

# ESG REPORT 2021

April 2022



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# MESSAGE FROM THE CHAIRMAN AND CEO

**In the wake of enhanced efforts to transition the global economy to net-zero, there has been an unprecedented growth in interest in Environmental, Social and Governance (“ESG”) among our investors and stakeholders.** We are pleased to present Karora’s inaugural ESG Report as part of our ongoing commitment to transparency and accountability to our investors and other stakeholders on our ESG approach and performance. In this report, we share our strategy, ambition, and progress in addressing our ESG risks and opportunities as a junior gold mining company.

At Karora, we believe that the principles of ESG are directly linked with our core strategic objectives. We understand that the way we manage ESG factors has an impact on the success and long-term value of our company. Driven by this belief, we strive to be an ESG leader in our industry – matching our actions to our ambition. In 2021, we developed a comprehensive ESG strategy that will act as a reference framework to guide and communicate our future direction on ESG. As a foundational input into our ESG strategy development, we completed an ESG materiality assessment to identify and prioritize ESG factors that have the most potential to impact Karora’s long-term value and identify Karora’s ESG priorities that will define our approach, decision-making, and strategy on our ESG journey.

We recognize the instrumental role of the global mining industry in driving real-world results related to improving environmental and social well-being and avoiding further impacts of climate change. For us, addressing climate impacts is a strategic priority. Not only

are we already preparing to do our part, but we are setting the stage to be a sector leader in the junior gold mining space. That’s why, in 2021, we proudly [announced](#) our ambition to become one of the world’s first net-zero junior gold mining companies.

Looking at the year ahead, we will build on the strong foundation we have developed over the past year, focusing on enhancing the integration of ESG principles across our business. Likewise, we will continue the development of our emissions reduction strategy in support of our net-zero ambition, aiming to create a net-zero transition plan that is supported by interim targets.

We believe that transparency and accountability to our investors and other stakeholders is critically important. To this end, we are committed to adhering to market-leading, investor-preferred ESG disclosure approaches. We have prepared this report based on the leading ESG reporting standards and frameworks – the Sustainability Accounting Standards Board (“SASB”) Standards and the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD recommendations”). Over time, Karora will strive to continually improve our disclosure of decision-useful ESG and climate-related information as our approaches and practices evolve.



**Paul Andre Huet**  
Chairman and Chief  
Executive Officer

# ABOUT THIS REPORT

The ESG Report (“the report”) outlines ESG topics identified as important to Karora and its investors and stakeholders, in addition to our approaches, performance, and achievements related to our ESG priorities.

The report covers our ESG performance for the reporting period of January 1, 2021 to December 31, 2021. All facts and figures are as of December 31, 2021, unless stated otherwise. Data presented in this report includes data for the consolidated company. Any data limitations are explicitly noted where relevant and where information is available. Where data is not reported, we have explained why it is not relevant to Karora or noted if we intend to report it in the future. While we have tailored this report to meet the needs of many of our stakeholder groups, our primary focus is on investors, analysts, and employees interested in our ESG policies, practices, and performance.

Financial data is stated in Canadian dollars (CAD), unless otherwise noted. ESG metrics disclosed within this report are reported according to select metrics from the SASB Metals & Mining Sustainability Accounting Standard. The report also includes our first-year climate-related disclosure informed by the TCFD recommendations.

## Additional Information and Relevant Policies and Disclosures:

→ [ESG Strategy](#)

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→ [Corporate Social Responsibility Policy](#)

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→ [Diversity and Inclusion Policy](#)

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→ [Environmental Policy](#)

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→ [Health and Safety Policy](#)

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→ [Management Information Circular \(2021\)](#)

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→ [Code of Business Conduct and Ethics](#)

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→ [Whistleblower Policy](#)

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→ [Tailings Storage Facility Policy](#)

## ABOUT KARORA RESOURCES

Karora Resources Inc. (“Karora”) (TSX: KRR) is a multi-asset mineral resource company focused primarily on the acquisition, exploration, evaluation, and development of precious metal properties.



With tenements spanning over 1900km<sup>2</sup> across Western Australia, Karora is focused on growth through sustainable organic production and further accretive acquisitions of precious metal/mineral operations. Karora is currently executing its multi-year growth plan to reduce costs and double expected annual gold production to approximately 200,000 ounces by 2024 at its integrated Beta Hunt Gold Mine (either “Beta Hunt” or “BHO”) and Higginsville Gold Operations (either “Higginsville” or “HGO”) in Western Australia.

# OUR VISION, MISSION, AND VALUES

At Karora, our Vision, Mission, and Values directly reinforce our approach to ESG, demonstrating our commitment to operating in an environmentally responsible manner, protecting the health and safety of our employees and contractors, and improving the prospects of all our stakeholders, including the communities in which we operate.

## Vision

To be a sustainable and responsible gold mining company that evolves into a mid-tier producer through the exploration, acquisition, and development of a high-quality portfolio of precious metal assets.

## Mission

To be a strong and supportive partner in our communities, to our employees, shareholders, and business partners by consistently creating sustainable value through the safe and responsible exploration, development, and operation of our mining assets.

## Values

**We work safely.** We never compromise the health and safety of our employees, contractors, or the people in the communities in which we operate.

**We treat people with dignity and respect.** We receive everyone's contributions with genuine interest and give all ideas a fair hearing. Our actions and communications foster people's sense of value and worth.

**We respect the environment.** We continually adopt available best practices and advance new technologies where appropriate to manage our environmental footprint and operate sustainably.

### **We hold ourselves accountable to deliver on our commitments.**

We are transparent in our communications, clearly define our plans for the future, and report progress against these plans. We are accountable for our actions within the workplace and in our interactions with our stakeholders.

### **We create lasting prosperity in the communities where we operate.**

We generate business, training, and employment opportunities in the communities in which we operate to create sustainable community benefits. We actively engage with community members to foster communication, strengthen

relationships, build understanding, and, wherever possible, to align our interests.

### **We generate value from our assets.**

We provide superior returns to our shareholders and benefits to our stakeholders by continually seeking out the best employees, technologies, and business partners. Our talented employees work diligently to maximize value for our stakeholders.

# WHERE WE OPERATE

Karora's gold producing operations comprise of Beta Hunt and Higginsville, both of which are located in Western Australia along the prolific Norseman-Wiluna Greenstone Belt.



## Beta Hunt Mine

The Beta Hunt Mine, located approximately 600km from Perth in Kambalda, Western Australia, is a deposit with a strategic advantage, hosting both gold and nickel resources in adjacent discrete mineralized zones. The Beta Hunt Mine is owner-operated using conventional underground mining methods. Gold processing is conducted through the Higginsville processing plant.

## Higginsville Gold Operations

Owned and operated by Karora since June 2019, HGO is located approximately 75km south of the Beta Hunt Mine. The operation includes a 1.6 million tonne per annum ("Mtpa") processing plant, fed by Beta Hunt and a series of open pit and underground mines on Higginsville tenements. In August 2020, Karora acquired Spargos, providing a new high-grade source of feed just 65km from the HGO mill. Results from Spargos are included in the results of HGO and production at the Spargos open-pit mine commenced during Q4 2021 having completed development works. Site infrastructure at Spargos is now largely in place and equipment was successfully mobilized following the awarding of a mining contract.

## 2021 Figures at a Glance:

Gold Production (oz): **112,814**

Gold Sales (oz): **113,628**

All-in Sustaining Costs: **US\$1,012**

Total Workforce<sup>1</sup>: **542**

<sup>1</sup> Includes full-time and part-time employees and contractors.

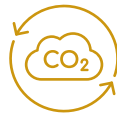
# 2021 PERFORMANCE HIGHLIGHTS

## Key Corporate and ESG Highlights for 2021:



### Record Production

Record annual consolidated gold production of 112,814 ounces for 2021 from its Beta Hunt and Higginsville mines in Western Australia. Gold sales were 113,628 ounces during 2021.



### Net Zero Ambition

Announced ambition towards becoming one of the world's first net-zero junior gold mining companies.



### Emissions Reduction Strategy

Ongoing development of an emissions reduction strategy – launched the development of a long-term reduction plan to implement a pathway to net-zero GHG emissions.



### Carbon Neutrality

Achieved carbon neutrality in 2021 for Scope 1 and Scope 2 greenhouse gas emissions (“GHGs”) through the purchase and retirement of an 87,000 tonne portfolio of verified carbon offset credits, including reforestation and increased biodiversity in Australia.



### ESG Materiality

Completed an ESG materiality assessment that identified and prioritized the ESG factors that have the highest potential to impact Karora's long-term ESG objectives.



### ESG Strategy

Completed a full ESG strategy that identified measures for Karora to enhance ESG integration into governance processes and risk management systems.



### ESG Metrics and Targets

Established a set of metrics and targets for internal monitoring and external reporting on ESG.



# OUR APPROACH TO ESG

At Karora, ESG factors are directly linked with our core strategic objectives. The way that we manage ESG factors helps determine the success of our business. ESG factors can have significant impacts on our operations, employees, contractors, suppliers, local communities, and ultimately, the long-term value of our company. Our Vision, Mission, and Values directly enforce our approach and commitment to ESG.

## **Our ESG Commitment**

We support the objectives of the Paris Agreement and the Glasgow Climate Pact and recognize the critical role of the global mining sector in providing the metals necessary for the transition to low carbon energy. The management of ESG factors is in strong alignment with our overall commitment to safe and responsible mining, to strong governance, and to enhancing the role of the minerals and metals sector to global sustainable development.

We believe that transparency and accountability to our investors and other stakeholders is important. We are committed to adhering to market-leading, investor-preferred ESG disclosure approaches. To this end, we are adopting leading ESG reporting frameworks, such as the SASB Standards and the TCFD recommendations for our annual ESG and climate change reporting.

## **Our ESG Pillars**

Karora's ESG strategy is a foundational element in executing our multi-year growth plan. It embodies our vision, mission, and values as an organization, alongside our drive to be an ESG leader. Through this lens, we recognize the need to embed ESG into the way we think, operate, and do business. Our approach to ESG is underpinned by a framework that is composed of five key pillars: Governance; Strategy; Risk Management; Metrics and Targets; and Reporting and Disclosure. Our approach to ESG is guided by the commitments embedded within each of these pillars and is formalized through our [ESG Strategy](#).

The following pillars align to the strategic ESG factors that were identified as having the potential to impact the future of our company and that are of most importance to our investors and other stakeholders, as determined by a formal [ESG materiality assessment](#). To support these foundational pillars, we expect all employees, officers, Board members, and, to the extent feasible, consultants, contractors, and representatives of Karora, to be committed to our objective to be an ESG leader by upholding our ESG commitments.

*(Continued on p. 10)*

# OUR APPROACH TO ESG

## Our ESG Pillars

### 1 Governance

- ESG will be a key priority for the Board of Directors and senior management, embedded into our corporate culture and strategic decision-making.
- We will maintain strong governance structures which incorporate ESG factors, including Board oversight of ESG factors, Board expertise, and ongoing education on ESG.
- We will establish a formal structure for senior management accountabilities on ESG, including linking ESG objectives to senior management's performance.
- We will ensure regular reporting on ESG factors from senior management to the Board.

### 2 Strategy

- We are committed to identifying ESG risks and opportunities with the potential to impact company value and strategic objectives over the short, medium, and long term.
- We will ensure sufficient allocation of budget required to maintain regulatory compliance on ESG factors.

- We will strive to capture ESG opportunities, including evaluating and implementing new technologies to improve our ESG performance.

### 3 Risk Management

- We will review our ESG materiality assessment on an annual basis to ensure that key ESG factors will be monitored on an ongoing basis, and that ESG factors are identified, assessed, and prioritized.
- We will integrate material ESG risks into our Enterprise Risk Management ("ERM") processes, and identify actions necessary to mitigate ESG risks.

### 4 Metrics and Targets

- We set an objective to become one of the world's first net zero junior gold mining companies. To execute on this commitment, our initial focus will be on Scope 1 and 2 emissions reduction opportunities at our operations, followed by Scope 3 emissions reductions, to work toward a reduction target in line with the latest climate science.

- We commit to publishing an annual GHG emissions inventory. We will set specific, measurable GHG reduction targets in 2023 and report on our progress annually.
- We will set additional ESG-related targets as we improve our ESG data collection and reporting processes.

### 5 Reporting and Disclosure

- We will report on our ESG performance in alignment with SASB's Metals & Mining Standard.
- We will report on our climate change performance in alignment with the TCFD recommendations using a phased approach.
- We will enhance our incorporation of ESG-related disclosure into regulatory filings, including a discussion of the financial materiality of ESG-related factors on the organization.
- We will strive to continually improve our disclosure of decision-useful climate-related information over time.

# GOVERNANCE

Karora considers good corporate governance to be central to the effective and efficient operation of our business. A transparent culture of corporate governance and ethical behaviour in decision-making is fundamental to the way we do business. We are committed to implementing high standards of corporate governance and reporting, and to conducting our business in ways that are ethical, transparent, and accountable to our investors and other stakeholders. This includes the way we oversee and manage ESG factors.

## **Board Oversight of ESG**

Karora's Board of Directors oversees the company's ESG program and all related sustainability matters, including climate-related risks and opportunities. During its quarterly meetings, the Board reviews the status of Karora's various ESG initiatives, considers related recommendations, and provides input as to the overall direction of the program. Board members have skills and expertise related to Karora's material ESG factors, including health and safety, environment and permitting, and sustainability. In 2021, Board members received education on ESG-related topics, including climate-related topics. To maintain a high level of awareness of current and emerging ESG factors, Board members will continue to receive regular, recurring education on ESG-related topics.

## **Management Accountability for ESG**

The Board is supported in its responsibility for oversight of Karora's ESG program by the Senior Vice President ("SVP"), Technical Services and Sustainability. The SVP, Technical Services and Sustainability has the highest level of management accountability for ESG and is responsible for identifying, assessing, and managing Karora's ESG risks and opportunities, including those related to climate change. The SVP, Technical Services and Sustainability reports to the Board on ESG and sustainability issues on a quarterly basis and works closely with Karora's Chairman and CEO on ESG-related matters. As a topic of high priority for Karora, the Chairman and CEO is actively involved in the development and implementation of Karora's ESG strategy.

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### Analyst Corner

- TCFD: Governance (a)
- TCFD: Governance (b)

# KARORA'S ESG GOVERNANCE STRUCTURE

**Board of Directors**

Acts on behalf of shareholders in overseeing the direction and performance of Karora Resources. Accountable for Board oversight of Karora's ESG program and all related sustainability issues.

**Audit Committee**

Oversees auditor performance and function, internal controls, financial reporting, and regulatory compliance.

**Human Resources & Compensation Committee**

Oversees matters related to people and culture strategy and remuneration frameworks and policies.

**Technical, Safety & Sustainability Committee**

Oversees the policies and management systems relating to operations, health and safety, social, and environmental issues.

**Corporate Governance & Nominating Committee**

Oversees the composition of the Board and the corporate governance policies of the organization.

**Chief Executive Officer**

**Chief Financial Officer**

**Managing Director (Australian Operations)**

**EVP, Corporate Development**

**SVP, Technical Services and Sustainability**

Executives under the leadership of the CEO are responsible for the delivery of strategy in accordance with the requirements of the Board. The SVP, Technical Services and Sustainability has management accountability for ESG and sustainability issues.

**Operations**

**Corporate & Finance**

**Exploration**

**Business Development**

## KARORA'S APPROACH TO BOARD AND MANAGEMENT DIVERSITY

- **Karora's [Diversity and Inclusion Policy](#) defines our approach to diversity on the Board and in senior management. Formalized through this policy, Karora has committed to having women make up at least 30% of the Board.** Currently, two of Karora's seven Board members are female. To continue to improve our diversity practices, we will actively seek women candidates during the director identification and selection process by reviewing information sources that profile women who are currently on or have an interest in serving on public Canadian boards and also by identifying qualified women in the mining industry.
- **We believe that decision-making is enhanced through diversity and that diversity provides a competitive advantage.** In the context of an effective Board of Directors, diversity includes expression of thought, business experience, skill sets, and capabilities. Diversity also means valuing an individual's race, colour, gender, age, religious belief, ethnicity, cultural background, economic circumstance, human capacity, and sexual orientation. Taken together, these diverse skills and backgrounds help to create a business environment that encourages a range of perspectives and fosters excellence in the creation of shareholder value.
- **Karora supports and encourages diversity at all levels including the Board, the senior management team, and throughout the organization.** We are also committed to ensuring that succession and talent management processes provide the necessary learning and training opportunities to develop the skills and experience necessary for employees to be considered for advancement to more senior roles, including the senior management team and the Board.



