



INNOVATION



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COMBATTING ILLEGAL MINING



SA OPERATIONS FACTSHEET

Illegal mining presents a growing risk to the sustainability of the mining industry in South Africa. It undermines the rule of law and property rights, degrading the state's ability to attract investment and meet its developmental goals.

"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 Ursula Brown, head of legal at Minerals Council South Africa.

In South Africa, illegal miners are colloquially called *zama zamas* (from the Nguni root word for *try*). While the Group understands that some people turn to crime out of desperation, 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 under various conditions: surface and underground, closed-off mines, abandoned mines, and, alarmingly, in the underground mining areas of operating mines.

Illegal mining is organised and sustained by crime syndicates. This means that 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 such product, illegal miners cannot be charged with theft of GBM.

Currently, illegal mining is not directly addressed by South African legislation, which complicates the fight against its eradication of, illegal mining. Additionally, those apprehended cannot be charged with illegal mining.

For 2022, illegal mining presented a growing, and material risk, for our operations. It seem to be getting worse, and – to protect our operations – we are compelled to consider all legal measures available to stop the scourge.

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



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

- Possession of regulated minerals
- Violation of health and safety laws (Mine Health and Safety Act as well as Minerals and Petroleum Resources Development Act)
- Trespassing

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

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

Illegal mining

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

It is illegal to be in possession of unwrought precious metal ore, PGMs, gold-bearing material or rough diamonds without the required statutory authorisation.

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.

See www.dmr.gov.za/mineral-policy-promotion/small-scale-mining

Artisanal and small-scale mining

According to the International Council on Mining and Metals (ICMM), 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.

SOCIAL IMPACTS OF ILLEGAL MINING

- Destroys healthy and values-based activities 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





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SIBANYE-STILLWATER PROTECTION SERVICES

Human rights

Sibanye-Stillwater Protection services (Protection services) provides specialised investigative and security 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, 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. [See our security policy and human rights policy at *www.sibanyestillwater.com/about-us/governance*.](#) In 2020, our security approach was reviewed to align with the Voluntary Principles on Security and Human Rights. Training continues to train security employees against human rights.

[Refer to the 2022 Integrated report, page 230 available at *www.sibanyestillwater.com/newsinvestors/reports/annual*.](#)

Illegal mining's impact on our business

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

Since 2013 a cumulative total of 5,511 (2022: 1,114) arrests of illegal miners have been made and 2,075 (2022: 200) employees disciplined for aiding and abetting illegal miners. Assistance includes feeding and equipping criminal miners. We have certain underground food restrictions to limit employees carrying extra food underground to sustain criminals.

An increased presence of Protection services employees (at surface and underground) tightened access control which resulted in an increase of arrests. The number of underground incidents increased from 187 in 2021 to 363 in 2022, while the number of arrests increased from 473 in 2021 to 1,115 in 2022.

Surface illegal mining remains a concern and continues to manifest when groups of criminal miners invade our mining sites to steal material. Invasions mainly take place at night, targeting old processing areas. These groups are armed and frequently retaliate violently against Protection services.

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	1,405	449
2018	92	141	144
2019	185	483	185
2020	227	549	183
2021	187	473	239
2022	363	1,115	200
Total	2,238	5,511	2,075

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. Comprehensive screening is also conducted at the pre-employment level to better manage high-risk employee engagement and placement.

In 2022, we conducted 11 security operations in collaboration with government policing departments, including the Directorate for Priority Crime Investigation (DPCI), also known as the Hawks, SAPS Crime Intelligence, and K-9 unit.

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



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Performance

A total of 284 anonymous calls (2021: 312) were received during 2022 at the SA operations, with most of these relating to fraud and corruption. Many of the calls provided valuable leads, which were investigated.

Those concerned were charged and disciplined in terms of our Code of ethics, as well as being subject to criminal investigation if their misdemeanour included law-breaking. Crimes are recorded on the crime management system, and are investigated.

Anonymous calls at the SA and US PGM operations

Area	2022*	2021
Fraud	79	114
Breach of company policy	68	85
Procurement fraud	10	10
Corruption	16	22
Illegal mining	25	11
Theft of mine property	19	13
Time and attendance fraud	2	2
Industrial action	1	0
Theft of gold-bearing material	4	7
Arson	0	0
Trespassing	0	1
Human resource related issues	3	13
Theft of PGM	4	3
Copper theft	17	2
Other	41	29
Total	289	312

* Includes US PGM operations – five calls: one for theft of mine property, one for breach of company policy, two are HR-related and one for assault

CASE STUDY ON COLLABORATIVE MEASURES TAKEN BY PROTECTION SERVICES TO CONTROL ILLEGAL MINING

In 2022, Protection services was involved in numerous joint operations with the South African Police Services (SAPS) to retrieve stolen goods, and apprehend suspects involved in illegal mining, or in copper theft. Whereas illegal mining is more of an issue at our SA gold operations, copper theft is the greater challenge for our SA PGM operations.

FOR MORE INFORMATION, CONTACT:

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SAPS have various units to help fight crime. The Directorate for Priority Crime Investigation (DPCI), known as the Hawks, target organised crime, economic crime, and corruption, and are, therefore, an important ally in combatting illegal mining. Separate to the Hawks, the SAPS has the Crime Intelligence Division, which is the intelligence agency within the SAPS. Another unit in the SAPS is the Special Task Force (STF), an elite police tactical unit. Additionally, the SAPS has a dog unit (K9).

We collaborate with these entities, as well as with local police stations and with other external security companies to disrupt the operations of illegal miners and criminal syndicates, retrieve our property, and apprehend suspects.

From 2018 to 2024, the SAPS in Gauteng province are running a crime-prevention campaign called O kae Molao: 'towards a safer and peaceful Gauteng province'. Some of our collaborative interventions have been under the auspices of this campaign, whose objectives are, among other things: to build capacity and ensure joint integration of stakeholders.

In 2022, we collaborated in various raids and sting operations on illegal miners and copper thieves.

Example 1:

On 29 March 2022, Protection services, together with the SAPS, conducted a search operation at Marikana Scrap Metal. The team recovered copper cathodes, used to produce copper plates, valued at R55,000, and weighing R361kg. One suspect was arrested. (The copper cathodes are from the SA PGM base metal refinery).

Example 2:

On 2 August, 2022, 37 illegal miners were arrested (24 at Cooke, and 13 at Stolz scarp yard) during a sting operation conducted between Randfontein and Krugersdorp by a multidisciplinary team involving the SAPS Special Task Force, Hawks, SAPS Crime Intelligence, K9 unit, and Protection services.

Example 3:

On 15 September 2022, 12 suspects were arrested in two separate crime intelligence-driven operations involving the Vaal Rand Organised Crime Unit, the Hawks (West Rand), the Sedibeng Crime Intelligence Unit, and Protection services. Three suspects were arrested at an illegal processing location in De Deur, where equipment and 200kg of GBM were seized. At a different location in Randfontein, nine suspects were arrested, and 150 tonnes of GBM and equipment were seized.

To be a leader in superior shared value for all stakeholders

OUR VISION