

# Group Tax Policy

## October 2017



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## 1. Introduction

### OBJECTIVE

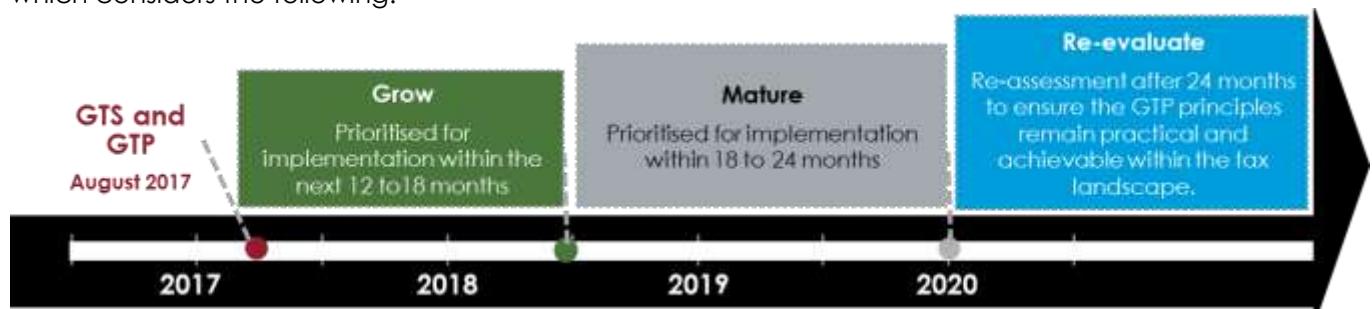
The objective of this document is to provide the Sibanye Group ("the Group") with a Group Tax Policy ("GTP") document that aligns with the Group's existing strategies and policies.

The GTP is supported by the Group Tax Strategy ("GTS"), which is the tax framework for the Group. The GTP outlines how the Group's overall objective of "superior value creation"<sup>1</sup> is met by driving tax operational effectiveness and efficiency and the management of tax risk.

The responsibilities for managing the tax obligations in each of the jurisdictions in which the Group operates are varied across the Group for both compliance and risk. Given these wide-ranging responsibilities, together with the inherent complexity of the evolving tax landscape, the GTP provides the principles through which the Group's tax obligations and associated risk are managed, reported and monitored.



The GTP follows an outcomes based approach, defining the objective of each paragraph and ensuring principles are practical and achievable by the inclusion of an Enabling Objective Outcome ("EOO"), which considers the following:



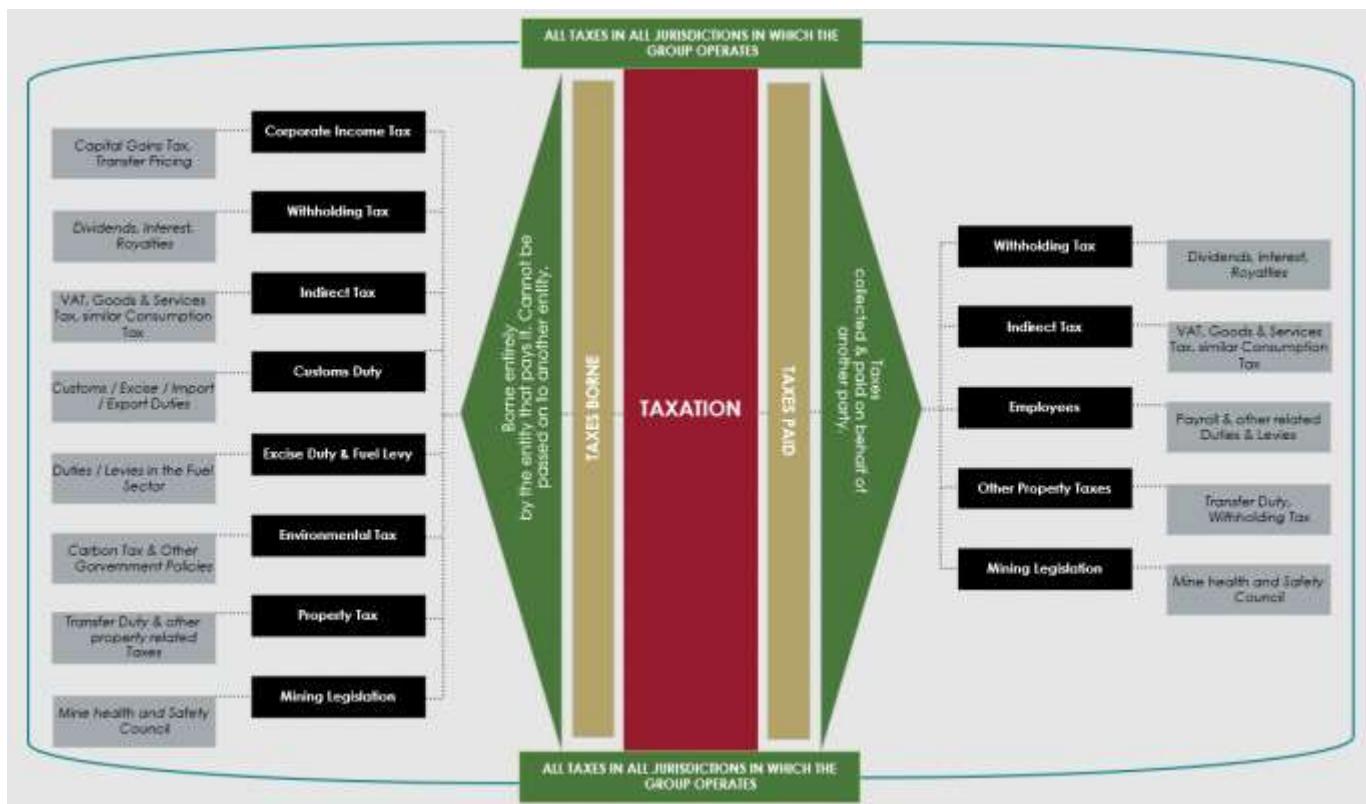
<sup>1</sup> Sibanye Risk Enterprise Risk Management Framework (ERMF)

## 1.1 Scope

### OBJECTIVE

The GTP will apply to all Group legal entities across all jurisdictions in which the Group operates.

The GTP applies to the management of all taxes and levies, both borne and collected as well as the compliance and reporting thereof:



(Refer to Annexure A for definitions of key tax terms)

The GTP places emphasis on the Group's obligation to:

- Comply with prevailing legislation in all jurisdictions in which it operates; and
- Be transparent in reporting its tax affairs in the Group's Annual Financial Statements and Integrated Report.

## 1.2 Approval and distribution

Overall responsibility for approval of the GTP resides with the Group's Board of Directors (the Board), recommended by the Tax, Audit and Risk Committees, who provide oversight and review the effectiveness and efficiency of the GTP.

The Executive Committee is responsible for ensuring the GTP is integrated within the tax risk management processes as well as the ongoing monitoring of effectiveness of the GTP.

Once approved, the GTP will be distributed to the Executive Committee, Risk Committee, and all tax personnel within the Group by the Group CFO.

At the discretion of the Group CFO further copies may be distributed within the Group.

### **1.3 Revision**

The GTP will be reviewed on an ongoing basis, as appropriate, taking into consideration:

- Material changes to the strategy, business or organisational structure of the Group; and
- Significant changes in the tax law or the regulatory environment within which the Group operates.

The GTP will be reviewed and updated at a minimum on an annual basis.

## 2. Governance

### OBJECTIVE

The Group's approach to tax governance is based on 6 key tax guiding principles which assist the Group to achieve its objectives.

The GTP is supported and integrated into the Group's Enterprise Risk Management Framework (ERMF) as well as other relevant policies, to ensure that there is adequate oversight and control to provide comfort that tax risk management is undertaken in a consistent, effective and efficient manner; thereby aiding in achieving the Group's Corporate Objectives from both an operational and risk management perspective.

*"As a responsible corporate citizen, Sibanye fosters and maintains constructive engagement with all stakeholders in order to deliver on our vision to create superior value for all stakeholders, to maintain our licence to operate, and ultimately for the long-term success and sustainability of the business."*

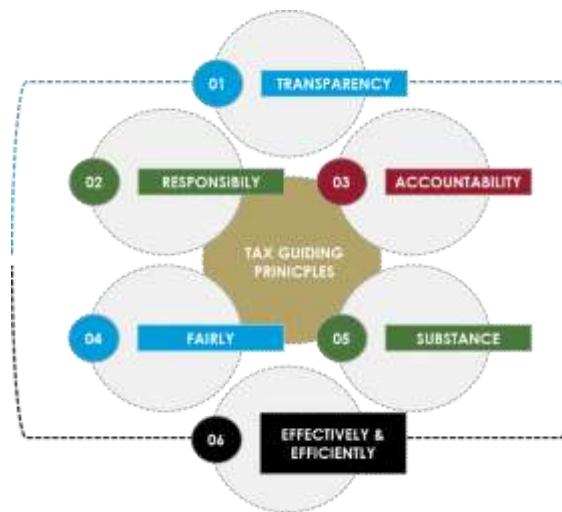
The Group acknowledges that it has a responsibility to all of its stakeholders, both internal and external, which is demonstrated through the Group's decisions, actions, and consideration of impact where the Group has substantial economic activity.

### Corporate citizenship and tax

The GTP is based on the principles of good corporate tax citizenship balancing the needs, interests and expectations of stakeholders in a dynamic and ongoing process.

The Group applies the principles of King IV™ (published on 1 November 2016 and effective for years starting on or after 1 April 2017), which states that:

*"The governing body should be responsible for a tax policy that is compliant with the applicable laws, but that is also congruent with corporate citizenship, and takes account of reputational repercussions."*



### 2.1 Strategy and objectives

### OBJECTIVE

The Group has established the GTS, a framework which governs the management of tax throughout the Group. The GTP sets out the mandate of Group Tax to enable the management of tax risks and meeting of the Group's objectives and outcomes.

The Group, in meeting its overall objective of value creation, strives to arrange its tax affairs in an effective and efficient manner and to act in good faith by always remaining compliant with current laws in all jurisdictions in which it operates and taking into account financial and reputational risk.

The Group adopts a conservative approach to tax risk management, understanding its responsibility to pay its fair share of tax. Tax risk is considered in every commercial decision, aligned to the Group's

overall strategy that tax positions assumed should have a high prospect of success in case of a review by Tax Authorities.

**EEO**

Group Tax recognises these elements as inseparable from the value creation process and is committed to drive this stated approach to tax management throughout the Group, whilst in alignment to the Group's overall strategy and core objectives.

## 2.2 Tax Guiding Principles

The objectives outlined above are served by the 6 key tax guiding principles, which are applicable to all tax types the Group is subject to across all jurisdictions in which it operates.

The Group commits to act within the 6 tax guiding principles as follows:

### 2.2.1. Transparency

[ELEMENTARY King IV™ Principle 1, 5, 13, 14, 16]

**OBJECTIVE**

The Group seeks to build open, transparent and constructive relationships with Tax Authorities, other Regulators and other relevant stakeholders, both internally and externally.

Tax transparency is demonstrated not only in communication of the Group's approach to tax or the tax contribution(s) made in the jurisdictions in which the Group operates but also in the building of mutual trust and constructive relationships.

#### Integrity in interactions:

The Group seeks to ensure all undertakings with Tax Authorities, other Regulators and other relevant stakeholders are conducted in a professional, courteous and timely manner, building effective and transparent relationships in order to minimise the risk of challenge, dispute or damage to the Group's credibility and reputation.

**EEO**

**Grow**

**Mature**

**Re-evaluate**

Integrity in interactions is demonstrated by the manner in which the Group conducts its tax affairs, which includes the ability to:

- Demonstrate a fair share of tax was paid and the transaction(s) are based on sound commercial rationale;
- Ensuring compliance with current laws in all the jurisdictions in which it operates;
- Engagement and participation with Tax Authorities, via formal consultation processes, to obtain certainty on tax positions; and
- Build co-operative relationships with Tax Authorities by engaging in early resolution of any disputes.

### Integrity in reporting:

Group Tax strives to meet the objective of integrity in its reporting when communicating the Group's tax affairs to relevant stakeholders by:

- Ongoing monitoring and adaption to ensure enhanced and balanced tax disclosures, by proactively monitoring additional reporting requirements, relevant to peers and global best practice, including Total Tax Contribution ("TCC"), the Group's effective tax rate and Country by Country Reporting ("CbCR") requirements; and
- Consistency of reporting, to ensure correct recognition and disclosure of tax in the Group's Annual Financial Statements and Integrated Report.

