



CAPITOL
RESOURCES

CAPITOL RESOURCES LDA

Corporate Office: Rua Fernão Melo e Castro nº 261 | Bairro da Sommerschield | Maputo | Moçambique
Technical Office: Bairro do Chingodeze (nr FIPAG) | Matema | Tete | Moçambique
Tel: Maputo: (+258) 21 486404 | Tete: (+258) 25 220 476

BAOBAB RESOURCES PLC

Corporate Office: 27/28 Eastcastle Street | London | W1W 8DH | United Kingdom
Tech | Admin Office: Unit 25 South Terrace Piazza | Fremantle | Western Australia 6160 | Australia
Post: PO Box 1229 Fremantle Western Australia 6959 Australia
Tel | Fax: (+61) 8 9430 7151 | (+61) 8 9430 7664
Web: www.baobabresources.com



BAOBAB
RESOURCES

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS COVERING THE PERIOD OF AUGUST 2014 TO NOVEMBER 2015

23th November 2015

Baobab Resources Plc is pleased to confirm that Baobab Resources Plc reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Baobab Resources plc is a Mozambican-focused explorer with a large landholding in the central north of the country. The company's flagship project is the Tete pig iron deposit.

The Company has adopted the UK Corporate Governance Code. Baobab is committed to maintaining high standards of corporate governance and the Directors intend to comply with the UK Corporate Governance Code. The Board currently includes two non-executive independent Directors with relevant experience to complement the executive Directors and to provide an independent view to the Board

For more information please visit our website

www.baobabresources.com



CAPITOL RESOURCES LDA

Corporate Office: Rua Fernão Melo e Castro nº 261 | Bairro da Sommerschield | Maputo | Moçambique
Technical Office: Bairro do Chingodeze (nr FIPAG) | Matema | Tete | Moçambique
Tel: Maputo: (+258) 21 486404 | Tete: (+258) 25 220 476

BAOBAB RESOURCES PLC

Corporate Office: 27/28 Eastcastle Street | London | W1W 8DH | United Kingdom
Tech | Admin Office: Unit 25 South Terrace Piazza | Fremantle | Western Australia 6160 | Australia
Post: PO Box 1229 Fremantle Western Australia 6959 Australia
Tel | Fax: (+61) 8 9430 7151 | (+61) 8 9430 7664
Web: www.baobabresources.com



1. HUMAN RIGHTS PRINCIPLES

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

1.1. Assessment, Policy and Goals

The Group is aiming to achieve a consistent and comprehensive approach to respecting human rights and have started drafting policies and procedures to ensure that all employees are responsible and committed in contribute towards compliance with international human rights legislation/standards and manage human rights impacts effectively.

Human are defined as “*basic rights that form the foundation for freedom, justice and peace and which apply equally and universally in all countries*”. We are aware that Governments have the duty to protect the human rights of all people. As a Group, Baobab Resources has a responsibility to respect these rights. The group aims to take into account in all business the UN Framework and Guiding Principles and other internationally accepted human rights standards.

The first steps taken toward this achievement was the incorporation of all relevant principles into the studies that are being completed (the Environmental, Social and Health Impact Assessment, the Resettlement Action Plan and the Social Development Plan). Additionally, the promotion of human rights through our business has also commenced trough the establishment of two policies, namely the Code of Conduct and the Anti-discrimination Policy which forms part of our broader objective in respecting and promoting human rights consistently.

The Code of Conduct was produced in 2015 that applies to all employees and contractors in all Baobab Group companies and related entities. An Anti-discrimination policy was also drafted in 2015. The Baobab Group do not tolerate any form of discrimination or harassment. All employees and service users have the right to enjoy an environment free of discrimination and harassment. The Group as assumed among other the responsibility of:

- Do all that is reasonable to prevent discrimination from occurring at the workplace or work related environment;
- Treat all employees on their merits without regard to race, age, sex, marital status, sexual preference, disability, religion, or political conviction;
- Investigate complaints of discrimination in the workplace professionally, confidentially and in a non-judgemental manner ensuring there is no presumption of guilt;



