



COMMITMENT



ACCOUNTABILITY



RESPECT



ENABLING



SAFETY



Combating illegal mining



SA OPERATIONS

FACT SHEET 2021

Illegal mining is becoming an increasing issue for and risk to the sustainability of the mining industry in South Africa. It undermines the rule of law and property rights, affecting the state's ability to attract investment and meet its developmental goals.

As Ursula Brown, head of legal at Minerals Council South Africa writes on their website: "The Mineral and Petroleum Resources Development Act (2002) specifically prohibits mining without the required statutory authorisation. In South Africa, it is illegal to be in possession of unwrought precious metal ore, PGMs, gold-bearing material and rough diamonds without the required statutory authorisation".¹

Sibanye-Stillwater understands that out of desperation some turn to crime. However, all citizens (no matter their socioeconomic circumstances) have a duty to uphold the law and to seek legitimate means of improving their lives.

Criminal miners conduct their activities across various conditions: surface and underground, closed off mines, abandoned mines, and increasingly (and most worryingly) in the underground mining areas of operating mines.

Illegal mining is organised and sustained by crime syndicates.

In South Africa, illegal miners are colloquially called zama zamas (from the Nguni root word for try). But this is something of a euphemism. Illegal miners are often heavily armed criminals who murder those trying to stop their activities. They not only trespass on operating mines, but will set ambushes and booby traps to ward off rivals, or ward off our employees.

When arrested, criminal miners are primarily charged with trespassing and often escape prosecution for the criminal offences they commit. The purpose of illegal mining is to steal product like gold-bearing material (GBM) or similar valuable minerals. Unless they are found in possession of product, illegal miners cannot be charged with theft of GBM.

Currently, illegal mining is not directly addressed by South African legislation. This makes our job of stopping them somewhat more complex. And those apprehended cannot be charged with illegal mining.

However, some common illegal mining practices are indeed offences, such as:

- possession of regulated mineral
- violation of health and safety laws (Mine Health and Safety Petroleum Products Amendment Act)
- trespassing

In addition to the cost to the state and to the industry, the cost of illegal mining extends to the communities and the environment.

"Currently, illegal mining is not directly addressed in South African legislation."

¹ www.mineralscouncil.org.za/work/illegal-mining



COMMITMENT



ACCOUNTABILITY



RESPECT



ENABLING



SAFETY

Illegal mining

In South Africa, mining and related activities are regulated by numerous statutes, which make no provision for informal or artisanal mining.

The MPRDA provides for state custodianship of mineral resources for the benefit of all South Africans.

The state (through the Department of Mineral Resources and Energy) may grant authorisations, including prospecting and mining rights, mining permits and environmental authorisations.

Artisanal and small-scale mining

According to the International Council on Mining and Metals, artisanal and small-scale mining (ASM) includes a range of operations "from small, informal subsistence activities through to organised, formal, small commercial mining activities".

ASM is broadly understood to refer to "mining activities that are labour-intensive and capital-, mechanisation- and technology-poor".

ASM includes formal and informal activities that are legal in other parts of the world. In principle Sibanye-Stillwater is not against the legalisation of ASM in South Africa, should it not threaten the viability of the formal mining industry, which is so important to the developmental aims of the state.

SIBANYE-STILLWATER PROTECTION SERVICES

Human rights

Sibanye-Stillwater Protection Services (Protection Services) provides specialised investigative services to our South African operations. The unit also conducts internal and external risk assessments to evaluate security measures, adherence to responsible practices and compliance with the controls the Group has in place.

At all times, Sibanye-Stillwater Protection Services adheres to the letter of the law, the Constitution and the Group's human rights policy. Induction training encompasses human rights elements with regards to security. ¹ See our security policy and human rights policy at www.sibanyestillwater.com/about-us/governance

Our security approach was reviewed to align with the Voluntary Principles on Security and Human Rights.

A gap assessment has been completed and gaps closed. ² Refer to the Integrated Report, page 221 available at, www.sibanyestillwater.com/newsinvestors/reports/annual.

Illegal mining's impact on our business

Although our gold operations are most impacted, unauthorized breaches into underground workings illegal mining also occurs at our SA PGM operations, where criminals access remote underground working areas through holings (holes to access underground areas) to steal copper cable, among other illegal activity.