# ESG-RELATED POLICIES

Policy Name	Description of Policy	Date of Board Approval or Last Update
<a href="#"><u>Code of Business Conduct and Ethics</u></a>	<ul style="list-style-type: none"> <li>• Outlines the principles to which our employees, officers, and Board members are expected to adhere in the conduct of the organization's business.</li> <li>• Sets forth principles regarding individual and peer responsibilities, as well as responsibilities to other employees, the public, and other stakeholders.</li> </ul>	Nov 5, 2021
<a href="#"><u>Corporate Social Responsibility Policy</u></a>	<ul style="list-style-type: none"> <li>• Provides a framework to ensure our actions promote the development of the communities in which we operate.</li> <li>• Sets forth our commitment to implementing responsible and sustainable business practices, especially with respect to our operations, to improve the prospects of all stakeholders including local communities (which includes affected Indigenous Communities).</li> </ul>	Mar 11, 2022
<a href="#"><u>Environmental Policy</u></a>	<ul style="list-style-type: none"> <li>• Provides a statement of principles and a framework to help guide our activities in an environmentally responsible manner, ensuring compliance with all known applicable environmental regulations and commitments.</li> </ul>	Mar 17, 2021
<a href="#"><u>Health and Safety Policy</u></a>	<ul style="list-style-type: none"> <li>• Defines our commitment to the safety and health of our employees.</li> <li>• Provides a framework for measuring the safety performance of our activities and ensuring Karora and its employees and contractors comply with all applicable occupational health and safety laws, regulations, and commitments.</li> </ul>	Mar 17, 2021
<a href="#"><u>Diversity and Inclusion Policy</u></a>	<ul style="list-style-type: none"> <li>• Defines our policy with respect to diversity on the Board and in senior management positions at Karora.</li> </ul>	Mar 11, 2022
<a href="#"><u>Whistleblower Policy</u></a>	<ul style="list-style-type: none"> <li>• Governs the receipt, retention, and treatment of complaints received by Karora regarding accounting, internal accounting controls, auditing matters or potential violations of law, and any other questionable or unwanted behaviour for which the individual employee feels compelled to lodge the complaint in an anonymous manner.</li> </ul>	Nov 5, 2021
<a href="#"><u>Clawback Policy</u></a>	<ul style="list-style-type: none"> <li>• Provides for the recoupment of all or a portion of certain incentive compensation paid to current and/or former executive officers and members of management in certain circumstances when Karora has been required to issue restated financial results.</li> </ul>	Mar 11, 2022
<a href="#"><u>Tailings Storage Facility Policy</u></a>	<ul style="list-style-type: none"> <li>• Defines the governance and protocols to reduce the risk of catastrophic failure of tailings storage facilities across our business.</li> </ul>	Sep 30, 2020

# ESG STRATEGY

In 2021, Karora developed a comprehensive ESG strategy that identified material ESG factors, alongside measures to enhance ESG integration into our governance processes and risk management systems. We have also established a set of metrics and targets for internal monitoring and external reporting. For more detail on our commitment to ESG, as well as our ESG pillars, see [Our Approach to ESG](#).

## ESG Materiality Assessment

In 2021, Karora completed an ESG materiality assessment, which forms the foundation of our ESG strategy. The ESG materiality assessment identified and prioritized the ESG factors with the greatest potential to materially impact company value and our ability to achieve our strategic objectives over the short, medium, and long term.

The ESG materiality assessment identified our most material ESG factors based on an evaluation of the inherent risk they posed to Karora based on the potential magnitude of impact and the likelihood of occurrence. The results were then validated by our senior management team and Board of Directors.

In acknowledgment of the evolving and complex nature of ESG risks and opportunities, we will review our ESG materiality assessment annually to ensure that our ESG priorities reflect the ESG factors with the greatest potential to impact company value. All material ESG factors identified are addressed in this report – categorized by Environmental, Social, and Governance. Key performance indicators (“KPIs”) for all ESG factors identified are included in the respective sections of this report. KPIs are also consolidated in the [Performance Data Table](#) section and available on our website as a downloadable file. This report also details Karora’s existing and planned risk mitigation activities associated with each key ESG factor.

### IDENTIFYING POTENTIALLY MATERIAL ESG FACTORS

- Peer Benchmarking
- SASB’s Metals & Mining Sustainability Accounting Standard
- TCFD recommendations
- Mining Association of Canada’s Towards Sustainable Mining protocols and frameworks
- Methodologies of ESG research and ratings providers

### IMPACT AND LIKELIHOOD ASSESSMENT

- Assessment of potential materiality over the short, medium and long term, based on likelihood of occurrence and potential magnitude of impact

### VALIDATION

- Validation by Karora senior management
- Validation by Karora Board of Directors

#### Analyst Corner

- TCFD: Strategy (a)
- TCFD: Risk Management (a)

# ESG MATERIALITY ASSESSMENT RESULTS

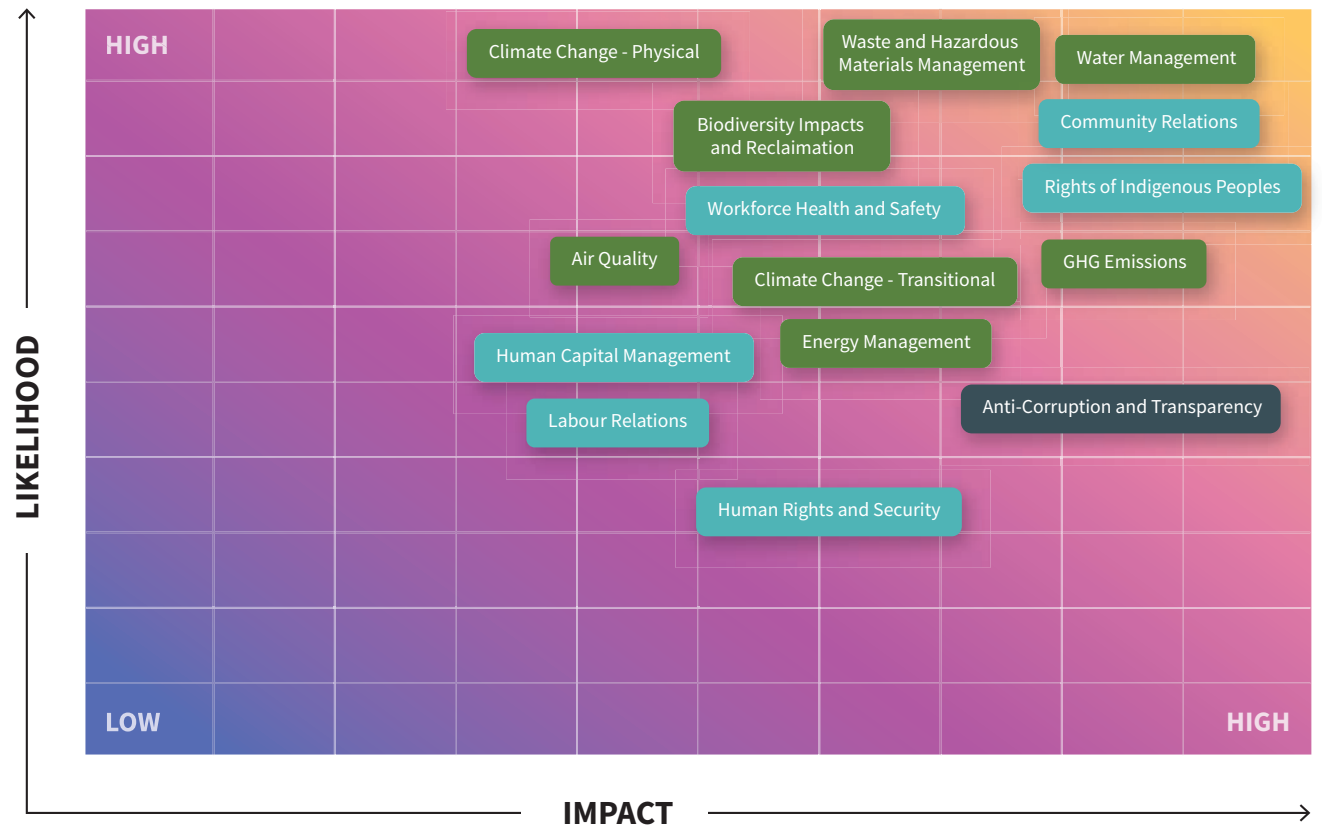
The ESG factors identified as material in our 2021 ESG materiality assessment are listed below.

Further details on the ESG factors identified, including their relevance to Karora and our approach and performance, are available in the [ESG Priorities](#) section of this report. While all ESG factors are identified as priorities for Karora, the ESG factors below are ordered by potential materiality over the short, medium, and long-term, with the highest priority ESG issues listed at the top.

- [Waste and Hazardous Materials Management](#)
- [Water Management](#)
- [Rights of Indigenous Peoples](#)
- [Community Relations](#)
- [Workforce Health and Safety](#)
- [GHG Emissions<sup>2</sup>](#)
- [Biodiversity Impacts and Reclamation](#)
- [Climate Change - Transitional](#)
- [Energy Management](#)
- [Climate Change – Physical](#)
- [Anti-Corruption and Transparency](#)
- [Air Quality](#)
- [Human Capital Management and Labour Relations](#)
- [Human Rights and Security](#)

2021 Materiality Matrix

● ENVIRONMENT | ● SOCIAL | ● GOVERNANCE



<sup>2</sup> Discussion on "GHG Emissions", Climate Change – Transitional", and "Climate Change – Physical" is consolidated in [Greenhouse Gas Emissions and Climate Change](#).



# RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of Karora's risk management programs, including ESG and climate risks. Our risk management framework is designed to facilitate the identification, assessment, management, and mitigation of the risks we face as a gold mining company, including risks associated with climate change and other social and environmental risks.

Managing ESG risks is a key part of how we create sustainable value and is a strategic priority for Karora. We recognize the need to comprehensively integrate Karora's material ESG risks, including climate-related risks, into our risk management processes to realize our ambition of becoming an ESG leader. In implementing our ESG strategy, work is underway to enhance the integration of material ESG risks into our risk management processes, which will leverage the results of our ESG materiality assessment. We will continue to report on our progress toward full integration of ESG risks and opportunities into our ERM processes in future years.

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## Analyst Corner

- TCFD: Risk Management (b)
- TCFD: Risk Management (c)



# METRICS AND TARGETS

We strive to continuously improve our data collection, monitoring, and disclosure as our ESG strategy progresses to provide decision-useful information to our investors. In this report, we provide a set of KPIs for each ESG factor identified in our ESG materiality assessment. ESG data is consolidated in the [Performance Data Table](#) section, and available on our website as a downloadable file. The [SASB Index](#) summarizes our performance on select ESG metrics from the SASB Metals & Mining Sustainability Accounting Standard. The [TCFD Index](#) summarizes our climate-related disclosure informed by the TCFD recommendations.

ESG data presented in this report includes data for the consolidated company. Data methodologies and limitations are explicitly noted where relevant and where information is available. Where data is not reported, we have explained why it is not relevant to Karora or noted if we intend to report it in the future.

## ESG in Executive Compensation

To facilitate the integration of ESG into our business, and to ensure that we are accountable for advancing our ESG strategy, we include ESG-related goals in the structure of short-term incentives awarded to executive officers. For 2022, these goals include the following:

- Completion of Inaugural ESG Report
- Development of a comprehensive alternative power analysis
- Development of a strategy for setting long-term GHG emission reduction targets
- Continued improvement of ESG reporting in quarterly Management's Discussion & Analyses

## Our Net-Zero Ambition

In June 2021, we announced our ambition to become one of the world's first net-zero junior gold mining companies. Together with Invert Inc., work is underway to develop a pathway and set near-term emissions reduction targets. Our initial focus will be on covering our Scope 1 and 2 emissions reductions, followed by Scope 3 emissions reductions.

As part of our transition plan, in 2021, Karora became among the world's first carbon neutral gold producers for our own operations through the purchase and retirement of 87,000 tonnes of verified carbon offset credits. The credit retirements form the preliminary phase of a long-term emissions reduction strategy underway across Karora's business units. For more information, see [Greenhouse Gas Emissions and Climate Change](#).

# OUR ESG TARGETS

We have implemented the following ESG targets for 2022 to measure the performance and effectiveness of our ESG strategy.

The targets we have set focus on the ESG factors that have the most potential to impact Karora, as identified in our ESG materiality assessment. We are committed to annually disclosing our progress on these commitments and setting more ambitious goals as we improve the integration of ESG into our core business processes.

ESG Factor	2022 ESG Targets and Commitments
<b>Waste and Hazardous Materials Management</b>	<ul style="list-style-type: none"> <li>Maintain zero significant incidents associated with hazardous materials and waste management.</li> <li>Enhance waste and hazardous materials management policies and procedures.</li> </ul>
<b>Rights of Indigenous Peoples</b>	<ul style="list-style-type: none"> <li>Enhance engagement processes and due diligence practices with respect to Indigenous rights.</li> <li>Expand opportunities for training and development for Indigenous workforce.</li> <li>Enhance cultural awareness for our workforce through training and leadership.</li> </ul>
<b>Water Management</b>	<ul style="list-style-type: none"> <li>Enhance water management policies and procedures, including establishing a policy to manage potable water.</li> </ul>
<b>Community Relations</b>	<ul style="list-style-type: none"> <li>Enhance processes to manage risks and opportunities associated with community rights and interests.</li> </ul>
<b>Workforce Health and Safety</b>	<ul style="list-style-type: none"> <li>Maintain zero fatalities.</li> <li>Strive to achieve a company-wide total recordable injury frequency rate (TRIFR) of zero.</li> </ul>
<b>GHG Emissions</b>	<ul style="list-style-type: none"> <li>Complete the technical analyses required to develop a transition plan to reduce our emissions and set emissions reduction targets, with an initial focus on interim targets.</li> <li>Determine interim emissions reduction targets to be announced in 2023.</li> </ul>
<b>Biodiversity Impacts and Reclamation</b>	<ul style="list-style-type: none"> <li>Enhance environmental management policies and practices for active sites.</li> </ul>

# ESG PRIORITIES

In 2021, Karora completed an [ESG materiality assessment](#) that identified and prioritized ESG factors with the greatest potential to materially impact company value and our ability to achieve our strategic objectives.

These ESG factors are identified as ESG priorities for Karora and are addressed in this section of the report – categorized by Environmental, Social, and Governance. As topics of strategic importance to Karora, we provide an overview of our approach, performance, and existing and planned risk mitigation activities associated with each ESG priority. The ESG priorities discussed in the Environment, Social, and Governance sections are ordered by potential materiality over the short, medium, and long-term, with the highest priority ESG issues listed at the top of each section.

In 2022, Karora has set targets around the highest priority ESG issues. These targets are highlighted throughout this section and will form the basis of our benchmarking of progress in future disclosure.

## Our ESG Priorities:

**Environment | Pages 21-39**

**Social | Pages 41-55**

**Governance | Pages 56-57**

# ENVIRONMENT

Karora is committed to operating in a safe and environmentally sustainable manner across all our operations, projects, and office locations. Included in our ESG priorities are Waste and Hazardous Materials Management, Water Management, Greenhouse Gas (“GHG”) Emissions and Climate Change, Biodiversity Impacts and Reclamation, Energy Management, and Air Quality.

## Overarching Approach to Environmental ESG Factors [SASB EM-MM-160a.1]

Karora’s overarching approach to environmental matters is guided by our Environmental Policy and Environmental Management Systems Manual, alongside several other management plans that are related to specific environmental ESG priorities.<sup>3</sup>

### Environmental Policy

Our [Environmental Policy](#) is approved by the Board of Directors and provides a statement of principles and a framework to help guide our activities in an environmentally responsible manner. This Policy is applicable to Karora’s and its subsidiaries workforce which includes senior management, officers, employees, contractors, and Board members across all our operational mines, exploration sites, and closure properties.

### Environmental Management Systems Manual

The Environmental Management Systems Manual aims to provide an overview of all the potential environmental risks that Karora is exposed to, as well as the operational controls and mitigation activities to avoid environmental harm. These activities are undertaken by Karora during feasibility, operations, decommissioning, and eventually site closure. The manual also aims to increase awareness of the potential environmental risks and subsequent impacts of our mining operations, and to ensure operations are compliant with relevant approvals, licenses, permits, and regulations.

Environmental Training and Development

Training and developing environmental awareness within Karora’s workforce is undertaken in various forms including inductions, presentations, meetings, memos, and site notices. Some recent examples include:

### Environmental Training and Development

Some recent examples include:

- online environmental awareness induction (recently updated);
- phasing out of single-use plastics and other environmental concerns (general awareness training);
- memos and follow-on meetings held to outline the appropriate method of dust suppression when using hypersaline water; and
- presentation on Karora’s internal clearing procedures and the associated permit/license requirements on clearing land for mining or infrastructure purposes.

## 2021 Highlights:

- Announced our steps to become one of the world’s first net-zero junior gold mining companies.
- Achieved carbon neutrality in 2021 for Scope 1 and Scope 2 GHG emissions through the purchase and retirement of an 87,000 tonne portfolio of verified carbon offset credits, including reforestation and increased biodiversity in Australia.

<sup>3</sup> Environmental management plans addressing specific environmental ESG priorities are discussed in respective subsections in this report. For example, Karora’s Waste Management Plan is discussed in [Waste and Hazardous Materials Management](#).

## Waste and Hazardous Materials Management

**Why is this Important for Karora?** Mining operations can generate large volumes of waste which may present a significant threat to their environment and communities if not properly managed. By employing effective waste and hazardous materials management practices, we can lower operational and compliance costs, facilitate permitting, safeguard our reputation, and avoid fines, penalties, and litigation.

Karora generates tailings, waste rock, and non-mineral waste as part of our operations at Beta Hunt and Higginsville. Beta Hunt is a single underground mine with no processing infrastructure or tailings impoundment facilities. Higginsville consists of a number of open pit and underground mines over a large land package together with a conventional gold “carbon-in-leach” processing facility that includes several approved tailings deposition and storage facilities (i.e., Tailings Storage Facilities (“TSFs”)).

### **Tailings Management** [SASB EM-MM-540a.2]

Tailings are the residue from the gold extraction process. The tailings stream consists of crushed and ground ore (typically silt-sized) that remains after the recoverable gold has been extracted from the gravity circuit and passes through a chemical carbon leaching process for recovery of non-gravity gold. The processes are water-based, allowing the tailings slurry to be pumped and deposited to the TSFs. Water from the TSFs is recovered and returned to the mill for reuse.

