

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST
Registration no. IT000198/2016(T)

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2022

AUDITED

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

The objective of The Sibanye Rustenburg Mine Community Development Trust (formerly known as The Rustenburg Mine Community Development Trust) is to acquire the Community Trust Shares relating to Newshel 1335 Proprietary Limited, to hold such Community Trust Shares as a trust asset for the benefit of the Beneficiaries and to enhance the material benefits and moral welfare of the Beneficiaries in any way that the Trustees may from time to time decide.

Trustees:

KM Molebatsi
TG Nkosi
GM Stuart
TG Ramagaga
HS Nke
PMB Hernandez
NP Marumo

Auditors:

Ernst & Young Inc.

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THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITY

for the year ended 31 December 2022

The trustees are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Sibanye Rustenburg Mine Community Development Trust (the Trust), comprising the statement of financial position at 31 December 2022, the income statement, the statements of changes in trust funds and cash flows for the year then ended, and the notes to the annual financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS).

The trustees are also responsible for such internal control as the trustees determine is necessary to enable the preparation of the annual financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The trustees have made an assessment of the ability of the Trust to continue as a going concern and have no reason to believe that the Trust will not be a going concern in the year ahead.

The annual financial statements of the Trust, as identified in the first paragraph, were approved by the trustees and signed on their behalf by:



GM Stuart
Trustee
12 May 2023



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Independent Auditor's Report

To the Trustees of The Sibanye Rustenburg Mine Community Development Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Sibanye Rustenburg Mine Community Development Trust ('the Trust') set out on pages 6 to 16, which comprise the statement of financial position as at 31 December 2022, and the income statement, statement of changes in trust funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Sibanye Rustenburg Mine Community Development Trust as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Trust and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Trust and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the 16-page document titled "*The Sibanye Rustenburg Mine Community Development Trust Annual Financial Statements for the year ended 31 December 2022*", which includes the statement of the trustees' responsibility. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DocuSigned by:
Ernst & Young Inc.
C5A24286292F40C...

Ernst & Young Inc.
Director - Philippus Dawid Grobbelaar
Registered Auditor
Chartered Accountant (SA)

12 May 2023

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

INCOME STATEMENT

for the year ended 31 December 2022

| Figures in thousand - SA Rand | Notes | 2022 | 2021 |
|--|-------|----------------|----------------|
| Interest income | 2, 3 | 223 100 | 155 317 |
| Admin fees | | (3 334) | (362) |
| Fair value gain on financial instruments | 3 | 438 999 | 216 705 |
| Profit for the year | | 658 765 | 371 660 |

The Trust does not have other comprehensive income, therefore no statement of comprehensive income is presented.

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

| Figures in thousand - SA Rand | Notes | 2022 | 2021 |
|--|-------|------------------|-----------|
| ASSETS | | | |
| Non-current assets | | 1 718 511 | 1 144 112 |
| Investments ¹ | | - | - |
| Financial asset | 3 | 1 718 511 | 1 144 112 |
| Current assets | | 140 518 | 56 109 |
| Cash and cash equivalents | 5 | 135 626 | 56 046 |
| Other receivables | | 575 | 63 |
| Financial asset | 3 | 4 317 | - |
| Total assets | | 1 859 029 | 1 200 221 |
| TRUST FUNDS AND LIABILITIES | | | |
| Total trust funds | | 1 858 760 | 1 199 995 |
| Trust capital ² | | - | - |
| Transaction with founder | | 133 100 | 133 100 |
| Accumulated funds | | 1 725 660 | 1 066 895 |
| Current liabilities | | 269 | 226 |
| Other payables | | 269 | 226 |
| Total trust funds and liabilities | | 1 859 029 | 1 200 221 |

¹ The investment consists of 31 shares held in Newshelf 1335 Proprietary Limited and amounts to R31 as at 31 December 2022 and 2021.

² The trust capital amounts to R100 as at 31 December 2022 and 2021.

