



## SA OPERATIONS

# COMBATTING ILLEGAL MINING: MOVING TOWARDS 'ZERO ZAMA'

FACT SHEET 2019

We have made great strides in the battle against illegal miners (or *zama zamas*)



### Illegal mining is becoming an increasing issue and risk to the sustainability of the mining industry in South Africa.

The significant social issues facing communities in South Africa, including elevated unemployment levels, which have been exacerbated by job losses in the mining industry due to a downturn in the commodity cycle, are primary drivers of the increase in illegal mining activity.

Illegal mining activities take place on the surface and underground, and manifest at closed off mines, abandoned mines and, increasingly, at operating mines. Illegal mining is often organised and conducted by crime syndicates. Illegal miners, known in South Africa as *zama zamas* (a colloquial Zulu term meaning 'keep trying' or 'take a chance'), are often heavily armed and, when trespassing on operating mines, have been known to set ambushes and booby traps for employees, security and rival groups of illegal miners.

When arrested, illegal miners are primarily charged for trespassing and often escape prosecution for the criminal offences they commit. The purpose of illegal mining is to steal product (gold-bearing or similar minerals).

Unless they are found in possession of product, illegal miners cannot be charged with theft. Currently there are no offences in South African legislation with definitions consistent with the practice of illegal mining, therefore those apprehended cannot be charged with illegal mining. Common practices in illegal mining however contain elements that are prohibited in several other laws, such as:

- Theft and possession of gold-bearing material (GBM)

- Mine Health and Safety Act
- Petroleum Products Amendment Act
- Trespass Act
- Mineral and Petroleum Resources Development Act (MPRDA)

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

#### Illegal mining versus

In South Africa, mining and related activities are regulated by numerous statutes. Informal mining activities operating outside this legal framework constitutes illegal 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 governed by the MPRDA, including prospecting and mining rights, mining permits and environmental authorisations.

Legislation also prohibits holding or trading without a permit certain metals in an unwrought state.

#### 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.



## 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 assisting or partaking in illegal mining activities. Employees who work in the underground environment are at risk of injury due to the fact that illegal miners tamper with underground equipment and set booby traps in the vicinity of underground working areas
- Illegal miners (and syndicate leaders) are seen as benefactors in communities where they operate. Proceeds from their crimes are often “invested” in the local economy, and syndicates may often contribute to “financing” community upliftment programmes and projects, promoting a culture of disregard for the law as community members become dependent on these illicit proceeds
- 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 risk and incidence of sinkholes
- Mercury contamination, due to it being used in the illegal processing of the gold
- Excavation and re-opening of sealed and rehabilitated shafts with associated hazards

## SIBANYE-STILLWATER PROTECTION SERVICES

To maintain a safe operating environment, Sibanye-Stillwater Protection Services provides protection services and specialised investigative services to Sibanye-Stillwater’s South African operations. The unit also conducts internal and external audits to evaluate the security measures and controls the Group has in place.

### HUMAN RIGHTS

At all times, Sibanye-Stillwater Protection Services adheres to the letter of the law and the Group’s human rights policy. During 2019, Sibanye-Stillwater Protection Services’ employees received human rights (Bill of Rights) training. See our security policy and human rights policy at [www.sibanyestillwater.com](http://www.sibanyestillwater.com)

### ILLEGAL MINING’S IMPACT ON OUR BUSINESS

Although our gold operations are impacted more by illegal mining due to their long history and the extent of mined and unmined areas, illegal mining also occurs at our PGM operations where illegal miners access remote underground concessions, primarily to steal copper cable, through ‘holings’.

Since the Group listed in 2013, great strides have been made to combat illegal mining, resulting in a cumulative total of arrests of 3,402 illegal miners and 1,404 employees charged with aiding and abetting illegal miners.

The number of underground incidents of illegal mining and associated arrests at our operations had been on the decline since 2018, mainly due to the success of our *ZeroZama@Sibanye-Stillwater* campaign, which was launched in 2017 to combat illegal mining. However, starting in November 2018, the Sibanye-Stillwater Protection Services team was deployed to incidents related to industrial action during the five-month strike at the SA gold operations which concluded in April 2019. During the strike, the detection and prevention of illegal mining was undertaken by external contract security who were less familiar

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with infrastructure and procedures, and this had a temporary impact on the campaign’s effectiveness. Since the end of the strike, an increased presence of Protection Services team members, tightened access control and teams deployed underground have been responsible for the upward trend in the number of arrests of underground illegal miners, who had once again begun to increase their activities at our operations. The number of underground incidents rose from 91 in 2018 to 186 in 2019, while the number of arrests rose from 137 in 2018 to 480 in 2019.

There has been a decrease in the number of surface illegal mining incidents recorded this year, but it needs to be borne in mind that the main effort is rather to keep the illegal miners out of the underground operations which is far more dangerous and poses a large reputational risk. Surface illegal mining remains a concern, however. The decrease in the number of incidents is further attributed to the fact that illegal miners targeted neighbouring infrastructure containing minerals, which were easily accessible and vulnerable targets.

During routine searches in 2019, the Protection Services team found that 164 employees and contractors had assisted illegal miners. Assistance included feeding and equipping illegal miners underground for substantial financial reward. This is an increase from the 141 employees arrested in 2018. Certain underground food restrictions are in place from time to time to counteract employee assistance to illegal miners.

### Illegal mining incidents and arrests (underground)

Year	Number 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	390	542	460
2017	509	1,383	443
2018	91	137	141
2019	186	480	164
<b>Total</b>	<b>1,592</b>	<b>3,402</b>	<b>1,404</b>

## CONTROL MEASURES

Control measures include biometric access control systems, smart turnstiles, remotely-operated padlocks, intelligent lamp room controls, air locks, 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 pre-employment level and internally to better manage high-risk employee engagement and placement.

An anonymous reporting platform, managed externally and independently by Deloitte & Touche (see table below), is also available to Sibanye-Stillwater as a means to facilitate anonymous tip-offs and whistleblowing. Many of the calls provide valuable leads, which are investigated.

Sibanye-Stillwater engages with the authorities in various forums addressing illegal mining, including the Minerals Council South Africa, the South African Police Service, the National Co-ordination and Strategic Management Team, the Department of Mineral Resources and Energy, international agencies such as the United Nations Interregional Crime and Justice Research Institute, various European police forces, Interpol and international embassies.

### Anonymous calls in SA operations

Area	2019	2018
Fraud	78	32
Breach of company policy	53	32
Procurement fraud	33	26
Corruption	13	16
Illegal mining	14	13
Theft of mine property	19	15
Time and attendance fraud	7	16
Industrial action	20	0
Theft of GBM	3	0
Arson	1	0
Trespassing	3	0
HR issues	3	0
Copper theft	1	0
Other	2	0
<b>Total</b>	<b>250</b>	<b>150</b>

#### FOR MORE INFORMATION, CONTACT:

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**OUR VISION:** Superior value creation for all our stakeholders through the responsible mining of our mineral resources