



ESG Report 2021

Developing a **sustainable** business

In this report

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

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

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Introduction

USING THE REPORT 

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About this report

This is Caledonia's second ESG report, which covers the reporting period 1 January 2021 to 31 December 2021. Whilst we recognise there is still more for us to do as a business in terms of developing our ESG practices, as well as further expanding disclosure, we were encouraged by the feedback received on our first report, published last year, and have been working hard since then to improve performance, collect additional data and enhance our reporting in line with stakeholder expectations.

This report refers to Caledonia's only operating project, the Blanket Mine in Zimbabwe ("Blanket"), although with our vision of becoming a multi-asset gold producer we will be putting ESG systems in place for our recent exploration acquisition, Maligreen, and any future acquisitions that we might make (including the Bilboes Gold Project which we announced in July). All figures relate to Blanket (unless stated otherwise). All financial figures are provided in US dollars. The report should be read alongside the Company's financial reporting and commentary for 2021, which are available on our website at

www.caledoniamining.com/investors/reports-presentations



This document does not constitute, or form part of, any offer to sell or issue or any solicitation of any offer to purchase or subscribe for, any shares in Caledonia, nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, or act as an inducement to enter into any contract or agreement thereto. Certain forward-looking statements may be contained in the document which include, without limitation, expectations regarding metal prices, estimates of production, operating expenditure, capital expenditure and projections regarding the completion of capital projects as well as the financial position of the Company. Although Caledonia believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to be accurate. Accordingly, results could differ from those projected as a result of, among other factors, changes in economic and market conditions, changes in the regulatory environment and other business and operational risks. Accordingly, neither Caledonia, nor any of its directors, officers, employees, advisers, associated persons or subsidiary undertakings shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying upon this document or any future communications in connection with this document and any such liabilities are expressly disclaimed. Refer to the technical report entitled "Caledonia Mining Corporation Plc NI 43-101 Technical Report on the Blanket Gold Mine, Zimbabwe" dated May 17, 2021 prepared by Minxcon (Pty) Ltd and filed by the Company on SEDAR on May 26, 2021 for resources and reserves and planned production as stated in this document. Mr Dana Roets (B Eng (Min.), MBA, Pr.Eng., FSAIMM, AMMSA), Chief Operating Officer, is the Company's qualified person as defined by Canada's National Instrument 43-101 and has approved any scientific or technical information contained in this document.

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2021 highlights

TIFR¹ (2020: 0.97)

1.00

Employee turnover

0.35%

Local² employment

100%

Total payments to government (2020: US\$12.5m)

US\$18.4m

Employees at Blanket fully vaccinated against COVID-19

100%

Corporate social responsibility ("CSR") investments (2020: US\$1.6m)

US\$1.2m

Solar project currently under construction

12MWac

Employees trained under Nyanzvi Initiative in the year 2021 due to COVID 19 restriction

368

Occupational illnesses

0

Total payments to government in taxes and royalties for 2021 was US\$18.4 million.

¹ Total Injury Frequency Rate.
² Local means from Zimbabwe.

Message from Caledonia's CEO



Mark Learmonth, CEO

In 2020 we enhanced our focus on ESG with the constitution of a new Board level ESG Committee.

Committed to sustainable development

2021 was a truly transformational year for the business; the commissioning of Central Shaft in March, approximately a \$67 million project all funded through internal cash flow, allows us to increase production and resume deep-level exploration with a view to further extending Blanket's mine life. We also increased the dividend four times though the year and our current annualised dividend of 56 cents per share is more than double the dividend per share we paid in 2019. Blanket achieved record production in two quarters and we exceeded our increased annual production guidance. We also acquired the Maligreen project for \$4 million which has an inferred mineral resource of approximately 940k ounces of gold in 15.6 million tonnes at a grade of 1.88g/t³ and is the first step towards our objective of becoming a multi-asset, Zimbabwe-focused gold producer.

All this was achieved with a continued commitment to safety. Since 2018 we achieved 2.4 million fatality free shifts, although, very sadly, in the first quarter of 2022 a fatal accident resulted in the death of a Blanket employee. We always take the safety of our employees very seriously and I join with my colleagues in expressing our sincere condolences to the family, friends and colleagues of the deceased. Through our COVID-19 vaccination programme, I am pleased that 100% of our employees at Blanket are also now fully vaccinated.

Environmental considerations are an important part of our corporate strategy and we are currently constructing a 12MWac solar plant which will provide approximately 27% of Blanket's average daily electricity demand. This project was somewhat delayed due to COVID-19 and supply-chain difficulties; however, with construction now resumed, we are confident that the plant will be operational in the third quarter 2022. Although the completion of this project will be a significant step in the right direction, we hope it will only be the first phase of our solar journey, with a long-term vision of increasing our use of green energy supply not only for Blanket but any future projects that we undertake.

In December, Caledonia also completed a secondary listing on the Victoria Falls Stock Exchange ("VFEX") in Zimbabwe. Due to extremely positive local investor response, we decided to raise more funds upon listing than originally anticipated. This support from Zimbabwe investors was very encouraging and reinforced our belief that the listing is an important initiative which allows us to welcome onto our share register local shareholders who share our desire for investment in Zimbabwe and who have not, until now, been able to participate in Caledonia's growth journey.

The VFEX listing will also enable Caledonia to access 100% of its revenue in US dollars for incremental gold sales, which is production above 57,000 ounces, at Blanket. We anticipate that this important policy will attract new investors who can be confident that Zimbabwe is a competitive investment environment capable of delivering attractive returns.

In July 2022 I succeeded Steve Curtis as CEO of Caledonia. I would like to thank Steve for his outstanding contribution, and am delighted that he will continue to act for the Company as a non executive director and consultant, and I look forward to working with him and the team in achieving Caledonia's growth strategy to become a multi-asset gold producer.

We welcome any feedback on ESG topics or our sustainability disclosure – please contact Camilla Horsfall, Vice President Investor Relations, at camillahorsfall@caledoniamining.com.

Mark Learmonth
CEO

"Caledonia is constructing a 12 MWac solar plant. Once operational it is expected to provide 27% of Blanket's electricity demand."

³ Refer to technical report entitled "Caledonia Mining Corporation Plc NI 43-101 Mineral Resource Report on the Maligreen Gold Project, Zimbabwe" by Minxcon (Pty) Ltd dated November 2, 2021 and filed on SEDAR (www.sedar.com) on November 3, 2021.

About us

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

Caledonia's primary asset is a 64% shareholding in the Blanket gold mine in Zimbabwe. The Company achieved record total annual gold production during 2021 of 67,476 ounces, a 17 per cent increase on 2020 annual production.

- Measured and indicated resources at Blanket of 902koz of gold in 8.5 million tonnes at a grade of 3.29 g/t
- Inferred resources at Blanket of 866koz of gold in 8.5 million tonnes at a grade of 3.17 g/t
- 1,978 employees at Blanket

Our strategic objective

To become a sustainable, multi-asset, low-cost gold producer, focused in Zimbabwe.



Blanket Mine
Zimbabwe

About Zimbabwe

Population (million)

15.1

Life expectancy (at birth)

63 years

Total dependency ratio

81.6%

Youth unemployment

27.5%

Literacy

86.5%

AIDS adult prevalence rate

11.9%
(2020)

GDP US\$ billion

40.79
(2020)

GDP per head US\$

1,183
(2020)

Population aged 0-14 years

41.3%

Sources: World Bank; CIA factbook

Our operation

Life of mine

2034

Inferred resources (ounces)

866,000

Measured and indicated resources (ounces)

902,00

Employees (including 26 internship students)

1,978

Performance at a glance 2021

2021 operational highlights

Gold production:

67,476 ounces

(2020: 57,899 ounces)

Revenue:

US\$121 million

(2020: US\$100 million)

Gross profit:

US\$54.1 million

(2020: US\$46.7 million)

On-mine cost per ounce:

US\$742

(2020: US\$744 per ounce)

All-in sustaining cost per ounce:

US\$990

(2020: US\$967 per ounce)

Total dividends paid per share:

50 cents

(2020: 33.5 cents a share)⁴

⁴ Dividends paid comprise dividends paid to Caledonia shareholders.

Our strategic objective

To become a sustainable, multi-asset, low-cost gold producer, focused on Zimbabwe.

Our significant topics

The aim of this report is to provide information on the ESG topics which are considered most relevant to Caledonia and its stakeholders.

A review process was carried out in 2020 to determine topics which are considered as significant, based on their importance and relevance to stakeholders, and their potential or current effect on the business, its strategy, and its capacity to create value over time. Each significant topic was considered within the context of relevant global and industry frameworks and standards (including GRI, SASB, ICMM Mining Principles and World Gold Council Responsible Gold Mining Principles) to ensure applicability and to build a comprehensive reporting foundation. The process, which is explained fully in the 2020 ESG report, involved seeking internal and external stakeholder opinions.

In 2021, we carried out an internal exercise to analyse, check and confirm that the topics summarised below that were used in the 2020 report were still relevant. In 2022, Caledonia intends to undertake a comprehensive stakeholder engagement materiality assessment process, to inform the focus of our ESG topics and bring us in line with GRI requirements.

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

In 2022 Caledonia intends to undertake a comprehensive stakeholder engagement materiality assessment process.

Stakeholder engagement

Our approach to stakeholder engagement

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

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

We take stakeholder issues seriously and strive to meet expectations and requirements. Over time, Blanket Mine has increased its interaction with the community through the dedicated office of the CSR Officer. This has increased our understanding of vulnerable groups among our stakeholders. In May 2021, Blanket Mine participated in a study by Southern Africa Resource Watch (SARW) which entailed a roundtable meeting with all community stakeholders; chiefs and their traditional leadership entourage, political leaders at ward level, government representatives, Rural District Council and municipality representatives amongst others. These gave feedback on the assistance received thus far and highlighted areas of need which they sought assistance on.

