

## **SIBANYE-STILLWATER'S COMPLIANCE REPORT ON RESPONSIBLE SOURCING OF PLATINUM/PALLADIUM**

The London Platinum and Palladium Market (LPPM) Responsible Platinum/Palladium Guidance (RPPG) has been established for Good Delivery Refiners to adopt high standards of due diligence in order to combat systemic or widespread abuses of human rights, to avoid contribution to conflict, to comply with high standards of anti-money laundering and combating terrorist financing practices.

Sibanye Stillwater Limited ("Sibanye-Stillwater") is a leading international precious metals mining company, with a diverse portfolio of platinum group metals (PGMs) operations in the United States and Southern Africa, gold operations and projects in South Africa, and copper, gold and PGM exploration activities in North and South America.

The company is the world's largest primary producer of platinum and rhodium, the second largest primary producer of palladium and a top tier gold producer, ranking third globally on a gold equivalent basis, as well as a significant producer of other PGMs and associated minerals such as chrome.

Sibanye-Stillwater and its refinery, the Western Platinum Proprietary Limited Precious Metals Refinery ("WPL PMR"), aims to comply with the LPPM Responsible Platinum/Palladium Guidance through the adoption and implementation of our Policy for the responsible sourcing of Platinum/Palladium ("the Policy") and our Framework for the responsible sourcing of Platinum/Palladium ("Framework"). Steps taken in this regard are detailed in this report.

LPPM RPPG Version 1 was first adopted and implemented by the company in January 2020. The LPPM updated and communicated LPPM RPPG Version 3 during March 2021 with an effective date of 1 March 2021. This compliance report is for the period 1 July 2020 to 30 June 2021 and we note the limited time available during the reporting period to fully implement LPPM RPPG Version 3. We are in process of aligning with LPPM RPPG Version 3 and aim to be compliant by 31 December 2021. Refer to table 2 below for a

description of our responsible sourcing activities conducted during the reporting period and for disclosure of the specific elements of RPPG Version 3 which we are in process of aligning with.

Table 1: Refiner's details	
Refiner's name	Western Platinum Proprietary Limited's (WPL) (a subsidiary of Sibanye Stillwater Limited) Precious Metals Refinery (PMR)
Location	4/130 Platinum Road, Vulcania X 2, Brakpan, South Africa
Sibanye-Stillwater year end	31 December 2021
Reporting Period	1 July 2020 – 30 June 2021
Date of report	12 October 2021
Senior Management responsible for this report	Richard Stewart (Group Chief Operating Officer) and Marizaan Siegert (Manager Corporate Compliance and the Sibanye-Stillwater Platinum and Palladium Responsible Sourcing Compliance Officer)

Table 2: Summary of activities undertaken to demonstrate compliance	
<b>Step 1: Establish strong company management systems</b>	
<b>Compliance Statement with Requirement:</b>	
Sibanye-Stillwater has partially complied with Step 1 of the LPPM RPPG Version 3 (note commentary above and description of activities in 1.1 and 1.4 below for aspects of partial compliance). The Company has established management systems.	
1.1. Sibanye-Stillwater has adopted a company policy regarding due diligence for supply chains of Platinum/Palladium.	
<b>Comments and Demonstration of Compliance:</b>	
Sibanye-Stillwater recognises the risks of significant adverse impacts that may be associated with extracting, processing, trading, handling and exporting minerals. We recognise the need to combat systematic or widespread abuses of human rights, to	

**Table 2: Summary of activities undertaken to demonstrate compliance**

avoid contributing to geopolitical conflict, to comply with high standards of anti-money laundering practices and to combat terrorist financing practices.

Sibanye-Stillwater reviews its Policy for Responsible Sourcing of Platinum / Palladium (the "Policy") from time to time with the last amendment effected in March 2021 to align with RPPG Version 2. This amendment was approved prior to the release of LPPM RPPG Version 3. Through our Policy, we strive for engagements and operations that are conducted in accordance with the LPPM's Platinum/Palladium Guidance and with the Organisation for Economic Co-operation and Development Due Diligence Guidance for the Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Our Policy is applicable to all personnel including suppliers, service providers and agents in the Platinum/Palladium responsible sourcing supply chain.

We are of the view that the only additional activities which LPPM RPPG Version 3 will add to our existing responsible sourcing practices is the extension of an appropriate due diligence to third-party suppliers of our depositing customers. We are in the process of adopting the required updates to our Policy and Framework, based on LPPM RPPG Version 3 (effective from 1 March 2021), including extending the application of the Policy and Framework to third-party suppliers of our depositing customers. Updates to the LPPM RPPG Version 3 expectations and requirements into the Policy and Framework will be concluded by 31 October 2021, with implementation to begin immediately thereafter. Full implementation is expected by 31 December 2021.