Karora currently deposits tailings into its above-ground paddock-style facility, which is made up of four cells called TSF-1, TSF-2, TSF-3, and TSF-4. Paddock-style facilities are mostly utilized in arid environments and consist of dams

with walls constructed from compacted earthen material, slurry waste, and water. Karora is currently undertaking a series of lifts (two completed, four planned) that will extend the life of this facility. Karora also maintains three in-pit facilities, called the Aphrodite in-pit, Fairplay in-pit, and Vine in-pit, which are old mining voids below ground that were successfully mined of all ore and then used for deposition and filings with tailings. Tailings are not currently being directed to the in-pit facilities.

Shortly after acquiring Higginsville in June 2019, Karora engaged independent geotechnical engineering consultants to run a series of assessments on TSF1-4’s stability, seepage, liquefaction, water balance, and dam break scenarios (both sunny day and worst cases), in addition to electromagnetic and hydrogeological studies for the historic groundwater mounding issues first identified in 2012. These studies and the structural assessment provided an understanding of previous groundwater mounding and determined the most effective method for future drawdown of the groundwater mound and protection against environmental impacts using best practices.

In late 2020, Karora commenced a number of remediation actions across the facility which included the installation

of a series of seepage recovery bores (February to May 2021) that have been effective at lowering the groundwater mound around the facility. Four new compliance monitoring bores were also installed to monitor water quality around TSF2-4. Karora is very proud of the remediation work carried out on TSF1-4 and has been commended by the regulators and our risk engineers on the process and results.

In accordance with its tailings management standard, Karora completes regular inspections on each of its facilities, together with an annual audit and management review which is carried out using an independent consultant engineer and lodged with our mining regulator to demonstrate our compliance with all conditions.

The operation and closure of these facilities are strictly controlled by government regulation, codes of practice, and relevant guidelines, as well as our own internal standards, procurement policies, and contractor management processes, enhancing priority for this issue. See our [Tailings Storage Facility Policy](#) for more information.

**Our Approach** [SASB EM-MM-150a.10]

Karora addresses risks related to waste and hazardous materials management using the various plans and processes, summarized below. We recognize that tailings are one of the most significant waste streams generated by the mining process. Karora is committed to conducting a gap analysis to identify a strategy to bring Karora into closer alignment with the [Global Industry Standard on Tailings Management](#). We will provide transparency on the results of this gap assessment in future disclosures.

**Waste Management Plan**

Developed purposely for each of Karora's operating sites, the Waste Management Plan describes the waste management hierarchy to reduce, reuse, recycle, recover, and dispose of materials used at each operation. This plan aims to:

- ensure compliance with relevant approvals, licenses, laws, and regulations;
- minimize waste through effective planning and the efficient use of resources;
- maximize reuse and recycling of waste;
- minimize industrial and putrescible disposal to landfills;
- ensure safe handling, storage, and disposal practices to prevent environmental pollution;
- develop efficient and operationally integrated closure and rehabilitation programs that limit delays and costs; and
- promote environmental awareness amongst Karora's workforce.

**Groundwater Recovery & Seepage Management Plan ("GRSMP")**

The GRSMP was developed to manage potential impacts due to seepage from the Higginsville TSF2-4. It describes the process for seepage monitoring and recovery surrounding the TSF2-4. The plan contains a Trigger Action Response Plan ("TARP") which sets out the required actions to be undertaken in the event any trigger levels are reached or exceeded due to seepage from the TSF. The management plan aims to reduce the impacts of groundwater mounding due to seepage around TSF2-4, provide documentation of current practices to maximize the recovery of seepage, and avoid potential impacts on native vegetation.

As noted above, Karora undertook electromagnetic and hydrogeological studies to determine the cause for the historic groundwater mounding issues around TSF2-4 first identified in 2012. The GRSMP identified that a series of bores drilled into the bedrock would be the most effective method to reduce the groundwater mound around the facility. In February 2021, Karora commissioned a new Seepage Recovery Network for TSF2-4. Since the Seepage Recovery Network was commissioned, the groundwater mound around the facility has diminished in size (with up to a 47.5% reduction in water level compared with pre-existing levels in some compliance bores). The seepage recovered equates to 6 – 8% of the total water used by the processing plant. Please refer to Tailings Management above for further details.

For further information on our broader approach to water management, see [Water Management](#).

**Operation-specific Potentially Acid Forming ("PAF") Management Plans<sup>4</sup>**

The PAF Management Plans describe our strategy and processes to avoid the generation of acid from the oxidation of potentially acid-forming materials. For additional information on Karora and acid rock drainage ("ARD"), see [Biodiversity Impacts and Reclamation](#).

**Our Performance<sup>5</sup>**

All gold processing for the Beta Hunt and Higginsville mines is conducted at the Higginsville processing plant, which produces tailings waste. The Beta Hunt and Higginsville mines do not produce mineral processing waste [SASB EM-MM-150a.2], as these operations do not engage in mineral processing activities. In 2021, tailings generated increased by 8.7% proportional to the increased percentage of milled tonnes fed through the processing plant. Waste rock generation increased by 53% during the year due to the accelerated development and production undertaken at both operational sites to support increased mined tonnes (see Table 2).

We provide transparency on our number of tailings impoundments, broken down by U.S. Mine Safety and Health Administration ("MSHA") hazard potential classification. Of our several approved TSFs, TSF1-4 was identified as having a low hazard potential, using the criteria outlined in SASB's Metals & Mining Sustainability Accounting Standard.<sup>6</sup> Any breach of TSF1-4 is not expected to result in catastrophic failure of the facility, where there is no expected loss of life, disruption to important utilities, or significant environmental damage. Inundation of the surrounding environment would be limited to close proximity of the facility and would not be considered as significant environmental damage. No rare or

<sup>4</sup>PAF may also be referred to as Potentially Acid Generating (PAG). <sup>5</sup>We have aligned metrics with those included in the 2018 SASB Metals & Mining Sustainability Accounting Standard, and select metrics from the updated December 2021 version, where data is available. Moving forward, we will work to provide enhanced disclosure in alignment with the updated SASB Metals & Mining Sustainability Accounting Standard (2021). <sup>6</sup>TSF1-4 is a singular landform, comprised of individual cells with common boundaries.

priority flora and fauna would be impacted, and no sensitive environmental areas have been identified in proximity of TSF1–4. The TSF facilities are remote and not located within populated rural communities where loss of life or dwellings would be expected. Karora’s three in-pit TSFs (i.e., Aphrodite in-pit, Fairplay in-pit, and Vine in-pit) are below ground and are thereby not rated under the MSHA as having a hazard potential classification. None of Karora’s TSFs have been identified as having high or significant hazard potential [SASB EM-MM-150a.3]. In 2020 and 2021, Karora did not experience spills or incidents that have resulted in environmental harm greater than normal operations [SASB EM-MM-150a.9].<sup>7</sup>

**Table 1: Total weight of tailings waste, percentage recycled**

[SASB EM-MM-150a.1/SASB EM-MM-150a.5]

Parameter	2020	2021
<b>HGO</b>		
Tailings generated (Tonne)	1,325,146	1,440,679
Percentage tailings diverted from disposal for recycling (%)	0	0

**Table 2: Total weight of waste rock generated** [SASB EM-MM-150a.6]

Parameter	2020			2021		
	Beta Hunt	Higginsville	Total	Beta Hunt	Higginsville	Total
Waste rock generated (Tonne)	163,620	5,366,911	<b>5,530,531</b>	153,045	8,332,244	<b>8,485,289</b>

#### Analyst Corner

- SASB EM-MM-150a.1 (2018)
- SASB EM-MM-150a.2 (2018)
- SASB EM-MM-150a.3 (2018)
- SASB EM-MM-150a.5 (2021)
- SASB EM-MM-150a.6 (2021)
- SASB EM-MM-150a.9 (2021)
- SASB EM-MM-150a.10 (2021)
- SASB EM-MM-540a.2 (2021)

The tracking of non-mineral and hazardous waste is carried out at each of Karora’s sites for the purpose of monitoring compliance with licenses and regulations. Further work was undertaken during 2021 to start to build up the waste data being tracked in a more comprehensive form to be able to report the total weight of non-mineral waste generated [SASB EM-MM-150a.4], total hazardous waste generated [SASB EM-MM-150a.7], and total hazardous waste recycled [SASB EM-MM-150a.8] under the SASB guidelines for 2022. This 2020 and 2021 waste data was largely collated retrospectively, with a number of data points not being available for measurement to support reporting requirements under the SASB guidelines and therefore have not been included in this report.

Karora intends to appoint an independent consultant to review its waste tracking processes and audit its waste management system and quantify waste volumes by type and source. The engagement will develop and quantify the baseline for waste management reporting, which in turn will help to identify improvement opportunities to support our waste reduction ambitions.

In future reporting, we will seek greater alignment with SASB’s updated Metals & Mining Sustainability Accounting Standard (2021) as part of our commitment to provide decision-useful data to our investors and other stakeholders, such as metrics under the new Tailings Storage Facilities Management disclosure topic. We have established targets for 2022 related to this ESG factor summarized below.

#### 2022 ESG Target: Waste and Hazardous Materials Management

- Maintain zero significant incidents associated with hazardous materials and waste management.
- Enhance waste and hazardous materials management policies and procedures.

<sup>7</sup>Karora defines “significant incidents” as those that have the “potential for environmental harm”.



## Water Management

**Why is this Important for Karora?** Our mining operations depend on reliable access to, and the responsible stewardship of water. Effective water management practices can reduce costs, liabilities, and lost revenues due to curtailment or suspension of operations. While we do not operate in locations with extremely high baseline water stress, all (100%) of Karora operations withdraw and consume fresh water from areas with high baseline water stress [SASB EM-MM-140a.1]<sup>8</sup>. Karora is subject to regulation related to water management, increasing the importance of this issue for our business.

### Our Approach

Karora employs various initiatives and strategies related to water management. We have a continuing water monitoring program at HGO to change or replace old flow meters, with the goal to improve monitoring and data accuracy. Flow tubes have also been installed with real-time monitoring for water use within a processing circuit that utilizes water from several sources and transfer/holding points/locations. Our GRSMMP allows us to manage the potential impacts due to seepage from the HGO TSF2-4 (see [Waste and Hazardous Materials Management](#)).

### Our Performance

Our fresh water withdrawal and consumption at Beta Hunt trended downwards in 2021, decreasing 14%<sup>9</sup>. The increase in water use at HGO can be attributed to an increase in the amount of ore processed, increased groundwater inflows in Baloo pit resulting in higher dewatering/abstraction rate with the depth of mining, and increased dewatering activities for mining with the commissioning of the Spargos open-cut pit and the Aquarius and Two Boys underground mines. We provide

transparency on the number of incidents of non-compliance associated with Australian water quantity and/or quality permits, standards, and regulations (see Table 6). The two reportable incidents at HGO in 2020 were related to potable water and wastewater quality and did not result in any environmental impacts or harm. The two reportable incidents at Beta Hunt in 2021 were administrative breaches with monitoring conditions for mine dewater with no environmental impacts greater than normal operating conditions. No incidents in 2020 or 2021 were considered to have residual environmental impacts greater than normal operating conditions. In 2022, we have established a target related to this ESG factor summarized below.

### 2022 ESG Target: Water Management

→ Enhance water management policies and procedures, including establishing a policy to manage potable water.



<sup>8</sup> Based on the classifications provided by the World Resources Institute's [Aqueduct Water Risk Atlas](#).

<sup>9</sup> "Fresh water" is defined as water that has less than 1,000 parts per million (PPM) of dissolved solids (includes potable water supply by the Water Corporation). "Other water" is defined as all other water withdrawn or discharged into the environment (includes water withdrawn from aquifers and water stored in pits).

**Table 3: Total water withdrawn and consumed, by site** [SASB EM-MM-140a.1]<sup>10</sup>

Parameter	2020	2021
<b>Beta Hunt</b>		
Total fresh water withdrawal (ML)	52	44
Total fresh water consumption (ML)	52	44
<b>Higginsville</b>		
Total fresh water withdrawal (ML)	85	87
Total fresh water consumption (ML)	85	87

**Table 4: Water consumption intensity**

Parameter	2020	2021
Total water consumption (kL) <sup>11</sup>	1,370,000	1,049,000
Total fresh water consumption (kL)	136,400	131,300
Total other water consumption (kL)	1,233,000	918,080
Ore processed (Tonne)	1,325,146	1,440,679
Gold produced (Troy oz)	99,249	112,815
<b>Intensity (kL/Tonne)<sup>12</sup> – total water consumed</b>	<b>1.03</b>	<b>0.728</b>
<b>Intensity (kL/Troy oz) – total water consumed</b>	<b>13.8</b>	<b>9.3</b>

**Table 5: Total water withdrawal, discharge, and consumption, by type**

Parameter	2020	2021
<b>Beta Hunt</b>		
Total fresh water withdrawal (ML)	51.5	44.2
Total other water withdrawal (ML)	227	174
Total fresh water consumption (ML)	51.5	44.2
Total other water consumption (ML)	-	-
Total other water discharge (ML)	227	174
Total fresh water discharge (ML)	-	-
<b>Higginsville</b>		
Total fresh water withdrawal (ML)	84.9	87.1
Total other water withdrawal (ML)	3,367	4,193
Total fresh water consumption (ML)	84.9	87.1
Total other water consumption (ML)	1,233	918
Total other water discharge (ML)	2,134	3,275
Total fresh water discharge (ML)	-	-

<sup>10</sup> There is no discharge of fresh water, therefore fresh water consumption is equal to fresh water withdrawn.<sup>11</sup> Water consumption is calculated as water withdrawn minus water discharged.<sup>12</sup> Refers to Tonne of ore processed. Not to be confused with tonnes of ore mined, ore moved, or material moved.

**Table 6: Number of incidents of non-compliance with water quality permits, standards, and regulations** [SASB EM-MM-140a.2]

Site	Incidents of Non-Compliance	
	2020	2021
Beta Hunt	0	2
Higginsville	2	0

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Analyst Corner

- SASB EM-MM-140a.1
- SASB EM-MM-140a.2

## Greenhouse Gas Emissions and Climate Change

**Why is this Important for Karora?** Climate change is a systemic, global risk that could have significant impacts on our operations as a mining company. As supporters of the objectives of the Paris Agreement and the Glasgow Climate Pact, we recognize the critical role of the mining sector in providing the metals necessary for the transition to a low carbon global economy. We are committed to mitigating climate-related risks and taking action to ensure that we are well-positioned to capture related opportunities.

We recognize that transition and physical climate-related risks have the potential to impact our business. Countries have made commitments to reduce GHG emissions under the Paris Agreement, including Australia which has committed to reducing its GHG emissions by 26 to 28% below 2005 levels by 2030. Climate-related regulations, including increased regulation of GHG emissions, can materially increase operational costs and capital expenditures. We are aware of emergent climate-related disclosure requirements globally and in Canada (e.g., Proposed National Instrument 51-107 Disclosure of Climate-related Matters) and are subject to existing climate-related regulations related to disclosure, including Australia's National Greenhouse and Energy Reporting ("NGER") Act 2007.<sup>13</sup> Under this framework, Karora annually develops and submits reports to provide transparency on our GHG emissions and energy use. Additionally, climate-related physical risks, both acute and chronic, can materially impact Karora through damage to our facilities and infrastructure, reduced revenue and higher costs from negative impacts on our workforce, and increased insurance premiums.

### Our Approach [SASB EM-MM-110a.2]

Climate change is a key strategic priority for Karora. We believe that the integration of climate change factors into our corporate strategy will support our long-term success as a gold mining company. Karora's approach to GHG emissions and climate change is guided by the TCFD recommendations. This section of the report outlines our approach to addressing the climate-related risks and opportunities that we have identified over the short, medium, and long term, as well as our strategies and plans to mitigate risks and capture new opportunities. For further discussion on our climate-related risk management processes and governance structures, see [Our Approach to ESG](#).

Karora is taking a phased approach to implementing the TCFD recommendations. Our disclosure on this issue will continue to evolve over time as we develop and take action on our climate change strategy, including our plan to reduce our emissions. As a key component of our longer-term emissions reduction strategy and net-zero ambition, we have implemented the target below in 2022.

### 2022 ESG Target: Greenhouse Gas Emissions and Climate Change

- Complete the technical analyses required to develop a transition plan to reduce our emissions and set emissions reduction targets, with an initial focus on interim targets.
- Determine interim emissions reduction targets to be announced in 2023.

<sup>13</sup>The *National Greenhouse and Energy Reporting Act (NGER)* was legislated by the Australian Government in 2007. The act requires companies to estimate their greenhouse gas emissions and report their energy production and energy consumption as well as other specified information. The data reported in the *NGER* scheme are used to inform government policy, inform the public, help meet Australia's international reporting obligation and assist Commonwealth, state, and territory government programmes and activities.

### Our Net-Zero Ambition

Not only are we already preparing to do our part in the transition to a low carbon economy, but we are actively setting the stage to be a sector leader in the junior gold mining space. In 2021, we announced our ambition to become one of the world's first net-zero junior gold mining companies and began conducting the technical analysis required for us to establish a transition plan, including short- and medium-term emissions reduction targets. In 2022, we will build on our progress by continuing to enhance our understanding of climate-related impacts on our business, further integrating climate change considerations into our strategy and financial planning, and completing the development of our emissions reduction strategy. We aim to finalize our five-year emissions reduction strategy in 2022, which will include interim emissions reduction targets. Karora's emissions reduction targets will be released in 2023.



