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The National Treasury
Private Bag X115
Pretoria
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Per email: carbontaxbillcomments@treasury.gov.za.
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COMMENTS: SECOND DRAFT CARBON TAX BILL PUBLISHED BY MINISTER OF FINANCE ON THE 12 DECEMBER 2017

The second draft Carbon Tax Bill released for comment by National Treasury on the 14th December 2017 has reference. As requested, herewith our written comments for your consideration.

Sibanye-Stillwater is an independent, global precious metal mining group, producing a unique mix of metals that includes gold and the platinum group metals (PGMs). Domiciled in South Africa, Sibanye-Stillwater owns and operates a portfolio of high-quality operations and projects, which are grouped by region: the Southern Africa region and the United States region. Globally, Sibanye-Stillwater is the third largest producer of palladium and platinum and features among the world's top ten gold producing companies.

Sibanye-Stillwater recognises that global warming and associated climate change is a reality that requires global action. Considering our commitments to delivering superior value for all stakeholders, Sibanye is equally committed to contributing to a global solution through the deployment of responsible strategies and actions which are outlined in its Carbon Management Policy Statement, endorsed by the CEO.

Sibanye-Stillwater position on the Carbon Tax Bill

National Treasury published the first Draft Carbon Tax Bill for comment in November 2015. Our position then, followed on the decision taken at the special Chamber of Mines Executive Council meeting on 17 April 2015 where the previous mandate given to the Chamber to accept the imposition of a carbon tax with the necessary checks and balances to protect the energy intensive trade-exposed industry was withdrawn and a new mandate of the total rejection of the carbon tax due to its negative impact on the competitiveness of the mining sector was adopted. This decision was made in the light of the

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deteriorating global economic outlook, South Africa's energy constraints and the high unemployment level. Therefore Sibanye-Stillwater's position on the imposition and implementation of a carbon tax remains the same, i.e. a total rejection of the carbon tax in any shape, form or quantum, and we would like re-iterate our position in this round of comments on the second draft of the Carbon Tax Bill.

The current economic climate is not conducive to the introduction of a carbon tax. The above-inflation electricity price increase has put a strain on especially the (deep-level) mining sector, which is an ultra-intensive energy user. The mining sector is by its very nature a price-taker exposed to the fluctuations and sentiments of the external (export) market, and cannot adjust the price of their commodities to cater for these increases, not even to retain its competitiveness. Also, there is no buffer to absorb these above-inflationary increases in input costs, as well as the carbon tax. It is therefore Sibanye-Stillwater's position that the carbon tax not be introduced.

The largest portion of the carbon tax would be on purchased electricity from Eskom. Considering that the electricity mix is determined by government policy through the Integrated Resource Plan (IRP), it is unfair to pass-on any tax to the end user. It is proposed that renewables and low carbon alternatives be maximised in the energy mix as far as possible. Sibanye-Stillwater is continually assessing and implementing measures to proactively manage and reduce its carbon emissions and this is intended to continue, including investigations into the feasibility of introducing renewable energy (PV solar) into our energy mix, to displace at least a portion of on-grid coal-fired generated electricity. The company voluntarily reports on its carbon emissions, and has also embraced the mandatory reporting in terms of the Greenhouse gas (GHG) reporting regulations introduced in April 2017. Carbon reduction and management is already being entrenched as a business imperative without the need for legislating a carbon tax. Sibanye-Stillwater monitors and measures its GHG emissions in accordance with the World Resources Institute GHG protocol and in terms of this, emissions from its 2010 base year to end 2017 has been reduced by 17.2% (excludes Stillwater Mine in the USA). The alignment of emission reduction targets with appropriate science-based methodologies and plans to achieve the emissions target, is proposed as a more constructive approach to the introduction of a carbon tax which would be an additional costly and unnecessary administrative burden on Government and industry.

Therefore, and in conclusion, Sibanye-Stillwater rejects the introduction of a carbon tax due to the dire economic consequences it will have on especially our marginal operations, and overall profitability, competitiveness and ultimately, our sustainability as a mining company that is adding value to a range of national Government imperatives including economic growth, job creation, social upliftment and driving its transformational agenda. We therefore would like to impress upon the National Treasury to re-consider the imposition of the proposed carbon tax through the promulgation of the Carbon Tax Bill.

We trust that our comments will be considered in the final decision-making processes. Thank you for this opportunity.

Yours faithfully



Grant Stuart
Senior Vice President: Environment
Sibanye-Stillwater: SA Region
Date: