

**ANNUAL REPORT TO STAKEHOLDERS ON HEALTH AND SAFETY FOR THE**  
**YEAR MARCH 2022 TO FEB 2023**

SAFETY AND HEALTH FOR THE YEAR MARCH 2022 TO FEBRUARY 2023

Our top priority, safety, motivates both our target to cause no harm and our ambition to end all fatalities and serious injuries at our activities. To enable performance throughout Lesedi Drilling, safety is essential.

In order to reduce serious accidents Lesedi Drilling has developed its Safety Strategy, which is based on three human dimensions: motivation, mentality, and approach. Additionally, it emphasizes people more, particularly those who have an impact on decisions and behaviours. Since all accidents are avoidable, everyone at Lesedi Drilling is required to accept personal responsibility for safety. While rules, regulations, and technical solutions all help create a safe workplace, they are rarely sufficient on their own. A strong safety culture is also essential.

In 2022, we noted two significant accidents. The first involved the handling of rods and the other involved rod fishing. The DIFR rate decreased from 0.64 to 0.43 compared to the prior year. The overall injury rate was also lower than it was the year before.

Serious injuries and leading indicators are combined in our safety performance indicators. These latter measures all saw year-over-year improvements, which gives us hope that the influence will soon be noticed in the lagging indicators. We encourage the reporting of close calls so that lessons can be learned, information can be exchanged, and preventative measures can be put in place to stop more serious accidents in the future.

1. SHAFTS IN OPERATION

- Harmony Gold: Tshepong Mine, Masimong Mine, Phakisa Mine, Joel Mine.
- Harmony Gold: Moab Khotsong
- VRM: Kopanang Mine.
- ARM: Two Rivers Mine.
- Sibanye Stillwater Platinum: Townlands Mine, Turffontein (Khuseleka and Siphumelele Mines), Bathopele, Thembelani, Union Mine
- De Beers Diamond: Venetia Mine
- Petra Diamonds: Finch Mine

2. KEY SAFETY ACHIEVEMENTS AND PERFORMANCE PAST 5 YEARS

	2022	2021	2020	2019	2018
Fatalities	0	0	0	0	0
Serious Injuries	0	0	0	0	0
Lost time injuries	2	3	2	2	2
LTIFR	0,43	0,67	0,81	0,44	0,41

### 3. KEY CHALLENGES

- The Company margins are under pressure due to falling commodity prices. The input costs are forcing the Company to make difficult decisions to sustain the Company short and long term strategies.
- Labour and energy costs exceed inflation thus influencing cost of sourcing material and equipment. The demands by Unions and workers may not appreciate these challenges and this reflects in the higher remuneration demands.

### 4. OBJECTIVES FOR 2023

#### Objective 1

- Zero fatalities and a 50% reduction in LTIs from two accidents to one for the period of 2023. The Company goal is to have no “Lost time injuries” and ultimately achieve our goal of zero harm.
- Self-discipline, proper over inspection and good communication skills can achieve it.
- The LTIFR improved from 0.67 to 0.43 due to one less accident reported this year.
- Understanding our challenges and aligning all levels of workers to comply to our standards and working according to all relevant legislation will enable us to achieve our goal of zero harm and no lost time injuries.

#### Objective 2

- Improve employee skills and competence in respect of drilling operations and OH&S management, Legal Liability and Business skills.
- Supervision levels still need to improve, and training is in progress to ensure that supervision levels and competence is at an acceptable level.
- All levels of supervision will attend supervision courses to improve their ability to produce safe drilling metres.

#### Objective 3

- Keep our ISO 45001:2018 certification and improve on our leading indicators.

#### Objective 4

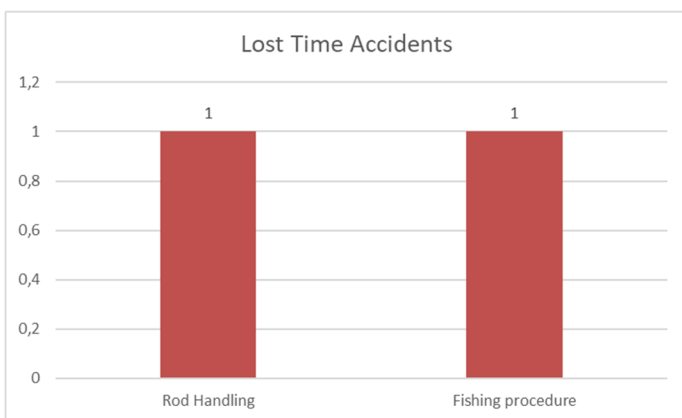
- Safety system to identify high risk activities and employees automatically, currently working on system that can analyse the safety data in depth.

