



# GENERATE NET POSITIVE IMPACT

**2022 CLIMATE CHANGE TARGETS**

MAY 4, 2022



# Message from the CEO

Dear Reader,

At the most recent UN COP meeting in Glasgow late last year, it was declared that we are now in the last decisive decade for governments, companies and civil society to commit to climate action in order to avoid the worst of the climate crisis.

Our Company's purpose of *unlocking resources and generating value to thrive and grow together* embodies DPM's fundamental commitment to sustainability and speaks to the deep collaboration required to ensure the resiliency of our global environmental and social systems while working to reduce our own climate impacts.

We detailed many of those impacts in 2020 when we published our inaugural climate change report, which was prepared in accordance with the Task Force for Climate-related Financial Disclosure (TCFD) recommendations. Since then, we have been focused on developing a corporate-wide climate strategy that aligns with our growth strategy, capital resources and operational priorities. The result of these efforts is the development of our Greenhouse Gas (GHG) emissions targets. Our targets were developed to be aligned with the latest Intergovernmental Panel on Climate Change (IPCC) climate science and to reflect our aspiration of remaining within a well-below two-degree threshold as defined by the Paris Agreement. We are pleased to share those targets with you in this document, together with an overview of the next steps in our journey towards turning those targets into reality.

Energy reductions and efficiency have always been a key focus for DPM. For most of the Company's history, our growth has largely been the result of acquiring under-performing and under-capitalized assets and transforming them into world-class operations that meet stringent international environmental and sustainability performance standards, such as at our Chelopech mine. We further developed these capabilities with the construction and start-up of our Ade Tepe mine in Bulgaria, which was designed from the outset to be energy and emissions efficient. We will continue to leverage our expertise in this area to optimize our current portfolio of development projects in Serbia and Ecuador, as well as any potential future investments.

The work we undertook in 2020, which was reflected in our first climate change report, helped us codify the risks and

opportunities related to climate change in a more disciplined way. It also helped us to understand that, rather than being an indirect result of our operational efficiencies, a more proactive approach to decarbonization would assist us in capitalizing on the opportunities provided by the transition to a low carbon economy. This knowledge has been incorporated into our overall business plans and decisions, together with the physical and transitional risks and opportunities identified in the TCFD report.

Of course, this work could not be timelier considering recent reports by the IPCC that, in a nutshell, reiterate our need to collectively change course on emissions or suffer catastrophic consequences of our actions (or lack of action) in the not-too-distant future. The good news is that the mining industry has a vital role to play in the global decarbonization effort by supplying the critical raw materials necessary for the transition to clean energy.

The journey toward meeting our own decarbonization targets is not without a number of challenges and obstacles, and it is a journey that we cannot undertake on our own. Specifically, the mining industry's value chain is dependent on hard-to-abate sectors such as shipping and cement and steel production. Instead of this being a barrier, however, our inter-dependency creates a foundation for collaboration between public and private sectors which will be key to all our shared decarbonization efforts. Our community stakeholders will also be important in our journey, and this is an area where DPM has significant experience to leverage.

For our part, we have spent the last year working to identify targets that will drive the innovation, partnerships and big thinking required to reduce our GHG impacts. In doing so, we are committed to operating within the limits outlined by the latest climate science to keep us well below the two-degree threshold, in line with the Paris Agreement Framework. As endorsed by our Board of Directors, our commitment is as follows:

**To reduce our absolute Scope 1 and 2 GHG emissions by 37.5% by 2035 and to achieve Net Zero emissions by 2050.**

Additionally, we recognize that, in order to achieve the real reductions that are required to avoid the global tipping point in

the climate crisis, we also need to work with our suppliers and customers along our value chain to develop collaborative and innovative solutions together. Recognizing this, we are also committing:

**To develop a Scope 3 emissions targets by 2025 and engage with existing and potential new partners within our value chain to identify and pursue opportunities that will have meaningful impact.**

Our GHG target commitments will require a significant amount of work and collaboration, both within our organization and throughout our whole value chain. I am confident that we have the expertise and skills to be successful.

We are committed to being transparent about our progress towards our targets and will provide more detail on the programs and initiatives that will carry us forward in this important commitment in our 2022 Sustainability report, which will be published in the first half of 2023.

As always, we welcome your feedback and look forward to continuing this important dialogue with our stakeholders in the future.



