

# Gemfields Group

APPLICATION OF KING IV PRINCIPLES - APRIL 2023

GEMFIELDS



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This document illustrates how Gemfields Group Limited (the “Company”) and the group of entities controlled by the Company (the “Group”) applied each of the principles of the King IV Code on Corporate Governance (“Code”) during the calendar year ending 31 December 2022.

### **Application of King IV Principles**

#### **LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP**

##### **Leadership**

##### **Principle 1      The Board should lead ethically and effectively**

##### **Integrity**

The Board subscribes to and promotes the highest standards of integrity and good corporate governance, itself acting ethically and setting the tone for an ethical organisational culture. The Board’s ethical approach is further strengthened by the diverse experience of its non-executive directors, the majority of whom are independent.

Disclosure of other directorships, personal financial interests and any other conflicts of interest, and those of related persons, in any matter before the Board is a standing Board agenda item and declared conflicts are recorded in the minutes of the meeting. If the other Directors require, Directors excuse themselves from discussion on any matters in which they may have a conflict of interest.

##### **Competence**

The Board ensures that it has sufficient working knowledge of the Company and its industry as well as the key laws, rules, codes and standards applicable to the Company. The Company requires all Group companies and their directors and employees to comply with all applicable laws. Each Director has an understanding of the laws and standards applicable to the Company. The Board receives an update on relevant issues at each scheduled meeting and training is arranged as part of the induction of new Directors. In addition, all Board members are required to keep up to date with the continuing professional development requirements of their respective professions.

The Board recently approved a Board Performance Evaluation Policy for the assessment of the performance of each Director and Board Committee (including the Chairman). The first formal Board evaluation was initiated in the second quarter of 2022. A specialist third-party agency has been engaged to conduct Board evaluations.

##### **Responsibility and Accountability**

The Board assumes collective responsibility for steering and setting the direction of the Group. Members of the Board are willing to answer for the execution of their responsibilities, even where these are delegated. Certain responsibilities are reserved for the Board, while others are delegated to Board committees, each with formal mandates and terms of reference. This delegation, however, does not reduce the individual and collective responsibilities of Board members’ overall fiduciary duties and responsibilities.

The Board ensures that the Group’s core corporate governance principles are communicated and adhered to by management and then cascaded from management to all employees of the Group.

## **Fairness**

The members of the Board take a stakeholder-inclusive approach and direct the Group in such a way that takes into account the effect of its operations on the natural environment, society and future generations.

## **Transparency**

The members of the Board disclose information in a manner that enables stakeholders to make an informed analysis of the Company's performance and sustainability.

The Board has approved a charter (the "**Board Charter**") setting out its role, responsibilities, membership requirements and procedural conduct.

## **Organisational Ethics**

### **Principle 2      The Board should govern the ethics of the Company in a way that supports the establishment of an ethical culture**

The Board takes responsibility for determining the Group's strategic direction and providing oversight of corporate governance. The Board is focused on ethics and ensuring that appropriate standards of governance and ethics are in place across the Group.

The Board has put in place, amongst others, a Group Code of Ethics, an Anti-Bribery and Corruption Policy, an Anti-Money Laundering and Counter Terrorist Financing Policy, a Modern Slavery Policy and an Anti-Facilitation of Tax Evasion Policy (the "**Policies**"). The Policies are implemented and monitored by the Responsible Officers, who are either Board members or senior members of the Group's legal team. The Policies are published on the Group's intranet and incorporated by reference into supplier and employee contracts, where appropriate. The Policies are constantly under review to ensure they incorporate updates to legislation and best practice. Non-compliance with the Policies may be considered a serious disciplinary offence. Even if not illegal, or investigated by a law enforcement authority or regulator, if any acts are committed that are contrary to the guidance contained in the Policies, the Company reserves the right to take internal disciplinary action, including without limitation, dismissing those involved.

Training is provided to all relevant employees on a yearly basis in relation to key areas of organisational ethics, namely anti-bribery and corruption and anti-money laundering and counter terrorist financing. Training is also provided to London based employees on data protection and the General Data Protection Regulation. Completion of such training is closely monitored including by the Board. In 2021 the Legal Team rolled out targeted anti-bribery and corruption training for the Group's 'politically exposed persons' ("**PEPs**").