Over the period there has been a significant improvement in the interaction between workers and management. This is in line with expectations and over time will ultimately result in the reduction in our incident rate.

5. ANALYSIS OF INCIDENTS FOR THE YEAR 2022 TO 2023

Name of injured	Occupation	Activity during accident	Remedial action
Sentshpo Michael Talasi	Assistant Operator	Greasing rods during rod handling	<ul style="list-style-type: none"> <li>• Special instruction clarifying task allocation during rod handling(Different drill types)</li> <li>• Re-training on tasks specified.</li> <li>• Follow-up audit to ensure compliance.</li> <li>• Review of SOP and PTO</li> </ul>
Jitto Chauke	Assistant operator	Fishing of rods	<ul style="list-style-type: none"> <li>• Appointment of extra supervisors and safety leaders.(Area of responsibility )</li> <li>• Training and assessment of newly appointed employees.</li> <li>• Focus on standard operating procedure of task at hand.</li> </ul>

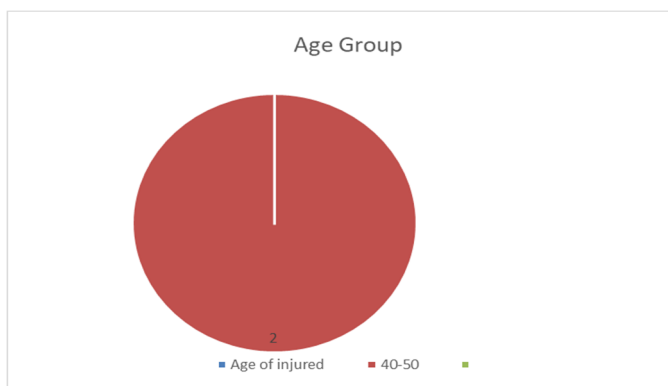
All accidents were fully investigated by crew and management involved, remedial actions logged on the remedial action system, all documents reviewed and signed off by relevant people. Re- training of crews conducted by the instructors and re- tested on competency. Full accident investigation documented and filed at site level.



Graph 1



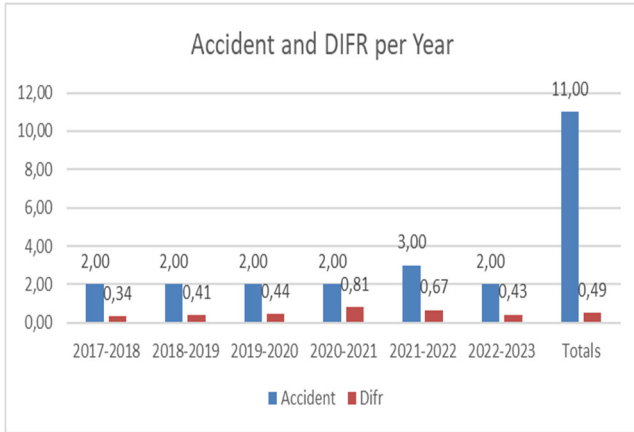
Graph 2



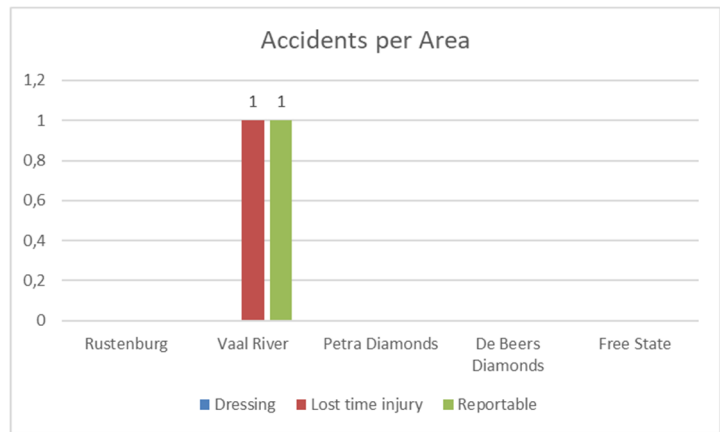
Graph 3



Graph 4



Graph 5



Graph 6

Graph 1 – Rod handling and fishing of rods resulted in the accidents this year. These tasks are recorded as high-risk activities. Both accidents show a deficiency in safety behaviour in that the standard operating procedure were not followed by the crews.

The assistants operating the machine are the employees most likely to be hurt, according to [Graph 2](#). The operator is accountable for the assistants safety and on the job training. Supervisors must increase their Planned Task Observation ratios to ensure that poor drilling practices and a lack of safety behaviour are identified and remedied.

