

# Independent assurance report

## To the management and stakeholders of African Rainbow Minerals Limited

### Introduction

As a member of the International Council on Mining & Metals (ICMM), African Rainbow Minerals Limited (ARM) is committed to obtaining assurance over specified assertions related to its Environmental, Social and Governance (ESG) report (the report) in accordance with the ICMM's Sustainable Development (SD) Framework: Assurance Procedure.

IBIS ESG Consulting Africa (Pty) Ltd (IBIS) was commissioned by ARM to conduct an independent third-party assurance engagement in relation to the sustainability information in its ESG report for the financial year that ended 30 June 2021.

IBIS is an independent licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from a multidisciplinary team of health, safety, social, environmental and assurance specialists with extensive experience in sustainability reporting. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with more than 25 years' experience in sustainability performance measurement involving both advisory and assurance work.

### Assurance standard applied

This assurance engagement was performed in accordance with AccountAbility's AA1000AS v3 (2020) ("AA1000AS") and was conducted to meet the AA1000AS Type II moderate level requirements respectively as indicated below.

### Respective responsibilities and IBIS' independence

ARM is responsible for preparing its ESG report and for the collection and presentation of sustainability information within the report. IBIS' responsibility is to the management of ARM alone and in accordance with the terms of reference agreed with ARM.

IBIS applies a strict independence policy and confirms its impartiality to ARM in delivering the assurance engagement. This assurance engagement is the sixth consecutive sustainability assurance engagement conducted for ARM by IBIS.

### Assurance objectives

The purpose of the assurance engagement was to provide the management of ARM and its stakeholders with an independent assurance opinion on whether the report meets the following objectives as per the ICMM Sustainable Development Framework: Assurance Procedure.

- **ICMM subject matter 1:** ARM's alignment with the ICMM Sustainable Development Framework, including the enhanced Mining Principles and associated mandatory requirements set out in the ICMM Position Statements. In addition, validation on the Performance Expectations (PEs) was performed at the asset level at Beeshoek Mine, Modikwa Mine and Cato Ridge Works operations as well as at the corporate level where appropriate.
- **ICMM subject matter 2:** ARM's material sustainable development risks and opportunities that form the basis of its review of the business and the views and expectations of its stakeholders. This involves ARM's approach to identify, prioritise and respond to its material SD risks and opportunities, assessed through ARM's application of the AA1000 Accountability Principles (2018).
- **ICMM subject matter 3:** The existence and status of ARM's implementation of systems and approaches used to manage its identified material SD risks and opportunities.
- **ICMM subject matter 4:** ARM's performance during the reporting period reflected by the following selected disclosures relating to ARM's material SD risks and opportunities.

Disclosure	Unit of measurement
Scope 1 and 2 attributable greenhouse gas emissions	tCO2e
Total electricity consumption	MWh
Total diesel consumption	million litres
Total volume of water withdrawal	million m <sup>3</sup>
Total volume of water outputs	million m <sup>3</sup>
Fatality frequency rate (FFR)	rate
Lost-time injury frequency rate (LTIFR)	rate
Total recordable injury frequency rate (TRIFR)	rate
Total number of new pulmonary tuberculosis (PTB) cases (2020 calendar year)	number
Total number of occupational diseases submitted for compensation	number
Total number of employees and contractors receiving antiretroviral treatment (ART)	number
Total amount of corporate social investment (CSI) and local economic development (LED) spend	million ZAR

- **ICMM subject matter 5:** ARM's application of the GRI Standards in accordance "core" reporting requirements.
- **King IV alignment:** ARM's compliance with the principles contained within the 4th version of the King Report on Governance for South Africa 2016 and the King Code of Governance Principles (collectively, King IV™).

## Assessment criteria

The following suitable assessment criteria were used in undertaking the work:

- **ICMM subject matter 1:** ICMM's 10 Sustainable Development Principles, Performance Expectations criteria and Position Statements.
- **ICMM subject matter 2:** AA1000AP (2018) adherence criteria for the Principles of Inclusivity, Materiality, Responsiveness and Impact.
- **ICMM subject matter 3:** ARM's description of systems and approaches used to manage its material SD risks and opportunities and the implementation of these systems and approaches.
- **ICMM subject matter 4:** GRI Standards, the Greenhouse Gas Protocol, the ICMM Water Reporting Framework, Definitions and guidance used by ARM for reporting qualitative and quantitative performance, as well as the completeness, accuracy and validity of disclosures.
- **ICMM subject matter 5:** GRI Standards and their Mining and Metals Sector Supplement (MMSS).
- **King IV alignment:** King Report on Governance for South Africa and the King Code of Governance Principles.

## Assurance procedures performed

Our assurance methodology included:

- Telephonic Interviews with relevant functional managers from the ARM corporate office and operations to understand and test the processes in place for adherence to the AA1000AP (2018) stakeholder engagement principles and disclosure of the selected disclosures in the assurance scope.
- Desktop reviews for three select operations: Beeshoek Mine, Modikwa Mine and Cato Ridge Works, which involved testing, on a sample basis, the measurement, collection, aggregation and reporting processes in place.
- Inspection and corroboration of supporting evidence to evaluate the data generation and reporting processes against the assurance criteria.
- Reporting the assurance observations to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process.
- Assessing the presentation of information relevant to the scope of work in the ESG report to ensure consistency with the assurance observations.

