



APPLICATION OF KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA 2016 (KING IV) AT SIBANYE STILLWATER

As a responsible corporate citizen, Sibanye-Stillwater is committed to high standards of governance, ethics and integrity. Sibanye-Stillwater has fully adopted the principles and recommended practices of King IV as per the JSE Listing Requirements. By shifting the focus to an outcomes-based approach, King IV is driving transparency, enhanced accountability, strong risk management and effective leadership – all standards we embrace and support. Over the past year, our business processes and standards were aligned with the principles of King IV.

Application of King IV Principles: 2020

| Principle | Application | Reference to disclosure |
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| Principle 1: | | |
| The governing body should lead ethically and effectively | <p>Our Board of Directors is the governing body of the Group and is committed to good corporate governance principles as set out in King IV. It is committed to the principles of transparency, accountability, integrity and fairness and how these permeate the organisation.</p> <p>The Board continually provides leadership and strategic guidance to increase value creation for all our stakeholders. It also assumes responsibility for all subsidiaries on audit, risk, ethics and environmental, social and governance (ESG) related issues.</p> <p>During 2020 the Board reviewed the Code of Ethics to align with international best practice and to continually promote a values-based behaviour to support operating excellence. The Code of Ethics, together with supporting policies, is based on our CARES values and is the foundation on which the integrity of our organisational culture is built. This Code and policies is dynamic and evolves as we strive for ever higher standards.</p> | Refer to Board Charter and Code of Ethics which can be found at https://www.sibanyestillwater.com/about-us/governance/ |
| Principle 2: | | |
| The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture | <p>Our Board subscribes to the highest standards of ethical behaviour, best practices in controlling the affairs of the Group, setting a clear example for management and staff, and upholding Sibanye-Stillwater's integrity and reputation.</p> <p>Our Board has adopted key policies on ethical behaviour, including the Code of Conduct, conflicts of interest and share dealings. Our board has delegated oversight of our performance as a responsible corporate citizen to the transformation, social and ethics committee.</p> <p>As part of the induction process, every employee receives awareness training of the various policies that overarch the ethical culture in the Group. This includes but is not limited to our whistle-blower's hotline. Our gift policy provides the guidance for staff on the reporting levels required pertaining to gifts and the employee Code of Ethics is a comprehensive policy covering all the aspects we believe are integral to nurture the ethical culture that management would want to establish within Sibanye-Stillwater. This Code of Ethics is also extended to our service providers as we strongly believe they should be aware of our standards and the standards by which we expect them to operate.</p> | <p>Refer to Code of Ethics: https://www.sibanyestillwater.com/about-us/governance/</p> <p>Refer to page 108 of the <i>Integrated Annual Report</i>.</p> |
| Principle 3: | | |
| The governing body should ensure the organisation is and is seen to be a responsible citizen | <p>Our Board approves the strategy and priorities as part of its oversight role of Sibanye-Stillwater's conduct as a good corporate citizen. It supports the CEO and management who oversee and monitor all operations and activities. These are measured against agreed performance targets that support Sibanye-Stillwater's strategic objectives.</p> <p>The Group's performance targets include financial and non-financial measures and supports its values in being a responsible corporate citizen.</p> <p>In effecting its social, ethics and sustainability responsibilities and implementing practices consistent with good corporate citizenship, the Board and management in 2020 led by example by personally contributing to the South African national relief Solidarity Fund through Board and Executive salary sacrifices totalling R2.8 million. Additional corporate donations of R12.0 million were made to other South African national relief funds. Employees also had the opportunity to donate R1 million to the employee volunteerism donation scheme which was matched by the Group, which funds were utilised for Corporate Social Investment (CSI) initiatives.</p> | Refer to the COVID-19 – impact and response, Our strategy and strategic delivery, the Social, Ethics and Sustainability Committee: Chairman's Report and Leadership view sections on pages 12, 19, 66 and 83 respectively of the <i>Integrated Annual Report</i> . |
| Principle 4: | | |
| The governing body should appreciate that the organisation's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process | <p>Our ability to create value sustainably is well illustrated by our strategic pillars. Our strategy is implemented through four key value drivers and considers risks and opportunities as well as stakeholder concerns.</p> <p>Our Board approved the strategy of focusing on our four key value drivers. It oversees implementation and measures management against operational plans and targets in achieving the agreed performance criteria.</p> <p>We enforce a continuous risk identification and assessment process to remain ahead of emerging risks. Our enterprise risk management (ERM) process is applied equally across health, safety and environmental, fraud and regulatory compliance risks.</p> | <p>Refer to the Audit Committee report in the <i>Group Annual Financial Report</i>.</p> <p>Refer to Risk Management Report on our website</p> <p>Refer to the How we create value – our business model, Our strategy and strategic delivery, and Managing our risks and opportunities within the external operating environment sections on pages 8, 19 and 26 respectively of the <i>Integrated Annual Report</i>.</p> <p>Refer to the going concern status contained in the Audit and Risk Committees reports within the <i>Group Annual Financial Report</i>, which can be found at https://reports.sibanyestillwater.com/2020/</p> |



