

SOCIAL UPLIFTMENT AND COMMUNITY DEVELOPMENT

SETTING THE SCENE

WHAT DRIVES US

LEADERSHIP

DELIVERING ON OUR STRATEGY AND OUTLOOK

ANCILLARY INFORMATION



HOW WE DID IN 2019

SUCCESSES

A joint development agreement concluded to optimise the impact of Bokamoso Ba Rona agri-industrial initiative

1.6bn

social and labour plans and CSI* spend

74%

of procurement spend is local

CHALLENGES

Stakeholder perception index revealed historic perception of non-engagement

Sustaining

income-generating projects as businesses beyond our support

APPROACH

Our vision to create superior value for all our stakeholders, extends to all those directly or indirectly impacted by our mining activities.

We engage regularly with our stakeholders to ensure that we can understand their expectations of value and endeavour to work with them to deliver accordingly for mutual benefit. For more information about how we conduct our stakeholder engagement, please refer to [+](#) page 24.



Our resources enable value creation for all stakeholders

* Corporate social investment

There is a regulatory requirement for all SA mining companies to contribute to local and labour-sending area community upliftment and development in order to secure a social licence to operate. Sibanye-Stillwater is committed to meeting and going beyond regulatory compliance in line with our purpose of ensuring that our mining improves lives. We share the value created by our mining operations through partnership and collaboration, engaging transparently with communities, while integrating sustainable development and responsible social closure into our decision-making processes.

Our community engagement and socio-economic development programmes go beyond our areas of operation. We contribute not only to our host communities but to our primary labour-sending areas. See community fact sheets at <https://www.sibanyestillwater.com/sustainability/community/>

Our South African socio-economic development programmes and corporate social investment (CSI) initiatives are overseen by the management-led Social Licence to Operate Committee (a sub-committee of the Executive Committee), which also monitors the impact of Sibanye-Stillwater's socio-economic activities at the SA operations. The Social, Ethics and Sustainability Committee of the Board oversees and monitors the social impacts of Sibanye-Stillwater's business activities on communities in SA and in the US, motivated and guided by our role as an ethical, responsible corporate citizen.

➕ For further information on the governance of our activities in relation to communities, refer to the report of the *Social, Ethics and Sustainability Committee* on page 68 as well as to pages 74 and 89.



EVALUATING OUR SOCIO-ECONOMIC IMPACT

With our renewed focus on strengthening, reinforcing and building the Sibanye-Stillwater reputation and brand, it is imperative to develop a narrative that supports our vision globally, nationally, provincially and on a municipal level. Such a narrative must be supported by credible independent data-driven analysis, providing a factual basis for the assertion that the Group lives and honours its purpose, vision and values.

A socio-economic impact evaluation of Sibanye-Stillwater's operations in the Montana economy has already been conducted and has been received positively by local stakeholders. Published in January 2019, the study, conducted by the Bureau of Business and Economic Research at the University of Montana, concludes that the mining operations in south-central Montana make the local economy significantly larger, more prosperous and more populous than it would have been without the presence of Sibanye-Stillwater. The contributions to Montana were measured in terms of production, employment, spending and tax revenues. The study used 2017 data but the methodology and the relative consistency of the data from year to year renders the assumed impact and multiplier effect accurate for years to come. For more information on the outcome of the study, please refer to the *Mining supports Montana* fact sheet at www.sibanyestillwater.com. Given the anticipated continued growth of the US operations, future economic contributions would generally exceed the results of this study year on year.

Since South Africa constitutes a significant part of our footprint, we have complemented this US study with parallel South African studies to generate an overall Group evaluation of our socio-economic impacts. For this reason, the Boston Consulting Group was contracted to undertake a social and economic factors study for Sibanye-Stillwater.

The report provides the basis for the narrative around the company's economic footprint. The narrative will be developed with the following stakeholder considerations:

- **Investors:** their interest in long-term organisational sustainability increasingly extends beyond financial metrics
- **Government:** their focus lies with job creation, economic transformation and growth, which underpin the challenges in securing a social licence to operate
- **Employees:** have a central role in the articulation of the values-based brand within the communities in which they live
- **Local communities:** need to understand the scale of the economic contribution the company makes to the country within its operational footprint