CAPITOL
RESOURCES

CAPITOL RESOURCES LDA

Corporate Office: Rua Fernão Melo e Castro nº 261 | Bairro da Sommerschield | Maputo | Moçambique
Technical Office: Bairro do Chingodeze (nr FIPAG) | Matema | Tete | Moçambique
Tel: Maputo: (+258) 21 486404 | Tete: (+258) 25 220 476

BAOBAB RESOURCES PLC

Corporate Office: 27/28 Eastcastle Street | London | W1W 8DH | United Kingdom
Tech | Admin Office: Unit 25 South Terrace Piazza | Fremantle | Western Australia 6160 | Australia
Post: PO Box 1229 Fremantle Western Australia 6959 Australia
Tel | Fax: (+61) 8 9430 7151 | (+61) 8 9430 7664
Web: www.baobabresources.com



BAOBAB
RESOURCES

- Provide information and support to complaints and advise on available options;
- Implement training and raise the awareness of appropriate standards of conduct;
- Not tolerate any victimisation or reprisals for making complaints;
- Maintain confidentiality of all matters relating to a complaint.

In order to ensure that partners and suppliers adhere to the principles on Human Rights, all Contractors are requested to supply their Policies related to EHS and Social development. The company assess their policies and if there is an element that compromise the company principles, the Contractor or service provider is requested to adhere to the Group Policies.

Although Mozambique is signatory to the Charter of the United Nations and of the Constitutive Act of the African Union, as well as the International Covenant on Civil and Political Rights and the African Charter on Human and Peoples' Rights, the provisions of these instruments are not always respected. The country still have for example low sensitivity on gender issues, however, many steps and initiatives are seen to protect and empower the women. Baobab Resources will continue working to ensure that Human Rights are part of company culture by bringing to the company more legal instruments, policies and procedures to enforce the human rights principles at company level and share with all relevant stakeholders.

The Environmental, Social and Health Impact Assessment studies of the project bring many recommendations to be implemented during the life of the project. We aim to start the implementation of some of them next year, such as the Grievance Mechanism recommended in the Resettlement Action Plan.

Training of employees is part of company principles and the company will continue assessing training needs to improve the human rights awareness.

1.2. Measurement of outcomes

Compared to the last report period, the company has created two relevant policies, namely the Code of Conduct and the Anti-Discrimination Policy. The company has improved the relationship between the employees and they are always kept informed on all relevant information related to the company. The employees are also updated regularly by the Human Resources Department of their duties and rights through tool box talks or workshops.

2. LABOUR PRINCIPLES

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;



CAPITOL
RESOURCES

CAPITOL RESOURCES LDA

Corporate Office: Rua Fernão Melo e Castro nº 261 | Bairro da Sommerschield | Maputo | Moçambique
Technical Office: Bairro do Chingodeze (nr FIPAG) | Matema | Tete | Moçambique
Tel: Maputo: (+258) 21 486404 | Tete: (+258) 25 220 476

BAOBAB RESOURCES PLC

Corporate Office: 27/28 Eastcastle Street | London | W1W 8DH | United Kingdom
Tech | Admin Office: Unit 25 South Terrace Piazza | Fremantle | Western Australia 6160 | Australia
Post: PO Box 1229 Fremantle Western Australia 6959 Australia
Tel | Fax: (+61) 8 9430 7151 | (+61) 8 9430 7664
Web: www.baobabresources.com



BAOBAB
RESOURCES

Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

2.1. Assessment, Policy and Goals

The Group recognises the rights of the workers to freedom of association and to bargain collectively. The company has an Employees Union and the representative was elected by the staff at that time and “shop stewards” duly elected by the staff. All issues are channelled to the management through the representative. The workers are given the freedom to discuss all work-related issues.

We take all necessary measures to ensure that the Group does not participate in any form of forced or bonded labour. The company established a shift working hours of 9 and 12 hours per day and make sure that the shifts are followed properly and the compensation leave time is taken by the employees. We comply with minimum age standards and no child labour is accepted at the company. Currently all employees are older than 21 years.

