

SibanyeGOLD
We are One

United Nations Global Compact
Communication on Progress



United Nations Global Compact Communication on Progress

REPORTING PROGRESS ON COMPLIANCE WITH THE UNITED NATIONS GLOBAL COMPACT (UNGC)

Sibanye Gold seeks to fulfil the GC Advanced level requirements and report 'in accordance' with the Global Reporting Initiative G4 (GRI – G4) sustainability guidelines at the same time. The following Communication on Progress (COP) has been developed with this in mind.

1. High level commitment and strategy

Sibanye Gold's CEO, Neal Froneman, has:

- publicly and explicitly stated and demonstrated personal leadership in sustainability and commitment to the UNGC;
- promoted initiatives to enhance sustainability of the Company's sector and led the development of industry standards; and
- led the executive management team in the development of a corporate sustainability strategy, defining goals and overseeing implementation.

See the following
G4 indicators: G4-1 and G4-2

2. Context of operation and verification

- Legal structure
- Countries of operation
- Markets served
- Primary products
- Direct and indirect economic value generated

See the following
G4 indicators: G4-3, G4-4, G4-5, G4-6, G4-7, G4-8, G4-9, G4-10, G4-11, G4-12, G4-13, G4-28, G4-29, G4-30, G4-31, G4-32, G4-33

3. Governance

- The Board of directors assumes responsibility and oversight for the long-term corporate sustainability strategy and performance.
- Board committees assume responsibility for corporate sustainability.
- The Board and committees approve formal reporting on corporate sustainability.

See the following G4 indicators:
G4-34 and G4-56

4. Stakeholder engagement

- Public recognition of responsibility for the Company's impacts on internal and external stakeholders
- Defining sustainability strategy, goals and policies in consultation with stakeholders
- Consulting stakeholders in dealing with implementation dilemmas and challenges, and inviting them to actively participate in reviewing performance
- Establishing channels to engage with employees and other stakeholders, and to protect whistleblowers

See the following G4 indicators:
G4-24, G4-25, G4-26, G4-27

5. Disclosure of practical actions, results and outcomes

| Criterion | Description | G4 indicators | Section and page number |
|--|--|---|---|
| IMPLEMENTING THE 10 PRINCIPLES AS STRATEGIES AND OPERATIONS | | | |
| Criterion 1 | The COP describes mainstreaming into corporate functions and business units | G4-34 and G4-56 | Integrated Report 2013: Corporate governance, Reporting parameters, IFC, 36 to 43, 49 to 54 |
| Criterion 2 | The COP describes value chain implementation | G4-12, G4-13, G4-EC9, G4-EN17, G4-EN32, G4-LA6, G4-LA14, G4-LA15, G4-HR4, G4-HR6, G4-HR10, G4-SO9, G4-SO10 | Group profile, IFC, Financial capital: Goods and services procured by the Group, Human capital: Collective bargaining and employee relations, Human capital: People, Safety and Health, Natural capital, 22 to 25, 30 to 32, 35 to 36, 40 to 45, 69 |
| ROBUST HUMAN RIGHTS MANAGEMENT POLICIES AND PROCEDURES | | | |
| Criterion 3 | The COP describes robust commitments, strategies or policies in the area of human rights | DMA: Human rights Human rights aspects | Financial capital, Human capital: Collective bargaining and employee relations, Human capital: Human resource development, 23, 27, 44 to 47 |
| Criterion 4 | The COP describes effective management systems to integrate the human rights principle | DMA: Human rights Human rights aspects | Financial capital, Human capital: Collective bargaining and employee relations, Human capital: Human resource development, 23, 27, 44 to 47 |
| Criterion 5 | The COP describes effective monitoring and evaluation mechanisms of human rights integration | DMA: Human rights Human rights aspects | Financial capital, Human capital: Collective bargaining and employee relations, Human capital: Human resource development, 23, 27, 44 to 47 |
| ROBUST LABOUR MANAGEMENT POLICIES AND PROCEDURES | | | |
| Criterion 6 | The COP describes robust commitment, strategies or policies in the area of labour | DMA: Labour practices and decent work Labour practices and decent work aspects Aspects under labour practices and decent work | Human capital: 23, 26 to 32, 34 to 41, 46 to 47 |