SOCIAL UPLIFTMENT AND COMMUNITY DEVELOPMENT CONTINUED

PERFORMANCE

SA OPERATIONS

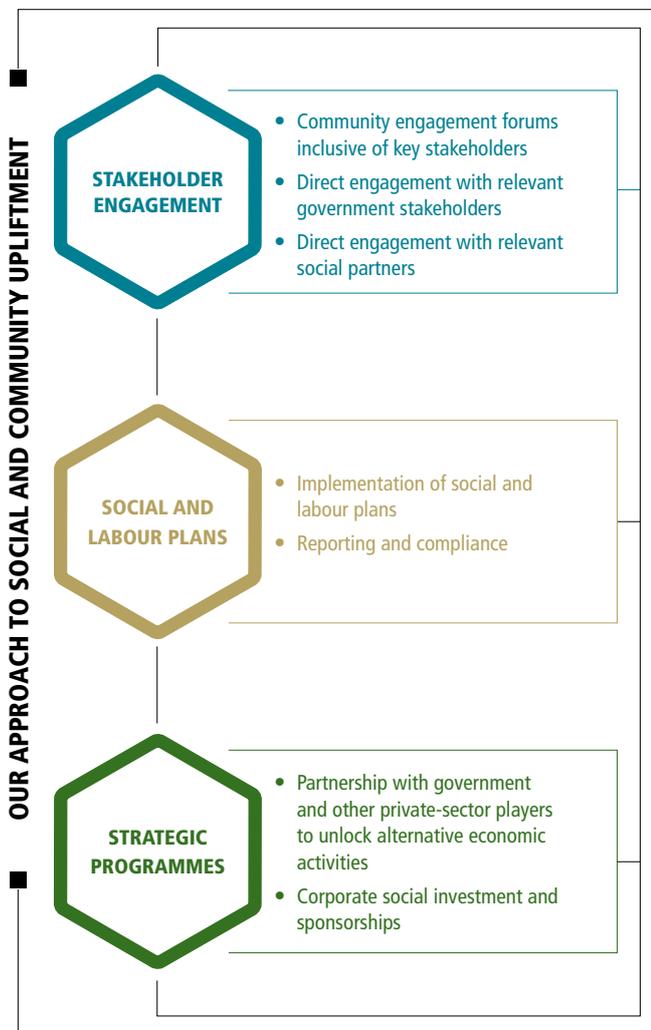
Our operating context

Our relationships with our communities in South Africa continue to be dynamic and challenging against a background of current socio-economic challenges, legacy issues and unfulfilled promises (including those originating prior to acquisition by the company) and misaligned expectations arising from lack of understanding of the role of the mine relative to government. This scenario results in increasing discontent and impatience with the pace of delivery of social programmes. The social context is played out against a backdrop of poor service delivery by local government, poverty and a high rate of unemployment, particularly among the youth.

In line with our approach to creating and sharing value, in 2018 we developed a stakeholder perception index to measure and monitor stakeholder perceptions. Initial testing of the index was conducted among selected stakeholder groupings, including communities in the vicinity of our gold operations on the West Rand and in the Free State in the same year. The index revealed historic perceptions of a culture of non-engagement. Specifically, there was a perceived lack of transparency in procurement processes, environmental issues, care and maintenance, and socio-economic development programmes. The same engagement highlighted gaps in the municipality-led Integrated Development Plan (IDP) process, which is meant to determine and prioritise the needs of communities that ultimately inform our social and labour plans (SLPs). There is also an apparent misunderstanding of SLP funding and related responsibilities.

Communities expressed frustration, believing that the mines do not respond to their grievances, particularly in relation to CSI, procurement and employment. To this end, the company put in place a mechanism to ensure that a formal, proactive and responsive process is in place to deal with stakeholder grievances + (refer to page 195).

The findings support the feedback the company regularly receives from its engagement partners and therefore engagement and communication have been strengthened to ensure that stakeholders are informed, and, where applicable, engaged and consulted on issues of mutual interest. With the integration of the Marikana operations, the company plans to conduct a Group-wide stakeholder perception study in South Africa aimed at creating a baseline and an opportunity to rebase stakeholder relationships



■ Our SA projects also focus on early childhood development

Community challenges and our responses: 2018 to 2019

Challenge	Response
<p>Perceived lack of engagement – There is a belief that mines do not respond to community grievances, particularly in relation to CSI, procurement and employment.</p>	<p>We are:</p> <ul style="list-style-type: none"> creating consistent and open channels of communication In 2019, we developed an issues management process and a complaints/grievance mechanism aimed at ensuring community and stakeholder concerns are resolved speedily. A complaints procedure  (see page 195) was put in place so that communities and other stakeholders can more easily contact Sibanye-Stillwater and report their concerns. A hotline was set up to facilitate contact with Sibanye-Stillwater. As part of the community complaints procedure, every issue or complaint is captured in a register, resolved and feedback provided to stakeholders within a stipulated turnaround time. In this way, issues are resolved before they develop into disputes. assisting communities to organise themselves so that engagement is constructive The company has increased its efforts to set up multistakeholder community engagement forums (CEFs) to ensure regular and consistent engagement. It is important for engagement to be broad based, representing the interests of all stakeholders. Sibanye-Stillwater has collaborated with local stakeholders in ensuring active and representative CEFs to encourage constructive dialogue and to keep abreast of the impacts of the business on communities. In the Rand West area, three CEF meetings were held to establish the forum's structure, terms of reference and framework. In the Free State, seven CEF meetings were held in 2019. In Rustenburg, five meetings were held and in Marikana two meetings were held by the newly-established CEF. In the Merafong area, the CEF is in the process of being established, however seven meetings were held with different community forums in 2019. Regular feedback is provided on progress against targets in SLPs. In 2020, a capacity building programme will be rolled out to ensure that communities are adequately empowered to engage on issues affecting them. supporting CSI and environmental programmes identified by local communities The company has a set approach to CSI  (see page 198) while environmental awareness programmes are facilitated by independent organisations in local communities. This has been done in the West Rand and will be rolled out in other regions. focusing on local employment At total of 98% of employees at the SA PGM operations and 81% at our SA gold operations were recruited from local communities. (99% and 89% respectively in 2018) <p>We have increased local procurement by increasing our expenditure from R10.6 billion in 2018 to R14.5 billion in 2019 at the SA operations</p> <p>We have improved governance of our internal processes to monitor and audit stakeholder engagement, including the development of a heat map to track the quality of relationships.</p> <p>In 2019, community leaders and organised labour were taken to visit community projects that are part of the SLPs both around operations and in labour-sending areas.</p>