In addition to the above, the Board is constantly considering how the Group can act more ethically. In 2020, the Company adopted a new Group-Wide Share Dealing Policy, which replaced a pre-existing policy. The policy reflects obligations under the EU Market Abuse Regulation (**MAR**) as a result of the Company's listing on the Alternative Investment Market, of the London Stock Exchange (**AIM**), in addition to obligations under the JSE Listings Requirements.

The Company does not currently have a Social and Ethics Committee as historically the nature and size of the Company has made such a committee unnecessary. However, given the growing focus on Environmental, Social and Governance ("**ESG**") the Company has recently established an ESG Committee ("**ESG Committee**"), which is chaired by Toby Hewitt, the Company's Group General Counsel and Company Secretary. Its principal purpose is to strategise, monitor and advance the

Group's ESG efforts. It has its own terms of reference and its members are made up of a cross-section of senior employees across the Group. The ESG Committee meets quarterly. Its key focus areas in 2022 were the completion of an ESG 'gap analysis', the creation and implementation of a new Group ESG Strategy Framework and the monitoring of Group ESG efforts. The ESG Committee is in addition to the already established Risks and Ethics Council ("**Risk Council**"), which is chaired by Mary Reilly, an Independent Non Executive Director of the Company. Its principal purpose is to monitor current and emerging strategic, operational and ethical risks and challenges facing the Group. It has its own terms of reference, and its members are made up of a cross-section of senior employees across the Group. The Risk Council meets quarterly and its recommendations are reported to the Audit Committee in advance of its own committee meetings. When the Audit Committee does not meet, the Risk Council reports to the Board in advance of its meetings. The Risk Council's key focus in 2022 was the implementation of a new Enterprise Risk Management ("**ERM**") Framework and monitoring of Group risks and ethics-related issues. Planned areas of future focus include the climate and related reporting.

In 2020, a new whistle-blowing reporting facility was launched to all Group employees. It is managed by a third party in the UK under the SeeHearSpeakUp brand. Reporting is available by telephone (with translators), email or via a website form. Any allegations received are forwarded to three Authorised Receivers of Information ("**ARIs**") in the London office who are independent of the operating management line. The ARIs then assess the allegation, determine how it should be investigated and provide feedback to SeeHearSpeakUp who, if possible, communicate developments to the individual who raised the concern.

In addition to the above actions, ethics is a standing agenda item for all Board meetings.

## **Responsible corporate citizenship**

### **Principle 3      The Board should ensure that the Company is and is seen to be a responsible corporate citizen**

The Board ensures that the Company, is and is seen to be, a responsible corporate citizen. In formulating the Group's strategy, it considers a full range of issues that influence the sustainability of the business, create value over the long term and takes into account the social, economic and natural environment in which the Group operates. These include consideration of the following:

- i. the workplace, by promoting employment equity, fair remuneration, safety, health, dignity and development of employees through its employment policies and procedures;
- ii. the economy, by promoting economic transformation and the prevention, detection and response to fraud and corruption through its business policies and procedures;
- iii. society, by promoting public health and safety, consumer protection, community development and protection of human rights, through its sustainability and corporate responsibility policies and procedures; and
- iv. the environment and climate, by promoting the prevention of pollution, minimising waste disposal, protecting biodiversity through its environmental policies and procedures.

In 2022, a key focus remained the climate and seeking to voluntarily align with the recommendations of the Task force on Climate-related Financial Disclosures ("**TCFD**"). In the 2020 Annual Report the Group accounted for and disclosed its greenhouse gas ("**GHG**") footprint for the first time. Its calculation and methodology were independently verified by internal audit. Such disclosures are also included in the 2022 Annual Report. In 2023 the Group will continue its journey to TCFD compliance.

Further, from 2023 onwards, the Company will be adopting the JSE Sustainability Disclosure Guidance and making specific, annual disclosures which are material to the Group's key stakeholders.

### **Strategy, performance and reporting**

**Principle 4      The Board should appreciate that the Company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process**

The Board believe that strategy, risk, performance and sustainability are inseparable.

The Board, led by the Chairman, is responsible for formulating and developing the strategy for the Company. Budgets are presented to the Board as well as strategic plans, and any risks and opportunities are identified and considered.

Formal policies are in place which govern environmental, corporate social investment, ethical and remuneration matters, which ensure the long-term sustainability of the Group. Such policies are under regular review.