As stated in the Anti-Discrimination Policy, the Group treat all employees on their merits without regard to race, age, sex, marital status, sexual preference, disability, religion, or political conviction by giving right to equal opportunity and non-discriminatory treatment.

The Group is updating the Internal Regulation to be adhered by all employees where all employees' rights and duties are explained. The employees have among other the right to:

- Perform tasks according to their skills and qualifications.
- Work in accordance with the employment contract and the law.
- Be treated with respect and dignity.
- To be paid on the basis of work performed.
- Be given opportunity to progress and grow professionally.
- To be granted weekly rest and annual leave.
- Work in a clean, safe working environment, etc.

Trough periodic workshops with the employees, the Group will provide and discuss all relevant labour related information and issues to ensure that all employees are aware of their rights, duties and core responsibilities.

Employees are made aware of risks through safety talks, various posters eg hand washing are displayed in bathrooms to remind people of the importance of washing hands after using the toilet. PPE is provided when tasks require PPE to be used. Safe operating procedures are in use for some equipment, others will be drafted in consultation with the operators of the equipment. First Aid Training was given to the employees to ensure injuries can be given immediate attention before



CAPITOL
RESOURCES

CAPITOL RESOURCES LDA

Corporate Office: Rua Fernão Melo e Castro nº 261 | Bairro da Sommerschield | Maputo | Moçambique
Technical Office: Bairro do Chingodeze (nr FIPAG) | Matema | Tete | Moçambique
Tel: Maputo: (+258) 21 486404 | Tete: (+258) 25 220 476

BAOBAB RESOURCES PLC

Corporate Office: 27/28 Eastcastle Street | London | W1W 8DH | United Kingdom
Tech | Admin Office: Unit 25 South Terrace Piazza | Fremantle | Western Australia 6160 | Australia
Post: PO Box 1229 Fremantle Western Australia 6959 Australia
Tel | Fax: (+61) 8 9430 7151 | (+61) 8 9430 7664
Web: www.baobabresources.com



BAOBAB
RESOURCES

reaching the hospital. Cholera awareness posters, water sanitizer and chlorine were distributed to schools and communities within the project area. An event for World AIDS day took place last year to create awareness of HIV/AIDS, the event also included free voluntary tests for all Tete based employees and was very well supported. Condoms were made available in the bathrooms of the office to encourage safe sex and STD prevention. A HIV/AIDS Policy is also being drafted.

2.2. Measurement of outcomes

Appraisals are carried out once a year to evaluate key performance indicators and give an overall performance rating. Incentives are given for good performance rating scores. Training and continual developmental needs are identified in the appraisal and plans are made to incorporate the training in the following year to ensure continual development of employees.

Current policies are under review and the Group is identifying more policies/procedures that need to be drafted and implemented.

3. ENVIRONMENTAL PRINCIPLES

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

3.1. Assessment, Policy and Goals

In the area of the environment, the Group support a precautionary approach to environmental issues. The company assess all environmental risks before perform any activity. If the activity is susceptible to cause impacts to the environment, mitigation measures are put in place. We have emergency procedures in place to prevent and address accidents affecting the environment and human health. The Group also take measures to reduce energy consumption and emissions of greenhouse gasses and energy consumption awareness is taking place (eg. employees are requested to switch off all electric appliances that are not in use). Currently there are few sources of greenhouse emissions related to the company activities. The Environmental, Social and Health Impact Assessment is almost completed and have addressed the concept of “precautionary measures” as a good alternative to avoid or reduce the environmental impacts related to project activities.



CAPITOL RESOURCES LDA

Corporate Office: Rua Fernão Melo e Castro nº 261 | Bairro da Sommerschield | Maputo | Moçambique
Technical Office: Bairro do Chingodeze (nr FIPAG) | Matema | Tete | Moçambique
Tel: Maputo: (+258) 21 486404 | Tete: (+258) 25 220 476

BAOBAB RESOURCES PLC

Corporate Office: 27/28 Eastcastle Street | London | W1W 8DH | United Kingdom
Tech | Admin Office: Unit 25 South Terrace Piazza | Fremantle | Western Australia 6160 | Australia
Post: PO Box 1229 Fremantle Western Australia 6959 Australia
Tel | Fax: (+61) 8 9430 7151 | (+61) 8 9430 7664
Web: www.baobabresources.com



3.2. Measurement of outcomes

The company has an Environmental, Health & Safety policy that is being revised and will be communicated to all staff.

