

ESG DISCLOSURE REPORT

FOR THE YEAR 2022



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ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

The concept of corporate sustainability is evolving to become a critical component of Newfield Resources Limited's (**Newfield or Company**) (ASX: **NWF**) company strategy, operation, and reporting which increasingly considers a wide array of environmental (E), social (S) and governance (G) (**ESG**) issues. Although ESG and sustainability are not the same, they are often used interchangeably when we talk about sustainability or ESG reporting. For the purpose of this report, we will use "sustainability reporting" and "ESG reporting" synonymously to describe the disclosure of material information about our approach to environmental, social, and governance issues.

In 2021, as Newfield evolved from an exploration and development company to a production focused company, the Board of Directors (**BoD**) of Newfield made a commitment to commence reporting on ESG, and this report represents the second disclosure on that journey. The ESG disclosures comprise of a set of universal, comparable, stakeholder metrics focused on people, planet, prosperity and principles of governance that organizations can report on regardless of industry or region. The table below represents our second report. It is reviewed quarterly and updated periodically.

We use a universal ESG framework to align our mainstream reporting on performance against ESG indicators. By integrating ESG metrics into our governance, business strategy, and performance management processes, we aim to consider all pertinent risks and opportunities in running our business. We continue to look for opportunities for further transparency on the topics which are material to our business.

To track our disclosure progress and demonstrate to our stakeholders how we manage our material ESG issues and performance, we utilise the [Socialsuite's ESG Go disclosure platform](#).



2. GOVERNANCE

GOVERNING PURPOSE

Setting purpose

Type: Full disclosure

Status: Reported

Updated: 20 January 2023

The BoD of Newfield developed a mantra that focuses on "finding a sustainable way to bring diamond-bearing kimberlite dyke resources to account" whilst finding a better way to achieve the ESG goals within the context of the Company's unique situation and environment in a remote district of Sierra Leone.

The Company's guiding vision is therefore: *"to be a successful diamond mining Company focused on positive environmental and social outcomes."*

Our flagship project is the Tongo Diamond Mine in Sierra Leone, a country in West Africa that has not adequately benefitted from its mineral wealth. Due to a history of poor governance since its independence in 1964, Sierra Leone remains among the world's poorest countries, ranking 181st out of 191 countries ranked in the Human Development Index in 2021. However, over the past 20 years, the country has instituted improved governance which has attracted significant investment in the mineral resources sector, and we believe that through targeted investment and responsible commercial development, Newfield can, through its involvement in the local areas and communities where it operates, and will help Sierra Leone realise its potential.

As we pursue our Purpose, Vision and Mission, we are guided by our Company values under the acronym "SHARREIT"

- Safety
- Honesty
- Accountability
- Responsibility
- Respect
- Excellence
- Integrity
- Teamwork

QUALITY OF GOVERNING BODY

Governance body composition

Type: Partial disclosure

Status: Reported

Updated: 20 January 2023

The functions and responsibilities of the BoD are set out in the [Board Charter](#), and the selection and appointment of Directors is described in the Company policy, [Appointment of new Directors](#). To the extent practicable, the Company has followed the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations released in February 2019. A number of other relevant documents can be found under the Corporate Governance page of the Company's website.

The responsibility for the oversight of Newfield's ESG business and governance lies firmly with the BoD. The concept of "corporate purpose" provides the impetus that boards need to increase their focus on ESG concerns and manage their firms for long term success.

As the Company transforms from an exploration and development company into a mining company, a broader skillset is required at Board level to maintain and improve “corporate purpose”. The strengthening of the Company’s BoD with additional skills, including the appointment of independent non-executive directors with mining, operational, finance, governance and ESG competencies is ongoing.

See also: [Board Charter](#); [Appointment of new Directors](#); [Corporate Governance](#)

STAKEHOLDER ENGAGEMENT

Material issues impacting stakeholders

Type: *Full disclosure*
Status: *Reported*
Updated: *20 January 2023*

Newfield has identified four sets of key stakeholders, each with an important role to play in the realisation of our Purpose:

1. Community
2. Government of Sierra Leone (**GoSL**)
3. Employees
4. Shareholders

Community

‘Social License to Operate’ is a cornerstone of our business model. Newfield has developed and implemented a comprehensive set of community development and communication systems which go beyond the legal requirements in Sierra Leone and have been held up as an example by its government. The Company’s approach to community engagement is outlined on our [here](#).