Following the external reporting of the Group's carbon footprint for the first time in the 2020 Annual Report, the Group will seek voluntary alignment with the recommendations of the TCFD over the next few years.

In respect of disclosure on strategy and performance please refer to Principle 5 below.

**Principle 5      The Board should ensure that reports issued by the Company enable stakeholders to make informed assessments of the Company's performance, and its short, medium and long-term projects**

The Board oversees that all reports issued by the Company are compliant with legal reporting requirements and meet the reasonable and legitimate needs of stakeholders.

The Board oversees the publication of the following:

- Annual Financial Statements;
- Market updates via SENS, RNS and via the Group's website, <https://www.gemfieldsgroup.com/>;
- Half year/Interim Results;
- Annual Report.

The Board, assisted by the Audit Committee, takes responsibility for the Group's external reporting and ensures that it fairly represents the performance of the Group.

### **GOVERNING STRUCTURES AND DELEGATION**

#### **Primary role and responsibilities of the Board**

**Principle 6      The Board should serve as the focal point and custodian of corporate governance in the company**

Through regular Board meetings the Board determines policies and processes to ensure the integrity of the Group, manage risks and oversees internal controls if necessary. The Board has overall responsibility for all Group policies, and these are regularly reviewed and updated.

In 2020 the Board approved the Board Charter setting out its role, responsibilities, membership requirements and procedural conduct. The Board is satisfied that it has fulfilled its responsibilities as required under the Board Charter during the reporting period.

## **Composition of the Board**

**Principle 7     The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively**

### *Composition*

The Board assumes responsibility for its composition by approving processes to attain the appropriate balance of knowledge, skills, experience, diversity and independence.

In 2020 the Board approved and adopted a Board Diversity Policy, which sets out the approach to diversity to be adopted by the Board of Directors and the Nomination Committee, when making new appointments to the Board.

When considering the balance of the Board or the nomination of new members, the range of skills, knowledge, experience and diversity of existing incumbents are taken into account. The Company seeks to promote diversity at Board level, although does not set targets for race, age, sexual orientation or gender when making appointments to the Board. The key factors considered are those which will result in the appointment of the best qualified individuals who can best serve the interests of all of the Company's stakeholders.

With effect from 11 October 2021, Patrick Sacco was appointed to the Board of Directors. In appointing Patrick Sacco, the Board gave consideration to the composition and skill requirements of the Board at the time, as required by the Board Diversity Policy.

Any Director appointed since the previous AGM may only hold office until the next AGM. A retiring Director can be re-elected at the same AGM and if re-elected at the same AGM is deemed to have not vacated their office.

### *Independence of directors and conflicts*

There are eight Directors on the Board, of which six are Non-Executive Directors. Five of the Non-Executive Directors are independent. A review of the independence of the directors is undertaken each year by the Board. Martin Tolcher has served on the Board for a tenure of more than nine years and as per the recommendations of King IV the Board is required to review his independence. As Martin Tolcher has no significant interests in the Company and his remuneration is non-material, the Board have concluded that his independent classification should remain for the time being. Patrick Sacco is not considered independent in the context of King IV as Mr Sacco is currently the managing director of, and holds a beneficial interest in, Assore International Holdings Limited ("AIHL") which in turn holds 311,540,560 ordinary shares in the Company representing 25.69 per cent of the Company's voting rights. As such, Mr Sacco is deemed to have a beneficial interest in AIHL's entire legal holding in Gemfields.

Disclosure of other directorships, personal financial interests and any other conflicts of interest, and those of related persons, in any matter before the Board is a standing Board agenda item. If the other Directors require, Directors excuse themselves from discussion on any matters in which they may have

a conflict of interest. In addition, completion declarations of any real or perceived conflicts of interest are collected from all senior employees annually, including executive directors.

Mr Mondy is the Company's Lead Independent Non-Executive Director ("**LID**"). The LID's main responsibilities are to chair any meeting in which the Chairman has a conflict of interest, and to give stakeholders a point of contact separate from the Executive Directors.

#### *Nomination, election and appointment of members to the governing body*

The Nomination Committee seeks to ensure that the Board has the right balance necessary to carry out its responsibilities in keeping with robust standards of governance.

#### *Chair of the Governing Body*

The offices of Chairman and Chief Executive Officer are separate, formalised, and clearly defined. This creates a balance of power and authority and means that no individual is able to exercise unrestricted power. The Chairman of the Company, Martin Tolcher, became non-executive Chairman effective from 25 November 2019. The other members of the Board believe that the Chairman's wealth of knowledge and experience mean that he is best placed to provide overall leadership to the Board.

The Chair's role and responsibilities along with those of the LID are set out in the Board Charter.

#### *Company Secretary*

Toby Hewitt, Group General Counsel, is Company Secretary of the Company (he was appointed to that role on 27 September 2018). Toby Hewitt is supported by Mourant Governance (Guernsey) Services Ltd and the internal legal and company secretarial team at the Company.

#### *Induction of directors*

Directors typically undergo an induction programme. The programme is tailored for the individual director; in broad terms, the programme sets out the Directors' responsibilities and educates the individual on the Group.

More detail on the Directors, including their qualification and experience is set out in the Annual Report.

### **Committees of the Board**

**Principle 8      The Board should ensure that its arrangement for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties**

The Board has delegated certain responsibilities to an Audit Committee, a Remuneration Committee and a Nomination Committee (each a "**Committee**", together the "**Committees**").

Each Committee has formal terms of reference which set out the membership, authority and responsibilities of each Committee. The terms of reference are formally reviewed and approved by each Committee annually. The chairman of each Committee reports back to the Board after each meeting. The Board ensures that each Committee is well-structured and has a suitable level of authority, whilst retaining overall responsibility for the Group's governance.

The Committees are appropriately constituted, and members are appointed by the Board, except for the Audit Committee whose members are put up for re-election by shareholders each year.



The Board considers the allocation of roles and the composition of membership across the Committees to achieve the following:

- Effective collaboration through cross-membership between Committees, where required; coordinated timing of meetings; and avoidance of duplication or fragmented functioning in so far as possible. Where more than one Committee has jurisdiction to deal with a similar matter, the specific role and positioning of each Committee in relation to such matter are defined to ensure complementary rather than competing approaches.
- There is a balanced distribution of power in respect to membership across Committees, so that no individual has the ability to dominate decision making, and no undue reliance is placed on any individual.

The succession arrangements for directors are reviewed as necessary. The Company has developed a succession plan for interim successors for both the Chief Executive Office and Chief Financial Officer roles.

External advisors, Executive Directors and members of management attend committee meetings by invitation.

The Board confirms that its delegation to the Committees promotes independent judgement and assists with the balance of power and effective discharge of duties. For a full breakdown of each Committee member's qualifications and experience, please refer to the Annual Report.

The Committees are satisfied that they have fulfilled their responsibilities in accordance with their terms of reference for the reporting period.

The key focus of Committees in 2022 was the appointment of a new external auditor, from the financial year ending 31 December 2021, considering Executive Director remuneration and the consideration of a new Long Term Incentive Plan for certain executive management ("LTIP").

#### *Audit Committee*

The Board, assisted by the Audit Committee, takes responsibility for the Group's external reporting and ensures that it fairly represents the performance of the Group. In addition, it annually reviews the appropriateness of the expertise and adequacy of the resources of the finance function and assesses the Chief Financial Officer. Although ultimate responsibility for risk management lies with the Board, the Audit Committee monitors the Group's risk management on an ongoing basis, including via the deliberations of the Risk Council. The Audit Committee reports to the Board on how it has discharged its duties.

The Audit Committee has clear terms of reference which set its agenda and focus. These terms are approved by the Board on at least an annual basis. The Chief Financial Officer may attend meetings by invitation.

The Company's Audit Committee consists of Carel Malan, Mary Reilly and Lumkile Mondli, each of whom is an independent Non-Executive Director. The Audit Committee members have suitable levels of skill and experience. Mr Malan serves as the chair of the Audit Committee. The Audit Committee is responsible for overseeing the external audit process. The Audit Committee recommends the appointment of the external auditor to shareholders on an annual basis at the AGM. The Committee may meet with the auditor, either formally or informally, throughout the year; the audit partner has access to the Committee through the Chair.

