

SOCIAL UPLIFTMENT AND COMMUNITY DEVELOPMENT



Sibanye's community-development strategy is designed to improve living conditions and uplift communities by creating opportunities for employment, local vendors, procurement of goods and services, and directing tangible development benefits to communities.

APPROACH

The principles embedded in the SLPs, determined in conjunction with the DMR, aim to assist government in developing self-sustaining communities that are not dependent on the mines they host.

Our approach is underpinned by:

- effective engagement and relationship building, and a commitment to go beyond compliance (see Performance against Mining Charter targets at reports.sibanyegold.co.za)
- the need to use human and capital resources appropriately, and effectively in responding to identified and agreed current and future community needs
- streamlining our efforts to ensure tangible and sustainable impact that will continue beyond LoM
- engaging directly with communities to identify their specific needs, and then partnering with local government and other collaborative partners where possible.



PERFORMANCE

The most significant achievement in 2015 was approval of the revised SLPs for the Kloof and Driefontein operations, and for the Cooke Operations by the DMR (Gauteng region).

A review of the implementation and impact of our LED projects in 2014 indicated that, while our projects were aligned with the local municipalities' integrated development plans (IDPs) and had been accepted by the DMR, they did not necessarily have the desired impacts on mining communities. The magnitude of the challenges faced by communities often neutralises or negates the impact of projects or hampers their implementation. While we recognise that the responsibility to address the challenges facing our neighbouring communities cannot reside solely with Sibanye, we also recognise that communities often do not understand this. Failure to make a meaningful and visible impact could threaten our own sustainability and licence to operate.

In 2015, we sought to align our community engagement and development (CED) programme with the development priorities of local municipalities while also interacting directly with affected communities to understand their needs. The Group's own strategic imperatives were also taken into account. Our approach was to find common ground between the needs of our various stakeholders and those identified by Sibanye, which can be challenging at times. Stakeholders have different priorities and expectations while the Group's resources are limited and will never be able to address all needs.

Nonetheless, certain priorities have emerged, such as the need to establish or improve critical infrastructure – for example, healthcare clinics that assist in eradicating diseases such as TB and implementing community programmes initiated by the Department of Health. The location of these healthcare facilities, such as the facility at Blybank, has wider impact during the current SLP cycle in that the 1,500 people attended to every month have a facility on their doorstep, presenting additional advantages as savings in travel and other costs, as well as safety and immediate access.

Examples of critical infrastructure development include plans for a new school in the Eastern Cape labour-sending area. The plans have been approved to accommodate more than 1,600 learners currently housed in a dilapidated hostel without running water and proper sanitation

Our corporate approach is two-pronged, focusing on the Mining Charter and exceeding SLP implementation and performance monitoring on the one hand, and CED on the other.

Following the acquisition of the Cooke Operations in 2014, a review of community development projects revealed that more than 40 projects were at various stages of implementation. Many of these were legacy projects previously owned by three different companies, and the scope of these projects was not aligned with Cooke's current production profile or profitability. The review also showed that there were many small projects that were not sustainable in the longer term and would require continued long-term funding.



SOCIAL UPLIFTMENT AND COMMUNITY DEVELOPMENT CONTINUED

Following the review, advanced projects were completed and handed over to beneficiaries. The remaining projects were rationalised and streamlined.

Legacy projects will be addressed through Sibanye's corporate social investment (CSI) programme and collaboration with third parties in consultation with local municipalities. In future, Sibanye will focus on solutions that are regional, integrated and catalytic in nature with the ultimate measure of success being their ability to continue without ongoing support.

As the current SLPs are due to expire at the end of 2016, we have an opportunity to ensure that the new SLPs focus on the Sibanye strategy of:

- high-impact projects with emphasis on post-closure continuity
- a regional approach aligned with municipal spatial development frameworks (fewer but larger projects)
- encouraging collaboration and partnerships to significantly increase impact
- sustainability in line with Sibanye's operating model and operational CED priorities, guided by our growth and sustainability, which are inherent in the operating model.

Sibanye's CED unit focuses primarily on communities in host and labour-sending areas affected by our operations, and which have the potential to affect our business. We allocate expenditure to eligible communities in terms of their proximity to mining operations and the degree of mining impacts they potentially sustain.

As far as possible, we seek to contribute meaningfully in terms of size and impact to mine communities by leveraging benefits derived from partnering with our peers in the mining industry and other sectors. These partnerships are founded on common and similar challenges, which include safety, health, preferential procurement, and social and community issues.

