

# RISKS AND MITIGATIONS

DRDGOLD is not a typical gold mining company as we focus exclusively on surface retreatment and not on underground mining. Our retreatment focus places our business in a different risk environment to companies engaged in conventional mining.

## How we manage risk



DRDGOLD employs a formal, enterprise-wide risk management process (ERM) designed to identify risks which are updated by the Chief Risk Officer in a risk register and advise on threats that could prevent the Group from achieving its objectives. This formal process takes place annually and involves the application of frameworks and methodologies to increase the likelihood that unpredictable risks are anticipated. The board provides approval for the acceptable levels of tolerance and risk appetite and risks are managed within these parameters. Identified risks include those which emanate from the company's compliance with legal and regulatory provisions and the Code of Conduct.

The changing business footprint and strategic framework drive a strong integration of the different risk areas in the Group which include strategic, reputational, financial, human resources and day-to-day risks. In addition to the ERM, an independent risk management process assesses operational risks in three categories:

- **Baseline** – covers the risk profile of the entire operation in a systematic manner
- **Issues-based** – a specific assessment is performed prior to a new event, new capital infrastructure or activity
- **Continuous** – health, safety and environmental issues are assessed on an ongoing basis in the daily work programme

A risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the company. Risk monitoring is executed continuously by Exco and management to ensure that risks remain relevant and mitigation actions remain appropriate.

## COVID-19 pandemic response

The COVID-19 pandemic is no longer considered a risk, as it has materialised and created other risks, including employee infection risks and the potential impact that infections will have on the operation.

Despite the Disaster Management Act regulations permitting DRDGOLD to continue operating pursuant to the announcement of the national lockdown, DRDGOLD did not immediately recommence operations.

Instead, we considered various options to recommence limited operations to sustain infrastructure and soften the impact of the stoppage without exposing employees to unwarranted risk. A detailed process ensued, involving various guidelines and consultation with the Department of Mineral Resources and Energy and organised labour to safeguard employees from increased risk of infection. Various protocols were implemented, including new issued Codes of Practices and Safe Operating Procedure manuals allowing us to responsibly conduct limited production at our operations.

All key risks are assessed according to the ERM framework that applies a specific rating structure incorporating the probable impact, consequence and control effectiveness, as presented in the following top 10 risks and risk map.

## Top 10 risk profile

1	Eskom power supply	STRATEGIC OPERATIONAL
2	Social unrest	SOCIAL
3	Increased crime and gold theft	SOCIAL
4	Social licence to operate	SOCIAL
5	Tailings storage capacities	OPERATIONAL
6	Availability of water	OPERATIONAL
7	High utility cost increases	FINANCIAL
8	Extreme weather	OPERATIONAL
9	Sustained lower commodity price and strengthening of the rand	FINANCIAL
10	COVID-19 Impacts	OPERATIONAL SOCIAL