Community development is administered by a Community Development Committee (**CDC**), comprising a cross-section of people from the local chiefdom, who are representative both geographically within the chiefdom, and in terms of special interest groups such as women, youth, artisanal miners, and the district council.

The action plans of the CDC are informed by independent ‘needs analysis’ studies funded by Newfield in 2018 and 2019. These studies involved interviews with community members to identify the most pressing development requirements. These fall under four-pillars: education, clean drinking water, local enterprise development, and capacity building. All of the CDC’s activities are geared to at least one of these objectives.

Community development is governed by a legally binding Community Development Agreement between the affected communities and the Company, and is funded through royalties from diamond sales. However, prior to entering production the Company committed to an annual funding contribution of up to Leones 1 billion (circa. AU\$140,000) since 2018 to various community development projects, including the construction of three new schools in the chiefdoms.

During 2022, the Company launched two new livelihood programmes which aim to support and strengthen small local businesses through a micro-credit scheme and provide agricultural support to farmers within the mining licence areas. In FY2022, community development programs contributed over AU\$175,000 to these programmes.

In addition, Newfield has developed an ambitious education programme focused on providing educational infrastructure in our local communities, and to date, three schools have been constructed and commissioned at a cost of AU\$290,000

Government of Sierra Leone

Sierra Leone is a constitutional republic with a directly elected president and a unicameral legislature. There are administrative departments for various key functions, the most important ones from the Company's perspective being the National Minerals Agency (**NMA**) under the Ministry of Mines and Minerals, the Environmental Protection Agency (**EPA**) under the Ministry of Environment and the National Revenue Authority (**NRA**) under the Ministry of Finance. A key function of the administrative departments is to audit various aspects of the Company's business, including legal compliance.

Employees

Newfield currently employs 245 people, including a variable number of contractors, interns and graduate trainees. The Company adheres to legal requirements of Sierra Leone for all employment contracts, and in Sierra Leone, this entails compliance with the collective bargaining agreement negotiated between all mining companies, the United Mineworkers Union of Sierra Leone, and the GoSL. Employment contracts provide above average wages, leave entitlements (including sick leave, maternity leave and compassionate leave), and include health benefits for employees and their families, death and disability in service benefits, national insurance benefits which pay out at retirement or if an employee leaves employment for any reason and annual holiday leave payments. In addition, the Company measures the performance of all its employees so that performance-related bonus payments can be made.

Employees are an important stakeholder because they share in the Company's goals and will share in its success. Many employees are also members of the local community and they receive a first-hand view of the Company and its values, which they can share with the community as a whole.

Shareholders

Newfield is committed to providing regular communications to shareholders and the market to ensure they have all available information reasonably required to make informed assessments of the Company's strategy, operations and financial performance. Two key policies exist which describe the Company's commitment to transparent and timely communication; these are the [Continuous Disclosure Policy](#) and the [Shareholder Communication Policy](#). A number of other relevant documents can be found under the Corporate Governance section of the Company website [here](#).

See also: [Community Engagement](#), [Continuous Disclosure Policy](#); [Shareholder Communication Policy](#)

ANTI-CORRUPTION

Anti-corruption practices

Type: *Partial disclosure*
Status: *Reported*
Updated: 20 January 2023

Corruption undermines stakeholder legitimacy, trust and reputation. Newfield has a number of policies and procedures in place to improve the broader operating environment and culture, including the prevention of corruption. These include the Company's [values](#), [Code of Conduct](#), and the [Anti-Bribery and Corruption Policy](#). A number of other relevant documents can be found under the Corporate Governance section of the Company website [here](#).

The Company has formally briefed all employees on its anti-bribery and corruption policy, and it is written into all employment contracts. Newfield takes adherence to the policy very seriously. No incidents of bribery or corruption were reported during the year.

See also: [Company values](#); [Code of Conduct](#); [Anti-Bribery and Corruption Policy](#)

ETHICAL BEHAVIOR

Mechanisms to protect ethical behaviour

Type: *Full disclosure*
Status: *Reported*
Updated: 20 January 2023

Newfield has several policies and procedures in place designed to ensure legal compliance and ethical behaviour, including several in the [Corporate Governance](#) section of the website. However, it is much more difficult to measure ethical behaviour beyond legal compliance. The Audit and Risk Committee of the BoD considers, assesses and reviews policies geared towards the enforcement of ethical conduct throughout the Company and its suppliers.