▲ Mount Sandy's untouched remnant vegetation (Source: South Pole)

### Karora's Carbon Offsetting Projects

In 2021, Karora achieved carbon neutrality for Scope 1 and Scope 2 GHG emissions through the purchase and retirement of an 87,000 tonne portfolio of verified carbon offset credits, including reforestation and increased biodiversity in Australia. An 80,000 tonne purchase was based on mid-year (2021) emissions projections, with an additional 7,000 tonne purchase completed upon finalization of our 2021 GHG emissions inventory (with external assistance from Greenbase), which confirmed an additional 6,946 tonnes of CO<sub>2</sub> emissions as a result of increased mining activity at HGO.<sup>14</sup>

The Mount Sandy Conservation project in Australia involves the protection of a 200-hectare strategic habitat with replanting of over 30 species of native vegetation including tree cover. The project area is managed through close collaboration with the traditional land owners and custodians of Coorong County, the local Ngarrindjeri people. Native plant species for revegetation will be supplied by the local nursery at Raukkan Aboriginal Community located 50km northwest of the project site.







The project involves the issuance of EcoAustralia credits. EcoAustralia is a stapled product that blends carbon credits with biodiversity protection. Each EcoAustralia credit consists of one Australian Biodiversity Unit, equal to 1.5m<sup>2</sup> of government-accredited, permanently protected Australian vegetation, and 1 tonne of CO<sub>2</sub>e of avoided emissions. The project developer is South Pole, and the project is verified by Gold Standard. The project aligns with various UN Sustainable Development Goals ("SDGs") including SDG 8: Decent Work and Economic Growth, SDG 13: Climate Action, SDG 15: Life on Land, and SDG 17: Partnerships for the Goals. The Mount Sandy Conservation Project formed a part of Karora's blended offset credit purchases in 2021 which were immediately retired.



<sup>14</sup>Greenbase is a reporting services provider in sustainability and environmental accounting.

**Table 7: Climate-related risks and opportunities** [TCFD: Strategy (a), TCFD: Strategy (b)]








 **Short Term (0 to 1 years)** | 
  **Medium Term (1 to 5 years)** | 
  **Long Term (5+ years)**

Climate Change Factor	Time Horizon	Description of Potential Impact	Initiatives to Mitigate Risk/Capture Opportunity
<b>Climate-related Risks</b>			
<b>Policy and Legal</b>	  	<ul style="list-style-type: none"> <li>Increasing policy and regulatory efforts aimed at reducing GHG emissions (e.g., carbon pricing mechanisms) can impact Karora through increased compliance and operational costs and capital expenditures</li> </ul>	<p>We have an established robust company-wide GHG emissions inventory and are in the process of developing a transition plan to reduce our GHG emissions in alignment with our net-zero ambition, which will include short- and medium-term targets. We also proactively monitor the changing policy and legal landscape to understand the potential implications for our business.</p> <p>We issue this report based on the TCFD recommendations to provide decision-useful information to our investors and to stay proactive for future climate-related disclosure requirements.</p> <p>We will continue to update our disclosure to comply with evolving climate-related disclosure requirements (e.g., proposed NI 51-107) as required.</p>
		<ul style="list-style-type: none"> <li>Increasing regulatory disclosure requirements (e.g., proposed NI 51-107) for Karora as a Canadian public company</li> <li>Increased costs and/or reduced demands for products resulting from fines and judgments</li> </ul>	
<b>Acute Physical<sup>15</sup></b>	  	<ul style="list-style-type: none"> <li>Potential for increased operating costs (e.g., maintenance) and lost revenue (due to operational shutdowns) in response to extreme weather events that are increasingly frequent and severe</li> <li>Potential for asset impacts or impacts to useful life of long-term assets</li> </ul>	<p>Work is currently underway to improve our ability to identify, assess, and manage climate-related physical risks. We are in the process of updating our ERM processes, intending to ensure that the evolving and longer-term nature of physical climate-related risks are adequately captured.</p>

<sup>15</sup>Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events (e.g., cyclones, hurricanes, floods).

**Table 7: Climate-related risks and opportunities** [TCFD: Strategy (a), TCFD: Strategy (b)]







 **Short Term (0 to 1 years)** | 
  **Medium Term (1 to 5 years)** | 
  **Long Term (5+ years)**

Climate Change Factor	Time Horizon	Description of Potential Impact	Initiatives to Mitigate Risk/Capture Opportunity
<b>Reputational</b>		<ul style="list-style-type: none"> <li>Potential for negative public perception on high-emitting industries' contribution to climate change and/or lack of action in addressing climate change</li> </ul>	<p>We recognize that climate change and GHG emissions have emerged as a top priority for our investors and other stakeholders. In response, in 2021, we announced our ambition to become one of the world's first net-zero junior gold mining companies. As a preliminary component of our long-term emissions reduction strategy, we also achieved carbon neutrality for our own operations in 2021 through the purchase and retirement of carbon credits. In 2022, we aim to complete the studies and analyses required to set short- and medium-term emissions reductions goals.</p>
		<ul style="list-style-type: none"> <li>Increasing expectations of investors for decision-useful disclosure on climate-related risks and opportunities, and strategies for addressing them</li> <li>Potential for increased costs required to enhance stakeholder engagement</li> </ul>	
<b>Chronic Physical</b> <sup>16</sup>		<ul style="list-style-type: none"> <li>Potential for assets in high-risk areas to experience increased costs, disruptions, and shutdowns due to longer-term climate impacts, including heatwaves and water stress</li> </ul>	<p>As noted above, work is currently underway to improve our ability to identify, assess, and manage climate-related physical risks. We are in the process of updating our ERM processes, intending to ensure that the evolving and longer-term nature of physical climate-related risks are adequately captured.</p>
		<ul style="list-style-type: none"> <li>Potential for increased capital expenditures to repair damage from climate-related impacts and/or construct new infrastructure to address resource shortages</li> </ul>	
<b>Technology</b>		<ul style="list-style-type: none"> <li>Potential for enhanced operating and capital expenditures to adopt and deploy new technologies and processes (e.g., electrification, battery storage, renewable energy)</li> </ul>	<p>We are currently exploring avenues through which we can leverage new technologies as a key component of our emissions reduction strategy. In 2021, we completed an emissions reduction analysis that identified several opportunities to mitigate climate-related technology risk.</p>
		<ul style="list-style-type: none"> <li>Potential for decreased market competitiveness if technology adoption lags relative to peers</li> </ul>	
<b>Market</b>		<ul style="list-style-type: none"> <li>Potential for increased operational expenses and production costs due to changing prices of raw materials (e.g., energy, fuel, water)</li> <li>Increasing focus of capital markets participants on climate-related market risks, with potential to impact access to and cost of capital and long-term value</li> </ul>	<p>We are in the process of developing our climate change strategy in order to mitigate the potential for cost inflation, among other factors. See Reputational above for a discussion of mitigation activities undertaken.</p>

<sup>16</sup>Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.

**Table 7: Climate-related risks and opportunities** [TCFD: Strategy (a), TCFD: Strategy (b)]

 **Short Term (0 to 1 years)** | 
  **Medium Term (1 to 5 years)** | 
  **Long Term (5+ years)**

Climate Change Factor	Time Horizon	Description of Potential Impact	Initiatives to Mitigate Risk/Capture Opportunity
<b>Climate-related Opportunities</b>			
<b>Resource Efficiency</b>	  	<ul style="list-style-type: none"> <li>Potential to reduce operational costs through efficiencies in the use of key resources (e.g., energy, water), translating to higher returns and increased free cash flow</li> <li>Potential for reputational benefit by using fewer resources and decreasing carbon footprint</li> </ul>	Gaining efficiencies in our resource utilization will be a central component to our emissions reduction strategy and path to net-zero GHG emissions. We are currently assessing opportunities to lower our GHG emissions through efficiency gains. We will provide detail on plans and strategies in future disclosure.
<b>Energy Source</b>	  	<ul style="list-style-type: none"> <li>Potential for reduced operational and/or compliance costs by using lower-emissions energy sources and sensitivity to changes in the cost of carbon</li> <li>Potential for reduced exposure to future fossil fuel price increases</li> <li>Potential for reputational benefit by using lower-emission sources of energy</li> </ul>	In 2021, as part of the development of our transition plan, we completed an emissions reduction analysis that identified several opportunities to diversify Karora’s energy sources. We will provide detail on plans and strategies in future disclosure.
<b>Resilience</b>	 	<ul style="list-style-type: none"> <li>Minimize the potential for operational disruptions and operating and capital expenditures due to extreme weather events, changing weather patterns, and longer-term climate shifts</li> </ul>	We recognize the importance of increasing our resilience to physical climate-related impacts, alongside employing mitigative measures. We are currently assessing opportunities to enhance the resilience of our operations to changing weather patterns and longer-term climate shifts and will provide detail in future disclosure.
<b>Products and Services</b>		<ul style="list-style-type: none"> <li>Potential for enhanced market share and revenues by supplying the increasing demand for low-emissions metals that support the transition to a low carbon economy</li> </ul>	We seek to be a leader in addressing climate change and have announced our ambition to be one of the world’s first net-zero junior gold mining companies. In doing so, we are positioning ourselves to be a preferred source of low-emissions gold, to both support the transition to and succeed in a low carbon global economy.
<b>Market</b>		<ul style="list-style-type: none"> <li>Potential for enhanced access to capital and opportunities through innovative sustainable financing mechanisms (e.g., green and/or sustainability bonds) or collaboration with governments, development banks, small-scale local entrepreneurs, and community groups</li> </ul>	We have and will continue to consider opportunities and new financing arrangements as the market matures, including green bonds or other similarly incentivized structures.



### Our Performance

Establishing climate-related metrics and targets is a foundational aspect in the development of our climate change strategy. As leading practice, we provide climate-related metrics that are aligned with the TCFD's cross-industry, climate-related metrics categories (see Table 8). As we develop and implement our climate change strategy, Karora will seek to provide information on additional climate-related metrics to ensure that we can effectively track the performance of our climate change strategy and disclose decision-useful data to our investors and other stakeholders over time.

We track our Scope 1 and Scope 2 GHG emissions and GHG emissions intensity. Scope 1 GHG emissions increased 26% in 2021, largely due to an increase in Scope 1 emissions from liquid fuel combustion at HGO due to increased haulage distances for mining activity and the pre-production development of the Spargos and Two Boys open pit mines and two underground mines (Aquarius and Two Boys) at HGO. Remediation work and raise lift construction on the TSF2-4 at HGO also contributed to the higher emissions in 2021. Exploration activities increased significantly at HGO compared to previous years, contributing to an increase in emissions in 2021. Scope 1 and Scope 2 GHG emissions are broken down by operation in Table 9. None of Karora's Scope 1 GHG emissions are currently covered under emissions limiting regulations.<sup>17</sup>

We provide two variations of GHG emissions intensity, one measured as emissions per tonne of ore processed (t CO<sub>2</sub>e/Tonne), and the other measured as emissions per troy ounce of gold produced (t CO<sub>2</sub>e/Troy oz). Gold production and ore processing both increased in 2021. Emissions intensity marginally trended upwards in 2021 driven by increased haulage distances for mining activity and stripping and pre-production development at the Spargos and Two Boys open pit mines, each of which were brought into production during the year. Furthermore, pre-production development work commenced at Aquarius and Two Boys in the second half of 2021, both of which are not scheduled to commence production until Q2 2022. The development of these new mines largely explains the increase in emissions intensity given the construction work undertaken.

Additional detail on Karora's GHG emissions intensity can be found in Table 10. Gold production occurs at both Beta Hunt and Higginsville, while ore processing occurs at Higginsville. All standards, methodologies, and assumptions used for energy consumption calculations are prepared in accordance with the NGER Act of Australia. For more information on Karora's energy and water management performance, see [Water Management](#) and [Energy Management](#).



<sup>17</sup>In Australia the major emissions limiting scheme is the Safeguard Mechanism which applies to Australia's largest emitters. Karora isn't required to report under this mechanism.

**Table 8: Summary of climate-related metrics** [SASB EM-MM-110a.1] [TCFD: Metrics and Targets (a), TCFD: Metrics and Targets (b)]<sup>18</sup>

TCFD Metric Category	Climate Change Factor	Climate-related Metric	2020	2021
<b>GHG Emissions</b>	<b>Policy and Legal Risks</b>	Absolute Scope 1 GHG emissions (t CO2e)	54,141	68,165
		Absolute Scope 2 GHG emissions (t CO2e)	18,350	18,781
		Scope 1 and 2 GHG emissions intensity (t CO2e/Troy oz)	0.73	0.77
		Scope 1 and 2 GHG emissions intensity (t CO2e/Tonne)	0.055	0.06
		Percentage of gross global Scope 1 GHG emissions covered under emission-limiting regulations (%)	0%	0%
<b>Climate-Related Opportunities</b>	<b>Resource Efficiency Opportunities</b>	Total energy consumed (GJ)	1,013,584	1,217,204
		Gross energy intensity (GJ/Tonne)	0.765	0.84
		Gross energy intensity (GJ/Troy oz)	10.21	10.79
		Total fresh water withdrawn (ML)	136	131
		Total fresh water consumed (ML)	136	131
		Total water consumption intensity (kL/Tonne)	1.03	0.728
		Total water consumption intensity (kL/Troy oz)	13.8	9.3
		Fresh water consumption intensity (kL/Tonne)	0.103	0.0911
		Fresh water consumption intensity (kL/Troy oz)	1.37	1.16
		Other water consumption intensity (kL/Tonne)	0.930	0.637
		Other water consumption intensity (kL/Troy oz)	12.4	8.14
	<b>Energy Source Opportunities</b>	Percentage of energy consumed from grid electricity (%)	10.4%	8.8%
		Percentage of energy consumed that is renewable (%)	0%	0%
<b>Physical Risks</b>	<b>Chronic Physical Risks</b>	Percentage of fresh water withdrawn in regions with High Baseline Water Stress (%)	100%	100%
		Percentage of fresh water withdrawn in regions with Extremely High Baseline Water Stress (%)	0%	0%
		Percentage of fresh water consumed in regions with High Baseline Water Stress (%)	100%	100%
		Percentage of fresh water consumed in regions with Extremely High Baseline Water Stress (%)	0%	0%

<sup>18</sup>Intensity metrics referencing amount of ore processed (i.e., tCO2e/Tonne, kL/Tonne) refer to Tonne of ore processed. Not to be confused with tonnes of ore mined, ore moved, or material moved.

**Table 9: Gross global Scope 1 and 2 GHG emissions** [SASB EM-MM-110a.1] [TCFD: Metrics and Targets (b)]

Site	2020	2021
<b>Scope 1 (t CO<sub>2</sub>e)</b>		
Corporate office (North America)	21	21
Higginsville	43,536	57,814
Beta Hunt	10,585	10,329
<b>Total Scope 1</b>	<b>54,141</b>	<b>68,165</b>
<b>Scope 2 (t CO<sub>2</sub>e)</b>		
Corporate office (Australia)	17	60
Corporate office (North America)	4	3
Beta Hunt	18,330	18,718
<b>Total Scope 2 (t CO<sub>2</sub>e)</b>	<b>18,350</b>	<b>18,781</b>
<b>Total Scope 1 and 2 (t CO<sub>2</sub>e)</b>	<b>72,492</b>	<b>86,946</b>

**Table 10: GHG emissions intensity** [TCFD Metrics and Targets (a)]

Parameter	2020	2021
Scope 1 and 2 (t CO <sub>2</sub> e)	72,492	86,946
Gold produced (Troy oz)	99,249	112,815
Ore processed (Tonne)	1,325,146	1,440,679
<b>Intensity (t CO<sub>2</sub>e/Troy oz)</b>	<b>0.73</b>	<b>0.77</b>
<b>Intensity (t CO<sub>2</sub>e/Tonne)</b>	<b>0.055</b>	<b>0.06</b>

## Analyst Corner

- SASB EM-MM-110a.1
- SASB EM-MM-130a.1
- SASB EM-MM-140a.1
- TCFD: Metrics and Targets (a)
- TCFD: Metrics and Targets (b)
- TCFD: Metrics and Targets (c)

## Biodiversity Impacts and Reclamation

**Why is this Important for Karora?** The development, operation, closure, and remediation of mines can have a range of impacts on biodiversity, such as landscape alterations, vegetation removal, and impacts on wildlife habitats.

Effective management of biodiversity impacts and reclamation enables mining companies to avoid or reduce potentially significant regulatory penalties, compliance costs, financial and legal liabilities, lost revenue and higher costs from delayed production, and adverse impacts associated with reputational harm.

While Karora does not have proved for probable reserves (0%) within 5km of protected sites or in areas of endangered species habitat [SASB EM-MM-160a.3], we remain subject to extensive federal, provincial, and local laws and regulations governing environmental protection, including the *Environmental Protection Act 1986 (Australia)*. Our operations are also subject to regulations related to reclamation, such as the *Mining Rehabilitation Fund Act 2012 (Australia)*, enhancing the importance of this issue for our business.

Acid rock drainage (“ARD”) is predicted to occur at 100% of our mine sites. ARD is acidic water formed because of mining activities, and it can have harmful effects on humans, animals, and plants. We are committed to minimizing the impacts of ARD in the environments in which we operate and actively mitigate ARD at all (100%) of our mine sites<sup>19</sup>. We are committed to ensuring all statutory requirements are met for the long-term

sustainability of the environment where we explore and develop our mines [SASB EM-MM-160a.2].

### **Our Approach** [SASB EM-MM-160a.1]

Complementary to our Environmental Policy and Environmental Management Systems Manual (see [Environment](#)), we have established environmental management plans at our active sites to ensure our operations are compliant with relevant approvals, licenses, permits, and regulations.

