



## STAYING THE COURSE



INTERNATIONAL EXPERTISE®  
HUMAN ADVOCACY

### 2013 SUSTAINABLE DEVELOPMENT REPORT

## ABOUT THIS REPORT

### REPORT SCOPE

This sustainable development report constitutes SEMAFO's fourth report to stakeholders on the environmental, social and economic performance of the Corporation and its main subsidiary, SEMAFO Burkina Faso S.A. This report covers SEMAFO's exploration and extractive activities at its mine in Burkina Faso, from January 1 to December 31, 2013.

### SIGNIFICANT CHANGES

After suspending activities at the Samira Hill mine in Niger in 2013, SEMAFO closed the sale of its 80% stake in *Société des Mines du Liptako S.A. (SML)* to *Société de Patrimoine des Mines du Niger S.A. (SOPAMIN)* in the fourth quarter of the year. Operations at the Kiniero mine in Guinea ceased in the first quarter of 2014 and the plant was placed on care and maintenance. Despite these changes, we pursued our income-generating, health and education project activities in Niger and Guinea in 2014 in order to provide ongoing support to the communities in these two countries. The Fondation SEMAFO team in Niger is currently working to transfer its community support activities to a new entity.

In light of the above, this report does not contain any data or information for these two mines, which SEMAFO considers as non-core assets.

*All amounts are expressed in US dollars.*

### IMPORTANCE

SEMAFO presents sustainable development information that the Corporation and its stakeholders deem to be significant in relation to its activities. This information includes identified issues such as governance, community relations, labour practices, human rights, health and safety, and environmental and economic impacts.

### DATA COLLECTION AND VERIFICATION

The publication of this report required the collaboration of many contributors. SEMAFO's Corporate Affairs and Investor Relations Department was responsible for the collection and verification of information, as well as the publication of this report. The information herein has been provided by various specialists and managers, as well as by SEMAFO's information systems. This report was prepared as diligently as our previous reports, and with the same level of quality and credibility information in terms of social responsibility.

### MEANS OF COMMUNICATION

This report serves as the principle means of communicating SEMAFO's accountability with respect to sustainable development. Other means of communication include the Corporate Responsibility section of our website (<http://www.semafo.com>).

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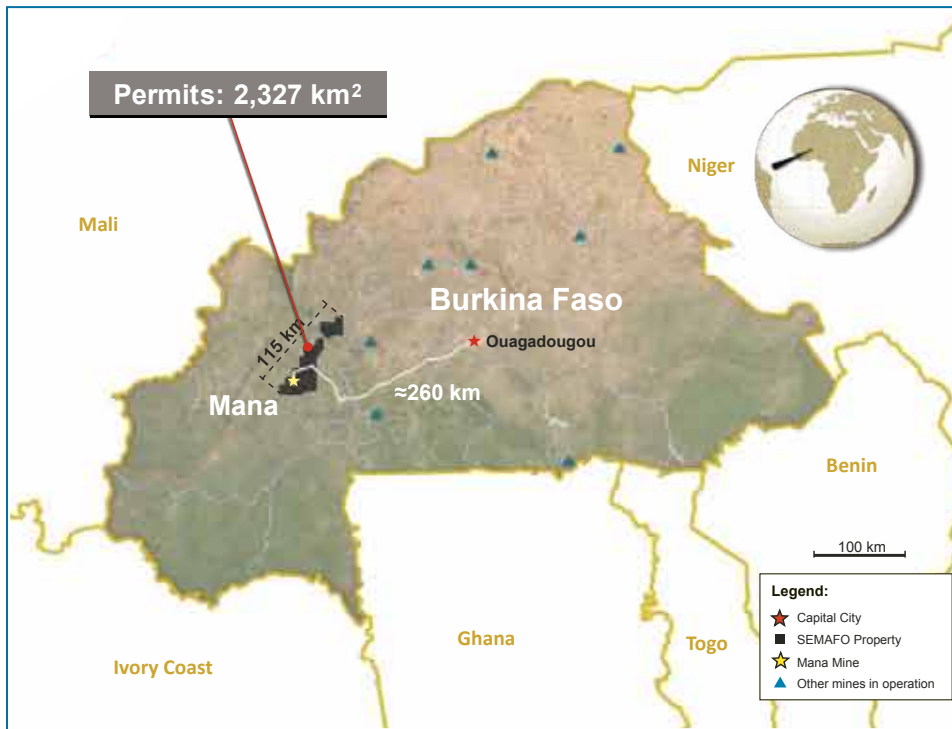
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## CORPORATE PROFILE

SEMAFO is a Canadian mining company with gold production and exploration activities in West Africa. We operate the Mana mine in Burkina Faso, which includes the high-grade Siou and Fofina satellite deposits. SEMAFO is committed to evolve in a conscientious manner through the responsible development of its Mana property. SEMAFO's strategic focus is to maximize shareholder value by effectively managing its existing assets as well as pursuing organic and strategic growth opportunities.



### CORPORATE MISSION

Establish enduring relationships with the countries in which we operate and through our experience, expertise and financial acumen, partner to responsibly develop natural resources.

### HUMANITARIAN MISSION

Make sustainable contributions to improve the quality of life and livelihoods of the communities in which we operate through social, health, education and environmental policies and programs.

## TOTAL ECONOMIC IMPACT

SEMAFO (in thousands of \$)	2013	2012	2011
Economic Value Distributed	226,618	287,209	297,673
Operating Costs <sup>1</sup>	81,122	85,138	74,379
Employee Wages and Benefits	43,400	39,631	31,159
Capital Provider Payments <sup>2</sup>	10,691	5,361	6,072
Government Payments <sup>3</sup>	40,430	51,472	44,676
Community Investments	1,310	3,354	1,721
Economic Value Retained	49,665	102,253	139,666

<sup>1</sup> For the purposes of calculating economic value distributed and retained, operating costs consist of mine operating costs less employee wages and benefits, which are presented separately, and donations made directly to communities rather than through *Fondation SEMAFO*.

<sup>2</sup> Payments to providers of capital consist primarily of dividend payments to SEMAFO, the majority shareholder.