The Company is also in the process of adopting a supplier code of conduct policy, that requires suppliers to conform to a set of business ethics aligned to the Company's strategy and global ESG guidelines.

No incidents of unethical behaviour were recorded during the year.

See also: [Corporate Governance](#)

RISK AND OPPORTUNITY OVERSIGHT

Risk framework and processes

Type: *Full disclosure*
Status: *Reported*
Updated: 20 January 2023

Newfield's Audit and Risk Committee operates under its [charter](#) and in line with the Company's Enterprise Wide [Risk Management Policy](#). The policy is aligned to ISO 31000: Risk Management Guidelines and provides structure and methodology to the Company's risk management process. Quarterly risk and opportunity assessments are undertaken at operational level, and the summary risk register is periodically reviewed by the committee.

The Board, via the Risk and Audit Committee, has commenced the process of integrating emerging ESG risks and opportunities when overseeing, reviewing and reshaping the Company's strategy.

See also: [Audit and Risk Committee charter](#); [Risk Management Policy](#)

3. PLANET

CLIMATE CHANGE

Greenhouse gas (GHG) emissions

Type: *Explanation*
Status: *Reported*
Updated: 20 January 2023

Newfield has started to measure its GHG emissions and, in the years ahead, we are focused on developing various short and medium term pathways towards the ambition of achieving a net zero GHG emission goal. Currently, the Company is reliant on fossil fuels and related products. However, hydro-electric power is scheduled to become available within the next 18 months via the [West African Power Pool organization](#). A hydro-electric power line from this project passes within 1 km of the Tongo Mine site and is one of the medium term pathways to dramatically reduce the Company's GHG footprint and reliance on fossil fuels. As a short term pathway towards the ambition of a net zero goal, we continue to expand our carbon offset footprint by rehabilitating indigenous forests and developing woodlots.

TCFD implementation

Type: *Explanation*
Status: *Reported*
Updated: 20 January 2023

While use of the Task Force on Climate-related Financial Disclosures (TCFD) framework is currently voluntary in Australia, there is an increasing expectation from investors, governments, customers and the community that businesses assess and disclose climate-related risks.

Newfield is investigating early disclosure of climate risk in accordance with the recommendations of the TCFD framework as they relate to both physical risks, and transition risks and opportunities. The Company recognises that responsible management and reduction of GHG emissions is a business imperative. The Company will establish a baseline of GHG emissions during 2023 to 2025 and this will be the starting point of its journey to implementation of the recommendations of the TCFD.

NATURE LOSS

Land use and ecological sensitivity

Type: *Full disclosure*
Status: *Reported*
Updated: 20 January 2023

Whilst Sierra Leone is host to a number of areas of biodiversity significance, none are close to the Tongo Mine. The environmental sensitivity and land use around the mine has been subjected to independent study during the Environmental Impact Assessment (**EIA**) undertaken at the outset of the project. The EIA informs the Environmental Management Plan (**EMP**) which the Company follows to manage and monitor its environmental impact. Implementation of the EMP is audited on a quarterly basis by the EPA, and no material non-compliances have been noted to date.

The mine has a small footprint, and is an underground mine, so that open workings are relatively small. No chemicals are used in the recovery of diamonds, so the process is also very clean. Despite the limited environmental impact, the Company has re-established indigenous forest adjacent to the Sewa River, and as part of a progressive rehabilitation programme, the Tongo Mine established a woodlot on degraded land of approximately ten acres with a total of 1,348 saplings planted.

The project is very successful and the recently revised progressive rehabilitation plan has identified additional areas for continuous progressive rehabilitation.

FRESHWATER AVAILABILITY

Water consumption

Type: *Explanation*
Status: *Reported*
Updated: 20 January 2023

At present water consumption levels in production are considered not material. Water pumped from the underground workings is clean and frequently tested. This represents a future opportunity to provide clean drinking water to the community. Water used during ore processing is recycled via settling ponds. Potable water used for domestic purposes is pumped from underground, processed and shared with the local community. The quantity pumped from underground is measured, but it is not material compared to the annual rainfall and the recharging of the low level aquifers.