**David Rae**  
President and Chief Executive Officer

# Another step in our climate journey

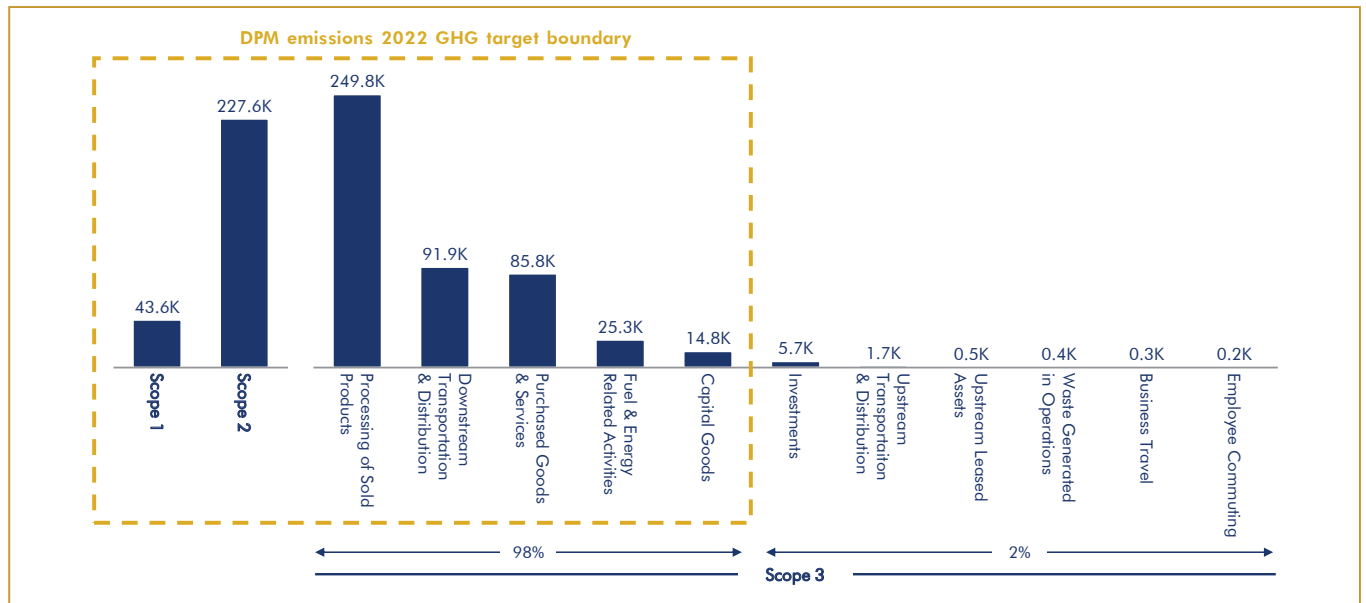
DPM has actively managed GHG emissions, energy use and energy intensity since it became an operating company in 2004 and is now recognized as an industry leader in energy efficiency and GHG emissions intensity management. In fact, our current gold mining operations are among the very best performers in the mining industry in terms of GHG emissions intensity globally.<sup>1</sup>

Throughout the years, ongoing innovation and investments in plant upgrades and modernization has yielded significant improvements, particularly in Scope 1 and 2 emissions, which we have been measuring and reporting on since our first Sustainability Report was published in 2011. More detailed data and analysis on these improvements can be found in our bi-annual Sustainability Reports and our inaugural climate change report published in 2020. (Both of these reports are available on our website at [www.dundeprecious.com](http://www.dundeprecious.com))

In 2021, after committing to developing a science-based GHG reduction target in our 2020 Sustainability Report, we engaged in a company-wide initiative to refresh our GHG inventory across our Scope 1, 2 and 3 emissions based on a 2020 baseline, as defined by the GHG Protocol. This exercise helped to validate the years of GHG accounting and reporting on Scope 1 and 2 emissions and resulted in an expansion of our Scope 3 emissions accounting for all three of our operational sites. (Figure 1)

Regarding Scope 3 emissions, we conducted a review of the fifteen categories defined in the GHG Protocol<sup>2</sup> and determined that only 11 of the 15 categories were applicable to our current operations<sup>3</sup>. We subsequently identified the five following categories as being the most material to our overall carbon footprint: Purchased Goods and Services; Capital Goods; Fuels and Energy-related Activities; Downstream Transportation; and Processing of Sold Product. This screening analysis will allow us to focus our efforts while still reporting on approximately 98% of our total Scope 3 emissions going forward. It is important to note that many of our Scope 3 calculations are based on global averages and as we further engage with our value chain partners on creating capacity and identifying areas of opportunity for carbon reduction impacts,

**Figure 1.** Depicts the results of the DPM-wide 2020 GHG emissions inventory and highlights emissions included in the 2022 GHG target boundary



we expect the methodologies around calculating our Scope 3 emissions to mature towards more accuracy.

