

ESG Report 2022

# Developing a **sustainable** business





→ Introduction

Corporate governance and ethics

Health and safety

Our people

Our communities and society

Environment

# In this report

**Caledonia Mining Corporation Plc (“Caledonia” or the “Company”) aims to maintain and develop sustainable business practices and align them with its corporate strategy. The Company recognises the importance of environmental, social and governance (“ESG”) management to its overall strategy.**

The Company’s commitment to sustainable development requires us to balance our short and long-term interests and to integrate economic, health, safety, security, environmental and social considerations into business decisions. We take every precaution necessary to ensure a safe and healthy work environment for all employees.

Our strategic objective is to become a sustainable, multi-asset, low-cost gold producer, focused on Zimbabwe.



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# About this report

This is Caledonia’s third standalone ESG report, which covers the reporting period 1 January 2022 to 31 December 2022. We continue to work on the development of our ESG practices and reporting.

This report refers to Caledonia’s only current operating project, the Blanket Mine in Zimbabwe (“Blanket”) and all figures relate to this project (unless stated otherwise). The Company has acquired exploration and development projects (i.e. Maligreen, Motopa and Bilboes), but none of these properties whilst under Caledonia’s ownership had any significant operating activity during the reporting period and accordingly data and information in respect of these projects have not been included in this report.

**Caledonia continues to formalise and progress its ESG reporting with its ambition to report in accordance with the GRI Universal Standards from 2024.**

All financial figures are provided in US dollars. The report should be read alongside the Company’s audited financial statements and the management discussion and analysis for 2022, which are available on our website at [www.caledoniamining.com/investors/reports-presentations](http://www.caledoniamining.com/investors/reports-presentations).



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### Using the report



This report is interactive, look out for these icons which aid navigation or link to additional information.

This document does not constitute, or form part of, any offer to sell or issue or any solicitation of any offer to purchase or subscribe for, any shares in Caledonia, nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, or act as an inducement to enter into any contract or agreement thereto. Certain forward-looking statements may be contained in the document which include, without limitation, expectations regarding metal prices, estimates of production, operating expenditure, capital expenditure and projections regarding the completion of capital projects as well as the financial position of the Company. Although Caledonia believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to be accurate. Accordingly, results could differ from those projected as a result of, among other factors, changes in economic and market conditions, changes in the regulatory environment and other business and operational risks. Accordingly, neither Caledonia, nor any of its directors, officers, employees, advisers, associated persons or subsidiary undertakings shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying upon this document or any future communications in connection with this document and any such liabilities are expressly disclaimed. Refer to “NI 43-101 Technical Report on the Blanket Gold Mine, Zimbabwe” prepared by Caledonia and Minxcon (Pty) Ltd dated March 13, 2023 and filed on SEDAR ([www.sedar.com](http://www.sedar.com)) on March 13, 2023 for resources and reserves and planned production as stated in this document. Mr Dana Roets (B Eng (Min.), MBA, Pr.Eng., FSAIMM, AMMSA), Chief Operating Officer, is the Company’s qualified person as defined by Canada’s National Instrument 43-101 and has approved any scientific or technical information contained in this document.



## 2022 ESG Highlights

# How we did

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TIFR<sup>1</sup>  
(2021: 1.00)

# 0.75

Employee turnover  
(2021: 0.35%)

# 0.45%

Local<sup>2</sup> employment at Blanket  
(2021: 100%)

# 100%

Employees trained under the  
Nyanzvi Initiative (2021: 368)

# 505

Corporate social responsibility (“CSR”) investments  
(2021: US\$1.2million)

# US\$0.9m

Solar plant in operation

# 12.2MWac

Total payments to government  
(2021: US\$16.4m)

# US\$19.2m

*Total payments to government in taxes for 2022 was US\$19.2 million.*

- Commenced design of new tailings storage facility.
- Continued support from the Government with the President of Zimbabwe visiting Blanket to formally open the Central Shaft.
- Continued to invest in Zimbabwe with the acquisitions of Motapa and Bilboes (the latter acquisition completing in 2023).
- 12.2MWac solar plant connected to Blanket grid.

1 Total Injury Frequency Rate  
2 Local means from Zimbabwe



2022 ESG Highlights continued

# ESG key performance indicators

M = Management assurance

MD&A = Extracted from Caledonia’s 2022 Management Discussion and Analysis (“MD&A”)

Corporate governance and ethics

Health and safety

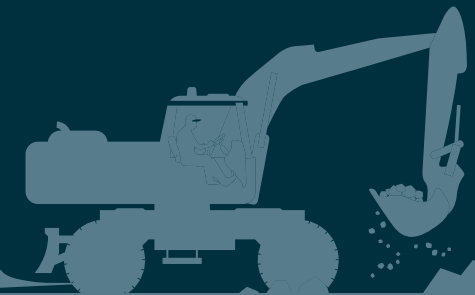
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	2022	2021	2020	Assurance
<p><i>Safety performance</i> Reduction in total work-related injuries</p>	0.75	1	0.97	MD&A
<p><i>Investment in the community and social contribution</i> Sustainable community and social investment aligned with the performance of the Company</p>	US\$0.9m	US\$1.2m	US\$1.7m <sup>3</sup>	MD&A
<p><i>Dividends to Gwanda Community Share Ownership Trust (“GCSOT”)</i> Increased returns to Blanket’s indigenous shareholders</p>	US\$1.2m	US\$0.95m	US\$0.19m	MD&A
<p><i>Water management</i> Decrease in m<sup>3</sup>/t usage per tonnes milled from the prior year</p>	2.5m <sup>3</sup> /t	4.19m <sup>3</sup> /t	3.77m <sup>3</sup> /t	M
<p><i>Water waste</i> Decrease in m<sup>3</sup>/t industrial waste as production increases</p>	0.002m <sup>3</sup> /t	0.003m <sup>3</sup> /t	0.004m <sup>3</sup> /t	M

<sup>3</sup> Blanket donated US\$1.3 million to help to curb the spread of COVID-19 and its effects





## Message from Caledonia’s CEO



*“Caledonia has long recognised the importance of integrating ESG into its strategy as the business continues to evolve and grow. We recognise the increasing expectations of our stakeholders, from investors to the communities where we operate, to understand our business, its impacts and the creation of long-term value.”*

Geralda Wildschutt, Chair of ESG Committee



# Committed to sustainable development

**Operationally, 2022 marked a turning point for the business, and I am delighted that at year end we had hit our long-term target of just over 80,000 ounces (oz) of gold per annum. The last couple of years have seen a tremendous amount of change for Caledonia as we pivot the direction of the business towards becoming a multi-asset gold producer in Zimbabwe.**

We take the safety of our employees very seriously. Sadly, in the first quarter of 2022 an accident resulted in the death of a Blanket employee, Andrew Clydon Phiri. I join with my colleagues in expressing our sincere condolences to the family, friends and colleagues of the deceased.

Our focus is on Zimbabwe. We see huge geological potential in the country and are very excited about the portfolio of attractive new assets that we have acquired. In the last report I mentioned that we had acquired the Maligreen project for US\$4 million in November 2021, the first step towards our objective of becoming a multi asset gold producer.

A year later, we purchased the Motapa project, an asset we consider to be highly prospective and strategically important to our growth ambitions, as it is a large exploration property contiguous to the Bilboes project.

In January 2023, following the satisfaction of conditions precedent, we completed the acquisition of the Bilboes project. A feasibility study prepared by the vendors indicates the potential for an open-pit gold mine producing an average of 168,000oz per year over a 10-year life of mine. Caledonia has commissioned an updated feasibility study to identify the most judicious way to commercialise the project. As the company becomes a multi-asset business in Zimbabwe, we will build a stronger footprint in the local economy through increased contributions to government and social investments in communities.

In November the Company’s 12.2MWac solar plant was connected to the Blanket grid and the Blanket Mine has since been receiving about a quarter of its electricity requirements during the day from solar. The solar power reduces the electricity required from the grid and from the diesel generators and is expected to reduce Caledonia’s consolidated cost per ounce of gold produced this year by approximately US\$37, fully justifying our investment in solar power and reducing our carbon footprint.

In the first quarter of the year, we also began construction of a new tailings storage facility (“TSF”) at Blanket Mine which will be compliant with the Global Industry Standard on Tailings Management. We understand the potentially negative environmental and social impacts related to poorly constructed and managed TSFs, and are committed to build ours according to international best practice.

Our combined investment in the economy of Zimbabwe based on taxes, dividends, CSR and royalties for 2022 was \$28.396million. This will continue to grow as the business develops.

The Company has a strong and sustainable foundation and attractive growth opportunities, and I look forward to achieving our goal of becoming a multi-asset gold producer in Zimbabwe.

We welcome any feedback on ESG topics or our ESG disclosure – please contact Camilla Horsfall, Vice President Group Communications, at [camillahorsfall@caledoniamining.com](mailto:camillahorsfall@caledoniamining.com)

**Mark Learmonth**  
CEO

## Overview

# About us

**Caledonia is a profitable, cash-generative gold producer with a strong growth profile.**

**Our vision is to become a multi asset gold producer: to this end we have recently acquired Maligreen, Motapa and Bilboes.**

- Caledonia’s primary operating asset is a 64% shareholding in Blanket
- 2023 production guidance – 75-80,000oz
- Measured and indicated resources 1.095Moz<sup>4</sup>
- Inferred resources 844koz<sup>4</sup>
- 2,147 employees

## 2022 operational highlights

Gold production:  
**80,775oz**  
(2021: 67,476oz)

All-in sustaining cost per ounce:  
**US\$878**  
(2021: US\$856 per ounce)

Revenue:  
**US\$142.1 million**  
(2021: US\$121 million)

Total dividends paid per share to Caledonia shareholders  
**56 cents**

Gross profit:  
**US\$61.82 million**  
(2021: US\$54.1 million)

(2021: 50 cents a share)



### About Zimbabwe

Population

**15.4m**

Literacy

**86.5%**

Life expectancy (at birth)

**63.8years**

HIV/AIDS adult prevalence rate

**11.6%**

Total dependency ratio

**79.4**

GDP (2021)

**US\$28.3bn**

Youth unemployment

**7.3%**

Percentage of population 0-14 years

**38%**

Sources: World Bank, CIA factbook

<sup>4</sup> Refer to “NI 43-101 Technical Report on the Blanket Gold Mine, Zimbabwe” prepared by Caledonia and Minxcon (Pty) Ltd dated March 13, 2023 and filed on SEDAR (www.sedar.com) on March 13, 2023



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# Our significant topics

**In our ESG report, we aim to provide information on the topics which are considered significant, based on their importance and relevance to stakeholders, and their potential or current effect on the business, its strategy, and its capacity to create value over time.**

In 2020 we conducted a review to identify significant topics in the context of relevant global and industry frameworks and standards (including GRI, SASB, ICMM Mining Principles and World Gold Council Responsible Gold Mining Principles) to ensure applicability and to build a comprehensive reporting foundation. We also carried out an internal review in 2021, to confirm the applicability of these topics.

A materiality assessment is currently in progress, which will be presented in our 2023 report. There have therefore been no changes to our significant topics in 2022, which remain as follows:

<i>Corporate governance and ethics</i>	Business ethics
	Sustainability management
	Security
<i>Health and safety</i>	Safety
	Occupational health and wellbeing
<i>Our people</i>	Labour relations and responsible employment
	Training and development
<i>Our communities and society</i>	Creating shared value
	Community relations
<i>Environment</i>	Environmental management
	Energy management and emissions
	Water management
	Waste management
	Biodiversity and rehabilitation





## Stakeholder engagement

# Our approach to stakeholder engagement

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Strong, open and respectful stakeholder engagement is vital to the long-term sustainability of Caledonia and its operations. We understand the imperative of constructive stakeholder engagement at the community level, as well as with government as the regulator, to maintain our social licence to operate, and we are committed to maintaining effective communications with our shareholders.