Stakeholder	How we engage	Issues raised and outcomes	Stakeholder value
Investors	<ul style="list-style-type: none"> 1-on-1 meetings Investor presentations, video calls and webcasts Press releases and quarterly results Annual General Meetings Site visits, industry events and conferences Regular communication with IR department Social media 	<ul style="list-style-type: none"> Issues around being a single asset producer Concerns with investing in Zimbabwe Investor concerns around how we sell our gold Concerns with stable power 	<ul style="list-style-type: none"> 2021 dividend: 50 cents/share 2021 total dividends paid: US\$6.1 million 2021 adjusted EPS: 225.9 cents/share Local shareholders in Zimbabwe able to participate in Caledonia's growth journey as a result of VFEX listing Annual ESG report is a requirement of listing on the VFEX
Employees and trade unions	<ul style="list-style-type: none"> Employee briefings Quarterly meetings between management, employee representatives and the Trade Unions Participation in Blanket's quarterly Board meetings Internal communication facilitated via the intranet, bulletins, memoranda, notice boards, consultation meetings and mobile telephones Suggestion boxes are in place to enable employee feedback Communication of Group policies Formal site level grievance procedures Anonymous whistleblowing hotline 	<ul style="list-style-type: none"> In November 2021, Blanket employees began receiving 100% of their wages in USD to counter effects of devaluation of local currency 	<ul style="list-style-type: none"> Employee ownership of 10% of Blanket through an employee trust 2021 wages, benefits and dividends: US\$23,868,187 In 2021, 55 senior managers at Blanket participated in Caledonia's omnibus equity incentive compensation plan, as well as 27 other Caledonia group staff
Local communities	<ul style="list-style-type: none"> Engagement with senior management Participation in Blanket board meetings by representative of the Gwanda Community Share Ownership Trust ("GCSOT") Blanket representative trustee on GCSOT 	<ul style="list-style-type: none"> Proposal to align some of Blanket's CSR initiatives with GCSOT's projects 	<ul style="list-style-type: none"> The community holds 10% of Blanket through the GCSOT. This shareholding became unencumbered from previous loan repayment obligations in September 2021 which means that now GCSOT receives its full entitlement to 10% of Blanket's dividends \$1,169,952 spent on CSR in 2021 \$74,000 spent in local community on COVID-19 related projects Artisanal and small-scale gold mining ("ASM") tributes within Blanket claims area
Suppliers	<ul style="list-style-type: none"> Communication of Group policies Supplier Charter which includes business ethics, anti-bribery and corruption provisions incorporated in contracts 	<ul style="list-style-type: none"> Restrictions on personnel and equipment coming into Blanket due to COVID-19 	<ul style="list-style-type: none"> US\$63 million spent with suppliers 49% of suppliers were from Zimbabwe Training of security personnel on company code of conduct and human rights
Government and regulators	<ul style="list-style-type: none"> Meetings between senior management and the relevant Zimbabwean authorities resumed in 2021 as COVID-19 travel restrictions were eased NIEEF representative on Blanket board 	<ul style="list-style-type: none"> Keen for investment in new projects Acquired Maligreen in November 2021 In July 2022 signed an agreement to purchase Bilboes Gold Limited 	<ul style="list-style-type: none"> Payments to government of US\$18.4 million Payments of \$3.2 million in dividends and loan repayments in respect of National Indigenisation and Economic Empowerment Fund's 16% shareholding in Blanket

United Nations sustainable development goals

Contributing to the United Nations Sustainable Development Goals ("SDGs")

The SDGs were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.



United Nations sustainable development goals continued

Our selected SDGs are based on the sustainability topics most significant to our stakeholders and where we can make the greatest contribution and impact:





HEALTH & WELLBEING

Caledonia's commitment

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

Progress made

- Disability injury frequency rate improved from 0,42 to 0,21 YTD compared to 2021
- 0 occupational illness
- Over 2.4 million fatality free shifts from 2018 until February 2022

Related targets

- Zero harm
- Zero occupational disease



QUALITY EDUCATION

Caledonia's commitment

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

Progress made

- 368 employees trained under the Nyanzvi Initiative
- 2,944 hours of Nyanzvi training conducted
- 3,307 hours of skills training conducted in 2021
- \$192,398.76 invested in Sabiwa High School
- High School Scholarships are available for staff and their dependents
- Three employees currently being sponsored at Zimbabwe School of Mines in the MRM Department (Geology and Survey)
- Blanket runs internships and currently 26 Interns are benefitting in this programme
- Blanket has renovated Sabiwa High School, (11 Classrooms), furnished a computer lab and a A Level/O Level Science Laboratory

Related targets

- New educational – project identified at Sitezi Primary School and Sitezi Secondary School – total renovations, solar installation and water reticulation (further information on p.32).



WATER & SANITATION

Caledonia's commitment

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

Progress made

- In 2022 the mine plans to drill 25 boreholes for the benefit of the community. Criteria for selection is mainly based on requests received and community needs taking into consideration that most clinics are being assisted also by NGOs, GCSOT, Rural District Council and UNDP programmes.

Related targets

- Strict adherence to guiding legislation is in place. Samples of drinking water are taken for biological tests monthly and sewer sanitation tests are done quarterly
- The Business employs a Ministry of Health and Child Care employee (Environmental Health Technician) who is resident on the mine and assists with our internal efforts to keep the water, sanitation and general hygiene standards high
- The mine has domestic, plant and underground water usage targets. For 2021, usage was 2,006,423 cubic metres

United Nations sustainable development goals continued

	<div data-bbox="434 376 560 499"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div data-bbox="577 387 696 440"> <p>WORK & GROWTH</p> </div> <div data-bbox="434 512 736 542"> <p>Caledonia's commitment</p> </div> <div data-bbox="430 547 963 790"> <p>We aim to maximise our ability to positively affect our local communities, through social and economic development, wherever possible. Blanket is situated in an area of limited employment opportunities and the jobs and community support we provide are an important contributor to the quality of life of those around the mine. Through the transparent payment of taxes and royalties, we also contribute to the development of the wider Zimbabwean economy.</p> </div> <div data-bbox="430 820 618 850"> <p>Progress made</p> </div> <div data-bbox="430 855 880 962"> <ul style="list-style-type: none"> • 100% local employment • US\$18.4 million total payments to government (2020: US\$12.5 million) • 49% of suppliers were from Zimbabwe </div> <div data-bbox="430 991 618 1023"> <p>Related targets</p> </div> <div data-bbox="430 1027 909 1080"> <ul style="list-style-type: none"> • To provide further local employment at Maligreen and any future assets that the business acquires </div>	<div data-bbox="1016 376 1140 499"> <p>10 REDUCED INEQUALITIES</p> </div> <div data-bbox="1155 387 1335 414"> <p>INEQUALITIES</p> </div> <div data-bbox="1010 512 1317 542"> <p>Caledonia's commitment</p> </div> <div data-bbox="1008 547 1494 655"> <p>A key pillar of our CSR programme relates to the empowerment of women and youth, achieved predominately through a focus on education and training where females are given equal opportunities.</p> </div> <div data-bbox="1010 686 1196 716"> <p>Progress made</p> </div> <div data-bbox="1010 721 1480 774"> <ul style="list-style-type: none"> • Blanket runs an internship programme which has 26 students of which nine are women </div> <div data-bbox="981 791 1447 1471"> </div>	<div data-bbox="1597 376 1720 499"> <p>13 CLIMATE ACTION</p> </div> <div data-bbox="1731 387 1856 440"> <p>CLIMATE ACTION</p> </div> <div data-bbox="1585 512 1901 542"> <p>Caledonia's commitment</p> </div> <div data-bbox="1583 547 2101 628"> <p>Our operations are energy intensive, and we therefore attempt to achieve efficiencies and reduce emissions wherever possible.</p> </div> <div data-bbox="1585 659 1778 689"> <p>Progress made</p> </div> <div data-bbox="1585 694 2134 1203"> <ul style="list-style-type: none"> • The construction of a 12MWac solar plant at Blanket is expected to reduce its dependence on grid and diesel generator power. Completion is expected third quarter of 2022 • Water pumped from underground to surface is 1556 cubic metres per day and 621 cubic metres is recycled back underground. An average of 517 cubic metres per day of underground water is used in the plant. Water used for horticulture is about 121 cubic metres per day • A programme of reduction, reuse and recycle has been adopted on the mine, a training program has been initiated and seven people have been trained • Materials recycled: 56t of scrap metal, 4,000l of oil and 111 scrap LHD tyres • All other waste is disposed of in the mine landfill • All unrecyclable waste was sent to the landfill for disposal, clean up campaigns and training sessions were conducted (39 employees and 375 people from the village). Domestic waste produced 5650m³ </div> <div data-bbox="1585 1232 1778 1264"> <p>Related targets</p> </div> <div data-bbox="1585 1268 2076 1428"> <ul style="list-style-type: none"> • Training 300 people per annum in environmental management • To have 27% of Blanket's electricity coming from solar energy by the end of 2022 • To commence the evaluation of a further phase for the solar project </div>
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United Nations sustainable development goals continued

Nyanzvi

The Nyanzvi Initiative is the outcome of a decision to embark on a change management programme to achieve a cultural change at the mine.

This initiative is the ideal vehicle to effect the changes required to develop a sustainable company in the longer term and, as such, it is the selected vehicle to ensure cultural alignment and create the organisational structure that the mine can align itself with.

Whilst the initiative initially focused on safety, it has also enabled the mine to radically develop employee engagement throughout the business and has led to improvements in safety as well as broader operations.

As part of this initiative, the mine has qualified training facilitators, as well as 'safety champions' from all levels of our workforce (who were also involved in the co-design of the programme). The Nyanzvi Initiative focuses on instilling the correct behaviour. At its core is a culture that ensures that it is every employee's responsibility to safeguard their own safety and that of their fellow employees.

The Nyanzvi Initiative is compulsory for all mine employees and 100% have completed the initial training. Unfortunately, training was somewhat curtailed at various stages in 2020 and 2021 as a result of the COVID-19 pandemic and during this time, management noted a lower level of safety standards awareness amongst newer employees. Training, however, has now resumed and all new employees at Blanket receive safety training as part of the induction process, as do employees who have been on extended periods of leave.

We emphasise that it is the duty of every employee to stop and fix any unsafe act immediately, rather than waiting for a supervisor to identify it.

In order to assess the effectiveness of the Nyanzvi Initiative, we are monitoring safety performance and improvements in behaviour, with detail provided in different sections of the report.