<sup>3</sup> Government payments include revenues and other taxes, as well as royalties.

2013, 2012 and 2011 figures exclude activities in Niger and Guinea, the latter being considered as discontinued operations.

## 2013 PERFORMANCE

✓ Achieved

✓ In progress

✓ Deferred

✓ Not achieved

2013 OBJECTIVES	2013 PERFORMANCE
<b>Stakeholder Relations</b>	
CSR Forum Burkina Faso (CSR = Corporate Social Responsibility): set up a website, organize four thematic workshops and recruit new members	✓ Forum activities were officially launched with a first workshop held in December 2013 in Ouagadougou. The theme of the workshop was “The NGO / mining company relationship: status and perspectives”.
<b>Gouvernance</b>	
Finalize our Anti-corruption Policy and provide employee training in this regard	✓ The Anti-corruption Policy was adopted by the Board in August. Training with regard to the policy was provided to employees in Burkina Faso.
Communicate our Whistle Blowing Policy to employees more effectively	✓ Held <i>Whistle Blowing Policy</i> training sessions for Burkina Faso employees.
<b>Communities</b>	
Extend the radio program, <i>Ensemble pour une société meilleure</i> (Together for a Better Society), for a third consecutive year	✓ The third season began in 2013 and continues to focus on raising awareness with regard to the social issues facing the people of Burkina Faso.
Implement a management plan to reduce dust and noise pollution to supplement initiatives already underway such as water spraying	✓ The program to reduce dust and noise pollution was implemented; ongoing water spraying is carried out in the villages and on roads; rebuilt one village in order to relocate residents.
Establish a monitoring mechanism for the pilot project to regulate artisanal miners	✓ Identification of artisanal mine sites on our permitted property; reports were prepared and communicated to local authorities.
<b>Fondation SEMAFO</b> (Rapport annuel : <a href="http://www.fondationsemafo.org/assets/files/RapportAnnuel2012-2013ANGlow.pdf">http://www.fondationsemafo.org/assets/files/RapportAnnuel2012-2013ANGlow.pdf</a> )	
Support income-generating activities such as the production of paprika, shea butter and sesame	✓ Shea butter, paprika and sesame production and marketing capacity increased; new income-generating projects were initiated (apiculture, sheep farming).
Build new classrooms, continue to distribute school supply kits, bring electricity to libraries and schools	✓ Installation of solar panels on all school facilities; distribution of 9,500 school kits and school canteens dispensed some 140,000 meals.
Distribute 50 bicycles in the villages neighbouring our sites (members of management and the board of directors will be solicited to provide the necessary funding - an initiative proposed by the Environmental, Health & Safety and Sustainable Development Committee and approved by the Board of Directors)	✓ 40 bicycles were distributed in Burkina Faso and 10 in Niger.
<b>Labour Practices</b>	
Sign a three-year collective agreement (between the Corporation and its unionized employees)	✓ The collective agreement was signed in January 2013.
Train national trainers within the framework of the National Workforce Development Program	✓ A project is being developed in line with the National Workforce Development Program
Develop the training programs needed to support the National Workforce Development Program	✓ Program participants and their sponsors received 1,200 hours of management training; other activities were also organized, such as group discussions and individual meetings.
Assess employee learning	✓ Initiated process for the assessment of participants' skills.
<b>Health and Safety</b>	
Reduce no-lost-time injuries Continue the training and awareness program	✓ Given the death of a worker, which occurred after 998 days without a lost-time injury, this objective was not achieved. Reiteration of the importance of and repetition of employee safety procedures and programs.
Establish a team of firefighters to support existing teams	✓ Project deferred
Commission an external security audit of gold production and shipment activities	✓ The recommendations of a consultant's report are gradually being implemented (90% completed).

✓ Achieved

✓ In progress

✓ Deferred

✓ Not achieved

2013 OBJECTIVES	2013 PERFORMANCE
<b>Environment</b>	
Implement the environmental emergency plan to support existing procedures	✓ The project is 60% complete. A monitoring committee has been created.
Implement a program to reduce dust and noise pollution	✓ Measurement and monitoring devices were acquired.
Identify energy-efficient projects	<ul style="list-style-type: none"> <li>✓ Solar panels were installed in a pumping station and on a communications tower.</li> <li>✓ Consumption decreased by 15% through the installation of capacitors at the tailings pond pumping station.</li> <li>✓ More efficient generators were commissioned.</li> </ul>
Identify ozone-depleting substances	✓ An inventory was taken of equipment that produces ozone-depleting gas.

## 2014 OBJECTIVES

<b>Stakeholder Relations</b>
Continue to recruit members and organize topical workshops, finalize the website and conduct mine site exchange visits
<b>Governance</b>
Provide head office employees with <i>Anti-corruption Policy</i> training
Provide head office employees with <i>Whistle Blowing Policy</i> training
<b>Communities</b>
Extend the radio program
Continue spraying water along the truck route in the villages; implement the program as part of the mine expansion project
Review pending permit applications and finalize approved applications with the minister of mines
<b>Fondation SEMAFO</b>
Continue to support ongoing income-generating projects and extend the installation of multifunctional platforms to three new villages
Support extracurricular activities in schools
<b>Labour Practices</b>
Negotiate a workplace agreement with our social partners (staff and union representatives)
Establish a succession program for Burkinabe employees
Continue training activities under the National Workforce Development Program and establish a second training group
<b>Health and Safety</b>
Apply and monitor health and prevention program activities; update the prevention program by the end of 2014
Extend the study into 2014
Continue to implement the audit recommendations
Introduce a new evaluation criterion for employee bonuses based on the total injury rate (total number of lost-time injuries plus all injuries related to Mana and the exploration site) target of less than 6.52; bonus are not payable in the event of a fatality
<b>Environment</b>
Continue developing the emergency plan and complete it in 2014
Finish implementing the proposed dust and noise reduction program
Caution the procurement department regarding the purchase of equipment containing non-ozone-depleting refrigerants



## SUSTAINABLE DEVELOPMENT CHALLENGES AND STAKEHOLDER RELATIONSHIP MECHANISMS

Effective sustainable development requires stable sustained relations with key stakeholders. Over the years, we have introduced a variety of information management systems and mechanisms that allow us to work together with and understand our stakeholders' expectations and concerns. Only after consulting with our stakeholders and assessing the risks inherent to our business do we establish our corporate responsibility priorities. In 2013, a number of issues, which are addressed in this report, were revealed during our analysis of various stakeholder relationship mechanisms.