We have a wide range of stakeholders, but have identified five key groups which are most relevant to our business. Our approach to stakeholder communications differs from group to group, depending on their varying requirements, and we have provided an overview of engagement methods, issues raised and outcomes below.

We take stakeholder issues seriously and strive to meet expectations and requirements. Over time, Blanket has increased its interaction with the community through the dedicated CSR Officer.

Stakeholder	How we engage	Issues raised and responses	Stakeholder value created
<b>Investors</b>	<ul style="list-style-type: none"> <li>• 1-on-1 meetings</li> <li>• Investor presentations, video calls and webcasts</li> <li>• Press releases and quarterly results</li> <li>• Annual and special general meetings</li> <li>• Site visits, industry events and conferences</li> <li>• Regular communication with IR department</li> <li>• Social media</li> </ul>	<ul style="list-style-type: none"> <li>• Zimbabwe risk factors</li> <li>• Impact of inflation on financial performance</li> <li>• Low trading volumes on AIM</li> <li>• Relative undervalue compared to gold producers in other jurisdictions</li> </ul>	<ul style="list-style-type: none"> <li>• 2022 dividend: 56cents/share</li> <li>• 2022 adjusted EPS: 219.9 cents/share</li> <li>• Dividends paid: 56 cents per share to Caledonia shareholders</li> <li>• \$1.8m of dividends paid to indigenous shareholders in Blanket</li> </ul>
<b>Employees and trade unions</b>	<ul style="list-style-type: none"> <li>• Employee briefings</li> <li>• Quarterly meetings between management, employee representatives and the Trade Unions</li> <li>• Participation in Blanket’s quarterly board meetings</li> <li>• Internal communication facilitated via the intranet, bulletins, memoranda, notice boards, consultation meetings and mobile telephones</li> <li>• Suggestion boxes are in place to enable employee feedback</li> <li>• Communication of Group policies</li> <li>• Formal site level grievance procedures</li> <li>• Anonymous whistleblowing hotline</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration to all Blanket employees in USD</li> <li>• Whistleblowing reports externally investigated and recommendations made and followed</li> </ul>	<ul style="list-style-type: none"> <li>• Employee ownership of 10% of Blanket through an employee trust</li> <li>• 2022 wages and benefits: US\$28.9 million</li> <li>• Participation in Caledonia’s omnibus equity incentive compensation plan by 113 employees</li> <li>• Four employees being sponsored at the Zimbabwe School of Mines studying Geology and Surveying at Diploma level.</li> </ul>



# Stakeholder engagement continued

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Stakeholder	How we engage	Issues raised and responses	Stakeholder value created
<b>Local communities</b>	<ul style="list-style-type: none"> <li>Engagement with senior management</li> <li>Engagements with beneficiaries and partners</li> <li>Participation in Blanket board meetings by representative of GCSOT</li> <li>Blanket representative trustee on GCSOT</li> <li>Mining tributes for local miners</li> </ul>	<ul style="list-style-type: none"> <li>Proposal to align CSR projects</li> </ul>	<ul style="list-style-type: none"> <li>10% community holding of Blanket through the GCSOT</li> <li>2022 community investment: US\$897,272</li> <li>Artisanal and small-scale gold mining (“ASM”) tributes within Blanket claims area and at Maligreen</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Communication of Group policies</li> <li>Where possible we aim to use local suppliers</li> <li>Vetting process of suppliers carried out</li> </ul>	<ul style="list-style-type: none"> <li>Opportunities investigated to increase local content</li> <li>Sourcing from ethical and reputable suppliers</li> </ul>	<ul style="list-style-type: none"> <li>US\$64.1 million spent with suppliers</li> <li>53.7% local suppliers</li> <li>59 suppliers vetted</li> </ul>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>Meetings between management and officials at various levels at the Ministries of Mines, Finance, Energy and with the Reserve Bank of Zimbabwe</li> <li>NIEEF representative on Blanket board</li> </ul>	<ul style="list-style-type: none"> <li>Job creation at Blanket and at Caledonia’s new projects</li> </ul>	<ul style="list-style-type: none"> <li>Payments to government of US\$19.2 million</li> </ul>



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# Contributing to the United Nations sustainable development goals

The Sustainable Development Goals (“SDGs”) represent a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. We have selected SDGs to focus on based on the ESG topics which are most significant to our stakeholders and where we can make the greatest contribution and impact





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# United Nations SDGs continued



## HEALTH & WELLBEING

### Caledonia's commitment

We are committed to achieving a zero-harm working environment and are focused on safeguarding and improving the health of our employees and their dependents. Safety remains our top priority in everything we do.

### Progress made

- Reduction in TIFR to 0.75 in 2022 from 1.0 in 2021.
- One occupational illness (one case of pneumoconiosis was recorded).
- Community health investment of \$130,370.



## QUALITY EDUCATION

### Caledonia's commitment

As one of our key CSR pillars, we aim to contribute to the enhancement of education in our local communities. We have a compulsory safety training programme at Blanket for our employees as well as a number of operational training courses.

### Progress made

- 505 employees trained under the Nyanzvi Initiative.
- 5917 hours of skills training conducted in 2022.
- US\$416,308 education-focused community investment.
- 41 tertiary student attacheses at Blanket.
- Four employees being sponsored at the Zimbabwe School of Mines studying Geology and Surveying at Diploma level.



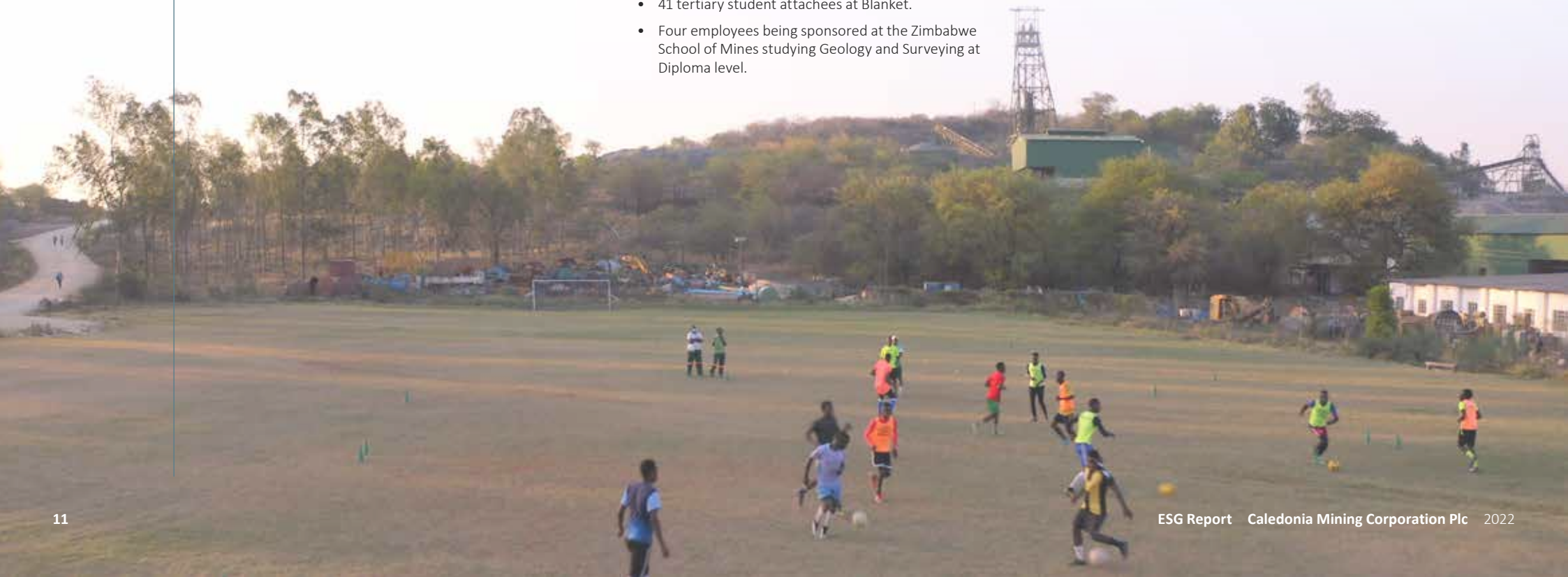
## WATER & SANITATION

### Caledonia's commitment

We consider access to clean water and sanitation as basic human rights and provide this to all our employees and their dependents who live at the Blanket village. We also engage with our local community to improve water provision and sanitation.

### Progress made

- 24 boreholes drilled across schools in the community.
- Toilets/ ablutions constructed at the local schools. Increased hygiene practices.
- Water provision at the local clinic and schools.





Corporate governance and ethics

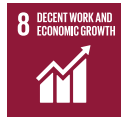
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## United Nations SDGs continued



### DECENT WORK AND ECONOMIC GROWTH

#### Caledonia's commitment

We aim to maximise our ability to positively affect our local communities, through social and economic development, wherever possible. Blanket is situated in an area of limited employment opportunities and the jobs and community support we provide are an important contributor to the quality of life of those around the mine. Through the transparent payment of taxes and royalties, we also contribute to the development of the wider Zimbabwean economy.

#### Progress made

- 100% of employees at Blanket from Zimbabwe.
- US\$19.2 million total payments to government.
- 53.7% of suppliers were from Zimbabwe.



### REDUCED INEQUALITIES

#### Caledonia's commitment

A key pillar of our CSR programme relates to the empowerment of women and youth, achieved predominately through a focus on education and training where females are given equal opportunities.

#### Progress made

- 39% of tertiary student attachees are female.
- Equal pay across gender.



### CLIMATE ACTION

#### Caledonia's commitment

Our operations are energy intensive and we therefore attempt to achieve efficiencies and reduce emissions wherever possible.

#### Progress made

- Blanket has a water treatment plant for provision of potable water to the mine and employees.
- Water is provided to the Gwakwe Irrigation Garden for growing of vegetables.
- A 12.2MWac solar plant has been constructed at Blanket to reduce its dependence on grid and diesel generator power.





# Corporate governance

We recognise the importance of good corporate governance which supports the Company's medium-to long-term success. Caledonia endorses, and is committed to, the principles of good corporate governance and corporate citizenship. Overall responsibility for governance lies with the Board, underpinned by a framework of charters and policies with reference to the laws, codes, guidelines and best practise that apply in the multi-jurisdictional environment in which the Group operates (i.e. Jersey, Zimbabwe, South Africa, the UK, Canada and the USA). The Board also promotes ethical and effective leadership behaviour.

