

SOCIAL UPLIFTMENT AND COMMUNITY DEVELOPMENT

APPROACH

Sibanye believes that meaningful socio-economic transformation is dependent on all stakeholders working together to build safe and sustainable communities and recognises its role as a responsible corporate citizen in the context of the current and legacy challenges facing the South African mining industry.

Employees and communities are key stakeholders and ensuring that they, along with other stakeholders, derive value from Sibanye's business activities, is critical to the success and sustainability of the Group. This is captured in Sibanye's stated core purpose, which is that its mining improves lives. While the responsibility for delivery of infrastructure and services remains a primary responsibility of Government, Sibanye recognises that it can play an important role in enabling the transformation of the South African economy and delivering employment and purpose to the people of South Africa. This transformation requires an emphasis on public-private partnerships in which participants work together to achieve maximum, sustainable socio-economic impact.

Communities, which often include many Sibanye employees, can and should play a significant support role to the mining companies, by supplying labour, services and products. Our communities can, however, disrupt and have a negative impact on the economic viability of operations, affecting safety, production and posing other societal risks. It is vital that we develop mutually-beneficial relationships with our communities.

Poverty and unemployment in South Africa are increasing, and these social ills bring with them the threat of socio-economic instability. While poverty, unemployment and lack of decent housing are common in many South African communities, they are more prominent in mining towns and surrounding villages, where growth has been rapid and outpaced the delivery of housing and infrastructure. Informal settlements continue to proliferate, with critical services not being provided or maintained. Although these social challenges seem daunting, especially when considered in isolation, experience to date has taught that such challenges can be managed by means of collaborative, directed and targeted interventions.

COMMUNITY DEVELOPMENT STRATEGY

Sibanye's community development strategy is based on the principles of the United Nations' Sustainable Development Goals and its own strategic objectives. The strategy aims to:

- maintain social licences to operate through effective engagement and mutually beneficial relationship building beyond compliance
- use resources appropriately and effectively to respond to identified and agreed community needs immediately and in the future
- actively identify key multi-sectoral partnership opportunities in order to leverage our contribution and associated impacts
- focus efforts on achieving tangible and sustainable impacts that will continue beyond the life of mine
- go beyond financial resources and consider the best use of other internal assets and resources
- build expertise and relationships through collaboration for the benefit of communities
- avoid dependency and encourage the creation of alternative economies that are independent of mining
- create long-term sustainability consistent with the closure strategies
- achieve the greatest impact by focusing on a few key areas that can be leveraged effectively
- continuously monitor and evaluate the impacts and social returns from investments

Sibanye's community development strategy is based on two important components:

- Economic diversification
- Empowerment through skills development

While economic diversification is critical in terms of the long-term sustainability of communities, it is contingent upon our communities having been given the requisite skill sets.

HIGHLIGHTS OF 2016

- **Socio-economic development spend on community development projects – spend by the Gold Division totalled R59.4 million which accounted for 1.3% of that division's pre-tax profit and that by the Platinum Division (excluding Rustenburg) totalled R12 million, 3.3% of the division's pre-tax profit**
- **The 2012 five-year social and labour plan (SLP) cycle came to an end in 2016**
- **Establishing relationships with communities and stakeholders in the vicinity of our platinum operations**
- **Distributed food hampers prior to the year-end break as a goodwill gesture in all host communities of our gold and platinum operations**
- **Assisted with resourcing the ante-natal unit at Leratong Hospital on the West Rand**
- **Optimised our learner support programme which benefits more than 1,000 learners in Merafong, Gauteng and in the Free State and Eastern Cape**



Sibanye management, employees and leaders of organised labour participated in the 67 Minutes for Mandela initiative by (i) contributing to several non-governmental organisations (ii) gave time to assist children and the elderly, (iii) donated blankets, mattresses and food in host communities, (iv) undertook maintenance related activities at various schools.

The process of empowering our communities through skills development starts with basic education and progresses towards tertiary education and other more hands-on interventions like artisan training and learnerships. Sibanye believes that many of the issues currently faced by communities can be solved through a concerted effort in skills development and improved education levels. This approach will enable many to obtain employment in established industries and others to create local employment by creating sustainable enterprises. We thus focus on enabling empowerment and transformation within education.