Nyanzvi Initiative Objectives:

To create:

- A shared inspiring vision and values for Blanket Mine
- Business understanding (co-producers)
- An entrepreneurial, harmonious conducive culture
- Empowerment and accountability
- A learning and teaching culture within the organisation
- A wider social and environmental awareness
- An understanding of the bigger mining process and the factors impacting thereon

In order to continuously improve:

- Safety
- Relationships
- Understanding of our business
- Productivity/efficiency
- The quality of work life
- Communication
- Co-operation between team members, teams, other disciplines, management, worker representatives and the community

Significant improvements have been recorded as a result of:

- Employee involvement
- Capacity of understanding
- Engagement
- Communication improvement



Corporate governance and ethics

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Our approach

Caledonia endorses, and is committed to, the principles of good corporate governance and corporate citizenship.

Overall responsibility for governance lies with the Board, underpinned by a framework of charters and policies with reference to the laws, codes and guidelines that apply in the multi-jurisdictional environment in which Caledonia and its group of companies operate (i.e. Jersey, Zimbabwe, South Africa, the UK, Canada and the USA).

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

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

Business ethics

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

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

In addition to this, the Company has a comprehensive set of other policies which are available within the corporate governance section on the website and form the basis for our ethical approach. Management is responsible for monitoring adherence to Company policies and providing training.

All relevant policies are provided to new employees and Board members as part of their induction process and training is provided where relevant. The Company's policies are available on its website, and operational policies at the mine level are available at Blanket.

The Board and most of the staff at Caledonia and senior managers at the mine received refresher training on the Code, the Human Rights Policy, Disclosure Policy and Share Dealing Code in the first quarter of 2022, and all are expected to be trained before the end of the year. The training sessions were internal and lasted approximately an hour with the opportunity to ask questions and seek clarification on any matters.

Anti-bribery and corruption

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

Any possible or actual breaches of the Code relating to bribery should be reported to the Anti-Bribery Officer (the General Counsel, Company Secretary and Head of Risk and Compliance).

No cases of bribery or corruption were reported in 2021.

Whistleblowing

Employees are encouraged to report any unethical behaviour or contraventions of the Code to supervisors, managers or other appropriate personnel without fear of reprisal.

If employees are aware of any illegal or unethical behaviour, the Company has an anonymous externally-facilitated whistleblowing hotline to which employees may report any misconduct or violations of our ethical standards. It is the responsibility of all employees to report any actual or presumed misconduct or violations of ethics standards. Full details of the hotline are made available on the Company website, under Corporate Governance.

Management receives regular reports regarding whistleblowing incidences. There were no reports of whistleblowing during 2021.

Human rights

We respect human rights and do not tolerate any form of discrimination, harassment or bullying in the workplace. We believe that all people should be treated with respect, equality and dignity. We ensure that our gold is not extracted, processed or sold in ways that cause or support unlawful armed conflict or contributes to human rights abuses or breaches of international humanitarian law.

We developed a Human Rights Policy in 2021, which commits the Company to respecting human rights and treating stakeholders (which, in this context, means our employees, contractors, suppliers and the local communities and individuals who live in proximity to our operations) fairly and with dignity.

The policy is publicly available at Blanket and on the Company's website and will be reviewed annually by the ESG Committee to ensure that it is operating effectively.

Transparency

Transparency regarding payments we make to local and national government, our local communities and other stakeholders creates public trust in our business and deters corruption. As Caledonia qualified as an Extractive Sector Transparency Measures Act ("ESTMA" or "the Act") Reporting Entity through its status as a Canadian publicly listed company, the Company was responsible for disclosing any reportable payments made to government during its 2020 financial year up to when it delisted from the TSX. Caledonia elected to voluntarily report in terms of ESTMA for the entire 2020 financial year. However now that it is not subject to ESTMA reporting, going forward, Caledonia must report through its UK subsidiary in terms of The Reports on Payments to Government Regulations 2014 of the United Kingdom.

Our approach continued

Business ethics continued

Transparency continued

Payments to Government up until the 2020 financial year are outlined in the ESTMA report which is published on the Company's website. The 2021 payments to Government will only be available on the Company's website after submission to the UK's Companies House on November 30, 2022. See "Creating shared value" on page 28 for further information on payments to governments and taxes.

Neither Caledonia nor Blanket made any political donations in 2021 and we do not intend to do so in the future.

Responsible supply chain

Our supply chain consists of consultants, contractors and suppliers who provide goods and services to the business. Caledonia expects suppliers to comply with applicable laws and for those other than suppliers who are highly regulated and have equivalent obligations it has a Supplier Charter, which is available on the Company's website, which incorporates ethical standards, including anti-bribery provisions, with which suppliers are expected to comply.

Major contracts typically include specific provisions to prevent bribery, corruption and the facilitation of tax evasion and confirm that all relevant personnel have read, understood and will abide by the Code. The procurement process was recently updated so that now by providing a quotation, having a quotation accepted, accepting a purchase order or similar and/or entering into a contract with a Caledonia group company a supplier undertakes to abide by the Supplier Charter. Contracts over a certain value are subject to enhanced due diligence checks in accordance with the requirements of the Code and global compliance checks are typically carried out in respect of large value transactions.

The Company runs all vendors through our local MIE system, which is a Supplier Risk Vetting system, used to vet potential suppliers in order to manage and mitigate any potential risks i.e. conflict of interest, fraudulent activity, tender collusion or irregularities. This system checks the validity of the Company registration, bank accounts, legal status of directors and checks if any employees are linked to that vendor.

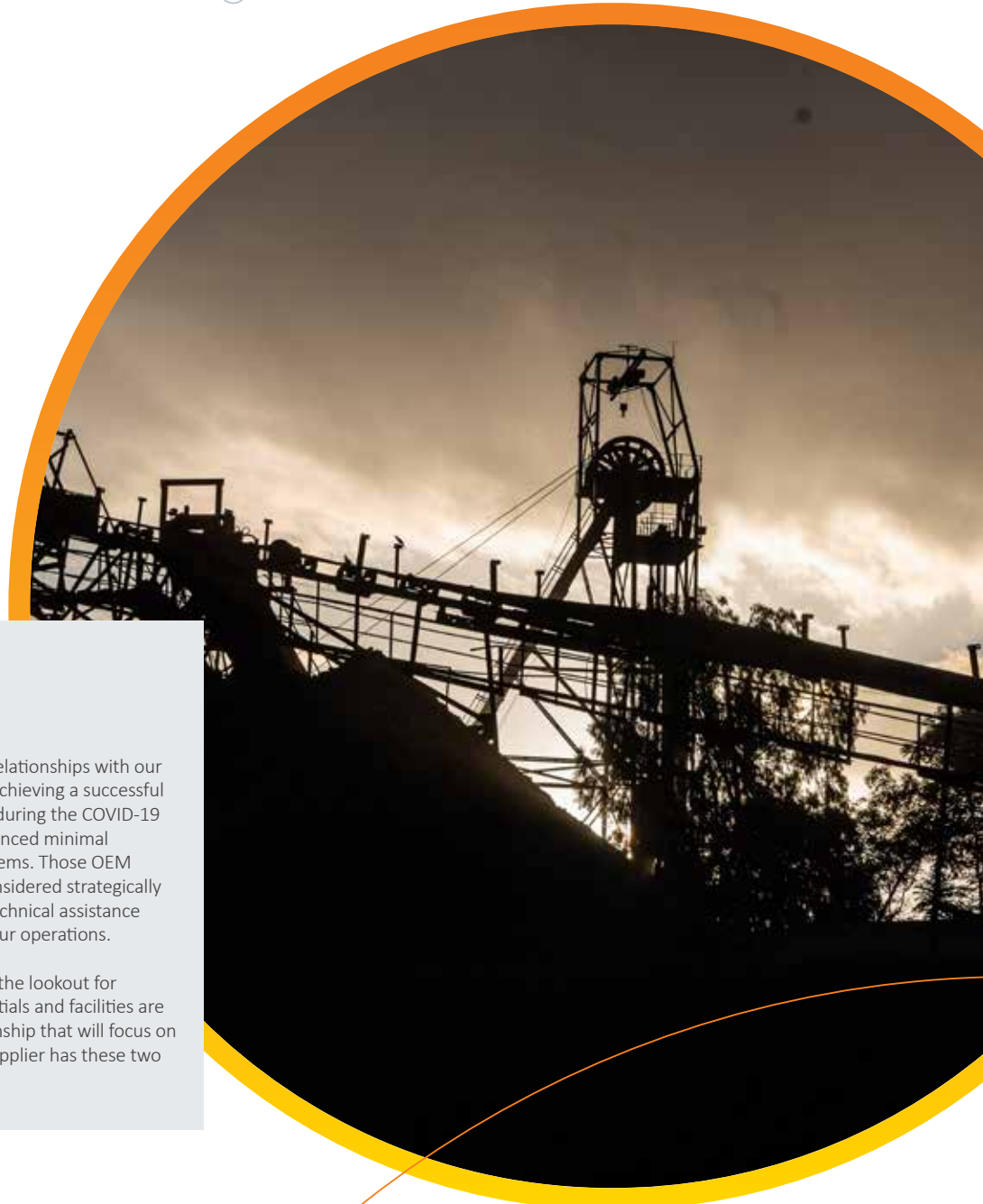
The Company has an enhanced due diligence checklist (set out in the Code) for third party relationships which is used when engaging agents, consultants, contractors, joint venture partners and other significant third-party relationships over a prescribed value threshold (of \$300,000).

Case Study –

Supplier Relations

At Caledonia, the preference is to develop solid, working relationships with our suppliers. Having these relationships in place is crucial to achieving a successful delivery rate. The validity of this approach was confirmed during the COVID-19 pandemic. Because of our strong relationships, we experienced minimal disruption to our supply chain during the worldwide problems. Those OEM suppliers with agents in the region of Blanket Mine are considered strategically well placed, having the ability to respond with supply or technical assistance very quickly when required. This can be of great value to our operations.

Exceptional existing supplier base aside, we are always on the lookout for new opportunities. Local manufacturers with good credentials and facilities are held in high regard. Our selection process fosters a relationship that will focus on quality product and respect for our operations. If a new supplier has these two qualities, a good pricing structure is usually a given.



Our approach continued

Sustainability management

Effective safety, health and environmental (“SHE”) management is integral to the success of our business activities and the prosperity and wellbeing of our stakeholders. The mine has a SHE policy to protect and promote the safety, health and wellbeing of employees and contractors and the environment in which we operate. The mine aims to adopt international best practice as set out in the international conventions to which Zimbabwe is a signatory and any other bodies that the mine may subscribe to from time to time.