## Highlights

- Completed training of Board and management on various corporate policies including business ethics, conducted Board evaluation and adopted various IT policies throughout the Group
- 59 suppliers vetted
- Whistleblowing reports externally investigated and recommendations made and followed

## SDGs

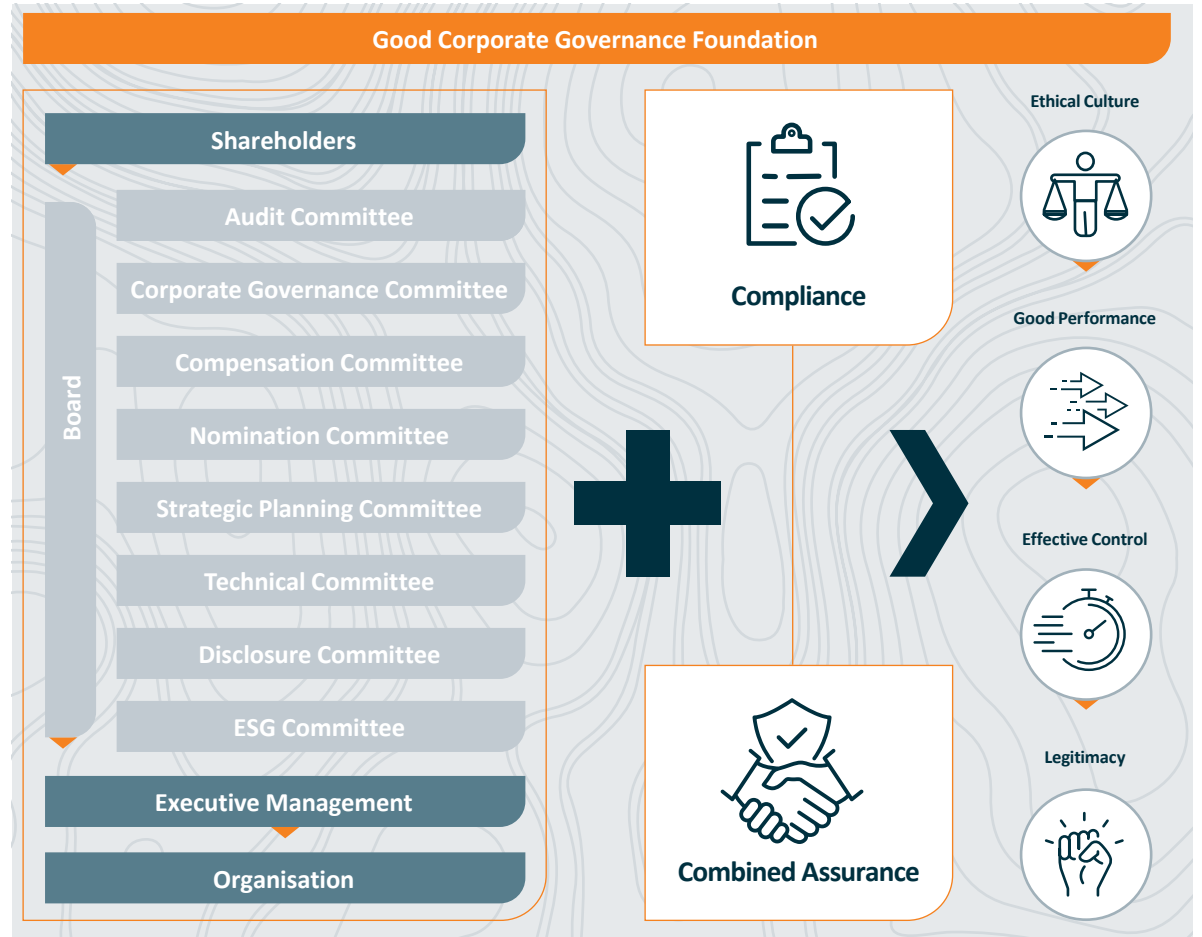


# Corporate governance and ethics continued



Caledonia has adopted the UK's Quoted Companies Alliance Corporate Governance Code ("QCA Code") and a statement from the Chairman on application of the QCA Code is available on the corporate governance section of Caledonia's website, together with the other codes and policies mentioned below.

Whilst Caledonia's shares are no longer listed on a Canadian stock exchange, it still retains a material number of Canadian shareholders and therefore remains a reporting issuer in Canada and thus continues to adhere to Canadian reporting requirements. Caledonia therefore applies the requirements of Canadian National Instrument 58 101 Corporate Governance Disclosure ("NI 58 101") and provides the required disclosure in its annual Management Information Circular ahead of its annual general meeting each year, a copy of which is available on the Company's website.



# Corporate governance and ethics continued



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## Business ethics

The Board aims to provide an example of the ethical conduct it expects of all employees throughout the business. We are committed to high ethical standards and have the following corporate values, which underpin our behaviour.

The Company has a comprehensive set of policies, copies of which are available within the corporate governance section on the website and form the basis for our ethical approach.

Caledonia’s Code of Business Conduct, Ethics and Anti-Bribery Policy (“the Code”) as well as its Human Rights Policy provide the foundation for how we conduct business. These policies apply to all employees, directors and contractors. The Code requires, amongst other things, compliance with all laws, rules and regulations of the jurisdictions in which we operate.

Management is responsible for monitoring adherence to Company policies and providing training. The Board and management were trained on various corporate policies throughout the year including the Code and the Human Rights Policy. An online training system is currently being implemented for future training. All relevant policies are provided to new employees and Board members as part of their induction process and training is provided where relevant.

## Anti-bribery and corruption

We take a zero-tolerance approach to bribery and corruption and are committed to carrying out all business activities in an ethical manner. The Code provides clear provisions for how employees, directors and contractors are expected to behave. The Company’s anti-bribery policy covers bribes paid to government officials and to or from any third parties including employees of private companies.

Any possible or actual breaches of the Code relating to bribery should be reported to the Anti-Bribery Officer (the General Counsel, Company Secretary and Head of Risk and Compliance), or via the whistleblowing hotline. No cases of bribery or corruption (other than the whistleblowing report referred to below) were reported in 2022.

## Whistleblowing

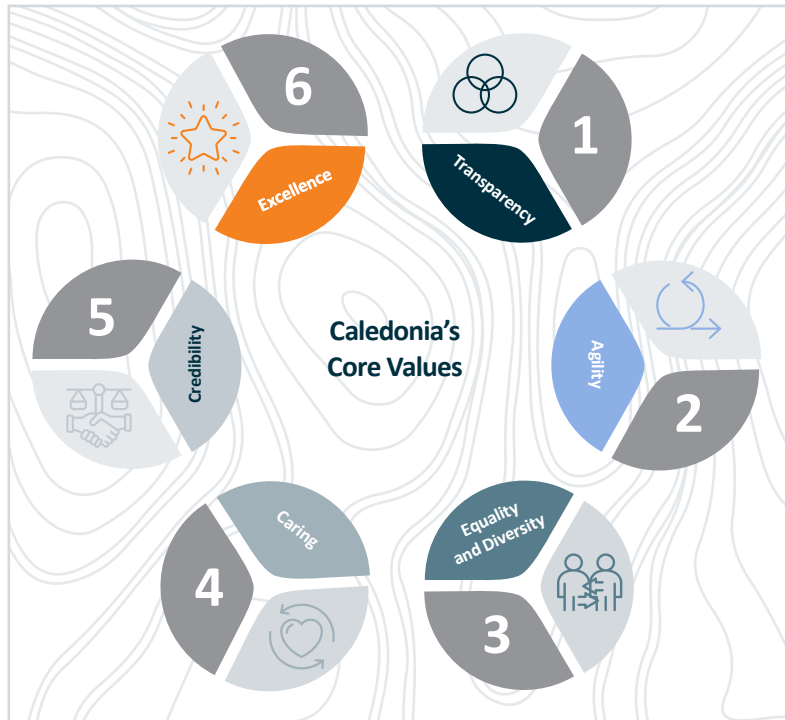
Employees are encouraged to report any illegal or unethical behaviour, or contraventions of the Code to supervisors, managers or other appropriate personnel without fear of reprisal. The Company also has an anonymous, externally-facilitated whistleblowing hotline, with details included within the Code and on the Company’s website.

There was a whistleblowing report made during the year concerning allegations of low-level theft and improper use of assets at Blanket, none of which were considered material in terms of value for the business. A full external investigation was commissioned (see Security on p.16). The investigation concluded that there was no tangible evidence of criminality on the part of any of those alleged to have been involved but recommendations were made and adopted, including enhanced security measures.

## Human rights

We are committed to respect for human rights, underpinned by our Human Rights Policy, and do not tolerate any form of discrimination, harassment or bullying in the workplace. We believe that all people should be treated with respect, equality and dignity.

Our policy commits the Company to respecting human rights and treating stakeholders (which, in this context, means our employees, contractors, suppliers and the local communities and individuals who live in proximity to our operations) fairly and with dignity. Caledonia recognises, respects and abides by all applicable labour, child labour, modern slavery and employment laws, and we will insist that our contractors meet the same standards. These include prohibitions on child labour, forced labour, discriminatory behaviour, human trafficking and all forms of modern slavery, as well as recognition of the rights of freedom of association and collective bargaining.





## Corporate governance and ethics continued



The policy is publicly available at Blanket, and will be extended to our recently acquired businesses, with a copy on the Company's website which is reviewed annually by the ESG Committee to ensure that it is operating effectively.

Caledonia ensures that our gold is not extracted, processed or sold in ways that cause or support unlawful armed conflict or contribute to human rights abuses or breaches of international humanitarian law.

During 2022, Blanket sold all of its gold production to Fidelity Gold Refinery (Private) Limited, which is a 100% subsidiary of the Reserve Bank of Zimbabwe. Thereafter, Blanket and Caledonia had no further participation in the onward sale of gold into the international market.

Since listing on the Victoria Falls Stock Exchange and following completion of the Bilboes acquisition, Caledonia has been looking into various avenues to achieve the direct export of its gold and in May 2023 the Company announced that it had commenced the direct sale of gold produced from the Blanket Mine to a refiner outside Zimbabwe. Caledonia conducts due diligence checks on all such refiners in accordance with its customer policies.

Since commencing sales of gold outside Zimbabwe, Caledonia receives the proceeds of the gold sales directly into its bank account in Zimbabwe within a few days of delivery to the final refinery. This arrangement in respect of production from Blanket complies with the current requirements to pay a 5 per cent royalty and that Blanket continues to receive 75 per cent of its revenues in US dollars and the balance in local currency.

### Transparency

Reports on payments to governments were previously submitted pursuant to Canada's Extractive Sector Transparency Measures Act, with copies displayed on our website. Since delisting our shares from the Toronto Stock Exchange, the Company now reports via its UK subsidiary on such payments pursuant to the UK's Reports on Payments to Governments Regulations 2014. Reports are submitted to and publicly available at the UK's Companies House with copies on our website. See "Creating shared value" on p.25 for further information on payments to governments and taxes.

Caledonia does not make any political donations.

### Responsible supply chain

Caledonia aims to be part of a sustainable and responsible supply chain. We prioritise building solid and lasting relationships with suppliers and engage with them in a transparent way. Our supply chain is made up of global consultants, contractors and suppliers who provide goods and services to the business.

Caledonia expects suppliers to comply with applicable laws and, for those other than suppliers who are highly regulated and have equivalent obligations, it has a Supplier Charter, which is available on the Company's website, and incorporates into contracts ethical standards, including anti-bribery provisions, with which suppliers are expected to comply.

Contracts over a certain value are subject to enhanced due diligence checks in accordance with the requirements of the Code and global compliance. Checks are typically carried out in respect of large value transactions.

The Group employs a Supplier Risk Vetting system provided by MIE, the largest background screening and vetting company in Southern Africa, to assess all potential suppliers. This assists in our ability to manage and mitigate any potential risks surrounding, for example, conflict of interest, fraudulent activity, tender collusion or irregularities.

### Security

We have stringent security procedures in place at Blanket as a result of our operations and product. These are intended to allow employees to operate safely, and to protect our operations and our assets.

Three security companies are employed at Blanket, all of which are members of the Security Association of Zimbabwe and who have an operating code of conduct that they abide by. These companies were engaged after a rigorous due diligence process.

The security companies are held to high standards which are monitored operationally through the human resources department and directed through the General Manager's office. They are responsible for the protection of our employees, contractors and property and the security of our product.



## Corporate governance and ethics continued

### → Corporate governance and ethics

#### Health and safety

Our security personnel work in partnership with local law enforcement agents who provide support in all concerns of a criminal or reportable nature. As part of the Company's Human Rights Policy, security companies are expected to comply with the Voluntary Principles on Security and Human Rights and to respect the rights of all people when conducting their tasks.

No human rights abuses by our security personnel have been reported at the mine.

#### Our people

There was one incident following the whistleblowing report referred to on p.15 where gold concentrates were discovered hidden at the plant. The remedial action taken after the incident was as follows:

#### Our communities and society

- An investigation by a private security company was conducted and no conclusive evidence was found against the suspects.
- The area at which the incident occurred was not adequately covered with a CCTV camera. A camera has since been installed including other areas in the plant to give more coverage.