### SEMAFO AND ITS PARTNERS

SUSTAINABLE DEVELOPMENT ISSUES	RELATIONSHIP MECHANISM
<b>Communities</b>	
Project acceptability Environmental and social impact	Community relation officers
Local employment and procurement Community infrastructure	<ul style="list-style-type: none"> <li>• Advisory committees, including community representatives</li> <li>• Support for community- initiatives</li> <li>• Dispute settlement</li> </ul>
<b>Non-governmental organizations</b>	
Education, health, revenue-generating projects, community support	<ul style="list-style-type: none"> <li>• <i>Fondation SEMAFO</i></li> <li>• CSR Burkina Faso Forum (CSR = corporate social responsibility)</li> </ul>
<b>Governments</b>	
Contribution to Burkina Faso's sustainable development strategy Legislative compliance	<ul style="list-style-type: none"> <li>• Partnerships with various government ministries</li> <li>• Agreements</li> </ul>
<b>Citizens</b>	
Raising social awareness	<ul style="list-style-type: none"> <li>• Radio broadcasts</li> <li>• Regional and national newspapers</li> </ul>
<b>Employees</b>	
Health and safety	<ul style="list-style-type: none"> <li>• Health and safety committees</li> </ul>
Satisfaction / Engagement	<ul style="list-style-type: none"> <li>• Recognition program</li> <li>• Discussion groups</li> <li>• Company newsletter, intranet</li> </ul>
Career development	<ul style="list-style-type: none"> <li>• Training</li> </ul>
Succession planning	<ul style="list-style-type: none"> <li>• National Workforce Development Program</li> <li>• University partnerships and scholarships</li> </ul>
<b>Unions</b>	
Harmonious labour relations	<ul style="list-style-type: none"> <li>• Discussion forums</li> <li>• Collective agreements</li> <li>• Monitoring committees</li> <li>• Joint health and safety committees</li> </ul>
<b>Subcontractors and suppliers</b>	
Compliance with SEMAFO's objectives and values	Agreements and partnerships
Choice of subcontractors and suppliers	Procedure for awarding contracts to Burkinabe suppliers
<b>Shareholders</b>	
Sustainability of the Corporation Reputation	<ul style="list-style-type: none"> <li>• Financial reports</li> <li>• Press releases</li> <li>• Investor relations officers</li> <li>• Annual Shareholders Meeting</li> <li>• Presentations to shareholders</li> <li>• Website</li> </ul>

## STAYING THE COURSE

In assuming its responsibilities, SEMAFO takes into account the three pillars of sustainable development: the economy, society and the environment. For a fourth consecutive year, our sustainable development report is aimed at conveying to our stakeholders our commitment to sustainability and how our performance fared in this regard.

Since the commencement of operations at Mana in 2008, we have made a point of putting people first in a corporate culture of respect and integrity. At SEMAFO, health and safety is a collective responsibility to be shared by all, in a safe, healthy workplace. Despite our unflagging efforts, however, after 998 consecutive days without a lost-time injury, in 2013 we regretfully had an incident at our Mana mine that resulted in the death of one of our employees.

High gold-price volatility in 2013 resulted in our taking impairment losses for the Samira Hill mine in Niger and the Kiniero mine in Guinea. As a result, in addition to paying severance in compliance with the Nigerien Labour Code to all employees assigned to the Samira Hill mine, we sold our 80% interest in the mine to Société de Patrimoine des Mines du Niger S.A. (SOPAMIN). As planned, operations at the Kiniero mine were gradually wound down in the fourth quarter of 2013 and the mine was placed on care and maintenance in the first quarter of 2014 with a view to selling this non-core asset. The weak gold market and curtailment of activities at our two non-core assets led to a restructuring that resulted in a total of 52 layoffs, 21 employees in Africa and 31 expatriate and head office employees in Montréal.

We also stepped up our cost control and optimization efforts, not only at the operations level but at all levels of the organization, thereby saving several millions of dollars. We intend to pursue these efforts while continuing to carefully manage our investments.

Despite the challenges we faced in 2013, we remain committed: committed to our values, committed to our corporate and our humanitarian missions, and committed to sustainable development.

In our labour practices, we are particularly proud of our National Workforce Development Program, which is an investment in the development of our Burkinabe employees' competencies. We support the sound management of our workforce while meeting our obligations under the Burkina Faso Mining Code and the collective agreement with our employees, which was renewed in 2013 for another three years. Additionally, we began convening monthly meetings with our union partners, which help to maintain a climate of respect and openness at our mine site that stems from ongoing dialogue.

In 2013, following the positive outcome of the environmental and social impact assessment of our high-grade Siou and Fofina deposits, we received permission from the Government of Burkina Faso to proceed with the development of these two deposits. We have commenced infrastructure work, and the project is moving ahead quickly thanks to its social acceptance by the local communities.



*Benoit Desormeaux, CPA, CA  
President and Chief Executing Officer  
SEMAFO Inc.*

SEMAFO is determined to evolve in a conscientious manner through the responsible development of its Mana property. *Fondation SEMAFO* exemplifies our responsible practices, and has developed humanitarian expertise since its creation in 2008. In 2013, SEMAFO donated \$794,000 to *Fondation SEMAFO* to support ongoing activities, which include income-generating, agricultural, infrastructure construction, education, health and material donation projects. Each of these activities helps to improve the quality of life of communities in Burkina Faso.

Burkina Faso is looking to the gold mining industry to spur economic growth. The mining sector has grown significantly in recent years and investment has helped to stimulate job creation and the demand for goods and services. A generator of royalties and taxes, salaries, local procurement and direct and indirect jobs, SEMAFO is proponent of economic growth for Burkina Faso.