### **Operation-specific Potentially Acid Forming (“PAF”) Management Plans**

The PAF Management Plans describe the strategy and processes that our operations must follow during mining, waste disposal, and waste dump construction to avoid the generation of acid from the oxidation of potentially acid-forming materials. They describe the mitigation measures to prevent ARD. Karora has PAF Management Plans for operating areas where they are required (Baloo, Spargos). All other operations have a very low risk, based on geochemical characterizations.

The PAF Management Plans aim to describe the potential environmental risks, operational controls, and mitigation activities to avoid ARD and the associated environmental impacts. The plans also flow into a waste dump construc-

tion management plan that documents the management of non-acid forming waste for the encapsulation of potentially acid-forming waste. The PAF Management Plans are reviewed annually or as required due to a change in mine operations.

### **Brockway Timber Reserve Conservation Management Plan**

The Brockway Timber Reserve Conservation Management Plan aims to address the specific environmental risks associated with mining within the Brockway Timber Reserve. This plan is relevant to our Mt. Henry mining operations at Higginsville, which is currently on care and maintenance as we evaluate the future mining potential of this operation.

In 2022, we have established a target related to this ESG factor summarized below. Our carbon offsetting projects also contribute to our approach to this issue. For more detail, see [Greenhouse Gas Emissions and Climate Change](#).

### **2022 ESG Target: Biodiversity Impacts and Reclamation**

→ **Enhance environmental management policies and practices for active sites.**

#### Analyst Corner

- SASB EM-MM-160a.1
- SASB EM-MM-160a.2
- SASB EM-MM-160a.3

<sup>19</sup> In 2021, percentage of sites where ARD is under treatment or remediation was zero (0%).

## Energy Management

**Why is this Important for Karora?** Mining production can be energy-intensive and can contribute to the creation of Scope 1 GHG emissions through on-site combustion and Scope 2 emissions through electricity consumed from the grid. In addition to minimizing our emissions profile, improving energy management practices can reduce operating costs and avoid lost revenue and cost impacts from disruption in our energy supply.

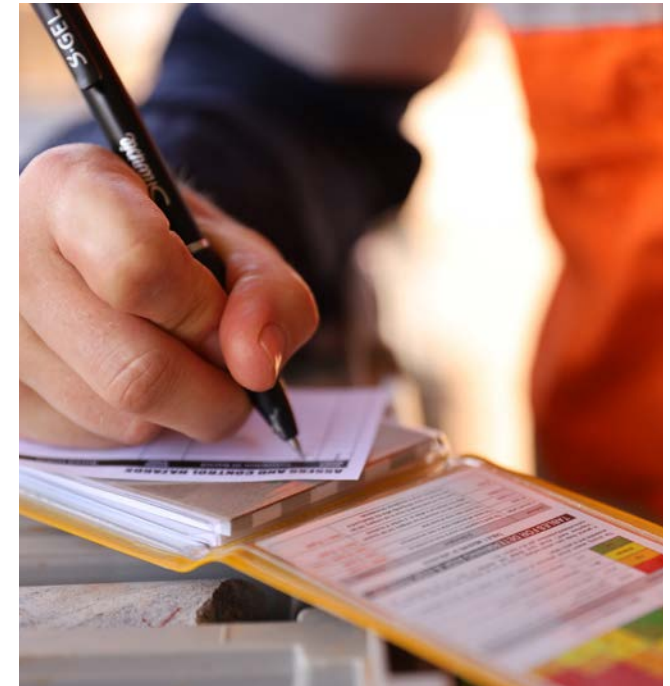
The gas-fired electricity used at our Beta Hunt operations is supplied through our industry neighbor. At Higginsville, electricity is generated on-site using diesel-powered generation with eight primary units. As noted in [Greenhouse Gas Emissions and Climate Change](#) above, our operations are subject to regulations related to energy management, and we develop and submit reports for Australia's NGER to estimate our GHG emissions and energy use.

### Our Approach

Gaining improvements in energy management is a key component of our long-term emissions reduction strategy. We seek to reduce our energy consumption and increase the use of renewable energy while boosting our productivity. As part of the development of our transition plan, we completed an emissions reduction analysis in 2021 that identified opportunities for Karora to reduce energy consumption and diversify energy inputs (e.g., renewable power purchase agreements, biodiesel combustion). For more information, see Table 7 in [Greenhouse Gas Emissions and Climate Change](#).

### Our Performance

Energy consumption trended upwards in 2021, increasing 20%. This increase was largely driven by a 33% increase in energy consumption associated with diesel combustion at HGO. While gold production and ore processing both increased in 2021, energy intensity marginally trended upwards in 2021, driven by stripping and pre-production development at the Spargos and Two Boys open pit mines, each of which were brought into production during the year. Furthermore, pre-production development work commenced at Aquarius and Two Boys in the second half of 2021, both of which are not scheduled to commence production until Q2 2022. Construction of the TSF2-4 raise lift also contributed to the higher energy consumption. Although Karora does not currently consume renewable energy, we are exploring energy source opportunities as part of our emissions reduction strategy. A detailed summary of Karora's energy consumption and intensity can be found in *Table 12*.



**Table 11: Total energy consumed, percentage grid electricity, percentage renewable**  
[SASB EM-MM-130a.1] [TCFD: Metrics and Targets (a)]

Parameter	2020	2021
Total gross energy consumption within the organization (GJ)	1,013,584	1,217,204
Energy produced (GJ)	128,284	128,139
Net energy consumed (GJ)	885,300	1,089,065
Percentage grid electricity of total gross energy consumed (%)	10.4	8.8
Percentage renewable energy of total gross energy consumed (%)	0.0	0.0

**Table 12: Gross energy breakdown (GJ) and energy intensity**  
[TCFD: Metrics and Targets (a)]

Parameter	2020	2021
Gross energy consumed	1,013,584	1,217,204
Net energy consumed	885,300	1,089,065
Energy produced	128,234	128,139
Ore processed (Tonne)	1,325,146	1,440,679
Gold produced (Troy oz)	99,249	112,815
Gross energy intensity (GJ/Tonne)	0.765	0.84
Net energy intensity (GJ/Tonne)	0.67	0.76
Gross energy intensity (GJ/Troy oz)	10.21	10.79
Net energy intensity (GJ/Troy oz)	8.92	9.65

#### Analyst Corner

- SASB EM-MM-130a.1
- TCFD: Metrics and Targets (a)

## Air Quality

**Why is this Important for Karora?** Mining operations can produce large amounts of non-GHG air emissions, including hazardous air pollutants, criteria air pollutants, and volatile organic compounds, that can have significant, localized impacts on human health and the environment. Effective management of our air quality impacts can reduce or avoid compliance costs, fines, and penalties, facilitate permitting, and adverse reputational impacts. Our operations are subject to air quality regulation, including Australia's National Environment Protection Measures.

### Our Approach

To monitor our performance and provide transparency on our air quality performance and maintain regulatory compliance, we develop reports annually in accordance with Australia's National Pollutant Inventory ("NPI").<sup>20</sup>

### Our Performance

We provide a summary of Karora's pollutant air emissions in Table 13. Karora's air emissions by operation are provided in Table 14. All pollutant air emissions trended upwards to varying degrees in 2021, primarily driven by the pre-production development of the Spargos open-cut mine and two underground mines (Aquarius and Two Boys) at HGO. All standards, methodologies, and assumptions used for estimating emissions of pollutants are prepared in accordance with the Australian NPI Manuals and Documentation.



<sup>20</sup>The National Pollutant Inventory (NPI) is a pollutant release and transfer register, established by the Australian government via the *National Environment Protection Measures (NEPM)* legislation in 1998. The goal of the NPI is to ensure the community has access to information about the emission and transfer of toxic substances that may affect them locally in accordance with the principle of "community right to know".

**Table 13: Summary of pollutant air emissions (Tonne)** [SASB EM-MM-120a.1]

Parameter	2020	2021
Carbon monoxide (CO)	227	288
Oxides of nitrogen (NOx)	564	682
Sulphur dioxide (SO <sub>2</sub> )	0.301	0.373
Particulate matter <10um	402	509
Lead	0.00958	0.0115
Mercury	0.0000989	0.000124
Total volatile organic compounds ("TVOC")	33.4	41.5

**Table 14: Pollutant air emissions by operation (kg)** [SASB EM-MM-120a.1]

Parameter	2020			2021		
	Beta Hunt	Higginsville	Total	Beta Hunt	Higginsville	Total
Carbon monoxide (CO)	31,690	195,131	226,821	34,388	253,847	288,235
Oxides of nitrogen (NOx)	46,412	517,181	563,593	52,399	629,809	682,208
Sulphur dioxide (SO <sub>2</sub> )	43.9	257	301	48.3	325	374
Particulate matter <10um	46,650	355,530	402,180	57,627	451,241	508,868
Lead and compounds	1.87	7.72	9.58	2.35	9.20	11.5
Mercury and compounds	0.0246	0.0743	0.0989	0.0314	0.0923	0.124
Total volatile organic compounds ("TVOC")	3,348	30,013	33,361	3,670	37,811	41,481

## Analyst Corner

- SASB EM-MM-120a.1



# SOCIAL

At Karora, we recognize that robust processes and practices related to social ESG factors enable us to be a strong and supportive partner to our communities, employees, business partners, and other key stakeholders. Among our ESG priorities are the Rights of Indigenous Peoples, Community Relations, Workforce Health and Safety, Human Capital Management and Labour Relations, and Human Rights and Security.



## Overarching Approach to Social ESG Factors

Karora's overarching approach to social matters is guided by our Corporate Social Responsibility Policy, alongside several other company-wide policies and processes that are related to specific social ESG priorities.<sup>22</sup>

### Corporate Social Responsibility Policy

Through our Corporate Social Responsibility Policy, we formalize our commitment to implementing responsible and sustainable business practices. The Policy is approved by the Board of Directors and provides a framework to ensure that Karora's actions promote the development of the communities in which we operate. This Policy is applicable to Karora and its subsidiaries workforce which includes senior executives, officers, employees, contractors, and Board members across all our operational mines, exploration sites, and closure properties.

## 2021 Highlights:

- Maintained zero work-related fatalities among employees and contractors
- Maintained a near miss frequency rate of zero
- Total recordable injury frequency rate decreased by 58%
- Maintained zero incidents or infringements related to Traditional Owners' heritage
- Contributed over CAD\$275 million to the Australian economy, with over CAD\$114 million contributed to local communities in Western Australia<sup>21</sup>

<sup>21</sup>See Table 18.

<sup>22</sup>Policies and processes addressing specific social ESG priorities are discussed in respective subsections in this report. For example, Karora's Health and Safety Policy is discussed in [Workforce Health and Safety](#).

## Rights of Indigenous Peoples

**Why is this Important for Karora?** Indigenous Peoples are critical stakeholders for Karora, with all our operations located in or near lands traditionally owned by or under the customary use of Indigenous Peoples (“Traditional Owners”).<sup>23</sup>

All (100%) of our proved and probable reserves are within 5km of Indigenous land (see Table 15) [SASB EM-MM-210a.2]. Karora’s HGO tenements are subject to native title determinations and claims (see Table 16), and we are also party to numerous heritage protection agreements. Regulations related to the rights of Indigenous Peoples that we are subject to include the *Indigenous Heritage Act 1972* and the *Native Title Act 1993*. Karora is committed to developing opportunities that contribute to the economic empowerment, social development, and cultural wellbeing of our Traditional Owners. As such, we embrace an approach of inclusion and engagement that we believe will promote longer-term positive relationships.

### Our Approach [SASB EM-MM-210a.3]

Quality engagement with our Traditional Owners helps us to understand their connection to the lands, environment, and heritage, as well as their social and cultural development priorities and the impacts our business has on these. Karora places value on responsible and respectful engagement to build meaningful, transparent, and mutually beneficial relationships with our Traditional Owners.

Engagement with Traditional Owners includes:

- consultations with Traditional Owners around operational activities and/or capital projects that impact traditional lands, seeking agreement and arranging documents;
- heritage conservation management and planning;
- integration of Indigenous Peoples into the operations through employment opportunities, cultural awareness programs, and environmental protection;
- undertaking environmental and social impact assessments; and
- partnering with Traditional Owners’ businesses where possible to support the sustainable economic development of Indigenous Peoples’ communities.

**Table 15: Percentage of proved and probable reserves in or near indigenous land**

[SASB EM-MM-210a.2]

Parameter	2020	2021
Percentage of proved reserves within 5 km of Indigenous land (%)	100	100
Percentage of probable reserves within 5 km of Indigenous land (%)	100	100
Grade of proved reserves within 5 km of Indigenous land (g/Tonne)	1.34	1.34
Grade of probable reserves within 5 km of Indigenous land (g/Tonne)	1.97	1.97

**Table 16: Karora tenements subject to native title determinations and claims (2021)**

Traditional Owner Group	Tenure Covered by Native Title Claim / Determination			
	# Tenements	% Tenements	Tenure Area (km <sup>2</sup> )	% Tenure Area
Ngadju <sup>24</sup>	237	91.15%	1,913	97.01%
Marlinyu Ghoorlie <sup>25</sup>	4	1.54%	38	1.91%
Other	19	7.31%	21	1.08%
<b>Total</b>	<b>260</b>	<b>100.00%</b>	<b>1,971</b>	<b>100.00%</b>

<sup>23</sup> Within this report, we have utilized the SASB-aligned terminology of “Indigenous Peoples”. “Aboriginal” and “Traditional Owners” are used regionally in Australia and also utilized in this report.

<sup>24</sup> A determination of native title claim to the Ngadju people has been in force since November 21, 2014, with a second determination made on October 23, 2017.

<sup>25</sup> The Federal court of Australia has accepted for registration of a claim by the Marlinyu Ghoorlie people dated December 22, 2017. No determination has been made at this time.

### Agreement Framework

Karora has sought to have formal community agreements in place with our Traditional Owners, as an appropriate way of defining the terms by which each party will meet the behavioural expectations of the other and will ensure deliverables are specified and accounted for. Formal agreements in place with Indigenous communities include:

#### Ngadju People – Mining Agreements

Mining tenure at HGO largely falls within Ngadju People’s native title determination area. HGO’s mining project areas are subject to three separate aboriginal mining agreements with the Ngadju people. Some of the key aspects covered by these agreements include:

- setting out a process for the engagement of Traditional Owners on proposed activities;
- heritage protection protocols;
- minimization of environmental impacts;
- financial contributions, as follows:
  - Ngadju’s Education Trust to assist with the costs of providing education and training to local aboriginals;
  - annual administration contributions, and;
  - production contributions;
- development of employment, training, and business development opportunities; and
- providing access to lands in conjunction with providing the right to prospect and fossick on these lands.

#### Ngadju People & Marlinyu Ghoorlie – Heritage Agreements & Proforma

Karora has heritage agreements in place for most of its mining and exploration development areas and has agreed to a proforma heritage agreement with both Ngadju and Marlinyu Ghoorlie for all new tenure. These agreements set out the protocols for heritage management and survey.

#### 2022 ESG Target: Rights of Indigenous Peoples

- Enhance engagement processes and due diligence practices with respect to Indigenous rights.
- Expand opportunities for training and development for Indigenous workforce.
- Enhance cultural awareness for our workforce through training and leadership.



▲ Heritage Survey conducted with Marlinyu Ghoorlie (February 2022)

### Heritage Management

In Western Australia, all mining tenements are subject to Aboriginal heritage obligations under both the *Native Title Act 1993* and the *Aboriginal Heritage Act 1972*. A review of the *Western Australia Heritage Act (2018)* is underway, which seeks to provide stronger protection of Aboriginal heritage in Western Australia.

Karora does not intend to draw on approvals under this legislation for heritage matters and instead is committed to an informed and consensual approach with Traditional Owners to identify and preserve aboriginal heritage on tenure it holds. Recent years have highlighted the importance of early and open engagement with Traditional Owners to identify and evaluate any impacts of Karora's operations on their way of life.

#### During 2021, Karora engaged an Aboriginal Heritage Specialist to:

- assist in the development of an overarching heritage policy for Karora;
- support engagement of Traditional Owners for heritage management;
- develop a database that contains details of Aboriginal heritage places and objects on or near Karora's tenure, which are of significance to the Traditional Owners. The database will draw on historical information held by government bodies, the Aboriginal Heritage Register, and heritage surveys that have been conducted by Karora and previous tenement owners, and;
- advise on the changing regulatory landscape around Aboriginal heritage.

#### Karora's Implementation Committee

- In July 2021, Karora established an Implementation Committee with the Ngadju Native Title Aboriginal Corporation for the purposes of discussing progress on objectives that are established under the various Mining Agreements. The Committee meets quarterly, providing the opportunity for different Ngadju community members to meet with Karora to understand our current operations and planned activities.
- Karora has found these meetings to be a great step towards creating transparency in discussions as well as building a space for quality engagement and the exchange of information.