#### Environment

### Sustainability management

Caledonia's ESG strategy is built on a commitment to integrating our responsibilities and commitments with regards to ESG factors into our overall corporate strategy. There are five pillars within the overall strategy: corporate governance and ethics, health and safety, our people, our communities, and society and environment. Each pillar is then subdivided into strategic areas of focus so that scopes of work and action can be effectively identified and undertaken by the team. Our current focus remains on our operating asset, Blanket, but our approach will be rolled out to Maligreen, Motapa and Bilboes as appropriate going forward.

Effective safety, health and environmental ("SHE") management is integral to the success of our business activities and the prosperity and wellbeing of our stakeholders. Blanket has a SHE policy to protect and promote the safety, health and wellbeing of employees and contractors and the environment in which we operate.

Blanket aims to adopt international best practice as set out in the international conventions to which Zimbabwe is a signatory and any other guidelines that the mine may follow to from time to time.

The Board is ultimately responsible for SHE management and is supported by the ESG Committee. The ESG Committee has oversight and reviews Caledonia's practices with regards to maintaining health, safety and wellbeing, focusing on our employees, caring for the environment, unlocking value for local communities, governance and reporting.

There is a reporting line from the operation, through management and up to the Committee and Board level. Blanket has a SHE Coordinator who reports to the mine's General Manager and is responsible for SHE management and compliance programmes and is the primary point of contact for external stakeholders. The mine's General Manager reports via the Chief Operating Officer to the Chief Executive Officer and then to the Board.

There is a formal monthly reporting cycle from the mine to the Group's management and a quarterly reporting cycle from the Group's management to the Board. The Company has a comprehensive and robust approach to risk management.

Risks, including those relating to ESG topics, are identified, evaluated and reported to the Audit Committee by the Risk Management Sub-Committee on a quarterly basis with particular issues being elevated to Board level if necessary.

By complying fully with all relevant legislation and obtaining all relevant regulatory permissions and approvals and by regular and proactive engagement with the relevant authorities in Zimbabwe, Caledonia aims to minimise risks related to the unpredictable nature of the commercial environment in which the Company operates.

The nature of Caledonia's business carries certain risks due to the nature of its mining, exploration and development activities as well as the jurisdictions in which it operates. Further details of risk factors and of how management seeks to mitigate the risks are available on the Company's website in its quarterly management discussion and analysis ("MD&A") and annual report on SEC Form 20-F.

Whilst Caledonia is not a member of an industry body, we do endeavour to implement principles of responsible mining. We recognise that this is an ongoing process, and we aim for continuous improvement in our ESG practices and reporting.

We have made progress in 2022 to align incentives to ESG objectives - safety metrics are included as part of the Short Term Incentive Plan ("STIP") as seen below:

#### Based on the accident statistics of the team which an employee represents.

- One lost time accident will forfeit the team's bonus for the period in which the accident occurred.
- One restricted work accident will forfeit the team's bonus for the period in which the accident occurred.
- Two treat and return accidents will forfeit the team's bonus for the period in which the accident occurred.
- One fatal accident will forfeit the team's bonus for a three-month period starting with the month in which the accident occurred.

## Health and safety

# Safety is our first priority at Caledonia



### Case Study –

## The Nyanzvi Initiative

Safety is a key focus of Caledonia’s Nyanzvi Initiative, which was designed to facilitate cultural change at Blanket. At its core is a culture that ensures that it is every employee’s responsibility to safeguard their own safety and that of their fellow employees. The Nyanzvi Initiative is compulsory for all mine employees and 505 employees were trained under the initiative in 2022.

The overriding objective of Nyanzvi is to co-create a unique employee development programme to ensure a fully compliant team that works together and adheres to the highest safety standards.

## Health and safety continued



### Targets

- Reduction in total work-related injuries
- Zero harm
- Maintaining a safe working environment as a human right
- Safety targets are set as a qualifier for our employee bonus scheme

### SDGs



### Summary

The TIFR (total injury frequency rate) at Blanket Mine reduced to 0.75 (from 1.0 in 2021) and the DIFR (disabling injury frequency rate) is 0.23 (from 0.29 in 2021). Four LTIs (lost time injuries) were recorded, with three occurring during 2021. The mine maintained its four-star NOSA rating in 2022. Safety training remains a high priority at Caledonia, and 505 employees were trained through the Nyanzvi programme, which is a behaviour-based safety programme, emphasising the safety culture. Unfortunately, one fatality occurred at Blanket in February 2022. The fatality was investigated in accordance with Zimbabwe mining regulations. We continue to review our safety practices and affirm our commitment to zero harm.

As a mining company, we are aware of the potential impacts of our operations on the health and safety of our people and maintaining safe operations at a deep-level underground gold mine which employs around 2,000 people brings many challenges.

### Safety

Safety is our first priority at Caledonia. We work hard to create a strong safety culture at Blanket, which is underpinned by our policies and systems and reinforced by regular training and safety-awareness courses. To demonstrate our commitment to this priority, safety targets are set as a qualifier for our employee bonus scheme. Variable incentive payments to Group senior management reflect a holistic consideration by the Compensation Committee of the overall safety performance.

We have a formal safety management system in place at Blanket based on the South African National Occupational Safety Association (“NOSA”) system. We believe that people will support systems and initiatives that they have a role in designing and therefore it is important to us that our employees contribute to the development and evaluation of our safety management system.

Any incidents or accidents are investigated to understand their root cause and remedial action plans are implemented to mitigate future risks. Incidents and remediating measures are reported in full to the ESG Committee on a quarterly basis.

Safety audits provide a consistent approach to performance monitoring at Blanket. Every year an internal audit, compliance audit and external audit by NOSA auditors are conducted and, in addition to this, our SHE department ensures continuous monitoring of the SHE programme. The most recent external audit, conducted in February 2022 by NOSA, resulted in Blanket maintaining its four-star rating.

### Risk Management

Blanket’s safety risk management system is based on the hierarchy of control within the International Labour Organisation (“ILO”) Convention. We operate a “stop, withdraw, think, fix and continue” concept, which is applied by all employees across all work areas.

Upon identification of any hazardous situation at work, an employee has received training to:

- **STOP**  
working immediately and report to the supervisor.
- **WITHDRAW**  
the workforce immediately from the danger area.
- **THINK**  
the supervisor puts up a plan to remove the hazard or danger.
- **FIX**  
remove or get the workplace addressed so that it’s safe to work.
- **CONTINUE**  
when it’s safe the supervisor allows work to resume safely.

Hazard Identification & Risk Assessment (“HIRA”), as demonstrated by the diagram (below) is carried out at the start of every shift and all incidents, near misses and accidents are investigated by a team led by the safety manager and management. Where necessary, disciplinary measures are taken in line with the mine’s Code of Conduct and mining safety regulations.

The efficacy of our risk management approach is monitored through the rigorous tracking of key safety indicators on a daily, weekly, monthly and quarterly basis. Within Blanket’s safety structure, we have strict supervision in the form of safety representatives in every crew and permanent safety officers who audit workplaces each day. Daily risk assessments take place and safety talks are conducted and recorded.

## Health and safety continued

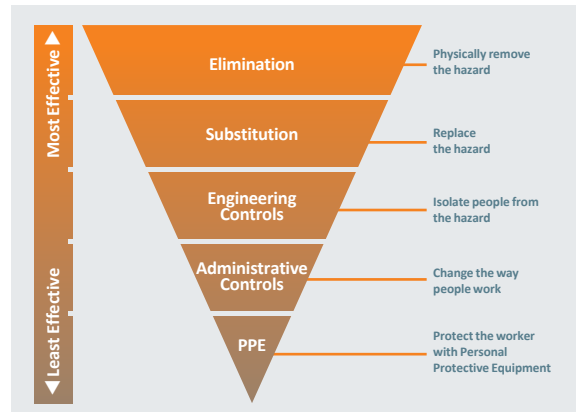


We ensure all our employees are provided with adequate personal protective equipment (“PPE”) and its use is enforced. Whilst PPE helps to reduce impact and can protect employees from a specific hazard or minimise their exposure to the hazard, other controls are often more effective in safety management.

Employees who perform high-risk tasks undergo planned job observations to ensure they are following the standard safety procedures.

Engagement on mine safety issues is carried out through the Joint Occupational Safety Health Environmental Committee (“JOSHEC”) which meets on a quarterly basis. Departmental SHE meetings are also held which then feed into the main JOSHEC meeting. Each department conducts monthly SHE meetings.

### Risk management approach



### Training

Blanket’s Nyanzvi safety training initiative is an internal training process which is carried out to increase awareness of safety issues, to empower employees to act in a responsible and appropriate manner in the workplace and manage risk effectively by identifying work-related hazards.

### Emergency response

An Emergency Preparedness and Response Plan is in place at Blanket, with clear procedures to follow in the event of fires, accidents or environmental emergencies. There is currently no fire detection system although plans are underway to install systems at the main stores, electrical substations and the generator station.

### Safety Performance

Four LTIs were recorded in 2022 (2021: 3), with a TIFR of 0.75 in 2022 (2021: 1).

The Nyanzvi Initiative represents one of the primary ways that Caledonia aims to maintain high safety standards at Blanket.

### Blanket safety performance

Classification	2022	2021	2020
Fatality	1	–	–
Lost-time injury	4	3	6
Restricted work activity	4	6	9
First aid	5	1	1
Medical aid	12	21	12
Occupational illness	1	–	–
<b>Total</b>	<b>26</b>	31	28
Incidents	39	62	59
Near misses	18	22	24
Disability injury frequency rate	0.23	0.26	0.52
Total injury frequency rate	0.75	1	0.97
Man-hours worked (000s)	6,947	6,199	5,789

### Occupational health and wellbeing

We are committed to maintaining high standards of hygiene, providing access to healthcare and promoting physical and mental wellbeing amongst our workforce. Most of our employees live with their dependents at the Blanket village, where they are provided with potable water (treated at our on-site treatment facility) and healthcare services. The mine has also provided water to local communities through the sinking of boreholes.

The mine has an occupational health centre, which is available to employees and their dependents from Monday to Friday between 07.00 and 16.30, with standby personnel to take care of emergencies outside these hours. The mine clinic is led by four professional nurses (with three locum nurses available for cover work) and a doctor present on a weekly basis. The clinic is staffed 24 hours per day. All new employees undergo health screening prior to employment at the mine.

Blanket has the relevant procedures in place to monitor the incidences of occupational illness. One case of pneumoconiosis was recorded in 2022 (2021: 0).

As a first line of assistance in cases of injury, employees are trained in basic first aid with a minimum target of 75% of employees trained at any point in time. 734 employees were trained in first aid during 2022.

Voluntary testing for HIV/AIDS is available to all employees and dependents at our health centre and counselling services are offered. We also have “peer educators” who conduct door-to-door visits with employees and the local community to raise awareness on HIV/AIDS, COVID-19, malaria and personal hygiene.

Our health staff conduct localised HIV/Aids preventative and awareness programmes in line with National AIDS Council (“NAC”) and the Ministry of Health and Child Care (“MoHCC”) guidelines and we assist those on anti-retroviral therapy treatment in getting their medication to the mine from Gwanda Provincial Hospital.

Health education is provided to mothers attending the mine clinic on baby clinic days and we vaccinate children under five years old against tuberculosis. Throughout the year there were 52 baby clinics and 32 sessions on health education. This covered almost everyone who visits the clinic. We continue to have employee wellbeing training through the hygiene technician and the village health employees.



Our people

# Our people are our most important asset and are central to the ongoing success of the business

Corporate governance and ethics

Health and safety

→ Our people

Our communities and society

Environment

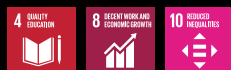
## Highlights

- 100% employees at Blanket are from Zimbabwe
- All employees at Blanket are paid in USD
- All employees at Blanket undergo training through the Nyanzvi initiative

## Targets

- Company goal-aligned remuneration strategy

## SDGs



## Our people continued



We aim to attract, train and develop a skilled and committed workforce and have programmes in place that facilitate this.