## Independent assurance report continued

### Engagement limitations

The procedures performed in a moderate assurance engagement vary in nature from, and are less in extent, than for a high assurance engagement. As a result, the level of assurance obtained for a moderate assurance engagement is lower than for high assurance as per AA1000AS.

Due to the global Covid-19 pandemic related travel restrictions and risks, all assurance work was desktop based. Evidence to support information reported for the sampled sites was obtained electronically for review and assessment as a basis for our assurance conclusion. Readers of the ESG report are cautioned to understand this inherent limitation.

The scope of work did not extend to any subject matters other than specified in this assurance statement. IBIS experienced no limitations to the agreed extent of work required for the engagement.

### Assurance conclusion

IBIS planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusion for a moderate assurance level in accordance with AA1000AS.

In our opinion, based on the work undertaken for moderate assurance as described, we conclude that the subject matters in the scope of this assurance engagement have been prepared in accordance with the defined criteria and are free from material misstatement.

### Key observations and recommendations

Based on the work set out above, and without affecting the assurance conclusion, the key observations and recommendations for improvement are set out below.

#### In relation to ICMM subject matter 1

Corporate level policies, management standards and procedures observed adequately demonstrate ARM's corporate commitment to the ICMM Mining Principles and the related Position Statements. The PE validation processes also confirmed appropriate alignment with the ICMM Performance Expectations.

#### In relation to ICMM subject matter 2

**Inclusivity:** ARM's code of conduct, which contains a stakeholder communication policy, together with the board charter provide for inclusive stakeholder engagement and monitoring. Stakeholder and community engagement were observed to be an agenda item at operational, divisional and board meetings. Responsibilities were found to be appropriately assigned at all levels. Documented evidence assessed at select operations as well as board minutes inspected pointed to a high level of inclusivity in ARM's deliberations, decisions, and actions, which take the legitimate interests and expectations of the company's stakeholders into account.

**Materiality:** ARM has applied due process in mapping and disclosing its material stakeholder concerns in a transparent and balanced manner. Stakeholder engagement informs ARM's material matters, risks and opportunities and provide input into the business strategy and long-term direction. Material matters for FY2021 were reviewed against board and executive committee deliberations, feedback from formal and informal engagements with stakeholders during the year, a review of media reports and peer analysis. The FY2021 ESG report presents ARM's material matters along with the relevant components and descriptions. The ESG report also sets out material concerns from key stakeholders and what ARM's responses related to them were.

**Responsiveness:** ARM's responses to stakeholder issues observed across different stakeholder groups, at both corporate and operational levels, indicate a high level of maturity and accountability to issues raised. A sample of responses to stakeholders observed were found to be directly related to the stakeholder concerns and were conducted in a timely, fair and appropriate manner without prejudice to any one stakeholder group.

**Impact:** ARM reports on a range of material ESG topics based on its ongoing monitoring, measurement, and evaluation of its impacts; both qualitatively and quantitatively. ARM's SD policies and procedures aim to enhance the quality of outcomes from its interventions that will add value to society and contribute to the developmental aspirations set out in the United Nations Sustainable Development Goals (SDGs). The SDGs that align with ARM's business have been adopted and reported on for FY2021, demonstrating ARM's impact

related to each topic. It is recommended that ARM continue to report on the progress against the SDGs as well as monitor and measure the social changes that result from ARM's activities and the long-term impacts on its stakeholders and on ARM's business itself.

### **In relation to ICMM subject matter 3**

The process observed to identify the group's material risks and opportunities is well established. It was found that the material risks and opportunities reported in FY2020 remained relevant for FY2021, although some components and descriptions have changed.

### **In relation to ICMM subject matter 4**

It was observed that appropriate measures are in place to provide reliable source-data related to the selected disclosures assessed. Management's responses to issues raised from the previous assurance cycle resulted in a reduction in the number of issues noted. The general control environment for sustainability information could be further improved with the formalisation of a corporate-level sustainability reporting procedure to ensure the consistent interpretation of definitions across the group, and to provide guidance on key internal controls required. Data inconsistencies identified during the assurance process were subsequently corrected and IBIS is satisfied with the accuracy of the final data in the assurance scope.

### **In relation to ICMM subject matter 5**

A review of the ESG report against the GRI Standards indicated that ARM effectively reports in accordance with the GRI Standards – "core" disclosure requirements as required by the ICMM.

### **In relation to ARM's alignment with King IV**

Evidence observed during engagement with the Group Company Secretary and Governance Officer as well as inspections of board minutes, policy and other related documents, confirmed due application of King IV™ as reported.

A comprehensive management report detailing specific findings and recommendations for continued sustainability reporting improvement has been submitted to ARM management for consideration.



**Petrus Gildenhuys**

Director, IBIS ESG Consulting Africa (Pty) Ltd



**IBIS**



Johannesburg  
8 October 2021