	Grow	Mature	Re-evaluate
EEO	<p>The Group acknowledges that there is currently limited visibility in reporting of operations outside of South Africa and is proactively seeking to enhance reporting structures for both internal and external stakeholders, as appropriate.</p> <ul style="list-style-type: none"> <li>• The Group plans to enhance the disclosure of the Group's approach to Tax in the Integrated Report for the 2017 financial year onward.</li> <li>• The Group supports the exchange of CbCR data and continues to monitor the developments of the OECD and Tax Authorities to ensure its readiness to meet existing and new reporting requirements.</li> </ul>		<ul style="list-style-type: none"> <li>• The Group will continue to pro-actively provide enhanced, balanced and transparent disclosure in communicating its tax affairs and circumstances to relevant stakeholders.</li> </ul>

#### 2.2.2. Responsibly

[ELEMENTARY King IV™ Principle 1, 2, 3, 4, 6, 7, 8, 9, 10, 12, 13, 14, 16, 17]

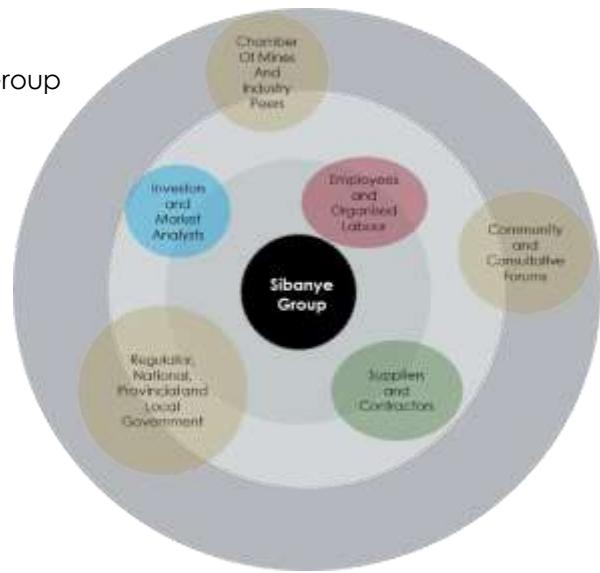
OBJECTIVE	Group Tax pro-actively seeks to apply professional care and judgement, taking ownership of actions and acting honestly and with integrity while aligning actions within reasonable expectation of all relevant stakeholders.
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Stakeholder engagement is a key consideration within the Group's ERMF. Group Tax considers all stakeholders who are either directly or indirectly affected by the Group's actions, objectives and policies.

Stakeholders can be categorised as internal or external and may include directors, employees, Tax Authorities, Regulatory bodies, Government, shareholders, suppliers, customers, unions, and the community from which the business draws its resources.

As a business partner, the core stakeholders applicable to Group Tax include:

- Shareholders;
- Operations (including the Group's Shared Service Centre, Procurement, Corporate Finance and Business Development); and
- Tax Authorities, Other Regulators and Government.



### Grow      Mature      Re-evaluate

As part of the management of tax risk, due consideration is given to the Group's reputation, brand, corporate and social responsibilities when considering tax initiatives.

Group Tax, as a business partner, is mandated to:

- Manage tax in line with its corporate governance framework and procedures;
- Comply and report on all obligations in line with its ERMF in all the jurisdictions in which it operates;
- Ensure that the tax strategy, tax activities and tax uncertainties are relevant, documented and reported regularly;
- Consider tax in all significant business decisions and transactions, acknowledging its responsibility to its shareholders to be financially efficient and deliver a sustainable and optimal tax rate; and
- Pro-actively, as a business partner, add value to the business, providing tax technical insight, training and consultation to relevant internal stakeholders.

#### 2.2.3. Accountability

[ELEMENTARY King IV™ Principle 1, 2, 3, 15, 17]

##### OBJECTIVE

Group Tax is confident that it understands its roles and responsibilities in identifying and mitigating tax risks, enabling the Group to meet its tax obligations.

As a business partner, Group Tax is accountable to relevant stakeholders where tax risk developments materially impact the Group.

EOO	Grow	Mature	Re-evaluate
<p>Through appropriate Governance structures (refer to Paragraph 3), the Board provides sound governance and oversight to enable Group wide management of tax, including monitoring and management of tax risk in accordance with the GTP.</p> <p>Roles and responsibilities are clearly defined including the Delegation of Authority (refer to paragraph 3.4). In order to be accountable, Group Tax commits to:</p> <ul style="list-style-type: none"> <li>• Understand its roles and responsibilities as set out in the GTP, including managing relationships with Tax Authorities and responsibilities in relation to day to day operations;</li> <li>• Pro-actively monitor the effectiveness and efficiency of the designated roles and responsibilities, promptly communicating any deficiencies or opportunities to the Tax Committee; and</li> <li>• Continually monitor processes and procedures in the management of tax to identify any risks or opportunities in the changing tax landscape.</li> </ul>			

#### 2.2.4. Fairly

[ELEMENTARY King IV™ Principle 1, 5, 11, 13, 14, 16]

OBJECTIVE
The Group understands its responsibility to pay its fair share of tax.

The Group manages its tax affairs in an effective and efficient manner, supporting the business as fully as possible in meeting its responsibility to be a good corporate citizen and ensuring that tax planning is built on sound commercial activity.

EOO	Grow	Mature	Re-evaluate
<p>Group Tax seeks to act ethically and take responsibility for the Group's taxes, including:</p> <ul style="list-style-type: none"> <li>• Having due consideration for the Group's responsibilities as a taxpayer in all the jurisdictions in which it operates by committing to act in good faith;</li> <li>• Ensuring tax is considered in all significant business decisions and transactions and ensure decisions are based on sound commercial activities;</li> <li>• Acknowledge the significance of its economic contribution; and</li> <li>• Ongoing pro-active monitoring of all tax positions in accordance with applicable legislation and the changing tax landscape.</li> </ul>			

## 2.2.5. Substance

[ELEMENTARY King IV™ Principle 1, 4, 5, 8, 9, 11, 17]

OBJECTIVE	<p>The Group understands that all transactions must have a business purpose and commercial rationale that supports the Group's value creation activities.</p>
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In considering that all transactions must have sound commercial rationale, the Group considers and evaluates any tax benefit, exemption or incentive which would potentially result in a significantly lower tax rate than the Group's optimal rate or risk appetite limit.

EoO	<p>The Group, in paying its fair share of tax, considers and evaluates the following on an ongoing basis:</p> <ul style="list-style-type: none"> <li>• Transactions and the implementation thereof are based on sound commercial grounds; and</li> <li>• Monitors OECD developments and global best practice to identify and avoid harmful tax practices, including "uncooperative tax havens" and artificial arrangements.</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #6B8E23; color: white; text-align: center; padding: 5px;">Grow</th><th style="background-color: #C0C0C0; color: black; text-align: center; padding: 5px;">Mature</th><th style="background-color: #0070C0; color: white; text-align: center; padding: 5px;">Re-evaluate</th></tr> </thead> <tbody> <tr> <td style="padding: 10px;"> <p>Group Tax acknowledges its mandate to become a core business partner, providing tax technical support on transactions, ensuring the Group's tax positions assumed have a high prospect of success in case of a review by Tax Authorities in the jurisdictions in which the Group operates.</p> </td><td style="padding: 10px;"></td><td style="padding: 10px;"></td></tr> </tbody> </table> <p>Group Tax seeks to act ethically and take responsibility for the Group's taxes, including:</p> <ul style="list-style-type: none"> <li>• Having due consideration for the Group's responsibilities as a taxpayer in the jurisdictions in which it operates;</li> <li>• Ensuring tax is considered in all significant business decisions and transactions; and</li> <li>• Ongoing pro-active monitoring of all tax positions in accordance with applicable legislation and the changing tax landscape.</li> </ul>	Grow	Mature	Re-evaluate	<p>Group Tax acknowledges its mandate to become a core business partner, providing tax technical support on transactions, ensuring the Group's tax positions assumed have a high prospect of success in case of a review by Tax Authorities in the jurisdictions in which the Group operates.</p>		
Grow	Mature	Re-evaluate					
<p>Group Tax acknowledges its mandate to become a core business partner, providing tax technical support on transactions, ensuring the Group's tax positions assumed have a high prospect of success in case of a review by Tax Authorities in the jurisdictions in which the Group operates.</p>							

## 2.2.6. Effectively and efficiently

[ELEMENTARY King IV™ Principle 1, 6, 7, 8, 9, 10, 11, 12, 15]

OBJECTIVE	<p>Group Tax, as a business partner, commits to manage the tax affairs of the Group in an effective and efficient manner.</p>
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### Meeting tax obligations:

- As a business partner, when the Group undertakes commercial opportunities, Group Tax understands its responsibility in ensuring that the Group understands its role in the payment of its fair share of tax, while maintaining a tax rate within the Group's optimal rate and within the Group's tax risk appetite limit as per the tax risk tolerance guidelines.

### Resources:

Group Tax seeks to:

- Use the Tax Function's resources and budget as effectively and efficiently as possible in order to minimise the cost of compliance, whilst ensuring the required resources and capabilities are available to meet the Group's tax obligations;
- Pro-actively monitor developments in technology, including the use of process automation to enhance efficiency; and
- Actively share tax knowledge throughout the Group, to ensure the Group has the necessary skills and knowledge to achieve the objectives of the GTS and the GTP.

Grow	Mature	Re-evaluate
Group Tax acknowledges that technology is currently not effectively used as an enabler within tax and is investigating proof of value automation to enhance the efficiency of the tax function.		

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Group Tax, as a core business partner, pro-actively:

- Supports the business, providing tax awareness training on developments in the tax landscape ensuring effective and efficient tax management at all times;
- Supports relevant internal business partners (such as Finance, Procurement, Shared Service Centre, Stores, Payroll etc.) with the implementation of legislative changes as well as with the development of templates and schedules to enable tax compliance as part of core processes;
- Monitors developments in technology and tax, to enhance the efficiency of Group Tax's processes and reporting; and
- Provides input and conducts post-implementation reviews of any core finance transformation projects or enhancements.

### 3. Roles and responsibilities

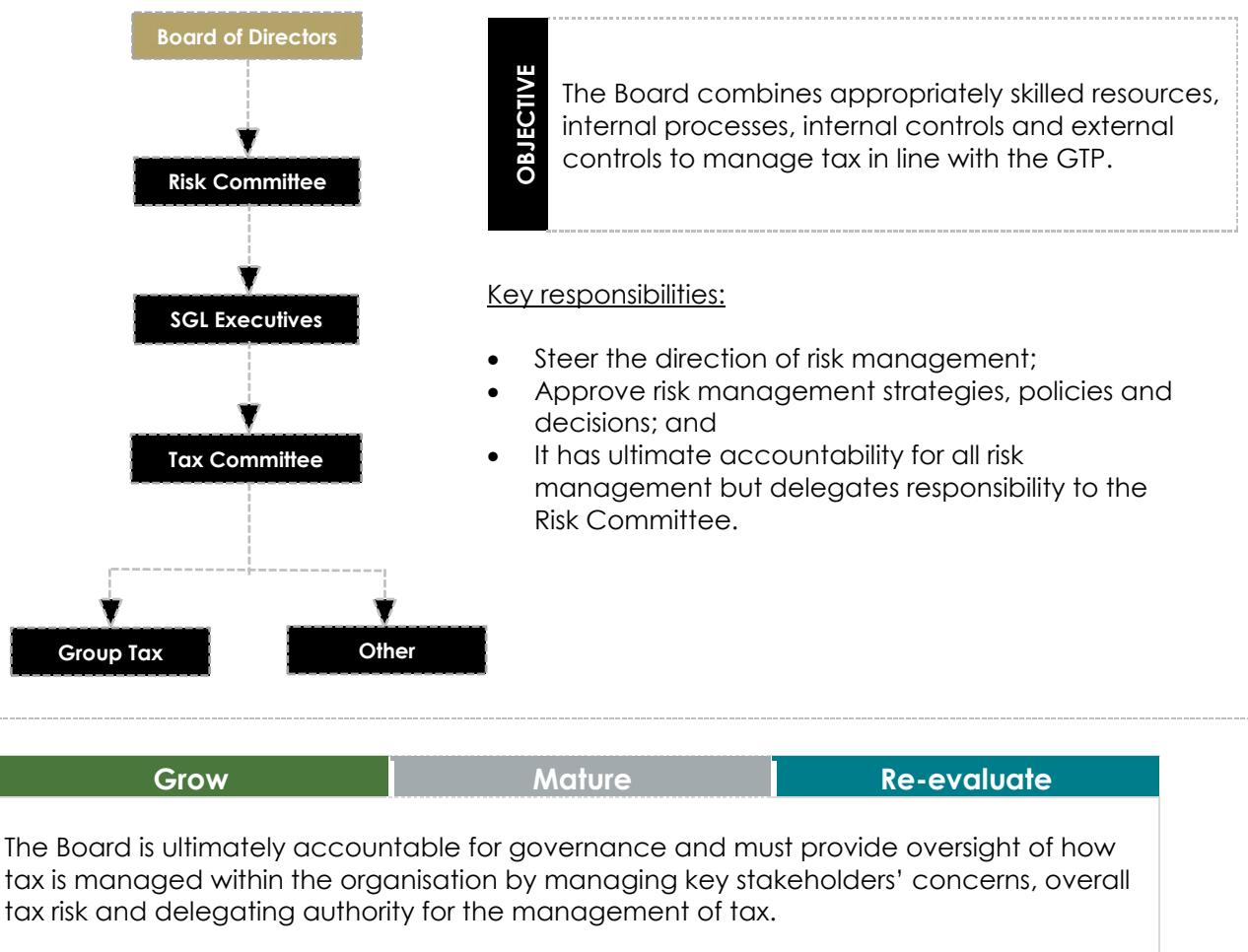
#### 3.1 Introduction

The ERMF offers direction on the overall governance structure of the Group's risk management and the related roles and responsibilities of leadership as well as risk and control owners.