The following infrastructure and education programme interventions were implemented during 2016:

- Plans compiled for the construction of Skenjana Senior Secondary School in the town of Idutywa in the Mbashe District Municipality in the Eastern Cape
- Planning completed for the construction of Simunye Senior Secondary School in Westonaria, Gauteng
- Construction of a school hall at Taiwe Senior Secondary School Hall in Theunissen in the Free State
- Construction of a hall at Embonisweni Primary School in the Free State
- Establishment of a mathematics laboratory as well as renovations and a borehole for the school feeding scheme at Mamello Senior Secondary School near Welkom in the Free State
- Mathematics and science programme in partnership with the Free State Department of Education and the Kutlwanong Centre for Maths, Science and Technology
- Construction input incubator hub being established in Westonaria, Gauteng
- Geotechnical investigations and land donation for the Westcol Technical, Vocational, Education and Training (TVET) College, Westonaria, Gauteng

GOVERNANCE

Aside from contributing to community development and upliftment as articulated above, Sibanye also carries out corporate social investment (CSI) in an effort to improve the conditions in communities and in response to requests for donations. These requests are reviewed by a Community Development Steering Committee which ensures accountability and responsibility for our CSI initiatives and donations and is governed by Sibanye's mine community development and corporate social development policy. The committee is accountable to a higher level, executive-led Sustaining our Social Licence to Operate Committee.

The Sustaining our Social Licence to Operate Committee advises and makes regulatory compliance decisions on local economic development and on CSI projects that are above an investment threshold (R50,000) to be supported in host communities. It is also responsible for providing policy direction, overall project oversight and reviewing project impacts and effectiveness.

Both these committees report to the relevant board committees, namely, the Social and Ethics Committee and the Safety, Health and Sustainable Development Committee. The Social and Ethics Committee monitors Sibanye's activities to ensure compliance in relation to relevant legislation and codes of good practice while the Safety, Health and Sustainable Development Committee ensures that Sibanye adheres to sustainable development principles and practices.

THE SIBANYE-GOLD FIELDS ALLIANCE PROJECT

Sibanye and Gold Fields have co-operated on the implementation of community-based projects in Westonaria. This alliance project will form the basis of our local economic development strategy to create jobs outside of mining, especially in agriculture.

This community development initiative is being rolled out in two phases:

- Phase 1 (completed in 2015) focused mainly on social aspects, such as mobilisation and communication, for the establishment of a fully representative community engagement platform as well as the creation of local small enterprises
- As well as the sustainability of the phase 1 enterprises, phase 2 is focused on agricultural activities. This phase involves establishing an AgriPark or hub to serve as an agri-processing centre to provide support and input to surrounding community farmers, known as "outgrowers". Certain local commercial farmers will be involved in the AgriPark and will provide assistance, farming implements and advice. Two outgrowers with 20ha of land each were assisted in site preparation for the planting season through to mid-2016. Training of beneficiaries is due to be completed in 2017. Integration of the initiative into the social and labour plans of Driefontein, Kloof and Cooke Operations has begun as well as engagement with the regulator and other key stakeholders, including local and district municipalities. Successful implementation of phase 2 will determine the way forward towards economic viability
- Sibanye and Gold Fields are currently funding the project jointly and have committed a combined R12 million for phase 2. Sibanye committed funding of R6 million towards this project in 2016

SOCIAL UPLIFTMENT AND COMMUNITY DEVELOPMENT CONTINUED

PERFORMANCE IN 2016

Socio-economic development expenditure (R million)

	2016			2015	2014	2013
	Group	Gold Division	Platinum Division	Gold Division	Gold Division	Gold Division
Local economic development/social and labour plans	59	47	12	27	24	17
Training	4	4	0	384	353	316
Sport, conservation and environment	0.4	0.4	0	1	10	9
Infrastructure	181	181	0	197	649	699
Health	4	4	0	6	5	5
Enterprise development	0	0	0	0	3	2
Education	393	321	72	62	10	1
Donations	15	12	3	14	1	1
Total	656	569	87	691	1,055	1,050

Details of our local economic development projects, as well as housing and accommodation and agriculture projects, are available on our corporate website at www.sibanyegold.co.za

STAKEHOLDER ENGAGEMENT

A proactive approach to stakeholder engagement is critical in our quest to build credible relationships with our stakeholders and uphold our social licence to operate. We engage continually with the government and in particular, the Department of Mineral Resources, local municipalities, communities and organised labour on matters of mutual interest and benefit.

