

SYLVANIA'S PATHWAY TOWARDS ESG

Our sustainability is inextricably connected to the impacts and influence we have on the lives of our employees and host communities, and the environment in which we live and work. We understand that, over time, these impacts and influences fundamentally affect our stakeholders, workforce and communities which in turn will contribute to the legacy which is left by our operations and our business.

Our approach to sustainability is woven into the fabric of the business running through our core values:



We value the safety and health of all



We value the fundamental rights of people



We value honesty and integrity



We respect the environment



We value the culture, traditional rights and society in which we operate

Sylvania is committed to contributing to the UN Sustainable Development Goals (SDGs) which align with key drivers of our business, as we forge our pathway towards ESG.

The key elements of our sustainability focus are:

- Tailings storage and tailings dam flexibility;
- Our ability to sustain the business over the long haul with our available resources and looking at third and fourth pass processing; and
- Meeting, and wherever possible, exceeding, regulatory requirements.

SUSTAINABILITY AND OUR VALUES



We value the safety and health of all.

Employees are at the heart of our Company and we place their safety and health above all else in everything we do.



UNSDG3:

Good Health and Well-Being: ensure healthy lives and promote well-being for all at all ages

Health, Safety and Wellbeing remain a core focus of our business.

- Our first value is Safety and Health of All which promotes safety and health as a priority in the way we operate;
- Sylvania strives to create a culture of ZERO HARM and improved safety and health performances;
- SHE Policy is in place which highlights our SHE commitment;
- Safety strategy to prevent and reduce injuries to employees and contractors;
- Sylvania complies and is aligned with host mine safety and health measures;
- COVID-19 policy and mitigation protocols in place to mitigate the impact of COVID-19 on employees, families and communities;
- Conduct health medical screening for workplace illnesses; and
- Employees belong to medical aid schemes which include family members to provide financial protection.

The Company has had no environmental incidents in the last five years and the Doornbosch operation has achieved the significant industry milestone of nine years lost-time injury (LTI) free during June 2021. Mooinooi, Lannex and Lesedi all achieved one-year LTI-free milestones during the year. The Company's LTI Frequency Rate (LTIFR) is 0.25 per 200,000 man-hours worked. Safety is an important element of the annual bonus scheme and the plants' quarterly incentive schemes.

Whilst COVID-19 has been a significant focus of our regular health and safety reporting during the past year, it is a credit to management that, during this period, and since the commissioning of our first plant some 13 years ago, there were no other significant health or environmental incidents reported. Further, management's focus on the identification and minimisation of pandemic-associated risk has been relentless, particularly given the unique challenges presented in mine working areas.

Sylvania has adopted a structured approach towards managing the COVID-19 risk posed. Sylvania believes that vaccines are key in the fight against the pandemic, together with other control protocols. We acknowledge that vaccines are a personal choice and we encourage employees to be vaccinated. Sylvania supports the vaccination of its employees against COVID-19 with the intent to mitigate the impact of COVID-19 and its spread. Currently we are tracking and monitoring COVID-19 cases and the vaccinations of our employees. We have drafted a COVID-19 vaccination policy and continuously create awareness, provide updates and share information relating to COVID-19 and vaccinations. Sylvania has identified opportunities to collaborate with various role players and stakeholders regarding the vaccination of our employees.

5 GENDER EQUALITY



UNSDG5:

Gender Equality: achieve gender equality and empower all women and girls

Since 2020, the Group's employee complement has grown by 10% to 628, with the majority of our employees recruited from our local host towns and settlements.

Our commitment to local community employment and engagement also adheres to South African Mining Charter requirements, and aligns with the United Nations Sustainable Development Goal No 1 (UN SDG No 1), in the fight against poverty, particularly in rural environments.

In aiming for a well-balanced and inclusive employee profile, we have established an employee equity forum which is represented by members from all levels of the organisation. This forum is well supported by employees and the union, and meets quarterly to discuss concerns around equity, skills development and other associated matters which arise and to plot improvements that may be required.

To boost our diversity profile, we have created structures and procedures to seek to remove barriers to this goal, both in terms of gender and ethnicity. In terms of our employment equity targets we strive to significantly increase our female workforce and Historically Disadvantaged Persons (HDP) appointments at a senior level. Currently women represent 19% of the workforce.

We plan to fast track women representation within the Company by introducing a number of interventions, namely the appointment of females within our Community Inhouse Programme. This programme is specifically earmarked to train individuals for the workplace. At least 30% of the programme intake is allocated for females. These delegates are viewed to be our talent pool for recruitment at Core & Critical Skills. We are further committed to earmark roles for females aligned with our Equity targets.