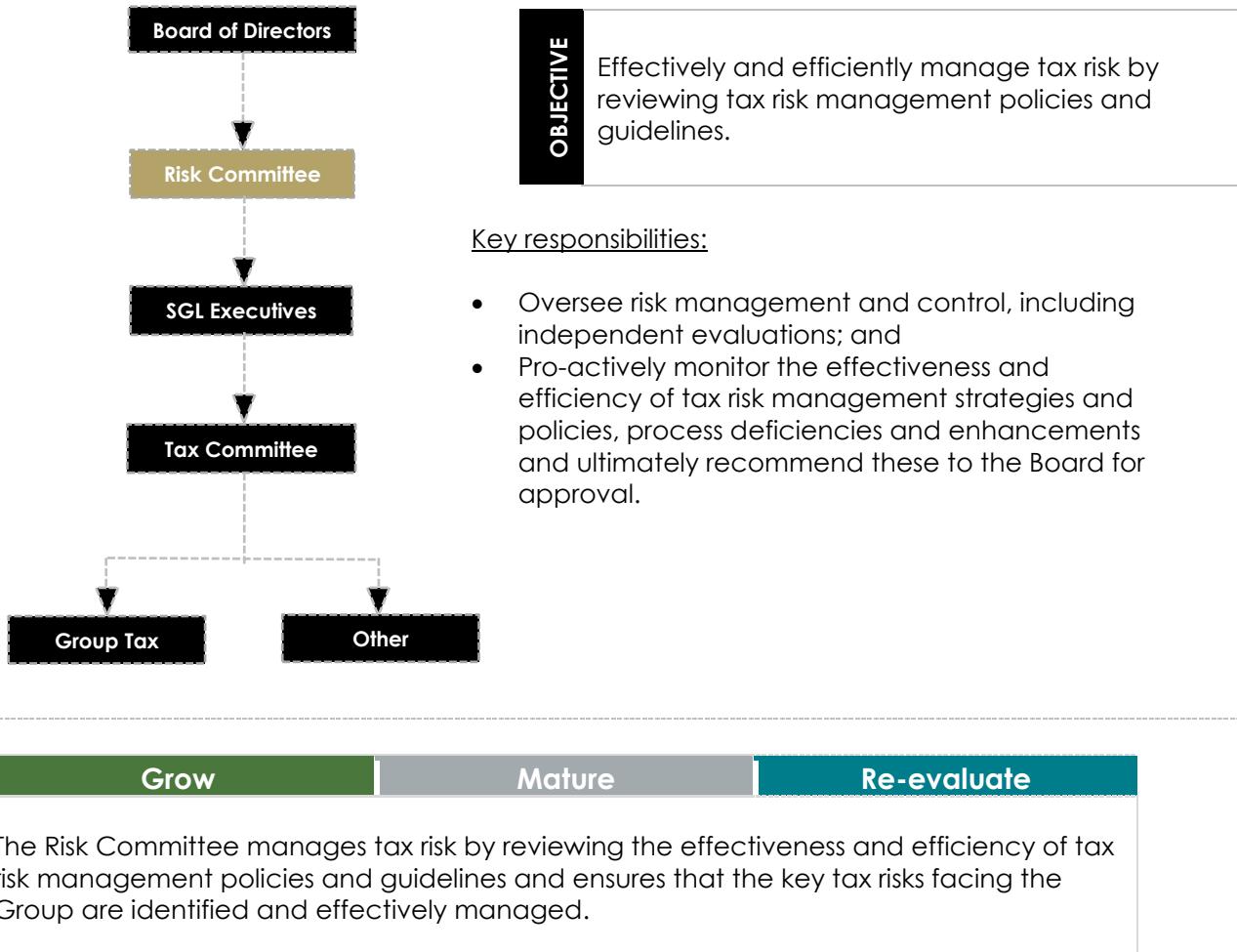
This assists in understanding the Group's Governance Framework which includes the risk and reporting structure and where Group Tax is represented in the overall organisational governance structure.

#### 3.2 Governance roles and responsibilities

##### 3.2.1 Board of Directors

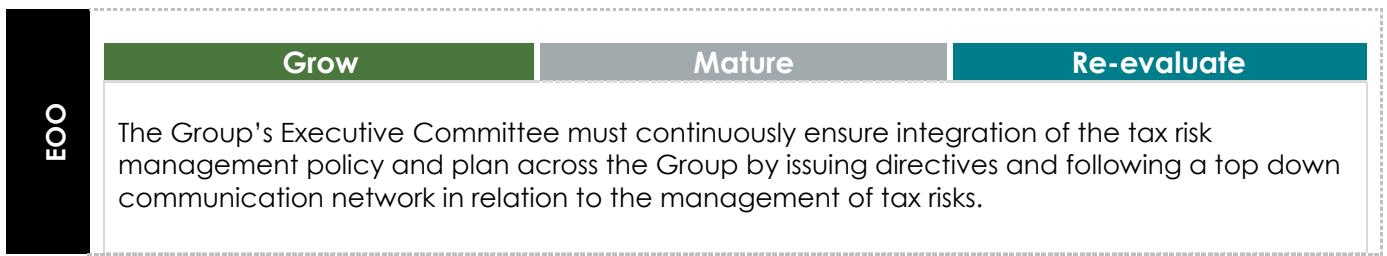


### 3.2.2 Risk Committee

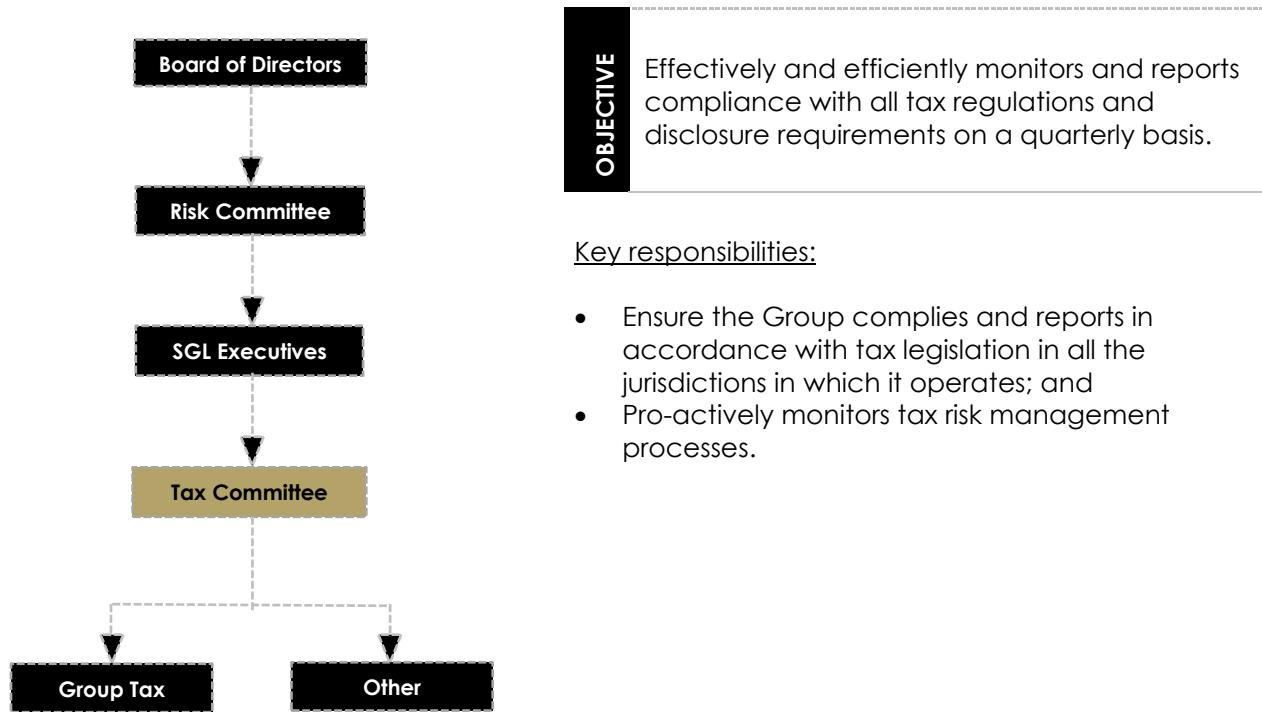


### 3.2.3 SGL Executives





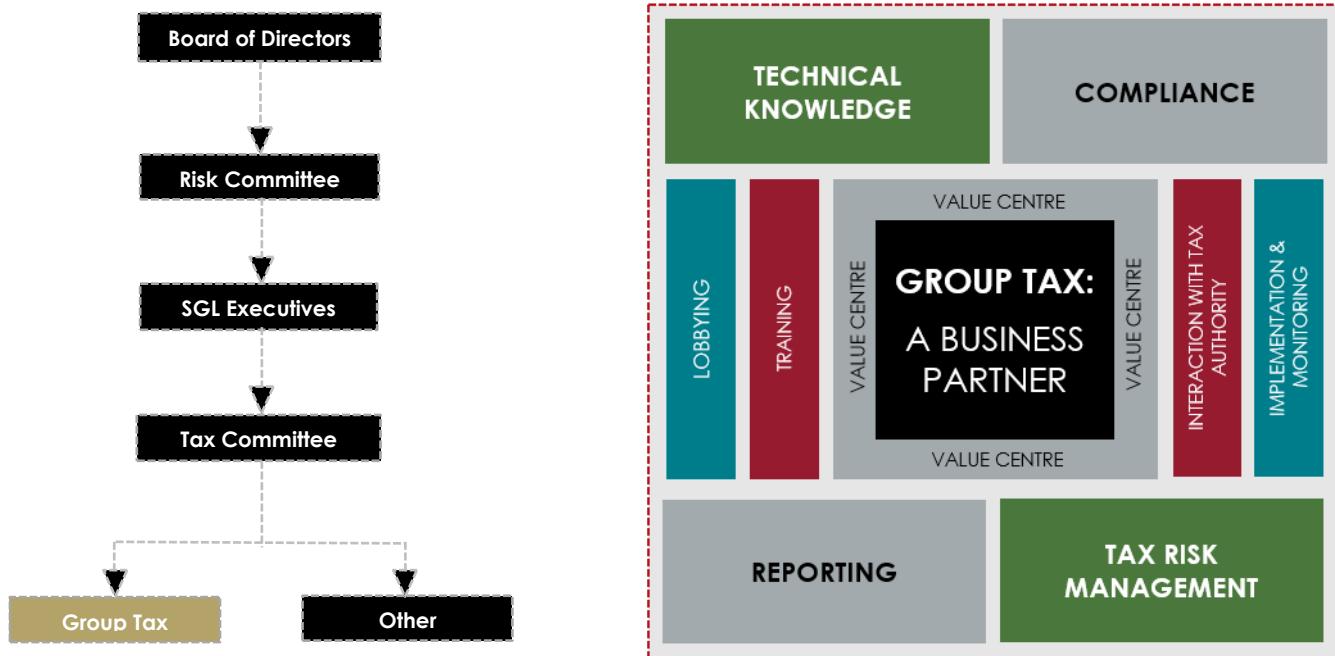
### 3.2.4 Tax Committee



## 3.3 Group Tax and other roles and responsibilities

### 3.3.1 Group Tax





	Grow	Mature	Re-evaluate
<b>EOD</b>	<p>The Group acknowledges the need to formally establish a Tax Committee. The Tax Committee, once established, will include Group Tax and representatives from Core reporting and Governance functions such as Heads of Department from Business Development, Corporate Finance etc. as well as other External Advisors (where appropriate).</p> <p>The mandate of the Committee must ensure standardised reporting templates for submission to the Audit Committee and the Board of Directors.</p>		
	<p>The Tax Committee pro-actively monitors whether roles, responsibilities and tax risk management activities are effectively carried out and that sufficient resources and capabilities are available to manage tax risks in the changing tax landscape.</p>		

**Key responsibilities:**

• **Technical Transactional Support:**

- Managing and implementing the GTP and other relevant policies, ensuring taxation compliance across the Group;
- Monitoring and ensuring that tax risk is integrated into the overall risk compliance;
- Establishing the process to identify and manage tax risk;
- Signing-off of all significant transactions as well as consideration of the impact of new taxation legislation on the Group and the lobby for changes where appropriate;
- Ensuring that the Group, through efficient tax planning and tax risk management optimises its tax efficiency, complies with all relevant tax legislation and pays the correct amount of tax within the ambit of the law;
- The complex financial analyses and innovative optimisation necessary to manage the effective corporate tax rate, increased cash flow and increased earnings per share;
- Providing continuous technical support on day to day operations; and
- Assist in managing the use of external support.

• **Internal and Statutory Reporting:**

- Reporting the tax risk profile to the Executive Committee as well as that the GTP is being adhered to;
- Reporting to the Risk Committee all significant tax related issues arising in the Group and the manner in which such issues are being resolved;
- Communicating the Group's process to identify and manage risk;
- Reporting material impacts of new taxation legislation and how Group Tax plans to address and implement the effect thereof;
- Escalate deficiencies and enhancements in the tax risk management processes and / or procedures;
- Provide input to the business on the identification, likelihood and consequences of tax risks so that all significant tax considerations can be assessed as part of every commercial decision relating to each transaction, product and process;
- Ensure that financial and tax related information is provided in a timely manner to all relevant stakeholders; and
- Ensure correct recognition and disclosure of tax, in a consistent manner in both the Group's Annual Financial Statements and Integrated Report.