From January 2020, the Internal Audit function has been run in-house, with Robin Griffiths acting as Director Internal Audit. Robin Griffiths' employment with the Company ended on 31 December 2021 following which the Company sought to partially outsource this function, with Oscar Loreti being appointed as Robin Griffiths' replacement. For 2023 onward, Daniel Jacobs has been appointed as the Group's Internal Audit Manager, a role which sits within the Risk and Assurance Function led by Oscar Loreti. The Internal Audit Manager is independent and formally reports in to Carel Malan, as Chair of the Audit Committee.

The Audit Committee met three times during 2022.

#### *Nomination Committee*

The Company's Nomination Committee consists of Lumkile Mondi, Carel Malan and Kwape Mmela, each of whom is an independent Non-Executive Director. The Nomination Committee is chaired by Mr Mondi. The Nomination Committee assists the Board in considering new board appointments as and when the need arises.

A formal process exists to appoint new Directors. When considering the balance of the Board, the nomination of new members or the appointment of senior executives, the range of skills, knowledge, experience and diversity of existing incumbents are taken into account as required by the Board Diversity Policy. The Company seeks to promote diversity at Board level, including gender, although does not set targets for race, age, sexual orientation or gender when making appointments to the Board. The key factors considered are those which will result in the appointment of the best qualified individuals who can best serve the interests of all of the stakeholders of the Company. The Nomination Committee seeks to ensure that the Board has the right balance necessary to carry out its responsibilities in keeping with robust standards of governance. The Board would then collectively agree on any new appointment.

The Nomination Committee met two times during 2022.

#### *Remuneration Committee*

The Remuneration Committee determines the levels of remuneration for each member of the Company's Board.

The Remuneration Committee consists of Kwape Mmela, Mary Reilly and Lumkile Mondi, each of whom is an independent Non-Executive Director. The Remuneration Committee is chaired by Mr Mmela.

The fees payable for each Non-Executive Director are detailed in the Remuneration Committee Report in the Annual Report. Other fees are payable for membership of committees or other duties. Members of the Remuneration Committee do not participate when the level of their personal remuneration is considered.

A particular area of focus for the Remuneration Committee during 2022 continued to be the reform of the Company's Remuneration Policy for Executive Directors in response to shareholder feedback at the 2020, 2021 and 2022 AGMs and via shareholder calls. Full details are set out in the Remuneration Committee Report in the Annual Report.

The Group employed certain key management personnel throughout the year to assist with the day to day running of the business, and the Remuneration Committee's remit includes consideration of the remuneration paid to these individuals.

The Remuneration Committee met six times during 2022.

### **Evaluations of the performance of the Board governing body**

**Principle 9      The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness**

During 2020 the Board approved a Board Performance Evaluation Policy for the assessment of the performance of each Director and Board Committee (including the Chairman). Subject to the requirements of Principle 9, in particular the requirement that a formal evaluation take place at least once every two years. The first formal Board evaluation was initiated in the second quarter of 2022. A specialist third-party agency has been engaged to conduct Board evaluations.

### **Appointment and delegation to management**

**Principle 10      The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities**

#### *CEO appointment and role*

Sean Gilbertson acts as the Company's Chief Executive Officer. The Chief Executive Officer is responsible for executing strategy and the day-to-day business of the Company. The Chief Executive Officer is the highest decision-making officer in the Group and is accountable to the Board for the successful implementation of the Group strategy and overall management of the Group.

The Chief Executive Officer is not a member of any Board committees. He attends the Audit, Remuneration, and Nomination Committee meetings as an invitee, if required.

New contracts of employment for the Chief Finance Officer and Chief Executive Officer have recently been put in place, on terms based on UK market practice.

Mr Gilbertson holds directorships at the following entities outside of the Company and its subsidiaries – Mineworks Ltd , Koude Vlake Pty Ltd, Arianna Investments Ltd, Sandfontein Lodge & Nature Reserve (Pty) Ltd and Gigajoule Ltd.

The Board has identified an interim successor for emergency situations.

#### *Professional corporate governance services to the governing body*

Toby Hewitt acts as the Company Secretary. Given the nature of the legal issues that face the Group, the Board believe it is best-served by employing Mr Hewitt as Company Secretary, who has access to support from Mourant Ozannes Corporate Services, the internal legal and company secretarial team at the Company, external legal counsel and other advisors as necessary. The Board considers and satisfies itself on an annual basis on the competence, qualifications and experience of the Company Secretary. The Company Secretary has a direct channel of communication to the Chairman, while maintaining an arm's-length relationship with the Board.