The most tangible benefits of our proactive approach towards stakeholder engagement in 2016 included:

- collaboration with key stakeholders, including municipalities, in key initiatives such as integrated development plans as well as launches, roll out and alignment of projects and assisting government in funding development opportunities
- enabling exploration of possible synergies in community development initiatives and co-funding
- facilitating alignment of the Sibanye Community Development Strategy with Gauteng's provincial economic development strategy
- hosting empowerment workshops for unemployed youth with community forums
- averting planned marches and production stoppages by communicating clearly and unambiguously with interested and affected parties, including enabling safe routes for buses transporting employees to and from work, during labour disputes
- a community platform on recruitment processes
- support by municipalities during compliance inspections

We engaged with host communities and those in labour-sending areas to assess their expectations and perceptions of our community development projects. We also invited labour-sending communities to visit Sibanye to see the living conditions of their family members employed by us.

In 2016, many informal and official engagements took place in the Rustenburg area following our acquisition of the platinum operations in North West Province. Engagement structures and forums are being streamlined accordingly.

Extensive stakeholder engagement focused mainly on recruitment and procurement processes, which constitute two major concerns in these communities. We have appointed a dedicated community engagement and development team in the Platinum Division to deal with what we deem to be unique challenges in the platinum belt.





In the interests of sustainability, we have also engaged with the Department of Mineral Resources in North West Province and, as a result, have streamlined and aligned our social and labour plans for operations within the Platinum Division with those of the Gold Division and to meet commitments set by our predecessors.

Following government's Mining Phakisa* workshop in December 2015, held under the auspices of the Department of Planning, Monitoring and Evaluation, engagement continued with key stakeholders in 2016. This engagement related in particular to our agricultural projects, in which we participate as part of the Sibanye-Gold Fields Alliance and which are due to be fully incorporated into our social and labour plans in the next cycle, as part of a much larger project roll-out.

SOCIAL AND LABOUR PLANS

In 2016, we engaged with the Department of Mineral Resources (DMR) in North West Province to have the social and labour plan (SLP) cycles for our platinum operations amended so that they would align with those of the rest of the Group. All the 2015 annual SLP reports for our gold operations were submitted in July 2016.

Our five-year SLPs expired at the end of December 2016. Preparatory work for the following five-year SLP cycle was begun in good time, starting with an independent baseline study to inform our approach to community development projects for Burnstone, which is due to begin operating in 2017. This study will enable us to adequately address the needs of host communities in the vicinity of the operation. Completion of Burnstone's draft SLP compiled in the past year is subject to finalisation of targets and cash flow projections that form part of the mine's work programme, which was included in Burnstone's bankable feasibility study.

Preparation for the SLPs for the remaining gold and Kroondal operations included appointing an external service provider to conduct independent impact assessment studies and evaluate the efficacy of previous SLP projects, to identify risks associated with project implementation, as well as to identify and recommend areas of focus for future socio-economic interventions. The final report provided invaluable guidance on the nature and extent of investments to be made in the new SLP cycle.

In preparing these SLPs for submission to the DMR, we realised that there would be challenges in aligning our activities with key transformational and developmental imperatives, such as the revised Mining Charter, which is currently under review and expected to be finalised early in 2017, and municipalities' Integrated Development Plans. We therefore requested and were granted a six-month extension to the deadline for submission to end June 2017. Such a request was not granted to Beatrix, for which a draft SLP was submitted in December 2016. The extension will enable us to align with the requirements of the revised Mining Charter, and to participate fully in the development of municipalities' new Integrated Development Plans following the August 2016 local government elections.