On the environmental front, it is our duty to continually strive to minimize our ecological footprint and our contribution to climate change. We scored a number of energy efficiency successes in 2013, such as replacing generators at our site with new, more efficient units may allow us to reduce CO<sub>2</sub> emissions up to 8,000 tonnes. This decrease will be more considerable in the future, both in terms of emissions and production cost savings, once we are connected to the Burkina Faso national electricity company power grid, which is scheduled for the second half of 2014.

At SEMAFO, our shareholders are a priority. We are honoured to have been awarded the Grand Prix for best overall investor relations in the small cap category by IR Magazine Canada in 2014, which positions SEMAFO among the top 50 Canadian companies in terms of investor relations. This independent award from the investment community underscores the work of the entire SEMAFO team and recognizes our commitment to excellence, teamwork and integrity.

SEMAFO is a responsible company. We conduct our business in an eco-friendly manner and are an important contributor to Burkina Faso's economic and social development.

We are staying the course!

A handwritten signature in black ink, appearing to read 'Benoit Desormeaux', with a long horizontal line extending to the right.

Benoit Desormeaux, CPA, CA  
President and Chief Executive Officer  
March 11, 2014



# GOVERNANCE

For a fourth consecutive year we wish to share with our stakeholders our commitment to sustainability and our sustainability performance. Our performance is detailed in the pages of this report, which has been approved by SEMAFO’s Board of Directors. At SEMAFO, corporate governance with respect to sustainable development continues to evolve based on best practices.

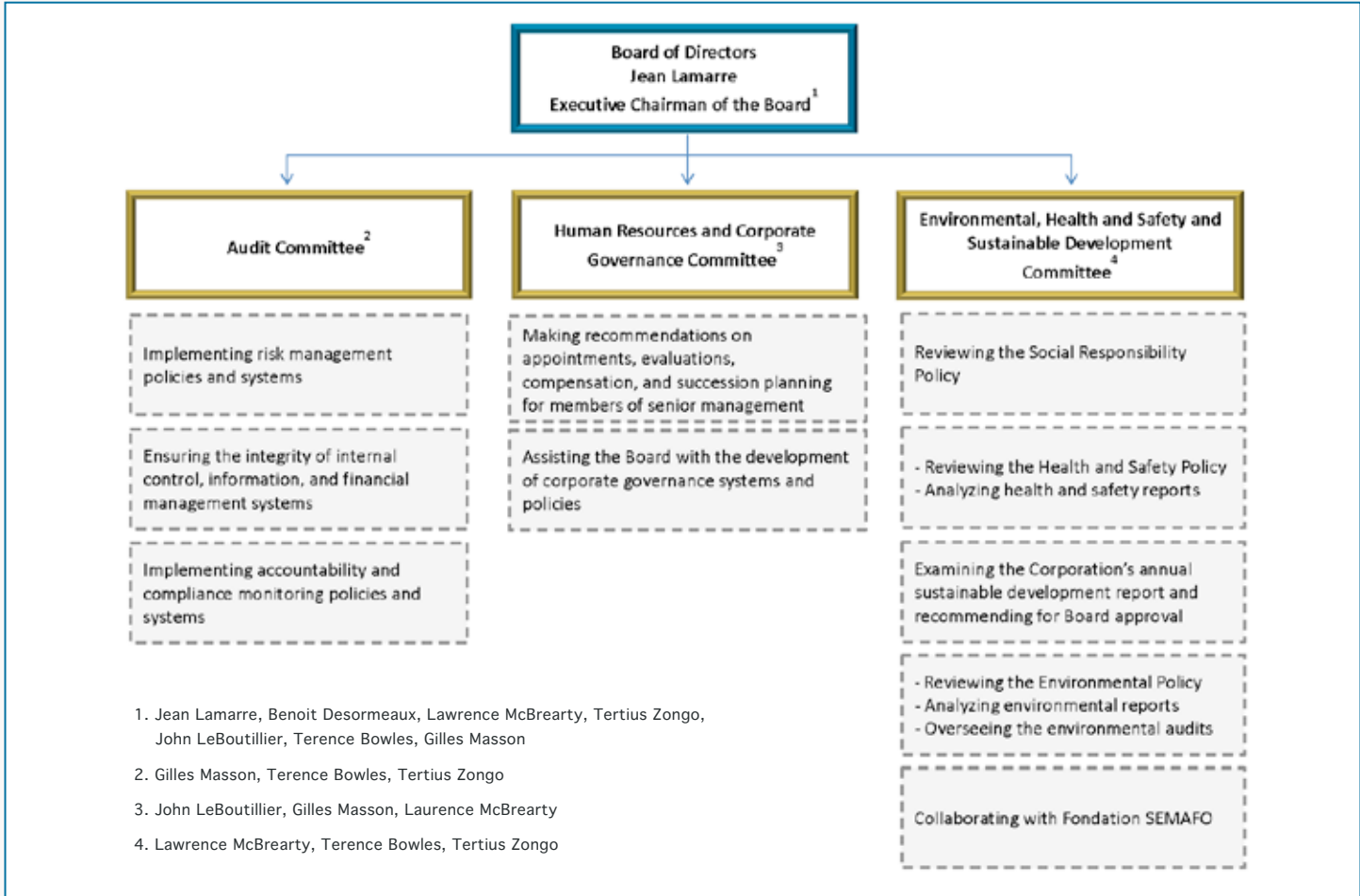
## GOVERNANCE FRAMEWORK AND PRACTICES

SEMAFO’s Board has seven directors, five of whom are independent. The Board members have diverse and complementary expertise and experience. The Board of Directors is responsible for the stewardship of the Corporation and for supervising the management of its business and affairs. In fulfilling its duties, the Board oversees a range of activities, including those related to sustainable development. The Board has created various committees, one of which is the Environment, Health and Safety and Sustainable Development Committee, composed solely of independent directors. The Board’s mandate includes the establishment of policies, introduction of management systems, and review of reporting on activities related to health and safety and the environment.