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

STATEMENT OF CHANGES IN TRUST FUNDS

for the year ended 31 December 2022

| Figures in thousand - SA Rand | Trust capital¹ | Transaction with founder | Accumulated funds | Total equity |
|------------------------------------|----------------------------------|-------------------------------------|------------------------------|---------------------|
| Balance at 31 December 2020 | - | 133 100 | 695 235 | 828 335 |
| Profit for the year | - | - | 371 660 | 371 660 |
| Balance at 31 December 2021 | - | 133 100 | 1 066 895 | 1 199 995 |
| Profit for the year | - | - | 658 765 | 658 765 |
| Balance at 31 December 2022 | - | 133 100 | 1 725 660 | 1 858 760 |

¹ The trust capital amounts to R100 as at 31 December 2022 and 2021.

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

| Figures in thousand - SA Rand | Notes | 2022 | 2021 |
|---|-------|----------------|---------------|
| Cash flows from operating activities | | | |
| Cash utilised by operations | 6 | (3 803) | (187) |
| Interest received | 2 | 3 617 | 481 |
| Net cash (used in)/generated by operating activities | | <u>(186)</u> | <u>294</u> |
| Cash flows from investing activities | | | |
| Dividend received | 3 | 79 766 | 40 328 |
| Net cash inflow from investing activities | | <u>79 766</u> | <u>40 328</u> |
| Net increase in cash and cash equivalents | | 79 580 | 40 622 |
| Cash and cash equivalents at beginning of the year | | 56 046 | 15 424 |
| Cash and cash equivalents at end of the year | 5 | <u>135 626</u> | <u>56 046</u> |

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. Accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. Where an accounting policy is specific to a note, the policy is described in the note which it relates to. These policies have been consistently applied to all the years presented.

1.1. Basis of preparation

The annual financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The annual financial statements have been prepared under the historical cost convention, except for financial assets and liabilities, which are measured at fair value through profit or loss. They are also prepared on the going concern basis.

The annual financial statements are presented in South African Rand (SA Rand), which is the Trust's functional currency.

The annual financial statements were authorised for issue by the Trust's trustees on 12 May 2023.

Standards, interpretations and amendments to published standards effective for the period ended 31 December 2022

During the financial year, the following new and revised accounting standards and amendments to standards applicable to the Trust, became effective and had no significant impact on the Trust's financial statements:

| Pronouncement | Title | Effective date ¹ |
|---|---|-----------------------------|
| <i>Annual Improvements to IFRS Standards 2018 - 2020</i> | As part of its process to make non-urgent but necessary amendments to IFRS Standards, the IASB has issued the Annual Improvements to IFRS Standards 2018 - 2020. The amendments applicable to the Trust relate to: <ul style="list-style-type: none"> IFRS 9 - clarifies which fees should be included in the 10% test for derecognition of financial liabilities. | 1 January 2022 |
| <i>Reference to the Conceptual Framework (Amendments to IFRS 3)</i> | Minor amendments were made to IFRS 3 to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 and IFRIC 21 <i>Levies</i> . The amendments also confirm that contingent assets should not be recognised at the acquisition date. | 1 January 2022 |

¹ Effective date refers to annual period beginning on or after said date.

Standards, interpretations and amendments to published standards which are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that apply to the Trust's accounting periods beginning on or after 1 January 2023 but have not been early adopted by the Trust. The standards, amendments and interpretations that are applicable to the Trust are:

| Pronouncement | Title | Effective date ¹ |
|---|---|-----------------------------|
| <i>Definition of Accounting Estimate (Amendments to IAS 8)</i> ² | The IASB issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) to clarify how entities should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. This is due to the term "accounting estimate" not being defined and the previous definition of a "change in accounting estimate" being unclear. <p>The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> | 1 January 2023 |

¹ Effective date refers to annual period beginning on or after said date.