Blanket is one of the largest employers in the region of Zimbabwe in which we operate, where employment opportunities in the local Gwanda area are scarce. The majority of Blanket's employees and their dependents live at the mine village which accommodates nearly 5,000 people and represents 15% of the local community.

We believe that our people should share in the long-term prosperity and sustainability of the business and, therefore, an employee trust holds a 10% shareholding in Blanket – see further detail in “Creating shared value” on p.25.

### Our people

	Zimbabwe	South Africa	UK and Jersey
<b>EMPLOYEES</b>			
Male	1382	13	3
Female	18	10	3
<b>Total</b>	<b>1400</b>	<b>23</b>	<b>6</b>
<b>CONTRACTORS</b>			
Male	657	3	0
Female	39	0	0
<b>Total</b>	<b>696</b>	<b>3</b>	<b>0</b>

### Labour relations and responsible employment

Our approach to responsible employment includes the fair and transparent payment of wages, upholding human rights, respecting and considering diversity, providing equal opportunities, preventing discrimination and preferential local employment.

### Labour relations, employee engagement and satisfaction

All employees have the right to freedom of association and collective bargaining in line with local labour regulations as guided by the Zimbabwe Labour Act.

As at December 2022, an estimated 72% of Blanket's employees were unionised of which 52% are members of the Associated Mine Workers Union of Zimbabwe, which is the dominant trade union in the Zimbabwe gold industry, and 48% belong to the Allied Minerals Workers Union.

The mine currently has no pending litigation before any labour court or other employment dispute resolution forum.

We are committed to a productive labour relations environment and continuous dialogue with employees is maintained through statutory works council meetings with employee leaders held at regular intervals and impromptu meetings as and when necessary. Dialogue mainly centres around employee welfare, remuneration and general conditions of employment, with amicable resolution. There were no incidents of industrial action in the period under review, a situation which has prevailed for almost a decade.

Our site-level grievance procedures at Blanket allow any concerns to be reported and addressed in an accessible, transparent and equitable manner. We recognise and respect stakeholders' right to seek remedy and are committed to remedying such negative impacts as are within our control.

Cultural alignment is important to maintaining a good relationship between management and our employees and this has been enhanced through the Nyanzvi Initiative which has engagement at its core and acts as a conduit for dialogue, helping to create a well informed and guided leadership by facilitating training for employee leaders.

We have effective internal communications tools at the mine, which include posting information on the intranet and notice boards and in bulletins and memoranda. We also engage via consultation meetings and chat groups on WhatsApp. Formal works council meetings are held quarterly with employee representatives and additional meetings are set up if a specific issue arises. SHE meetings are also held quarterly and there is a WhatsApp group which posts daily production and safety statistics.

Employee feedback is facilitated by suggestion boxes at site as well as through works council meetings.

There were 348 new hires in 2022 and the business demonstrates a very low level of employee turnover of 0.43% at Blanket in 2022, which partly reflects the lack of alternative employment opportunities in the local area, but we believe is also to be attributable to the favourable employment conditions provided by Caledonia.

### Fair remuneration and benefits

An incentive scheme is in place at Blanket to encourage individual teams to excel and produce gold safely. Team performance is measured on targets, which are set by management and focused around safety, health and environment, production, development meters and cost. Achieving the prescribed safety target is a qualifying factor to participate in the bonus.

Our employees are rewarded with competitive remuneration packages which are commensurate with their qualifications, experience and expertise, with wages above statutory set minimum rates for the mining industry in Zimbabwe.

They are also higher than the level agreed in the collective bargaining process between employers and the main union. 100% of salaries are payable in US dollars to insulate employees from local currency devaluation.

113 employees belong to the Caledonia Omnibus Equity Incentive Compensation Plan with participants in Jersey, the UK, South Africa and Zimbabwe. The performance units vest every year based on performance and Caledonia's share price and can be settled in cash or shares, except for executives' awards which take three years to vest and, from 2025, only vest in shares which are subject to forfeiture for up to a year after vesting in certain events.

As a result of our VFEX listing, Zimbabwe-based employees can hold Caledonia depository receipts, which represent shares, in Zimbabwe thereby enabling our local employees to benefit from the Company's long-term success.

Around 75% of our employees live with their dependents on the mine village where we provide housing. The rest live in rented accommodation in the local town of Gwanda.

## Our people continued

### Diversity

Caledonia's hiring practices include consideration of diversity across a number of areas, including gender.

Employment opportunities are freely available at Caledonia, within an environment where a diverse variety of people from different backgrounds can work together.

Historically, the mining industry as a whole has not always been strong in attracting women, mainly as a result of tradition and the patriarchal nature of society where women were confined to non-manual activities. However, Caledonia has various initiatives in place to try to better accommodate women in the workplace and encourage a higher level of female representation. The Company offers a year long attachment as part of the students degree course. Our annual year long attachment programme provides a meaningful way for us to encourage a new generation of women in our business. Currently 39% of the 41 students are female and they are learning skills in areas of engineering, metallurgy, geology and finance.

Contributing to the socio-economic empowerment of women in our local communities is one of our key CSR pillars. As part of this, we seek to raise the status of women through education, training and literacy.

The Nomination Committee of the Board considers diversity in the composition of the Board and periodically reviews the composition of the Board as a whole to recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of diversity, knowledge, experience, skills and expertise required for the Board as a whole.

Accordingly, while the Board has not adopted a written policy nor targets relating to the identification and nomination of women directors, the Board does take into consideration a nominee's potential to contribute to diversity within the Board. Female representation on the Board during 2022 was 10%, and a third of our senior management is comprised of women.

### Training and development

We recognise the importance of training and development to both the ongoing success of the business and the satisfaction and fulfilment of our employees. We aim to create a culture in which all our people take responsibility for developing their potential through our training and educational programmes in order to continually improve performance.

We operate an extensive and tailored training programme at Blanket in order to cover the wide range of skills required – both specialist skills as well as broader training such as compulsory health and safety training. Sessions are predominantly conducted in a classroom environment, with some practical activities at workstations.

In 2022, we invested US\$92,211 in employee training and development (2021: US\$39,213).

The mine addresses skills shortages in the local communities by providing a bursary programme to sponsor students and employees through selected professional programmes, and currently has four employees being sponsored at the Zimbabwe School of Mines studying geology and survey at diploma level.

The mine provides school fees assistance for up to three children for supervisory and managerial level employees for primary and high school. In addition, the mine provides three scholarship bursaries for university education, for the children of its employees. We also offer a structured two-year learnership programme for college graduates at Blanket.





## Our communities and society

# Our communities and society

**Our licence to operate and the long-term success of our business relies on mutually supportive, open and constructive relations with our local communities.**

Zimbabwe is a country with limited employment opportunities, and we therefore recognise our ability to significantly contribute to the socio-economic development of our surrounding communities as well as the country as a whole.



### Highlights

- US\$0.9m committed to community and social investment
- Local socio-economic development facilitated through dividends paid to GCSOT
- US\$17 million economic value distributed in operating costs, employee wages and benefits, payments to providers of capital and government, and community investment
- US\$6.2 million in taxes

### Targets

- Sustainable community and social investment aligned with the performance of the Company
- Increased returns to Blanket’s indigenous shareholders

### SDGs



## Our communities and society continued



Our licence to operate and the long-term success of our business relies on mutually supportive, open and constructive relations with our local communities.

Zimbabwe is a country with limited employment opportunities, and we therefore recognise our ability to significantly contribute to the socio-economic development of our surrounding communities as well as the country as a whole.

### Community relations

At Caledonia we recognise the importance of regular engagement, strong relationships and active involvement in the community. We are sensitive to the cultural norms and practices of the communities associated with, and surrounding, Blanket and ensure engagement is conducted in an appropriate manner.

The cornerstones of our engagement with the community are:

- the participation of GCSOT as a 10% shareholder in Blanket which includes representation on Blanket's board of directors by one of the local chiefs; and
- Blanket's CSR programme which defines the scope of our engagement with the community.

The Board pays close attention to community relations and receives regular reports on the activities in this area. Day-to-day responsibility for community relations rests with Blanket and its CSR Officer is responsible for direct engagement with the community, and there are also lines of communication open with senior management.

Although there is no formal Stakeholder Engagement Plan, the mine has identified the critical local stakeholders and maintains strong engagements. These include traditional leaders, local government, GCSOT, and communities.

The CSR pillars and SDGs were developed in line with areas of need in our community identified through the trend of requests received over time, and engagements with key stakeholders. The CSR Officer receives feedback from the community on local concerns, community development and community requirements. Regular meetings are held by the CSR committee at Blanket to address community concerns, as part of our grievance management procedures.

### Creating shared value

We believe that we have a responsibility to maximise value creation for all our stakeholders and aim to do this by creating local employment opportunities, paying fair wages, providing support and social investment to our local communities, paying taxes and royalties, as well as creating shareholder value for both Caledonia's shareholders and the local shareholders in Blanket.

Blanket is situated in an area of limited employment opportunities and therefore the jobs and community support we provide are an important contributor to the quality of life of those around the mine.

Whenever possible we procure goods and services from local suppliers subject to them being competitive as to pricing and quality. Local procurement includes items such as diesel, which is imported to Zimbabwe, but which we procure from Zimbabwe-based suppliers. The proportion of local procurement has reduced in recent years due to the decline in local manufacturing and local currency inflation which has significantly increased the cost of supplies and services denominated in the local currency.

Since listing on the VFEX, the company has also welcomed new local shareholders onto the register, who have not historically been able to participate in Caledonia's growth journey.

### Local shareholdings in Blanket

We believe we have an ownership structure which enables our local stakeholders to meaningfully share in the value of our business.

As the first indigenised Zimbabwean gold miner, 51% of Blanket was either sold or donated to indigenous Zimbabweans in 2012.

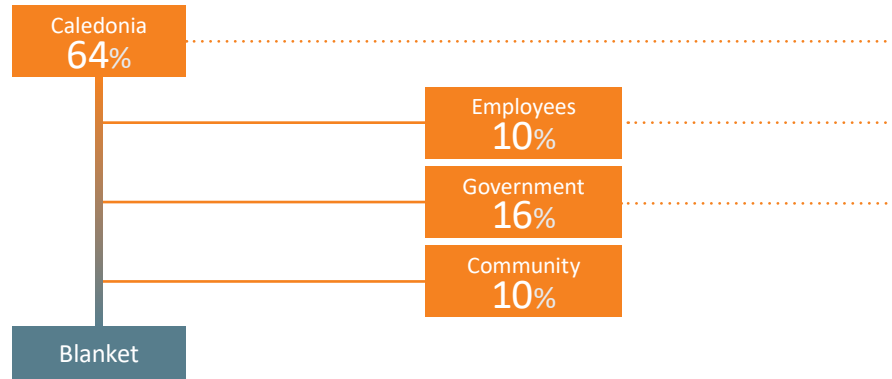
Caledonia facilitated the acquisitions of a 10% shareholding in Blanket by a trust in favour of our employees; a 16% shareholding by the National Indigenisation and Economic Empowerment Fund ("NIEEF") of Zimbabwe; and a 15% shareholding by Fremiro Investments (Private) Limited ("Fremiro"), an investment vehicle controlled by indigenous Zimbabweans. A further 10% shareholding in Blanket and US\$1 million was donated to GCSOT for the benefit of the local community.

Following the repeal of the National Indigenisation and Economic Empowerment Act in 2018, Caledonia purchased Fremiro's 15% shareholding in Blanket in January 2020 in exchange for shares in Caledonia.

## Our communities and society continued



The resultant shareholding of Blanket is currently as follows (dotted line represents facilitation loans still outstanding, which are paid back by netting off 80% of dividends until fully repaid):



### Sustainable development through the Gwanda Community Share Ownership Trust

In October 2021 GCSOT had fully repaid its dividend loan (as Blanket had also made advanced dividend loans to GCSOT at the time of the donations) so that going forwards it would receive its full dividend entitlement of 10% of Blanket dividends. In July 2022 GCSOT received its first full dividend of US\$360,000 from Blanket.