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| Principle 5: | | |
| 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 | <p>In developing our Integrated Annual Report, we are guided by the framework of the International Integrated Reporting Council (IIRC), and we aim to report on the various components that enable Sibanye-Stillwater to create value. Our Integrated Annual Report details our business model and strategy, how we respond to our external environment, risks and opportunities encountered, how we respond to the needs and interests of our key stakeholders, our activities and performance, and our outlook in the medium to long term.</p> <p>The Integrated Annual Report is prepared in close consultation with the Audit Committee who reviews and recommends to the Board the approval of the Integrated Annual Report, Group Annual Financial Report, King IV disclosures and other assurance reports.</p> | <p>Refer to the Audit Committee Report in <i>Group Annual Financial Report</i>.</p> <p>Refer to the <i>Group Annual Financial Report</i> approval by Board.</p> <p>https://reports.sibanyestillwater.com/2020/</p> |
| Principle 6: | | |
| The governing body should serve as a focal point and custodian of corporate governance in the organisation | To ensure effective leadership, our Board's role and responsibilities are documented in its charter. The Board is the focal point for, and custodian of, the Group's governance framework through its committee structures, and its relationship with management, shareholders and other stakeholders. The Board believes corporate governance is fundamental to the sustainability of our business. Our approach is based on the standards, policies and practices supported by each of the King IV principles. | Refer to the Corporate governance report on pages 104 -124 of in the <i>Integrated Annual Report</i> . |
| Principle 7: | | |
| The governing body should comprise knowledge, skill, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively | <p>The nominating and governance committee annually assist the Board by reviewing and considering the Board and Board committee composition for a balance of skills, experience, diversity, independence and knowledge, and whether the Board is able to effectively discharge its role and responsibilities.</p> <p>The Board is satisfied that the necessary balance is in place.</p> | Refer to the Corporate governance report on page 113 of the <i>Integrated Annual Report</i> . |
| Principle 8: | | |
| 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 | <p>We have the required board committees and relevant membership as recommended in King IV. The composition of board committees and distribution of authority between the Chairperson and other directors is balanced, and board dynamics are considered participative. Members can comfortably challenge each other when there are divergent views. The Board emphasises a strong results-orientated and decisive view, with a vigilant approach to governance and risk awareness.</p> <p>The Audit Committee is satisfied that the auditor is independent. Limited non-audit services are performed after being approved by the committee. The audit firm has been appointed, with the designated partner having oversight of the audit and reappointed at the AGM. The Chief Financial Officer (CFO) is responsible for the finance function. Internal audit is fully insourced, and the CFO is responsible for overseeing and coordinating the effective functioning of this arrangement. The effectiveness of the CFO function and that of the chief audit executive (CAE) is annually assessed by the committee.</p> | Refer to the Corporate governance report on pages 112 and 115 in the <i>Integrated Annual Report</i> . |
| Principle 9: | | |
| 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 improvement in its performance and effectiveness | <p>Formal performance evaluations of the Board and its committees, the Chairperson and individual members were internally conducted. This is in line with King IV and the procedure approved by the Board that independent external valuations will only be performed every second year.</p> <p>The Company Secretary's performance is also annually evaluated, and the Board is satisfied with the Company Secretary's performance.</p> | Refer to the evaluation of the Board in the Corporate governance report on page 115 in the <i>Integrated Annual Report</i> . |
| Principle 10: | | |
| 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 | A detailed mandate outlines delegation of authority and approvals framework. This indicates matters reserved for the Board, its committees and management. The Board is satisfied that delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised. The mandate is reviewed annually. | <p>Refer to Code of Ethics: https://www.sibanyestillwater.com/about-us/governance/</p> <p>Refer to the Corporate governance report in the <i>Integrated Annual Report</i>.</p> |
| Principle 11: | | |
| The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives | Effective risk management is an integral part of ensuring that the Group's strategic intent and growth targets are met. The Board has overall responsibility for the Group's risk management framework and system of internal control and ongoing review of their effectiveness; it also determines the Group's risk appetite and regularly reviews risks and uncertainties. The Board has delegated oversight of risk governance to the Risk Committee. | <p>Refer to the How we create value – our business model, Our strategy and strategic delivery, and Managing our risks and opportunities within the external operating environment sections on pages 8, 19 and 26 respectively of the <i>Integrated Annual Report</i>.</p> <p>Refer to the going concern status contained in the Audit and Risk committees' reports in the <i>Group Annual Financial Report</i> which can be found at https://reports.sibanyestillwater.com/2020/</p> |