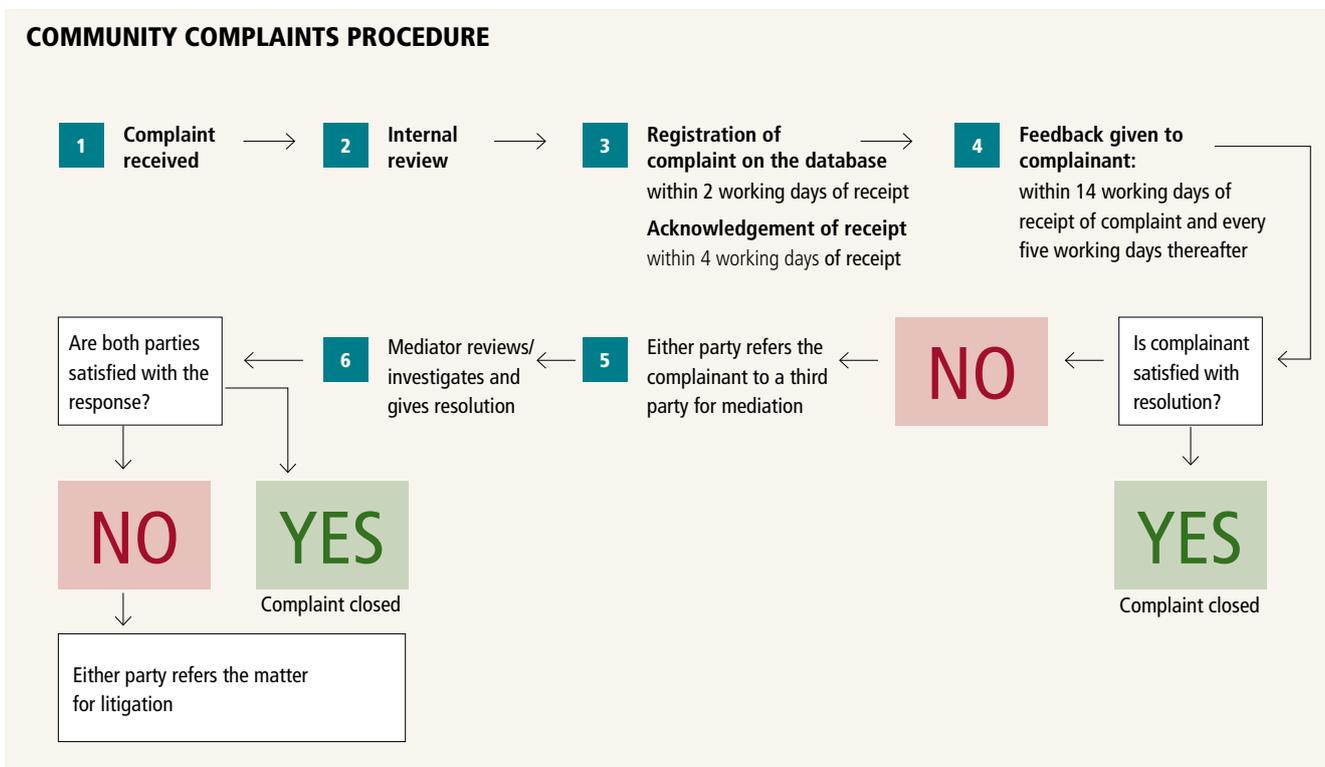
SOCIAL UPLIFTMENT AND COMMUNITY DEVELOPMENT CONTINUED

Community challenges and our responses: 2018 to 2019 continued

Challenge	Response
<p>Employment – All job applicants must undergo medical fitness tests, and criminal and credit record checks, before they are employed by Sibanye-Stillwater. This process has been misinterpreted by the communities as an attempt to limit local employment.</p>	<p>At the Rustenburg operations, in 2020 we will be inviting community leaders to visit our occupational health centre to take them through our engagement processes so that they can understand that there are good health reasons why some job applicants fail.</p>
<p>Legacy issues from acquired assets – due to unresolved historic issues with the previous owners of our current assets</p>	<p>Sibanye-Stillwater is engaging with communities to seek resolutions to legacy issues where applicable. Engagements continue with relevant stakeholders to find mutually beneficial solutions to long standing issues while mapping a new path on the basis of the new relationships.</p> <p>We are closing historical gaps in procurement and socio-economic development (see <i>Procurement and enterprise development</i> on + page 199, SLP status on + page 197, and the summary of our 2019 SLP projects at www.sibanyestillwater.com)</p>
<p>Lack of local procurement opportunities – This is a major concern across communities in South Africa.</p>	<p>As part of our enterprise and supplier development strategy, the following were actioned in 2019:</p> <p>Small, medium and micro enterprise (SMME) workshops to help capacitate local SMMEs and co-operatives, and to provide information on procurement opportunities at Sibanye-Stillwater in collaboration with the Local Economic Development Department of Rand West City Municipality, Gauteng Enterprise Propeller, Small Enterprise Finance Agency and Phakamani Impact Capital.</p> <p>Local procurement engagement sessions to provide information to SMMEs who will also benefit directly from the services of the enterprise and supplier development (EDC) centres, which were established in all our operating areas in 2019.</p>
<p>Life after mining and avoiding the creation of ghost towns</p>	<p>Our social closure framework was conceptualised in 2018. This framework and its accompanying plans go beyond mining and call for social development planning that is sustainable and inclusive to prevent the creation of ghost towns at the end of the life of our mines.</p> <p>In developing these plans, we collaborate and strategise with municipalities, district and local, to identify economic activities that will endure post-mining. The plans, aligned with regional IDPs, will be driven and owned by the municipalities.</p> <p>See <i>Social and labour plans</i> on + pages 195 and 197 for more details on our life after mining projects and see box on <i>Bokamoso Ba Rona Agricultural-Industrial Initiative</i>.</p>



■ Supporting projects which will sustain life after mining



The Mining Charter

Following the release of Mining Charter 3 in 2018 and related implementation guidelines, we held internal capacity building workshops for management and organised labour to align understanding of the regulatory requirements and their reporting. This was also intended to ensure that all mining right holders across our SA operations understand the terms and conditions and obligations pertaining to our mining rights. In 2020, we will be rolling out a capacity building programme on regulatory compliance for our Community Engagement Forums; which comprise community leaders and government representatives.

By September 2019, we had submitted our mandatory five-year transitional plans for Employment Equity and Procurement, Supplier and Enterprise Development to government, providing a baseline