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5. Disclosure of practical actions, results and outcomes *continued*

| Criterion | Description | G4 indicators | Section and page number |
|--|---|--|--|
| Criterion 7 | The COP describes effective management systems to integrate the labour principles | DMA: Labour practices and decent work Labour practices and decent work aspects | Human capital: 23, 26 to 32, 34 to 41, 46 to 47 |
| Criterion 8 | The COP describes effective monitoring and evaluation mechanisms of labour principles integration | DMA: Labour practices and decent work Labour practices and decent work aspects | Human capital: 23, 26 to 32, 34 to 41, 46 to 47 |
| ROBUST ENVIRONMENTAL MANAGEMENT POLICIES AND PROCEDURES | | | |
| Criterion 9 | The COP describes robust commitments, strategies or policies in the area of environmental stewardship | DMA: Environmental performance Environmental aspects | Financial capital, Natural capital, 23, 58 to 71 |
| Criterion 10 | The COP describes effective management systems to integrate the environmental principles | DMA: Environmental performance Environmental aspects | Financial capital, Natural capital, 23, 58 to 71 |
| Criterion 11 | The COP describes effective monitoring and evaluation mechanisms for environmental stewardship | DMA: Environmental performance Environmental aspects | Financial capital, Natural capital, 23, 58 to 71 |
| ROBUST ANTI-CORRUPTION MANAGEMENT POLICIES AND PROCEDURES | | | |
| Criterion 12 | The COP describes robust commitment, strategies or policies in the area of anti-corruption | DMA: Society Society aspects Aspects under society G4-56 | Human capital: Sibanye as an employer, 27 |
| Criterion 13 | The COP describes effective management systems to integrate the anti-corruption principle | DMA: Society Society aspects Aspects under society G4-56 | Human capital: Sibanye as an employer, 27 |
| Criterion 14 | The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption | DMA: Society Society aspects Aspects under society G4-56 | Human capital: Sibanye as an employer, 27 |
| TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES | | | |
| Criterion 15 | The COP describes core business contributions to the UN goals and issues | DMAs: Economic, Environmental, Social (Labour practices and decent work, human rights, society, product responsibility) Aspects under human rights Aspects under environment | Group profile, Chief executive's review, Determining sustainability, Human capital: Sibanye as an employer, 5, 8, 19, 27 |
| Criterion 16 | The COP describes strategic social investments and philanthropy | DMAs: Economic, Environmental, Social (Labour practices and decent work, human rights, society, product responsibility) Aspects under human rights | Engaging with stakeholders, Financial capital, Human capital: collective bargaining and employee relations, Human capital: Sibanye as an employer, Human capital: Safety, Natural capital, Social capital, 13, 23, 25, 27, 33, 48 to 55 and 71 |
| Criterion 17 | The COP describes advocacy and public policy participation | DMAs: Economic, Environmental, Social (Labour practices and decent work, human rights, society, product responsibility) Aspects under human rights | Engaging with stakeholders, Determining sustainability, Determining materiality, Sustainability strategy, 10 to 17, 18 to 21 |
| Criterion 18 | The COP describes partnerships and collective action | DMAs: Economic, Environmental, Social (Labour practices and decent work, human rights, society, product responsibility) Aspects under human rights | Group profile, Financial capital, Human capital: Sibanye as an employer, Social capital, 4 to 5, 23 to 25, 27, 49 to 55 |
| CORPORATE SUSTAINABILITY GOVERNANCE AND LEADERSHIP | | | |
| Criterion 19 | The COP describes CEO's commitment and leadership | G4-1, G4-2 | Reporting parameters, IFC, 36 to 43, 49 to 54 |
| Criterion 20 | The COP describes Board adoption and oversight | G4-1, G4-2 G4-34 and G4-56 | Reporting parameters, Determining sustainability, Chief executive's review, Integrated Report 2013: Corporate Governance, IFC, 8 to 11, 19, 36 to 43, 49 to 54 |
| Criterion 21 | The COP describes stakeholder engagement | G4-24 to G4-27 | Engaging with stakeholders, 12, 14 to 17 |

Independent Assurance Report on Selected Sustainability Performance Indicators

TO THE DIRECTORS OF SIBANYE GOLD LIMITED

We have undertaken a limited assurance engagement on selected sustainability performance indicators, presented in the Sibanye Gold Limited (SGL) Sustainability Report for the year ended 31 December 2013 (the Report). This engagement was conducted by a multi-disciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

Subject matter

We are required to provide limited assurance on the selected sustainability performance indicators set out in the table below.

| Selected Sustainability Performance Indicators | Unit |
|---|---------------------|
| (A) PREPARED IN ACCORDANCE WITH THE GLOBAL REPORTING INITIATIVE G4 SUSTAINABILITY REPORTING GUIDELINES (GRI G4 GUIDELINES) | |
| Environment | |
| Total CO ₂ equivalent emissions, Scope 1-2 | tonnes |
| Electricity | MWh |
| Number of environmental incidents – Level 3 and above | Number |
| Total water withdrawal | MI |
| Diesel | TJ |
| Health | |
| Number of cases of silicosis reported | Number of cases |
| Number of cases of noise-induced hearing loss (NIHL) reported | Number of cases |
| Number of cases of chronic obstructive airways disease (COAD) reported | Number of cases |
| Cardio-respiratory tuberculosis (CRTB) | Number of new cases |
| Number of employees in highly active anti-retroviral treatment (HAART) programme | Cumulative |
| Percentage of workforce on the voluntary counselling and testing (VCT) programme | Percentage |
| Safety | |
| Lost-time injury frequency rate (LTIFR) | Rate |
| Medically treated injury frequency rate (MTIFR) | Rate |
| Number of fatalities | Number |
| Training spend | |
| Training spend | Rm |
| Social | |
| Total socio-economic development (SED) spend | Rm |
| (B) PREPARED IN COMPLIANCE WITH THE BROAD-BASED SOCIO-ECONOMIC EMPOWERMENT CHARTER FOR THE SOUTH AFRICAN MINING AND MINERALS INDUSTRY (BBSEEC) (2002) AND RELATED SCORECARD (2004) | |
| Rand value spent on approved social and labour plan (SLP) projects | Rm |