Among the challenges relating to our SLPs was construction of employee accommodation at Beatrix and the Cooke 1, 2 and 3 operations. At Beatrix, this was complicated by the fact that planned upgrades and conversions were located in isolated mining areas and not fully integrated into the local community, and thus not aligned with the government's human settlement programme. Cooke 1, 2 and 3 operations on the other hand could not afford the construction costs given the production challenges being encountered. Formal requests were submitted to the DMR, in terms of the MPRDA, to amend the Housing and Living Conditions sections in the respective SLPs for Beatrix and for Cooke 1, 2 and 3. Both applications are being considered by the department and no formal response has been received to date.

Similarly, proposed changes to the Human Resources Development sections of the Beatrix and Cooke SLPs were also submitted to the DMR. Since most training targets had been met in the first four years of the SLPs, the operations sought to consider business-driven training requests or to reduce targets where possible. The regulator also requested that plans be submitted to address backlogs in adult education and training as well as learnerships.

* Refer to the glossary, available online at <http://reports.sibanyegold.co.za>, for an explanation of the Mining Phakisa



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Implementation plans for all operations were submitted to the DMR in February 2016, as required by each mining right. The implementation plans outline annual objectives set to meet SLP goals within the five-year cycle.

Following the submission of the 2015 annual Mining Charter reports on 31 March 2016, the DMR required completion and submission of a specific template by the end of April 2016. The detailed template was intended to aid the department in assessing the current Mining Charter which expired at the end of 2014. Revised reports for all Sibanye operations were submitted on 30 April 2016.

In terms of Section 92 of the MPRDA, inspections were conducted at Driefontein and Beatrix on 5 August 2016 and 17 November 2016, respectively, to assess compliance with the Mining Charter and implementation of SLP commitments. The DMR issued a directive to address shortcomings identified in certain aspects of human resource development and procurement at Beatrix. In its formal response to the directive, Beatrix undertook to incorporate these backlogs into its new SLP.

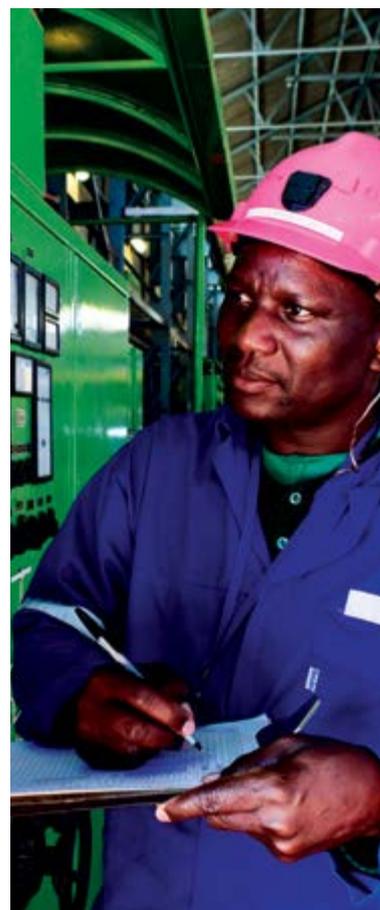
On 20 September 2016, Beatrix hosted the Parliamentary Portfolio Committee on Mineral Resources which conducted an oversight visit to assess our approach to silicosis – please refer to page 80 for greater detail.

PROCUREMENT AND ENTERPRISE DEVELOPMENT

In support of local entrepreneurs, an online registration system has been developed and implemented for all prospective suppliers. Sibanye assists local vendors in workshops organised by the Department of Mineral Resources and municipalities in collaboration with business and unemployment forums.

Of total Group procurement for the year, R9.9 billion was discretionary expenditure ¹.

The Gold Division's total procurement spend with BEE entities was R4.9 billion² (2015: R4.7 billion²) in 2016 while the Platinum Division spent R2.7 billion since the effective acquisition of the relevant assets. Total BEE procurement spend amounted to R7.6 billion for the year. This was equivalent to 77% of total procurement spend for the year.



BEE procurement² in 2016 (%)

	Capital goods Target: 40%	Consumables Target: 50%	Services Target: 70%
Gold Division			
Beatrix	63	66	73
Cooke 4	80	58	89
Cooke 1, 2 and 3	64	62	80
Driefontein	71	56	77
Kloof	86	65	81
Platinum Division			
Kroondal	87	93	95
Rustenburg	80	73	86

Sibanye has an electronic portal that enables SMMEs to register as vendors. The portal includes the Burnstone project (currently under construction) and it will include the platinum operations in 2017. The portal facilitated participation of more SMMEs in tender processes in 2016 and has created more opportunities for local suppliers to be awarded contracts through closed tenders. As Sibanye does not import goods and services, it does not have any multinational companies on its supplier data base.