of where we are now in terms of our Mining Charter 3 targets, and showing how we will meet our targets by 2024. The first annual report on Mining Charter 3 was submitted to the Department of Mineral Resources and Energy (DMRE) by 31 March 2020. Every mining right also requires that a social baseline analysis be conducted to inform socio-economic and community development as required in the SLP.

The Mining Charter continues to set socio-economic development (SED) spend, which includes SLP local economic development (LED) projects, at 1% of net profit after tax, but this now comes with an added stipulation that only 8% may be spent on project management. Although the SA operations recorded a loss for the year of R4.3 billion, we continued with SED expenditure of R152 million in 2019 and R1.58 billion SLP expenditure for the year.

Although our socio-economic development focus has moved beyond the scope of our SLPs, regulatory compliance is a critical element

of our socio-economic impact. For a summary of our 2019 SLP LED projects and their impact, refer to www.sibanyestillwater.com

Social and labour plans (SLPs)

It is important to highlight that there have been challenges in the implementation of SLPs for a myriad of reasons, which include project sustainability, lack of co-ordination by different role players to ensure project impact and sometimes lack of interest in taking up training opportunities. The Group has, through its acquisitions, inherited SLPs with backlogs but has made steady progress in closing them throughout the years.

In order to enhance impact and ensure sustainability, our SLP teams have been trained on social return on investment (SROI) methodology so that they are able to ensure that all future SLP projects will be engineered in such a way that their SROI can be measured. This will allow reporting not just on the business performance and beneficiaries of our projects and expenditure, but also project impacts and outcomes.

We recognise that viewing our SLPs as the driver for community development is too narrow an approach: our driver is enduring social impact. Dovetailing with this approach, is our social closure framework and its accompanying socio-economic programme plans. To catalyse sustainable development, we will be focusing on supporting capacity building initiatives for local municipalities, NPOs and NGOs, as well as regional planning such as our township development in Marikana. We are also engaging with our neighbouring miners to make it possible for us to have a bigger impact in our communities.

SOCIAL UPLIFTMENT AND COMMUNITY DEVELOPMENT CONTINUED

An example of our life after mining projects is the Bokamoso Ba Rona agricultural-industrial initiative. We are engaging with the stakeholders in the West Rand on an industrial project that will see the creation of a manufacturing hub at the proposed industrial park. This industrial park, if realised, has the potential to create further jobs, ameliorating the impact of the scaling down of mining operations across the district.

BOKAMOSO BA RONA AGRICULTURAL-INDUSTRIAL INITIATIVE

The Bokamoso Ba Rona initiative is a multi-stakeholder approach to promoting sustainable economic activity through the development of a large-scale agriculture and bio-energy hub in areas of the greater West Rand District Municipality, close to Sibanye-Stillwater's mining operations. Currently, the local economy depends predominantly on mining and there is a need to diversify economic activity. To this end, Sibanye-Stillwater has contributed 30,000ha of land towards the development of the hub.

Significant progress has been made in advancing the Bokamoso Ba Rona agri-industrial programme. The corporate vehicle has been established as a non-profit company through which the founding partners (Sibanye-Stillwater, Far West Rand Dolomitic Water Association, Gauteng Infrastructure Financing Agency and West Rand Development Agency) will exert governance and oversight as well as commit to their respective responsibilities to support programme implementation.