▲ Karora and Ngadju Negotiation Committee – Higginsville Gold Room Mill Tour (July 2021)

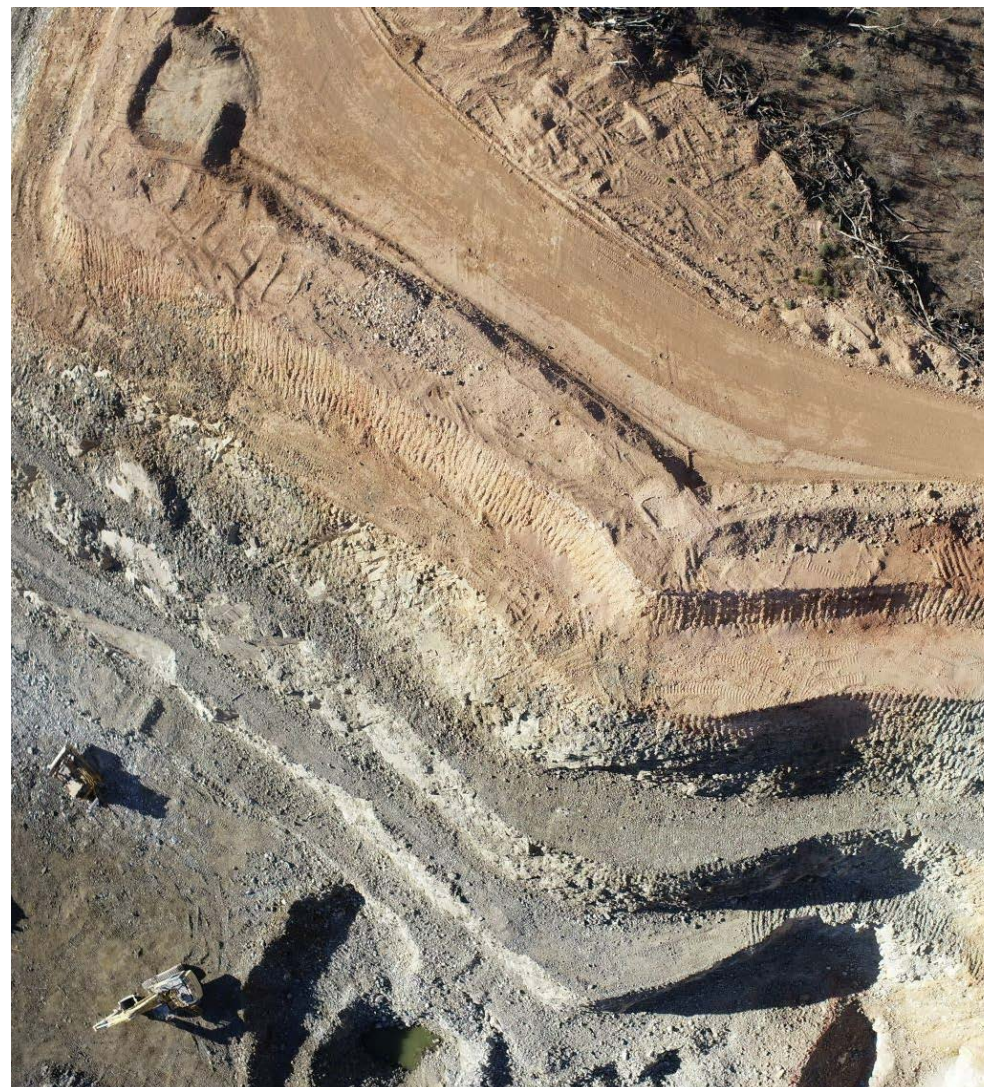
### Our Performance

Karora is in close contact with our Traditional Owners, and we consult with them on several matters as set out in Table 17. Given the large areas of land under which we operate, we deal with our Traditional Owners in a number of ways, including heritage protocols for new exploration and prospecting licences, working with the negotiation committee for new mining licences, attending meetings held by the Traditional Owners as invited, and general discussion meetings with the aboriginal corporations to provide updates on our activities and discuss administrative matters in accordance with our arrangements. We also feed appropriate job opportunities directly to the Ngadju Native Title Aboriginal Corporation, conduct heritage surveys with Traditional Owners, run an implementation committee with the Ngadju Native Title Aboriginal Corporation, and attend events held by our Traditional Owners, as invited.

In 2020 and 2021, Karora did not experience any incidents or infringements related to Traditional Owners' heritage.

**Table 17: Engagements with Karora's Traditional Owners**

Liaison	2020	2021
Negotiation Committee	2	-
General liaison meetings	15	19
Meeting of the people	1	-
Implementation Committee	-	2
Employment opportunities	6	14
Events	1	-
Heritage surveys	-	1



#### Analyst Corner

- SASB EM-MM-210a.2
- SASB EM-MM-210a.3

## Community Relations

**Why is this Important for Karora?** Mining operations can have significant environmental and socio-economic impacts on nearby communities. Mining companies also frequently need support from local communities to be able to obtain permits and leases, and to conduct their activities economically.

Effective community relations management can help to mitigate conflicts, avoid operational disruptions, facilitate permitting, protect Karora's reputation, and enable longer-term community cooperation and partnership.

Our operations are subject to community engagement obligations through regulation, including the provision of benefits for local peoples who are native title holders through the Native Title Act 1993 (see [Rights of Indigenous Peoples](#)). We are committed to working in partnership with our communities and the local native title holders in a manner that fosters active participation and mutual respect.

### **Our Approach** [SASB EM-MM-210b.1]

Karora strives to be an active member of the community and understands that establishing and maintaining community support is critical to the planning, decision making, and development of its operations. Karora works hard to understand what is important to our community stakeholders through regular interaction, effective communication, and initiatives with local councils, local commerce and industry, local community groups, and our local workforce. Our local community engagement is strengthened and supported by our community support and investment, which promotes long-term partnerships that empower and sustain the regional communities where we work.

Strong relationships with our communities are good practice and they reinforce our reputation as an operator of choice. We are focused on actively engaging with, and investing in, our communities and maximizing their involvement in our activities. Our community work is focused on:

- increasing the opportunity of the employment of local people and engagement of local businesses;
  - partnering with organizations on initiatives that create long term benefits for our community, and;
  - maintaining quality engagement with Traditional Owners and the local community.
- For more information on our approach, see [Rights of Indigenous Peoples](#).

Karora believes that as a community member we have a responsibility to create a stable level of economic growth and performance by contributing to long-term value creation and providing sustainable economic value to our stakeholders. Without this strong economic performance, Karora would limit its capacity to provide jobs for the local communities (both directly and indirectly) and generate government revenue (through taxes, royalties, and rents and rates) to fund public services.

### **Residential Workforce**

At Beta Hunt, Karora has a policy of employing locally where possible. This policy has been in place for over nine years, resulting in a large portion of our workforce at Beta Hunt being employed from local communities. This is unique for the region, which otherwise largely operates on a fly-in/flyout ("FIFO") workforce model.

### **Kambalda Hotel**

Karora continues to focus on maintaining a largely residential workforce at its Beta Hunt operation. In late 2020, Karora decided to review the accommodation arrangements for our FIFO workforce at Beta Hunt and engaged with the Shire of Coolgardie to look at the

best options for delivering value into the community. We moved away from developing a camp or using facilities outside of the Kambalda township, as this was considered to direct funding away from the community.

Karora instead elected to support a local family in re-establishing the Kambalda Hotel as an accommodation facility and family eatery. In support of the initiative Karora provided to the hotel the following:

- planning and safety support;
- contractor provision for items such as electrical;
- engagement of a consulting chef to develop safety protocol, build efficiencies for the business in sourcing produce, run its kitchens, and provide menu support, and;
- long-term contractual commitment to accommodation use.

The hotel offers the local community a dining and meeting space for families in the evening. It now also offers local accommodation options for travellers who come through the community. The hotel employs a local workforce and is a key infrastructure item to support the growth of Kambalda.

### Kambalda Airport Co-op

In 2021, Karora leased the Kambalda Airport (previously on care and maintenance and for private use only) from the Shire of Coolgardie with a view to developing a regional airport co-op with local industry. We are currently actively leading the development of a co-operating agreement. In addition to transport support for local industry, the co-op is also looking at the longer-term goal of supporting the movement of local residents and tourists, which in turn provides an economic and social enabling gateway.

Karora considers this airport to be vital infrastructure for Kambalda's economic development, with the movement of passengers and supplies supporting regional employment growth and serviced-based businesses. Utilization of the airport will provide the local council with valuable revenue and funding for the co-op to maintain and upgrade the infrastructure. The opening of the airport will also provide tremendous benefits for the community, which includes opening access to health care, education, and economic and travel opportunities.



▲ Steve and Darlene Cole - owners of Kambalda Hotel

◀ Kambalda Airport

### Shire of Dundas

Karora is a representative on the Economic Development Committee with the Shire of Dundas. We work with the shire to consider and support economic development, providing strategic support where we add value. Through the Economic Development Committee, Karora became involved in progressing an initiative to harvest boutique timbers from areas cleared for mining purposes.

Karora has been engaging with the Shire of Dundas, Goldfields-Esperance Development Commission, Forestry Production Commission (“FPC”), Ngadju Native Title Aboriginal Corporation, and Traditional Owners on the opportunity to selectively harvest trees for commercial production from sites that are being cleared for council or mining purposes, which presents a favourable environmental outcome and brings together two industries in a complementary way. Through these efforts, timbers that would otherwise be removed for clearing purposes would be pre-selected for harvesting and turned into a value-add product.

This initiative is being designed in consultation with Traditional Owners, with the objective of providing a sustainable opportunity for Traditional Owners to gain employment and benefit from their lands, while also overseeing the rehabilitation of these areas. In October 2021, Karora hosted a tour of its clearing sites, which was followed by a “Timber Day” held by FPC in Norseman. The Shire of Dundas has applied for a government grant to supplement scoping work.

Karora is highly supportive of this initiative to develop a sustainable salvaged boutique timber industry in Norseman, Western Australia, which we believe would benefit multiple stakeholders within the Shire of Dundas community.

### Youth Focus

Karora has partnered with Youth Focus, Western Australia’s leading youth mental health provider to support its premier event “Ride For Youth”, a 700km ride from Albany to Perth. Our regional communities are significantly impacted by youth mental health issues and suicide in ways that are disproportionate to our urban cities, and yet they lack the critical support to overcome these impacts.



◀ Timber Day in Norseman  
(October 2021)



◀ Karora Team - Ride for Youth



Youth Focus funds and operates free, face-to-face, and web-based professional counselling services for young people aged 12 to 25 who may be experiencing mental health challenges, delivering these services into our communities. They also run evidence-based mental health programs for schools, workplaces, and communities across Western Australia. These programs cover a wide range of topics designed to assist individuals to identify and address mental health issues at the earliest opportunity and develop the resilience to cope in the future. Karora will continue to support these critical services with a view to bolstering support for its local communities.

**Our Performance**

Through the payment of taxes, government royalties, rents and rates, workforce wages, and supplier payments, Karora makes a significant financial contribution to local, regional, and national economies. During 2020 and 2021, we contributed over CAD\$193 million and CAD\$275 million, to the Australian economy, respectively (see Table 18). For more information on our local employment, see [Human Capital Management and Labour Relations](#). For more information on our contribution to COVID-19 efforts, see [Workforce Health and Safety](#).

We did not experience any instances of site shutdowns or project delays due to non-technical factors in 2020 and 2021 [SASB EM-MM-210b.2].

**Table 18: Karora’s contribution to the Australian economy**

Parameter	2020	2021
Contribution to Australian Economy (\$CAD) <sup>26</sup>	193,462,247	275,003,271
Contribution to Local Community (\$CAD) <sup>27</sup>	96,157,094	114,740,744

<sup>26</sup>Australian contributions include tax, royalties, rents and rates, community contributions, and workforce and supplier payments.  
<sup>27</sup>Local communities are those communities that are within 140km of our Western Australia operations. The contributions include rents and rates, community contributions, and workforce and supplier payments. Figures provided are a subset value of “Contribution to Australian Economy” set out above.

**2022 ESG Target: Community Relations**

→ Enhance processes to manage risks and opportunities associated with community rights and interests.



**Analyst Corner**

- SASB EM-MM-210b.1
- SASB EM-MM-210b.2

## Workforce Health and Safety

**Why is this Important for Karora?** Mining activities can pose significant risks to workforce health and safety. Further, the COVID-19 pandemic increases exposure to workforce health and safety risks, given that all employees may be unable to transition to remote work. Effective workforce health and safety practices are fundamental to the protection of our employees and proper functioning of our operations.

A proven track record on health and safety can also improve workforce productivity and help to attract and retain talent, improving operational performance and reducing costs associated with workforce turnover. Our operations are also subject to regulations related to occupational health and safety.

### Our Approach

Health and safety is a key strategic priority across all our operations. Karora's approach to managing matters related to workforce health and safety is guided by our Health and Safety Policy.

### Health and Safety Policy

Through our Health and Safety Policy, we define our commitment to the safety and health of our employees and provide a framework for measuring the safety performance of our activities. The Policy is approved by the Board of Directors and ensures that Karora and its employees and contractors are compliant with all applicable health and safety laws, regulations, and commitments.

Karora remains dedicated to the continuous improvement of our health and safety performance and strives to adhere to best practice to improve workforce health and safety.

To this end, our recent initiatives and key focus areas include the following:

- working with industry bodies to align our company to best practice to achieve health and safety compliance in the workplace;
- introduction of INX – an integrated workplace health, safety, and environment quality management system – to manage health and safety data including the capture of all lead and lag events, incident reporting, investigation actions and outcomes, onboarding compliance, and training records. Karora has recently rolled out an online learning management system module that will improve the learning of procedures and other training requirements, with inductions now online;
- fostering a top-down culture that promotes workplace health and safety in the best interests of all workforce personnel;
- daily safety meetings to encourage identification of issues and continual improvement, including incident reporting and investigations;
- improvements in screening of new workforce personnel;
- strict mine site entry requirements which include enforcement of our drug, alcohol, and temperature testing of site personnel; and
- ongoing workforce safety training and risk management processes and regular review of emergency procedures and processes.

### Our Performance

Notwithstanding a significant increase in activities and people on our sites, Karora continued to maintain zero fatalities and achieved zero near miss rates for employees and contractors during 2021. Overall, our workforce health and safety performance improved in 2021. In the last two years, Karora has applied a robust team-based approach to safety which has resulted in a reduction of risk due to more engagement of all personnel. This is in line with new legislation introduced to Western Australia that harmonizes with the rest of Australia. Restricted work injury frequency rate (“RWIFR”) increased in 2021. Total recordable injury frequency rate (“TRIFR”) decreased by 58%. Average occupational health and safety training to our workforce trended downwards in 2021, due to a sharp increase in our workforce in administration, finance, and associate areas who are not regularly involved in occupational health and safety training (see [Human Capital Management and Labour Relations](#)). Karora conducts a number of occupational health and safety training sessions across its sites, which include crisis management and emergency response training to maintain a state of readiness, safety meetings carried out weekly and quarterly, and training held within the daily pre-start meetings and the daily heads of department meetings.

**Table 19: Karora’s workforce health and safety performance** [SASB EM-MM-320a.1]<sup>28</sup>

Parameter	2020	2021
Fatality rate (rate)	0.0	0.0
Restricted work injury frequency rate (“RWIFR”) (rate)	0.0	5.9
Total recordable injury frequency rate (“TRIFR”) (rate)	17.8	7.5
Near miss frequency rate (employees) (rate)	0.0	0.0
Near miss frequency rate (contractors) (rate)	2.6	0.0
Average occupational health and safety training provided to workforce (hours)	71.6	54.0



<sup>28</sup>All rates are presented per 1,000,000 hours worked to align with Australian Standards of reporting. Fatality rate, TRIFR, and RWIFR figures include employees and contractors. Average occupational health and safety training provided to workforce include emergency response training and site meetings (e.g., pre-start meetings, heads of department meetings, safety meetings, and quarterly safety meetings). As such, the data reflects time spent on occupational health and safety and is not limited to training. “Workforce” includes all employees and contractors. Number of part-time employees have been weighted at 50% (i.e., Karora’s 12 part-time employees in CY2021 have been weighted at 50% and included as six full-time equivalents).

### COVID-19 Response

Karora has implemented substantial measures to ensure the health and safety of employees, contractors, suppliers, and the communities in which we operate in response to the COVID-19 pandemic. These measures have also been taken to protect the continuity of our business, which in turn flow through to the economic well-being of those same communities, employees, suppliers, and contractors.

#### Karora's proactive response to mitigating the risks and impacts of COVID-19 include:

- Development and implementation of a comprehensive *Infectious Disease Management Plan (April 2020)* based on the following principles:
  - Protect the Health and Safety of our Workforce
  - Protect the Continuity of our Business
  - Ensure Compliance with Government Mandates and Health Authority Advice
- Establishment of a COVID-19 Crisis Management Team dedicated to managing the impacts of the virus and government actions and regulations on the business and other stakeholders;
- Ongoing consultation and participation with various government and industry bodies to maintain best practice response measures;
- Health Management: Employment of a full-time nurse on site to lead COVID-19 health and hygiene related activities including:
  - temperature testing;
  - screening of individuals prior to entering Karora's sites or corporate offices;
  - social distancing and strict hygiene practices;
  - COVID-19 rapid antigen testing for all FIFO personnel prior to accessing flights; and
  - plans for the isolation, testing, and rapid removal from site of any employee or contractor displaying flu-like symptoms.
- Moving from commercial flights to a dedicated charter service for the movement of FIFO personnel to and from site to avoid high risk areas of commercial airports;
- Restricting non-essential domestic and intrastate travel;
- Creating flexibility in rostering to reduce personnel movements to and from sites when required to reduce exposure, and;
- Establishing response procedures to deal with confirmed positive cases, suspected cases, and precautionary scenarios.

The above measures, and others, have allowed Karora to continue production during 2020 and 2021. As the business enters its third year of the pandemic, management will continue to monitor and anticipate the impacts of the COVID-19 pandemic on our business and take appropriate actions to maintain business continuity and keep our employees, contractors, suppliers, and communities as safe as we can.

#### 2022 ESG Target: Workforce Health and Safety

- Maintain zero fatalities.
- Strive to achieve a company-wide total recordable injury frequency rate (TRIFR) of zero.

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#### Analyst Corner

- SASB EM-MM-320a.1

## Human Capital Management and Labour Relations

**Why is this Important for Karora?** Mining requires skilled labor and professional and technical expertise. Increasingly, companies are facing challenges in recruiting and retaining qualified employees to fill positions at all levels of the organization.