¹ The procurement targets given by the Mining Charter apply to procurement that "excludes non-discretionary procurement expenditure", which is defined as expenditure that cannot be influenced by a mining company, such as procurement from the public sector and state enterprises. The procurement targets thus apply to discretionary expenditure over which Sibanye has influence

² Excludes expenditure on the Burnstone project

FUTURE FOCUS

Meaningful transformation is critical if we are to succeed as a company and as an industry to improve the lives of the communities around our operations. We believe that by building credible relationships and collaborating with all the relevant roles players, we will be able to ensure sustainable development.

We believe that by unlocking the local potential through skills development and acting as a catalyst for alternative economies that are not dependant on mining, we will be able to meet the aspirations of our communities.

Although specific local economic development projects have not been confirmed for the new SLP cycle, we have identified strategic focus areas and opportunities for collaboration that we believe are in line with the developmental aspirations of our stakeholders.

We are convinced that by implementing projects in the following critical areas we will realise our primary strategic objective, to create an economy within our communities that is aligned with the mainstream economy but independent of mining by:

- establishing a construction incubator hub for SMME development related to housing infrastructure requirements in the region e.g. the planned development of a settlement called Syferfontein. It is envisaged that this hub will support about thirty SMMEs during 2017 to 2018. Plans are for the incubation hub with its initial five work streams (brick making, roof trusses, welding, carpentry, spray painting) to become a fully-fledged construction supplier park, based in Westonaria where up to 30 work streams (employing close to 1,000 people) will supply the construction industry with items such as tiles, roof tiles, sanitary ware, plumbing supplies, construction equipment, etc. The hub will also include a showroom and sales facility for planned settlements and the municipal housing backlog as well as the Sibanye employee housing programme
- using impacted mine land (that is land that cannot be used for buildings owing to the risk of sink holes) and infrastructure such as warehouses and buildings to establish agri-infrastructure and create facilities for local SMMEs involved in agriculture for agri-processing and other forms of beneficiation. Some infrastructure will be converted into training centres so as to ensure the empowerment of our communities in terms of agriculture and its associated businesses. The use of mine land and infrastructure speaks to our social closure strategy and reduces our rehabilitation liabilities, while at the same time reducing the risk of land invasions and illegal occupation. The agri-infrastructure and agri-processing facilities will provide the offtake required for the regional farmer outgrower agriculture programme that was piloted by the Sibanye-Gold Fields Alliance
- constructing education and health infrastructure
- constructing technical and vocational education and training colleges where needed
- donating land and formalising informal settlements – this is at an advanced stage at Bhongweni and Toekomsrus, near Westonaria, in Gauteng, where Sibanye is donating land to the municipality which will assist with the provision of infrastructure. Certain stands will be reserved for mine employees while the remainder will include zones for light industry, business and rental units. We are also investigating the urban farming settlement concept instead of the normal RDP townships. The urban farming will realise self-sustainable settlements and the first of these concepts has been approved in Mpumalanga. The mayor of the Rand West City Local Municipality has set up a special steering committee to assist with adopting this concept. Government departments and financial institutions are key stakeholders that have bought into this concept. This could be a huge-impact development project and could be rolled out to other informal settlements occupied by mineworkers which could be formalised – such as Silver City in Merafong

The impact of these projects will be compounded through collaboration and the creation of partnerships with other role players to augment Sibanye's investment. As a result, Sibanye has established a community trust and is inviting external sources including our major suppliers, to contribute on a voluntary basis and who will be involved as trustees in terms of where their contributions would have the highest impact. Other potential sources of funding have been approached, including the departments of Small Business Development, of Agriculture and of Trade and Industry.

We have begun revising our supply chain strategy so that SMMEs in our host communities can benefit from our enterprise development programmes and participate meaningfully in our value chain so as to stimulate the local economy through the creation of enterprises that will eventually become independent of mining.