Our governance is based on thirteen policies and our *Code of Conduct*. These Board-approved policies reflect SEMAFO’s

commitment to its mission, its values and sustainable development. We apply the principles set out in the policies and the *Code of Conduct* at our head office in Montréal as well as at our Mana site in Burkina Faso, in part through our sustainable development initiatives.

Our aim is to excel in sustainable development. Our governance practices are evolving and in so doing, strengthening our stakeholders’ confidence in SEMAFO. Each year, we further refine our continuous improvement processes and develop new corporate policies to reflect our commitment. We also review our policies annually to ensure that they remain aligned with the Corporation’s development and the evolving regulatory requirements.



## ANTI-CORRUPTION POLICY

The Board adopted a formal *Anti-corruption Policy* in 2013. This policy is aimed at complying with applicable anti-corruption laws while positioning SEMAFO as a mining company that acts responsibly in the countries in which we operate. The Board of Directors has appointed a Chief Compliance Officer to support the necessary procedures and to implement the policy.

This officer is responsible for informing stakeholders, such as our employees and suppliers, as well as for training our employees in this policy. The affected employees in Burkina Faso received training in 2013 in the *Anti-Corruption Policy*, as well as in our *Whistle Blowing Policy*. Our *Anti-Corruption Policy* can be found on our website, at [www.semafo.com](http://www.semafo.com).

## MEMBERS OF THE ENVIRONMENTAL, HEALTH & SAFETY AND SUSTAINABLE DEVELOPMENT COMMITTEE



**Lawrence McBrearty**  
*Chair of the Committee*  
*Labour Relations Consultant*



**Terence Bowles**  
*President and Chief Executive Officer*  
*St. Lawrence Seaway Management Corporation*



**Tertius Zongo**  
*Economist*  
*Former Prime Minister and Head of Government of Burkina Faso (2007-2011)*

## INSPECTION VISIT BY THE ENVIRONMENTAL, HEALTH & SAFETY AND SUSTAINABLE DEVELOPMENT COMMITTEE

In October, committee members travelled to Burkina Faso to visit 26 facilities at the Mana mine. A number of recommendations were made, overall committee members' remarks were mostly positive and noted significant progress.

TOPICS	POSITIVE REMARKS	IMPROVEMENT REQUIRED
Cleanliness, health & safety	Site cleanliness is excellent	Development of the laundry room is not yet underway
	Medical staff are extremely competent	Reduce the high incidence of malaria
	Group inquiries into incidents are a new value-added tool	
	Security staff are very conscientious and prevention initiatives and methods are generating positive results	
	Hazardous material storage meets the appropriate safety requirements	
Community-based projects	The shea butter project is working very well and is a sustainable development project in itself	Maintain relations with local officials in order to better understand the priorities of the community.
Environment	Management of pollutants, like dust, is remarkably well controlled	

## PROCEDURE FOR AWARDING CONTRACTS TO BURKINA FASO SUPPLIERS

A procedure was established in 2013 with respect to the awarding of local supply contracts. This procedure sets out a clear and transparent process, the foundation for good governance. It allows Burkinabe companies to offer products

and services that meet SEMAFO's price and quality requirements. This procedure is consistent with the laws and regulations of Burkina Faso and with SEMAFO's *Code of Conduct*.

## COMMUNITIES

### SOCIAL ACCEPTABILITY AND COMMUNITY RELATIONS

Like any major project, development of our Siou and Fofina deposits must have the support of the communities concerned. SEMAFO's management team and community relations experts are attentive to villagers and local authorities in the affected areas, and discussions are respectful, which facilitates communications and negotiation. Like the previous year, information and data gathering meetings were held in 2013, and crop compensation payments were made in full. In addition to compensation for fields and property, the key to fostering the social acceptability of our projects are a regard for sacred places, the promise to offer employment opportunities and the future involvement of the *Fondation SEMAFO*.

### CONTINUITY OF THE RADIO PROGRAM TO RAISE SOCIAL AWARENESS IN BURKINA FASO

We are proud that since its inception in 2010, our citizen action program has grown to cover all of Burkina Faso. Through the radio program *Ensemble pour une société meilleure* (Together for a Better Society), which is broadcast in four languages, we provide information on topics related to improving living conditions, such as the promotion of good social, environmental and economic practices. This collaboration between government, local associations and communities, who develop the program content, and SEMAFO, which provides program funding, has kept this contribution to sustainable development going for the past three years.

### ARTISANAL AND SMALL-SCALE MINING

In 2013, we continued to identify and assess the artisanal mine sites located on our permitted land in Burkina Faso. Regular visits to known sites were also conducted to assess the potential risks to the environment and to the health and safety of people involved in these activities. When such risks were present, we held meetings with the mayors and councillors of the villages in question.

In parallel, we focused our efforts on six artisanal mine sites where cyanide is used to extract the gold. We compiled data to understand the methods used and the origin and place of supply of this hazardous product. Once available, we will use the data to raise awareness with local and administrative authorities of the dangers that this process poses for the people at these sites.



#### Together for a Better Society Radio Program (*Ensemble pour une société meilleure*)

##### 2013 Broadcasting

- 13 local and 1 national radio stations
- 3 local languages and French
- Topics: malaria, tree planting, corruption, farming, etc.

## OUR EMPLOYEES' SYMBOLIC GESTURES FOR TWO CAUSES

In 2013, our garage employees invited SEMAFO employees to sign their names on a truck engine and transmission.