4. PEOPLE

DIGNITY AND EQUALITY

Diversity and inclusion

Type: *Full disclosure*
Status: *Reported*
Updated: 20 January 2023

The Company's commitment to diversity and inclusion is enshrined in its values, policies and procedures. The [Diversity Policy](#) guides the Company's efforts to ensure a diverse and inclusive workforce, which includes 7 different nationalities from four continents. 11% of the workforce is female, and the Company is actively trying to increase this percentage. In 2022, Sierra Diamonds Limited launched its women-in-mining initiative as part of the Company's gender equality strategy to increase the number of female workers.

The Company reports its diversity metrics on a monthly basis to the GoSL and the BoD, and in 2022 commenced doing so in its quarterly reports released to the ASX.

See also: [Diversity Policy](#)

Pay equality

Type: *Explanation*
Status: *Reported*
Updated: 20 January 2023

The Company operates a policy of pay equality and this is described in the [Diversity Policy](#). Reporting of gender pay equality is not currently relevant, because despite recruitment efforts, the proportion of female employees is currently relatively low.

See also: [Diversity Policy](#)

Wage level

Type: *Explanation*
Status: *Reported*
Updated: 20 January 2023

Newfield recognises our employees' rights to collectively bargain. The majority of Sierra Leone-based employees are covered by a collective bargaining agreement negotiated with all mining companies in Sierra Leone and the United Mineworkers' Union (**Union**) every three years. In September 2022, a new 3-year Collective Bargaining Agreement was negotiated and agreed with the United Mine Workers Union, which includes a wage increase of 30% over the next 3 years. (20 % increase in the first year, 7% in year 2 and 3% in year 3). The agreement ensures parity across all mines in Sierra Leone. Salary levels are audited by both the Union, and the Department of Labour.

The Company's focus is on developing the education and skills of those from disadvantaged communities to raise them up to a level of comparison with highly skilled international professionals.



HUMAN RIGHTS

Risk for incidents of child, forced or compulsory labour

Type: *Full disclosure*
Status: *Reported*
Updated: 20 January 2023

The nature of our business, and the locations in which we operate, mean that we are at risk of exposure to unlawful labour practices in our supply chain, and also that we have the opportunity to help prevent exploitation of children and workers. For this reason, Newfield recognises the importance of policies and procedures which ensure that goods and services are sourced only from reputable suppliers who can provide evidence that forced or child labour is not a part of their business practice.

Our Anti-Child and Forced Labour Policy requires us to review our vendor contracts and sourcing processes periodically to ensure that our zero-tolerance policy towards slavery, unlawful child labour and human trafficking is upheld.

See also: [Anti-Child and Forced Labour Policy](#)

HEALTH AND WELL-BEING

Health and safety

Type: *Full disclosure*
Status: *Reported*
Updated: 20 January 2023

Newfield's goal is to make health and safety a shared responsibility. We are determined to prevent loss of life and achieve zero harm across our operation so that our employees and contractors can return home safe and healthy each day. We implemented a Company-wide risk management strategy for safety across all departments which is managed through the occupational health and safety management system, aligned to ISO 45001: 2018 standards.

In this regard various health and safety campaigns were launched to support proactive risk management initiatives, aid safe profitable production and to embed a behavior change for safety to one that is more engaged and proactive.

The Company reports its key safety metrics to the community on a daily basis, to the GoSL on a monthly basis and to shareholders on a quarterly basis. The Tongo Mine was audited by the NMA in 2022 and found to be safe and compliant.

Unfortunately, the Company recorded a fatality in May 2022. As a consequence, the mine was closed for two weeks whilst the incident was investigated, procedures modified, and underground employees re-trained, to ensure the incident is not repeated. The Lost Time Injury Frequency Rate (**LTIFR**) at the end of Dec 2022 was 0.45, per 200,000 man hours worked. The LTIFR for a small company is defined as the number of lost time injuries occurring in a workplace per 200,000 hours worked.

See also: [Quarterly report](#)

SKILLS FOR THE FUTURE

Training provided

Type: *Full disclosure*

Status: *Reported*

Updated: *20 January 2023*

The quality of, and opportunity for education in Sierra Leone is variable and generally low. Hence, the Company has identified training of staff as a key component of its strategy.

At present, the Company records and reports monthly to GoSL on training metrics, including employee category, type of training and cost. In FY2022, the Company spent AU\$148,000 dollars on training, which is equivalent to AU\$582 dollars per employee.