Effective human capital management that recruits, retains, and develops a sufficiently skilled and diverse workforce can enhance performance and productivity, protect the company's reputation, and reduce operating costs in the longer term, resulting in enhanced profitability. The COVID-19 pandemic magnifies risks related to human capital management, given the heightened scrutiny of how companies treat their employees during the pandemic and government actions that have been implemented.

Effective management of labour relations and maintaining safe working conditions within mining operations is also critical to business continuity and success. Generally, union membership in gold mining in Australia is relatively low compared to other industries and metals. None (0%) of Karora's employees are covered by collective bargaining agreements, and Karora did not experience work stoppages due to strikes and lockouts in 2020 and 2021 [SASB EM-MM-310a.1/SASB EM-MM-310a.2]. Nevertheless, the management of labour relations remains an important factor in ensuring that our operations run efficiently.

### Our Approach

As part of our overall vision to be a sustainable and responsible gold mining company, we seek to be a strong and supportive partner to our workforce and recognize that a corporate culture, supported by aligned policies and practices, is a key driver to enhanced productivity and performance. Our approach to human capital management and labour relations is guided by the following policies:

- [Code of Business Conduct and Ethics](#) (see [Anti-Corruption and Transparency](#))
- [Whistleblower Policy](#) (see [Anti-Corruption and Transparency](#))
- [Diversity and Inclusion Policy](#) (see [Governance](#))

We are active members in multiple industry bodies – Australian Mines and Metals Association (“AMMA”) and The Chambers of Minerals and Energy of Western Australia (“CME”) – to ensure that our labour relations and operational practices are consistent with best practice and changing legislation. Our remuneration levels are benchmarked and adjusted annually against our industry peers, and we also conduct an annual anonymous employee survey designed to understand employees' alignment and engagement with the company and its objectives, the results of which are also measured against our industry peers.



## Our Performance

In alignment with our multi-year growth plan to double expected annual gold production by 2024, we are rapidly increasing our workforce. Our total number of full-time employees increased by 53% in 2021, largely driven by a 52% increase in the number of permanent employees in Australia. The number of management positions held by women increased across the company, and we are committed to further growing this number over time.

For more on Karora's approach to diversity and inclusion, see [Governance](#).

Our total employee turnover rate increased by 10% in 2021 compared to 2020, largely driven by increased commodity prices creating a high demand for employees during a time when border restrictions limited interstate travel options. This increase in turnover was largely consistent across the Western Australia industry during 2021, with the industry average total turnover at around 25%. In alignment with our ongoing commitment to bringing economic opportunities to our community, 31% of our total employees were employed from local communities in 2021 (see Table 20).

**Table 20: Human capital management metrics**

Parameter	2020	2021
Employment/engagement by type		
Full-time employees	196	299
Part-time employees	12	12
Total number of contractors employed	196	231
Total Workforce	404	542
Employees by region		
Local communities <sup>29</sup>	74	95

Western Australia	122	198
Australia (other)	3	9
North America	9	9
Total number of employees	208	311
Percentage employees from local communities (%)	36	31
Additional Metrics		
Percentage of management positions held by women (%) <sup>30</sup>	3.77	5.56
Rate of employee turnover (%)	27.4	30.1

<sup>29</sup> "Local communities" considers all employees who work on Karora's operational sites in Western Australia who live within 140km radius of their place of employment.

<sup>30</sup> Includes Australian and North American employees. "Management" includes executives, senior management, heads of department, and front-line leaders and/or supervisors.

### Analyst Corner

- SASB EM-MM-310a.1
- SASB EM-MM-310a.2

## Human Rights and Security

**Why is this Important for Karora?** An effective approach to human rights and security can help to reduce existing and future regulatory risks, protect the company's reputation, and avoid costs related to compensation or settlements payments and write-downs in the value of reserves in disputed areas.

### Our Approach [SASB EM-MM-210a.3]

All of our mining operations are located in Australia, which has a strong rule of law and protection of human rights. While Karora has no proved or probable reserves in or near areas of conflict (0%), we are committed to ensuring that Karora conducts our operations responsibly for the benefit of our workforce and the communities in which we operate [SASB EM-MM-210a.1].

Karora recognizes its responsibility to protect its employees, contractors, fence-line communities, facilities, infrastructure, supplies (including dangerous goods), and the environment. As a producer of high-value and easily portable gold product, there are risks associated with mining gold and the transfer of gold for processing and refining. Karora continually seeks to improve how we manage security risk and works to maintain the safety, security, and human rights of our people. Karora works with government, industry bodies, and security partners to assess security risks and threats to our operations.

During 2020, Karora engaged a Group Security Manager to oversee security at both operational sites and also conducted an external audit to identify gaps in its security measures. A number of measures were implemented from the outcome of that audit, which included enhancements to our employee and contractor history checks, physical site entry barriers, review of access requirements, review of dangerous goods and explosives policies and protocols, and the engagement of privately contracted service providers.



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#### Analyst Corner

- SASB EM-MM-210a.1
- SASB EM-MM-210a.3

# GOVERNANCE

Karora is committed to implementing high standards of corporate governance and reporting, and conducting our business in ways that are ethical, transparent, and accountable to our investors and other stakeholders. We consider good corporate governance to be central to the effective and efficient operation of our business and have identified Anti-Corruption and Transparency as an ESG priority.

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## 2021 Highlight:

- **Established Board and Management ESG accountability through our ESG strategy.**





## Anti-Corruption and Transparency

**Why is this Important for Karora?** Karora’s head office is located in Canada, while all of our mining operations are located in Australia. Both countries have a very low ranking for corruption risk on the Transparency International’s Corruption Perception Index [SASB EM-MM-510a.2].<sup>31</sup>

Karora is subject to laws that impose penalties on individuals and companies for bribery and corruption, including the *Canadian Corruption of Foreign Public Officials Act* (“CFPOA”) and the U.S. Foreign Corrupt Practices Act, as well as similar laws in Australia. We are also subject to the Canadian Extractive Sector Transparency Measures Act (“ESTMA”), which requires us to disclose our payments to governments. As a Canadian company listed on the Toronto Stock Exchange, we must also comply with strict stock market requirements designed to protect investors and market integrity.

### Our Approach [SASB EM-MM-510a.1]

We conduct our business with a view of promoting a culture of ethical business conduct in compliance with all applicable regulatory requirements. Our approach to Anti-Corruption and Transparency is guided by the following policies:

### Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics (“the Code”) is approved by the Board of Directors and outlines the principles to which our employees, officers, and Board members are expected to adhere in the conduct of our business. The Code sets forth principles regarding individual and peer responsibilities, as well as responsibilities to other employees, the public, and other stakeholders.

All employees, officers, and Board members are required to certify compliance with the company’s Code of Business Conduct and Ethics, which among other things covers illegal and or unethical business practices, fair dealing, conflicts of interest, bribery, and corruption. The company also has in place various controls and procedures to help identify, and mitigate the risk of, any such activity.

### Whistleblower Policy

Our Whistleblower Policy governs the receipt, retention, and treatment of complaints received by Karora regarding accounting, internal accounting controls, auditing matters or potential violations of law, and any other questionable or unwanted behaviour for which the individual employee feels compelled to lodge the complaint in an anonymous manner and without retaliation to the Chair of the Audit Committee. The Policy is approved by the Audit Committee of the Board and was developed to ensure the confidential, anonymous submission by Karora’s employees of material concern regarding accounting or auditing matters, internal control matters, or potential violations of law.

<sup>31</sup>Based on the [Transparency International Corruption Perceptions Index 2021](#). Australia ranks 18th out of 180 measured countries. Canada ranks 13<sup>th</sup> out of 180 measured countries.

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### Analyst Corner

- SASB EM-MM-510a.1
- SASB EM-MM-510a.2

## Performance Data Table

Indicator <sup>32</sup>	Reference	Unit	2020	2021
Gold produced		Troy oz	99,249	112,815
Ore processed		Tonne	1,325,146	1,440,679
<b>ENVIRONMENTAL</b>				
<b>Waste and Hazardous Materials Management</b>				
Total weight of tailings produced <sup>33</sup>	SASB EM-MM-150a.1/ SASB EM-MM-150a.5	Tonne	1,325,146	1,440,679
Tailings diverted from disposal for recycling		Tonne	0	0
Percentage tailings diverted from disposal for recycling	SASB EM-MM-150a.1	%	0	0
Total weight of mineral processing waste	SASB EM-MM-150a.2	Tonne	0	0
Mineral processing waste diverted from disposal for recycling		Tonne	0	0
Percentage of mineral processing waste diverted from disposal for recycling	SASB EM-MM-150a.2	%	0	0
Number of tailings impoundments, broken down by MSHA hazard potential	SASB EM-MM-150a.3	Number	1	1
		Hazard Potential	Low	Low
Total weight of waste rock generated	SASB EM-MM-150a.6	Tonne	5,530,531	8,485,289
Beta Hunt		Tonne	163,620	153,045
Higginsville		Tonne	5,366,911	8,332,244
Number of significant incidents associated with hazardous materials waste and waste management <sup>34</sup>	SASB EM-MM-150a.9	Number	0	0

<sup>32</sup>Intensity metrics in this table referencing amount of ore processed (i.e., tCO<sub>2</sub>e/Tonne, kL/Tonne) refer to Tonne of ore processed. Not to be confused with tonnes of ore mined, ore moved, or material moved.

<sup>33</sup>Gold processing is conducted through the Higginsville processing plant.

<sup>34</sup>Karora defines "significant incidents" as those that have the "potential for environmental harm".

Indicator	Reference	Unit	2020	2021
<b>Water Management<sup>35</sup></b>				
<b>Total fresh water withdrawal<sup>36</sup></b>	SASB EM-MM-140a.1	ML	136	131
Beta Hunt		ML	51.5	44.2
Higginsville		ML	84.9	87.1
<b>Total other water withdrawal</b>		ML	3,594	4,367
Beta Hunt		ML	227	174
Higginsville		ML	3,367	4,193
<b>Total water withdrawal<sup>37</sup></b>		ML	3,730	4,499
Beta Hunt		ML	278	219
Higginsville		ML	3,452	4,280
<b>Total fresh water consumption</b>	SASB EM-MM-140a.1	ML	136	131
		kL	136,400	131,300
Beta Hunt		ML	51.5	44.2
Higginsville		ML	84.9	87.1
<b>Total other water consumption</b>		ML	1,233	918

<sup>35</sup>“Fresh water” is defined as water that has less than 1,000 parts per million (PPM) of dissolved solids (includes potable water supply by the Water Corporation). “Other water” is defined as all other water withdrawn or discharged into the environment (includes water withdrawn from aquifers and water stored in pits).

<sup>36</sup>There is no discharge of fresh water, therefore fresh water consumption is equal to fresh water withdrawn.

<sup>37</sup>Includes fresh water and other water.

Indicator	Reference	Unit	2020	2021
		kL	1,233,000	918,080
Beta Hunt		ML	-	-
Higginsville		ML	1,233	918
<b>Total water consumption<sup>38</sup></b>		ML	1,370	1,049
		kL	1,370,000	1,049,000
Beta Hunt		ML	51.5	44.2
Higginsville		ML	1,318	1,005
Fresh water withdrawn/consumed in regions with High Baseline Water Stress	SASB EM-MM-140a.1	%	100	100
Fresh water withdrawn/consumed in regions with Extremely High Baseline Water Stress	SASB EM-MM-140a.1	%	0	0
Total other water discharge		ML	2,360	3,449
Total fresh water discharge		ML	-	-
Total water discharge		ML	2,360	3,449
Total water recycled and reused		ML	460	1,291
Total water consumption intensity (ore processed)		kL/Tonne	1.03	0.728
Other water consumption intensity (ore processed)		kL/Tonne	0.930	0.637
Fresh water consumption intensity (ore processed)		kL/Tonne	0.103	0.0911
Total water consumption intensity (gold produced)		kL/Troy oz	13.8	9.30

<sup>38</sup>Water consumption is calculated as water withdrawn minus water discharged.

Indicator	Reference	Unit	2020	2021
Other water consumption intensity (gold produced)		kL/Troy oz	12.4	8.14
Fresh water consumption intensity (gold produced)		kL/Troy oz	1.37	1.16
Number of incidents of non-compliance with water quality permits, standards, and regulations	SASB EM-MM-140a.2	Number	2	2
Beta Hunt		Number	0	2
Higginsville		Number	2	0
<b>Greenhouse Gas Emissions and Climate Change</b>				
Gross global Scope 1 GHG emissions	SASB EM-MM-110a.1	t CO2e	54,141	68,165
<b>Corporate office (North America)</b>				
Fuel combustion – gaseous fuels – non-transport		t CO2e	21	21
<b>Higginsville</b>				
Fuel combustion – liquid fuels – electricity generation		t CO2e	24,129	24,528
Fuel combustion – liquid fuels – non-transport		t CO2e	16,703	28,212
Fuel combustion – liquid fuels – oils and greases		t CO2e	45	42
Fuel combustion – liquid fuels – transport		t CO2e	2,658	5,032
<b>Beta Hunt</b>				
Fuel combustion – liquid fuels – non-transport		t CO2e	6,363	6,712
Fuel combustion – liquid fuels – oils and greases		t CO2e	56	70

Indicator	Reference	Unit	2020	2021
Fuel combustion – liquid fuels – transport		t CO2e	4,164	3,544
Industrial processes – emission of sulphur hexafluoride		t CO2e	3	3
Percentage of Scope 1 emissions under emissions-limiting regulations <sup>39</sup>	SASB EM-MM-110a.1	%	0	0
Gross global Scope 2 GHG emissions		t CO2e	18,350	18,781
Corporate office (Australia)		t CO2e	17	60
Beta Hunt		t CO2e	18,330	18,718
Corporate office (North America)		t CO2e	4	3
Gross global Scope 1 and 2 GHG emissions		t CO2e	72,492	86,946
Scope 1 and 2 GHG emissions intensity (gold produced)		t CO2e/Troy oz	0.73	0.77
Scope 1 and 2 GHG emissions intensity (ore processed)		t CO2e/Tonne	0.055	0.06
<b>Biodiversity Impacts and Reclamation</b>				
Percentage of mine sites where acid rock drainage is predicted to occur	SASB EM-MM-160a.2	%	100	100
Percentage of mine sites where acid rock drainage is actively mitigated	SASB EM-MM-160a.2	%	100	100
Percentage of mine sites acid rock drainage is under treatment or remediation	SASB EM-MM-160a.2	%	0	0
Percentage of proved reserves in or near sites with protected conservation status or endangered species	SASB EM-MM-160a.3	%	0	0

<sup>39</sup>In Australia the major emissions limiting scheme is the Safeguard Mechanism which applies to Australia's largest emitters. Karora isn't required to report under this mechanism.

Indicator	Reference	Unit	2020	2021
Percentage of probable reserves in or near sites with protected conservation status or endangered species	SASB EM-MM-160a.3	%	0	0
Grade of proved reserves within 5 km of protected sites or endangered species habitat		g/Tonne	0	0
Grade of probable reserves within 5 km of protected sites or endangered species habitat		g/Tonne	0	0
<b>Energy Management</b>				
Total energy consumed	SASB EM-MM-130a.1	GJ	1,013,584	1,217,204
<b>Beta Hunt</b>				
Diesel combusted		GJ	149,685	145,946
Electricity purchased		GJ	104,743	106,958
Grease used as lubricant		GJ	634	807
Lubricating oil used		GJ	3,870	4,849
Non-lubricant fluid oils		GJ	2,483	2,638
<b>Higginsville</b>				
Diesel combusted		GJ	613,650	817,397
Electricity consumption		GJ	127,731	128,139
Grease used as lubricant		GJ	396	473
Liquified petroleum gas ("LPG") combusted		GJ	6,612	6,201
Non-lubricant fluid oils		GJ	0	16

Indicator	Reference	Unit	2020	2021
Corporate office (Australia) (electricity purchased)		GJ	87	318
Corporate office (North America)				
Electricity purchased		GJ	148	140
Pipeline natural gas combusted		GJ	400	416
Energy produced		GJ	128,284	128,139
Net energy consumed		GJ	885,300	1,089,065
Percentage grid electricity of total gross energy consumed	SASB EM-MM-130a.1	%	10.4	8.8
Percentage renewable energy of total gross energy consumed	SASB EM-MM-130a.1	%	0	0
Gross energy intensity (ore processed)		GJ/Tonne	0.765	0.84
Net energy intensity (ore processed)		GJ/Tonne	0.67	0.76
Gross energy intensity (gold produced)		GJ/Troy oz	10.21	10.79
Net energy intensity (gold produced)		GJ/Troy oz	8.92	9.65
<b>Air Quality</b>				
<b>Carbon monoxide (CO) emissions</b>	SASB EM-MM-120a.1	Tonne	227	288
		kg	226,821	288,235
Beta Hunt		kg	31,690	34,388
Higginsville		kg	195,131	253,847



Indicator	Reference	Unit	2020	2021
<b>Oxides of nitrogen (NOx) emissions</b>	SASB EM-MM-120a.1	Tonne	564	682
		kg	563,593	682,208
Beta Hunt		kg	46,412	52,399
Higginsville		kg	517,181	629,809
<b>Sulphur dioxide (SO2) emissions</b>	SASB EM-MM-120a.1	Tonne	0.301	0.373
		kg	301	374
Beta Hunt		kg	43.9	48.3
Higginsville		kg	257	325
<b>Particulate matter &lt;10um emissions</b>	SASB EM-MM-120a.1	Tonne	402	509
		kg	402,180	508,868
Beta Hunt		kg	46,650	57,627
Higginsville		kg	355,530	451,241
<b>Lead emissions</b>	SASB EM-MM-120a.1	Tonne	0.00958	0.0115
		kg	9.58	11.5
Beta Hunt		kg	1.87	2.35
Higginsville		kg	7.72	9.20
<b>Mercury emissions</b>	SASB EM-MM-120a.1	Tonne	0.0000989	0.000124
		kg	0.0989	0.124

Indicator	Reference	Unit	2020	2021
Beta Hunt		kg	0.0246	0.0314
Higginsville		kg	0.0743	0.0923
<b>Total volatile organic compounds (“TVOC”) emissions</b>	SASB EM-MM-120a.1	Tonne	33.4	41.5
		kg	33,361	41,481
Beta Hunt		kg	3,348	3,670
Higginsville		kg	30,013	37,811
<b>SOCIAL</b>				
<b>Rights of Indigenous Peoples</b>				
Percentage of proved reserves in or near Indigenous land	SASB EM-MM-210a.2	%	100	100
Percentage of probable reserves in or near Indigenous land	SASB EM-MM-210a.2	%	100	100
Grade of proved reserves within 5 km of Indigenous land		g/Tonne	1.34	1.34
Grade of probable reserves within 5 km of Indigenous land		g/Tonne	1.97	1.97
<b>Karora’s tenements subject to native title determinations and claims</b>		Number	-	260
		Tenure Area (km2)	-	1,971
<b>Ndadju<sup>40</sup></b>		Number	-	237
		%	-	91.15
		Tenure Area (km2)	-	1,913
		% Tenure Area	-	97.01

<sup>40</sup>A determination of native title claim to the Ngadju people has been in force since November 21, 2014, with a second determination made on October 23, 2017.