Table 1: Workforce profile

Levels	Male	Male	Female	Female	Total
	HDPs	White	HDPs	White	
Executive					
Management	0	5	0	2	7
Senior Management	5	12	0	1	18
Middle Management	20	13	2	3	38
Junior Management	111	28	29	14	182
Core & critical Skills	313	1	69	0	383
Total:	449	59	100	20	628



DG8:

Decent work and economic growth: promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Our strategy in terms of human capital is driven by the company's business imperatives. Labour relations are a critical element of our human capital discipline: our employment policies, procedures and practices are guided by South African labour relations legislation, which is highly evolved, and on a par with that of developed nations. Freedom of association is implicit in our labour relations discipline and employees have rights to organise as per their legislatively protected rights in this regard.

The organisation's human and intellectual capital function is guided by our business strategy. Our employment policies, procedures and practices take into account and comply with the relevant labour legislation of South Africa. South Africa is a member country of the International Labour Organisation (ILO) and the country's labour legislation, particularly for an emerging economy, is evolved and our recruitment initiatives focus on local communities in areas surrounding our operations.

The Group has contributed to the South African economy in several ways.

ZAR608.0m	Total SA procurement
ZAR290.5m	<p>Employee and related payments include:</p> <ul style="list-style-type: none"> • Salaries and wages • Contributions and employees' tax paid • Employee dividend participation scheme
ZAR1.1bn	<p>The Group paid the following to the South African Revenue Services:</p> <ul style="list-style-type: none"> • Income tax • Value added tax • Dividend withholding tax • Mineral royalty tax



We value the fundamental rights of people

We treat all people with dignity and respect.



UNSDG1:

No Poverty: end poverty in all forms everywhere; and



UNSDG2:

Zero Hunger: end hunger, achieve food security and improved nutrition and promote sustainable agriculture

Sylvania continues to be involved in a number of community outreach and upliftment programmes, including:

- Monthly feeding scheme for home-based care and pre-primary schools;
- The Company provided study guides for a local Secondary School;
- Providing winter clothes to school children in the local communities in which we operate;
- Donation of office furniture;
- Assisting youth with various school projects – The Company donated shoes to two primary schools and also provided the sports academy with soccer boots;
- The Company donated online learning material and text books to Grade 12 learners in the community to assist with self-study when schools were closed due to lockdown;
- A monthly ongoing feeding scheme was started for children in the community who lost parents due to COVID;
- The Company assisted and provided food parcels to communities in need during the COVID-19 pandemic; and
- The Company donated a 10k litre water tank with steel stands to provide running water in a local community.

The Company plans to roll out a number of new community and development initiatives in FY2022.

Furthermore, our employees, key stakeholders in the business, were rewarded in the year with the first distributions of the EDEP, launched in FY2020. This was designed to give lower-level employees a vehicle whereby they can participate in a percentage of the company's equity returns without the complexity of holding foreign shares.

The plan was implemented with no dilution to shareholdings and via share buybacks at substantially lower prices. The EDEP also provides another leg to the company's employee remuneration strategy.



UNSDG4:

Quality Education: ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

The organisation implements a number of programmes to build capacity and enhance skills development. All training and development programmes initiated are aligned with the Company's strategic and operational goals on the one hand and on the other are credit-bearing and accredited through the Mining Qualification Authority (MQA). Development programmes are not limited to employees, but extend into our mining communities, illustrating our commitment to communities beyond the mine gate.

Various operational, legal and developmental staff training sessions were conducted during the year covering a range of 18 topics, with 1,080 delegates attending, and our three metallurgical students at the Eastern operations were able to keep their internships going. Given the working environment, and the associated statutory requirements, the emphasis of most of the training programmes is on safety and health.



We value honesty and integrity

We act honestly and show integrity by continuously striving towards "doing what we say we are going to do" and showing commitment towards our accountabilities of delivering high performance outcomes, thus projecting an image of professionalism and meeting the expectations of our colleagues, investors, business partners and social partners.



UNSDG9:

Industry, innovation and infrastructure: build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

Relationships with our stakeholders are the foundation upon which much of our business planning and strategy is based and which inform our material issues. Our focus is on accountability and engagement with communities and developing inclusive innovation and infrastructure within them.

The material results of stakeholder engagement programmes are presented in quarterly, interim and annual reports. Our stakeholder engagement programme is integrated into the company's various disciplines.

SYLVANIA'S PATHWAY TOWARDS ESG *continued*

Table 2: Principal stakeholders, their function and our engagement process

Stakeholder group	Stakeholder profile	Engagement platforms
Host mines	Our host mines provide the company with critical feedstock for our retreatment operations	Formal meetings to discuss operational matters
Financial community	The financial community provides the capital required to invest in growth projects; the business needs to present itself as an investment opportunity	The company's AIM listing requires regulatory communications to shareholders. Investor briefings, roadshows, meetings and a company website used to reach this target audience. In COVID times the bulk of these interactions have taken place on virtual platforms
Employees, unions	Employees are represented by the majority union the National Union of Mineworkers	This relationship is governed by a recognition agreement which provides for regular meetings.
Authorities – local, provincial and national government structures	DMRE, SARS, Treasury, Environmental Affairs, etc	Formal meetings, visits and correspondence
Communities	Host mine transformation departments, Sylvania community liaison structures	Meetings at operational level are the vehicle for discussing community concerns and expectations. Appropriate programmes are identified with the cooperation of the host mines.



UNSDG16:
Peace, Justice and Strong Institutions: promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Labour stability is a key issue for management. The relationship with the representative employee union, the National Union of Mineworkers (NUM), is governed by a recognition agreement, which regulates the industrial relations discipline and includes provision for consultation and negotiation. There were no strikes or lockouts during the financial year. The Western Operations will undergo their bi-annual wage negotiations for implementation in FY2022.



We respect the environment

We act in a manner that is sustainable and environmentally responsible, applying professional and innovative methods.



UNSDG13:
Climate Action: take urgent action to combat climate change and its impacts

Sylvania is aware of both the growing demand for ESG transparency and the needs of our investors; seeking investments characterised by risk-adjusted financial returns, long-term value, and environmental resilience. Practically this makes for good business and simultaneously serves our investors, wanting long-term value from their investments during this climate transition and reduced carbon emissions.

In anticipation of this Sylvania pro-actively carried out its Pre-Feasibility Investigation into a Greenhouse Gas Emissions Compliance exercise for its South African operations. Even though there is a carbon tax levied on the mining industry in South Africa, Sylvania has ensured that its operations are below the current threshold. Furthermore, following on from this feasibility exercise, Sylvania management and operations have begun the following:

- Greenhouse gas data collection (e.g., carbon dioxide, methane, nitrous oxide, refrigeration-gases), in anticipation of reporting in metric tonnes of carbon dioxide equivalent (tCO₂e) for Scope 1 and 2 emissions in the coming financial years; and
- Engaging with our supply chain to estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate. Management expects to be able to report on scope 3 in three to four years.

Sylvania's journey includes expanding its ESG reporting commitments (beyond water, energy, and employee and community development) for its 2022 financial year, integrating fit for purposes metrics, environmental performance, climate risk mitigation, and where practical – alignment at corporate and operational level.

On this basis the following is proposed:

• **Combatting climate change risks and impacts in line with the United Nations Sustainable Development Goal 13 –**

- Through an updated strategy which will consider Sylvania's ability to adapt to the adverse impacts of climate change, ensure climate resilience and move towards lowering greenhouse gas emissions;
- Strengthen resilience and adaptive capacity to climate-related hazards by including these in current risk management framework; and
- Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction.

• **Reliable, and sustainable energy in line with the United Nations Sustainable Development Goal 17 –**

- Investigate solar and heat exchange energy opportunities for the offices at each of the operations; and
- Report on energy efficiency projects implemented in the last five years at each of the operations.

• **Sustainable management of water resources in line with the United Nations Sustainable Development Goal 7 –**

- Investigate increased water-use efficiency, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater at each of the operations;
- Awareness and demarcation on site plans of the water resources at the operations (water-related ecosystems – wetlands, drainage lines, aquifers and clean and dirty storm water); and
- Report on increased water-use efficiency over the last 5 years at each of the operations.



UNSDG15:

Life on Land: protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss

Given that the SDO operates within the environmental footprint of our host mines, our environmental policies and practices are guided by those of our host mines. These standards apply to all our environmental aspects – water, energy and waste. The processing operations generate minimal waste; an outsourced, permitted contracting company is hired to transport hazardous waste to a designated landfill site. Nevertheless, the SDO plants maintain accurate and detailed environmental records. Incidents are dealt with in terms of legislative practice and host mines' emergency procedures.



UNSDG6:

Clean Water and Sanitation: ensure availability and sustainable management of water and sanitation for all

In terms of water management, all Sylvania plants are included in the integrated water reticulation circuits of their host mines. The figures listed below do not take any water consumption figures of the host mine into account. Water enters the Sylvania circuit through the current arisings it receives from the host mine, and it leaves the circuit through either its products (Cr₂O₃ concentrate or PGM concentrate) – or it is lost to the process (consumed) or alternatively through the tailings stream. The tailings are deposited onto a tailings dam, where most water is recovered into the return water dam, and recirculated to the host mine process. Losses on the tailings dams take the form of evaporation into the atmosphere. Make-up water is derived from the dewatering of the host mine underground mining areas.