In partnership with the NMA and the Sierra Leone Institute of Engineers, the Company has developed the first miner training programme in Sierra Leone. Four learner miner officials enrolled on the programme focused on transferring miner skills that meet international standards.

The mine, since inception, aligned with and contributes through a tri-partite agreement among Sierra Diamonds Limited, the Deutsche Gesellschaft für Internationale Zusammenarbeit and Kakajama Technical Vocational Training Institute to the GoSL's National Medium-Term Development Plan (2018-2023) and supports the effective implementation of the National Employment Policy and Action Plan (2020).

The programme supports the improvement of income and employment in the private sector in rural areas through training and coaching programmes in entrepreneurial and business development for Micro, Small and Medium Enterprises and training youth in life and business skills and vocational training. The first set of apprenticeship trainees from Newfield have now entered the programme.

Mining technical training programmes were developed to train unskilled and semi-skilled employees in various mining and ore processing programmes. To date, in the mining department, 60 employees have been trained as miner assistants, rock drill operators and assistant rock drill operators, lamp room operators and trackless mobile machinery operators. In plant processing, 27 employees were trained as plant operators and plant assistants.

The recruitment strategy for Level 1 (unskilled) and Level 2 (semi-skilled) positions are directly coordinated by a memorandum of agreement between a committee representing the Lower Bambara Chiefdom and the Company, ensuring buy-in from the community and youth leaders that employment at these skill levels is placed exclusively from local residents.

5. PROSPERITY

EMPLOYMENT AND WEALTH GENERATION

Absolute number and rate of employment

Type: *Partial disclosure*
Status: *Reported*
Updated: 20 January 2023

The Company reports to the GoSL on employment metrics by gender, seniority, origin and contract type on a monthly basis. From 2022, this information has been included in our quarterly reports.

At the end of 2022, Newfield employed a total of 245 people, including graduate trainees, contractors and interns.

Economic contribution

Type: *Full disclosure*
Status: *Reported*
Updated: 20 January 2023

Newfield's economic contribution is significant in the context of Sierra Leone and once the Tongo Mine enters commercial production, it will contribute to the long term financial performance of the Company and wealth creation for stakeholders. Disclosures relating to revenues, operating costs, wages and benefits, and payments to the GoSL in the form of taxes, licenses and royalties, appear in the Company's Full Year Statutory Accounts, as well as in the Quarterly Activities and Cashflow Reports. Information on these disclosures can also be found on Newfields website [here](#).

In FY2022, Newfield's economic contribution to Sierra Leone totalled AU\$9.25 million.

Additionally, during the reporting period, Newfield sponsored local community initiatives such as road and bridge rehabilitation, construction of community policing infrastructure, and sporting events.

See also: [Results and reports](#)

Financial investment contribution

Type: *Partial disclosure*
Status: *Reported*
Updated: 20 January 2023

Newfield acquired the Tongo Mine in 2018 and has invested the equivalent of over AU\$102 million in developing the project from a small mineral resource plus extensive exploration targets into a mine with substantial mineral resources and reserves.

The total investment in FY2022 was equivalent to AU\$13.05 million.





INNOVATION OF BETTER PRODUCTS AND SERVICES

Total R&D expenses

Type: *Full disclosure*
Status: *Reported*
Updated: 20 January 2023

Newfield has expended considerable efforts in developing an evaluation methodology to realise the potential of the Tongo kimberlite dykes, which comprise narrow, near vertical fissures of very high value rock. From 2018 to 2021, Newfield grew its mineral resource from 1.5 million carats of diamonds to 8.3 million carats, with scope for further increases going forward. In FY2022, very little exploration was undertaken as the Company focused on bringing the existing mineral reserves into development and production.

COMMUNITY AND SOCIAL VITALITY

Total tax paid

Type: *Full disclosure*
Status: *Reported*
Updated: 20 January 2023

Global tax contribution supports governmental functions and societal benefits. Newfield's tax payments are reported in the audited annual report. Tax paid to the GoSL during the financial year ended 30 June 2021, was equivalent to AU\$755,952, comprising PAYE, WHT and payroll taxes. In addition to these taxes, the Company also paid AU\$1.89 million in license fees to the GoSL during the financial year ended 30 June 2022.

See also: [Annual Report](#)

