



INNOVATION



COMMITMENT



ACCOUNTABILITY



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SAFETY

COMBATTING ILLEGAL MINING



"IT IS ILLEGAL TO MINE FOR MINERALS AND TO BE IN THE POSSESSION OF UNWROUGHT PRECIOUS METAL ORE, PGMs, GOLD-BEARING MATERIAL OR ROUGH DIAMONDS."

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 operating environment in the Southern African (SA) region remains challenging from a security and crime perspective, which has a negative economic and societal impact. Our operations are in high crime environments, where we face syndicated/organised crime as well as incidents of social upheaval. Serious and violent crimes have increased significantly in the SA region. The most serious challenge for us is illegal mining, which primarily concerns our SA gold operations. Non-ferrous metal related theft, particularly of copper, is the main security threat at our SA PGM operations. Currently, illegal mining – which is well-established, organised and transnational in nature – presents a material risk for our operations, causing substantial losses to the Group.

According to South Africa's Mineral and Petroleum Resources Development Act (MPRDA) and the Precious Metals Act, it is illegal to mine for minerals and to be in possession of unwrought precious metal ore, PGMs, gold-bearing material or rough diamonds, without the required statutory authorisation.

Illegal mining is a serious risk to the Group and indeed to South Africa's mining industry at large, negatively affecting investment, impacting the fiscus, and causing damage to infrastructure.

Illegal miners target both surface and underground areas, including closed-off mines, abandoned mines and operating mines.

Much illegal mining is organised and sustained by crime syndicates; many illegal miners are heavily-armed criminals who attack 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.

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. Given the fact that South Africa's justice system struggles to cope with the country's high crime rate, it mainly falls on Sibanye-Stillwater to police its property and try to bring perpetrators to justice; working in conjunction with the SA Police service. Most court cases end in relatively lenient sentences (averaging around six months imprisonment or R10,000 fine); with the country's human rights-based justice system putting the burden of proof on the accuser and not the accused. Exacerbating this challenge is the fact that illegal mining is not directly addressed by South African legislation. Those apprehended often cannot be charged with illegal mining. Thus, in many cases, we are obliged to lay the relatively minor charge of trespassing (which carries a R300 admission of guilt fine).

Some common illegal mining practices are criminal offences, such as:

- Possession of regulated minerals and illegal firearms
- Violation of health and safety laws (Mine Health and Safety Act and MPRDA)
- Trespassing

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

Illegal mining activities are facilitated by well-organised precious metals syndicates targeting both production and non-production shafts to infiltrate underground workings with illegal miners. Large and brazen groups of criminals will damage critical controls and infrastructure to gain access to underground work areas. Criminal groups are mostly heavily armed and acts of breaching and damage to infrastructure are mostly associated with violence.



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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

- Destruction of 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 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
- Bribery of local communities by illegal mining syndicate leaders (criminal gang bosses) to turn a blind eye to their activities; they do so by handing over cash to fund certain community programmes; whereas Sibanye-Stillwater welcomes self-funded community projects, 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, and diesel from mines and other local industries
- Increased risk to life and health as mining activities are life-threatening to the illegal miners themselves, as well as to the security personnel who 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

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 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. “The Voluntary Principles Initiative is a membership-based global multi-stakeholder platform dedicated to sharing best practices and mutually supporting the implementation of the Voluntary Principles.” 

Our training programmes for security personnel include a strong human rights element, which covers the rights of the suspect and the responsibilities of security personnel in dealing with criminals.

See 2023 Integrated report for more on the Group's commitment to human rights, www.sibanyestillwater.com/newsinvestors/reports/annual 





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Attacks on Protection services personnel

Injury resulting from attacks on Protection Services employees is the biggest threat to our safeguarding efforts. Criminal mobs operate in large numbers and are mostly armed with handguns and assault rifles. They attack frontline security personnel, as security personnel are a threat to their illegal operations. Attacks range from being pelted with stones to being shot at with live ammunition. We record attacks on Protection Services and include detail of such incidents in the Audit Committee reports to the Board.

The safety and operational preparedness of our frontline employees remains of key concern to the Group. Safety is a core value and is our first strategic essential (Ensuring safety and wellbeing). Protection Services follows specific rules of engagement and life-saving behaviours; which are aimed at minimising the use of force and reducing risk of death/injury to all parties, including the illegal miners. We equip our teams with advanced training in special weapons and tactics (SWAT) and supplement in-house security teams with specialist tactical teams.

Underground intrusions at our SA PGM operations

Organised crime syndicates dealing in the illicit trade of copper and other non-ferrous metals continue to target industries reliant on such commodities. For our SA PGM operations, underground intrusions and theft of copper reticulation cable remains the biggest security threat.

The geological features of the area, coupled with a complex underground labyrinth created by mining activities over the last 100 years, makes the area easy pickings for copper thieves. Inclines are breached by, *inter alia*, creating holes from the surface into the underground workings. Utilising special manpower deployment, drones and intelligence, Protection Services continues to fight this phenomenon. As far as is possible holes are plugged with concrete. Mitigation strategies (supported by top management) include:

- An underground sealing programme
- A focus on outcrop areas, including vegetation control
- Deployment of technology and intelligence driven operations
- A focus on sealing surface holes, using excavation to expose the main line to underground, and filling with waste and concrete
- Enhancing controls regarding the issuing and ordering of reticulation cable, as well as ensuring availability of surplus cable

Employees complicit in illegal underground mining

Assistance by employees takes the form of various actions, including carefully planned and executed methods of concealing food, medicines, liquids, supplies, notes, mobile phone SIM cards and money for illegal miners. We have certain underground food restrictions to limit employees carrying extra food underground to sustain criminals.