• **Relationships with Tax Authorities:**

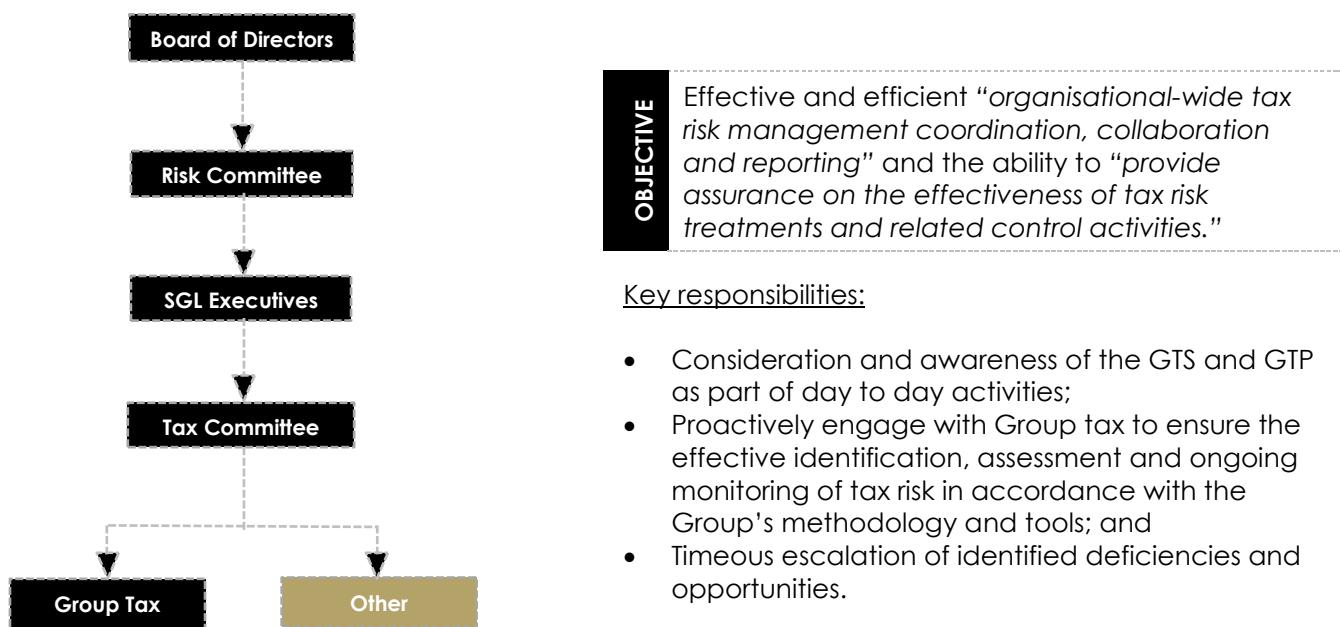
- Managing relationships with Tax Authorities, Regulators, external advisors and industry bodies in all jurisdictions in which the Group operates.

• **Training and development:**

- Provide education, training, commentary and updates on relevant tax related issues to all relevant staff and committees;
- Defining and communicating tax policies, procedures, directives, standard operating procedures and manuals; and
- Embedding a culture of tax awareness across the organisation.

EOO	Grow	Mature	Re-evaluate
	<p>The Group acknowledges the need to formalise the mandate of Group Tax within the GTP, this includes specifically defining roles and responsibilities, key performance indicators and awareness within the Group.</p>	<p>The Group acknowledges the requirement to continually review and update tax functional reporting lines and roles in all jurisdictions it operates, including consideration for future jurisdictions based on the Group's acquisitions / expansion plans.</p>	
Group Tax acknowledges its core roles and responsibility within the Group, as a business partner, enabling effective and efficient management of compliance obligations and the management of tax risk in accordance with the GTP and ERMF.			
Please refer to Annexure B for the Group Tax Reporting structure.			

### 3.3.2 Other



EOO	Grow	Mature	Re-evaluate
Pro-actively attending tax awareness sessions and engage with Group Tax to ensure the effective monitoring of tax risk information.			

### 3.4 Delegation of Authority

#### OBJECTIVE

To ensure decisions are made at the appropriate level, with reference to the Tax guiding principles of Accountability and Responsibility, to effectively and efficiently manage tax risks, the Group applies a Delegations of Authority ("DOA") methodology.

The methodology includes consideration for:

1. **Identification** – an analysis of the proposed decision or undertaking and proposed recommendation for implementation;
2. **Approval** – the approver(s) with reference to the DOA are ultimately accountable and review all proposed recommendations and consider all pertinent facts, prior to formalising approvals and initiating implementation phase;
3. **Implementation** – the designated role(s) implement the proposed recommendation agreed; and
4. **Post Implementation review** – within the Group, all affected stakeholders, including Group Tax, review post implementation of the change.

Grow	Mature	Re-evaluate
<p>The Group will define a Tax specific Delegations of Authority process and parameters to be adhered to as part of the implementation of the GTP and ensure awareness is created across the Group to effectively identify and manage tax risks.</p>		

#### E0O

The DOA defined by the Group will provide the appropriate parameters for consideration for the following:

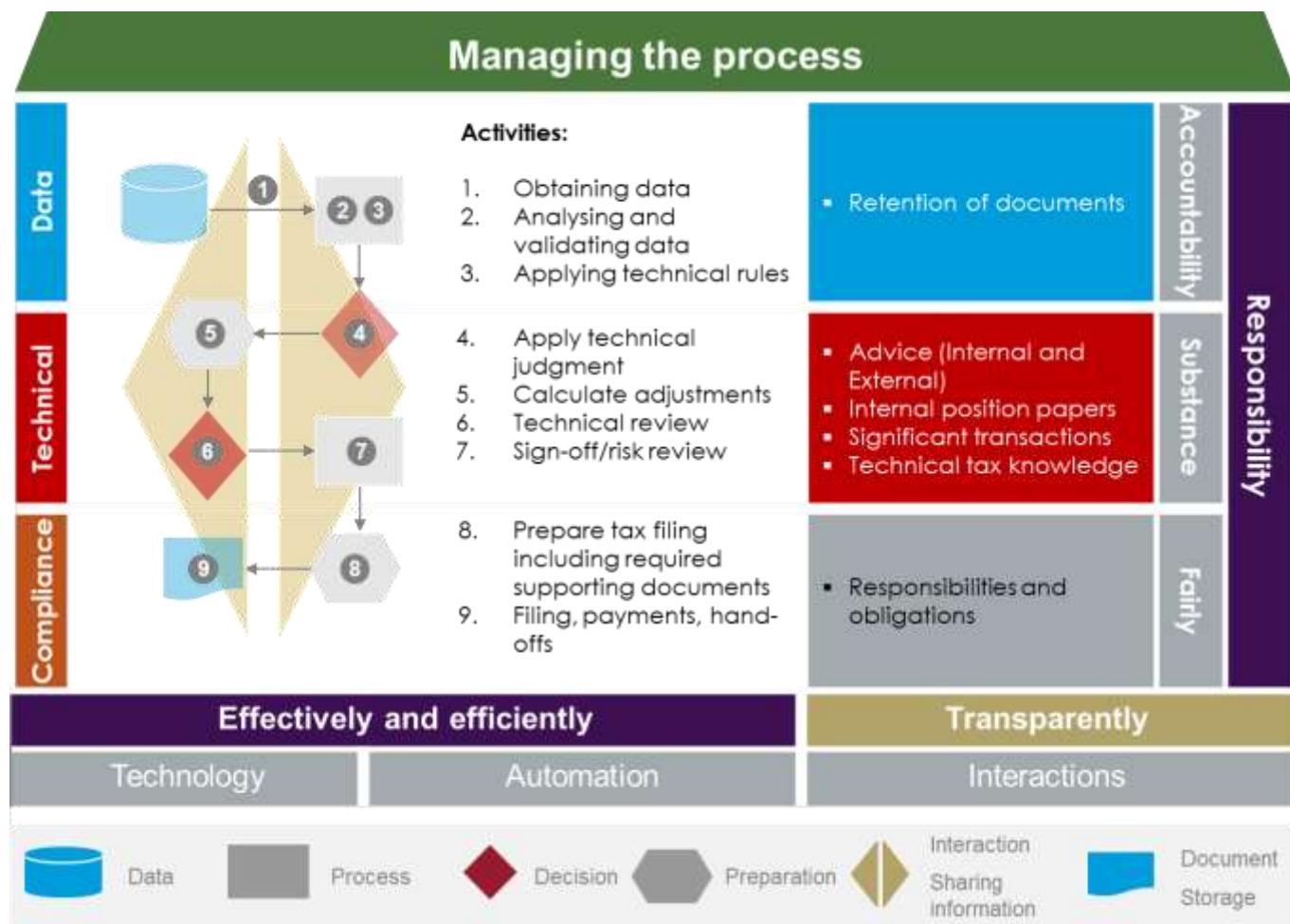
- Decisions regarding the GTS and GTP;
- Commercial Rationale;
  - Business Development: Coordination of legal or tax structuring of mergers and acquisitions, divestitures; and
  - Assessment or implementation of tax related arrangements and Group structures.
- Advice and interactions:
  - Decision to obtain external advice
  - Internal submissions for changes in laws and taxes;
  - Tax Authorities and other Regulators, including rulings; responding to queries; objections, instituting appeals, invoking alternative dispute resolution;
  - Litigation / applications / legal proceedings and settlement (during legal proceedings) of disputes against any Tax Authorities for any amount; and
  - Settlement of disputes with Tax Authorities outside of legal proceedings e.g. ADR.

## 4. Process Management

### 4.1 Introduction

#### OBJECTIVE

Executing leading practice, policies and procedures to effectively and efficiently manage tax risks, serve the Group, various business units and other internal stakeholders as a partner to the Group and ultimately assist the Group in “superior value creation” whilst following the tax guiding principles.



Group Tax manages core processes based on the leading practice fundamentals of:

<ul style="list-style-type: none"> <li>• Managing Process</li> <li>• Data Management</li> <li>• Technical Preparation</li> </ul>	<ul style="list-style-type: none"> <li>• Technical review</li> <li>• Sign-off/risk review</li> <li>• Filing, payments, hand-offs</li> </ul>
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## 4.2 Managing tax processes

OBJECTIVE	The Group commits to complying with all tax regulations and disclosure requirements in all jurisdictions in which it operates in accordance with the tax guiding principles (refer paragraph 2.3).
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Given the legal, financial and reputational risk that a failure to manage tax effectively and efficiently presents, in terms of the GTP mandate Group Tax provides adequate oversight to properly control and manage tax processes, as a business partner. Tax Process management includes:

- Overall tax compliance including management of tax data; and
- Management of interactions with internal and external stakeholders.

EOO	Grow	Mature	Re-evaluate
	<p><b>Grow</b></p> <p>The Group acknowledges the need to formally document tax processes and controls to ensure that significant transactions, tax risks and opportunities are timely identified and risks appropriately managed and reported.</p>		

## 4.3 Data management

OBJECTIVE	The gathering and retention of tax data and documentation, in line with the legislative requirements, is essential to support tax returns, tax positions and for tax audit trail purposes.
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The gathering and retention of all data that effectively and efficiently supports returns and transactions entered into by the Group, relevant for the purposes of prevailing tax legislation in all jurisdictions in which it operates.

### 4.3.1 Gathering, analyses and validation of data

Members of the Group's Shared Service Centre ("SSC") process transactions and journals and where appropriate rely on tax templates provided by Group Tax.

Group Tax is responsible for the review of the computations prior to finalisation of tax related journals by SSC. Group Tax prepare and file tax returns. Each party is responsible for ensuring that all data gathered is aligned to the specific jurisdiction's legislative requirements for each activity carried out.

Data gathered must be reviewed by the relevant Group Tax member. They need to ensure its relevance to the transaction or return, as well as ensure the nature of the data will effectively and efficiently support the transaction or return.

Documents required to be maintained include, but are not limited to:

- Statutory documents in accordance with the relevant jurisdiction's legislative requirements regarding the periods that the documentation / data should be retained;
- Reconciliation of returns and other disclosures to accounting information;
- Documents that relate to external advice obtained;
- Correspondence with Tax Authorities; and
- Documents that relate to significant transactions.

Tax risks and opportunities identified must be promptly reported to Group Tax, the Tax Committee and the Risk committee, ensuring that the risk is recorded, properly communicated and managed.

#### *4.3.2 Data retention*

Laws regarding record retention of tax documentation vary from one jurisdiction to another.

Group Tax, who are responsible for the preparation of the returns shall have the primary responsibility to ensure the requisite data and document retention required by relevant legislation, to support the returns, is adhered to in all jurisdictions in which it operates.

The Group must pro-actively monitor the economic environment, paying close attention to the tax landscape and any changes thereto. Training for all relevant parties must be in place to ensure effective and efficient tax technical knowledge throughout the Group.

	Grow	Mature	Re-evaluate
EOO	<p>The Group acknowledges the need to formalise the data gathering and retention policy to outline the processes and procedures to be implemented and monitored in gathering and retaining data on a day to day basis. Once a policy is in place, the Group will be able to identify additional possible tax risks and opportunities allowing for the effective and efficient management thereof.</p>		
Group Tax proactively considers the use of workflow and data retention technology tools to retain data required:			
	<ul style="list-style-type: none"> <li>• Evidence of compliance (proof of submission and payment as well as related supporting schedules);</li> <li>• Interactions with Tax Authorities; and</li> <li>• Evidence of internal compliance for SOX and other internal reporting, including related supporting schedules.</li> </ul>		

## 4.4 Technical preparation and review

### 4.4.1 Significant transactions

#### OBJECTIVE

In line with the ERMF significant tax risks need to be identified, reviewed and communicated to the Risk Committee.

#### Identification

The significance of the transaction and associated tax risks are assessed using a constant rating scale which incorporates both qualitative and quantitative factors and includes the impact on all stakeholders. Management's experience and assumptions used to estimate the impact are used when prioritising significant transactions. (ERMF Appendix C).

A significant transaction review should be carried out for each transaction that may have an impact on the achievement of the Group's objectives. The impact on the Group's ability to achieve and maintain "superior value creation" for all stakeholders is a key consideration.

