

# Materiality Analysis

LuNa Smelter conducted a materiality analysis exercise in February 2023, to identify and prioritize Environmental, Social, and Governance (ESG) issues. The aim of this exercise was to engage with internal and external stakeholders to map the most material ESG topics and ensure that the company's sustainability strategy aligns with stakeholders' expectations. The exercise was conducted in three stages, namely identification, prioritization, and validation.

## Stage 1: Identification

The ESG committee internally identified the priority ESG issues that the company should focus on based on a set of criteria, including potential impact on the environment, society, and governance, regulatory requirements, stakeholders' expectations, and business risks and opportunities. The ESG committee used a combination of desk research and benchmarking to identify the priority issues.

## Stage 2: Prioritization

The identified priority issues were then sent to various stakeholders, including employees, project partners, clients, suppliers, financial institutions, academia, and public administration, for further prioritization. The survey questionnaire consisted of three categories, namely social, environmental, and corporate governance with 27 specific issues, namely:

1. Reduction of the carbon footprint
2. Energy reduction
3. Water management
4. Introduction of new technologies to safeguard the environment
5. Biodiversity
6. Waste disposal
7. Pro-ecological activities
8. Air quality
9. Dust control management
10. Suppliers environmental assessment
11. Occupational Health and Safety
12. Respect for Human rights
13. Conditions of employment & employees benefits
14. Satisfaction survey and dialogue with employees
15. Diversity and Equal opportunity

16. Employee social and recreation activities
17. Dialogue with the local community
18. Customers' relations
19. Philanthropic initiatives
20. Board ESG oversight
21. Innovation, research and development activities
22. Responsible supply chain
23. Compliance with regulations
24. Procurement practices
25. Ethics and values in the workplace
26. Responsible production
27. Cybersecurity training & data protection

Respondents were asked to rank each issue against other listed topics, based on its importance to the company. The survey was conducted online and was open for the whole month of February.

### Stage 3: Validation

The survey results were analysed, and the priority ESG issues were validated based on the level of importance and feedback received from external stakeholders.

The results showed that in the environmental scope, the top five priorities were:

1. Reduction of the carbon footprint,
2. Energy reduction,
3. Water management,
4. Introduction of new technologies to safeguard the environment,
5. Biodiversity and Waste Disposal

In the social aspect, the top five priorities were:

1. Occupational Health and Safety,
2. Respect for Human rights,
3. Conditions of employment & employees benefits,
4. Satisfaction survey and dialogue with employees, and
5. Diversity and Equal opportunity.

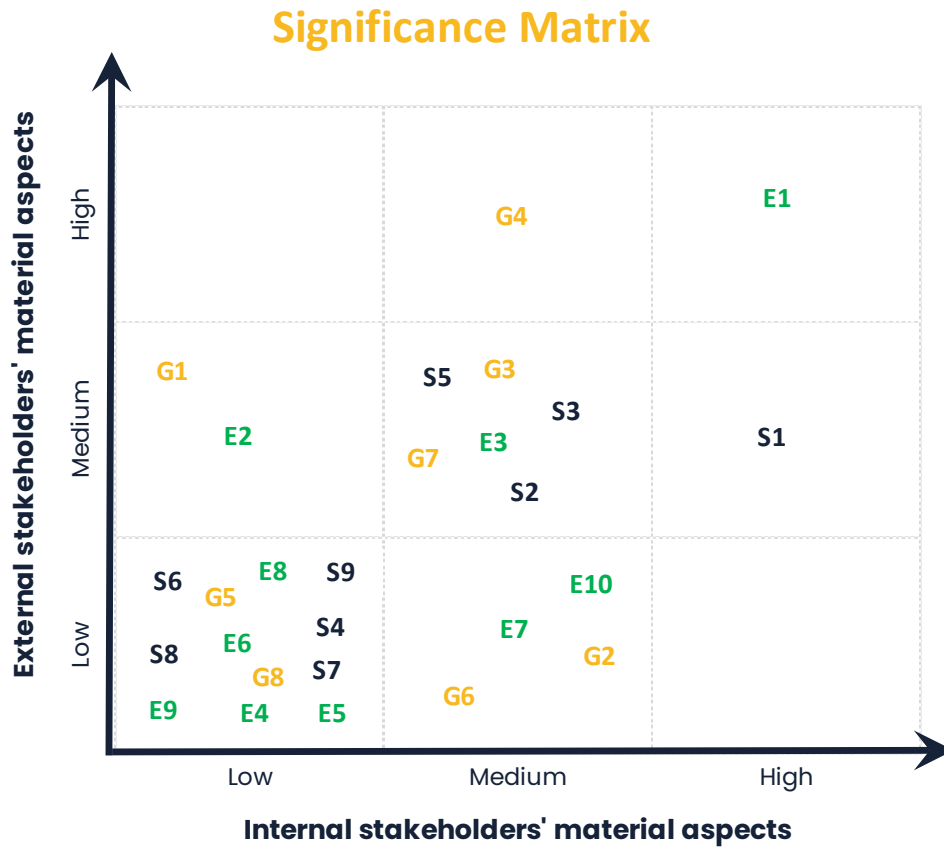
In the corporate governance category, the top five priorities were:

1. Board ESG oversight,
2. Responsible supply chain
3. Compliance with regulations,
4. Innovation, research and development activities and,
5. Procurement practices.

## Materiality Matrix

Combining results from internal and external stakeholders, the deliverable was a final list of significant reporting aspects for LuNa Smelter.

Weight and significance of the fields is reflected in the infographic – Materiality matrix.



- E1 Reduction of the carbon footprint
- E2 Energy reduction
- E3 Water management
- E4 Pro-ecological activities
- E5 Air quality
- E6 Dust control management
- E7 Introduction of new technologies to safeguard the environment
- E8 Biodiversity
- E9 Suppliers environmental assessment
- E10 Waste disposal
- S1 Occupational Health & Safety
- S2 Respect for human rights
- S3 Conditions of employment & employees benefits
- S4 Satisfaction survey & dialogue with employees
- S5 Diversity & equal opportunity
- S6 Employee social & recreation activities
- S7 Dialogue with the local community

- S8 Sponsoring/ Philanthropic initiatives
- S9 Customers' relations
- G1 Board ESG oversight
- G2 Innovation, research and development activities
- G3 Responsible supply chain
- G4 Compliance with regulations
- G5 Procurement practices
- G6 Ethics & values in the workplace
- G7 Responsible production
- G8 Cybersecurity training & data protection

#### Aspects' significant to LuNa Smelter surrounding:

Low: Dust control management, Suppliers environmental assessment, Customer's relations, philanthropic initiatives, Cybersecurity training & data protection, responsible production, dialogue with local communities

Medium: water management, Introduction of new technology to safeguard the environment, waste disposal, biodiversity, air quality, pro-ecological activities, satisfaction survey, employee social and recreation, diversity and Equal opportunity

High: Reduction of the carbon footprint, energy reduction, Occupational Health & Safety, Respect for Human rights, Board ESG oversight, responsible supply chain, compliance with regulations

#### Aspects' significant to LuNa Smelter:

Low: Cybersecurity training & data protection, biodiversity, waste management

Medium: Air Quality, Diversity & inclusion, Responsible production, energy reduction

High: Occupational Health & Safety, Water use & efficiency, Reduction of carbon footprint, Community relations, compliance with regulations, customers relationship & due diligence

Stakeholders were also given the opportunity to provide their own feedback on important ESG topics.

***"LuNa has the advantage to be the only reliable smelter producing high range products in Central Africa. Hence it should be a development and inspiring model to switch consumer's mind on tin from Africa and demonstrate green mining, transparent supply chain et neutral carbon footprint from Mine to end users' place. "*** – Traxys

***"It is important for LuNa Smelter to understand the impact of its activities on all aspects of the Rwandan society. It is critical that all SDGs are considered to ensure that the business practices adopted are sustainable. Specifically reduction of carbon footprint, health & safety and Board ESG oversight are critical."*** – Garnet Partners

***"LuNa smelter should focus on environmental issues like greenhouse gas reduction, waste that can contribute to pollution, and increasing employees productivity by***

***creating social events that can optimize the risks that can be produced and work in a good environment with harmony”***

### **Conclusion:**

The materiality analysis has provided valuable insights into the ESG priorities of the company from external stakeholders' perspective. The identified priorities in the areas of environmental, social, and corporate governance should guide the LuNa Smelter in developing and implementing sustainability strategies and initiatives that align with its stakeholders' expectations. While this exercise demonstrate the company's commitment to sustainable development, it will also be a vital tool in monitoring the company's sustainability performance and progress.