Independent Assurance Report on Selected Sustainability Performance Indicators continued

| Selected Sustainability Performance Indicators | Unit |
|--|---|
| (C) PREPARED IN COMPLIANCE WITH THE AMENDMENT TO THE BBSEEC (2010) AND RELATED SCORECARD (2010) | |
| Employment equity | |
| Percentage historically disadvantaged South Africans (HDSAs) in management who are classified as designated groups and who are employed at management levels (excluding foreign nationals and white males) | Total percentage at top management (Board) Senior (Exco) Middle (E Band) Junior (D Band) |
| Housing and living conditions | |
| Number of houses to be built as part of the housing and hostel upgrade programme | Number of houses built in 2013 |
| Number of hostels to be upgraded as part of the housing and hostel upgrade programme | Number of hostel rooms upgraded in 2013 |
| Conversion or upgrading of hostels to attain an occupancy rate of one person per room by 2014 | Occupancy rate 2013 |
| Conversion or upgrading of hostels to attain an occupancy rate of one person per room by 2014 | % reduction in occupancy rate |
| Procurement and enterprise development | |
| Total procurement spend from BEE entities | Rm |
| BEE procurement spend: capital goods | Percentage (%) |
| BEE procurement spend: services | Percentage (%) |
| BEE procurement spend: consumable goods | Percentage (%) |

Directors' responsibility for the report

The Directors are responsible for the selection, preparation and presentation of the selected sustainability performance indicators. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance and for the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The Directors also responsible for the selection and application of the following reporting criteria used in the preparation and presentation of the respective selected sustainability performance indicators:

- (a) the GRI G4 Guidelines;
- (b) the BBSEEC (2002) and related Scorecard (2004); and
- (c) the Amendments to the BBSEEC (2010) and related Scorecard (2010).

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, KPMG Services Proprietary Limited maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Assurance Report on Selected Sustainability Performance Indicators continued

Our responsibility

Our responsibility is to express limited assurance conclusion on the selected sustainability performance indicators in (a), (b) and (c) based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. The Standard requires us to plan and perform our engagement to obtain limited assurance about whether the selected sustainability performance indicators are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of SGL's use of the reporting criteria set out above as the basis of preparation for the selected sustainability performance indicators, assessing the risks of material misstatement of the selected sustainability performance indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability performance indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- interviewed management and data owners to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability performance indicators;
- inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- evaluated the reasonableness and appropriateness of significant estimates and judgments made by the directors in the preparation of the sustainability performance indicators;
- undertook site visits at Beatrix, Kloof, Driefontein, St Helena Hospital, Leslie Williams Hospital and Libanon Business Park; and
- evaluated whether the selected sustainability performance indicators presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at SGL.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether SGL's selected sustainability performance information as set out in (a), (b) and (c) have been prepared, in all material respects, in accordance with the relevant reporting criteria.

Independent Assurance Report on Selected Sustainability Performance Indicators continued

Limited assurance conclusions

In relation to the Report for the year ended 31 December 2013, we report:

(a) On the selected sustainability performance indicators prepared in accordance with the GRI G4 Guidelines

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability performance indicators in (a) above are not prepared, in all material respects, in accordance with the GRI G4 Guidelines.

(b) On the selected sustainability performance indicators prepared in compliance with the BBSEEC (2002) and related Scorecard (2004)

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability performance indicators in (b) above are not prepared, in all material respects, in compliance with the BBSEEC (2002) and related Scorecard (2004).

(c) On the selected sustainability performance indicators prepared in compliance with the Amendment to the BBSEEC (2010) and related Scorecard (2010)

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability performance indicators in (c) above are not prepared, in all material respects, in compliance with the Amendment to the BBSEEC (2010) and related Scorecard (2010).

Other matters

No assurance procedures were performed on the previous Sustainability Report. The information relating to the prior reporting periods has not been subject to assurance. Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the Report.

The maintenance and integrity of SGL's website is the responsibility of SGL management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation of the Report on the SGL website.

Restriction of liability

Our work has been undertaken to enable us to express limited assurance conclusions on the selected sustainability performance indicators to the Directors of SGL in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than SGL, for our work, for this report, or for the conclusion we have reached.

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