All significant and very significant transactions are approved and signed off in terms of the Delegations of Authority matrix (refer to paragraph 3.4) and are re-evaluated during the transaction lifecycle:



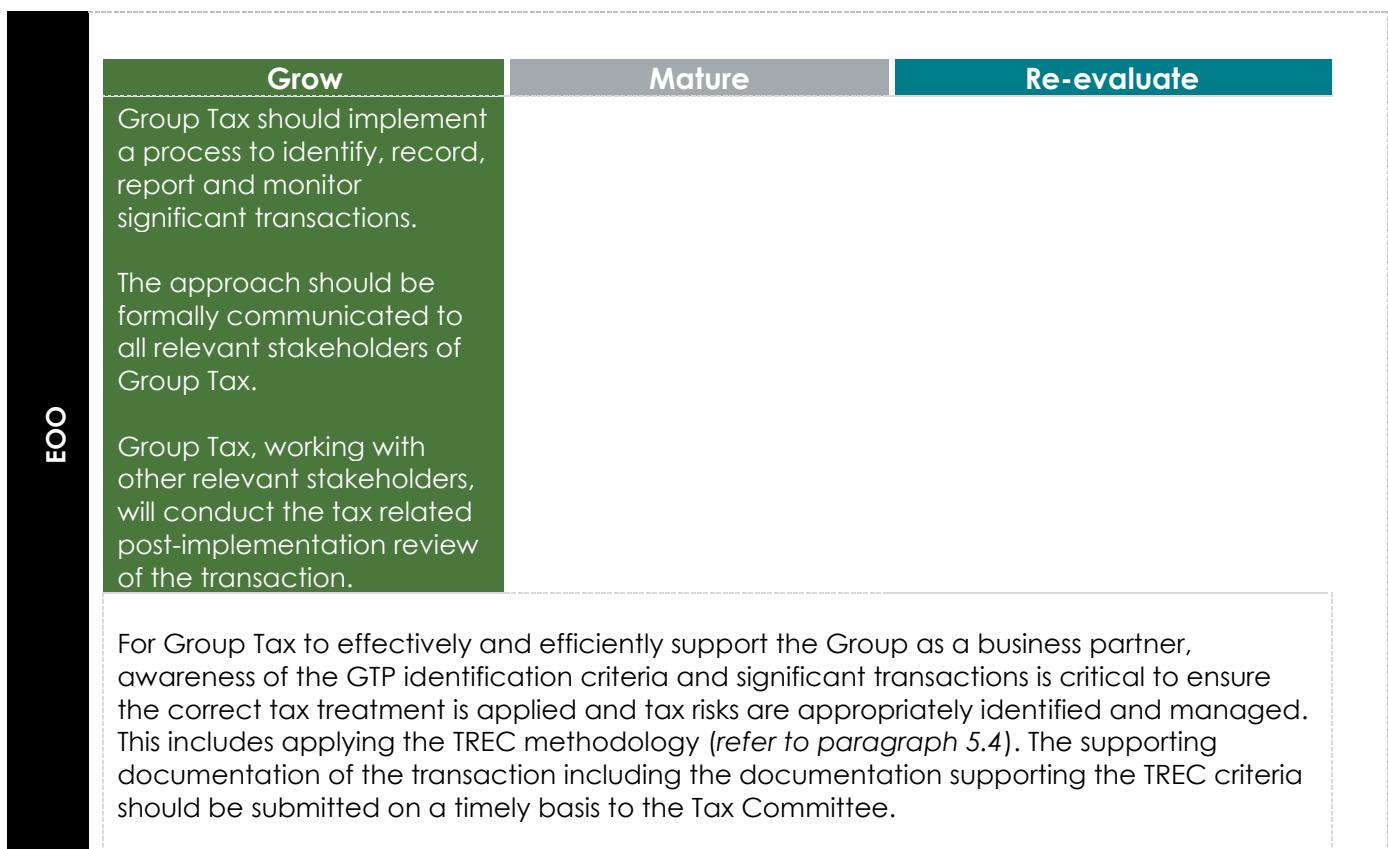
#### **Definition of significant transactions:**

Significant transactions may include, but are not limited to:

- All non-standard contracts;
- Transactions outside the normal course of the Group's business;
- Mergers and acquisitions, divestitures and new business development transactions;
- Transactions where a significant financial or reputational risk may arise; and
- Transactions involving complex technical issues.

Group Tax, the Tax Committee, the Executives and where necessary experts, must participate in the evaluation of transactions and associated tax risks.

Group Tax will normally seek external opinion(s) and may approach the relevant Tax Authority for a ruling. In respect of a very significant transaction in addition to the above, the Group will normally seek Senior Counsel's opinion.



#### 4.4.2 Advice

##### OBJECTIVE

As part of tax risk management, business units engage with Group Tax, where appropriate to obtain strategic advice with regards to changes in law, transactions and business initiatives.

##### 4.4.2.1 Internal advice

Group Tax provides internal tax advice to the Group in relation to all the taxes within scope. The provision of internal advice throughout the organisational structure should relate to:

- Provision of tax advice on strategic issues;
- Provision of pro-active advice on processes and procedural changes in respect of changes to tax legislation; and / or
- Provision of tax advice to the Group for particular transactions (refer to paragraph 4.4.1 in respect of Significant Transactions) or issues that have arisen in operations.

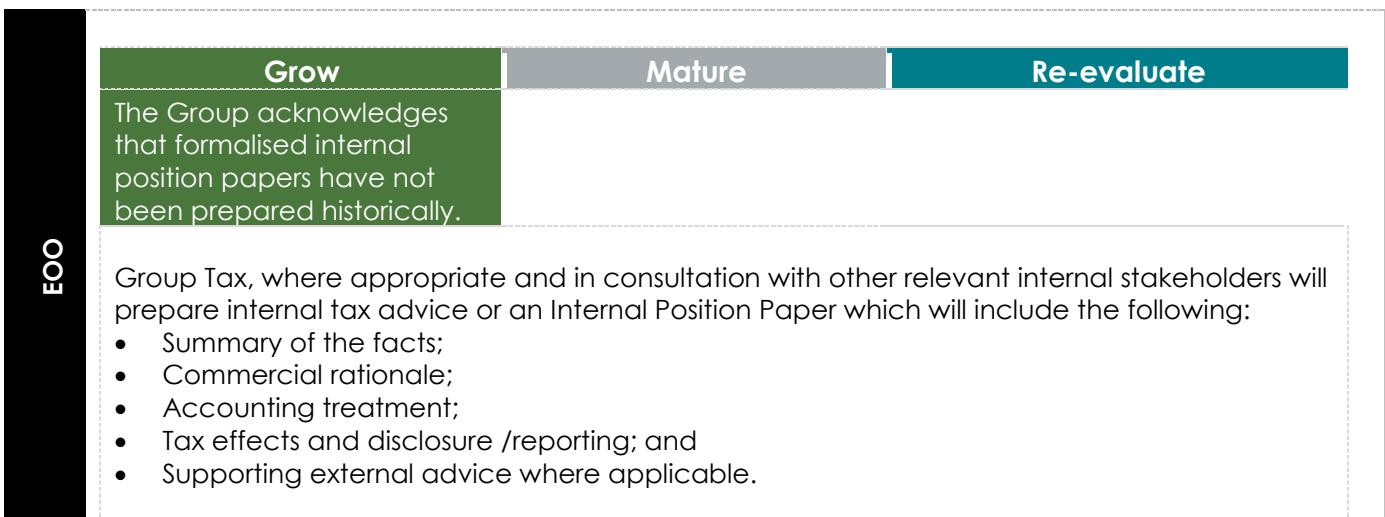
#### 4.4.2.2 Internal position papers

##### OBJECTIVE

Group Tax will prepare internal Tax Position Papers, where appropriate. Internal Tax Position Papers will always be considered in respect of significant and very significant transactions (refer to paragraph 4.4.1).

The TREC methodology (refer to paragraph 5.4) should be used to document significant or very significant transactions. The supporting documentation of the transaction including the documentation supporting the TREC criteria should be submitted on a timely basis to the Tax Committee.

Following the review, the transaction will be approved and signed off by the Board with Group Tax performing a post-implementation review.



#### 4.4.2.3 External advice

##### OBJECTIVE

From time to time, the Group will be required to involve external tax advisors in order to effectively and efficiently manage the Group's desired tax risk profile and the achieving of its objectives. Group Tax must identify situations where external tax advisors are needed.

External advisors should typically be involved where:

- A matter is classified as significant or very significant;
- A matter is especially complex or sensitive;
- Transactions are material in nature (in dollar/rand terms and/or type of transaction) and Group Tax does not have the resources or experience to fully deal with the issue; or
- Where there is ambiguity with regard to the interpretation of legislation.

A preliminary meeting should be held where clear and concise instructions must be provided, ensuring the external advisors fully understand all relevant facts.

A close out meeting should be held so that the external advisors can liaise with Group Tax; verifying facts and assumptions as well as explain the full ramifications of the advice to ensure that it is understood before the final advice is shared amongst the various organizational functions.

	Grow	Mature	Re-evaluate
EoO	The Group acknowledges that a formalised approach to obtaining external advice has not been documented but will be considered in the development of the Tax DOA (refer paragraph 3.4).		

#### 4.4.3 Internal Audit

OBJECTIVE	While the responsibility for ongoing risk management and internal audit are separated, they are interdependent to ensure the attainment of the organisations objectives. Internal audit plays a pivotal role in ensuring effective risk management (refer to ERMF paragraph 5).
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Sibanye Gold Internal Audit ("SGIA" refer to Sibanye Gold Limited's Internal Audit Charter) function's purpose, authority and responsibility is stipulated in the Internal Audit Charter. The Charter serves as a guide to Internal Audit in the performance of its duties.

The Group follows a risk-driven internal audit approach:

*The final phases in the risk management cycle are to evaluate the status of the risks identified on an ongoing basis, through review and monitoring of the controls in place to mitigate the risks identified and then to integrate that evaluation, by informing and reporting at appropriate levels.*

SGIA provides independent, objective assurance and consulting services designed to add value and improve the Group's operations. It has a systematic, disciplined approach to evaluate and improve the effectiveness and efficiency of tax risk management, control and the governance process, thereby assisting in achieving the Group's objectives.

The Vice President of Internal Audit ("VPIA" refer to Sibanye Gold Limited's Internal Audit Charter) has unlimited access to all officers of the company, including the Chairman of the Board, Audit Committee and the Chief Financial Officer. The VPIA must report any significant matters such as internal control weaknesses, unauthorized transactions, etc. at the Audit Committee meetings.

SGIA consider whether the scope of work of external auditors and regulators is sufficient to provide optimal audit coverage to the Group. It provides advice to the Group, such as; forensic audit services, IT auditing services and tax risk management services.

EOO	Grow	Mature	Re-evaluate
	<p>To ensure tax is integrated efficiently and effectively within the Group's system of internal controls, Group Tax will work proactively to identify and expand walkthrough procedures to include key tax touch points in operational processes.</p>		
		<p>The Group's system of internal control review procedures, both minimum controls and SOX controls, includes tax compliance at both a Group and an entity level</p> <p>A written report of audit findings and opinions is given to the Audit Committee which is communicated and implemented with the other organisational departments as necessary.</p>	

#### 4.5 Compliance and reporting responsibilities

OBJECTIVE	The Group commits to complete and timely tax compliance and adherence to reporting requirements of all tax regulations in all jurisdictions in which it operates.
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Tax compliance is a core responsibility of Group Tax; the compliance process can be divided into the following elements:



The following factors are key to consistent Group wide tax compliance and reporting:

- Tax guiding principles (refer to paragraph 2.3);
- Technical tax knowledge;
- An atmosphere of tax awareness; and
- Effective and efficient management of tax risk.

#### **Tax compliance will be assisted by the following:**

- Timely processing of all tax journals and transactions by the SSC;
- Members of the SSC responsible for processing journals, payments, receipts etc. must ensure that all the necessary data is gathered and shared with the relevant members of Group Tax as is necessary;
- Preparation of all tax returns by members of Group Tax and the review thereof by a designated member of Group Tax prior to the submission of all returns by their due dates, in line with the local tax law in each jurisdiction by the responsible member of Group Tax who prepared the return;

- Members of Group Tax responsible for the preparation of tax returns must ensure that all the necessary data is gathered and retained and a designated member of Group Tax must pro-actively monitor data management (refer to paragraph 4.3);
- When technical positions affect two Group Tax jurisdictions, a designated member of Group Tax must ensure a reconciliation is performed and agreed prior to any Tax Authority filing, whether before or after a transaction and, where applicable, must be in accordance with the Group's Transfer Pricing policy;
- A designated member of Group Tax must ensure all material positions taken in the tax returns are supported by documentation and legal interpretation to allow the Group to defend tax positions taken in the Group's tax returns when and if necessary;
- Group Tax must monitor changes in relevant tax laws and practices, undertaking and executing regular training to assess any consequences for the Group, with the minimum aim of mitigating any adverse impact;
- Group Tax must ultimately manage the Group's tax compliance affairs to minimise the risk of any adverse public comment; and
- Appropriate administrative safeguards with regard to back-up procedures and electronic signatures must be established and executed by each member of the Group Tax team and each member of the SSC.

