



TRANSFORMATION

APPROACH

Sibanye believes that transformation is a critical national imperative for ensuring the growth and sustainability of the business, and the South African economy at large. The Group believes that, by creating an enabling business environment, historically disadvantaged South Africans (HDSAs) will be empowered to participate meaningfully as employees, shareholders, communities and suppliers. This approach resonates with Sibanye's vision to 'create superior value for all stakeholders'.

Sibanye's approach entails:

- inculcating a positive mindset to drive the achievement of Mining Charter objectives
- striving to achieve commitments made in SLPs
- mitigating risks affecting social licences to operate
- embedding sustainability principles in everything the Group does.

To ensure accountability and responsibility, the Vice President: Corporate Affairs is accountable to the Sustaining our Social Licence to Operate Committee (SSLOC), part of the Executive Committee, which in turn reports to the Social and Ethics Committee of the Board on issues pertaining to Sibanye's social licence to operate and transformation. The Vice President: Corporate Affairs also chairs the SLP Working Group (comprising information owners for all Mining Charter/SLP elements). The SLP Working Group mainly drives transformation within the operations and ensures alignment with the business plan and affordability. To ensure that transformation is embedded in the business, each operation has quarterly SLP forums, chaired by the mine's Vice President and attended by members of organised labour. Progress made with each element of the Mining Charter and SLP is reviewed and discussed. Feedback on progress is also presented to the Group Leadership Forum – a high-level engagement platform between organised labour and management, including members of the Executive Committee.

Towards the end of 2014, the DMR engaged with the Chamber of Mines through the Mining Industry Growth and Development Task Team (MIGDETT) regarding the regulator's intentions to conduct Mining Charter assessments. The scope of the assessments would be broadened to cover all mining-rights holders in the country and would include the 2013 Mining Charter reports. To assist the process, a web-based system was developed to allow for companies to make online submissions, particularly given the broad scope of the assessments: 2012, 2013 and 2014 for companies that could submit them. All Sibanye operations participated in the Mining Charter assessments and achieved an 'excellent performance' rating in 2014. The 2015 Mining Charter report will be submitted to the DMR at the end of March 2016 when it is due.

While the current Mining Charter was intended to be in effect from 2009 to 2014, its remit has been extended to 2016 while the next phase is developed.



SIBANYE'S TRANSFORMATION GUIDE

mirrors Mining Charter and SLP elements, and each element is further divided into:

- Strategic intent: the strategic framework of each element is outlined
- Key targets: minimum compliance requirements in terms of SLPs are highlighted
- Risks/Issues: shortcomings and risks are flagged to overcome barriers in achieving implementation, targets and mining licence
- Mitigation: steps are identified to mitigate risks identified above
- Deliverables: key areas are listed to uphold a legally defensible position, including objectives, measures, timelines and accountability structures, with indicators selected for relevance and applicability to each SLP/Mining Charter element
- Stakeholders: key stakeholders are identified for engagement
- Inputs for reports: regular reporting required by each information owner is noted





PERFORMANCE

OWNERSHIP

In 2010, a broad-based employee share plan, the Thusano Trust, was implemented in terms of which Gold Fields' employees acquired 10,717,207 Gold Fields shares. The share plan was implemented in line with a collective agreement between the NUM, UASA, Solidarity and Sibanye (previously GFI Mining South Africa Proprietary Limited). The shares were allocated to employees in Paterson employment bands A, B and C, according to their years of service. The Thusano Trust was registered as the vehicle to administer the share plan. In terms of the trust deed, the allocated shares are to be held in trust for a period of 15 years on behalf of employees. During this restrictive period, employees may not dispose of or otherwise encumber the shares. Discounting the fact that the employees cannot dispose of shares for a period of 15 years, employees acquired full rights of ownership in the shares, which entitles them to voting rights and dividends paid in relation to the shares. With the unbundling of Gold Fields, employees were allocated an equal number of Sibanye and Gold Fields shares.

By the end of 2015, 26,444 (2014: 27,959) employees were participants in the ESOP scheme.

EMPLOYMENT EQUITY – LOCALISATION AND DEMOGRAPHICS

As far as possible, Sibanye seeks to employ local people (from local communities within 50km of the operations). At the end of 2015, 33% (2014: 31%) of Sibanye's employees could be defined as local.