The Board is ultimately responsible for SHE management and is supported by the ESG Committee. The ESG Committee oversees and reviews Caledonia’s practices with regards to health, safety and wellbeing, our employees, caring for the environment and unlocking value for local communities. There is a reporting line from the operation, through management and up to the Committee and Board level.

Blanket has a SHE Coordinator who reports to the mine’s General Manager and is responsible for SHE management and compliance programmes and is the primary point of contact for external stakeholders. The mine’s General Manager reports via the Chief Operating Officer to the Chief Executive Officer and thence to the Board. There is a formal monthly reporting cycle from the mine to the group’s management and a quarterly reporting cycle from the group’s management to the Board.

The Company has a comprehensive and robust approach to risk management. Risks are identified, evaluated and reported to the Audit Committee by the Risk Management Sub-Committee on a quarterly basis with particular issues being elevated to Board level if necessary.

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

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

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

Security

Given the nature of our operations and product, we have stringent security procedures in place at the mine, intended to allow employees to operate safely, and to protect our operations. The mine employs three external security companies, all of which were engaged after a rigorous due diligence process. These teams are responsible for the protection of our employees, contractors and property and the security of our product. Our security personnel work in partnership with local law enforcement agents who provide support in all concerns of a criminal or reportable nature.

As part of the Company’s Human Rights Policy, security companies are instructed to train their staff on our Code to ensure that security personnel comply with the Voluntary Principles on Security and Human Rights.

No human rights abuses have been reported at the mine by our security personnel. The three security companies at Blanket are members of the Security Association of Zimbabwe who have an operating code of conduct that they abide by. The security companies are held to high standards which are monitored operationally through the human resources department and directed through the General Manager’s office.

Health and safety

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Health and safety

Safety

Safety is our first priority at Caledonia, and we are committed to continual improvement in safety performance and achieving a zero-harm working environment for all our employees and contractors. We work hard to create a strong safety culture at the mine, which is underpinned by our policies and systems and reinforced by regular training and safety awareness courses.

Safety targets are included as a qualifier for our employee bonus scheme at the mine as well as for executive remuneration. Safety sits at the heart of our licence to operate and therefore employees at the mine are rewarded for achieving safety targets in the same way as achieving their production targets.



- Target of zero harm
- 2.4 million fatality free shifts from 2018 to February 2022

To demonstrate our commitment to safety, targets have been introduced as a qualifier for our employee bonus scheme.

Health and safety continued

Risk management

Our risk management system at the mine is based on the hierarchy of control within the International Labour Organisation (“ILO”) Convention. We operate a “stop, withdraw, think, fix and continue” concept, which all employees apply across all work areas.

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

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

Blanket operates under a formal safety management system, based on the South African National Occupational Safety Association (“NOSA”) system. Part of our culture is based on the concept that people will support what they co-design and therefore our employees contribute to the development and evaluation of our safety management system. The efficacy of our risk management approach is monitored through the rigorous tracking of key safety indicators on a daily, weekly, monthly and quarterly basis.

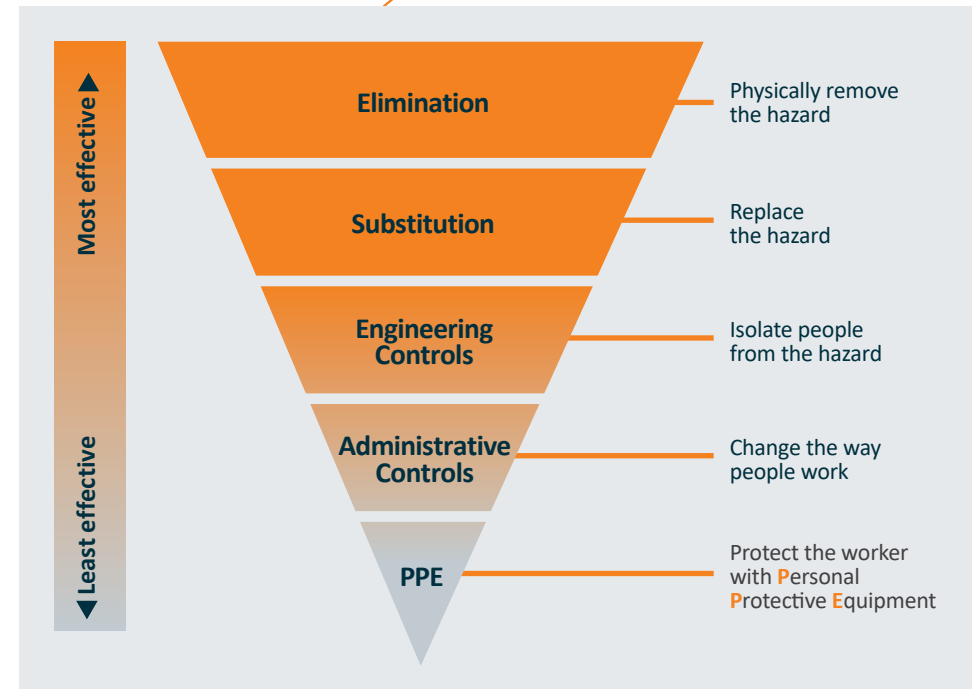
Safety audits provide a consistent approach to performance monitoring at Blanket. Every year an internal audit, compliance audit and external audit by NOSA auditors are conducted, and a NOSA four-star safety rating was maintained. In addition to this, our SHE department ensures continuous monitoring of the SHE programme.

Within Blanket’s safety structure, we have strict supervision in the form of safety representatives in every crew and permanent safety officers who audit workplaces each day. Daily risk assessments take place and safety talks are conducted and recorded. Each crew carries out Hazard Identification & Risk Assessment (“HIRA”) at the start of every shift and all incidents, near misses and accidents are investigated by a team led by the safety manager and management. Where necessary, disciplinary measures are taken in line with the mine’s Code of Conduct and mining safety regulations.

Regular internal training (covered further below) is carried out to increase awareness of safety issues, to empower employees to act in a responsible and appropriate manner in the workplace and manage risk effectively by identifying work-related hazards.

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

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



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

Health and safety continued

Safety performance

The Company continues to work hard to improve safety at Blanket, specifically through the Nyanzvi Initiative, and to further enforce standards and policies, which has resulted in an overall improvement in safety performance, and a downward trend in Lost Time Injuries (“LTIs”) from six in 2020 to three in 2021, leading to an improvement in Lost Time Injury Frequency Rate (“LTIFR”) of 0.52 to 0.29 in 2021. In Q2 2021, the mine achieved a total of two million fatality free shifts which we consider to be a significant milestone in terms of safety improvement at Blanket.

However, a fatal accident occurred on February 21, 2022, as a result of which one Blanket employee, Andrew Clydon Phiri (aged 35), was killed. The Directors and management of Caledonia and Blanket Mine express their sincere condolences to the family and colleagues of the deceased.

Blanket Mine Safety Statistics

Classification	2019	2020	2021
Fatalities	0	0	0
Lost time injuries	3	6	3
Restricted work activity	17	9	6
Total injuries	20	15	9
Incidents	54	59	62
Near misses	22	24	22
LTIFR ⁵	–	0.52	0.29
Disability Injury Frequency Rate	0.77	0.52	0.26
Total Injury Frequency Rate	1.10	0.97	1.00
Man-hours worked (thousands)	5,174	5,789	6,199

⁵ Per 200,000 hours worked.



Health and safety continued

Occupational health and wellbeing

We are committed to maintaining high standards of hygiene, providing access to healthcare and promoting physical and mental wellbeing amongst our workforce.

Most of our employees live with their dependents at the Blanket Mine village, where they are provided with potable water (treated at our on-site treatment facility) and healthcare services. The mine has an occupational health centre, which is available to employees and their dependents from Monday to Friday between 07.00 and 16.30, with standby personnel to take care of emergencies outside these hours.

The mine clinic is led by four professional nurses (with three locum nurses available for cover work) and a doctor present on a weekly basis. The clinic is staffed 24 hours per day. All new employees undergo health screening prior to employment at the mine in addition to periodical medical check-ups thereafter.

The Company has as a formal target of zero occupational diseases. Blanket has the relevant procedures in place to monitor the incidences of occupational illness and no occurrences were identified in 2021 (2020: 0). As a first line of assistance in cases of injury, employees are trained in basic first aid with a minimum target of 75% of employees trained at any point in time.

Zimbabwe has a high HIV prevalence, with circa 1.3 million⁶ people living with HIV in the country. Voluntary testing for HIV/AIDS is available to all employees and dependents at our health centre and counselling services are offered. We also have “peer educators”⁷ who conduct door-to-door visits with employees and the local community to raise awareness on HIV/AIDS, COVID-19, malaria and personal hygiene. 37 peer educator visits took place through the year.

Awareness campaigns on HIV/AIDS are carried out nationally by the National AIDS Council (“NAC”) and the Ministry of Health and Child Care (“MoHCC”) covering the mine as well. As a mine, our health staff conduct localised HIV/AIDS preventative and awareness programmes in line with NAC and MoHCC guidelines and we assist those on anti-retroviral therapy treatment in getting their medication to the mine from Gwanda Provincial Hospital.

Health education is provided to mothers attending the mine clinic on baby clinic days and we vaccinate children under five years old against tuberculosis.

The Company aims to maintain good levels of sanitation within the Blanket Mine village and in 2021 conducted an education campaign to address sanitary practices.

COVID-19

Caledonia responded quickly to the global outbreak of COVID-19 and took active measures to minimise the risk of infection and to safeguard the continuity of operations at Blanket. These measures were covered in detail in the 2020 ESG Report.

Through the Company’s COVID-19 vaccination programme, employees and their dependants are being encouraged to take up COVID-19 vaccinations offered at the Caledonia’s expense and, to date, 100% are fully vaccinated.

Blanket has recorded a total of 237 cases, with two fatalities as a result of the virus.



⁶ 2020 – UNAIDS.

⁷ Peer Educators are mine employees who volunteered for the peer education activities. They were trained to cover all health aspects but on HIV/AIDS were trained by personnel from the National AIDS Council (NAC).

Our people

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Training and development	25



Our people

Our people are our most important asset, and they are central to the ongoing success of the business.

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

We believe that our people should share in the long-term prosperity and sustainability of the business and, therefore, employees hold a 10% shareholding in Blanket – see further detail in “Creating shared value” on page 28.

Heads of Department and senior staff are granted long-term incentive plan awards. The awards are in the form of performance units and each unit that vests entitles the participant to receive one Caledonia common share (or a security representing a share or the cash value) on the maturity of the award.



