



# CLIMATE CHANGE

Position statement

This position statement sets out Sibanye-Stillwater's position and approach to climate change.

# ESG Position statement

## Climate change

This position statement sets out Sibanye-Stillwater's position on climate change and our approach to reduce greenhouse gas (GHG) emissions. Sibanye-Stillwater is committed to expanding its role in providing a cleaner and sustainable environment and improving lives. Our climate change vision is to contribute towards a global climate change solution through the reduction of GHG emissions from our operations, the adoption of technologically innovative solutions to curb and manage the impacts of climate change, and the pursuit of a measured transition towards a low carbon future, in line with the goals of the Paris Agreement and other international protocols.

## Our Vision statement

Superior value creation for all our stakeholders through the responsible mining of our mineral resources.

## Our Environmental vision statement

Promoting natural resources and improving life - sustainable use of our natural resources through increased environmental consciousness and continual improvement, minimising environmental impacts and a measured transition to a low carbon future enabled by adopting technologically innovative approaches.

## ESG Policy reference

Sibanye-Stillwater conducts its business in an ethical and responsible manner for the benefit of all stakeholders in accordance with the Group's Integrated Governance Framework.

The Group seeks to build a sustainable post-mining economy, within its geographical footprint through the development of programmes that contribute and support our ESG strategy.

Sibanye-Stillwater commits to:

- promote awareness and drive initiatives to combat the impact of global warming and climate change:
  - reduce emissions and strengthen resilience to climate change
  - drive a climate-resilient business – deploy strategic and operational interventions to ensure that climate-related risks are managed
  - set emission reduction targets informed by the latest globally available scientific body of knowledge
  - influencing and advocacy – influence climate-related policy and decision-making through advocacy and participation in various forums and stakeholder platforms
  - encourage our supply chain partners to adopt climate-resilient risk management approaches
- sustainably use and source renewable and non-renewable resources through conservation and effective and efficient management programmes and initiatives
- drive environmental, health and safety education and awareness initiatives to improve all stakeholder livelihoods
- deploy effective risk management strategies, taking into consideration ESG risks and stakeholder perceptions of risks
- adhere to the requirements as set out in Sibanye-Stillwater's policies, position statements and procedures



## Recognition statements

Rising fossil fuel burning and land use changes continue to emit increasing quantities of GHGs into the Earth's atmosphere. These GHGs include amongst others, carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrogen dioxide (N<sub>2</sub>O). A rise in these gases causes an increase in the solar heat that remains in the Earth's atmosphere, instead of being radiated into space. This increase in heat leads to the greenhouse effect, which results in climate change. Climate change refers to a change in the state of the climate that can be identified (e.g. by using statistical tests) by changes in the mean and/or the variability of its properties, and that persists for an extended period, typically decades or longer<sup>1</sup>. The main characteristics of climate change are increases in average global temperature (global warming); changes in cloud cover and precipitation particularly over land; melting of ice caps and glaciers and reduced snow cover, and increases in ocean temperatures and ocean acidity – due to seawater absorbing heat and carbon dioxide from the atmosphere.

Sibanye Stillwater, as a member of the International Council on Mining and Metals (ICMM)<sup>2</sup> and a global precious metals mining company is committed to playing a leading role in the fight against climate change. Sibanye-Stillwater recognises that:

- climate change is a serious global challenge with significant disruptive impacts on life (human, fauna, and flora) ecosystems and our environment, which will undeniably affect all aspects of society, including environmental quality, human health, and business operations
- the most visible consequences of climate change that may affect the environment we operate in are changes in local weather patterns with increasing occurrence of extreme weather, including drought, floods, and storms (Risk to tailings facilities, increase in water pumping costs) and this may exacerbate water scarcity, especially at our SA PGM (platinum group metals) operations
- there is a need for an urgent global response to the threat of climate change, across all areas of society and the economy
- climate change and its impacts emanate principally from anthropogenic activities, and without decisive and collaborative action from government, business, and society, it will have far-reaching impacts on all aspects of life. Sibanye-Stillwater has a role to play
- business needs to support the goal of the Paris Agreement, which is to limit global warming and increase in average global temperatures to below 2 degrees Celsius, but preferably to 1,5 degrees Celsius compared to pre-industrial levels
- there is a need to reduce emissions from the extraction and use of mining products and support collaborative market-based approaches to accelerate the use of low emission technologies as part of a transition to a low carbon energy mix
- there is value in climate-related disclosure. We will ensure that all information related to climate-related risks and opportunities, including disclosures made through the Task Force on Climate-related Financial Disclosures (TCFD) and the CDP (previously the Carbon Disclosure Project) are provided to stakeholders in a manner that promotes transparency. There is a duality between climate change and energy needs, it is therefore fundamentally important for the climate change debate to focus on clean, reliable, and affordable energy as long-term solutions
- in order for Sibanye-Stillwater to sustainably create wealth for all our stakeholders, our climate change approach has to focus on building organisational climate-change resilience and adaptability, to ensure that we manage climate risks and thrive on the opportunities brought about by the transition to a carbon-neutral economy