**Internal and external tax reporting will be assisted by the following:**

- The Board must ensure a Group wide understanding of the importance of reporting in line with the tax guiding principles;
- A designated member of Group Tax must pro-actively monitor the status of new tax risks and significant transactions identified and the Group's final tax position thereon; revisiting risks and transactions if necessary;
- Review and proposed adjustments of tax balances for income tax, indirect tax and other taxes must be done by members of Group Tax;
- Group Tax must reconcile final assessments received from the Tax Authority in the operating jurisdiction to tax provisions and report any differences to a designated member of Group Tax;
- Preparation of current tax provisions must be reviewed by members of Group Tax and the review thereof must be done by a designated member of Group Tax. It is noted that the responsibility for the deferred tax provisions and the reconciliation thereof is the responsibility of Corporate Reporting;
- Proposed adjustments to any tax balances and / or calculations must be timeously made by the relevant members of Group Tax;
- A designated member of Group Tax must re-review the tax balances and / or calculations where adjustments were made to ensure the correct tax treatment thereof;
- The Audit Committee must liaise with external auditors and communicate matters of importance to Group Tax;
- Members of Group Tax must prepare tax disclosures which must be reviewed by a designated member of Group Tax before sharing the same with the higher organizational functions; and
- The Board must do a final review and signing off of tax disclosures.

	Grow	Mature	Re-evaluate
OO	Group Tax pro-actively monitor that all relevant members understand and execute their roles and responsibilities effectively and efficiently to ensure the accurate and timely compliance and disclosures necessary with all relevant taxes across the Group.		

## 4.6 Interactions

### 4.6.1 Introduction

In relation to tax matters, all interactions by Group Tax and the Group, whether with internal or external stakeholders are guided by the tax guiding principles.

### 4.6.2 Interaction management and sharing information

#### OBJECTIVE

Appropriate levels of restriction and review are applied concerning the sharing of sensitive information, where misuse of the documentation could cause damage to the Group.

#### 4.6.2.1 Confidential information

#### OBJECTIVE

Confidentiality extends to all information in respect of the Group's tax affairs, whether oral or documentary in nature. The right to have communications protected belongs solely to the Group and only the Group will be able to expressly waive this right.

In certain instances, advice provided by Group Tax may relate to confidential and sensitive transactions. In these cases where there is high value or sensitivity, and where misuse of the documentation could cause damage to the interests of the Group, the documentation should be restricted to a small group of stakeholders as identified by the Tax Committee, and guided by the DOA (refer to paragraph 3.4).

Examples of confidential information may include or relate to trade secrets, processes, operations, style of works, apparatus, transfers, identification of customers etc.

#### 4.6.2.2 Legal Professional Privilege ("LPP")

#### OBJECTIVE

LPP is different to confidentiality in that confidentiality is far wider than LPP as information may be confidential even when it is not protected by LPP.

The policy of the Group is not to disclose any document(s) which are subject to LPP to any unauthorised party, whether external or internal. Consideration is given to the DOA (refer to paragraph 3.4). The Board may in certain instances and under certain circumstances determine to waive the right to LPP.

	Grow	Mature	Re-evaluate
EEO	<p>The Group acknowledges the requirement to formalize an approach to responding to information requests subject to LPP through documentation and communication to all internal stakeholders, including consideration for the DOA.</p>		

#### 4.6.3 Tax Authority audits

OBJECTIVE	The members of Group Tax responsible for the preparation of the returns shall have the primary responsibility for dealing with any Tax Authority audits, enquiries or reviews in respect of such returns.
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Where there is a Tax Authority audit, enquiry or review the member of Group Tax responsible for the return must provide Group Tax and the Tax Committee with all supporting correspondence on a timely basis. Where the issue is financially material or has a potential reputational impact the Tax Committee must determine the manner in which such a request be handled.

##### 4.6.3.1 Routine inquiries:

Communication in relation to queries of a routine and factual nature, such as verification or variance review inquiries received from Tax Authorities will be recorded by the responsible member of Group Tax and responded to on a timely basis. All written correspondence with Tax Authorities must be reviewed and signed off by a designated member of Group Tax, even if prepared by an approved External Advisor, prior to submission to the Tax Authority.

##### 4.6.3.2 Non-routine inquiries:

Communication in relation to queries of a non-routine nature, such as a tax audit, tax dispute, and notice of recovery or additional assessment in relation to a significant tax return position, received from Tax Authorities should:

- Be recorded in an appropriate manner that enables all necessary members of the Group to be able to quickly retrieve the matter and easily understand it; e.g. a summary statement report or internal position papers that include a summary of the facts, commercial rationale, relevant references, consideration of applicable law, tax effects and disclosure / reporting as well as supporting external advice where applicable;
- Establish an appropriate manner where all correspondence with the Tax Authority can be centrally coordinated by Group Tax, e.g. through the use of a manual tracking system; and
- Ensure that all written correspondence is approved by Group Tax.

	Grow	Mature	Re-evaluate
E00	<p>Group Tax acknowledges the requirement to formalise a reporting register as part of the quarterly reporting process to the Tax Committee.</p> <p>Appropriate training to all relevant internal stakeholders to be provided on an approach to responding to inquiries via the appropriate channels including consideration for the DOA.</p>		

#### 4.6.4 Co-operative compliance

OBJECTIVE	Guided by the principle of transparency, Group Tax in its engagements with Tax Authorities and other relevant stakeholders strives to have transparent and open working relationships with the Tax Authorities and obtain certainty on tax positions.
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##### Managing relationships

The Group promotes transparent and open working relationships with Tax Authorities and early engagement in advance of undertaking transactions and filing tax returns.

##### Tax developments

Group Tax continues to monitor ongoing developments and formalisation by Tax Authorities in domestic legislation and will engage with Tax Authorities and other regulatory bodies where appropriate.

Where a tax development, either internationally or in a jurisdiction in which the Group operates, could have a material impact on the Group's liability, or where a significant change in practice is being proposed that will impact the Group's tax compliance management, the Board should be kept informed on the tax position and where necessary formal advice obtained, as guided by the DOA (refer to paragraph 3.4).

	Grow	Mature	Re-evaluate
E00	<p>Group Tax proactively participate in appropriate forums for discussion, where possible and appropriate, for example through Industry Bodies (e.g. the Chamber or South African Institute of Tax Professionals (SAIT) Committee), in the form of lobbying or responses to request for input. Consideration is given to the DOA (refer to paragraph 3.4), to ensure the Group's interests are appropriately represented in the shaping of the changing tax landscape.</p>		

## 4.7 Technology

### OBJECTIVE

To operate effectively and efficiently in all tax processes, Group Tax seeks to remain adaptable and responsive in the tax digital landscape, which includes the management of data, evaluating technology to enable efficiencies and involvement in the Group's enhancement / transformation of financial systems.

With the increase in volumes of data being generated and the real-time requirement for reporting to internal and external stakeholders, the incorporation of technology into the day to day operations of the Group is key for obtaining a competitive advantage.

Group Tax pro-actively identify technological solutions for implementation to support its activities, and achieve the following objectives:

- Identification of advancement opportunities to provide for increased effectiveness and efficiency of the tax function;
- Tax sensitisation of ERP data to increase efficiency and effectiveness of tax reporting;
- Use of technology to enable sufficient oversight and management of tax compliance across all the jurisdictions in which it operates; and
- Use of technology to ensure the security, protection and retention of tax data and documentation.



### 4.7.1 Finance information and enhancement

### OBJECTIVE

Group Tax is committed to being involved in the design, testing and implementation of any changes to the Group ERP systems.

Group Tax, as a user, is dependent on the data from the ERP system and requires the data to be tax sensitised to limit manual intervention and manipulation and enable efficiency and effectiveness to meet the objectives of the GTP.

Where a change in legislation will impact the ERP system the tax function will communicate their requirements to Group IT and/or SCC - Financial Reporting on a timely basis and ensure the change is appropriately implemented.

EOO	Grow	Mature	Re-evaluate
	<p>Group Tax acknowledges the requirement to formalise an IT change request process, including communication and training for relevant stakeholders.</p> <p>Group Tax pro-actively monitors changes in tax legislation which may impact the ERP system, establish requirements and promptly communicate these to Group IT and relevant internal stakeholders affected by the changes. Once the necessary changes have been made to the ERP system, Group Tax will determine whether the new outcome is correct. Group Tax participates actively in all technology changes / transformations.</p>		

#### 4.7.2 Efficiency and automation

OBJECTIVE	In order to enhance efficiency and effectiveness of business processes, the Group pro-actively identifies opportunities for automation.
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As a business partner, guided by the principle of efficiency and effectiveness, Group Tax will engage with internal stakeholders, SSC and others as appropriate, on core business processes to identify the tax touch points and integration within related tax processes.

Any automation consideration is supported by a business case detailing the cost / benefit and particularly the return on investment.

EOO	Grow	Mature	Re-evaluate
	<p>Group Tax will identify and monitor core tax processes; tax accounting and tax reporting processes for possible implementation of automation tools including Robotics Process Automation (RPA) tools.</p> <p>Group Tax, as a business partner, participates in automation initiatives with other business units, such as SSC, Stores, Procurement, and HR etc. as well as identifies tax specific potential automation solutions including RPA to enhance the efficiency and effectiveness of the tax function.</p>		

#### 4.7.3 Tax Authority digitalisation

OBJECTIVE	As the tax landscape changes, Group Tax regularly assesses the Group's readiness to adapt and respond to Tax Authority and other tax regulatory reporting changes.
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EOO	Grow	Mature	Re-evaluate
Group Tax will pro-actively monitor international developments in Tax Authority digitalisation to ensure data compliance and tax readiness for transmission of general, detailed and source data in all the jurisdictions in which the Group operates.			
<ul style="list-style-type: none"><li>• Assessing data consistency and quality for internal and external reporting requirements;</li><li>• Identification and remediation of tax audit risks through the use of data analytics; and</li><li>• Development of audit ready files / reporting from data gathered.</li></ul>			

## 5. Monitoring and reporting

### OBJECTIVE

On an ongoing basis, ensure tax risks and other tax operational matters are monitored and reported at an appropriate level within the Group, as required by the GTP.

At a minimum at least quarterly, relevant aspects are reported via the Tax Committee.

### 5.1 Tax risk assessment and monitoring

### OBJECTIVE

To ensure that the Group manages tax risks appropriately in terms of the Group's growth and acquisition strategy and continues to meet objectives and stakeholder expectations in all the jurisdictions in which the Group operates.

In order to effectively deal with uncertainty in the tax landscape in the jurisdictions in which the Group operates as well as meet objectives and stakeholder expectations, Group Tax must follow a continuous, pro-active and dynamic process to identify, understand, manage and communicate tax risks that may impact the Group's objectives as set out in the ERMF.

Businesses have not always given tax risk management the intention it merits. However; given the changing tax landscape, it is becoming an essential part of the day to day business activities.

Tax has acquired moral, ethical and social dimensions that need to be discussed and considered by the Group. Group Tax must pro-actively acknowledge tax risk management from an investor, board, Tax Authority and public perspective.

In order to maintain a competitive advantage, the Group will need to recognise the importance and necessity of implementing an effective and efficient tax risk management framework that will promote governance, address tax risk and create superior value creation.

### 5.2 Definition

The Group defines risk in the ERMF as the **effect** of uncertainty on objectives. An **effect** is a deviation from the expected, beliefs, planned or assumed, which can be positive or negative.

Tax risk is defined as any event, action or inaction in:

- Tax strategy;
- Operations;
- Financial reporting; and / or
- Compliance;

that either adversely affects the Group's tax, the Group business objectives (from either an internal and / or external stakeholder perspective) or results in an unanticipated or unacceptable level of monetary, financial statement or reputational risk.

Definition	Tax Risk Type	Tax Guiding principle
<b>Inherent Tax Risk</b> <p>The risk the organisation is exposed to in absolute terms, i.e. in the absence of any management actions (including primary control activities) management might take (or have taken) to alter either the risk's likelihood of occurrence or impact.</p>	<p><b>Strategic</b></p> <ul style="list-style-type: none"> <li>• Tax planning transactions, structures or arrangements which may be perceived to be aggressive or harmful;</li> <li>• Failure to implement plans as part of the Group's growth and acquisition strategy;</li> <li>• Lack of consideration of the commercial rationale of a transaction or arrangement (pre and post-tax).</li> </ul> <p><b>Operational</b></p> <ul style="list-style-type: none"> <li>• Inherent industry risk</li> </ul> <p><b>Financial</b></p> <ul style="list-style-type: none"> <li>• Liability and significant fines or penalties incurred</li> </ul> <p><b>Technical</b></p> <ul style="list-style-type: none"> <li>• Changes in Tax law</li> <li>• Uncertainty and or inconsistency in the application of Tax Law</li> </ul> <p><b>Informational</b></p> <ul style="list-style-type: none"> <li>• Incorrect recognition or reporting resulting in a lack of integrity in compliance and reporting, including the Integrated report and Total Tax Contribution</li> </ul> <p><b>Reputational</b></p> <ul style="list-style-type: none"> <li>• Media coverage</li> </ul> <p><b>Stakeholder</b></p> <ul style="list-style-type: none"> <li>• Litigation</li> </ul>	<ul style="list-style-type: none"> <li>• Accountability</li> <li>• Responsibly</li> <li>• Fairly</li> <li>• Substance</li> </ul> <ul style="list-style-type: none"> <li>• Fairly</li> <li>• Efficiently and Effectively</li> </ul> <ul style="list-style-type: none"> <li>• Accountability</li> <li>• Efficiently and Effectively</li> </ul> <ul style="list-style-type: none"> <li>• Accountability</li> <li>• Fairly</li> <li>• Substance</li> </ul> <ul style="list-style-type: none"> <li>• Transparency</li> <li>• Accountability</li> </ul> <ul style="list-style-type: none"> <li>• Accountability</li> </ul> <ul style="list-style-type: none"> <li>• Accountability</li> <li>• Fairly</li> </ul>
<b>Residual Tax Risk</b> <p>The risk remaining after risk treatment. The net risk or risk after control.</p>		

EOO	Grow	Mature	Re-evaluate
<p>The Group will achieve its strategic and overall objective in relation to superior value creation by implementing, maintaining and pro-actively re-evaluating an effective and efficient tax risk management framework.</p>			

### 5.3 Tax risk appetite and tolerance

Tax Risk is often characterised by reference to potential events and consequences or a combination of these and measured in terms of impact / consequences and likelihood.