² No material impact expected

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

1. Accounting policies (continued)

Standards, interpretations and amendments to published standards which are not yet effective (continued)

| Pronouncement | Title | Effective date¹ |
|---|---|-----------------------------------|
| <i>Disclosure of Accounting Policies</i> (Amendments to IAS 1 and IFRS Practice Statement 2) ² | To assist preparers of financial statements, the IASB had previously refined its definition of 'material' (effective 1 Jan 2020) and issued non-mandatory practical guidance on applying the concept of materiality. As the final step of the materiality improvements, the IASB issued amendments on the application of materiality to disclosure of accounting policies. The key amendments include requirements for entities to disclose their material accounting policies rather than their significant accounting policies as well as certain clarifications regarding accounting policies related to material transaction or events. | 1 January 2023 |
| <i>Classification of Liabilities as Current or Non-current</i> (Amendments to IAS 1) ² | To promote consistency in application and clarify the requirements on determining if a liability is current or non-current, the IASB has amended IAS 1 <i>Presentation of Financial Statements</i> (IAS 1) to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the "settlement" of a liability. | 1 January 2024 |

¹ Effective date refers to annual period beginning on or after said date.

² No material impact expected

Significant accounting judgments and estimates

The preparation of the annual financial statements requires the Trust's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases valuation techniques. Actual results could differ from those estimates.

For significant accounting policies that are subject to significant judgement, estimates and assumptions, see the following note to the annual financial statements:

| Significant accounting policy | Note to the annual financial statements |
|--------------------------------------|--|
| Financial asset | 3 - Financial asset |

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed under the relevant note of the item affected.

2. Interest income

Accounting policy

Interest income comprises interest income on funds invested and unwinding of the financial asset. Interest income is recognised on a time proportion basis taking account of the principal outstanding and the effective rate over the period to maturity. Cash flows from interest received are classified under operating activities in the statement of cash flows.

| Figures in thousand - SA Rand | Notes | 2022 | 2021 |
|---------------------------------------|--------------|----------------|-------------|
| Interest income on: | | | |
| Cash balances | | 3 617 | 481 |
| Financial assets - unwinding interest | 3 | 219 483 | 154 836 |
| | | 223 100 | 155 317 |

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

3. Financial asset

Significant accounting judgements and estimates

Expected future cash flows used to determine the fair value of these financial assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as the expected commodity price, foreign currency exchange rates, and estimates of production costs, future capital expenditure and discount rates.

Accounting policy

In terms of the Rustenburg Operations acquisition by Sibanye Rustenburg Platinum Mines Proprietary Limited (SRPM), Sibanye Platinum Proprietary Limited (SPPL), through Newshelf 1335 Proprietary Limited issued cash-settled instruments to certain BEE shareholders.

The financial asset on the BEE transaction is remeasured to fair value, to reflect the potential inflow of cash resources, with a corresponding adjustment to gain or loss on financial instrument in profit or loss.

In terms of the Rustenburg Operations Transaction, a 26% equity stake in SRPM was acquired by the Newshelf 1335 (the BBEE Transaction) through a vendor financed facility from SPPL, on the following terms:

- Interest at up to 0.2% above Sibanye Gold Proprietary Limited's highest cost of debt. Once the capped amount is reached, interest ceases to accrue so that the capped amount is not exceeded. However, once the facility reduces below R3.5bn, interest starts to accrue again (Interest rate used amounts to 9.86% (2021: 7.6%));
- Post payment of the annual Deferred Payment to Rustenburg Platinum Mines Limited (RPM) and in respect of any repayment by SRPM of shareholder loans or the distribution of dividends, 74% will be paid to SPPL and 26% to Newshelf 1335;
- Of the 26% payment to Newshelf 1335, 85% will be used to service the facility owing by Newshelf 1335 to SPPL;
- The remaining 15% of any such payment or 100%, once the facility owing by Newshelf 1335 to SPPL is repaid, will be declared by Newshelf 1335 as a dividend to the BEE shareholders; and
- The facility will be capped at R3,500 million.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the financial asset within the financial year are based on the life of mine of SRPM. These estimates and assumptions during 31 December 2022 include:

| | 2022 | 2021 |
|-----------------------------------|--------|--------|
| • Long-term PGM (4E) basket price | 28 565 | 25 097 |
| • Nominal discount rate | 22.5% | 20.0% |
| • Inflation rate - South Africa | 6.5% | 6.0% |
| • Life of Mine | 30 | 31 |