The Company Secretary presents the Board with a legal and governance update at each scheduled meeting; the update includes corporate, legal and ESG-related matters, such as compliance with the UK Bribery Act, JSE Listings Requirements and the King IV Code and, compliance with the AIM Rules and related matters following the Company's listing on AIM in 2019.

The Company Secretary also considers other non-binding codes, rules and standards, assesses the impact and recommends a suitable course of action to the Board. The Board takes responsibility for deciding whether to follow the recommendations of the Company Secretary and for ensuring compliance with applicable laws.

## GOVERNANCE FUNCTIONAL AREAS

### Risk governance

#### **Principle 11 The Board should govern risk in a way that supports the Company in setting its strategic objectives**

The Board takes full responsibility for all aspects of the governance of risk and is collectively responsible for the Group's risk management. The Group's ERM Framework includes a Group-wide risk register to determine and describe the major risks and uncertainties that could have a material impact upon the Group.

In 2019 the Risk Council was formed. The Risk Council reports to the Audit Committee and is chaired by Mary Reilly. The non-executive chair of the Audit Committee, Carel Malan, may also attend. With this membership, and by reporting to the Audit Committee, a majority of Non-executive Directors are involved, in line with the recommendations of King IV.

In 2022, a key focus was improving the ERM by further moving to a system of real-time identification and reporting of strategic and operational risks using the Group's proprietary G-TRAC software application. The Board monitor the ERM risk register, with the assistance of the Audit Committee, on an ongoing basis and considers what action to take (if any) to mitigate each risk. In 2023, the planned key focus is to continue to regularly update the risk register, supported by the implementation of suitable policies and procedures as necessary.

The Group's principal risks and uncertainties are disclosed in the Group's annual financial reporting as well as on the Company's website. Any material changes are articulated in the Group's interim financial reporting. The Group also communicates material information/updates to its shareholders via SENS, RNS and on the Company's website. The Board also considers how best to anticipate infrequent, unlikely, but high impact events/risks.

### Technology and information governance

#### **Principle 12 The Board should govern technology and information in a way that supports the Company setting and achieving its strategic objectives**

The Board are collectively responsible for promoting effective IT systems and has appointed a Chief Information Officer ("CIO"). Measures to ensure that compliance to all relevant laws, information security and the protection of personal information are in place, these measures are reviewed and enhanced periodically. The Board is responsible for reviewing and approving Gemfields' IT strategy. The CIO's responsibilities are to ensure a well-coordinated, efficient, effective, properly resourced and timely-implemented IT strategy for the Group ensuring the effectiveness and efficiency of the Group's information systems from a strategic alignment and risk perspective.

In 2022 the Group continued to adapt to facilitate remote working. Going forward, an area of future focus includes enhancing the Group's security by the rolling out and completion of Group-wide cyber training.

### Compliance governance

**Principle 13     The Board should govern compliance with applicable laws and adopt, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen**

The Board assumes overall responsibility for the governance of compliance with applicable laws, codes rules and standards, and setting the direction for how compliance should be addressed. The Board delegates management responsibility for compliance with financial reporting requirements and accounting standards to the Audit Committee. To the extent that legal and regulatory matters have an impact on the financial statements, reports are presented to the Audit Committee and the Board. The Company's legal department and the Group's operations have day-to-day responsibility for compliance with applicable laws generally.

In addition to the formal authorisation processes required for dealings in the Company's shares (detailed below), the Group has various policies and procedures in place governing the declaration of interests and the accepting and giving of gifts and hospitality.

**Dealing in securities**

In 2020, the Company adopted a new Group-wide Share Dealing Policy, which replaced a pre-existing policy, which sets out a code for the conduct of directors and employees in relation to dealing in the Company's shares. The purpose of this policy and code is to ensure that the directors and employees of the Company and its subsidiaries, do not abuse, and do not place themselves under suspicion of abusing, 'inside information' and comply with their obligations under the Market Abuse Regulation (**MAR**) and also the JSE Listings Requirements. These regulations define prohibited periods, which are around the time of the annual results, the interim results, or around the release of any other major announcements, price sensitive negotiations, acquisitions or disposals, or pending the release of any other price sensitive information. For Persons Discharging Managerial Responsibilities ("**PDMRs**") there are more stringent rules in place. Any transactions by directors and PDMRs are advised to the JSE and AIM and are published on SENS, RNS and on the Company's website.