A large percentage of employees with core skills, experience and many years of loyal service are also drawn from labour-sending areas in rural provinces of South Africa and neighbouring countries within the Southern African Development Community (SADC). At the end of 2015, migrant employees made up around 67% (2014: 68%) of Sibanye's employee base with 28% (2014: 29%) drawn from other SADC countries. While Sibanye recognises the imperative of local recruitment, it also notes the adverse impact the shift to employing locals is likely to have on the labour-sending areas where mine remittances are often the sole source of income for communities and regional economies.

Nonetheless, Sibanye recognises the broader negative social issues arising from the migrant-labour system and is attempting to address these through various measures, including alternative working arrangements and the provision of acceptable accommodation. Different shift cycles and longer shifts should result in more time off for employees, potentially allowing them to travel home more often, as well as creating more employment opportunities and enhancing productivity on mature mines, although it is difficult to estimate the impact of these arrangements at this stage.

Sibanye has established a task team to develop a strategy to increase the number of women in mining and to address some of the hurdles inherent in this practice, including ensuring the personal safety and successful integration of women into established male working teams. These issues are also monitored by women in mining forums made up of female employees at each operation. These forums deal specifically with gender-related challenges and their aim is to ensure that there is complete integration of women in all working places and at management levels.

Key focus areas include gender-neutral policies and procedures, wellbeing of women (including safety and security in the workplace), creating working environments conducive to the employment, placement and development of women.

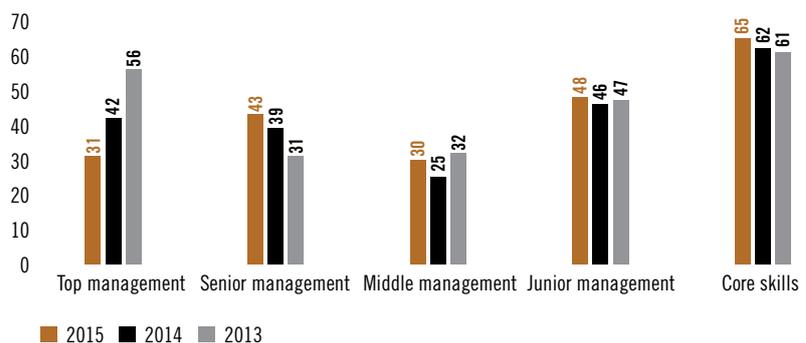
In order to increase the number of women employed in core and critical skills, changes have been made to Sibanye's recruitment strategy. This has resulted in an increase of 2% during the year. Several leadership development sessions, co-ordinated by Sibanye Gold Academy, were held for women in 2015.

Sibanye remains committed to creating and maintaining a diverse and representative workforce. In 2015, Sibanye continued to make progress towards reaching the required HDSA representation at senior, middle and junior management levels, acknowledges that more needs to be done by the Group, and it will continue to focus efforts on ensuring that there is an integrated talent-management framework that will primarily focus on education, training and development of HDSA employees as well as the external appointment of high-quality HDSA employees into key management positions.

WOMEN IN MINING/SERVICE (2015)

South African women only	
Women in core mining activities	Women in service
2,457 (6% of total employees in service)	4,122 (10% of total employees in service)
All women	
Women in core mining activities	Women in service
2,615 (7% of total employees in service)	4,332 (11% of total employees in service)
Total permanent employees	
39,725	

Historically disadvantaged South Africans in management (%)





TRANSFORMATION CONTINUED

HOUSING AND LIVING CONDITIONS

Of Sibanye's 39,725 permanent employees (2014: 39,232), 32% (2014: 33%) lived in high-density residences, 20% (2014: 17%) lived in other Group accommodation, including family units built by the Group, and 48% (2014: 57%) opted to receive a living-out allowance in 2015.

The high density-residence upgrade programme has been completed at the Beatrix, Driefontein and Kloof operations, representing a total investment of R425.2 million over eight years. In line with the Mining Charter requirements, this resulted in a reduction in occupancy rate to one person per room (between six and 10 people per room at the outset of the project). Sibanye acquired the Cooke Operations in 2015 and has since spent R4.4 million upgrading Block 1 at Cooke 3. Since the occupancy rate at Cooke Operations is currently less than one person per room, the upgrades are intended to bring about qualitative improvements to living conditions and align with Sibanye's standards.

Sibanye supports the Mining Charter's aim to accommodate as many families as possible by building new family units in viable, integrated communities, given that high-density residences are not suitable for families. Of the final 50 houses planned as part of the Driefontein SLP, 34 were completed in 2015 in Blybank near the Driefontein Operation. Construction of the last 16 houses hinges on finalisation of a land-swap arrangement with the Merafong City Local Municipality.