Tax Risk Appetite	<p>It is the responsibility of the Group's Executive to develop Tax Risk Appetite, proposed to the Board, through the Risk Committee, for approval. The Board and Executive communicate the Group's tax risk appetite to Group Tax and applicable key stakeholders (refer to ERMF Appendix B).</p>
Tax Risk Tolerance	<p>Within each of the Group's strategic objective categories (where applicable to tax), high-level Tax Risk tolerances are set relative to each tax risk. The amount of tax risk the Group is prepared to tolerate in achieving its' objectives is measured on this basis, within the predefined objective and the acceptable level of variation relative to the achievement of the objectives (refer to ERMF Appendix B).</p>

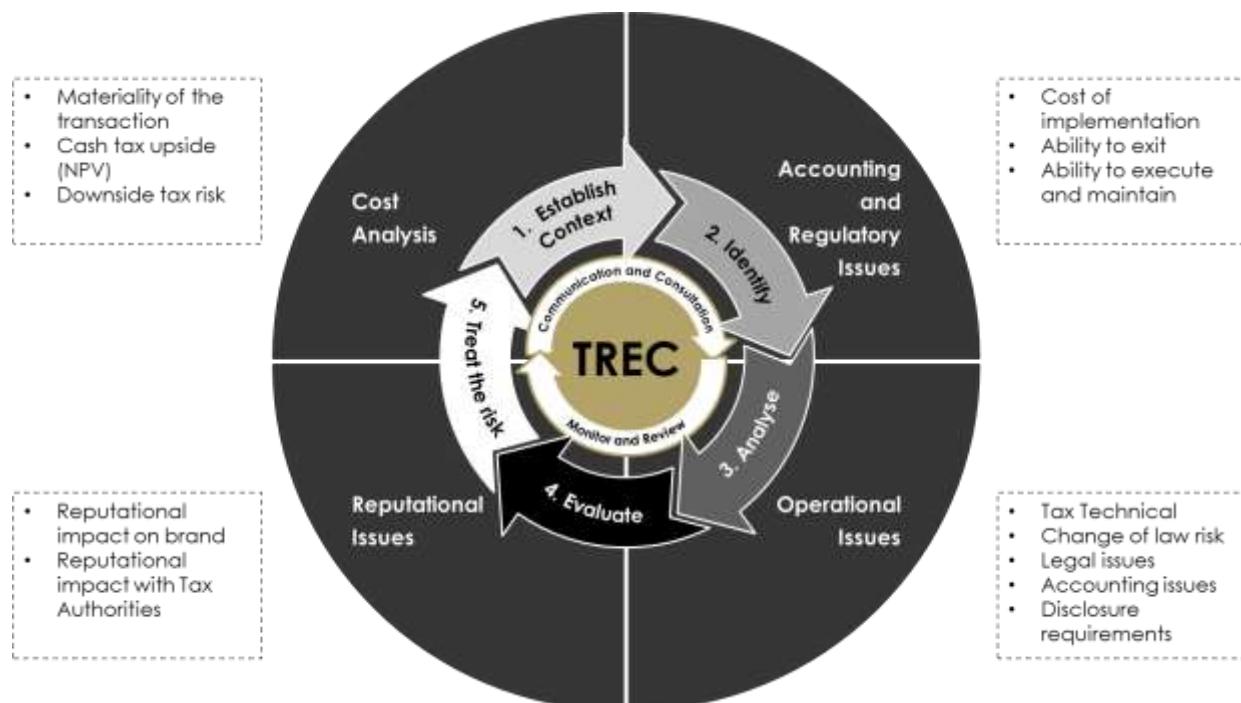
As an overarching philosophy in relation to the Group's tax matters is that the tax effect and associated risk attached to any acquisition / disposal / transaction should be considered carefully as tax needs to be considered as an integral part of any commercial decision.

The Group will always aim to mitigate any adverse and / or unexpected financial consequences and protect its reputation, and accordingly the overall strategy is that the Group will only engage in or promote tax planning which supports genuine commercial activity and will not enter into transactions that serve no commercial purpose other than the avoidance of tax.

#### 5.4 Risk assessment and monitoring

The Group applies a consistent methodology in order to identify, analyse and evaluate risk aligned to the ERMF. The Group's Internal Audit team focus on key tax risk areas and test systems of control to ensure that key controls are operating effectively, as intended.

In respect of significant transactions, the Group applies the best practice methodology of the Tax Risk and Evaluation Criteria ("TREC") Model in order to assess and manage tax risk appropriately for such transactions.



## 5.5 Tax Risk Reporting

OBJECTIVE E	To provide centralised and transparent reporting of significant tax risks and the aggregation thereof in terms of the Group's Reporting Requirements (refer to ERMF Appendix D)
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Prioritisation of both Inherent and Residual tax risks and the escalation levels for reporting of tax risks are recorded in the Tax Risk Register (refer to ERMF Appendix C) as detailed in the Sibanye Group Tax Policy Document.

Significant tax issues and tax risks are to be reported and monitored on an ongoing basis. This will ensure the accurate identification, management, measurement, control and reporting of all tax risks.

### 5.5.1 Internal reporting

OBJECTIVE E	To provide centralised and transparent reporting of significant tax risks and the aggregation thereof in terms of the Group's Reporting Requirements (refer to ERMF Appendix D)
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- Group Tax reports on the tax risk profile, adherence to the GTP, significant tax issues, new tax risks identified, new legislation and the consequences thereof to the Executive / Risk Committee.
- Internal audit provides independent assurance on the effectiveness and efficiency of tax risk management to the Risk Committee and Board of Directors.
- The Executive Committee reports the updated tax risk register, tax risk profile and tax risk strategies as a result of new tax risks, deficiencies or opportunities identified as well as any non-compliance, the cause thereof and the corrective action to be taken to the Risk Committee.
- The Risk Committee reports on both the dependent and independent review of the effectiveness and efficiency of the tax risk management process, related recommendations and action plans.

EOO	Grow	Mature	Re-evaluate
	<p>Group Tax acknowledges the requirement to formalise a reporting register as part of the quarterly reporting process to the Tax Committee.</p> <p>Appropriate training to all relevant internal stakeholders to be provided on the approach to responding to inquiries via the appropriate channels including consideration for the DOA.</p>		

### 5.5.2 External reporting

#### OBJECTIVE

King IV and global best practice requires transparent reporting of the Group's approach to tax, including CbCr and its TCC.

#### E00

Grow	Mature	Re-evaluate
<p>The Group acknowledges the requirement to enhance reporting in the Integrated report, including:</p> <ul style="list-style-type: none"> <li>• Tax governance – summary of key principles;</li> <li>• Management of tax affairs – relationships with Tax Authorities;</li> <li>• Tax Environment and Transparency;</li> <li>• Tax Reporting;</li> <li>• Tax Contribution; and</li> <li>• Other industry specific elements.</li> </ul>		

The Group acknowledges the requirement to implement a formalised process to analyse, assess and report required CbCr data.

Group Tax is in the process of developing a robust process for CbCR, including obtaining assurance from external audit.

The Board ensures that financial and tax related information is provided in a timely manner to the relevant stakeholders. Together with Group Tax, the Board ensures correct recognition and disclosure of tax, in a consistent manner in both the Group's Annual Financial Statements and Integrated Report.

## 5.6 Other Tax Reporting

### OBJECTIVE

The Group applies continuous monitoring principles and processes to ensure the Group pays its fair share of tax.

In the assessment of the commercial rationale and substance of transactions, the Group specifically considers the following:

<b>Artificial arrangements</b>	<b>Tax rate and benefit</b>	<b>Tax havens</b>
<p>A test of artificiality is applied, ensuring all transactions have a commercial purpose. The following indicators of artificiality are considered:</p> <ul style="list-style-type: none"> <li>• Results in a non-disclosure to a Tax Authority;</li> <li>• The role of the entity(s) in a transaction or the reasoning for their involvement;</li> <li>• Rights and obligations and whether these are based on actual activities and capabilities; and</li> <li>• Avoidance of tax contrary to the Group's ethics and guiding principles.</li> </ul>	<ul style="list-style-type: none"> <li>• Jurisdictions or transactions where the current corporate tax rate, is lower than the risk appetite limit of the Group and ; and</li> <li>• Benefits, exemptions or incentives provided by Tax Authorities in a jurisdiction will be evaluated for transparency and a ruling obtained if appropriate.</li> </ul>	<p>As part of the acquisition process or establishment of a presence in a new country, consideration will be made to the OECD list of "uncooperative tax havens" as well as with reference to the current corporate tax rate, where the rate is lower than the risk appetite limit.</p> <p>The Group applies the accepted definition of the term "tax haven" and applies appropriate technical judgement, including reliance on the OECD identification factors, as part of the identification process:</p> <ul style="list-style-type: none"> <li>• No or nominal tax on the relevant income;</li> <li>• Lack of effective exchange of information;</li> <li>• Lack of transparency; and</li> <li>• No substantial activities.</li> </ul>

## 6. Resource management

### 6.1 Introduction

OBJECTIVE	Group Tax is structured and resourced to enable efficient and effective management of its mandated responsibilities as set out in the GTP.
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In order to effectively and efficiently allocate resources in day to day operations as well as manage tax risk Resource management is the effective and efficient deployment of the Group's resources when and where they are needed.

Refer to Annexure B for the Group Tax organisational design.

EOO	Grow	Mature	Re-evaluate
	<p>The Group acknowledges the need to appoint a junior tax resource to support Senior tax roles (Tax Manager) in deploying capacity to attend to other core tax value functions as required by the GTP.</p> <p>Dedicated tax resources with assigned tax risk management responsibilities and accountabilities are defined, documented, communicated, understood and applied across the Group.</p> <p>Job-specific tax risk management competencies are identified and captured in job profiles.</p>	<p>The Group acknowledges the current vacancies within the Group Tax structure for key roles and will continue to evaluate the business case for the roles with due consideration for the Group's strategic agenda. The current vacant roles include:</p> <ul style="list-style-type: none"> <li>• Vice President (Group Tax)</li> <li>• Tax Manager (Americas)</li> </ul>	

### 6.2 Learning, skill and competence

OBJECTIVE	Members of Group Tax are qualified and competent to effectively and efficiently support the Group as a business partner, pro-actively adding value in assessing the potential tax impact or risk to the business.
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Group Tax, with consulting all organisational functions within the Group must identify tax training requirements. Training should be extended to non-tax function personnel, for example payroll, treasury, finance and legal who in executing their functions play a critical role in meeting the objectives of the GTP.

This could include, but is not limited to:

- Providing regular education, training, commentary and updates on relevant tax issues;
- Attending external tax training sessions on particular taxes and the updates in legislation thereto; and
- Developing appropriate training materials within the business to ensure formal knowledge transfer and increase of tax awareness.

EOO	Grow	Mature	Re-evaluate
Tax training material will be updated regularly. At all times Group Tax will seek to share knowledge and seek input to improve the management of tax and potential tax risk for the Group and provide value to internal stakeholders.			

### 6.3 Change management and communication

OBJECTIVE	Continual assessment of the Group Tax function's capacity and capability to support any significant changes in the business.
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Group Tax, as a business partner supports the Group with change management as follows:

- **Internal changes** - include changes in the operating model of the Group, mergers and acquisitions, and other large and /or Group projects.
- **External changes** - include changes to the economic, environmental, political, legislative, technological and social landscapes.

Group Tax relying on the DOA as part of the decision making process, assess potential tax risks of an upcoming change before, during and after the change.

EOO	Grow	Mature	Re-evaluate
Group Tax should develop a systematic approach to evaluate, manage and implement changes. This will enable ensure all eventualities have been appropriately considered, evaluated and decisions approved in terms of the DOA.			

During significant change in either the internal or external environments, Group Tax as a business partner, pro-actively adds value by assessing potential tax risks and managing tax obligations effectively and efficiently, allowing the Group to achieve its objectives.

### 6.4 Behaviour and culture

OBJECTIVE	Group Tax commits to adhere to the Group's shared values as well as the Tax Guiding principles at all times.
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The Group's 'People at Sibanye' strategy aims to develop a transformed, productive, skilled and engaged workforce. Underpinned by our CARES (commitment, accountability, respect, enabling and safety) values.

Group Tax, in its approach to remain risk aware applies the ERMF in the identification and management of tax risks. Continuous consideration for the tax guiding principles (refer to paragraph 2.2), enables each member of Group Tax to understand their role and to deliver on all strategic imperatives.

As a business partner, Group Tax creates awareness of tax risks within the Group by sharing insight and adding value to manage tax risks.

	Grow	Mature	Re-evaluate
EOO	The Board steers the organisation and sets its strategic direction, upon which Group Tax pro-actively supports the Group as a business partner, effectively and efficiently adding value in the day to day operations.		