Indicator	Reference	Unit	2020	2021
<b>Marlinyu Ghoorlie<sup>41</sup></b>		Number	-	4
		%	-	1.54
		Tenure Area (km2)	-	38
		% Tenure Area	-	1.91
<b>Other</b>		Number	-	19
		%	-	7.31
		Tenure Area (km2)	-	21
		% Tenure Area	-	1.08
<b>Engagement with Karora's Traditional Owners</b>				
Negotiation Committee		Number	2	-
General liaison meetings		Number	15	19
Meeting of the people		Number	1	-
Implementation Committee		Number	-	2
Employment opportunities		Number	6	14
Events		Number	1	-
Heritage surveys			-	1

<sup>41</sup>The Federal court of Australia has accepted for registration of a claim by the Marlinyu Ghoorlie people dated December 22, 2017. No determination has been made at this time.

Indicator	Reference	Unit	2020	2021
<b>Community Relations</b>				
Number of non-technical delays	SASB EM-MM-210b.2	Number	0	0
Duration of non-technical delays	SASB EM-MM-210b.2	Days	0	0
Contribution to Australian economy <sup>42</sup>		\$CAD	193,462,247	275,003,271
Contribution to local community <sup>43</sup>		\$CAD	96,157,094	114,740,744
<b>Workforce Health and Safety<sup>44</sup></b>				
Fatality rate	SASB EM-MM-320a.1	Rate	0	0
Restricted work injury frequency rate ("RWIFR")	SASB EM-MM-320a.1	Rate	0	5.9
Total recordable injury frequency rate ("TRIFR")	SASB EM-MM-320a.1	Rate	17.8	7.5
Near miss frequency rate (employees)	SASB EM-MM-320a.1	Rate	0	0
Near miss frequency rate (contractors)	SASB EM-MM-320a.1	Rate	2.6	0
Average occupational health and safety training provided to workforce	SASB EM-MM-320a.1	Hours	71.6	54.0
<b>Human Capital Management and Labour Relations</b>				
<b>Employment/engagement by type</b>				
Full-time employees		Number	196	299
Part-time employees		Number	12	12
Total number of contractors employed		Number	196	231
Total workforce		Number	404	542

<sup>42</sup>Australian contributions include tax, royalties, rents and rates, community contributions, and workforce and supplier payments.

<sup>43</sup>Local communities are those communities that are within 140km of our Western Australia operations. The contributions include rents and rates, community contributions, and workforce and supplier payments. Figures provided are a subset value of "Contribution to Australian Economy" set out above.

<sup>44</sup>All rates are presented per 1,000,000 hours worked to align with Australian Standards of reporting. Fatality rate, TRIFR, and RWIFR figures include employees and contractors. Average occupational health and safety training provided to workforce include emergency response training and site meetings (e.g., pre-start meetings, heads of department meetings, safety meetings, and quarterly safety meetings). As such, the data reflects time spent on occupational health and safety and is not limited to training. "Workforce" includes all employees and contractors. Number of part-time employees have been weighted at 50% (i.e., Karora's 12 part-time employees in CY2021 have been weighted at 50% and included as six full-time equivalents).

Indicator	Reference	Unit	2020	2021
<b>Employees by region</b>				
Local communities <sup>45</sup>		Number	74	95
Western Australia		Number	122	198
Australia (other)		Number	3	9
North America		Number	9	9
Total number of employees		Number	208	311
Percentage employees from local communities		%	36	31
Percentage of management positions held by women <sup>46</sup>		%	3.77	5.56
Rate of employee turnover		%	27.4	30.1
<b>Human Rights and Security</b>				
Percentage of proved reserves in or near areas of conflict	SASB EM-MM-210a.1	%	0	0
Percentage of probable reserves in or near areas of conflict	SASB EM-MM-210a.1	%	0	0
Grade of proved reserves within 5 km of areas of conflict		g/Tonne	0	0
Grade of probable reserves within 5 km of areas of conflict		g/Tonne	0	0
<b>GOVERNANCE</b>				
<b>Anti-Corruption and Transparency</b>				
Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	SASB EM-MM-510a.2	Tonne	0	0

<sup>45</sup>As above, "local communities" considers all employees who work on Karora's operational sites in Western Australia who live within 140km radius of their place of employment.

<sup>46</sup>Includes Australian and North American employees. "Management" includes executives, senior management, heads of department, and front-line leaders and/or supervisors.

## SASB Index

The Sustainability Accounting Standards Board (“SASB”) publishes industry-specific sustainability accounting standards, intended to help companies disclose financially material, decision-useful ESG information to investors cost-effectively and comparably. We have reported metrics from the SASB Metals & Mining Standard.

We report on select metrics related to Waste & Hazardous Materials Management where data is available from the revised Metals & Mining Standard, updated by SASB in December 2021, and will seek greater alignment in future disclosure.<sup>47</sup> Consolidated data across our operations is provided. We have explained any deviations from the Standard, where relevant.

Indicator Code	Metric	Location
<b>Greenhouse Gas Emissions</b>		
SASB EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	<a href="#">Greenhouse Gas Emissions and Climate Change</a> (p. 34-35).
SASB EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	<a href="#">Greenhouse Gas Emissions and Climate Change</a> (p. 28-29).
<b>Air Quality</b>		
SASB EM-MM-120a.1	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N2O), (3) SOx, (4) particulate matter (PM10), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)	<a href="#">Air Quality</a> (p. 40).
<b>Energy Management</b>		
SASB EM-MM-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	<a href="#">Energy Management</a> (p. 38).
<b>Water Management</b>		
SASB EM-MM-140a.1	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	<a href="#">Water Management</a> (p. 25-26).

<sup>47</sup>The updated SASB Metals & Mining Sustainability Accounting Standard (2021) includes a new disclosure topic: Tailings Storage Facilities Management. Metrics under the Tailings Storage Facilities disclosure topic (i.e., EM-MM-540a.1, EM-MM-540a.2, EM-MM-540a.3) are included in the Waste & Hazardous Materials Management component of this report. Karora discloses Waste Management & Hazardous Materials Management metrics from the 2018 version of the SASB Metals & Mining Sustainability Accounting Standard, as well as the 2021 version (updated by SASB in December 2021). Karora’s disclosure on updated Waste & Hazardous Materials Management metrics are denoted in this index with “(2021)”.

Indicator Code	Metric	Location
SASB EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	<a href="#">Water Management</a> (p. 27).
<b>Waste &amp; Hazardous Materials Management</b>		
SASB EM-MM-150a.1	Total weight of tailings waste, percentage recycled	<a href="#">Waste and Hazardous Materials Management</a> (p. 24).
SASB EM-MM-150a.2	Total weight of mineral processing waste, percentage recycled	Omitted. This metric is not applicable to our business model, as we do not undertake metal processing activities.
SASB EM-MM-150a.3	Number of tailings impoundments, broken down by MSHA hazard potential	<a href="#">Waste and Hazardous Materials Management</a> (p. 23-24).
SASB EM-MM-150a.4 (2021)	Total weight of non-mineral waste generated	Omitted. See <a href="#">Waste and Hazardous Materials Management</a> (p. 24) for an explanation.
SASB EM-MM-150a.5 (2021)	Total weight of tailings produced	<a href="#">Waste and Hazardous Materials Management</a> (p. 24).
SASB EM-MM-150a.6 (2021)	Total weight of waste rock generated	<a href="#">Waste and Hazardous Materials Management</a> (p. 24).
SASB EM-MM-150a.7 (2021)	Total weight of hazardous waste generated	Omitted. See <a href="#">Waste and Hazardous Materials Management</a> (p. 24) for an explanation.
SASB EM-MM-150a.8 (2021)	Total weight of hazardous waste recycled	Omitted. See <a href="#">Waste and Hazardous Materials Management</a> (p. 24) for an explanation.
SASB EM-MM-150a.9 (2021)	Number of significant incidents associated with hazardous materials and waste management	<a href="#">Waste and Hazardous Materials Management</a> (p. 24).
SASB EM-MM-150a.10 (2021)	Description of waste and hazardous materials management policies and procedures for active and inactive operations	<a href="#">Waste and Hazardous Materials Management</a> (p. 23).

Indicator Code	Metric	Location
SASB EM-MM-540a.1 (2021)	Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures, (12) site-specific EPRP	Omitted. Karora will strive to disclose this information in future years.
SASB EM-MM-540a.2 (2021)	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities	<a href="#">Waste and Hazardous Materials Management</a> (p. 22).
SASB EM-MM-540a.3 (2021)	Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities	Omitted. Karora will strive to disclose this information in future years.
Biodiversity Impacts		
SASB EM-MM-160a.1	Description of environmental management policies and practices for active sites	<a href="#">Environment</a> (p. 21). <a href="#">Biodiversity Impacts and Reclamation</a> (p. 36).
SASB EM-MM-160a.2	Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation	<a href="#">Biodiversity Impacts and Reclamation</a> (p. 36).
SASB EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	<a href="#">Biodiversity Impacts and Reclamation</a> (p. 36).
Security, Human Rights and Rights of Indigenous Peoples		
SASB EM-MM-210a.1	Percentage of (1) proved and (2) probable mineral reserves in or near areas of conflict	<a href="#">Human Rights and Security</a> (p. 55).
SASB EM-MM-210a.2	Percentage of (1) proved and (2) probable mineral reserves in or near indigenous land	<a href="#">Rights of Indigenous Peoples</a> (p. 42).
SASB EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	<a href="#">Rights of Indigenous Peoples</a> (p. 42-44). <a href="#">Human Rights and Security</a> (p. 55).
Community Relations		
SASB EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	<a href="#">Community Relations</a> (p.46-49).



Indicator Code	Metric	Location
SASB EM-MM-210b.2	Number and duration of non-technical delays	<a href="#">Community Relations</a> (p. 49).
<b>Labour Relations</b>		
SASB EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees	<a href="#">Human Capital Management and Labour Relations</a> (p. 53).
SASB EM-MM-310a.2	Number and duration of strikes and lockouts	<a href="#">Human Capital Management and Labour Relations</a> (p. 53).
<b>Workforce Health and Safety</b>		
SASB EM-MM-320a.1	(1) MSHA all-incidence rate, (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees	<a href="#">Workforce Health and Safety</a> (p. 51).
<b>Business Ethics &amp; Transparency</b>		
SASB EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	<a href="#">Anti-Corruption and Transparency</a> (p. 57).
SASB EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	<a href="#">Anti-Corruption and Transparency</a> (p. 57).

## TCFD Index

The following Index sets out how our reporting aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD recommendations”). Karora is taking a phased approach to implementing the TCFD recommendations.

As the leading investor-preferred framework for climate-related disclosure, we are committed to enhancing alignment with the TCFD recommendations as our approach to climate change progresses over time.

TCFD Pillars	Recommendation	Disclosure
<b>Governance</b>	(a) Describe the Board’s oversight of climate-related risks and opportunities.	See <a href="#">Governance</a> (p. 11).
	(b) Describe Management’s role in assessing and managing climate-related risks and opportunities.	See <a href="#">Governance</a> (p.11).
<b>Strategy</b>	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	See <a href="#">ESG Strategy</a> (p. 15). See <a href="#">Greenhouse Gas Emissions and Climate Change</a> (p. 30-32).
	(b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	See <a href="#">Greenhouse Gas Emissions and Climate Change</a> (p. 28-32).
	(c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Omitted. Karora is currently developing a climate change strategy and will provide detail in future disclosure.
<b>Risk Management</b>	(a) Describe the organization’s processes for identifying and assessing climate-related risks.	See <a href="#">ESG Strategy</a> (p. 15).
	(b) Describe the organization’s processes for managing climate-related risks.	See <a href="#">Risk Management</a> (p. 17). See <a href="#">Greenhouse Gas Emissions and Climate Change</a> (p. 30-32).
	(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	See <a href="#">Risk Management</a> (p. 17).

TCFD Pillars	Recommendation	Disclosure
<b>Metrics and Targets</b>	(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	See <a href="#">Greenhouse Gas Emissions and Climate Change</a> (p. 34-35). See <a href="#">Energy Management</a> (p. 38).
	(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	See <a href="#">Greenhouse Gas Emissions and Climate Change</a> (p. 34-35).
	(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	See <a href="#">Metrics and Targets</a> (p. 18). See <a href="#">Greenhouse Gas Emissions and Climate Change</a> (p. 28-29).

## Forward Looking Statements

This report contains “forward looking information” and “forward looking statements” (collectively referred to as “**forward looking statements**”). Forward-looking statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward looking statements. Often, but not always, forward looking statements can be identified by the use of words such as “guidance”, “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “does not anticipate” or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward looking statements in this report include, but are not limited to:

- Karora’s vision, mission, and values,
- Karora’s ESG commitment, ESG framework including governance; strategy; risk Management; metrics and targets; and reporting and disclosure,
- Karora ESG priorities including its ESG plans and objectives (including its 2022 ESG targets) for waste and hazardous, materials management, water management, rights of Indigenous Peoples, community relations, work force health and safety, GHG emissions, biodiversity impacts and reclamation, climate change, energy management, anti-corruption, air quality, human capital management and labour relations, human rights and security and its net zero targets,
- guidance for production, all-in sustaining cost and capital expenditures,
- available financing sources,
- the ability to realize upon any mineralization in a manner that is economic,
- the ability to complete any proposed exploration activities and the results of such activities,
- the future financial or operating performance of the Company and its mines and projects,

- the future price of metals,
- the supply and demand for gold and other metals,
- the estimate of the quantity and quality of mineral resources and mineral reserves,
- costs of production, capital, operating and exploration expenditures,
- the successful integration of HGO,
- costs and timing of the development of planned production at the Company’s operating mines,
- the ability of the Company to obtain and retain all government approvals, permits and third-party consents in connection with the Company’s development activities,
- the Company’s ability to raise funding privately or on a public market in the future,
- government regulation of mining operations,
- environmental risks,
- reclamation expenses,
- title disputes or claims, and
- the Company’s business prospects and opportunities.

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Karora to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others:

- the duration and impact of the COVID-19 pandemic on the business, operations and financial condition of the Company, as well as the economy in general,
- health risks including outbreaks of communicable diseases, such as the novel coronavirus pandemic, and any impact of such outbreaks on operations,

- the actual results of current mining operations and development activities,
- the uncertainties involved in interpreting drill results and other geological data,
- the speculative nature of mineral exploration and development, and the inherent risks involved therein,
- operating and/or project delays or interruptions and funding needs, including increases in operating and capital costs,
- the global economic climate,
- changes in national, provincial, state, and local government legislation,
- political or economic developments in jurisdictions in which the Company does business or may carry on business in the future,
- fluctuations in currency markets,
- environmental and social governance,
- community and non-governmental actions,
- future prices of metals,
- availability of alternative nickel sources or substitutions,
- actual results of reclamation activities,
- conclusions of economic evaluations,
- changes in mine or project parameters as plans continue to be refined,
- the future cost of capital to the Company,
- possible variations of ore or mineralized material grade or recovery rates,
- failure of plant, equipment or processes to operate as anticipated,
- environmental risks,
- accidents, labour disputes and other risks of the mining industry,
- political instability, terrorism, insurrection or war,
- delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities,
- the possibility of project cost overruns or unanticipated costs and expenses,
- future nickel and gold prices,
- availability of financing,
- permitting, development and operations consistent with Karora's expectations,
- foreign exchange rates,
- Karora's ability to attract and retain skilled staff,
- prices and availability of equipment,
- that contracted parties provide goods and/or services on the agreed timeframes, and
- that no unusual geological or technical problems occur.

Although Karora has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. **Accordingly, readers should not place undue reliance on forward looking statements.** Forward-looking statements contained in this report are made as of the date of this Report or the date specified in such statement and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

as well as those factors discussed in the section entitled "Risk Factors" in Karora's annual information form dated March 14, 2022 for the year ended December 31, 2021. Such forward looking statements are also based on a number of material factors and assumptions, including:



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