Labour relations and responsible employment

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

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

Labour relations, employee engagement and satisfaction

All employees have the right to freedom of association and collective bargaining in line with local labour regulations as guided by the Zimbabwe Labour Act. As at December 2021, an estimated 49% of Blanket’s employees were unionised of which 21% are members of the Associated Mine Workers Union of Zimbabwe, which is the dominant trade union in the Zimbabwe gold industry, and 28% belong to the Allied Minerals Workers Union.

In 2021 the mine had no pending litigation before any labour court and/or other dispute resolution forum.

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

In line with our human rights policy (covered on page 15), the Company has site-level grievance procedures in place at Blanket, which allow concerns to be reported (e.g. by the whistleblowing facility) and addressed in an accessible, transparent and equitable manner. We recognise and respect stakeholders’ right to seek remedy and are committed to remedying such negative impacts as are within our control.

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

We have effective internal communications tools at the mine, which include posting information on the intranet and notice boards and in bulletins and memoranda. We also engage via consultation meetings and chat groups on WhatsApp. Formal Works Council meetings are held quarterly with employee representatives and additional meetings are set up if a specific issue arises. We value all feedback from our employees and have suggestion boxes at strategic areas as agreed with our workforce. Feedback is also provided through worker leadership in works council meetings. SHE meetings are also held quarterly and there is a WhatsApp group which posts daily production and safety statistics.

There is a low employee turnover throughout the business which in 2021 at Blanket was 0.35%. Whilst this in part reflects the lack of alternative employment opportunities in the local area, we believe it also to be attributable to the favourable conditions provided by Caledonia as a “premium employer”.

Fair remuneration and benefits

Our employees are rewarded with competitive remuneration packages which are commensurate with their qualifications, experience and expertise, with wages above statutory set minimum rates for the mining industry in Zimbabwe. They are also higher than the level agreed in the collective bargaining process between employers and the main union. In November 2021, the portion of salaries payable in US Dollars was increased from 60% to 100%, to further insulate them from local currency devaluation, and this has been well received by our employees.

Caledonia employs 1,978 people at Blanket of which 100% are Zimbabwean nationals, and 15% are from the local Gwanda area. Involvement of the local community is central to our vision of building a socially responsible business.

Our people continued

Labour relations and responsible employment continued

Fair remuneration and benefits continued

Employees also receive amounts in respect of the attributable dividends payable on the 10% shareholding in Blanket held by Blanket Employee Trust Services (Private) Limited ("BETS").

93 employees belong to the Caledonia Omnibus Equity Incentive Compensation Plan of which, in 2021, 55 were senior managers at the time, with performance units which vest every year based on performance and Caledonia's share price and can be settled in cash or shares. The listing on the VFEX in December 2021 allows Zimbabwe based employees to hold Caledonia depository receipts which represent shares in Zimbabwe.

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

Around 75% of our employees live with their dependents on the mine village where we provide housing. A small number of mine employees, for whom suitable accommodation units are not available at the mine village, live in rented accommodation in the local town of Gwanda.

Diversity

The Nomination Committee of the Board considers diversity in the composition of the Board and periodically reviews the composition of the Board as a whole to recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of diversity, knowledge, experience, skills and expertise required for the Board as a whole. Accordingly, while the Board has not adopted a written policy nor targets relating to the identification and nomination of women directors, the Board does take into consideration a nominee's potential to contribute to diversity within the Board.

In 2020, the Board was comprised solely of male Directors; therefore, in November 2020 the Nomination Committee retained the services of Spencer Stuart South Africa (Pty) Ltd, an executive search and selection firm, ("Spencer Stuart") to source potential female candidates for nomination to the Board. Potential candidates were put forward and evaluated during January and February 2021 and the Board appointed Ms. Geralda Wildschutt to the Board in February 2021.

Consistent with the Company's approach to diversity at the Board level, the Company's hiring practices include consideration of diversity across a number of areas, including gender. During 2020, all of the executive officer positions of the Company (being Chief Executive Officer, Chief Financial Officer and Chief Operating Officer), including its major subsidiaries, were held by men. However, in January, 2020 Ms. Janet Hobkirk was appointed as the new group mineral resources manager; in September, 2020 Ms. Camilla Horsfall was appointed as the new Vice President Investor Relations; and in May 2022 Ms. Leonet Steyn became the Company's Chief Information Officer.

The Company does not have a target number of women executive officers. Given the small size of its executive team, the Company believes that implementing targets would not be appropriate. However, in its hiring practices, the Company considers the level of representation of women in executive officer positions.

We believe in equal employment and attracting people for their skills regardless of race or gender. The Company's overall hiring practices include consideration of diversity across several areas, including gender.

- 11% female representation on the Board
- 37% women in senior management positions at Caledonia
- 2% female employees overall (including the mine)

Historically, the mining industry as a whole, has not always been strong in attracting women. This has mainly stemmed from tradition and the patriarchal nature of society where women were confined to non-manual activities. With no legislation that has called for any quotas for women, this has continued in the mining industry, with the numbers of women in mining being seen to increase mostly in small scale and artisanal mining where women are estimated to make up "10% of Zimbabwe's 535,000 artisanal and small-scale miners", according to a report from the Pact Institute, a Washington, D.C.-based development non-profit.

However, Caledonia has various initiatives in place to try to better accommodate women in the workplace and encourage a higher level of female representation.

Our annual internship programme provides a meaningful way for us to encourage a new generation of women in our business. Currently 35% of the 26 students are female and they are learning skills in areas of engineering, metallurgy, geology and finance.

Four employees were also sponsored towards attainment of diplomas in Survey and Geology at the Zimbabwe School of Mines, of which none were female.

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

At the mine, diversity is one of the main elements of the Nyanzvi Initiative as per Blanket Mine's shared value system:

Around here we celebrate and embrace diversity by welcoming anybody wholeheartedly.

Our people continued

Training and development

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

There are a wide range of skills required at the Blanket Mine, and therefore we have an extensive programme of tailored training to cover both specialist skills as well as broader, compulsory health and safety training and COVID-19 screening protocols.

Sessions are predominantly conducted in a classroom environment, with some practical activities at workstations. In 2021, investment in employee training and development amounted to US\$39,213, including health and safety training. Whilst some training activities were postponed at the start of 2021, due to COVID-19-related restrictions, good progress was made from Q2 onwards. 6,251 hours of employee training were conducted for the full year, averaging eight hours per person.

The mine addresses skills shortages in the local communities by providing children with exposure to our activities. We also have a bursary programme to sponsor children and employees through selected professional programmes, and currently have four employees being sponsored at the Zimbabwe School of Mines studying Geology and Survey at Diploma level. The mine also provides three scholarship bursaries for university education, for the children of its employees. We also offer a structured two-year learnership programme for college graduates at Blanket. In 2021 there was one female student who completed her programme in Human Resources and is currently a Human Resources Assistant at Blanket.



Our communities and society

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Our communities and society

Community relations

The long-term success of our business relies on mutually supportive, open and constructive relations with our local communities.

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

The cornerstones of our engagement with the community are:

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

The Board pays close attention to community relations and receives a quarterly report on the activities in this area. Day-to-day responsibility for community relations rests with Blanket and its Corporate Social Responsibility officer is responsible for direct engagement with the community, and there are also lines of communication open with senior management. The office of the General Manager plays a pivotal role in ensuring social investment is given the attention it deserves. Although there is no formal Stakeholder Engagement Plan, the CSR pillars were developed in line with areas of need in our community identified through the trend of requests received over time.

Case Study –

Road Rehabilitation

Blanket Mine works with the local community to improve conditions in various aspects of community life. Over the period, Blanket was involved in the grading and resurfacing of the Old Gwanda Road, gravelling it from Blanket Mine Gate 1 to Sigodo Business Centre. This road is the trunk road linking Gwanda and the communities in the western side of the district.



One of the parts of Old Gwanda Road that was impassable due to rains



Community assisting in spreading the rubble on Old Gwanda Road

The CSR Officer receives feedback from the community on local concerns, community development and community requirements. Regular meetings are held by the Mine "CSR committee" i.e. VP Operations, General Manager, HR Manager and CSR Officer, where community concerns are addressed.

Creating shared value

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

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

Where possible, we procure goods and services from local suppliers; however, the proportion of local procurement has reduced in recent years due to local currency inflation not being matched by the fiscal exchange rate between local currency and the USD. This means that supplies and services denominated in the local currency have become expensive in USD terms and therefore not competitive against imported products.

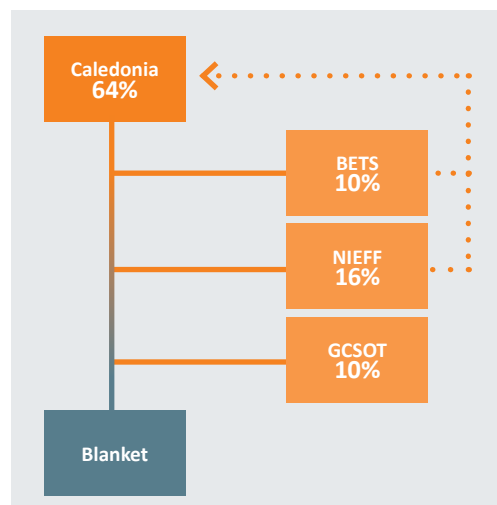
Our communities and society continued

Creating shared value continued

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

As the first Indigenised Zimbabwean gold miner, 51% of Blanket was either sold or donated to indigenous Zimbabweans in 2012 (41% sold and 10% donated). Caledonia facilitated the acquisitions of a 10% shareholding in Blanket by a trust in favour of its employees, a 15% shareholding by an indigenous Zimbabwean company and a 16% shareholding by the National Indigenisation and Economic Empowerment Fund ("NIEEF") of Zimbabwe. A further 10% shareholding in Blanket was donated for the benefit of the local community (GCSOT).

Following the repeal of the National Indigenisation and Economic Empowerment Act in 2018, Caledonia purchased 15% of Blanket from one of the indigenous Zimbabwean shareholder companies in January 2020 in exchange for shares in Caledonia. The resultant shareholding of Blanket is currently as follows (dotted line shows outstanding facilitation loans):



In September 2021, the advance dividend loan account due from GCSOT was repaid from dividends and therefore, from that date, GCSOT receives its full entitlement to 10% of the dividends paid by Blanket (see case study on P.29).