A joint development agreement has been concluded with the programme management consortium comprising Talmir Impact Investments, Aurecon and Cliffe Dekker Hofmeyr that will frame the scope of work that will be executed to develop the programme design for commercial sustainability and optimised delivery of socio-economic benefit to the inhabitants of the district.

While certain quick-win opportunities are available to kick start economic activity, it is intended to develop a strategic programme design based on solid feasibility studies and business analysis to create the investable opportunities that will attract substantial investment financing into a venture fund.

This is a unique collaboration with clearly defined and appropriate roles for public and private sector organisations to build a sustainable district economy.

For more information on this programme, visit

 www.sibanyestillwater.com

The local economic development projects in our SLPs are identified through the Integrated Development Plan (IDPs) of local government. Selected projects are in the areas of social infrastructure, health, economic development and capacity building.

Our social infrastructure projects included roads, walkways and bridges, high mast lights and water reticulation projects, recognising that our own employees are adversely affected by the absence of basic services in areas where they reside. Through these projects, we are creating sustainable social infrastructure that improves the quality of lives of our employees and local communities, unlocks economic opportunities and will remain functional long after mining.

In the area of health, we are contributing to the construction of clinics in the North West and have donated mobile units to government – two basic mobile clinics and two mobile maternity and obstetric clinics were donated to the Department of Health in 2019.

In our approach to local economic development projects, we are at pains to structure our income generating projects as business enterprises that are sustainable because of their developmental nature. It has become evident that to make them sustainable we need to focus on capacity building that will ensure that the beneficiaries continue to run these projects beyond government and our support. To that extent, we have focused on helping them secure offtake agreements, which are essential to their development and are brokered as a first step in the establishment of ventures. These are mainly in agriculture where we support piggeries, vegetable farming and wool production.

We are also contributing to socio-economic development programmes in the Eastern Cape, which is our primary labour-sending area. We have completed the construction and equipping of four of eight shearing sheds to enable subsistence sheep farmers to participate in the commercial wool protection value chain. The facility already has offtake agreements in place with the Wool Shearing Association.

In terms of education, we are involved in infrastructure support for schools and have partnered with Gold Fields Limited, South Deep Education Trust, WestCol and Westonaria Community Trust to construct the Westcol Technical and Vocational Education and Training College with partners to provide skills training relevant to alternative economies in the West Rand district.

Portable skills training (such as welding, plumbing, bricklaying, sewing and carpentry) by the Sibanye-Stillwater Academy is also offered in line with SLP targets.

Internal governance of SLPs is undertaken through forums designed to monitor and evaluate implementation and Mining Charter obligations. The Social Licence to Operate Committee provides guidance on the overall approach and evaluates progress against commitments. At operational level, meetings are convened quarterly with management and organised labour. In 2019, the SA gold operations held 10 (seven in Merafong and three in Beatrix) SLP forum meetings. SLP forum structures were set up at the Rustenburg and Kroondal PGM operations and five forum meetings were held in 2019. A SLP forum has not yet been established for the Marikana operations.

Sibanye-Stillwater has extended the Care for iMali financial wellness programme to communities  (see fact sheet at www.sibanyestillwater.com).

In summary, it is our belief that understanding the social needs of the environments in which we operate, will give us sufficient credibility to enter into a successful social compact discussion with our local communities. It is, however, vital that we deliver on our promises to avoid reputational damage. Delays emanating from our procurement processes are being addressed, in part by the introduction of Coupa  (see page 199 for details).

SLP status

- **Beatrix:** The SLP for 2017-2021 has been approved and implementation is underway. A Section 93 notice of backlog at Beatrix was received and management is engaging with the authorities in this regard, while addressing the backlogs.
- **Burnstone:** The SLP for 2017-2021 has been submitted to the DMRE and we await approval. A section 93 directive was issued for non-delivery of SLP commitments and the company responded accordingly.
- **Cooke 123:** Under care and maintenance, implementation of LED projects backlog will be completed in Q1 2020.
- **Cooke 4:** Under care and maintenance, implementation of LED projects backlog will be completed in Q1 2020.
- **Driefontein:** Implementation of SLP for 2017-2021 is in progress. Backlog from previous SLP (2012-2016) in labour-sending area LED project is being addressed and will be delivered during 2020.
- **Kloof:** Backlog of host LED projects has been completed. 2017-2021 SLP was approved during the last quarter of 2019 and implementation has commenced. Backlog from previous SLP (2012-2016) in labour-sending area LED project is being addressed and will be delivered during 2020.
- **Rustenburg operations:** The SLP for 2016-2020 is being implemented.
- **Kroondal:** In terms of the current SLP (2016-2020), the LED project backlog is being addressed and implemented by Anglo American Platinum as per the pooling and sharing agreement with Sibanye-Stillwater. All the other areas of the SLP are being implemented by Sibanye-Stillwater.
- **Marikana:** SLPs at the various operations are in implementation state. The company is continuing with the implementation of the backlog SLPs and has communicated its commitments in line with the Competition Commission's approvals. The Generation III is expected to be signed off in early 2020 due to delays in stakeholder consultations and implementation is expected to commence in 2020.