GCSOT is independent of and not controlled or overseen by Blanket or Caledonia, although Blanket does have the right to appoint a trustee who attends meetings. GCSOT is involved in a number of projects and community initiatives.

In 2022, these have included:

- Education – scholarships provided to students in secondary and tertiary education focusing on science;
- Household economic empowerment – qualifying community members are trained in poultry keeping and provided with chicks and feed. Profits are shared 50:50 between the grower and a revolving fund within the GCSOT;
- Health – drilling boreholes in collaboration with Blanket to provide community access to water;

- Self-sustaining investment – began construction of a shopping mall at Gwanda to provide a regular commercial income for GCSOT to sustain its operations for the benefit of the community.

### Community investment

We take a targeted and strategic approach to social investment by identifying the critical needs of the communities around Blanket. The needs are identified from the various requests made by the community through direct engagement with the mine. The office of the General Manager plays a pivotal role in ensuring social investment is given the attention it deserves.

In 2022, we committed US\$0.9m to social and community projects (2021: US\$1.2 million), representing 0.63% of our revenue.

In addition to social investment, Blanket has invested in infrastructure (i.e. roads, housing, water purification and reticulation systems, and sewerage) that will be made available to the community following the closure of the mining operation.

### How we commit investment

PILLAR	Percentage	
	Amount Spent	% Amount Spent
Education	416,307	46.40
Health	130,370	14.53
Agriculture	2,414	0.27
Women and Youth Empowerment	121,346	13.52
Environment	33,549	3.74
Charity	25,454	2.84
Special Events	34,705	3.87
Admin, etc	133,125	14.84
<b>Total</b>	<b>897,272</b>	<b>100</b>

### How we commit investment

We have a CSR strategy at Caledonia which is designed to provide a strategic, sustainable response to community needs. Focus areas of the strategy are defined under the six sustainability pillars in the table above. The business has also committed to an additional conservation pillar for 2023. Activities funded by Caledonia so far have included a rhino conservation project in the unique Matobo National Park, an important area of biodiversity in the Matobo Hills World Heritage site.

The aims of this project are to identify where black rhinos are ranging, which age / sex categories are most likely to stray beyond the Park’s boundary, and to derive a better understanding of what resources (such as vegetation types, access to water and wallows, etc) are important determinants of black rhino distribution.

*“Gwanda Community Share Ownership Trust was paid \$1.2 million in dividends during the Year.”*

## Our communities and society continued

# 1. Education

### Related SDG:



We believe in the power of education as a tool to better livelihoods. Our support towards primary, secondary and tertiary education aims to improve the quality of learning, thereby contributing to the upliftment of marginalised students around the Gwanda community. There are many schools in the region without access to the basic facilities that are required to operate effectively. An example of this is lack of access to dedicated potable water sources, meaning that children lose one to two hours schooling time drawing water from community boreholes. In order to address this issue, we have invested in hydrogeological surveys for boreholes and drilling them to provide on-site access to water.

Caledonia has continued to support the Sabiwa High School in 2022, finalising renovations and improvements which were covered in the 2021 ESG Report as well as upgrading the soccer stadium which will also be used as a location for Blanket Mine FC going forward. We also commenced renovations to the Gwakwe Primary School and have purchased furniture, IT equipment and digital resources for the Sitezi primary and secondary schools. As a result of this investment, it is expected to become an important education, IT and vocational hub.

### Health

### Related SDGs:



We aim to help communities lead healthy lives by assisting them with access to healthcare and safe water. During the dry season, there are critical potable water shortages in Gwanda. By drilling boreholes in collaboration with the GCSOT, we are able to facilitate better access to water. We also harnessed resources from the Thuli River using a sand abstraction method and a pipeline to supply two local schools, youth centres and a clinic with safe drinking water.

Having constructed the specialist Phakama Clinic Isolation Centre in 2020, we continued to support it in 2022 with work to create a driveway and lawn.

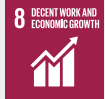
We have also supported the Sitezi Clinic – a rural health centre which serves a radius of 40 kilometres – equipping it with essentials such as water, and beds for the maternity, neonatal and post-natal wards.



## Our communities and society continued



## 2. Agriculture

**Related SDG:**

Water for agriculture is a vital resource that enables irrigation and sustains animal husbandry in the arid Matabeleland area of Zimbabwe. Blanket is currently testing the suitability of water for irrigation purposes of a number of boreholes which have been drilled but are currently not in use. Four boreholes have been identified and work started in Q1 of 2023 to capacity test and then connect the same to the Sheet Farm Guqukani Gwakwe Gardens for irrigation. This will leave the irrigation system with dedicated water unlike previously where the water from Smiler Shaft would also be used for drilling purposes at Lima. The Guqukani Gwakwe Gardens are a cooperative consisting of 17 women and two men – the purpose is to cultivate vegetables which are sold to the local community.

Across the community, 24 boreholes were drilled to ensure water availability, especially at schools.

**Women and youth empowerment****Related SDG:**

We seek to uplift the status of women and youth through education and training. Empowered women significantly contribute to household food security, improved health and overall economic growth. Currently 39% of our students at Blanket are women and are undergoing training.

Throughout the year we held 52 baby clinics and 32 sessions on health education. This covered almost everyone who visits the clinic.

As part of our strategy to empower youth, we purchased IT equipment for computer sciences training at the Enqameni Youth Reflection Centre.

The Sitezi Clinic, which serves a radius of 40km has no pre-natal care facility for expecting mothers. Waiting mothers only visit when they are due and post natal care facilities are very limited. As a way of alleviating this situation Blanket Mine has purchased beds, linen and related furniture for a Waiting Mothers Shelter and are revamping the clinic in 2023.



## Our communities and society continued

# 3. Environment

## Related SDG:



We aim to manage and minimise the impact of our operations on the natural environment and contiguous communities. We take part in the national tree planting day and have made this a permanent feature on our activities calendar as we recognise the need, and our role, to replenish the community and environment.

## Solar Plant

Blanket receives its power from ZESA, Zimbabwe's national electricity supplier, which in recent years has been subject to load-shedding and unstable power and has economic and safety implications for an underground mine such as Blanket. During outages or low voltages, the power supply at Blanket has to be supplemented by standby diesel generators to enable uninterrupted mining and capital operations. Diesel-generated electricity is expensive, subject to an unpredictable supply of diesel and creates an unfavourable environmental footprint. Recognising the economic, environmental and logistical challenges of running large-scale diesel generators for extended periods, Caledonia started constructing a 12.2 MWac solar plant in 2021, which started providing power in November 2022.

The solar plant provides approximately a quarter of Blanket's average daily electricity demand, improving the quality and security of Blanket's electricity supply and providing environmental benefits through cleaner energy.

## Charity

### Related SDG:



As part of the Gwanda community, we are invested in the everyday challenges confronting our community. The charity pillar enables us to swiftly attend to emergencies such as natural disasters and epidemics which have adverse effects on the community.

Community requests are received through the CSR Officer and assessed by a panel including the CSR Officer, HR Manager, General Manager and VP Operations. These are assessed in line with the CSR pillars and always in response to a critical need at the time.

Examples of our support in 2022 include:

- Donation of waste rock to repair the Old Gwanda Road which had become impassable due to heavy rains;
- assistance was provided to allow a young woman to undergo corrective surgery for a spinal deformity;
- partnering with the Ministry of Health and Child Welfare, we distributed mosquito nets to two clinics and a primary school.

## Payments to government

Caledonia contributes to the development of the Zimbabwean economy through the transparent payment of taxes, royalties and other duties and charges. We believe that reliable and transparent disclosure is fundamental for good governance. All payments made to the government are fully reported and have been disclosed through ESTMA filings or reports submitted to UK Companies House pursuant to the Reports on Payments to Governments Regulations 2014 and in quarterly MD&As.

Caledonia's payments to central and local government comprise income tax on the profits of Blanket and the income tax deducted from the wages and benefits paid to Blanket's employees; a 5% royalty on gold revenues; withholding taxes on payments from Zimbabwe to other jurisdictions; revenues arising from gold marketing arrangements; dividends paid to NIEEF arising from its 16% shareholding in Blanket; and other customs, duties, levies and charges. Total payments to government in 2022 was US\$19.2million (2021:16.4million).

## Economic value (in US\$ million)

	2021	2022
<b>Direct economic value generated</b>		
Revenue	122	<b>142</b>
<b>Economic value distributed</b>		
Operating costs	32.5	<b>40.0</b>
Employee wages and benefits	20.6	<b>23.0</b>
Payments to providers of capital	20	<b>34.4</b>
Payments to government	16.4	<b>19.2</b>
Community investments	1.2	<b>0.9</b>
<b>Economic value retained</b>	25.4	<b>17</b>

## Artisanal and Small-Scale Mining ("ASM")

Caledonia offers tributes for use by ASM, enabling mining on certain of Blanket's claims which are not being worked by the mine. The tribute agreements are registered with the Ministry of Mines and Mining Development and thereafter Blanket allows the ASM to work the claims ensuring compliance with the Mines and Minerals Act and Environmental Management Act. Blanket Mine does not get involved in the ASM activities which are regulated by the Ministry of Mines. Blanket does not buy any gold from the artisanal miners.

Non-core assets (Mascot and Eagle Vulture satellite properties) were recently sold to a small scale operator.

## Environment

# Ensuring the highest standards

**We maintain the highest environmental standards to minimise the risk posed by our operations to employees, local communities, customers, broader society and the environment.**

A fundamental element of our commitment to sustainable development requires us to integrate environmental considerations into our business decisions. Our goal is to achieve continuous improvement in our attempts to prevent pollution and minimise the impact of our operations on the natural environment, by methods that include habitat improvement, energy and water use efficiencies, responsible waste management and the removal of historical mine waste to comply with Zimbabwe regulations.



### Case Study – Solar Plant at Blanket Mine

Blanket receives its power from ZESA, Zimbabwe’s national electricity supplier. In recent years this supply has been subject to load-shedding and unstable power, which has economic and safety implications for an underground mine such as Blanket.

During outages or low voltages, the power supply at Blanket had to be supplemented by standby diesel generators to enable uninterrupted mining and capital operations. Diesel-generated electricity is expensive, subject to an unpredictable supply of diesel and creates an unfavourable environmental footprint.

Recognising the economic, environmental and logistical challenges of running large-scale diesel generators for extended periods, Caledonia started constructing the 12.2 MWac solar plant late in 2021. From November the solar plant has been providing power to Blanket; and today provides approximately a quarter of Blanket’s average daily electricity demand.

#### SDGs



## Environment continued



### Highlights

- 12.2 MWac solar plant commissioned at Blanket

### Improvements in environmental performance

- Continue to decrease electricity consumed from national grid and diesel usage
- Decrease in water usage per tonnes milled from the prior year
- Decrease in industrial waste as production increases
- Decrease in fires and slurry spills

### SDGs



### Environmental management

We aim to apply technically proven, economically feasible environmental protection measures throughout our exploration, development, mining and processing activities.

There are clear lines of communication from Blanket up to the most senior level:

**Environmental Technician – SHE Manager –  
General Manager – VP Operations**

We have an environmental policy and framework, which requires all employees and contractors to operate in an environmentally responsible manner. Blanket operates an Environmental Management Plan (“EMP”), which aims to meet or, wherever possible, go beyond legislative requirements to ensure the application of best management practices to protect the environment based on South Africa’s NOSA safety standards.

The EMP serves as the foundation for all environmental training, which is provided to all mine employees as part of their induction process, and then, in addition to this, on at least an annual basis. In line with our target, 102 employees received environmental training in 2022 (over and above the mandatory induction sessions). Training covered areas including oil handling and management, waste management, hazardous waste management and village hygiene awareness.