Dividends and facilitation loan repayments paid to GCSOT and NIEEF of \$948,000 in 2021.

Payments to Government

Through the transparent payment of taxes, royalties and other duties and charges, we contribute to the development of the Zimbabwean economy. Reliable transparent disclosure is fundamental for good governance and all payments made to the government are fully reported and have been disclosed through ESTMA filings and in the quarterly MD&A.

Caledonia's payments to central and local government comprise income tax on the profits of Blanket and the income tax deducted from the wages and benefits paid to Blanket's employees; a 5% royalty on gold revenues; withholding taxes on payments from Zimbabwe to other jurisdictions; revenues arising from gold marketing arrangements; dividends paid to NIEEF arising from its 16% shareholding in Blanket; and other customs, duties, levies and charges.

Total payments to government owned entities in 2021 were US\$18.4 million (2020: US\$12.5 million).

Case Study –

Community Participation in Blanket Mine



In 2012, Caledonia facilitated the ownership of 51 per cent of Blanket by indigenous Zimbabweans in accordance with the prevailing legislation at that time. This included the

donation of a 10 per cent shareholding to the local community via GCSOT as well as a \$1 million cash donation.

In 2012 and 2013 Blanket made advance dividend payments to GCSOT totalling \$4 million so that GCSOT had funds to establish its operations. GCSOT repaid the advance dividends by sacrificing its entitlement to future dividends: initially GCSOT sacrificed 100% of its dividend entitlement, which was subsequently reduced to 80%.

On September 29, 2021, Blanket paid a dividend following which the advance dividend account has been completely repaid. Henceforth, GCSOT receives its full entitlement to 10% of Blanket's dividends.

In 2021, the Group's legal team was expanded to include an experienced Zimbabwe registered legal practitioner. One of his responsibilities is as Blanket's appointed trustee on GCSOT, and he is tasked with oversight of the trust's activities on behalf of Blanket and liaisons with the mine with the aim of aligning the mine's CSR objectives with those of GCSOT to achieve synergies and scale. He also provides feedback to the ESG Committee on the activities of GCSOT to ensure that the Company has an appropriate level of insight.

Our communities and society continued

Economic value

Direct economic value generated

Revenue US\$122m

Economic value distributed

Operating costs US\$60m (Being ROM costs & depreciation)

Employee wages and benefits US\$19m (Being ROM salaries & wages)

Payments to providers of capital US\$20m (Dividend declared)

Payments to government US\$18.4m

Community investments UD\$1.2m (Total CSR costs)

Economic value retained US\$23m (2021 retained earnings)

Artisanal and Small-Scale Mining ("ASM")

Caledonia offers tributes for use by ASM, enabling mining on certain of Blanket's claims which are not being worked by the mine. The tribute agreements are registered with the Ministry of Mines and Mining Development and thereafter Blanket allows the ASM to work the claims ensuring compliance with the Mines and Minerals Act and Environmental Management Act.

A total of US\$1.2 million was invested in social and community projects in 2021 representing 1% of group revenue.

Community investment

We take a targeted and strategic approach to social investment by identifying the critical needs of the communities around Blanket.

Unfortunately, our activities were curtailed in Q1 2021 because of lockdowns required for the COVID-19 pandemic, which affected both movement and normal business. However, we were able to regain traction with projects from Q2 onwards and committed a total of US\$1.2 million over the year to social and community projects (2020: US\$1.6 million); this is approximately 1% of total annual revenue.

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

How we commit investment

PILLAR	Amount Spent	Percentage
Education	275,488.65	30.42
Health	194,231.30	21.45
Agriculture	—	—
Women & Youth Empowerment	71,286.32	7.87
Environment	31,259.29	3.45
Charity	333,275.53	36.80

Our CSR strategy

Our CSR strategy is designed to provide a strategic, sustainable response to community needs. Focus areas of the strategy are defined under the following six sustainability pillars:



1. Education

We believe in the power of education as a tool to enhance livelihoods. Our support towards primary, secondary and tertiary education aims to improve the quality of learning, thereby contributing to the upliftment of marginalised students around the Gwanda community. There are many schools in the region without access to the basic facilities required to operate effectively.

Caledonia has a history of contributing to the Sabiwa High School and in 2021 completed a new computer laboratory, equipped it with computers and other facilities. Renovations to other school infrastructure, including significant improvements to the science laboratory, were also carried out by the mine.



The new computer laboratory



Classroom block at Sabiwa following renovation



Science laboratory before renovation



Science laboratory after renovation

Our communities and society continued

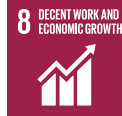


2. Health

We aim to help communities lead healthy lives by assisting them with access to healthcare and safe water. The outbreak of COVID-19 precipitated the urgent need for support, and we responded with significant investment in healthcare facilities. Having constructed the specialist Phakama Clinic Isolation Centre in 2020, we continued to support it in 2021 by purchasing essential supplies, equipment and PPE. Donations to assist in the fight against COVID-19 were also made to Sibona and Makwe Primary Schools, as well as the Gwanda Provincial Hospital. We also partnered with the District Medical Office in the Ministry of Health and Child Care in 2021 to distribute vaccines and PPE within the district.

In 2022, the mine plans to drill 25 boreholes. Criteria for selection is mainly based on requests received and community needs taking into consideration that most clinics are being assisted also by NGOs, GCSOT, Rural District Council and UNDP programmes.

Pre-natal and post-natal counselling is available at the mine village and dedicated baby clinic days each week.



3. Agriculture

Water for agriculture is a vital resource that enables irrigation and sustains animal husbandry in the arid Matabeleland area of Zimbabwe. As part of our contribution towards community agriculture, through the GCSOT, proceeds from animal husbandry have gone towards payment of fees for 40 disadvantaged children per year and establishment of computer science laboratories.



4. Women and youth empowerment

We seek to uplift the status of women and youth through education and training. Empowered women significantly contribute to household food security, improved health and overall economic growth. Currently 34.6% of our students at the Blanket Mine are women and are undergoing training in Plumbing and Drain Laying (1); Accounting and Banking Services (1); Metallurgical Assaying (1); Mineral Processing and Extractive Metallurgy (1); Metallurgical Engineering (1); Electrical Power (1); Mine Geology (2); Earth Sciences (1); Welding and Fabrication (1); Mechatronics Engineering (1); and Geography and Environmental Studies (2).



5. Environment

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

The Company is also in the process of constructing a 12MWac solar plant which will be operational in the third quarter of 2022 and will provide 27% of Blanket's total electricity demand. The project will make the business less dependent on the country's grid power, have less reliance on diesel generators and reduce the mine's greenhouse gas emissions (more information on P.35).



6. Charity

As part of the Gwanda community, we are invested in the everyday challenges confronting our community. The Charity pillar enables us to swiftly attend to emergencies such as natural disasters and epidemics, which have adverse effects on the community. Examples of such work during 2021 include repairing local roads and responding to distress charity applications from local community members.

Criteria for selection is mainly based on requests received and community needs, taking into consideration that most clinics are being assisted also by NGOs, GCSOT, Rural District Council and UNDP programmes.

Our communities and society continued

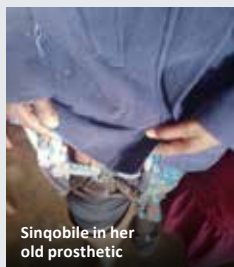
Case Study –

Sinqobile Moyo

Sinqobile Moyo is a 42 year old teacher at Mawane Primary School in Gwanda South. Sinqobile was involved in a road traffic accident by her school gate in 2013. The accident damaged her right leg so much that it had to be amputated above the knee. At the time she was assisted by her husband to acquire an artificial leg; however, over the years, the prosthetic wore out – the straps were torn and she had to sew them back, the sole was no longer secure, it had loosened and the foot separated from the leg and had developed cracks.

Sinqobile had great difficulty in using the prosthetic. Walking around, completing household chores and her classroom duties became difficult. She could not carry or lift items such as buckets of water for domestic use etc. She could also no longer drive her car because of the discomfort and pain caused by the prosthetic.

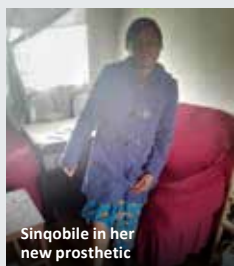
Blanket Mine procured her a new prosthetic, and as a result Sinqobile's daily routine can be performed with much less difficulty.



Sinqobile in her old prosthetic



The separating sole and the leg



Sinqobile in her new prosthetic



Sinqobile can now drive again

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Case Study –

2022 CSR Project – The Sitezi Clinic

In 2021, the Sitezi Clinic was initially identified as a potential beneficiary to Caledonia's CSR programme and the project commenced in Q2 2022.

Located 17km from Blanket mine, the Sitezi clinic is the only health facility in a 40 km range servicing the surrounding community of Sitezi. This is also the only health facility where expecting mothers can go to deliver babies in a 40km range.

Background

With the current unstable power supply, load shedding and power outages from the national power network of Zimbabwe, the Sitezi Clinic is currently experiencing many challenges in providing health care to the community. With the imminent construction of the Blanket Mine solar plant, Caledonia has looked into installing a solar system at Sitezi as well as improving other areas of the site.

The two schools adjacent to the clinic are in need of repair. Furthermore, the schools don't have running water, a functional sewage system or any electrical supply, making learning and teaching difficult for pupils and teachers.

In addition, the Enqameni Youth Reflection Centre which is located in close proximity to the schools and clinic is also in need of support.

Sitezi Project Proposal

The Group proposes the following scope of work for the Sitezi community with a total cost of around \$500,000:

- 24 hour power provided through solar and battery to the clinic, primary and secondary schools and limited power supply to the youth centre

- Buildings would require the addition of lighting and power sockets for the clinic and the basic needs of all surrounding buildings at the Sitezi site
- The youth centre runs various electrical equipment, and it is proposed that limited supply of power be allocated to the centre at this time to run its basic needs. It is proposed that the youth centre remains connected to the ZESA utility supply as an additional source of supply

- Structural improvements to clinic buildings

- Includes complete construction of the Mother's shelter

- Elevated water tanks and water pipes to existing structures

- The elevated water storage appeared in reasonable condition. Major issue was the non-functioning pipework. It was recommended that this be re-done completely

- Septic tank and incomplete soak-away

- It was noted that the septic tank appears adequately constructed. However, only the excavation for the soak-away was done, hence it urgently requires proper completion

- Improvements to school buildings

- Replacement of school asbestos roof sheets, repair of cracked walls, replacement of windows and windowpanes, doors, floors, replastering, ceilings, paintwork internal and external

- General supplies to clinic and schools

- The school supplies would include whiteboards, desks, chairs and other additional pieces to facilitate learning

- Furniture, new linen, beds, kitchen appliances and utensils are required at the clinic



4



6



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Environment

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Environment

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

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

Environmental management

Proper use of the world's limited resources and responsible environmental management are major responsibilities for the mining industry as a whole, as well as for our business. We aim to apply technically proven, economically feasible environmental protection measures throughout our exploration, development, mining and processing activities.