The Trust will receive 24.8% of any dividend declared by Newshelf 1335 and therefore accounts for its investment as a financial asset.

| Figures in thousand - SA Rand | Notes | 2022 | 2021 |
|--|-------|------------------|------------------|
| Balance at beginning of the year | | 1 144 112 | 812 899 |
| Unwinding of interest | 2 | 219 483 | 154 836 |
| Fair value gain on financial instruments | | 438 999 | 216 705 |
| Contractual dividends received | | (79 766) | (40 328) |
| Balance at end of the year | | <u>1 722 828</u> | <u>1 144 112</u> |
| Reconciliation of the non-current and current portion of the financial asset: | | | |
| Financial asset | | 1 722 828 | 1 144 112 |
| Current portion of financial asset | | 4 317 | - |
| Non-current portion of financial asset | | <u>1 718 511</u> | <u>1 144 112</u> |

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

3. Financial asset (continued)

Fair value of the financial asset

The carrying amount of the financial asset represents fair value. The recurring fair value measurement is a level 3 measurement as per the fair value hierarchy. Fair value is determined through a discounted cash flow model maximising the use of observable inputs, but subject to significant unobservable inputs such as the life of mine, production costs and other estimates.

The fair value of the financial asset would increase as a result of increases in the long-term PGM (4E) basket price and also in the event that the LOM is extended with additional reserves to be mined. A one percent increase or decrease in production would have a similar direction of impact than a one percent increase or decrease in long-term PGM (4E) basket price. However, since a production change would also have a consequential cost change countering the cashflow movement, price changes may have a more direct impact on the fair value calculation than the same percentage production changes. If the nominal discount rate increases, the fair value of the financial asset will decrease and vice versa. A combination of increases and/ or decreases in inputs could either mitigate the impact on the fair value of the financial instrument or compound it, depending on which assumptions change and the extent of the change.

Market risk

The financial asset is sensitive to changes in the Company's 4E basket price. A one percentage decrease in the 4E basket price would have decreased the gain on financial instruments by R40.9 million (2021: R37.8 million). A one percentage point increase in the 4E basket price would have increased the gain on financial instruments by R40.9 million (2021: R37.8 million).

4. Tax

The trust is registered as a public benefit organisation (PBO) and it is therefore exempt from tax.

5. Cash and cash equivalents

Accounting policy

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value and are measured at amortised cost which is deemed to be fair value due to its short-term maturity.

Bank overdrafts are included within current liabilities in the statement of financial position.

| | | |
|-------------------------------|-----------------------|----------------------|
| Figures in thousand - SA Rand | 2022 | 2021 |
| Bank | <u><u>135 626</u></u> | <u><u>56 046</u></u> |

6. Cash flows utilised by operating activities

| | | | |
|--|--------------|------------------------------|---------------------|
| Figures in thousand - SA Rand | Notes | 2022 | 2021 |
| Profit for the period | | 658 765 | 371 660 |
| Interest income | 2, 3 | <u>(223 100)</u> | <u>(155 317)</u> |
| Profit before interest | | 435 665 | 216 343 |
| <i>Non-cash and other adjusting items:</i> | | | |
| Fair value gain on financial instruments | 3 | (438 999) | (216 705) |
| <i>Changes in working capital:</i> | | | |
| Increase in other receivables | | (512) | (51) |
| Increase in other payables | | 43 | 226 |
| Cash utilised by operations | | <u><u>(3 803)</u></u> | <u><u>(187)</u></u> |

7. Financial instruments and risk management

Accounting policy

On initial recognition, a financial asset is classified as measured at either amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

The Trust initially recognises debt instruments issued and trade and other receivables, on the date these are originated. All other financial assets and financial liabilities are recognised initially when the Trust becomes a party to the contractual provisions of the instrument.