1.2. Sibanye-Stillwater has set up an internal management structure to support supply chain due diligence.

Comments and Demonstration of Compliance:

An internal management system, as described in the Framework, has been set up to define the governance, roles and responsibilities, procedures, communications and senior management review as per the Policy.

The Responsible Sourcing Committee ("RSC") has been established to govern the Policy, Framework and responsible sourcing practices and its members have been selected from senior management across several operational and functional areas,

**Table 2: Summary of activities undertaken to demonstrate compliance**

including operations, business development, marketing, protection services, compliance, risk, technical, and environmental, social and governance.

The RSC oversees the responsible sourcing of Platinum/Palladium, reviews and assesses the supply chain due diligence and approves the counterparties after discussion and appropriate risk mitigation. The Compliance Officer and the Due Diligence Officer manage, supervise and review the due diligence process and report directly into the RSC.

The RSC reports to Sibanye-Stillwater's Executive Committee (Exco). The Exco is supported by the Sibanye-Stillwater Board of Directors, who will have oversight of the supplier due diligence outcomes on high-risk items.

Training was provided to selected employees and management involved in the Platinum/Palladium supply chain during the reporting period. Employees involved in the receipt and analyses of third-party material were included in the training in order to ensure heightened awareness and detection of potential issues.

1.3. Sibanye-Stillwater has established a strong internal system of due diligence, controls and transparency over Platinum/Palladium supply chain, including traceability and identification of other supply chain actors.

Comments and Demonstration of Compliance:

Sibanye-Stillwater has an established Platinum/Palladium material receipt process. Specific documents must be received and transactional details entered before we process any Platinum/Palladium containing material. Each lot received must be accompanied by the appropriate documentation in support of the material.

These documents are registered in our transactional system and confirmed through a weighing, sampling and evaluation protocol. The weight data is captured in the weighbridge management system and transferred into the Sibanye-Stillwater Metal Accounting System (MES). Approved sampling data is stored in the Laboratory Information Management System (LIMS) and also transferred into MES, Sibanye-

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Stillwater will ensure that these records are maintained for at least five years following our year end.

Any form of non-compliance is reported to the Manager Metallurgical Accounting – Technical Services and to the RSC. No such matters were brought to the RSC during the reporting period.

All transactions are carried out by electronic transfer of funds and no cash transactions were made.

1.4. Sibanye-Stillwater is in the process of strengthening company engagement with Platinum/Palladium supplying counterparties, and where possible, assisting Platinum/Palladium supplying counterparties in building due diligence capabilities.

Comments and Demonstration of Compliance:

At the acceptance stage Sibanye-Stillwater communicated with its Platinum/Palladium counterparties advising them of our Policy and responsible sourcing expectations and requirements. During the reporting period, site visits to specific counterparties were conducted and were used as an opportunity to share Sibanye-Stillwater's Policy and Framework in more detail, to share our compliance expectations and to help our counterparties continuously improve their responsible sourcing processes. We were unable to carry out one scheduled site visit for a low-risk customer during the period due to Covid-19 restrictions. This visit has been rescheduled for early October 2021.

The Framework is currently being updated with amendments (to align with LPPM RPPG Version 3) to assess if adequate due diligence is carried out by counterparties on their third-party suppliers. Should it be assessed that counterparties haven't taken reasonable steps to carry out due diligence on their suppliers (third parties), the business relationship may be suspended / discontinued and a risk mitigation strategy will be implemented. The draft Framework further provides for suspension or discontinuation of the engagement with suppliers where we have identified that unresolved risks may exist in the supply chain of a third-party.

**Table 2: Summary of activities undertaken to demonstrate compliance**

1.5. Sibanye-Stillwater has established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management.

Comments and Demonstration of Compliance:

Sibanye-Stillwater has deployed a mechanism across the organisation which allows for the confidential reporting of unethical behaviour such as fraud, corruption, illegal mining, product theft, theft of company property, clocking fraud, copper theft or theft of explosives anonymously.

This tip-off mechanism has been expanded to ensure that any concerns over the responsible Platinum/Palladium sourcing management system or newly identified risk can be reported.

This tip-off mechanism is exclusively monitored by Protection Services who have an established protocol to elevate reports regarding responsible sourcing of Platinum/Palladium to the Due Diligence Officer and from there to the RSC. No specific concerns requiring the intervention of the RSC were raised with the RSC during the reporting period.