We have an environmental policy and framework, which requires all employees and contractors to operate in an environmentally responsible manner. Blanket operates an Environmental Management Plan ("EMP"), which was last updated in February 2020, and aims to meet or, wherever possible, go beyond legislated requirements to ensure the application of best management practices to protect the environment based on South Africa's National Occupational Safety Association ("NOSA") safety standards.

The EMP serves as the foundation for all environmental training, which is provided to all mine employees as part of their induction process, and then, in addition to this, on at least an annual basis. A target has been set to train 300 individuals per annum and 434 people received training in 2021 (over and above the mandatory induction sessions).

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

An Emergency Preparedness and Response Plan is in place at the mine, to provide clear procedures in the event of fires, accidents or environmental emergencies. In addition, a plan is in place to install a fire detection system at the mine stores section, power station and main sub-stations in 2022.

No emergency occurrences were recorded in 2021. Employees are trained on emergency preparedness, for example a scenario when a chemical has spilled, the staff are trained on safe handling and storage of chemicals.

Energy management and emissions

Gold mining and processing are energy intensive activities which can negatively contribute to climate change and global warming. As a result, we are acutely aware of our obligations as a business to use energy efficiently and responsibly and to seek renewable sources wherever possible to mitigate our impact on the environment. We are focused on reducing fossil fuel powered energy usage and are in the process of constructing a 12MWac solar plant at Blanket – covered in more detail below.

21% of our on-mine costs relate to energy usage and we therefore aim to achieve efficiencies throughout the mining and processing steps to realise both environmental benefits as well as clear financial advantages. The trainings carried out in the community in the form of village campaigns are aimed to also encourage the conservative use of energy in residents' domestic lives, where people are trained to use electricity and other resources wisely to reduce the strain on the already struggling grid. 359 people were trained on resource conservation and sustainable consumption.

Climate change is a global risk: the business considers its impact as a serious threat to its sustainability, that has to be addressed as to avoid any negative effects to the organisation's operation. For instance, that should there be challenges with water the mine will revert to the boreholes that are around the complex. Other efforts to combat the risk are being considered.

Energy usage

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

Zimbabwe's installed electricity generating capacity is approximately 2,203MW, of which 1,410 MW (64%) is from the Kariba South hydro power station and the balance is derived from several coal-fired power stations, the largest of which is Hwange, with installed capacity of 920MW. ZPC is the Country's energy supplier.

In recent years, Zimbabwe's actual generating capacity has been lower than the installed capacity due to low water levels at Kariba (due to a prolonged period of below average rainfall in the Zambezi catchment area) and lack of maintenance at the power stations; therefore, the shortfall is filled using power imported from South Africa and Mozambique. Following above-average rains in the 2020/2021 rainy season, water levels in the Kariba dam have increased. ZPC noted general improvement in generation in the 3rd quarter of 2021, after having delivered a total of 2,203MW, thereby surpassing its target by 7.69%. Kariba Power Station contributed 64% of the total energy production in the period under review. Hwange Power Station supplied 33% and the small thermal stations 3%. Generation was constrained at thermal stations mainly because of low plant availability caused by aged plant. (As extracted from www.zpc.co.zw).

Despite the use of imported power, the availability of electricity in Zimbabwe has been subject to "load-shedding" (i.e. curtailments to supply or requests to reduce consumption). In addition to load-shedding, the grid power in Zimbabwe is subject to fluctuations in voltage which, if unregulated, damage end-users' equipment.

Environment continued

Energy management and emissions continued

Energy usage continued

Load-shedding and power outages arising from unstable supply has economic and safety implications for an underground mine such as Blanket and we have therefore installed 18 MVA of standby diesel generators to enable uninterrupted mining and processing operations, as well as work on capital projects, to continue during any disruptions to the grid supply. However, we recognise that this is not a long-term solution: diesel-generated electricity is expensive and subject to an unpredictable supply of diesel, as well as being environmentally unsustainable. Once the solar plant is operational it will help reduce our dependency not only on grid power but also diesel-generated electricity.



Construction of Solar Project

The Company is constructing a 12MWac solar plant at a cost of approximately \$14 million to improve the quality and security of Blanket's electricity supply and to reduce Blanket's environmental footprint. The plant is expected to provide approximately 27% of Blanket's total daily electricity demand. The plant is anticipated to be commissioned in the third quarter of 2022.

The Company has commenced the evaluation of a further phase for the solar project to provide Blanket's peak demand during daylight hours. This will require an agreement between the Company and the Zimbabwe authorities regarding the treatment of power that will be generated by a second phase that is surplus to Blanket's requirements and/or the installation of storage capacity. Caledonia has commissioned a technical proposal for an expansion of this project to further reduce Blanket's reliance on the Zimbabwe grid.



Energy consumption

		2019	2020	2021
Fuel consumption from non-renewable sources in litres		1,469,605	2,583,429	3,984,756
Electricity consumption in KWHr	11KV	1,503,305	2,249,739	2,052,839
	33KV	70,857,443	73,018,173	77,812,213
Total energy consumption in KWHr		72,360,748	75,267,912	79,865,052
Energy intensity (per tonne milled)		129.97	125.88	119.99

Total energy consumption increased by 7% in 2021 as a result of increased load and production level and energy intensity decreased due to increased milled tonnage at proportionally small increase in power consumption.

The total diesel consumption increased by 76% from 2019 to 2020 and by 55% from 2020 to 2021. This increase in the usage of diesel was due to frequent power outages and unstable supplies from ZESA which led to increased use of diesel-generated electricity.

However, the construction of the solar plant, which is planned to be commissioned in the third quarter of 2022, is expected to provide all of Blanket's minimum electricity demand during daylight hours and approximately 27% of Blanket's total electricity requirement during an average 24-hour period. Blanket will continue to rely on the grid and generators to provide additional power during daylight hours and at night.

Air quality and monitoring

Blanket generates emissions, including carbon dioxide, nitrogen, sulphur oxides and inorganic dust as a result of its mining and processing operations. The Company aims to prevent or reduce pollution by employing effective technologies. Water sprinklers are used to suppress the dust created by the milling plant and crushing circuit and a scrubber box on 750m level suppresses the dust generated from the underground crushers. Water sprinklers and a scrubber box are also used to suppress fumes created during the smelting process.

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

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

There were no exceedances in air quality registered in 2021.

Caledonia is currently evaluating a next stage of a project to supply peak demand during daylight hours from solar.

Environment continued

Energy management and emissions continued

Greenhouse gas (“GHG”) emissions

In a step towards energy transparency and a desire towards reducing carbon footprint, Caledonia started to measure Blanket’s GHG emissions in 2021.

Blanket mine generates GHG in the form of carbon dioxide, carbon monoxide, nitrogen oxides, sulphur oxides and inorganic dust	How many kilograms/tonnes of the different gases have been produced (tonnes)		How many cubic metres per second of air has been reconditioned after dust contamination both underground as well as in the extraction processes		What were the effectiveness recorded by the air quality monitoring	
	NO ₂	216	15m ³ /s on both the underground and surface extraction process		On surface, very effective	
	CO ₂	459			On underground, moderate effective	
	CO	443				

Underground gasses

	PPM	Measured value (%)	Molecular mass	g/s	kg/quarter	t/quarter
NO ₂	1.8	0.0002	46	0.00008	644	0.64
CO ₂	0.72	0.0001	44	0.00003	246	0.25
CO	144	0.0144	28	0.00403	31353	31.35

Generator gasses

	PPM	Measured value (%)	Molecular mass	g/s	kg/quarter	t/quarter
NO ₂	603	0.060	46	0.028	215691	216
CO ₂	1341	0.134	44	0.059	458815	459
CO	1890	0.189	28	0.053	411506	412

Total mine gas emitted

	PPM	Measured value (%)	Molecular mass	g/s	kg/quarter	t/quarter
NO ₂	604.8	0.060	46	0.028	216335	216
CO ₂	1341.7	0.134	44	0.059	459061	459
CO	2034	0.203	28	0.057	442859	443

Water management

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

Water is used predominantly in Blanket’s metallurgical process and the mining operations and for domestic purposes at the mine village. Most of Blanket’s water is obtained from the Blanket Dam which is owned and managed by the Zimbabwe National Water Authority and supplies the nearby town of Gwanda. The mine gets its water from a public reservoir and as such the mine ensures that it controls its water consumption.

Recycling of water from the milling plant activities through a return water system has been used to reduce freshwater demand from the dam. The mine has invested in a total of 12 boreholes, of which nine are active. Water is also pumped from the mine and is channelled to the milling plant while some is used for underground drilling, construction and horticultural purposes. Water from the milling plant is retained and reused for process functions, thereby reducing the load on dam water.

Water from boreholes around the tailings dam was tested in 2021 and was found not to be suitable for domestic use but can be used in the processing plant. Approximately 429m³ per day of borehole water is pumped to the metallurgical plant, accounting for 16.6% of overall water usage. There are plans to carry out more hydrological surveys to identify more sources of water.

Blanket also provides access to fully-functioning, safely managed water, sanitation and hygiene services for all employees and families who live on the mine village. The Blanket Mine has a water balance sheet which helps identify the consumption spikes each month.

Water consumption

Water consumption		2019	2020	2021
Total water withdrawal	MI	2.13	2.26	2.47
– Groundwater	MI	0.50	0.54	0.65
– Freshwater	MI	1.63	1.72	1.82
Water reused and recycled	%			54.9%

Water monitoring

Water quality monitoring is carried out daily for chlorine and pH levels at Blanket in accordance with licensing requirements, to ensure that we are meeting Zimbabwe Waste and Effluent Disposal Regulations as guided by the EMA. The samples are taken to an external laboratory for tests on a monthly basis.

No exceedances in water quality levels were noted during 2021.

Environment continued

Waste management

As a gold mining and processing operation, the Blanket Mine generates both non-mineral waste and a significant amount of mineral waste, in the form of tailings – see ‘Tailings management’ below for detail.

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

A Waste Management Plan is included as part of Blanket’s EMP, which aims to ensure sound waste management practices and compliance with legal requirements and regulations pertaining to environmental protection. Our goal is to reduce, re-use and recycle waste wherever possible and promote the efficient use of natural resources. Although there are no specific targets, initiatives are being considered, such as generating biogas from waste etc.

All recyclable and re-usable waste is sold to buyers for re-use and any other waste is disposed of at the mine landfill. Whilst waste management is the responsibility of every worker, the mine also has specially designated responsibilities to ensure responsible and effective waste management. Appropriate training in hazardous waste management is provided to all relevant employees, including cyanide disposal processes. The mine has also recently introduced a training programme covering the reduction, reuse and recycling of waste. Training is carried out for people to segregate waste at source, so that the recyclable materials can be set aside for collectors to pick them up. Oils and batteries are disposed with professional handling companies.

The mine operates in strict compliance with all applicable waste management guiding regulations, including Environmental Management (Effluent and Solid Waste Management) Regulations, 2007 and Environmental Management (Hazardous Waste Management) Regulations, 2007. The mine has a Hazardous Waste Licence and a Solid Waste Disposal Licence, issued by the EMA, which also conducts compliance checks. No waste is managed internally.

Cyanide management

Certain hazardous chemicals and reagents are used in gold processing, including cyanide, which is used as a leaching agent. Responsible cyanide management is vital because of the potential damage to the environment and the health of employees if used in the wrong way. Cyanide tanks at the mine are situated in ventilated areas with relevant signage to display risks. All relevant employees are trained in hazardous waste management, which includes the handling of cyanide. Gas testers are used to ensure no elevated concentrations of hazardous gases and the mine has a ‘hazardous substances response team’, which is formally trained in emergency response in the event of hazardous substances leaks and spillages.

Cyanide is included in the tailings which are deposited on the tailings dams where it decomposes naturally in ultra-violet light (i.e. ordinary sunshine). The business reduced cyanide consumption in the leaching process by approximately 15% following the commissioning of a new oxygen plant and an upgraded oxygen sparging system. Cyanide levels at the tailing dams are monitored as part of the water quality management process and are within the legislated levels.

Tailings management

Tailings from the gold extraction process are the largest source of hazardous waste at Blanket. Blanket operates an ‘upstream method’ tailings storage facility (“TSF”), which is situated on a commercial cattle ranch where human dwelling is very sparse. The nearest habitation (the farm owner’s house) is c. 4.5km from the facility and the area is not prone to landslides, flooding or seismic activity.

Blanket’s TSF comprises two dams/compartments (i.e. Dam A and Dam B) which are adjacent to one another and were combined in 2015 to make one dam which is operated as a paddock (“day wall”) operation. Decanting of the two dams occurs through separate penstocks, with Dam A having an elevated penstock installed in 2005/2006. Dam A is approximately three metres⁸ lower in elevation than Dam B. The TSF is operated by a third party contractor, Fraser Alexander Tailings (Pty) Ltd.

The Company has engaged an Engineer of Records (“EoR”) in accordance with the Global Industry Standard on Tailings Management (“GISTM”), responsible for assessing the characterisation of the tailings dams, carrying out stage capacity assessments and slope stability.

An updated comprehensive survey is carried out every October on the entire TSF, including the dam basins, position of drains, penstock outlets and piezometers. Appropriate monitoring data sheets and report templates are implemented for the collection, documentation and report of the various monitoring aspects pertaining to the tailings dam.

An annual audit by Fraser Alexander was conducted and Fraser Alexander commented that the monthly tonnage is now above the design capacity. A comment from the Engineer of Records is awaited.

The life of the dam as at December 2021 was three years at 55,468 tonnes per month. The design of a new TSF was completed at the end of July 2022 and the construction will start in September 2022.

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

Drains are rodded and flushed annually to confirm that they are fully operational, with no blockages. A comprehensive slope stability assessment is conducted with each audit. The TSF is audited every year by Fraser Alexander. In addition to this, an independent audit is carried out every third year. Tonnages are recorded monthly by the contractor (to facilitate the determination of the rate of rise (“RoR”)). However, at a production rate of 1,000 tpd the RoR is 0.54 metres per year based on the final design area of 28 hectares, which is well below the legal maximum of two metres per year.

⁸ Height difference is estimated as no current updated survey information is available.

Environment continued

Waste management continued

Caledonia published information on its website in 2019 regarding tailings management in response to requests from the Church of England Pensions Board and Council on Ethics and the Swedish National Pension Funds. See www.caledoniamining.com/investors/tailings-disclosure/.

A Preliminary Gap Analysis against the requirements of Global Industry Standard on Tailings Management (GISTM) was done in August 2021. The recommendations based on the Slime Dam Gap analysis on the requirements GISTM conducted in 2021 are as follows:

1. The Board of Directors define and issue a policy on tailings management and, specifically:
 - a) The extent to which compliance with the GISTM will be sought
 - b) The timetable for compliance
2. The appointments of the Accountable Executive, Engineer of Records and Responsible Tailings Facility Engineer be formalised and that they be mandated to develop and execute a plan to achieve compliance with the requirements of the GISTM and the company policy on tailings management

Biodiversity and rehabilitation

Environmental Impact Assessments are carried out for all prescribed projects to identify the impacts that the project is likely to impose and at the same time suggesting what can be done to mitigate the impending impacts. The organisation follows the recommendations and aims to go beyond the prescribed measures to mitigate the impacts. The solar plant footprint is 45.77ha and a new landfill site is 6.17ha. Rehabilitation is performed to all areas where it is applicable; planting of trees and fresh soil is deposited in the case of disturbed earth to give it life.

Our rehabilitation goal following the mine closure at Blanket is to establish an environment that is compatible with current uses for land within the area. Reclamation is intended to minimise and, where practical, eliminate environmental damage, provide for domestic livestock use, protect water quality in the adjacent streams which flow into the Blanket Dam and minimise public health and safety hazards.

Rehabilitation is carried out on the slope of the TSF, which in addition to its clear environmental advantages, also has the added benefits of mitigating wind erosion and dust formation.



Revegetation of the eastern side of the TSF

As part of our work to revegetate this area, we are currently experimenting with planting indigenous tree species, which are drought resistant and require minimum watering. The vegetation is doing well; the Katembora grass which is the main grass plant is showing resilience and the acacia trees are also healthy.

Blanket has a Reclamation and Closure Plan that is updated regularly (most recently in October 2021), with cost estimates for rehabilitation work that will enable the mine to set aside enough funding to meet the cost of removal or rehabilitation of all surface infrastructure

that is unlikely to be taken over by the Gwanda Rural District Council or other government parastatals upon closure of the mine. For the purposes of closure planning, the remaining life of mine is anticipated to be until 2034 and the Closure Plan envisages that wherever possible closure obligations will be undertaken concurrently with the operation of the mine.

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

Infrastructure that can be utilised by the community will remain in place (e.g., sealed roads, water supply wells) and responsibility for their maintenance and use will be transferred to the beneficiaries once approved by the Government of Zimbabwe. Various components of surface infrastructure (clinic, housing, etc.) will be handed over to the Gwanda District Rural Council.

Whenever a new project is implemented by Caledonia an EIA is carried out to assess the project's potential impacts on the environment and this EIA will suggest possible environmental and biodiversity mitigation measures.

Tailings Storage Facility Technical Data Description	Value	Description	Value
Deposition rate per month (tons)	55468	Penstock Elevation (metres above sea level)	1,057.5
Slurry density (kg/m ³)	1430	Underdrains rate (mm/sec)	2.16
Total Rainfall (mm)	920	Tailings Dam surface area (hectares)	23
Freeboard (metres)	2.99	Rate of rise (metres per year)	1.81

Glossary

AISC	All in sustaining cost
ASM	Artisanal and small-scale gold mining
Board	Caledonia's board of directors
CO₂	Carbon dioxide
CO	Carbon monoxide
CSR	Corporate social responsibility
EIA	Environmental impact assessment
EMA	Environmental Management Agency
EMP	Environmental management plan
EoR	Engineer of Record
ESG	Environmental, social and governance
ESTMA	The Extractive Sector Transparency Measures Act
GISTM	Global Industry Standard on Tailings Management
GCSOT	Gwanda Community Share Ownership Trust
GDP	Gross domestic product
GHG	Greenhouse gas emissions
GRI	Global Reporting Initiative
g/t	Grammes per tonne
Ha	Hectares
HIRA	Hazard identification and risk assessment
ICMM	International Council on Mining & Metals

ILO	International Labour Organisation
Koz	Thousand ounces
LTIFR	Lost time injury frequency rate
M	Metres
M&I Resources	Measured and indicated resources
MVA	Mega volt amp
MW	Megawatt
MWac	Mega-watt, alternating current
MWh	Megawatt hour
NGO	Non-governmental organisation
NI 58 101	Canadian National Instrument 58 101
NIEEF	National Indigenisation and Economic Empowerment Fund
NO₂	Nitrogen dioxide
NOSA	National Occupational Safety Authority (in South Africa)
NSSA	National Social Security Authority
NYSE	New York Stock Exchange
PEMEC	People, environment, material, equipment and costs
PPE	Personal protective equipment
PPM	Parts per million
QCA Code	Quoted Companies Alliance Corporate Governance Code
RoR	Rate of rise

ROM	Run of mine
RTGS	Real-Time Gross Settlement
SASB	Sustainability Accounting Standards Board
SARW	Southern Africa Resource Watch
SDGs	United Nations Sustainable Development Goals
SHE	Safety Health Environment
TJ	Terajoule
T	Tonnes
Tpd	Tonnes per day
TSF	Tailings storage facility
TSX	Toronto Stock Exchange
USD	United States Dollar
VFEX	Victoria Falls Stock Exchange
WHO	World Health Organisation
YTD	Year to Date
ZESA	Zimbabwe Electricity Supply Authority
ZIMDEF	Zimbabwe Manpower Development Fund
ZIMRA	Zimbabwe Revenue Authority
ZINWA	Zimbabwe National Water Authority
ZPC	Zimbabwe Power Company