*The pink engine –the colour symbolizes the fight against breast cancer – is a sign of support for people around us with breast cancer.*



*The red transmission incites reflection on the means of HIV transmission. Employees' signatures represent a commitment on their part to prevent and to protect themselves against the spread of the virus.*

## MULTIPARTY FORUM FOR CORPORATE SOCIAL RESPONSIBILITY IN THE EXTRACTIVE SECTOR IN BURKINA FASO

The gold mining sector has grown considerably within Burkina Faso's economy in recent years. Through the CSR Forum, mining companies are invited to foster the exchange of responsible practices and innovative strategies in terms of local economic, social and environmental challenges. The Forum also aims to strengthen the companies' capacities so that communities can reap more of the benefits that accrue from mining investments. This initiative applies to the mining industry as a whole, and is a joint effort by mining companies and non-governmental organizations. This partnership is the fruit of constructive dialogue among the participants, as well as various activities. For instance, in 2013, the CSR Forum held its first workshop on the topic of "The NGO / mining company relationship: status and perception", marking the official launch of the Forum's activities. The program consisted mainly of updates on the community social and healthcare projects, such as the sanitation project for the village of Wona and the project for the prevention of cervical cancer, which are joint projects by *Fondation SEMAFO* and NGOs. In addition to best practices, the audience learned about project selection criteria and how funding is awarded.

The mining companies and NGOs that attended are conscious of the need for closer collaboration in order to leverage the positive impact on local communities, and for the same reason also hope to recruit new members.

## HELPING TO IMPROVE THE QUALITY OF LIFE OF COMMUNITIES

In 2013, *Fondation SEMAFO* continued its support of income-generating projects, in addition to agriculture, education, health and infrastructure construction projects. Year after year, these activities help to continuously improve the quality of life of communities in Burkina Faso.

### HELPING TO STRENGTHEN THE EDUCATIONAL INFRASTRUCTURE

In education, *Fondation SEMAFO* distributed school kits to nearly 10,000 students in 36 primary schools. Nearly 500 portable solar lamps were distributed to support students in their final year of primary school. Some 140,000 meals were served in school canteens during the third year of this project. A new initiative launched in 2013 saw the establishment of three school gardens, intended to support canteen self-sufficiency and teach children about gardening. The year 2013 also saw the installation of solar power systems on all schools and teacher housing facilities.

### REGIONAL PLANNING

In 2013, *Fondation SEMAFO* launched a new project that aims to fight against poverty by building a subdivision to which services like electricity and drinking water will eventually be added. This new development will help reduce poverty by enabling people to develop income-generating activities.



## INVESTMENT IN AGRICULTURE AND INCOME-GENERATING ACTIVITIES

In 2013, *Fondation SEMAFO* reiterated its support for projects that are successful from a sustainability viewpoint and that clearly improve the socioeconomic conditions of their beneficiaries. Among other things, these projects enable families to educate their children and gain access to healthcare.

In particular, mentoring and monitoring activities of the sesame production and marketing program were strengthened with the addition of an expert. Given last year's success, *Fondation SEMAFO* also extended the project coverage: in 2013, nine new villages received seedlings needed for the harvest, bringing the number of villages to 33, for a total of 1,240 beneficiary producers.

The organic shea butter production and marketing support project, now in its fourth year, is a landmark success on the road to self-sufficiency. The shea product transformation centre won first prize at an annual regional fair, and has become a social and economic benchmark in Burkina Faso. In 2013, automation-related improvements were made at the centre with a view to increasing productivity in future years.

In addition, in 2013, a livestock project allowed 12 young rural entrepreneurs to start a sheep breeding business using an improved version of the traditional techniques.

### Shea Butter Project:

- **Harvest:** 600 women involved in 11 villages
- **Transformation:** 70 women
- **Sales:** 17 tonnes, for revenues of \$84,000

## SANITATION PROJECT FOR THE VILLAGE OF WONA

In partnership with two other organizations, *Fondation SEMAFO* launched a village sanitation project to deal with the influx of plastic bags, the proliferation of mosquitoes and noxious odours, among other things. The first phase of this project was complete in 2013 and consisted of apprising and mobilising leaders and training villagers in the concepts of sanitation, solid waste management and community engagement. This project led to the hiring of 10 people and the installation of 171 waste bins.

*Fondation SEMAFO* project selection criteria:

- the riparian area near the mine (impact on communities), and expanding to cover a broader area thereafter
- consensus among: Mana mine representatives, *Fondation SEMAFO*, the community and the people present at local advisory committee meetings
- project sustainability beyond mine closure
- community involvement

*SEMAFO* donated \$794,000 to *Fondation SEMAFO* for its ongoing activities in Burkina Faso, which include income-generating, agricultural, infrastructure construction, educational, healthcare and material donation projects. Each of these activities helps to improve the quality of life of communities in Burkina Faso.

Information about other projects can be found on *Fondation SEMAFO*'s website at <http://www.fondationsemafo.org/en/whatwedo/annualreports.html>, including its annual reports and quarterly newsletters (the latter is available in French only).



*A boy receives a bicycle that will allow him to get to and from school much faster. This project is the brainchild of SEMAFO's board of directors and senior management team, who joined forces to award bicycles to children, women and men on the basis of their academic achievement or involvement in development projects.*

## Financing *Fondation SEMAFO* Projects

*SEMAFO* provided *Fondation SEMAFO* with 90% or \$794,000 of funding for:

- Community support (fresh-water wells, sanitation, land subdivision etc.) - \$310,000
- Education - \$290,000
- Agriculture - \$40,000
- Healthcare - \$40,000
- Transport of donated goods - \$114,000



*A young entrepreneur and sheep breeder*



## LABOUR PRACTICES

The highly volatile gold market combined with the curtailment of activities at our two non-core assets, unfortunately, led to layoffs. Nonetheless, we continue to strive to mobilize our greatest resource, our employees. We are proud to remain a mining industry innovator when it comes to labour practices, to enable us to advance our projects and meet our challenges head-on.

## NATIONAL WORKFORCE DEVELOPMENT PROGRAM



*A group with diplomas in hand following completion of a training skills course, part of SEMAFO's National Workforce Development Program.*

We have encouraged the development of our Burkinabe employees ever since the inauguration of our Mana mine in 2008. In 2012, we formalized our approach with the creation of our National Workforce Development Program thus harnessing talent by training our local in order to prepare them to assume management positions. Some of them may eventually hold positions traditionally held by expatriates. Investing in the development of our national employees constitutes a major contribution to the achievement of our humanitarian mission, which is to improve the quality of life and livelihoods of the communities in which we operate. We renew our pool of candidates every year, while at the same time creating a model partnership with Burkinabe stakeholders.