**Remuneration governance**

**Principle 14     The Board should ensure that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term**

The Remuneration Committee ensures that the policies concerning the remuneration of Directors and Executives are fair and effected responsibly. The Remuneration Committee also determines the levels of remuneration for each member of the Company's Board. The Remuneration Committee consists of Kwape Mmela, Mary Reilly and Lumkile Mondli, each of whom is an independent Non-Executive Director. The Remuneration Committee is chaired by Mr Mmela.

The Board, with input from the Remuneration Committee, is responsible for maintaining and reviewing a Remuneration Policy (the "**Remuneration Policy**").

In designing the Remuneration Policy, there were three key areas of focus:

- The Remuneration Policy should function as a strong tool to incentivise the performance of Executive Directors toward the success of the Company, its shareholders and other stakeholders.

- Shareholder consultation and approval are of vital importance to the Board and is a key metric by which the Remuneration Committee will measure the success of the Remuneration Policy.
- The King IV standards were to be incorporated into the Remuneration Policy.

The Remuneration Policy was put to shareholders at the Company's AGM on 29 June 2022. As more than 25% (27.14% ) of shareholders voted against endorsing the Remuneration Policy, the resolution did not pass. The Company's Remuneration Implementation Report was also put to shareholders and was carried.

In keeping with the principles of King IV the Company engaged with shareholders and shareholder conference calls were held in February 2023 following similar calls in 2021 and 2022. The main focus of the February 2023 calls were to discuss and receive shareholder feedback on the Company's proposed new LTIP. Further to the shareholder engagement, the Remuneration Committee engaged the services of h2glenfern Remuneration Advisory Limited, an independent remuneration consultancy with extensive experience advising international resources companies.

Further details of the revised Remuneration Policy are available in the Remuneration Committee Report section of the Company's Annual Report.

**Principle 15     The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports**

The Audit Committee oversees the combined assurance framework and receives regular reports on assurance matters from the external auditor, internal auditors and executive management.

As part of the combined assurance framework, the Audit Committee oversees the internal audit function. This includes approving the annual internal audit plans, fees and resourcing, receiving audit reports and reviewing their findings and recommendations. From 2020 the function was run as insourced under the guidance of the Internal Audit Manager who reports functionally to the Chairman of the Audit Committee thereby ensuring its independence. The Audit Committee is satisfied that the Group's internal financial controls and the arrangements for internal audit were working effectively during the period and were predominantly adequate and fit for purpose. They will continue to oversee the Internal Audit function.

The Audit Committee also approves the non-audit services provided by the external auditors, recommends approval of the audit fees, considers the effectiveness and independence of the external auditor, and recommends the appointment/reappointment of the external auditor.

## **STAKEHOLDER RELATIONSHIPS**

### **Stakeholders**

**Principle 16     In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the company over time**

The Board recognises that the perceptions of stakeholders could affect the Company's reputation. The Board believes that the best way to manage stakeholder perceptions is via effective, regular communication. The Board regularly communicates with its shareholders regarding the Group's financial performance and strategy, via SENS, RNS and via the Company's website, <https://www.gemfieldsgroup.com/>. The Company ensures communication with smaller shareholders

who lack access to electronic media by way of publishing financial results in a main South African daily newspaper.

The Chief Executive Officer and Chief Financial Officer (supported by the investor relations function) interact with investors on a regular basis on the performance of the Group through presentations and scheduled meetings. The Company also participates in selected international conferences and conducts roadshows internationally.

The Board encourages directors, shareholders and relevant stakeholders to attend the AGM and other shareholders' meetings. The AGM may also be attended by the respective chairs of the Audit, Remuneration and Nomination Committees and the designated partner responsible for the external audit.

Interaction with stakeholders happens during the normal course of business across the Group where individuals strive to resolve any disputes with its stakeholders in an effective manner.

In 2022, a key areas of focus was opening communications with shareholders to understand their reasons for voting on the remuneration policy. In 2023, it is anticipated that the key area of focus will be similar but with more focus on the proposed new LTIP for executive management.



# GEMFIELDS

1 CATHEDRAL PIAZZA  
LONDON SW1E 5BP  
UNITED KINGDOM  
T +44 20 7518 3419

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