Table 2: Total water usage at Sylvania operations (excluding host mine)

Description	FY2021	FY2020	FY2019
Water consumed in products (m ³)	71,113	60,500	62,000

The increase in water consumed is attributable to the increase in both feed and product.

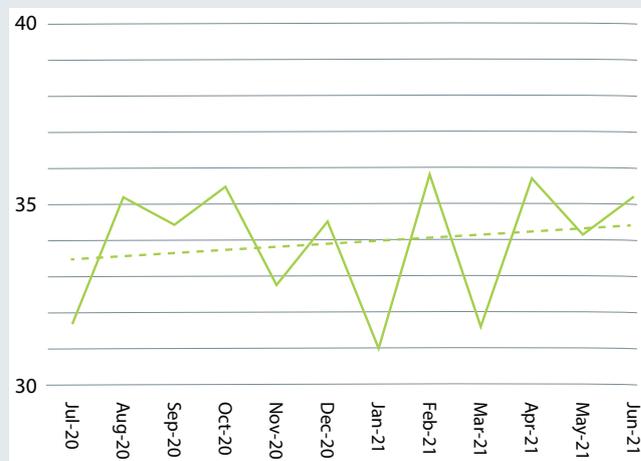


UNSDG7:

Affordable and Clean Energy: ensure access to affordable, reliable, sustainable and modern energy for all

Energy supply remains a concern for the company, given the ongoing power interruptions from the South African power utility, infrastructure vandalism and cable theft. Despite this, the teams have kept the plants running with minimal interruptions, and the throughput in tons of material per kWh consumed is increasing.

Table 3: Average tons treated per kWh



SYLVANIA'S PATHWAY TOWARDS ESG *continued*

The installation of Power Factor Correction (PFC) equipment at both the Lannex and Doornbosch plants during September 2020 and March 2021 respectively was completed during the financial year. This equipment serves to reduce the amount of real energy drawn by the plants. These were the last two plants to have such equipment installed, with the exception being Tweefontein, where a much larger PFC system was built on the mine's main supply when the plant was originally built.

All three Eastern Limb plants have had their power supply from Eskom upgraded, with the Lannex upgrade completed in September 2020, and Doornbosch coming on line during March 2021. Tweefontein came online during April 2021. At all three plants this has enabled us to keep the plants running without the need to co-generate power, and generators are now used for standby duty only. Presently only Tweefontein is capable of running the entire plant utilising generators. A second generator is being upgraded to supplement the unit already at Lannex, and together these two machines will be capable of keeping the major portion of the plant running.

The Tweefontein line upgrade has not been able to make any real significant improvement to the supply required by the mine, and although the Company is presently running on Eskom power, the mine is planning extensions which will require additional power. The Company is currently considering how best to deal with these constraints in the future.



We value the culture, traditional rights and society in which we operate

Our actions will support the communities in which we work while honouring their heritage and traditions.

4 QUALITY EDUCATION



UNSDG4:

Quality Education: ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Development programmes, mentioned above, are not limited to employees, but extend into our mining communities, illustrating our commitment to communities beyond the mine gate. Current programmes offered by the Company focus on enhancing skills in various fields, e.g., fitting and turning and electrical competencies. The current 36-month programme, launched in May 2019, has three participants and the learners' progress is carefully monitored in order to place them in suitable positions on completion of their courses.

Sylvania introduced a Milling & Floatation training module as part of the development drive for the local communities surrounding our operations. The programme was successfully introduced in 2020, and it runs for a six-month period. The programme for the current year started in April/May this year, with a total of 24 intakes from our operations.

17 PARTNERSHIPS FOR THE GOALS



UNSDG17:

Partnership for the Goals: strengthen the means of implementation and revitalise the Global partnership for sustainable development

During the past two financial years community tenders for supply of goods and services were issued in the East and West. For the Eastern Operations, tenders for four commodities were issued and seven community suppliers were successful in the tenders and were added to the vendor list. For the Western Operations, tenders for seven commodities were issued and eight community suppliers were added to the vendors list. It has been identified that community suppliers need more business coaching and assistance and the site teams go out of their way to assist and support the suppliers wherever necessary.

The Company's Human Resources department offered a community vendor training process comprising a two-day Basic Business Bootcamp course. The programme offered to community suppliers in the East was completed in early August 2021 with the course offered to Western community suppliers still to be held.