Sibanye is also actively pursuing an employee home-ownership scheme, which will enable employees to own the houses. This programme comprises the sale of current mine-owned houses at a discount, based on years of service to the Group and the sale of new affordable houses subsidised by the Group. In 2015, to kick-start the home-ownership programme, a two-pronged approach was used for occupied and vacant mine-owned houses:

- Sibanye-owned Paterson D and E band houses were first offered to occupants with no obligation to buy and
- vacant houses in the D and E bands were first offered to Sibanye employees via a tender process and then to the open market.

Through this process, 92 Paterson D and E band houses were sold while a further 44 houses were being processed at the end of December 2015 out of the possible 265 Paterson D and E band houses owned by Sibanye in the West Wits area. This excludes houses sold to employees on Paterson C Band and those sold to Gold Fields' South Deep employees. The sale of houses continues, supported by an ongoing marketing drive. With respect to the sale of new houses, no specific targets have been set as uptake is driven by demand. Progress in the sale of new houses was preceded by extensive stakeholder engagement between management and organised labour about designs and layout of prototype showhouses. Subsequently, prototypes of two- and three-bedroomed showhouses were built in Glenharvie, near Kloof, and Virginia in the Free State. As a result of employee-driven demand, 32 houses were built for sale in Glenharvie and more will be built based on demand. The sale of these new houses continues.

The aim of the affordable home-ownership programme is to provide affordable and sustainable homes to Sibanye's lower-level employees. Primarily, this programme focuses on in-house project management and construction to keep costs low and local people are employed where possible. Sibanye aims to build houses that can be funded from living-out allowances with minimal subsidisation by the Group.





PROCUREMENT

Sibanye has performed well in meeting the procurement targets set out in the Mining Charter, except for capital goods procured by Cooke 1, 2 and 3 due to the operations ceasing all capital expenditure in the second quarter of 2015.

In support of local entrepreneurs, an online registration system has been developed and implemented for all prospective suppliers. The team also assisted local communities by being visible to local vendors at various workshops organised by the DMR and/or the local/district municipalities. Establishment of community access centres, in conjunction with the Small Enterprise Development Agency, has provided a platform to improve communication with potential local vendors.

Sibanye's total procurement spend with BEE entities was R4.70 billion (2014: R4.68 billion) in 2015.

BEE PROCUREMENT IN 2015 (%)

	Capital goods Target: 40%	Consumable goods Target: 50%	Services Target: 70%	Multinational companies
Beatrix	59	74	74	No imports
Cooke 4	52	64	82	No imports
Cooke 1, 2 and 3	33	60	70	No imports
Driefontein	52	74	78	No imports
Kloof	66	80	78	No imports
Group	56	72	76	No imports

ENTERPRISE DEVELOPMENT

In respect of transformation, Sibanye achieved the following in the past year:

- establishment of an electronic portal that has provided SMMEs with a link to register as vendors, including Burnstone operations
- more SMMEs participated in the tender processes in 2015 – for instance, SMMEs built showhouses at Glenharvie and Virginia, and have been awarded tenders to upgrade facilities used by Protection Services.

FUTURE FOCUS

The procurement strategy is being revised in order to integrate an approach that will culminate in a progression plan that supports compliance objectives, with specific intent to increase the proportion of procurement spend on HDSA enterprises. To date, the development of business acumen among BBBEE service providers, which will impact the mining operations of Beatrix in the form of joint ventures (JVs) or business alignment, has been identified. The following opportunities and options are being investigated:

- Creation of JVs and/or business alignment with current suppliers through contract apportionment – successful SMMEs will be given an opportunity to enter into a JV or business alignment with larger suppliers through allocation of part of a contract with built-in exit strategies.
- Greater focus on including local HDSA SMMEs in the formal tender process – this will apply to all HDSA suppliers but will focus on activities that do not pose a risk to the mining process. This implies that HDSA companies offering goods and services required by Sibanye will be included in tenders to increase competition and expose these companies to the tender processes while providing them with opportunities to compete actively.
- Local community access centres currently assist local SMMEs to register their service offerings with Sibanye along with other entities within the local communities but a FS of this concept will be performed to ensure that local businesses manage the facilities sustainably.

Sibanye's performance against Mining Charter targets – in terms of annual reporting to the DMR, HDSA ownership, housing and living conditions, procurement and enterprise development, employment equity, human resource development, mine community development, as well as safety and health, and the environment – is available online at reports.sibanyegold.co.za