Induction documents outline environmental protection strategies and discourage the destruction of the environment in all areas of work as well the purchase of bush meat frequently sold in remote locations of work.

The group have introduced initiatives and programmes to reduce waste materials (e.g. recycling) and consumption of resources. We currently use used tyres and shredded paper in a pilot project to grow vegetables sustainably and organically. Waste saw dust from other companies is also used as a mulch to reduce the amount of water required for the plants and enriches soil as it decomposes over time. Compost is made from garden scrap and helps to enrich previously degraded soil. With the implementation of this project awareness & knowledge has been passed onto staff who are now using some of these sustainable techniques at their own homes and further spreading the knowledge acquired. No artificial fertilizers or insecticides were used for the pilot project.

The plastic bottles generated sent to a waste management company who have the bottles recycled into plastic bags. Metal waste (cans, old vehicle parts) and vehicle service waste are sent to the same waste disposal company to be disposed of correctly. A waste management plan is to be drafted and implemented. A waste separation program was implemented and waste is separated as it is generated. This creates awareness of how much waste is generated and what kind of waste is generated not only for the awareness of the company but also for employees.

There is a standard Incident/Accident report form which is filled out by the initiator and then investigated further by the EHS department to uncover not only the direct cause of the incident but also the root cause. The findings are reported to management who then review corrective actions to be taken and action them as required.

As part of environmental monitoring and protection, water and weather data has been collected and analysed since March 2015 and June 2014 respectively. Monthly EHS reports are compiled for management review. The Group will continue using a “precautionary approach” to guide the business.



CAPITOL
RESOURCES

CAPITOL RESOURCES LDA

Corporate Office: Rua Fernão Melo e Castro nº 261 | Bairro da Sommerschield | Maputo | Moçambique
Technical Office: Bairro do Chingodeze (nr FIPAG) | Matema | Tete | Moçambique
Tel: Maputo: (+258) 21 486404 | Tete: (+258) 25 220 476

BAOBAB RESOURCES PLC

Corporate Office: 27/28 Eastcastle Street | London | W1W 8DH | United Kingdom
Tech | Admin Office: Unit 25 South Terrace Piazza | Fremantle | Western Australia 6160 | Australia
Post: PO Box 1229 Fremantle Western Australia 6959 Australia
Tel | Fax: (+61) 8 9430 7151 | (+61) 8 9430 7664
Web: www.baobabresources.com



BAOBAB
RESOURCES

4. ANTI-CORRUPTION PRINCIPLES

4.1. Assessment, Policy and Goals

The Group has drafted an Anti-Corruption and Bribery Policy that provides guidance on how to conduct all of our business in an honest and ethical manner. We are aware that all company activities that may be susceptible to cause corruption or bribery are carefully assessed according to the anti-corruption policy.

The Group will continue working to ensure that relevant workers are properly trained. All employees working on sensitive areas (those dealing with tenders, procurement, contracts, consultants, etc.) are aware of the anti-corruption procedures as the risks. On their day-to-day they have the responsibility for implementing this policy, and for monitoring its use and effectiveness. Procurement is being enforced at the companies and evaluation criteria and check list are considered before assign any contract or service to a supplier.

The Internal Regulation also states clearly that all employees must have a professional and acceptable social behaviour. Workers shall not hold any individual interest, whether direct or indirect with the companies supplying goods or services. It is expressly prohibited to benefit third parties as an exchange of favours.

4.2. Measurement of outcomes

The Group will continue working in the disclosure and implementation of the policy to all employees and stakeholders.

We actively encourage the employees to adhere to anti-corruption initiatives and denounce any signal of bribery or corruption. The Group have assigned a Senior Manager to support key sector such as Administration, Transport and Maintenance as those are the most sensitive areas. A SWOT analyse of this key are is being conducted and the outcomes will be used to improve the implementation of the policy.