



Sibanye Gold Limited trading as Sibanye-Stillwater
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08 March 2019

Mr Zolani Rento
Committee Secretary
Select Committee on Finance
National Council of Provinces
3rd Floor, 90 Plein Street
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Per email: zrento@parliament.gov.za

COMMENTS: CARBON TAX BILL AS AMENDED BY THE STANDING COMMITTEE ON FINANCE

The invitation from the Select Committee of Finance as published in the Sunday Times of 03 March 2019 to comment on the draft Carbon Tax Bill as amended by the standing committee on finance 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

The current economic climate is not conducive to the introduction of a carbon tax. 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

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costs, as well as the carbon tax. Any increase in costs affects the marginal operations. It is therefore Sibanye-Stillwater's position that the carbon tax not be introduced.

The carbon tax bill, proposed to come into effect from 01 June 2019 makes reference to the Department of Environmental Affairs to verify and certify sequestration. The mechanism for this is unlikely to be in place by 01 June 2019. The Minister of Finance has mentioned in the latest Budget Speech that a carbon levy will come into effect from 05 June 2019 where a levy of 9 cents per litre will be applicable on petrol and 10 cents per litre will be applicable on diesel. The formula in section 6 of the current carbon tax bill is not consistent with the announcement by the Minister.

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 would be 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). For the 2018 financial year, a year-on-year reduction of 14% on the 2017 carbon emissions was achieved, which puts Sibanye-Stillwater well on track to meet its science-based target of a 27.3% reduction on the 2010 base year carbon emissions by 2025. 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 respectfully requests that the carbon tax not be introduced 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 trust that our comments will be considered in the final decision-making processes. Thank you for this opportunity.

Yours faithfully

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On behalf of:

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