In reviewing our baseline, the Scope 3 emissions that occur throughout our value chain activities represent the largest portion. However, within our Company's footprint, it is our Scope 2 emissions, primarily from electricity use, that represents the largest source of emissions.

Once we established our global 2020 GHG baseline inventory, we modeled potential targets based on various ambition levels. Keeping in alignment with creating a science-based target, we chose the well-below two-degree ambition level for our first 2035 Scope 1 and 2 emissions reduction target as an interim step toward achieving our

goal of Net Zero by 2050. Senior leaders representing all of our operations and key functions, including all members of our executive team, were engaged through a series of workshops focused on the latest climate science, policies and technologies with the objective of deepening our team's understanding of DPM's emissions profile, climate risks, opportunities and overall impacts. We also engaged our full Board of Directors in these topics to ensure full alignment between management and the Board and to obtain the input and ultimate endorsement by all members of the Board. It is through these workshops that leadership aligned around the need for climate action, doubling down on our strategic objective to generate a net positive impact from our operations and, ultimately, resulted in the suite of emissions reductions targets we are sharing in this document.

1 Ulrich, Trench & Hagemann (2020): Climate Change and Gold Mining. Analysis by CSA Global. Paper to be published. For info, see slide 14 from the same authors at: <http://www.cet.edu.au/docs/default-source/presentations/2020/2020-members%27-day-presentations/members-day-presentation-2020-by-sam-ulrich.pptx> [Presented 25 November 2020, accessed April 2021] Note that the authors present country average numbers, based on data for mines publicly disclosing their GHG emissions. DPM is the only Bulgarian mining company disclosing its GHG emissions - thus numbers for Bulgaria are wholly representative of DPM's operations. Data presented is dated for 2018-2019, thus only our Chelopech gold mine is covered (As noted in the main text, 2020 is the first full year of GHG reporting for Ada Tepe).

2 The GHG Protocol provides a comprehensive global standardized framework and the world's most widely used GHG accounting standard to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions. For more information see [ghgprotocol.org](http://ghgprotocol.org)

3 The following 4 of 15 Scope 3 categories were excluded from our GHG footprint due to inapplicability to our business: Use of sold products, Sold products end-of-life, Downstream leased assets and Franchises

# Pathways to progress

To realize our commitment to achieving a 37.5% reduction in our absolute Scope 1 and 2 emissions by 2035, we will have to reduce approximately 101K tCO<sub>2</sub>e from our 2020 baseline of approximately 271K tCO<sub>2</sub>e. (Figure 2) Most of that reduction will need to occur in our Scope 2 emissions which accounts for 84% of our DPM-wide Scope 1 and 2 footprint. Similarly, when broken down by asset, Scope 2 accounts for the majority of the emissions at all of our facilities (Figure 3), reflecting the energy mix of the electricity grids in each of our operating jurisdictions.

Taking our footprint into consideration, we identified several broad pathways and initiatives at each of our current operating sites, including energy efficiency projects, electrification of mobile equipment, increasing the use of renewable fuels and, where feasible, increasing the renewable content of the electricity we consume (Figure 4). Work will continue throughout the year to develop detailed site-level decarbonization maps for each of our assets. These carbon reduction pathways will be subject to frequent review and refinement, if necessary, to reflect the rapidly changing and evolving developments of relevant decarbonization policies and technologies.

In our view, our Scope 2 emissions, represents both the biggest source of our emissions relative to our Scope 1 and 2 targets as well as our biggest opportunity for reduction. As stated earlier, we will pursue options to minimize our use of electricity through energy efficiency initiatives, however, because we rely on the public grid for our power, the key to reducing our Scope 2 footprint will be partnerships and collaboration with the government bodies, industry associations and communities where we operate.

