


COMPLIANCE MANAGEMENT POLICY



Corporate Governance and Compliance



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Document Author/Owner	Carinka van der Watt

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Compliance Manager	Carinka van der Watt		07/06/2016
Chief Financial Officer	Charl Keyter		07/06/2016

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1. Executive Summary

The policy sets the framework for the management of compliance risk within Sibanye ("The Company") by defining the concept of compliance risk, structure of the Compliance Office and governance. The policy elaborates on the role of the Compliance Office and matters connected herewith.

2. Policy Intent

2.1 Objective

The objective is to provide a structured and benchmarked framework within which executive and operational management and the Compliance Office can engage from an agreed compliance risk management platform in order to reinforce a compliance culture, embed and embrace the compliance methodology and foster an environment for pro-active and informed collaboration and decision making.

2.2 Scope

The policy focuses on controls and mitigating action implemented by the Company and all its operating entities to ensure compliance to relevant statutory, regulatory, supervisory and other defined requirements.

Compliance risk consists of two elements; namely, regulatory and reputational. Regulatory risk in this context is the risk that the Company and all its operating entities do not comply with all defined statutory, regulatory, supervisory and other defined requirements or the exclusion of same from operational procedures. Reputational risk is the risk that the Company may be exposed to, such as negative publicity due to inter alia, the contravention of applicable statutory, regulatory and supervisory requirements by the Company or operating entities as well as by employees during the conduct of business.

The policy encompasses the Company, inclusive of all operations, legal entities, and all significant subsidiaries including Joint Ventures (JV's), in which the Company has an interest of 50% or greater. The requirements also apply to any subsidiaries, including JV's which they in turn own, where the interest is greater than or equal to 50% and applied consistently down the ownership chain. Entities in which the Company has a less than 50% ownership, is encouraged to apply these or similar requirements.

2.3 Approach

The management of compliance risk entails a collaborative and aggregated effort. All relevant functional departments and employees need to be conversant with the policy, the regulatory requirements applicable to their operation or business unit, and the content of the risk management plan(s) embedded to manage related compliance risks.

The framework set by the policy is executed by the embedment and execution of the Company's Compliance Methodology. The Company subscribes to a zero tolerance policy in respect of non-compliance with laws, regulations, supervisory and other defined requirements.

3. Policy Governance

3.1 Governance Structure

The policy is aligned with the Company's governance structure. The Compliance Office will coordinate the drafting/revision of the policy as and when needed.

3.2 Implementation

The Compliance Office will facilitate and manage the implementation of the policy via the current management structures across the Company.

3.3 Compliance Office

The Compliance Office operates across multiple disciplines within the Company's management structures. Its mandate is to facilitate the management of compliance risk by the effective embedment of the compliance methodology and furnishing advice and guidance relating to compliance issues of strategic nature.

The function is authorised and mandated by the Board and resides on four pillars: identifying and measuring compliance risk, facilitating the mitigating compliance of risk, compliance oversight and rendering compliance related advisory services. On executing, the following objectives are contracted:

- Regulatory Universe;
- Regulatory Risk Profiles;
- Compliance Risk Management Plans;
- Compliance reporting;
- Strategic compliance initiatives and projects; and
- Compliance advisory services.

In order to effectively fulfil its responsibilities and to meet requirements while still being close to the business, the Compliance Office utilises a combination of centralised and decentralised structures. The Compliance Office comprises of the Compliance Officer who has a functional reporting line to the Chief Financial Officer, who in turn has direct access to the Executive Committee as well as the members of the Board.

4. Compliance Methodology

The methodology consists of three phases: Regulatory scanning and compliance risk identification, embedment of compliance risk profiles and risk management plans, and compliance oversight.

4.1 Regulatory scanning and profiling

Scanning and profiling entails the determination of applicable regulatory and compliance requirements to a defined business unit or operation and to subsequently measure the risk exposure in the event of non-compliance. To determine this value, seriousness of non-compliance (impact of financial loss and reputation loss) and probability of non-compliance (determined by assessing the effectiveness of current controls) are assessed with the assistance of selected employees rendering a subject-matter-expert and/or business application role.

4.2 Compliance Risk Management Plans

The intent of these plans is to map/align the prescriptive sections per regulatory requirement with the array of controls the business has to implement over time. This mapping is conducted by control and process owners in the operations who have been executing the controls in the normal course of business. The outcome of such an exercise depicts clearly potential shortcomings that may result in or create a situation for a non-compliance risk to materialise.

The plans form an integral part of the management of compliance risk and contain control procedures, with responsibilities and target dates that indicate how the risks are managed or will be managed. Preventative controls aim to lower the probability of the risk occurring, whilst contingent controls should reduce the severity of the impact should the risk materialise. In addition, the plan is an indication of the current status of the control environment under review and all controls listed are either already in place or are in the process of being implemented by the specified target dates. The plans should be utilised by management to evaluate the compliance risk profile of the activities conducted by the operation or business unit, and to assess the impact of additional and listed controls on the overall risk level associated with these activities.

4.3 Oversight

Oversight focusses on the assessment of the adequacy of control in terms of their design effectiveness as well as the operational effectiveness of application, i.e. effective and consistent utilisation and application of the controls by employees. The Compliance Office subscribes to the Combined Assurance Model, in terms of the various levels of reviews being conducted by internal control functions. As such, the Compliance Office focuses on defined and selected regulatory requirements or themes identified within those requirements.

The oversight function is rendered by deploying three methods of oversight:

- Management self-assessment;
- Focused limited/comprehensive reviews per defined regulatory requirement;
- Hot Spot Reviews.

The intent is to formulate, with input from reviews conducted as part of the Combined Assurance Model, a view on the effectiveness level of the control environment, derive a risk value associated with shortcomings in this environment, prepare a root cause analysis for shortcomings, table recommendations for implementation of new/amended control procedure, compliance risk preventative guidance and facilitated contingency actions and execute on multi-level reporting.

5. Commitment and Consequences of Non-Compliance

As stated, the management of compliance risk requires a collaborative and aggregated effort. The nature and extent of the policy provision and more specifically the embedment of the Compliance Methodology are enabling factors to achieve this. Commitment by management is therefore imperative since the consequences of non-compliance can potentially result in license withdrawal, statutory censure and a non-recoverable damaged reputation.