¹	2/10/2019	4/4
G. Martin	Member	Yes	2/10/2019	4/4

¹ See page 76 regarding Independence

7% at the end of 2018. The localisation of our workforce also continued to increase, with a 96% Mozambican workforce by the end of the year (2018: 95%) and a significant increase in the number of Mozambicans in management positions.

From an environmental perspective, our progressive rehabilitation programme continued well, with 200 hectares of mined land rehabilitated during the year. This was just below our internal target of 215 hectares due to operational reasons, and we maintain close communication with our host communities throughout.

In 2019, 90% of our power requirement was supplied from hydropower, a strong uplift on 2018 (86%).

KMAD continues to focus on ensuring that our host communities share in the benefits of the Mine. Some of the highlights of KMAD's work programme included the construction of the second phase of the technical school to further vocational development and renovation work undertaken on the community health centre, which provides care to over 24,000 local people every year.

For more information about our approach to sustainability and our performance during the year, read the Sustainability report on pages 52 to 65.

Acknowledgements

I would like to thank the Committee members for their enthusiasm and vigour in engaging with the important and wide-ranging sustainability agenda, and the Kenmare senior executive for their whole-hearted support. In particular Ben Baxter, Deirdre Corcoran, Katharine Sutton and Johan Jacobs, whose work has been essential during the time-consuming process of establishing the Committee and planning its work programme.

For me personally it has been a tremendous honour to act as the first Chair of the Sustainability Committee, especially in view of my long involvement with Kenmare's community development programmes.

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Chair of the Sustainability Committee

27 March 2020

Hectares of mined land rehabilitated

200

Reduction in malaria cases amongst employees

30%