SOCIAL UPLIFTMENT AND COMMUNITY DEVELOPMENT CONTINUED

SA operations: socio-economic development (SED) expenditure (R million)

	2019			2018			2017		
	Total	Gold	PGMs*	Total	Gold	PGMs	Total	Gold	PGMs
Local economic development projects³	62.2	7.7	54.5	18	2.6	15.4	24	13	11
Human resource development									
Communities ³	77.98	41.5	36.5	68.6	51.4	17.2	532	340	193
Employees ^{2,3}	–	–	–	489.5	305	184			
Employee housing and nutrition^{1,2,3}	–	–	–	772	594	178	586	425	161
Health	8.5	7.5	0.937	10	10	0	3	3	0
Education	2.89	1.3	1.5	13.7	13.7	0	3	3	0
Arts and culture support	0.10	0	0.10						
Sport, conservation and environment	0	0	0	0.345	0.345	0	0	0	0
Donations, community development and charitable gifts	0.595	0.595	0	2.7	2.3	0.4	10	8	2
Total SED	152	59	93	1,374	979	395	1,158	791.5	366.5

¹ Expenditure is reported inclusive of value-added tax (VAT) as no VAT is claimed in terms of the relevant Act

² Previously reported human resource development figures included community and employees, which are excluded for the updated SED definition

³ Line item also included in the social and labour plan (SLP) definition

* Includes Marikana operations for seven months from June 2019 to December 2019

SA operations: social and labour plan (SLP) spend 2019 (R million)

	Total	Gold	PGM*
Local economic development projects	62.2	7.7	54.4
Human resource development – communities	77.98	41.5	36.5
Human resource development – employees ¹	552.2	274.4	277.8
Housing and living conditions expenditure ¹	883.7	613.1	270.6
Management of downscaling and retrenchments (provision of alternative skills training) ¹	8.5	8.5	0
Total SA SLP spend	1,584	945.2	639.5

* Includes Marikana operations for seven months from June 2019 – December 2019

¹ Excluded from the updated definition from the SED expenditure on the previous table

SA operations: enterprise development (R million)

2019			2018			2017		
Total	Gold	PGMs	Total	Gold	PGMs	Total	Gold	PGMs
34	17	17	11	7	4	1	0.5	0.5

The total enterprise development expenditure for 2019 for the SA operations was R5.2 million, with a balance of R23.8 million available in the fund at the end of 31 December 2019  (please refer to the procurement section on page 199).

Community trusts

With the acquisition of the Rustenburg operations in 2016, Sibanye-Stillwater concluded a 26% broad-based BEE transaction through a subsidiary. In terms of this transaction, 26% of the Rustenburg entity is held jointly by the Rustenburg Mines Community Development Trusts (24.8%); the Rustenburg Mine Employees Trust (30.4%); Bakgatla-ba-Kgafela Investment Holdings (24.8%); and Siyanda Resources (20%).

A team has been established to review the governance arrangements in the Trusts and all outstanding issues will be highlighted and addressed in 2020.

We have set up a Sibanye-Stillwater Group Development Trust into which some of the trusts with similar objectives will be consolidated as a single trust that will implement the company's CSI programmes. It is envisaged that this will be fully operational in 2020.

Corporate social investment

Management of CSI activities at our SA operations is being streamlined to ensure that it is focused and optimises benefits for beneficiaries. To ensure impact, our CSI interventions are funded over a fixed period, depending on the specific focus area.

In the West Wits region, Rand West and Merafong, we are supporting three homes for elderly and disabled people with an investment of R1.2 million in monthly food parcels over two and a half years, while providing the same people with skills to cultivate self-sustainable food gardens for their own consumption and to generate an income. In Sonop, in North West, we assisted with the refurbishment of an old age home.

Our focus in Rustenburg and Marikana is on supporting early childhood development (ECD) centres in partnership with other role players. This included infrastructure refurbishments, the provision of learning and support materials as well as capacity building of ECD practitioners.

We have also provided food security support for non-profit organisations and healthcare in Marikana and in the Eastern Cape.

In the Free State in 2019, we focused on a food security programme and provided food parcels at homes for the elderly, while engaging with stakeholders to determine future focus areas.

SA operations: corporate social investment in 2019 (Rm)¹

	Total	Gold	PGMs
2019	12.1	9.5	2.54
2018	26.5	26.5	0.04
2017	15.8	13.8	1.98

¹ Corporate social investment is included in the socio-economic development table on the previous page

HUMAN RIGHTS

Sibanye-Stillwater conducts its business in line with national legislation, including the Constitution and the Labour Relations Act, as well as the International Labour Organization guidelines.

No human rights violations were reported during 2019. The SA gold operations' five-month long industrial action resulted in 10 fatalities which included community members. For more information about the strike, please refer to [+](#) page 153 in *Empowering our workforce*. The Human Rights Commission investigated the strike and its impact and reported that the Group had not violated any human rights during the period.