Initiatives currently benefitting from this collaborative approach and undertaken in partnership with Gold Fields' South Deep mine and the Westonaria Community Trust are:

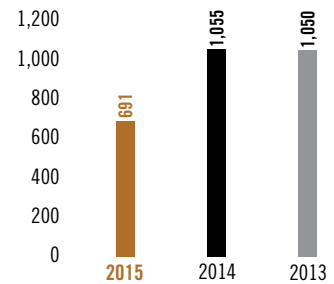
- Simunye Secondary School, Bekkersdal (redundant infrastructure has been donated by Sibanye for conversion into a high-school building for 1,500 learners)
- the Westonaria campus of Westcol Technical and Vocational Education and Training College (Sibanye is planning the construction of permanent facilities for 620 students) and Agri College
- the Gold Fields/Sibanye Gold Alliance Project focused on reinforcing commercial farming in the West Wits area as a key job-creation initiative for the region.

SOCIO-ECONOMIC DEVELOPMENT EXPENDITURE (R MILLION)

	2015	2014	2013
Local economic development/SLPs	27	24	17
Training	384	353	316
Sport, conservation and environment	1	10	9
Infrastructure development*	197	649	699
Health	6	5	5
Enterprise development	–	3	2
Education	62	10	1
Donations	14	1	1
Total	691	1,055	1,050

*Major infrastructure-development projects were completed between 2013 and 2014. Spend in 2015 included hostel upgrades at Cooke 3, hostel conversions at Cooke 2 and construction of family units at Driefontein.

Group socio-economic development expenditure (R million)



LED PROJECTS DEFINED IN SLPs

are distinguished from CSI projects:

- LED projects are socio-economic interventions that harness local resources for the purpose of broadening the economic base of host and labour-sending areas. These are typically high-value projects, such as infrastructure development (for example, the construction or rehabilitation of schools and clinics), as well as projects aimed at diversifying the economies of the areas in which we operate (to create sustainable livelihoods that will endure long after the mines have concluded their economic lives).

- CSI activities typically address broader and generally short-term community needs – often undertaken as a result of requests from local communities in the form of community development funding and donations.



GROWTH STRATEGY FOCUSED ON SOUTH AFRICA

In 2015, we announced critical acquisitions, which will make us a multi-commodity company. With our sights firmly set on South Africa, we will be expected to create superior value for a wider range of stakeholders. From a community development perspective, this will result in a more diversified stakeholder portfolio, which will present new challenges and needs, as well as interests and idiosyncrasies.

The Gold Fields/Sibanye Gold Alliance Project will form the basis of our new LED strategy to create jobs outside of mining, focusing on high-impact, large-scale and regionally based projects because of their potential impact on agriculture, infrastructure development and capacity building/skills development. Because of the larger numbers that can be impacted and the partnerships that can be formed, the alliance will be central to these growth strategies. Key agricultural projects will focus on agribusiness and processing. The development of 'agrihubs' and 'outgrowers' in a hub-and-spoke model, including 'micro greens', vegetables, poultry, school feeding schemes and livestock, will form part of a larger value chain aimed at enhancing value creation.

Infrastructure projects will be implemented within the agricultural part of the project and through our home-ownership scheme, which will be supported by the creation of enterprises related to, among others, construction, brick and paver manufacture, and school infrastructure development. Capacity-building and skills-development initiatives will range from ABET to portable-skills training, and learnerships, internships and skills transfers – all integrated in support of agribusiness, processing and infrastructure development. Partnerships with stakeholders, such as government, mining companies and businesses in other industries, will ensure greater consolidation of project funding and sustainability. Partnerships and investment gearing will help us achieve targets of 1,000 direct and 2,000 indirect jobs, as well as 1,000 houses to be built for employees to own, and the creation of opportunities for local SMMEs supporting youth and women. SMMEs also stand to benefit from the planned development of incubation centres.

FUTURE FOCUS

The new SLP cycle beginning in 2017 presents an opportunity to implement regionalised community-development projects and programmes in our areas of operation. These projects will be fewer but larger, more impactful and fully integrated to reduce inherent dependency on mining. This approach will enable better alignment with national and regional imperatives, such as the National Development Plan, Sustainable Development Goals, Special Presidential Package, spatial development frameworks, IDPs and other national developmental policy frameworks. We believe that this will align with phases 2 and 3 of the Gold Fields/Sibanye Gold Alliance Project.