### Highlights to December 31, 2013

- Manpower: 1,228 people, including 274 subcontractors and day labourers, and 954 employees
- Restructuring: 52 layoffs, including 21 in exploration and 31 expatriate and head office employees
- Training: over 15,500 hours of training

### National Workforce Development Program

20 participants in 2013

Five management skills developed:

- Quality decision-making
- Leadership
- Communication
- Employee skill development
- Work organization

#### Program Activities

- 1,200 hours of training provided, 270 training programs, a dozen management disciplines
- 40 projects underway: special projects, discussion groups, one-on-one meetings, skill assessments





## RECOGNITION PROGRAM

The Recognition program was named after SEMAFO's founder, who was a model of perseverance, leadership and determination. Our Recognition Program singles out employees who have contributed to SEMAFO's development through their efforts at work or involvement in the community. In 2013, for the third consecutive year, we presented Exceptional Achievement and Community Involvement awards to our winners, as well as Everyday Excellence awards to our Regional Stars. For this new round of employee participation, 38 individual and team nominations were submitted, bringing the total number of employees nominated by their colleagues to 373.

## RESPECT FOR HUMAN RIGHTS AND COLLECTIVE AGREEMENTS

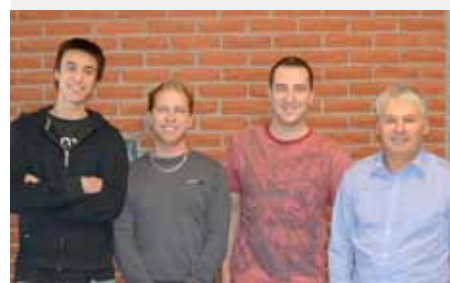
Freedom of association is a fundamental right. Workers at our Mana mine naturally have the right to exercise freedom of association, and social dialogue between labour and management is always respectful. During negotiations, we reiterated our desire to foster a strong partnership that is constructive for our business. In this context, the employees, through their representatives, requested access to a meeting place with food services. The project was approved in 2012 and the building was completed in September 2013. The *Foyer du mineur* (Miners' House) was completely furnished by SEMAFO.

## MANAGING ABSENTEEISM

We held meetings with our employees to sensitize them of the consequences that a high rate of absenteeism has on our business. Consequently, in 2013, we saw a noticeable drop in absenteeism in 2013, along with a decline in the number of days in hospital as well as reduced medication consumption. The combination of absenteeism awareness and monitoring led to a reduction in our group insurance premium.

### Creators of Value Scholarships

We are proud to award scholarships to deserving students in geology at Université du Québec à Chicoutimi.



*Our 2013 recipients: Léo Poignant-Molina, Jonathan Tremblay and Maxime Gilbert were each awarded a "Creators of Value" scholarship by SEMAFO, in the presence of Damien Gaboury, Ph.D., a professor in the Applied Science Department at Université du Québec à Chicoutimi.*



*The Foyer du mineur (Miners' House), the realization of a project resulting from dialogue between labour and management.*

## HEALTH AND SAFETY

Since the inauguration of our Mana Mine in Burkina Faso in 2008, we have always striven for rigor in our health and safety practices. Each and every trial and success helps us to grow. Over and above compliance, health and safety policy and related procedures, there is a team of dedicated employees trained to keep the workplace safe and secure, day in and day out.

One of the more difficult tribulations was the drowning death of one of our Burkinabe employees, which deeply saddened all of us at SEMAFO. The accident occurred while the employee was working on a sump pump in one of the main pits and in spite of our rigorous procedures with regard to safety instructions and after 998 consecutive days without a lost-time injury. We supported the family and took the steps called for by local custom during this trying time. This tragedy reminds us of the importance of prevention and reinforcement activities in the daily application of our health and safety procedures. We met with our employees afterward to reiterate the safety principles inherent in our business.

Over the years, we have implemented many health and safety risk management initiatives, and we encourage every employee to commit to prevention, particularly through raised awareness and training. Prevention activities that contribute to continuous improvement of occupational health and safety include our joint workplace inspection program, which was ongoing in 2013.

In addition to providing medical services for our employees and subcontractors, our medical team supports clinical staff in the villages near our Mana mine in the case of medical emergencies.

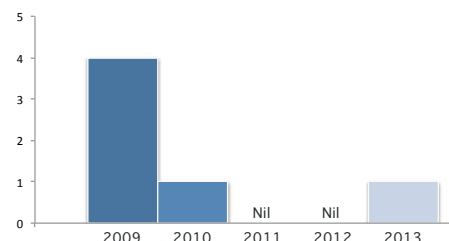
### Several Highlights:

#### Means for Prevention:

- **Safety:**
  - Joint inspections: 97
  - Orientation sessions: 598 people (new employees and contractual employees)
  - Health and safety trainings: 807 employees
- **Health:**
  - HIV/AIDS awareness: 450 employees and subcontractors and 2,850 villagers
  - Malaria awareness: prevention program organized in parallel with World Malaria Day on April 25

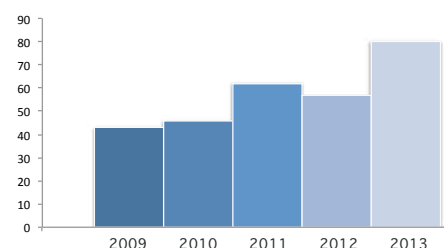
### ACCIDENT STATISTICS\*

#### NUMBER OF LOST-TIME INJURIES



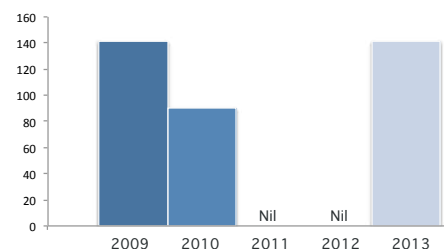
*The number of accidents at our site has clearly dropped in the past three years; the accident in 2013 resulted in the death of an employee.*

#### NUMBER OF NO LOST-TIME INJURIES



*The increase in 2013 reflects the significant increase in activities at the site.*

#### NUMBER OF LOST WORK DAYS



*Our poor performance in 2013 is attributable to the death of an employee.*

*\* This health and safety information relates solely to SEMAFO employees at the Mana mine.*

## ENVIRONMENT

Proper environmental management is essential to our business and our goal is to minimize the environmental impact of our mining operations. Our effective environmental team is a valuable asset in the successful administration of our environmental management systems. We hold ourselves to measurable targets and encourage the prudent use of water and energy. We control pollution and emissions, limit waste production and dispose of it responsibly, and practice, to the extent possible, source reduction, reuse and recycling of resources.