Challenges related to illegal mining at our SA gold operations continue. The Group has invested a significant amount in bolstering internal security and other crime prevention measures. Group strategy is to continue to influence the sector and public policy, while clearing out illegal mining activities.

For the impact of illegal mining on communities, [📄](#) see the fact sheet: *Combatting illegal mining at the SA operations*.

PROCUREMENT AND ENTERPRISE DEVELOPMENT

Participation by local community businesses in Sibanye-Stillwater is one way of contributing to the economic development of communities around our mining operations. Issues relating to local procurement and enterprise development were a major cause of strained relationships between our business and local communities in 2019.

Procuring services from local suppliers can be a challenge. Some of the issues are a lack of relevant mining skills, pricing and contract deliveries. Despite the challenges, however, we achieved a local spend of 74% across all our operations in 2019 (2018: 77%).

In response to the challenges of local procurement, our enterprise and supplier development strategy has been developed to focus on:

- strengthening engagement with local stakeholders in our supply chain, including business forums, SMMEs and local businesses
- transparently sharing information about what we buy, opportunities available and our processes through workshops, open days and the implementation of Coupa (see below for details)
- funding assistance
- enterprise and supplier development programmes, including capacity-building SMME workshops
- proactively identifying SMMEs and potential joint ventures

- unlocking opportunities for local suppliers through ring-fencing commodities and unbundling (see below for details)

We have employed Phakamani Capital, an enterprise development service provider to assist us in coaching and developing the skills required to support local suppliers and drive sustainability. Through Phakamani, 399 individuals were trained in 2019.

Phakamani also runs the Sibanye-Stillwater R11.5 million loan facility to disburse to suppliers to help them meet their commitments to us as a business. In 2019, 130 loans were approved to the value of R24.4 million for the benefit of 45 SMMEs, including 36 youth and 63 female entrepreneurs, and a total of 1,309 jobs were created and sustained as a result.

Phakamani has a presence in our enterprise development centres which we established across our operations in 2019 and which are based at Theunissen, Welkom, Westonaria, Carletonville (a shared centre with AngloGold Ashanti) and Rustenburg. The centres are a first port of call for our communities with us as a business. Business training takes place from the centres and computers and internet access are provided for registration as suppliers. Black Umbrella, the small business incubation centre, is currently located at Mooiooi for our Marikana operation.

We are in the process of implementing the Coupa system, a spend management, cloud-based application, which will fundamentally transform the way we on-board suppliers, source, contract, procure and invoice goods and services. Coupa went live across the various operations beginning November 2019, with a full roll out planned by January 2021.

As a result of Coupa, processes across Sibanye-Stillwater will be streamlined and standardised to fit industry best practices. The entire procure-to-pay process will be simplified, made visible and transparent across the sourcing, contracting and procurement value chain for employees as well as for our suppliers. Coupa will also support and provide flexibility for our smaller, local suppliers as it is not necessary to be a registered vendor on the new system.

Coupa awareness sessions and training took place for all employees in 2019. Awareness sessions were completed for suppliers in the form of an internal roadshow, while additional, hands-on support was made available.

With each supplier engagement we emphasise the importance of transformation in meeting Charter requirements and retaining our licence to operate. Transformation also enables us to work with our communities and live up to our vision of improving lives. During our engagements, we investigate ways in which our suppliers can help us meet our Charter obligations, including the unbundling of opportunities on contracts with large suppliers. An intensified programme to unlock opportunities for local suppliers is being rolled out with focus on some 10 ring-fenced commodities.

Mining Charter 3 stipulates that a minimum of 70% of total mining goods procurement spend must be on South African manufactured goods that are SABS-approved. Of that 70%, 5% is to be spent on goods produced by women- or youth-owned and controlled companies. Sibanye-Stillwater worked with our suppliers to obtain the necessary information, which was provided by our suppliers in a signed affidavit and the answers captured in a database. Our status in this regard will be able to be assessed by the end of the first quarter 2020.

SOCIAL UPLIFTMENT AND COMMUNITY DEVELOPMENT CONTINUED

SA operations: discretionary BEE procurement¹ (%)

	Mining goods target	Services target
	Target 70%	Target 80%
Gold		
Beatrix	81	51
Cooke 1, 2 and 3	79	38
Cooke 4	81	64
Driefontein	84	67
Kloof	84	75
PGM		
Kroondal	91	86
Rustenburg	84	78
Marikana	68	74
Total	81	73

¹ The Mining Charter's procurement targets apply to procurement that 'excludes non-discretionary procurement expenditure' – this excludes expenditure that cannot be influenced, such as procurement from the public sector and state enterprises. Procurement targets therefore apply to discretionary expenditure over which Sibanye-Stillwater has influence

SA operations: total empowerment spend (2019)

Black-owned ¹ (historically disadvantaged South African) businesses	R million	% of total spend
Male-owned	R5,397	31
Women-owned	R2,744	15
Total	R8,141	41

¹ Ownership greater than 51%

SA local discretionary and BEE procurement expenditure

	Total discretionary procurement (Rm)	Local BEE procurement spend (Rm)	% of BEE procurement
2019	R19,622	R14,529	74
2018	R13,755	R10,624	77

US OPERATIONS

Our operating context

The US PGM operations' community challenges differ from those of South Africa. In the US, Sibanye-Stillwater's operations are situated in two rural counties in Montana. Through the Company's Good Neighbor Agreement, we have engaged closely with local environmental and community groups since 2000 to collaboratively address environmental and community issues and concerns.