In addition to employee training, training campaigns are conducted in the Blanket village to encourage energy and electricity conservation and to use natural resources responsibly.

The Company’s environmental management practices are audited on an annual basis, internal audits are carried out and the external audit is done by NOSA.

We have clear procedures in place in response to any environmental emergencies, which are included in our Emergency Preparedness and Response Plan. No emergency occurrences were recorded in 2022. Employees are trained on emergency preparedness, for example a scenario when a chemical has spilled, the staff are trained on safe handling and storage of chemicals.

*“A fundamental element of our commitment to sustainable development requires us to integrate environmental considerations into our business decisions.”*

### Energy management and emissions

Blanket uses electricity to power most of the underground equipment and to hoist ore, waste and employees to surface; electricity is also used to run the metallurgical plant.

The business is aware of its obligations to use energy efficiently and responsibly and to seek renewable sources wherever possible to mitigate our impact on the environment. Climate change risks in the region where our mining operations are located include potential increase in temperature and erratic rainfall, which could lead to decreases in available water, and the potential impact on agriculture could impact food security.

Having identified solar power as a key opportunity for Caledonia to improve the quality and security of Blanket’s electricity supply and to reduce its environmental footprint, a 12.2 MWac solar plant has been constructed at Blanket and connected to the Blanket grid in November 2022. It is operating better than expected and generating slightly more power than anticipated. At the publication of this report, it was providing approximately a quarter of Blanket’s average daily electricity demand.

The completion of the solar plant coincided with an improvement in the supply of power from the Zimbabwe grid which has substantially reduced the amount of diesel consumed. As an initial early-stage indicator, in January 2023, Blanket consumed 18,000 litres of diesel, which compares to approximately 120,000 litres per month for the whole of 2022. Whilst Caledonia can’t be certain that this quantum of improvement will be fully maintained, we are confident that we will continue to see an ongoing meaningful reduction to our diesel usage month on month, fully justifying our investment in solar power and delivering on our ESG strategy.

In addition to leveraging renewable sources, achieving efficiencies throughout the mining and processing steps to realise both environmental benefits as well as clear financial advantages are a crucial element of our overall strategy. With 21 per cent of Blanket’s on-mine costs relating to energy usage, the solar power will displace more expensive power from the grid and from the diesel generators and is expected to reduce Caledonia’s consolidated cost per ounce of gold produced by approximately \$37.



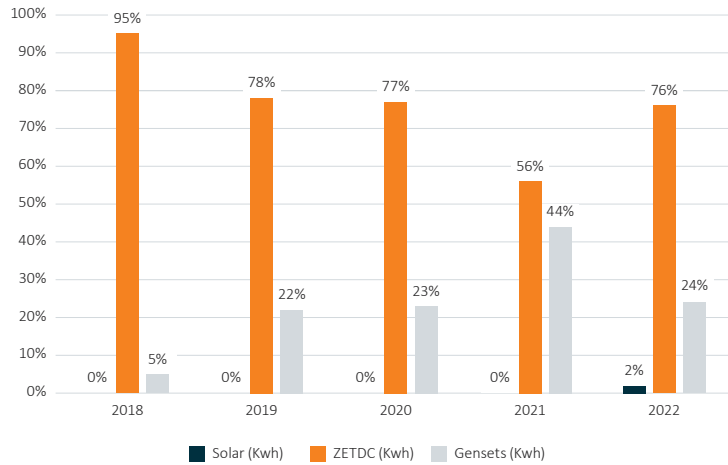
## Environment continued



### Energy usage

Total energy consumption increased by 5.5% in 2022 due to increased production. Diesel consumption reduced by 5.7% in 2022 due to installation of the solar plant and the voltage regulating transformers. The solar plant provided approximately 2% of Blanket's electricity demand in 2022 due to its introduction late in the year. This percentage will improve in 2023.

### Blanket Power by source



### Fuel consumption (litres)

Fuel type	2020	2021	2022
Diesel (generators)	2 599 197	3 945 549	3 838 308
Diesel (vehicles, machinery and smelting)	826 643	1 299 391	1 590 737
<b>Total diesel consumption</b>	<b>3 425 840</b>	<b>5 244 940</b>	<b>5 429 045</b>
Petrol	35 876	33 495	35 465

### Power consumption (Kwh)

Power consumption (Kwh)	2020	2021	2022
Generators	9 128 825	12 982 604	13 887 725
Grid power from ZETDC	73 613 289	79 910 228	83 297 601
<b>Power consumption from non-renewable sources</b>	<b>82 742 114</b>	<b>92 892 232</b>	<b>97 185 326</b>
Solar farm	–	–	2 853 367
<b>Total power consumption</b>	<b>82 742 114</b>	<b>92 892 232</b>	<b>100 038 694</b>
Total power consumption per tonne milled (Kwh / tonne)	138	140	133
Total Power consumption per ounce of gold produced (Kwh / oz)	1 429	1 377	1 238

### Energy consumption (Gj)

Energy consumption (Gj)	2020	2021	2022
Fuels	133 755	204 035	211 225
Electricity	297 872	334 414	360 139
<b>Energy consumption from non-renewable sources</b>	<b>431 627</b>	<b>538 449</b>	<b>561 092</b>
Solar farm	–	–	10 272
<b>Total energy consumption</b>	<b>431 627</b>	<b>538 449</b>	<b>571 364</b>
<b>Energy intensity</b>			
Total energy consumption per tonne milled (Gj / tonne)	0.72	0.81	0.76
Total energy consumption per ounce of gold produced (Gj / oz)	7.45	7.98	7.07

## Environment continued



### Greenhouse gas emissions

Scope 1 and Scope 2 greenhouse gas emissions were calculated for Blanket Mine from 2020 to 2022, and are shown in the table below, which also includes total Scope 1 and Scope 2 emissions per ounce of gold produced. Following the successful commissioning of the solar plant in late 2022, it is expected that greenhouse gas emissions will decrease from 2023.

#### Total Scope 1 and 2 Greenhouse Gas emissions

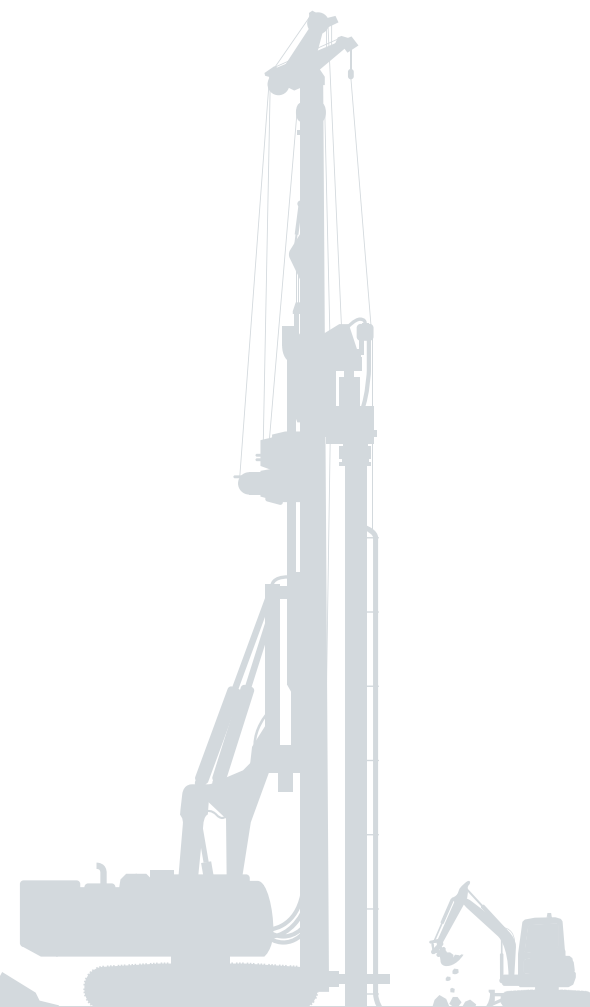
	Units	2020	2021	2022
Scope 1	Tonnes CO <sub>2</sub> e	9,531	14,548	15,129
Scope 2	Tonnes CO <sub>2</sub> e	28,821	31,297	32,624
Total Scope 1+2	Tonnes CO <sub>2</sub> e	38,362	45,845	47,753
Scope 1+2 emissions intensity	tCO <sub>2</sub> e / ounce of gold produced	0.66	0.68	0.6

### Air quality and monitoring

Blanket generates nitrogen and sulphur oxides (NO<sub>x</sub> / SO<sub>x</sub>) as well as inorganic dust as a result of its mining and processing operations. The Company aims to prevent or reduce pollution by employing effective technologies. Water sprinklers are used to suppress the dust created by the milling plant and crushing circuit and a scrubber box on 750 metre level suppresses the dust generated from the underground crushers. Water sprinklers and a scrubber box are also used to suppress fumes created during the smelting process.

Air monitoring is conducted as part of the mine's EMP to ensure that we meet legal requirements, including Atmospheric Pollution Control and Prohibition and Control of Ozone Depleting Substances, Greenhouse Gases, Ozone Depleting Substances and Greenhouse Gases Dependent Equipment Regulations and the conditions applied by the Environmental Management Agency ("EMA").

Air quality is monitored using tools and equipment such as the HAZ DUST Respiratory Particulate Monitor and Dust Samplers. Employees working in environments that have dust and gas emissions are provided with appropriate PPE and detection tools.



## Environment continued



### Water management

Blanket is situated in a semi-arid region and rainfall typically only occurs between November and February. As we operate in a region of high-water stress, we have an increased responsibility to ensure that water use at Blanket is managed effectively to enable shared use with other stakeholders and we are committed to responsible water use with regard to access to water and sanitation, and responsible consumption and production. We consider access to clean water to be a basic human right and provide this to all our employees and their dependents who live at the Blanket village.

Water is used predominantly in Blanket's metallurgical process and the mining operations and for domestic purposes at the mine village. Most of Blanket's water is withdrawn from the Blanket Dam which is owned and managed by the Zimbabwe National Water Authority and also supplies the nearby town of Gwanda. Water for the mine is withdrawn from a public reservoir and, as such, the mine ensures that water consumption is well controlled.

By recycling water from the milling plant activities through a return water system, we are able to reduce freshwater demand from the dam. 335,934m<sup>3</sup> of water was recycled from the tailings storage facility back to the plant during 2022. Recycled water makes up 33.8% of our total water consumption.

The mine has invested in a total of 12 boreholes, of which nine are active. Water from these boreholes is used in the processing plant, with approximately 441m<sup>3</sup> per day accounting for 16% of overall water usage. Water is also pumped from the mine and is channelled to the milling plant while some is used for underground drilling, construction and horticultural purposes.

Water pumped from Blanket dam was 3229m<sup>3</sup> per day of which 2140m<sup>3</sup> was treated at the Water Treatment Plant. The potable water is tested for E-Coli and total coliform.

Blanket also provides access to fully-functioning, safely managed water, sanitation and hygiene services for all employees and families who live on the mine village.

### Water monitoring

Water quality monitoring is carried out daily for chlorine and pH levels at Blanket in accordance with licensing requirements. Samples are then taken to an external laboratory for tests on a monthly basis. No exceedances in water quality levels were noted during 2022.

### Water use

	2020	2021	2022
<b>Water abstracted (m<sup>3</sup>)</b>			
Surface water (Blanket dam)	2 267 267	2 774 828	2 562 801
Ground water	530	1 370	1 050
<b>Total water abstracted</b>	<b>2 267 797</b>	<b>2 776 198</b>	<b>2 563 851</b>
<b>Water recycled (m<sup>3</sup>)</b>			
Recycled TSF water	205 709	255 641	335 934
<b>Water consumed (m<sup>3</sup>)</b>			
Plant water use	521 216	559 450	698 747
Mine water use	539 509	788 682	1 046 715
Potable water use	569 950	615 960	770 896
<b>Total water consumption</b>	<b>1 836 384</b>	<b>2 219 733</b>	<b>2 852 292</b>
<b>Water intensity</b>			
Water consumption per tonne milled (m <sup>3</sup> / tonne)	3	3	4
Water consumption per ounce of gold (m <sup>3</sup> / oz)	31.72	32.9	35.31

## Environment continued



### Waste management

As a gold mining and processing operation, Blanket generates both non-mineral waste and a significant amount of mineral waste, in the form of tailings – see “Tailings management” p.36 for detail.