Supervisors must do proper over inspections to ensure that the operators conduct coaching with the assistant to develop his abilities at the drill.

[Graphs 3 and 4](#), indicate the age and experience of the person involved in the incidents. No direct correlation was established relating to age although there is a correlation between experienced operators who tend to take shortcuts in work procedures.

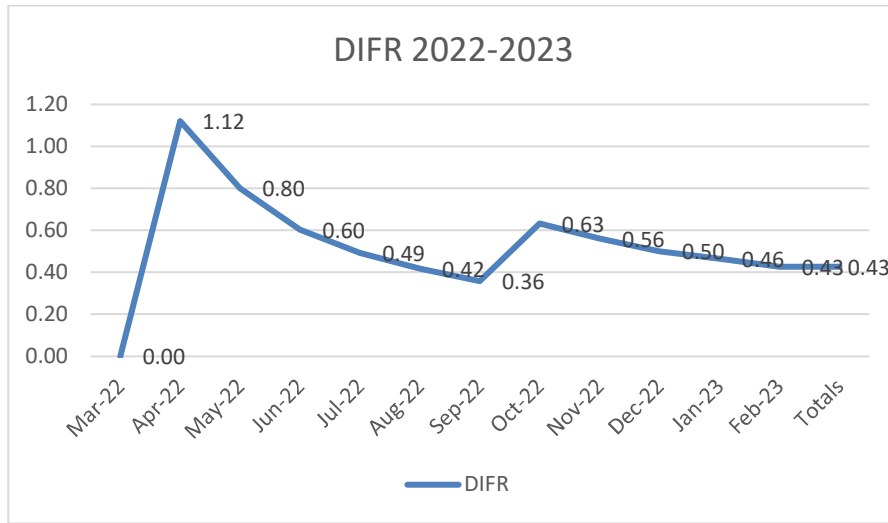
[Graph 5](#) – shows that the there was one incident less than the previous year. The LTIFR also decreased to 0.43 for the current year.

In [Graph 6](#) both the incidents occurred in the Vaal River area . Changes in supervision levels and the unplanned loss of experienced employees as a result of our client unilaterally changing the retirement age of our employees from 65 years of age to 60 played a big role in the accident rate. Therefor a decision to appoint extra supervisors and safety leaders was taken to reduce the workload on the remaining supervision.

The Rustenburg, Free State, Limpopo and Northern Cape areas worked without any serious incidents and show that with dedication and hard work safety targets can be achieved.

All of the accidents were investigated by site management, crews, senior management and also Client Management. The deviations were addressed according to the investigation action plan and implemented throughout the Lesedi operations.

1. PROGRESSIVE LOST TIME INJURY RATE.



The LTI Rate was 0.43 for the current year and decreased from 0.67 the previous year.

Steps outlined in section 8 of the report are implemented to improve the LTI Rate to acceptable levels.

Overall, there is a 33% improvement in the accident rate and employees injured this year.

2. ANALYSIS OF CRITICAL PLANNED TASK OBSERVATIONS 2022

PTO Name	Amount Conducted	Deviations recorded	% Deviations
1 - LAMP ROOM GAS DETECTION	452	12	3%
2 - GAS TESTING	537	27	5%
3 - START OF SHIFT DRILL SITE INSPECTION	831	84	10%
4 - MATERIAL LOADING AND OFF LOADING	602	31	5%
5 - RIGGING THE MACHINE AIR KEMPE AND METRE EATER	605	21	3%
6 - RIGGING THE MACHINE AIR MAMBA (UP HOLE)	10	0	0%
8 - CASING INSTALLATION	626	21	3%
9 - DRILLING AND CHUCKING CONVENTIONAL	187	11	6%
11 - RE-CHUCKING	328	5	2%
12 - INSTALLING WEDGE BOLTS, EYE BOLTS & FACE CLAMPS	192	5	3%
13 - END OF SHIFT PROCEDURE	514	33	6%
14 - CORE HANDLING (UNDERGROUND)	285	32	11%
15 - RIGGING DOWN	227	8	4%
16 - ELECTRIC HYDRAULIC MACHINE RIGGING	12	0	0%
17 - ELECTRIC HYDRAULIC MACHINES COLLARING A HOLE	53	0	0%
18 - ELECTRIC HYDRAULIC MACHINES DRILLING AND CHUCKING	8	0	0%
19 - ELECTRIC HYDRAULIC MACHINES PULLING OF RODS	69	0	0%
60 - LOWERING OF RODS ON A DOWN HOLE	80	6	8%
60 B - PUSHING RODS INTO AN UP HOLE	664	46	7%
60A - LOWERING OF RODS ON A UP HOLE	374	23	6%
131 – FISHING PROCEDURE PNEUMATIC MACHINES	6	0	0%
132 – FISHING PROCEDURE HYDRAULIC MACHINES (Rods stuck or broken in hole)	12	4	33%
133 - FISHING PROCEDURE HYDRAULIC MACHINES FISHING OF THE RODS “Backing off stuck rods”	12	0	0%
134 – FISHING PROCEDURE HYDRAULIC MACHINES freeing stuck rods by working to free	2	1	50%