In addition to its collaborative community relationships, the regulatory environment in Montana also limits negative impacts of the Company's operations on local communities. The Montana legislature enacted Montana's unique Hard Rock Mining Impact Act (HRMIA) in 1981. The purpose of the HRMIA is to ensure that large-scale mineral development will not burden the local taxpayer, as large-scale mineral development can bring with it an influx of demands on local government entities. There is also often a lag time between when the demands on local government units occur and the tax revenue stream from production of a mining property arrives. The HRMIA ensures that the needs of a host community are addressed as they occur.

In some cases, the development of a new hard rock mine may result in little or no increased cost for local government units. In other cases, the increase in service and facility needs and costs may be substantial. In either situation, the construction and operation of the mine will bring increased employment to the impact area and, eventually, increased tax base and tax revenue to the affected local government. The company's compliance with the HRMIA has meant that infrastructure and public school system burdens were addressed.

In addition to contributions to state and local tax bases through the HRMIA and other state and federal taxes, the US region contributes to its communities through our Community Giving Team. Our Community Giving Policy prioritises initiatives that support rural emergency and health care services, education (especially science, technology, engineering and mathematics), local community improvement activities and environmental stewardship. A seven-member Community Giving Team was created in 2018 to implement our policy, an important aim of which is to support communities directly adjacent to our mines and processing facilities. The Team meets monthly to evaluate requests.

In 2019, the Community Giving Team supported organisations with a combined donation of US\$398,567. The company hosted a golf tournament in August that raised over US\$35,000 for the St. Vincent Health Care HELP Flight. The HELP (Helicopter Emergency Lifesaving Program) Flight air ambulance programme provides air transportation for seriously ill or injured patients. This air ambulance service is critical for the rural communities where our employees live and work.

In addition, the Community Giving Team continued to support the Yellowstone Bighorn Research Association, a local field research site which since 1936 has played a vital role in the education of over 7,000 university students, providing a launchpad for successful careers in government, academia, and the resource and environmental industries. The Team also supported a local working group dedicated to creating collaboration over public land access issues; the Special K Ranch, which is a local home for special needs adults in an agricultural setting; and the Elk River Writing Project, a Montana State University Billings-based organisation focused on teaching professional development opportunities with a focus on best literacy practices across all content areas, Indian Education for All, and place-based education.

The Community Giving Team continues to focus on the Sibanye-Stillwater's commitment to environmental stewardship through contributions to entities like the Sand County Foundation, which encourages private landowners to engage in conservation activities that foster enduring environmental improvements. In 2019, the Team sponsored the Sand County Foundation's inaugural presentation of the Leopold Award in Montana. The award was presented to a ranching family in central Montana who have restored prairies with deep-rooted, diverse vegetation to increase the soil's ability to infiltrate and hold water and implemented high-intensity, rotational grazing practices to feed their beef cattle.

The Community Giving Team also partnered with Wheaton Precious Metals, with whom the US region has a commercial financing relationship, to provide funds to a local high school environmental club that is installing a solar array at its premises.

GOOD NEIGHBOR AGREEMENT

In 2000, the then Stillwater Mining Company signed the Good Neighbor Agreement, together with three local stakeholder organisations: the Northern Plains Resource Council, the Stillwater Protective Association and the Cottonwood Resource Council.

Unique within the mining industry, the Good Neighbor Agreement provides an innovative framework for the protection of the natural environment while encouraging responsible economic development. It legally binds us to certain commitments and holds us to a higher standard than that required by federal and state regulatory processes.

Our commitments include transparent and productive interaction with all affected stakeholders, using the Good Neighbor Agreement as a vehicle for dispute resolution and positive stakeholder engagement.

For further information,  see the fact sheet, *Working together: the Good Neighbor Agreement*.

US operations: social activities and related expenditure (US\$)

	2019	2018	May-December 2017
Community projects (39%)	154,945	162,600	60,050
Education (30%)	118,380	94,130	37,760
Youth activities (14%)	58,142	50,900	53,125
Emergency services (10%)	39,700	44,700	28,750
Cultural activities (9%)	27,400	35,500	15,100
Total	398,567	387,830	194,785

US local procurement expenditure

	Total procurement (US\$m)	Local procurement spend (US\$m)	% of local procurement
2019	334.8	103.3	31
2018	290.5	92.1	32

FUTURE FOCUS

SA OPERATIONS

We will focus on regional collaboration with key partners to ensure that the programmes we support will be sustainable during and after life of mine. The programmes will focus on economic diversification to catalyse job creation and developing skills to support these alternative economic activities in areas around our operations.

US OPERATIONS

In 2020, our US operations will continue to focus on meaningful contributions that will enhance the well-being of local communities, assist local first-responders, provide education opportunities to local students and promote environmental stewardship. Our Community Giving Team will also expand its role as company ambassador by adding an employee Volunteer of the Year Award and a community service project.