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| Principle 12: | | |
| The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives | The Board is responsible for technology and information governance, with ultimate responsibility for ensuring that information and communication technology (ICT) strategies are aligned with the strategies of the business. It oversees the effective use of ICT infrastructure through our combined assurance forum and Audit and Risk committees. | Refer to IT governance statement in the Corporate governance report on pages 124 and 276 in the <i>Integrated Annual Report</i> . |
| Principle 13: | | |
| 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 | Sibanye-Stillwater subscribes to zero tolerance for regulatory non-compliance, for which dedicated compliance officers appointed at the US and SA operations have responsibility. Compliance risk profile sessions are held with business units bi-annually to assign responsibility for all relevant compliance commitments, and to furnish the business with fit-for-purpose regulatory risk profiles, which highlight areas of improvement. Any instances of non-compliance may be reported through the toll-free number, 0800 001 987. | Refer to Statement on Compliance in the Corporate governance report on pages 123, 205 and 243 in the <i>Integrated Annual Report</i> . |
| Principle 14: | | |
| The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in short, medium and term | Sibanye-Stillwater believes in remunerating its employees fairly. The Remuneration report details our policy and its implementation, and these are annually presented to shareholders for a non-binding advisory vote. In line with the requirements in King IV, the remuneration policy and implementation report are presented to the shareholders for two separate non-binding advisory votes at the AGM. In the event that more than 25% of the shareholders vote against either of these resolutions, the Remuneration Committee will engage with the dissenting shareholders to understand their concerns with the Group's remuneration policy and implementation plan. The Remuneration Committee may engage with shareholders using various methods of communication and will provide more detail, explain certain elements contained in the policy and/or implementation plan to clarify any concerns that could have resulted in voting against these resolutions. The Remuneration Committee has the discretion to take the necessary steps to address valid and reasonable concerns raised by the shareholders. | Refer to our Remuneration report on page 149 of the <i>Integrated Annual Report</i> . |
| Principle 15: | | |
| The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the organisation's external reports | The Board, assisted by the Audit and Risk committees, determined the areas of strategic and business focus, which in turn regulate the level of assurance considered appropriate for identified business risks and exposures. We designed and implemented a combined assurance framework that incorporated several requirements to adequately cover Sibanye-Stillwater's significant risks and material matters in an effective control environment. Our risks are linked to our key value drivers and determined through the integrated risk management process, controls and mitigating strategies. | Refer to the How we create value – our business model, Our strategy and strategic delivery, and Managing our risks and opportunities within the external operating environment sections on pages 8, 19 and 26 respectively of the <i>Integrated Annual Report</i> . Refer to the Risk management and Combined assurance report on page 121 of the <i>Integrated Annual Report</i> . |
| Principle 16: | | |
| In the execution of its good 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 interest of the organisation over time | We have identified our stakeholder groups and are actively balancing their needs, interests and expectations. | Refer Engaging with our stakeholders' section on page 72 of the <i>Integrated Annual Report</i> . Refer to the sustainability report on our website https://www.sibanyestillwater.com/sustainability/community/ |