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

7. Financial instruments and risk management (continued)

Accounting policy (continued)

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Trust's business model for managing them. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Trust's business model for managing financial assets that are debt instruments refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The Trust recognises an allowance for expected credit losses (ECLs) on all debt instruments not held at fair value through profit or loss to the extent applicable. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables due in less than 12 months, the Trust applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Trust does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. Impairment losses are recognised through profit or loss.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred. The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Fair value

The following methods and assumptions were used to estimate the fair value of each class of financial instrument.

- **Financial asset**
The financial asset are initially and subsequently measured at fair value, based on a discounted cash flow model.
- **Other receivables, cash and cash equivalents, and other payables**
The carrying amounts approximate fair values due to the short maturity of these instruments for financial instruments measured at amortised cost.

Fair Value Hierarchy

Financial instruments recognized at fair value on the statement of financial position must be classified in one of the following three fair value hierarchy values:

- **Level 1:** unadjusted quoted prices in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Risk management activities

Controlling and managing risk in the Trust

In the normal course of its operations, the Trust is exposed to market risks, including interest rate, liquidity and credit risk associated with underlying assets, liabilities and anticipated transactions. In order to manage these risks, the Trust manages and monitors these risks through the processes and policies in place for the Sibanye Stillwater Limited Group.

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2022

7. Financial instruments and risk management (continued)

Risk management activities (continued)

Controlling and managing risk in the Trust (continued)

Sibanye Stillwater Limited (SSW) has policies in areas such as counterparty exposure, hedging practices and prudential limits which have been approved by SSW's Board of Directors (the Board). Management of financial risk is centralised at SSW's treasury department (Treasury), which acts as the interface between SSW's Operations and counterparty banks. Treasury manages financial risk in accordance with the policies and procedures established by the Board and executive committee.

The Board has approved dealing limits for money market, foreign exchange and commodity transactions, which Treasury is required to adhere to. Among other restrictions, these limits describe which instruments may be traded and demarcate open position limits for each category as well as indicating counterparty credit-related limits. The dealing exposure and limits are checked and controlled each day and reported to the Chief Financial Officer.

The objective of Treasury is to manage all financial risks arising from the Group's business activities in order to protect profit and cash flows. Treasury activities of SSW and its subsidiaries are guided by the Treasury Policy, the Treasury Framework as well as domestic and international financial market regulations. Treasury activities are currently performed within the Treasury Framework with appropriate resolutions from the Board, which are reviewed and approved annually by the Audit Committee.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and is primarily attributable to liquid financial assets.

The status of the Trust's investments in financial assets is detailed in note 3.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Trust's maximum exposure to credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In respect of financial assets, the Trust's policy is to invest cash at floating interest rates and fluctuations in interest rates impact marginally on the value of its financial assets.

Interest rate sensitivity analysis

The table below summarises the effect of a change in interest rate on the Trust's profit or loss:

| Figures in thousand - SA Rand | 2022 | 2021 |
|-------------------------------|-------|-------|
| 0.5% increase | 678 | 280 |
| 0.5% decrease | (678) | (280) |

8. Related party transactions

Relationships

| | |
|--------------------------------------|---|
| Ultimate holding Company | Sibanye Stillwater Limited |
| Founder | Sibanye Platinum Proprietary Limited |
| Fellow shareholders of Newshelf 1335 | Bakgatla-Ba-Kgafela Investment Holdings (24.8%) The Rustenburg Mine Employees Trust (30.4%) Siyanda Resources Proprietary Limited (20.0%) |

None of the trustees of the Trust or, to the knowledge of the Trust, their families, had any interest, direct or indirect, in any transaction during the last two financial years or in any proposed transaction which has affected or will materially affect the Trust or its investment interests or subsidiaries, other than as stated below.

None of the trustees of the Trust or any associate of such trustee is currently or has been at any time during the past two financial years indebted to the Trust.

Refer to note 3 for the amount of dividends received from Newshelf 1335 during the year.

THE SIBANYE RUSTENBURG MINE COMMUNITY DEVELOPMENT TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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9. Events subsequent to year end

There were no events that could have a material impact on the financial results of the Trust after 31 December 2022 until the date of approval of the annual financial statements.