Notable from the table above, is the percentage failure rate of the Critical Planned Task Observations. The main reasons were that the employees were not following the standard operating procedures strictly.

When a Planned Task Observation fails, the supervisor must re-do the task observation to ensure the employee follows the correct procedure when conducting the task.

All deviations and the correction action are logged on the Lesedi Information System to ensure that the actions are documented with reference to the task done, employees involved, deviations observed, and corrective action done.

Deviations recorded at “Start of shift” indicate the results from the over inspections checking to determine that work is done according to standard. “Start of shift” is when the supervisor coaches and ensures that the site is safe and ready to drill. The results indicate that our employees still need the discipline to do things right the first time.

Other notable deviations are on “core handling” and all “rod handling” related tasks on the screw feed pneumatic machines. For decades the mines have had a strategy to move away from pneumatic drills to hydraulic drills as

hydraulic drills are appreciably safer to operate. Cable theft and other economic factors have slowed the pace of change but our results do show that the older pneumatic generation drills need to be replaced by hydraulic machines. There is, however, no excuse for Lesedi drill teams not to work to standard on the pneumatic drills.

### 3. HOW WILL LESEDI DRILLING CONTINUE TO BUILD A SAFETY CULTURE?:

#### Include safety as a key component of our company's culture.

Employees should be aware that safety is one of our organization's core values from the moment they enter the doors for their interview. This can be accomplished by integrating safety reminders and instruction in each stage of the hiring and onboarding procedures and by implementing them consistently throughout each workday. Staff Management presents a safety topic pertaining to reports on deviations and near-miss reports to show their dedication to safety and to keep the issue "top of mind".

#### The safety cause should be championed by leadership teams.

For safety initiatives to be successful, leadership teams' encouragement and support are crucial. Also, leadership should deliver regular feedback in what is known as behaviour-based safety. Behaviour-based safety can involve leadership taking the time to observe staff members and offer feedback, encouraging staff to be safe, and making sure they are aware of the necessary safety protocols.

#### Apply constructive criticism.

According to behavioural experts, positive reinforcement is "any consequence that prompts a behaviour to recur or grow in frequency." Programs for safety and positive reinforcement should coexist. According to studies on employee happiness, you can do this by frequently appreciating and emphasizing to your staff how much of a difference they are genuinely making. That stated, regardless of how insignificant a safety incident may be, leaders should not disregard it.

#### Be fair and consistent.

In the workplace, treating employees fairly and consistently fosters productivity, morale, and increases loyalty. Favouritism, on the other hand, develops ill will and anger toward the employer and those who are favoured. Fairness in the workplace improves the company's reputation and aids in the hiring of top talent. Clearly stated expectations of justice, well-written regulations, a dedication to equitable practices, and unbiased, consistent rule enforcement are all tactics for achieving workplace fairness.

### 4. ACHIEVEMENT OF OBJECTIVES FOR THE 2022-2023 YEAR:

#### Objective 01: Maintaining a DIFR of Less than 0.0

Lesedi management and personnel are steadfast in their efforts to improve current achievements and attain the Company's goal even though the DIFR of the 0.0 goal was not accomplished in 2022. Every year, efforts will be made to make improvements.

#### Objective 02: Improvement of Employee Skills & Competence

Training has improved every year, and one of the major disciplines this year is management training. To detect training that has already expired or is soon to do so, training records are automatically updated. We ensure that all Red Zone employees—those who have been noted as displaying behaviour's that could endanger themselves or others on the Lesedi Management Information system—are retrained. This covers workers who have experienced mishaps. All training result is documented and kept in the Information Management System.



Objective 03: Implement Effective Performance Measurement of all Employees.

On the key performance system, which is provided on the month exco template, the employee's performance can be measured and is available for each person.

Objective 04: Maintain ISO 45001 Certification

The DQS re-certification audit was conducted during February 2023.

S Malema: \_\_\_\_\_

*Chief Executive Officer*

\_\_\_\_\_ March 2023