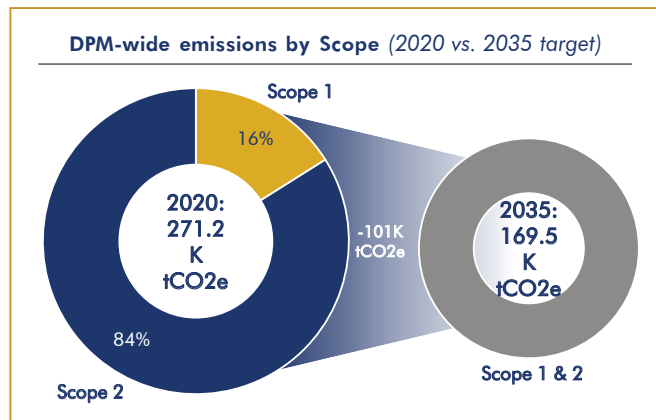
In addition to contributing to the dialogue around creating the policy frameworks needed to enable more renewable content in the public power grid, we will also be cognizant of the impact on our communities and ensuring that a just transition and community resiliency can be maintained. Further to our pathway opportunities, DPM also has a strong focus on our innovation capability and will solicit ideas internally from our employees and look to other industry-players, including those outside of the mining and metals industry, in order to leverage the best ideas.

It is important to note that our GHG emissions baseline reflects the company that we are today. We will need to take GHG

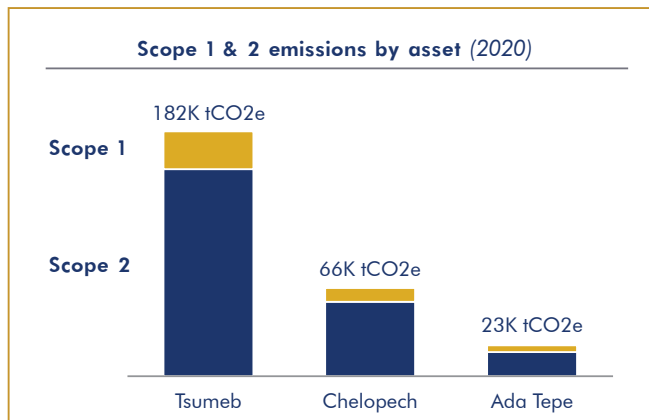
emissions into account when evaluating growth opportunities and advancing development projects and will incorporate our decarbonization targets into our capital allocation decisions. We are committed to integrating our climate change targets into our growth and value strategies and to reducing the climate impact of our asset portfolio. To that end, we have already begun to explore opportunities to optimize carbon reduction at the outset at our two development projects, Timok and Loma Larga, with the intent of them being low-carbon emitting operating mines.

Many of the decarbonization efforts we invest in now will not only help us to achieve our 2035 target but will also help to lay the foundation of knowledge and experience needed to optimize our future assets in order to meet our goal of being Net Zero by 2050. To be sure, meeting such a long-term target will require public/private partnerships around grid decarbonization, research and development of technologies and sustainable financing frameworks to enable the large-scale system transformation that will be needed.

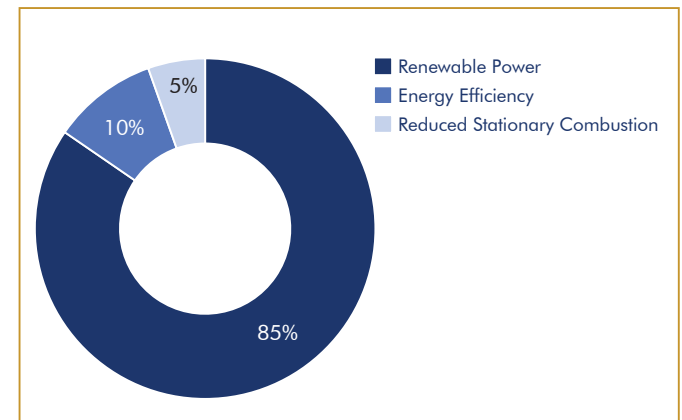
**Figure 2.** Details the amount of Scope 1 and 2 carbon emission reduction required to meet the 2035 GHG reduction target.



**Figure 3.** Provides a breakdown of 2020 Scope 1 and 2 GHG emissions by operating asset.



**Figure 4.** Identified emissions reduction initiatives





## Articulating the longer journey ahead

We recognize that achieving our emissions targets will require engaging our organization at all levels, particularly at the functional and operation level. As part of this effort, we will be evaluating how we assess future assets for their carbon impacts, how we will consider the carbon impacts of projects in our capital allocation decisions, and how we will work with our suppliers and customers to reduce their carbon footprints as well. For this to be effective, we will need to embed climate considerations into all our decision-making processes and monitor our progress through performance scorecards and regular reporting to our Board of Directors. Our education and training programs will incorporate the appropriate climate knowledge to enable our employees to make optimal decisions in their day-to-day activities. Our purpose and our values will help to guide our employees' behaviours in this respect, while building on enabling processes, such as continuing to evaluate and monitor our decarbonization efforts through our company balance score card, will help to drive the actions we need.