For 2023, employee complicity in illegal mining saw the cloning of employee fingerprints through latex moulds to gain access to the shafts, and the provision of clock cards to illegal miners. In the majority of such cases, the effective response by mine management and Protection Services prevented the significant production and financial loss that follows from having to stop an underground blast for fear of injuring or killing an illegal miner.

On average, 22,323 legitimate underground employees access our underground workings at our SA gold operations daily. Managing access for so many miners is complicated; at our SA gold operations we updated our biometric system with wave readers to improve controls. Of added concern is the fact that although contractors make up only 2,956 of employees accessing our underground workings daily, they constitute 56% of the incidents of collusion with illegal miners. Some employees assist syndicates in recruiting individuals from contractor teams. We have various disciplinary measures to keep suspicious behaviour in check.

Surface illegal mining

Surface illegal mining mainly affects the SA gold operations. Perpetrators target specific areas containing gold-bearing material, then move into these areas in large numbers under darkness to collect it. Protection Services teams are often attacked by these surface illegal miners.

Dealing with amalgamated gold bearing material

Amalgamated gold bearing material is a semi-refined material consisting of refined gold and mercury, which is used to separate out the gold. The amalgam is important in prosecuting suspects. Once found on a suspect, the amalgam is sealed in a specially designed tamper proof exhibit bag and secured in a safe at our Central investigations department. The suspect and the sealed exhibit is handed over to the Directorate of Priority Crime Investigation (DPCI), who attend the scene. Once the police have completed their forensic analysis the exhibit is returned to the Central investigation department for safekeeping until the court case (as per guidance in the Criminal Procedure Act and the disposal order made by the court).

Taking a proactive approach to crime

Protection Services takes a proactive response to crime prevention, working with the authorities to try and apprehend crime bosses, and to break up the crime syndicates who are behind most of the illegal mining. Further, Protection Services takes various measures to stop illegal miners from accessing underground areas. Using technology and intelligence gathering, Protection services seeks to establish risk-informed fit-for-purpose security control environments. Mechanisms for doing so include:

- CCTV
- Remotely piloted aircraft
- Stopper and response teams
- Passive and active intruder detection systems (early warning)
- Intelligence driven safeguarding and response procedures

ILLEGAL MINING'S IMPACT ON OUR BUSINESS

Since 2013 we have effected a cumulative total of 6,750 (2023: 1,239) arrests of illegal miners; and 2,558 (2023: 483) employees disciplined for aiding and abetting illegal miners.

The number of underground incidents increased from 363 in 2022 to 459 in 2023, while the number of arrests increased from 1,115 in 2022 to 1,239 in 2023.

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
2023	459	1,239	483
Total	2,697	6,750	2,558



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CONTROL MEASURES

Control measures include biometric access control systems, smart turnstiles, remotely-operated padlocks, intelligent lamp room controls, control and inspection of material cars' access, CCTV 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 2023, we conducted 15 security operations in collaboration with government policing departments, specifically the Directorate for Priority Crime Investigation (DPCI), also known as the Hawks (2022: 11 security operations).

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.

Performance

A total of 305 anonymous calls (2022: 289) were received during 2023 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 regions

Area	2023**	2022*	2021
Fraud	66	79	114
Breach of company policy	73	68	85
Procurement fraud	29	10	10
Corruption	27	16	22
Illegal mining	39	25	11
Theft of mine property	10	19	13
Time and attendance fraud	11	2	2
Industrial action	0	1	0
Theft of gold-bearing material	2	4	7
Arson	0	0	0
Trespassing	1	0	1
Human resource related issues	13	3	13
Theft of PGM	2	4	3
Copper theft	1	17	2
Other	31	41	29
Total	305	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
 ** Includes US PGM operations – Eleven calls: two for Fraud, four for breach of company policy, one for theft of mine property, one HR related, two for safety issues and one PWC test.

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

In 2023, 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.)

SAPS have various units to help fight crime. The Directorate for Priority Crime Investigation (DPCI), known as the Hawks, target organised crime, and economic crime and corruption. They are 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.

Below are examples of successful operations against illegal miners.

Example 1:

In Q1 2023, at Driefontein, Protection Services uncovered an elaborate scheme whereby employees worked with illegal miners, helping them bypass biometric readers and gain underground access with "cloned" fingerprints (fabricated silicone thimble-like inserts). Seven suspects were successfully prosecuted both disciplinary and criminally.

Example 2:

Seven suspects were arrested at an illegal processing plant in De Deur during a joint operation between SAPS, Protection Services teams and external security companies. GBM weighing approximately 350 tons and carbon were recovered. A carbon-in-leach circuit, cyanide, and other logistical supplies were seized. The value of the GBM amounted to over R1.2 million. The court process is still ongoing.

Example 3:

At a plot in Elandsfontein, De Deur, members of the Vaal Rand Directorate for Priority Crime Investigation (DPCI), in conjunction with the De Deur Crime Prevention Unit and Protection Services, seized 2,000 tons of illicit GBM. The value recovered amounted to over R7.5 million. No arrests were made during the operation.

For more information on our actions to minimise our environmental impact, please refer to the 2023 Integrated report, www.sibanyestillwater.com/news-investors/report/annual



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OUR VISION:

To be a leader in superior shared value for all stakeholders