**Step 2: Identify and assess risks in the supply chain**

**Compliance Statement with Requirement:**

Sibanye-Stillwater has partially complied with Step 2 of the LPPM RPPG Version 3 (note commentary above and description of activities in 2.2 below for aspects of partial compliance). The Company identifies and assesses risk in the supply chain.

2.1. Sibanye-Stillwater has a process to identify risks in the supply chain

Comments and Demonstration of Compliance:

Counterparties are requested to complete a due diligence questionnaire which forms the basis for our Know Your Supplier ("KYS") checks.

The risk and insurance unit manager, who is a member of the RSC, conducts an initial risk assessment based on the information gathered from the due diligence process for all new counterparties following the initial due diligence process. The risk

**Table 2: Summary of activities undertaken to demonstrate compliance**

assessment is performed in accordance with the Framework and the established risk assessment matrix. Sibanye-Stillwater will conduct enhanced due diligence should any potential high risks be identified and will include, as a minimum, an on-site visit to assess the specific risk.

The initial and mitigated risk assessment is then discussed and ratified by the RSC and is minuted accordingly. A risk management strategy will be implemented should the RSC assess it necessary.

Counterparties will be monitored on an ongoing basis and the risk will be re-assessed should there be a change in feedstock, contract terms, beneficial ownership, or if any red flags are raised after its' initial approval.

**2.2. Sibanye-Stillwater is in the process of assessing risks in light of the standards of their due diligence system**

Comments and Demonstration of Compliance:

Sibanye-Stillwater adopted the Policy and Framework (aligned to LPPM RPPG Version 2) and completed a due diligence process on its Platinum/Palladium counterparties in accordance with our Policy and Framework. The due diligence consisted of internal and independent third-party verification of information provided via our responsible sourcing due diligence questionnaire (including, for example, the existence of the counterparty and its shareholders; information on key management individuals; confirmation of the origin and logistics of the material and security arrangements). Existing external counterparties completed an annual responsible sourcing declaration.

Once the Responsible Sourcing Committee has approved the updated Policy and Framework by 31 October 2021 (referred to in Step 1.1), aligning the Policy and Framework with LPPM RPPG Version 3, it will immediately be rolled out to all relevant depositing customers and implemented. A full due diligence process throughout the supply chain, beyond the direct supplier, will be conducted, where necessary. Based on Sibanye-Stillwater's existing depositing customer profile, 2 counterparties have been identified with third-party suppliers of material – these 2 counterparties will be

Table 2: Summary of activities undertaken to demonstrate compliance
<p>prioritised once the revised Policy and Framework is implemented. Full implementation is expected to be concluded by 31 December 2021.</p> <p>The RSC assessed the initial, and mitigated, risks identified in accordance with the Framework and no counterparties were assessed to be high risk by the RSC.</p>
<p>2.3. Sibanye-Stillwater reports risk assessment to the designated manager</p>
<p><u>Comments and Demonstration of Compliance:</u></p> <p>The risk assessment of a counterparty is presented and discussed at the RSC. Should the RSC be comfortable that the potential risks have been appropriately mitigated, the RSC will approve the counterparty. Where necessary, the RSC will request that a risk management strategy be implemented and reported on in future meetings. The risk assessment is then signed off by senior management.</p>
<p><b>Step 3: Design and implement a management system to respond to identified risks</b></p>
<p><b>Compliance Statement with Requirement:</b></p> <p>Sibanye-Stillwater has complied with Step 3. The Company has designed and implemented a management system to respond to identified risks.</p>
<p>3.1. Sibanye-Stillwater has a process to report findings to Senior Management</p>
<p><u>Comments and Demonstration of Compliance:</u></p> <p>Sibanye-Stillwater has various avenues of reporting on suppliers' information gathered, and actual and potential risks identified in the supply chain, to Senior Management. The RSC holds regular meetings that includes Senior Management where suppliers are discussed. These discussions include information gathered on suppliers and their leadership, potential and actual risks according to the risk assessments compiled. The Due Diligence and Compliance Officers and other RSC members have direct access to Senior Management to report findings.</p>
<p>3.2. Sibanye-Stillwater has devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk</p>
<p><u>Comments and Demonstration of Compliance:</u></p> <p>For medium and high-risk counterparties, should the RSC determine that certain risks exist that are required to be mitigated and addressed, a risk management strategy will be adopted after investigating to determine the appropriate course of action.</p>