Since the Group listed in 2013, great strides have been made to combat illegal mining, resulting in a cumulative total of 4,396 (2021: 473) arrests of illegal miners and 1,875 (2021: 239) employees disciplined for aiding and abetting illegal miners. Assistance includes feeding and equipping criminal miners. We have certain underground food restrictions to ensure employees do not carry extra food underground to sustain criminals.

SOCIAL IMPACTS OF ILLEGAL MINING

- Destroys social fabric of mining communities – presence of illegal miners is associated with an increase in prostitution, teenage/ learner pregnancies and substance abuse
- Increase in incidents of bullying and human rights abuses, as community members, employees and contractors are coerced into becoming complicit in illegal activities. There is a particular risk to employees who live in local communities who are threatened and intimidated into complicity. Employees are put at risk when criminal miners set booby traps and tamper with (or steal) equipment in underground working areas
- Illegal mining syndicate leaders (criminal gang bosses) bribe communities to turn a blind eye to their activities; they do so by handing over cash to fund certain community programmes. Sibanye-Stillwater welcomes self-funded community projects, however we condemn the use of illicit proceeds by gang bosses to buy favour and immunity for criminal activity
- Increase in criminal activities including theft of copper cables, explosives, diesel from mines and other local industries
- Risky illegal mining activities are life-threatening to the illegal miners themselves as well as to the security personnel when they encounter the illegal miners
- Focus on short-term gains rather than sustainable economic activity

ENVIRONMENTAL IMPACTS OF ILLEGAL MINING

- Sabotaged water pipelines lead to contamination of the environment
- Illegal water use and wastage
- Increased incidence of sinkholes
- Increased mercury contamination (owing to its use in processing GBM)
- Associated hazards of excavating and re-opening closed shafts



COMMITMENT



ACCOUNTABILITY



RESPECT



ENABLING



SAFETY

An increased presence of Protection Services (at surface and underground) tightened access control, upping our rate of arrests. The number of underground incidents declined from 227 in 2020 to 187 in 2021 while the number of arrests decreased from 549 in 2020 to 473 in 2021.

Surface illegal mining remains a concern and continues to manifest when groups of criminal miners invade the Mining Right to steal material. Invasions mainly take place at night, targeting old processing areas. These groups are armed and frequently retaliate violently, against Protection Services. In 2021 there was one fatal shooting incident against a Protection Services guard in the line of duty.

Illegal mining incidents and arrests (underground)

	Number of incidents reported to which Sibanye-Stillwater responded	Number of illegal miners arrested	Number of employees (including contractors) charged with aiding and abetting illegal miners
2013	143	321	89
2014	129	257	62
2015	144	282	45
2016	253*	485	479
2017	515	1405	449
2018	92	141	144
2019	185	483	185
2020	227*	549	183
2021	187	473	239
Total	1875	4396	1875

* This number differs from that previously reported as it was updated following detailed case feedback

CONTROL MEASURES

Control measures include biometric access control systems, smart turnstiles, remotely-operated padlocks, intelligent lamp room controls, sterile interlocked material conveyance facilities, closed-circuit television systems with thermal capability, unmanned aerial vehicles, intensified stop-and-search procedures, highly-trained search-and-rescue teams, reward systems, as well as saturation patrols and armed guarding, among others. Comprehensive screening is also conducted at the pre-employment level to better manage high-risk employee engagement and placement.

An anonymous reporting platform, managed externally and independently by Deloitte, is also available for anonymous tip-offs and whistleblowing. Many of the calls provide valuable leads, which are investigated.

Anonymous calls at the SA and US PGM operations

Area	2021	2020
Fraud	114	106
Breach of company policy	85*	108
Procurement fraud	10	6
Corruption	22	14
Illegal mining	11	21
Theft of mine property	13	14
Time and attendance fraud	2	1
Industrial action	0	0
Theft of gold-bearing material	7	6
Arson	0	1
Trespassing	1	0
Human resource related issues	13	8
Theft of PGM	3	2
Copper theft	2	2
Other	29	20
Total	312	309

* Includes US PGM operations – four calls for breach of company policy and one for Human resource issues

FOR MORE INFORMATION, CONTACT:

James Wellsted

Executive Vice President:
Investor Relations

Email: ir@sibanyestillwater.com

Website: www.sibanyestillwater.com

OUR VISION

To be a leader in superior shared value
for all stakeholders