<sup>1</sup> Definition as per chapter the report titled Climate Change 2013 - The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

<sup>2</sup> The International Council on Mining and Metals is an international organisation dedicated to a safe, fair, and sustainable mining and metals industry through the strengthening of environmental and social performance, advocating for change, and enhancing mining's contribution to society.



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## Scope

This position statement outlines the guiding principles, recognition statements and intent of the Group across the mining value chain from prospecting, planning, construction, operation, closure and beneficiation insofar as climate change and the management thereof is concerned. This scope is applicable across all Sibanye-Stillwater operations and managed activities (including joint ventures and other partnerships), in jurisdictions where the Group operates.

## Intent

This position statement sets out Sibanye-Stillwater's approach to:

- Greenhouse gas emissions inventory: Combatting climate change and reducing our GHG emissions
- Climate change response programme: Entrenching climate adaptation and resilience practices in our operations

Sibanye-Stillwater is committed to contributing to a global solution by deploying responsible strategies and actions in the areas within which we operate:

- drive and achieve a carbon neutral position by 2040
- drive an absolute reduction of GHG emissions Scope 1, 2 and 3 in tCO<sub>2</sub>e
  - group to reduce absolute Scope 1,2 and 3 GHG emissions from a 2020 base year to achieve a science-based target (approved by the Science Based Target Institute – SBTi) that is required to keep global temperature increases below 2°C compared to pre-industrial temperatures
  - historically and using initially a base-year of 2010 and subsequently a revised 2018 base-year of 7,808,692 tCO<sub>2</sub>e, the Group set a target to reduce emissions by 27.3% in 2025, translating into an emissions reduction target of 5,676,919 tCO<sub>2</sub>e by 2025. For the 2020 reporting year, GHG emissions were reduced by 26.85% from the 2018 base-year, which translates to a 98.38% achievement against the 2025 target
- formulate a position on and investigate the feasibility of carbon offsets in line with legislation and other principles that can be used to offset carbon emissions and that has the potential to offset the financial liability imposed by carbon tax in specific jurisdictions

## Governance

### Management structure

Sibanye-Stillwater considers climate change to be the most pressing global environmental challenge of our time, a challenge which is inextricably linked to all other environmental challenges we face, be it water scarcity, land degradation including erosion, pollution or biodiversity loss – or countless socio-economic issues resulting from these challenges. Sibanye-Stillwater recognises how vital it is to proactively manage our carbon footprint.

The Social, Ethics and Sustainability Committee and the Risk Committee, both Board-level committees, have a role in advising on our climate change response. The Committees provide strategic direction and oversight. The Carbon and Air environmental specialist together with the Group Environmental Manager will ensure the effective implementation of our climate change response across the business.

The Chief Technical Officer (CTO) who reports to the Chief Executive Officer (CEO), has an oversight role and provide guidance on strategic and operational group technical issues including our climate change response and GHG emissions reduction strategy. The CTO supports the CEO in key decision-making by ensuring that strategic climate-related objectives translate into operational targets and initiatives. This takes place in conjunction with the Senior Vice President (SVP): Sustainability and the SVP: Environment, who oversees the integration of sustainability and environmental considerations, respectively, across the business.



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The SVP: Sustainability oversees and drives overall sustainability within the Group, and therefore any strategic issues on climate change fall within his/her mandate.