<b>Table 2: Summary of activities undertaken to demonstrate compliance</b>
<p>Depending on the particular risk and the significance thereof, Sibanye-Stillwater will choose not to accept any counterparty material until the risk can be appropriately mitigated. The risk and insurance unit manager has been tasked with providing a report to RSC that contains notification of the risk strategy to be adopted.</p>
<p>During the reporting period, the RSC decided to mitigate a specific risk while continuing to trade with one (1) depositing customer – a risk management strategy has been adopted and implemented for the customer and progress is monitored by the Responsible Sourcing Compliance Officer and RSC. No counterparties were suspended or disengaged during the reporting period.</p>
<p>During the period under review, Sibanye-Stillwater declined a delivery from one counterparty due to a waybill discrepancy. An investigation confirmed the origin of the material and the counterparty corrected the error.</p>
<p>3.3. Where a management strategy of risk mitigation is undertaken, it should include measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated Senior Management.</p>
<p><u>Comments and Demonstration of Compliance:</u></p> <p>In addition to the counterparty referred to in 3.2 above (mitigated while continuing to trade) and the risk management strategy implemented, for another counterparty, the RSC has identified certain risks in respect of an individual within the leadership structure of the counterparty. The risk element is being monitored and reported on by the Due Diligence Officer. If required, the Due Diligence Officer will report back immediately to the RSC Committee on any adverse findings.</p>
<p><b>Step 4: Arrange for an independent third-party audit of the supply chain due diligence</b></p>
<p><b>Compliance Statement with Requirement:</b></p> <p>Sibanye-Stillwater has complied with step 4. The Company has arranged for an independent third-party audit of the supply chain due diligence</p>
<p><u>Comments and Demonstration of Compliance:</u></p>

Table 2: Summary of activities undertaken to demonstrate compliance
<p>Sibanye-Stillwater has engaged the services of PricewaterhouseCoopers Incorporated to provide a limited assurance conclusion on Sibanye-Stillwater's assertions and description of activities contained in this Compliance Report. The assurance report is attached hereto and available on our website:  <a href="https://www.sibanyestillwater.com/responsible-sourcing/2021/assurance-report">https://www.sibanyestillwater.com/responsible-sourcing/2021/assurance-report</a></p>
Step 5: Report on supply chain due diligence
<p><b>Compliance Statement with Requirement:</b>  Sibanye-Stillwater has complied with step 5 in that it has reported on its supply chain due diligence.</p>
<p><u>Comments and Demonstration of Compliance:</u>  This Compliance Report, covering our Policy, Framework and responsible sourcing practices for the reporting period, has been approved by the RSC and signed by the relevant senior management. The Compliance Report is available to the public and included on our website.  <a href="https://www.sibanyestillwater.com/responsible-sourcing/2021/compliance-report">https://www.sibanyestillwater.com/responsible-sourcing/2021/compliance-report</a></p> <p>With reference to the specific activities that are in progress to align with LPPM RPPG Version 3 (refer section 1.1, 1.4 and 2.2 above), Sibanye-Stillwater have adopted a Corrective Action Plan and commits to implementing the LPPM RPPG Version 3 by 31 December 2021. We have identified two counterparties with third-party suppliers of material – these two counterparties will be prioritised once the revised Policy and Framework is implemented.</p>

Table 3: Management conclusion
<p>Is the refiner in compliance with the requirements of the LPPM Responsible Platinum/Palladium Guidance for the reporting period?</p>
<p><u>Sibanye-Stillwater overall conclusion:</u>  Apart from the specific activities that are in progress to align with LPPM RPPG Version 3 (refer section 1.1, 1.4 and 2.2 above), and the Corrective Action Plan implemented to address these matters, Sibanye-Stillwater has an established policy, management system, procedures, processes and practices to comply with the requirements of the LPPM RPPG as explained above in Table 2, for the period 1 July 2020 to 30 June 2021.</p>

**Table 3: Management conclusion**

Sibanye-Stillwater is committed to compliance with LPPM RPPG Version 3 by 31 December 2021 and continuous improvement.

**Table 4: Other report comments**

If users have any queries or wish to provide any feedback to Sibanye-Stillwater in respect of this report, please email: [marizaan.siegert@sibanyestillwater.com](mailto:marizaan.siegert@sibanyestillwater.com).



**Richard Stewart**

**Senior Management, Responsible Sourcing Committee  
(Group Chief Operating Officer)**

12 October 2021



**Marizaan Siegert**

**Platinum and Palladium Responsible Sourcing Compliance Officer  
(Manager Corporate Compliance)**

12 October 2021