### COMPLIANCE

We conduct regular environmental audits to determine the degree of compliance with our environmental management system and our environmental policy. In 2013, we hosted independent auditors whose main objectives were to validate compliance with our environmental practices the applicable laws in Burkina Faso and whether our mining activities were consistent with sustainable environmental management. The audit was based, inter alia, on the World Bank guidance for environmental audits and the basic principles of the ISO 14001 environmental management system. The feedback was overwhelmingly positive and the report confirmed that previous recommendations had been implemented. New recommendations were made and will be implemented in the medium-term.

In 2013, we substantially optimized our processes in order to reduce the use of certain resources, including some particular chemicals and corrosives.

#### IMPROVEMENTS COMPARED TO 2012, PER TONNE OF ORE PROCESSED

Used oil recovery	↑ 5.9 %
Lime, hydrated and quick	↓ 6.2 %
Cyanide	↓ 1.4 %
Hydrochloric acid	↓ 22.8 %

### WATER MANAGEMENT

In the mining industry, water is indispensable in the grinding and processing of ore. Water is also vital to sustainable development, both for humans and for nature. We maximize our use of recycled and reused water and water from our tailings dams in order to provide the communities with access to water. We are therefore proud to have reduced our groundwater consumption by 30% compared to 2012.



#### 2013 audits at the Mana site:

- Independent environmental audit
- SEMAFO's Environmental, Health & Safety and Sustainable Development Committee – See under Governance for a summary of the conclusions
- Inspection by the *Autorité de Radioprotection et de Sureté Nucléaire* (radiation and nuclear safety authority, under the Ministry of Environment and Sustainable Development) – report confirming compliance with respect to radiation protection issued
- Inspection by the *Bureau National des Évaluations Environnementales* (national environmental assessment office, under the Ministry of Environment and Sustainable Development) – conclusions pending
- Inspection by the Minister of Mines – conclusions pending

**We maximized use of water from our tailings dams and reduced groundwater consumption by 30%.**

## ENERGY EFFICIENCY

Preventing climate change is a priority and volatile oil prices are driving the entire world to consider sustainable energy solutions. In this context, SEMAFO fosters a more rational use of energy by encouraging new energy-efficient and productivity-improvement projects. In 2013, we installed and commissioned four generators that provide the same amount of energy as 10 of our traditional generators. These new generators improved performance is a reflection of innovation and improved technology; they provide optimal energy efficiency and may allow us to reduce CO<sub>2</sub> emissions by as much as 8,000 tonnes per year, while reducing costs associated with the consumption of hydrocarbons. In 2013, we also installed a number of solar panels and capacitors that increased efficiency by some 15%.

Additional initiatives were launched in 2013. In particular, we purchased consumption analysis equipment that will allow us to launch optimization projects in 2014 for the processing plant stations that currently consume the most energy.

In 2013, construction work began on a 58-kilometer high-voltage transmission line to supply electricity to our Mana mine. The connection is planned for the second half of 2014 and could lead to an annual reduction of 10,000 m<sup>3</sup> of hydrocarbons.

## MANAGEMENT OF WASTE AND CHEMICAL PRODUCTS

Our activities generate waste such as used oil and batteries. As these are difficult to reduce at source, all the used oil is sent to a treatment centre for recycling. Our batteries are also collected by authorized recyclers. Special waste, like that from the infirmary, is incinerated.

## REFORESTATION

As part of the environmental and social management plan for the 58-kilometer underground pipeline from the Black Volta River to the Mana mine to supply water for our processing plant, we carried out a large-scale program to plant 12,230 trees in 10 villages along the pipeline route. This initiative also supports the fight against desertification and climate change.

## BIODIVERSITY

We strive to protect biodiversity, which is a prerequisite for sustainable development. When the Mana mine first opened, we fenced off an 11-km<sup>2</sup> area to protect it from logging and hunting. In 2013, five years since the beginning of this initiative, there was a visible improvement in the vegetation in this protected area.

## SITE REHABILITATION

Financial resources are allocated annually for the implementation of an environmental rehabilitation plan. The plan is updated annually and includes objectives and activities that allow for gradual restoration, which will minimize the impact of an eventual closure. In 2013, rehabilitation costs for the Mana site in Burkina Faso were estimated at \$5,188,000.

### Greenhouse gas (GHG) at our Mana Mine

- 2013: 2.89 kg of CO<sub>2</sub> per tonne of rock mined
- 2012: 3.25 kg of CO<sub>2</sub> per tonne of rock mined

An 11% decrease in CO<sub>2</sub> from hydrocarbons, reflecting the enhanced efficiency of our mining operations







## STAYING THE COURSE ON OUR COMMITMENT

If you have any questions regarding this report, please contact:

Robert LaVallière, Vice-President, Corporate Affairs and Investor Relations

SEMAFO Inc.  
100, boul. Alexis-Nihon,  
7<sup>th</sup> floor  
St-Laurent (Québec) Canada  
H4M 2P3

Telephone: 514-744-4408  
Fax: 514-744-2291  
Toll free: 1-888-744-4408

info@semafo.com  
robert.lavalliere@semafo.com



INTERNATIONAL EXPERTISE®  
HUMAN ADVOCACY

**SEMAFO inc.**  
100, Alexis-Nihon Blvd.  
7<sup>th</sup> Floor  
Saint-Laurent (Québec)  
H4M 2P3 Canada

[www.semafo.com](http://www.semafo.com)