The SVP: Environment, reporting into the CTO is responsible for setting and driving the strategic direction on a range of environmental issues, including our climate change response and GHG emissions reduction strategy. The SVP will assist, guide and support the operational Executive Vice Presidents (EVPs), SVPs and Vice Presidents (VPs) in driving strategic objectives climate change and how best to deliver on the ESG strategic objectives and long-term environmental incentives.

The management, budgeting and operational compliance activities reside with each of the EVPs for the SA gold, SA PGM and US PGM operations respectively. The EVP and their respective teams will take accountability for all climate change initiatives and the costs thereof at their respective segments and operations.

The Segment EVP is ably supported by the relevant operational SVPs (e.g. SVP: Technical Services) and VPs (e.g. VP: Engineering), who take operational responsibility for climate change management. The Air Quality and Carbon specialist together with the Group Environmental Manager drives the climate change strategy and provides technical support to the operational teams for its implementation.

As an integral part of governance and under custodianship of the Group Risk Department, a comprehensive enterprise-wide risk management process is used to assess and rank, climate change related risks in the Group.

Furthermore, at Sibanye Stillwater we apply strong and transparent corporate governance by:

- publicly disclosing the Group's approach to climate change
- allocating clear responsibilities and accountabilities for the implementation of climate change adaptation strategies across all corporate, management, and site levels
- integrating climate-related considerations in business planning
- publicly reporting the Group's GHG emissions, progress towards emission reduction targets, energy consumption patterns and management strategies, material climate-related risks, opportunities, and management response using consistent industry metrics and recognised approaches

## Risk assessment and mitigation

The World Economic Forum's 2020 Global Risks Report found that climate change is the most urgent, long-term risk the world faces today. In 2019, Sibanye Stillwater conducted a Task Force on Climate-related Financial Disclosures (TCFD)<sup>3</sup> scenario-analysis, which drew from the principles of the ICMM report titled "Adapting to Changing Climate: Implications for the Mining and Metals Industry"<sup>4</sup>. The most significant risks were summarised as follows:

- changes in precipitation extremes and droughts in South Africa, which have the potential to impact surface infrastructure as well as underground mining operations
- drought-induced forest fires and flooding due to extreme precipitation or snowpack at our US operations
- expenditure implications and uncertainties related to the first phase of the South African Carbon Tax Act 15 of 2019 and the pending carbon budget system

<sup>3</sup> The Financial Stability Board established the TCFD to develop recommendations for more effective climate-related disclosures that could promote informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

<sup>4</sup> This report addressed three key issues pertaining to the mining and metals sector, namely: the importance of understanding the impacts of a changing climate and developing adaptation strategies; assessment of climate impact opportunities and risks, including evaluation methods; and available options for adapting to climate change impacts.



- energy related to carbon: Our South African mines are mature having operated for many decades and, by nature of their depth (mining up to 4.0km below surface), are energy intensive. For historical, regulatory, and policy reasons, they are also reliant mainly on coal-fired electricity supply from Eskom
- the markets we serve through the supply of commodities from our operations may change. As the world's energy and transportation systems evolve at an unprecedented pace to support a credible climate change response in line with developing regulation, the application of minerals will evolve creating substantial new demand opportunities as well as in some instances threats to demand

## Strategic objectives

Our GHG emission reduction strategy is in line with the Paris Agreement and the South African National Climate Change Adaptation Strategy (NCCAS). The principal goal of the Paris Agreement is to limit global warming to below 2 degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels, and to ensure that countries aim to reach global peaking of GHG emissions as soon as possible, to achieve a climate-neutral world by mid-century. The NCCAS makes provisions on the measures that must be in place to enable South Africa to meet its obligations towards the Paris Agreement. Sibanye-Stillwater's science-based emission reduction target supports both the Paris agreement and NCCAS goals by ensuring that climate-related objectives and targets are formulated using reliable assessments backed by the latest available science.

Three key strategic objectives underpin our approach to climate change and the reduction of GHG emissions, namely:

**Objective 1:** Drive a carbon neutral position by 2040 through the development, implementation, and execution of an energy and decarbonisation strategy.