The main material inputs into the extraction and processing activities at Blanket are caustic soda, lime and cyanide. As a result of our operations, waste created predominantly includes used oil, scrap metal, batteries, plastic waste, cardboard boxes, domestic waste, waste rock and slurry.

A Waste Management Plan is included as part of Blanket’s EMP, which aims to ensure sound waste management practices and compliance with legal requirements and regulations pertaining to environmental protection. Our goal is to reduce, re-use and recycle waste wherever possible and promote the efficient use of natural resources.

Whilst waste management is the responsibility of every worker, the mine also has specially designated responsibilities to ensure responsible and effective waste management. The mine operates a training programme covering the reduction, reuse and recycling of waste. Training is carried out for people to segregate waste effectively at source, so that the recyclable materials can be set aside for collection.

Appropriate training in hazardous waste management is provided to all relevant employees, including cyanide disposal processes.

The mine operates in strict compliance with all applicable waste management guiding regulations, including Environmental Management (Effluent and Solid Waste Management) Regulations, 2007 and Environmental Management (Hazardous Waste Management) Regulations, 2007. The mine has a Hazardous Waste Licence and a Solid Waste Disposal Licence, issued by the EMA, which also conducts compliance checks.

### Waste management

	2020	2021	2022
<b>Hazardous waste</b>			
Used oil (recycled) (litres)	13 400	32 800	<b>34 600</b>
Batteries (recycled) (tonnes)	60	0	<b>17</b>
Fluorescent tubes	8	6	<b>12</b>
Clinic waste (incinerated)(kg)	12	24	<b>14</b>
<b>Non-hazardous waste</b>			
Waste to landfill (tonnes)	20.7	20.6	<b>11.5</b>
Scrap metal (salvage yard / recycling) (tonnes)	155	304	<b>159</b>
<b>Mineral waste</b>			
Total mineral waste generated (tonnes)	596 212	658 092	<b>753 879</b>

### Cyanide management

Certain hazardous chemicals and reagents are used in gold processing, including cyanide, which is used as a leaching agent.

Responsible cyanide management is vital because of the potential damage to the environment and the health of employees if used in the wrong way.

Cyanide tanks at the mine are situated in ventilated areas with relevant signage to display risks. All relevant employees are trained in hazardous waste management, which includes the handling of cyanide. Gas testers are used to ensure no elevated concentrations of hazardous gases and the mine has a “hazardous substances response team”, which is formally trained in emergency response in the event of hazardous substances leaks and spillages.

Cyanide is included in the tailings which are deposited on the TSF where it decomposes naturally in ultra-violet light from the sun. Cyanide levels at the TSF are monitored as part of the water quality management process and are within the legislated levels.

### Cyanide use (tonnes)

	2020	2021	2022
Sodium Cyanide (t)	478	547	<b>657</b>
Sodium Cyanide use per ounce of gold produced (kg / oz)	8.25	8.11	<b>8.13</b>

## Environment continued



### Tailings management

Tailings from the gold extraction process are the largest source of hazardous waste at Blanket. Despite the remote location of our TSF, covered below, we are conscious of the potentially negative environmental, safety and health risks which are possible as a result of irresponsible tailings management and therefore have robust systems and structures in place to mitigate such risks.

Blanket operates an “upstream method” TSF, which is situated on a commercial cattle ranch where human dwelling is very sparse. The nearest habitation (the farm owner’s house) is approximately 4.5 kilometres from the facility and the area is not prone to landslides, flooding or seismic activity.

Blanket’s TSF comprises two dams/compartments (i.e. Dam A and Dam B) which are adjacent to one another and were combined in 2015 to make one dam which is operated as a paddock (“day wall”) operation. Decanting of the two dams occurs through separate penstocks, with Dam A having an elevated penstock installed in 2005/2006. Dam A is approximately three metres<sup>6</sup> lower in elevation than Dam B. The TSF is operated by a third party contractor, Fraser Alexander Tailings (Pty) Ltd.

The Company has an Engineer of Records (“EoR”) in accordance with the Global Industry Standard on Tailings Management (“GISTM”), responsible for assessing the characterisation of the TSF, carrying out stage capacity assessments and slope stability. The Chief Operating Officer was appointed as the accountable executive to develop the plan for compliance with GISTM.

Surveys are carried out once per year and for 2022 a survey was carried out at the end of September 2022. An inspection by the EoR was conducted in March 2023. There were no incidents.

A minimum vertical freeboard of two metres for Dam A and B must be maintained at all times. Piezometers are checked once per month by carrying out Upset Tests to confirm that they are fully operational.

Drains are rodded and flushed annually to confirm that they are fully operational, with no blockages.

An updated comprehensive survey, including comprehensive slope stability assessment, is carried out every October on the entire TSF, including the dam basins, position of drains, penstock outlets and piezometers. Appropriate monitoring data sheets and report templates are implemented for the collection, documentation and report of the various monitoring aspects pertaining to the TSF. In addition to this, an independent audit is carried out every third year. A survey was conducted in 2022 and distributed to the contractor and EoR.

Tonnages are recorded monthly by the contractor (to facilitate the determination of the rate of rise (“RoR”). However, at a production rate of 2,400 tpd the RoR is 1.81 metres per year based on the final design area of 28 hectares, which is well below the legal maximum of two metres per year.

An audit by Fraser Alexander was done in 2022, and a concern raised was an RoR above what was expected. As a mitigation measure a slope stability test for the TSF was done in March 2023. Samples of the TSF were taken and exported to South Africa for a geotechnical analysis. A set of 21 vibrating wire piezometers were also installed. Epoch Resources (the TSF EoR) will submit a report once the analysis of samples is complete.

Construction of a new TSF designed by Knight Piésold commenced in March 2023 and phase 1a is expected to be finished in September 2023. The new TSF will be fully lined and constructed in accordance with GISTM.

TSF Technical Data	Value	Description	Value
Deposition rate per month (tons)	55,468	Penstock elevation (metres above sea level)	1,057.5
Slurry density (kg/m <sup>3</sup> )	1,430	Underdrains rate (mm)	2.16
Total rainfall (mm)	920	TSF area (hectares)	23
Freeboard (metres)	2.99	RoR (metres per year)	1.81

<sup>6</sup> Height difference is estimated as no current updated survey information is available.



## Environment continued

### Biodiversity and rehabilitation

- 2,000ha land in total disturbed by operations at Blanket (in ha)
- 45.7ha solar plant
- 28.8ha old TSF
- 6.17ha new landfill
- 99.87ha new TSF under construction

We aim to establish an environment that is compatible with current uses for land within the area following the mine closure at Blanket. The land use of Blanket does not impact communities, who are not using any land near the mine’s concession.

We conduct Environmental Impact Assessments for all projects to identify potential environmental impacts and understand possible mitigation actions. The business follows the recommendations and aims to go beyond the prescribed measures to mitigate the potential negative impacts.

Reclamation at Blanket is intended to minimise and, where practical, eliminate environmental damage, provide for domestic livestock use, protect water quality in the adjacent streams which flow into the Blanket Dam and minimise public health and safety hazards. Rehabilitation is performed to all areas where it is applicable and includes tree planting and introducing fresh soil where required.

Rehabilitation is carried out on the slope of the TSF, which in addition to its clear environmental advantages, also has the added benefits of mitigating wind erosion and dust formation. As part of our work to revegetate this area, we are currently experimenting with planting indigenous tree species, which are drought resistant and require minimum watering.

There is no evidence of acid rock drainage.

Blanket has a Reclamation and Closure Plan that is updated regularly, with cost estimates for rehabilitation work that will enable the mine to set aside enough funding to meet the cost of removal or rehabilitation of all surface infrastructure that is unlikely to be taken over by the Gwanda Rural District Council or other government parastatals upon closure of the mine. For the purposes of closure planning, the remaining life of mine is anticipated to be until 2034 and the Closure Plan envisages that wherever possible closure obligations will be undertaken concurrently with the operation of the mine.

The primary role of the Closure Plan is to ensure both physical and chemical stability of the facilities at the mine. It is possible that alternative uses will be found for some of the facilities at the mine, which may ultimately result in cost savings at the time of closure. Following the cessation of mining operations, equipment and materials with salvage value will be removed. Materials and equipment with no salvage value will be cleaned of any potentially hazardous substances and disposed of in the shafts/open pits or in non-hazardous landfills. Closure and reclamation of the process plant includes the demolition and removal of equipment and structures to leave the property in an environmentally sound condition that will sustain accepted post closure land uses.

Infrastructure that can be utilised by the community will remain in place (e.g., sealed roads, water supply wells) and responsibility for their maintenance and use will be transferred to the beneficiaries once approved by the Government of Zimbabwe. Various components of surface infrastructure (clinic, housing, etc.) will be handed over to the Gwanda District Rural Council. Whenever a new project is implemented by Caledonia an Environmental Impact Assessment (“EIA”) is carried out to assess the project’s potential impacts on the environment and this EIA will suggest possible environmental and biodiversity mitigation measures.



## Glossary



<b>AISC</b>	All in sustaining cost	<b>M&amp;I Resources</b>	Measured and Indicated Mineral Resources
<b>ASM</b>	Artisanal and small-scale gold mining	<b>MD&amp;A</b>	Management's Discussion and Analysis
<b>Board</b>	Caledonia Board of Directors	<b>MVA</b>	Mega Volt Amp
<b>CSR</b>	Corporate Social Responsibility	<b>MW</b>	Megawatt
<b>EIA</b>	Environmental Impact Assessment	<b>MWh</b>	Megawatt hour
<b>EMA</b>	Environmental Management Agency	<b>NED</b>	Non-Executive Director
<b>EMP</b>	Environmental Management Plan	<b>NI 43-101</b>	Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects
<b>EoR</b>	Engineer of Record	<b>NI 58 101</b>	Canadian National Instrument 58 101
<b>ESG</b>	Environmental, Social and Governance	<b>NIEEF</b>	National Indigenisation and Economic Empowerment Fund
<b>ESTMA</b>	The Extractive Sector Transparency Measures Act	<b>NOSA</b>	National Occupational Safety Authority (in South Africa)
<b>GDP</b>	Gross Domestic Product	<b>NSSA</b>	National Social Security Authority
<b>GHG</b>	Greenhouse Gas emissions	<b>NYSE</b>	New York Stock Exchange
<b>Gj</b>	Gigajoule	<b>PEMEC</b>	People, Environment, Material, Equipment and Costs
<b>GRI</b>	Global Reporting Initiative	<b>PPE</b>	Personal Protective Equipment
<b>Group</b>	Caledonia and its subsidiaries	<b>QCA Code</b>	Quoted Companies Alliance Corporate Governance Code
<b>Ha</b>	Hectares	<b>RoR</b>	Rate of rise
<b>HIRA</b>	Hazard Identification & Risk Assessment	<b>SASB</b>	Sustainability Accounting Standards Board
<b>ICMM</b>	International Council on Mining & Metals	<b>SDGs</b>	United Nations Sustainable Development Goals
<b>ILO</b>	International Labour Organisation	<b>SHE</b>	Safety Health Environment
<b>Kwh</b>	Kilowatt hour	<b>TJ</b>	Terajoule
<b>TIFR</b>	Total injury frequency rate	<b>Tpd</b>	Tonnes per day
<b>M</b>	Metres	<b>TSF</b>	Tailings storage facility
<b>M³</b>	Cubic metres	<b>ZETDC</b>	Zimbabwe Electricity Transmission and Distribution Company



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