## 6.5 Career development and succession planning

OBJECTIVE	Group Tax ensures that all tax personnel within the tax function have a clear development and career plan.
	To create an effective, efficient and sustainable Group Tax Function, Group Tax promotes open, honest and trustworthy communication.

To create an effective, efficient and sustainable Group Tax Function, Group Tax promotes open, honest and trustworthy communication.

With reference to the Group Tax Structure, the most senior member of the Group Tax team, with support from the CFO, are held accountable to ensure adherence to the Group's Human Resource policies for recognition, reward and succession planning.

Senior Group Tax members ensure HR matters are dealt with pro-actively and on a timely basis, this includes both formal and informal meetings with tax personnel to discuss performance, provide coaching and development opportunities.

	Grow	Mature	Re-evaluate
EOO	<p>With reference to Group Tax's current organisational design and existing vacancies an appropriate hierarchy for the discussion of career and development plans will be implemented.</p> <p>An open and transparent culture to discuss performance and development is encouraged and in place to ensure the objectives of Group Tax are achieved.</p>	Ongoing re-evaluation of Group Tax career development and succession planning initiatives.	

## 6.6 Tax performance measures

### OBJECTIVE

The performance of all Group Tax personnel is shaped by a goal plan and agreed Key Performance Indicators (KPIs) are documented and evaluated.

Each member of Group Tax should set annual objectives which can be incorporated into their scorecards to monitor delivery and performance against KPIs.

Group Tax must stress the importance of individuals pro-actively striving to meet performance improvement targets.

	Grow	Mature	Re-evaluate
E00	<p>Group Tax commits to develop an updated scorecard, with reference to the GTP, with consideration for:</p> <ul style="list-style-type: none"> <li>• Governance;</li> <li>• Demonstrate risk management behavior;</li> <li>• Develop and maintaining relationships as a business partner;</li> <li>• Best practice implementation and value add;</li> <li>• Pro-active consideration of technology to enable efficiency; and</li> <li>• Pro-active monitoring of tax developments.</li> </ul>		
Group Tax identifies, on a continual basis, action plans to encourage a pro-active mind-set toward individual career development and reaching of targets.			

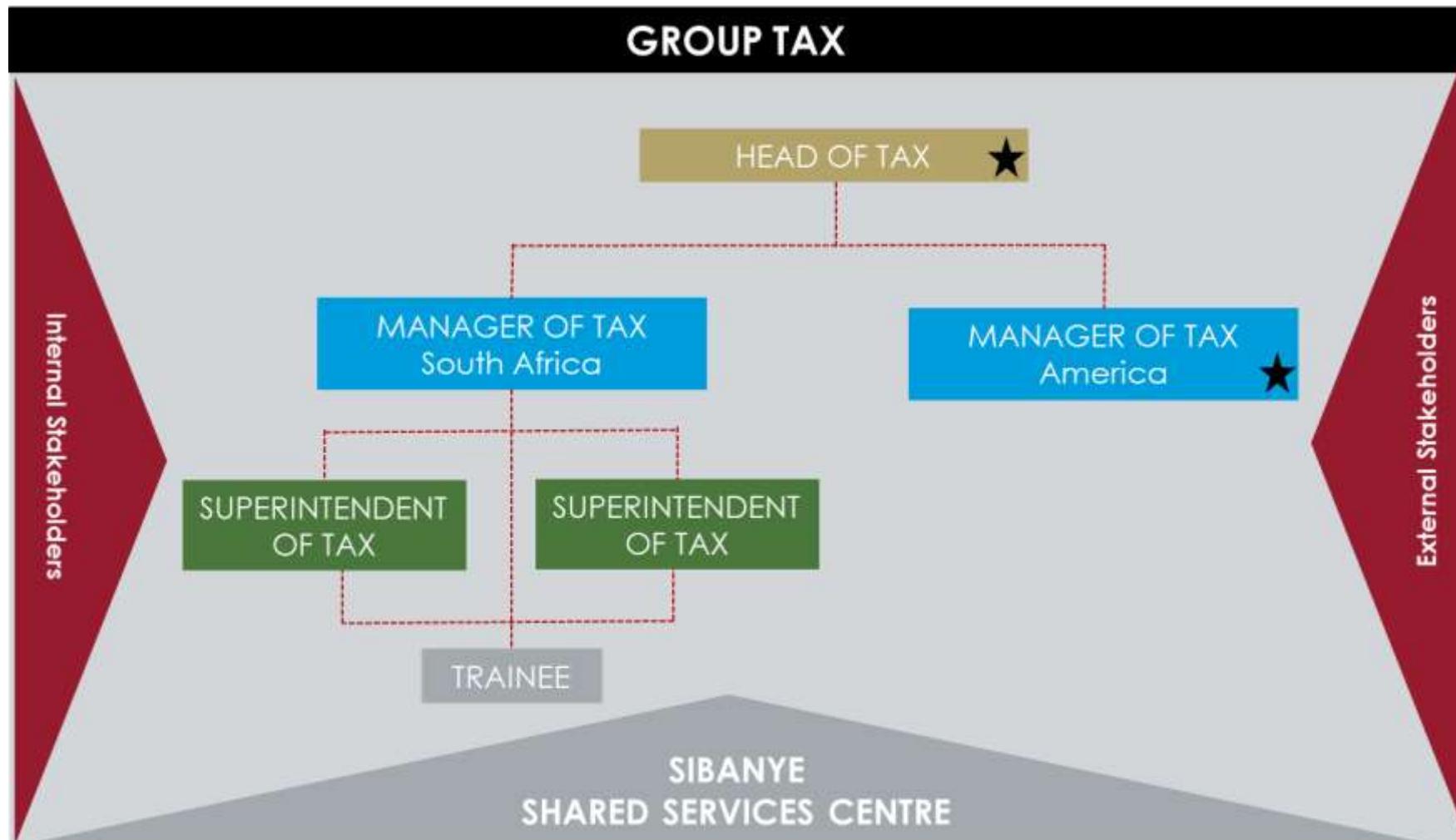
## Annexure A: Glossary of tax terms

**For the purposes of the GTP, taxes include National, Federal and State taxes, categorised as either:**

Taxes Borne	Taxes Paid
A tax on the income, property, or wealth of people or companies. A direct tax borne entirely by the entity that pays it, and cannot be passed on to another entity.	Taxes that are collected and paid on behalf of another party.
<b>Both categories may include the following:</b>	
<b>Direct Taxes:</b>	
<b>Corporate Tax</b> Corporate Income Taxes primarily consist of taxes payable by the Group's legal entities on its net profits, which includes net capital gains.	<b>Withholding tax</b> A tax withheld at source and paid over on behalf of others. This comprises a withholding tax charged on the payment of dividends, royalties, interest, and payments to a non-resident etc.
<b>Indirect Taxes:</b> A tax that is paid to the government by one entity in the supply chain, but it is passed on to the consumer as part of the price of a good or service. The consumer is ultimately paying the tax by paying more for the product. An indirect tax is shifted from one taxpayer to another.	
<b>Value Added Tax</b> Value Added Tax ("VAT"), Goods and Services Tax ("GST") and similar sales and consumption taxes, Royalty Tax (Indirect taxes).  Where these indirect taxes are not recoverable from another party they will be taxes borne as they will form a part of the operating cost.	<b>Customs duty.</b> Levied on imported goods with the aim of raising revenue and protecting the local market. They are usually calculated as a percentage of the value of the goods (set in the schedules to the Customs and Excise Act). However; meat, fish, tea, certain textile products and certain firearms attract rates of duty calculated either as a percentage of the value or as cents per unit (for example, per kilogram or metre).
<b>Environmental tax</b> A tax designed to internalise environmental costs and provide economic incentives for people and businesses to promote ecologically sustainable activities. Carbon taxes are a kind of environmental taxes.	<b>Excise duty and levies</b> Excise duties and levies are imposed mostly on high-volume daily consumable products (e.g. petroleum and alcohol and tobacco products) as well as certain non-essential or luxury items (e.g. electronic equipment and cosmetics). The primary function of these duties and levies is to ensure a constant stream of revenue for the State, with a secondary function of discouraging consumption of certain harmful products; i.e. harmful to human health or to the environment.
<b>Property tax</b> A tax assessed on real estate. The tax is usually based on the value of the property (including the land) you own and is often assessed by local or municipal governments.	<b>Mining Royalties</b> This consists of the royalty applicable to refined and unrefined mineral resources.

<p><b>Employees' tax.</b> Tax that must be deducted by an employer from an employee's remuneration and paid to SARS. The process is commonly referred to as PAYE.</p>	
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## Annexure B: Group Tax Structure



## Annexure C: Elementary – Alignment to King IV™ principles

#	Aspiration/Future focus	Action	Tax Principle	Paragraph
<b>LEADERSHIP BY THE GOVERNING BODY</b>				
LEADERSHIP, ETHICS AND CORPORATE CITIZEN				
Principle 1: Leadership	The governing body should lead ethically and effectively.	Individually and collectively exhibit <ul style="list-style-type: none"> <li>- Integrity</li> <li>- Competence</li> <li>- Responsibility</li> <li>- Accountability</li> <li>- Fairness</li> <li>- Transparency</li> </ul> Achieving strategic objectives and positive outcomes over time.	Transparency Responsibly Accountability Fairly Substance Effectively & efficiently	2.2.1 2.2.2 2.2.3 2.2.4 2.2.5 2.2.6
Principle 2: Organisational ethics	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Set the direction for how ethics should be approached and addressed by the organisation.	Responsibly Accountability	2.2.2 2.2.3
Principle 3: Responsible corporate citizenship	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Oversee that the organisation's core purpose & values, strategy & conduct are congruent with it being a responsible corporate citizen.	Responsibly Accountability	2.2.2 2.2.3
STRATEGY, PERFORMANCE AND REPORTING				
Principle 4: Strategy and performance	The governing body should appreciate that the organisation's core purpose, its risks & opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Delegate to management the formulation and development of the organisation's short, medium & long term strategy.	Responsibility Substance	2.2.2 2.2.5
Principle 5: Reporting	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long term prospects.	Approve management's determination of the reporting frameworks to be used, taking into account legal requirements and the intended audience and purpose of each report.	Transparency Fairly Substance	2.2.1 2.2.4 2.2.5

#	Aspiration/Future focus	Action	Tax Principle	Paragraph
<b>GOVERNING STRUCTURES AND DELEGATION</b>				
Principle 6: Primary role & responsibilities of the governing body	The governing body should serve as the focal point and custodian of corporate governance in the organisation.	Exercise leadership by: <ul style="list-style-type: none"> <li>- Steering and setting direction;</li> <li>- Approving policy and planning;</li> <li>- Overseeing and monitoring; and</li> <li>- Ensuring accountability</li> </ul>	Responsibly Effectively & efficiently	2.2.2 2.2.6
Principle 7: Composition of the governing body	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	Assume responsibility of this.	Responsibly Effectively & efficiently	2.2.2 2.2.6
Principle 8: Committees of the governing body	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	Determine when and if to delegate. This judgement is subject to legal requirements and should be guided by what is appropriate for the organisation and achieving the objectives if the delegation.	Responsibly Substance Effectively & efficiently	2.2.2 2.2.5 2.2.6
Principle 9: Evaluations of the performance of the governing body	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvements in its performance and effectiveness.	Assume responsibility for evaluation of its own performance	Responsibly Substance Effectively & efficiently	2.2.2 2.2.5 2.2.6
<b>GOVERNANCE OUTCOMES</b>				
Principle 10: Appointment and delegation to management	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	Set the direction and parameters.	Responsibly Effectively & efficiently	2.2.2 2.2.6

#	Aspiration/Future focus	Action	Tax Principle	Paragraph
<b>GOVERNANCE FUNCTIONAL AREAS</b>				
Principle 11: Risk governance	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	<p>Assume responsibility, approve, delegate and oversee.</p> <ol style="list-style-type: none"> <li>1. Opportunities &amp; associated risks to be considered when developing strategy; and</li> <li>2. Potential positive and negative effects of the same risks on the achievement of organisational objectives.</li> </ol>	Fairly Substance Effectively & efficiently	2.2.4 2.2.5
Principle 12: Technology and information governance	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	Assume responsibility, approve, delegate and oversee.	Responsibly Effectively & efficiently	2.2.2 2.2.6
Principle 13: Compliance governance	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	Assume responsibility, approve, delegate and oversee.	Transparency Responsibility Fairly	2.2.1 2.2.2 2.2.4
Principle 14: Remuneration governance	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	Assume responsibility, approve, delegate and oversee.	Transparency Responsibly Fairly	2.2.1 2.2.2 2.2.4
Principle 15: Assurance	The governing body should ensure that assurance services and functions enable an effective control environment, and that	<p>Assume responsibility, approve, delegate and oversee.</p> <ol style="list-style-type: none"> <li>1. Enabling an effective internal control</li> </ol>	Accountability Effectively & efficiently	2.2.3 2.2.6

#	Aspiration/Future focus	Action	Tax Principle	Paragraph
	these support the integrity of information for internal decision-making and of the organisation's external reports.	<p>environment;</p> <p>2. Supporting the integrity of information used for internal decision-making by management, the governing body and committees; and</p> <p>3. Supporting the integrity of external reports.</p>		
<b>STAKEHOLDER RELATIONSHIPS</b>				
Principle 16: Stakeholders	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Assume responsibility, approve, delegate and oversee.	Transparency Responsibly Fairly	2.2.1 2.2.2 2.2.4
Principle 17: Responsibilities of institutional investors	The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	Responsible investing.	Responsibly Accountability Substance	2.2.2 2.2.3 2.2.5