**Objective 2:** Develop and roll-out a climate change response programme.

**Objective 3:** Demonstrate thought leadership in climate change management practices, risks and governance.

## Strategic initiatives

In order for us to meet the strategic objectives and targets on climate change, and to demonstrate commitment, the following environmental priorities and strategic initiatives are in place and/or will be pursued:

Strategic objective	Strategic initiatives
<p><b>Objective 1:</b> Drive a carbon neutral position by 2040 through the development, implementation, and execution of an energy and decarbonisation strategy.</p>	<ul style="list-style-type: none"> <li>• Participate in the development and revision of a dynamic integrated energy demand and GHG emissions model over LoM (life-of-mine)</li> <li>• Leverage decarbonisation, energy intelligence and active advocacy as important tactics to reduce our GHG emissions</li> <li>• Implement interim and long term, externally verified Group GHG emissions reduction targets to drive carbon neutrality by 2040</li> <li>• Report on progress against well-defined deliverables and targets</li> <li>• Reduce scope 1, 2 and 3 GHG emissions across Sibanye-Stillwater operations</li> <li>• Implement appropriate and value-adding nature-based solutions to offset carbon emissions; these may include carbon capture and storage/sequestration options</li> </ul>



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Strategic objective	Strategic initiatives
	<ul style="list-style-type: none"> <li>• Develop a carbon offsets policy and implement appropriate carbon trading schemes to offset carbon emissions</li> <li>• Promote attitude and behavioral change internally and externally to reduce energy consumption and, ultimately, GHG emissions</li> <li>• Develop and drive the messaging and awareness campaigns required to bolster carbon neutrality goals</li> <li>• Develop and provide accurate information and analyses required to support decision-making towards a carbon neutral position</li> <li>• Collect, update, and verify groupwide GHG emissions data through a robust and accurate GHG emissions inventory</li> <li>• Migrate the GHG emissions inventory to a digital platform to enable smarter and more secure data and information management</li> <li>• Identify and share trends and climate related performance at business unit and operational levels, at regular intervals, to drive awareness and enable the implementation of effective initiatives to reduce GHG gas emissions across the Group</li> <li>• Actively pursue compliance with climate change legislation and membership requirements of relevant voluntary industry bodies and programs</li> </ul>
<p><b>Objective 2:</b> Develop and roll-out a Climate Change Response Programme.</p>	<ul style="list-style-type: none"> <li>• Draft, sign-off and roll-out a climate change response programme</li> <li>• Define leading indicators to track and monitor our climate change response performance</li> <li>• Review and update risks related to climate change as part of an enterprise-wide risk identification and management process and through a TCFD-based scenario analysis</li> <li>• Drive awareness campaigns on carbon and climate change and engage and encourage business partners and suppliers to adopt similar principles</li> <li>• Develop and implement related climate adaption strategies to ensure that measures are in place to achieve adaptation, resilience, and carbon neutrality</li> </ul>
<p><b>Objective 3:</b> Demonstrate thought leadership in climate change management practices, risks and governance.</p>	<ul style="list-style-type: none"> <li>• Undertake comprehensive disclosure through various initiatives, reports, and recognised disclosure platforms</li> <li>• Develop and implement a climate change research programme</li> <li>• Proactively share applicable climate change information through internal and external stakeholder engagement and discussion processes</li> <li>• Active participation and engagement in external forums such as ICMM and conferences, including the writing of papers and presentations with a view to shape and influence industry approaches on climate change risks, impacts and management</li> </ul>

## Policy and other ESG references

- Sibanye-Stillwater Sustainability policy statement
- Sibanye-Stillwater Environmental management policy statement
- Sibanye-Stillwater Carbon management policy statement
- Sibanye-Stillwater Energy and decarbonisation position statement
- ICMM Principle 3, 4, 6, 7, and 10 with the supporting performance expectations



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- ICMM position statement on climate change
- ICMM's principles for climate change policy design
- United Nations Global Compact principle 7
- IRMA chapter 4.5
- World Gold Council Principle 8, 10 (10.3 and 10.4)
- IPCC Guidelines for National Greenhouse Gas Inventories, 2006 ISO 14064-1

All our position statements are generally also guided by:



**/s/ Neal Froneman**  
**Chief Executive Officer**

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