As mentioned above, achieving our targets will also require significant collaboration and cooperation both within and outside of our industry. We will continue to exert our influence through industry associations, stakeholder engagement activities and public-private partnerships wherever possible to achieve our long-term goals.

We are mindful that this process is dynamic and dependent on a variety of complex variables, such as extreme weather events, access to capital markets and growth opportunities, among others. These considerations will remain part of our overall risk management frameworks and corporate governance, and will continue to be reported on to all our stakeholders in our annual sustainability reporting.

Our GHG emissions targets are another step in a longer journey for DPM, and we are aware of the challenges that lie ahead as we set about realizing our decarbonization goals. However, given the talent of our people, our focus on creating trusted partnerships with communities and governments, and our overall purpose as a company - *unlocking resources and generating value to thrive and grow together* – guiding our strategy, we are confident that we will achieve not only our climate ambitions, but our long-term vision toward sustainable mining as well.



Our Ada Tepe mine was designed from the outset to be energy and emissions efficient

## Cautionary Note Regarding Forward-Looking Statements

---

This document contains “forward looking statements” or “forward looking information” (collectively, “Forward Looking Statements”) that involve a number of risks and uncertainties. Forward Looking Statements are statements that are not historical facts and are generally, but not always, identified by the use of forward looking terminology such as “targets”, “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “outlook”, “intends”, “anticipates”, “believes”, or variations of such words and phrases or that state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms or similar expressions. The Forward-Looking Statements in this document relate to, among other things: DPM’s strategy, plans, targets and goals in respect of environmental, social and governance issues, its climate change and greenhouse gas emissions reduction targets, the timing of the development of a Scope 3 emissions target; the implementation and effectiveness of its greenhouse gas emissions reduction plans and initiatives, and the realization of such targets and initiatives. Forward Looking Statements are based on certain key assumptions and the opinions and estimates of management, as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or

achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the Forward-Looking Statements. In addition to factors already discussed in this document, such factors include, among others, uncertainties inherent to the ability of the Company to meet sustainability, environmental and greenhouse gas emissions reduction targets, goals and strategies, which may be affected by unforeseeable events outside of its control or business necessities that are not yet known; continuation or escalation of the conflict in Ukraine; risks relating to the Company’s business generally and the impact of global pandemics, including COVID-19; uncertainties and risks inherent to developing and commissioning new mines into production, which may be subject to unforeseen delays; uncertainties inherent with conducting business in foreign jurisdictions where corruption, civil unrest, political instability and uncertainties with the rule of law may impact the Company’s activities; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; actual results of current and planned reclamation activities; opposition by social and non-governmental organizations to mining projects and smelting operations; unanticipated title disputes; claims or litigation; increased costs and physical risks,

including extreme weather events and resource shortages, related to climate change; as well as those risk factors discussed or referred to in the Company’s annual MD&A and AIF for the year ended December 31, 2021, and other documents filed from time to time with the securities regulatory authorities in all provinces and territories of Canada and available on SEDAR at [www.sedar.com](http://www.sedar.com). The reader has been cautioned that the foregoing list is not exhaustive of all factors which may have been used. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in Forward Looking Statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that Forward Looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company’s Forward-Looking Statements reflect current expectations regarding future events and speak only as of the date hereof. Unless required by securities laws, the Company undertakes no obligation to update Forward Looking Statements if circumstances or management’s estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on Forward Looking Statements.



## Contact Us

We welcome your feedback.  
Please share your comments by contacting:

**Dr. Nikolay Hristov**

Vice-President Sustainability and External Relations

Tel: +416-365-5191

Email: [nikolay.hristov@dundeeprecious.com](mailto:nikolay.hristov@dundeeprecious.com)

**Jennifer Cameron**

Director, Investor Relations

Tel: +1 416-219-6177

Email: [jcameron@dundeeprecious.com](mailto:jcameron@dundeeprecious.com)

150 King Street West, Suite 902, P.O.Box 30, Toronto, ON M5H 1J9, Canada