

Web-based Sustainable Development Report

For the year ending 30 September 2011

LONMIN

Lonmin Plc

Building for the **Future**



Lonmin is the World's third largest primary producer of Platinum

This separate web-based Sustainable Development Report provides additional detail to the Annual Report and Accounts for those requiring more in-depth information. This report is of particular interest to a broader set of stakeholders, such as SRI analysts, sustainability professionals and civil society bodies.

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We welcome your response to this Web-Based Sustainable Development Report. Please either complete the online feedback form on www.lonmin.com or send feedback or requests for further information to:

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• **GRI 3.4**

Lonmin at a Glance

We are Lonmin – one of the world's primary producers of Platinum Group Metals (PGMs), creating value through discovery, acquisition, development and marketing of minerals and metals.

Our business

Lonmin Plc, the world's third largest primary Platinum producer, is listed on the London Stock Exchange, with a secondary listing on the Johannesburg Stock Exchange (JSE). Our operational head office is in Johannesburg, South Africa, and our United Kingdom offices are in London. Our main operating subsidiaries, in which Lonmin holds an 82% interest, are Western Platinum Limited (WPL) and Eastern Platinum Limited (EPL). Our position on the Bushveld Complex, the world's largest deposit of PGMs means we have significant resources to sustain our current operations. We maintain a modest international exploration budget operating largely in areas of known prospectivity for PGMs.

Scale of Lonmin 2011

- 27,796 Employees
- 9,564 Contractors
- 720,782 oz of Platinum sold
- 1,435,929 oz PGMs sold
- Listed on the JSE SRI & FTSE4Good
- Two Board Committees focusing on Transformation and Sustainable Development
- A+ GRI application level

• GRI 2.1, 2.2, 2.4, 2.5 and 2.6

Lonmin's mining operations are located in the North West and Limpopo Provinces and our Precious Metals Refinery is located in the Gauteng Province of South Africa. During 2011 we sold 720,782 oz Pt, 1,435,929 oz of PGMs and gold, 4,188 tonnes of Nickel as Nickel Sulphate, 2,452 tonnes of Copper and 730,278 tonnes of Chrome concentrate as well as modest amounts of silver.

Our current production comes from our Marikana Mining operations, which are owned by Western Platinum Limited and Eastern Platinum Limited and include Western Platinum Mine, Karee Mine and Eastern Platinum Mine. We also manage two joint ventures; the operating Pandora Joint Venture in which Eastern Platinum Limited has a 42.5% shareholding, located east and contiguous with our Marikana operations; and the project phase Dwaalkop Joint Venture adjacent to Limpopo Mine in Limpopo Province in which Western Platinum Limited has a 50% shareholding.



Lonmin at a Glance (continued)

Our Mining Division

The mining activities of Western Platinum Limited and Eastern Platinum Limited are based at Marikana in the North West Province (Marikana mining operations). Western Platinum Limited owns 100% of Messina Platinum Mines (Pty) Limited which owns operations based in the Limpopo Province (Limpopo Mine). These operations were placed on care and maintenance in 2009. Our Marikana Mining operations and Limpopo Mine make up our Mining Division. At both operations we mine the UG2 and Merensky PGM-bearing reefs.

Our Process Division

Our Process Division consists of the Concentrators, Smelter and Base Metal Refinery (BMR) at our Marikana operations and our Precious Metals Refinery (PMR) in Brakpan near Johannesburg.

Other operations

We have recently entered into an agreement with Shanduka Group (Proprietary) Limited offering them the opportunity to carry out a feasibility review to assess the viability of it operating and developing the Limpopo Mine. Assuming a successful outcome of the Feasibility Review, Shanduka will take steps to raise the necessary funds to acquire control and operational management of the Limpopo Mine.

Exploration activities

Our exploration portfolio includes:

International

- Canada: Joint ventures with Vale and Wallbridge Mining Company in the Sudbury Basin;
- Northern Ireland: Greenfields exploration project managed by Lonmin.

South Africa

- The Vlakfontein project is owned by Vlakfontein Nickel (Pty) Ltd a wholly-owned subsidiary of Western Platinum Limited. The Loskop project is a Joint Venture 50% held by Western Platinum Limited and 50% with Boynton Investments (Pty) Ltd.
- Akanani is held 74% Lonmin and 26% Incwala Resources and remains in an exploration phase.
- We are enhancing our mining and processing studies on this Project and will make a decision in 2012 on further development.

GRI 2.3 and 2.6



- During 2011 the Process Division demonstrated continued growth.



- The Merensky opencast operation at Marikana is on track.

Message from our Chief Executive Officer

Safety remains our priority.

Ian Farmer, Chief Executive Officer



Ian Farmer
Chief Executive Officer

“Transformation is a strategic priority for the Company. We have set a target to increase our representation of Historically Disadvantaged South Africans within each of our management bands.”

We made important progress this year in embedding the transformation imperative within Lonmin and we significantly improved our safety performance in the second half of the financial year. However, during the first half of the year, we sadly lost six of our colleagues in fatal incidents.

Safety remains our priority and the passing of six colleagues during the year is completely unacceptable. Our sincere sympathies and support are extended to the families, co-workers and friends of these employees. We initiated a number of safety stoppages to give the business a serious message that these events must be eliminated. I believe that these stoppages contributed to making the business more determined to improve and this has been borne out in the excellent safety performance and fatality-free second half of the year, for which I would like to acknowledge our team. By the end of the financial year our lost time injury rate had dropped by nearly 20% compared to 2010 and this was achieved during a period of increased production. We remain committed to being the safest Platinum Mine to work at.

As part of our journey of continuous improvement a number of our managers, including myself, spent time with DuPont, who are world renowned for being at the leading edge of sustainability good practice. We gained an understanding of how DuPont has inculcated safety into the core values of its management team. At the heart of achieving a better safety performance is modifying behaviour, led by our Executive Committee through visible felt leadership.

Transformation is a strategic priority for the Company. We have set a target to increase our representation of Historically Disadvantaged South Africans within each of our management bands. Our commitment to this target is demonstrated by the inclusion of it as a Balanced Scorecard metric and our policy of considering HDSAs first for management positions.

As a company, we are 18% HDSA empowered and we have plans in place to make further inroads with the introduction of communities and employees via broad based initiatives. This will move our HDSA empowerment to the Mining Charter target.

We continued to address the housing shortage by converting 26 Hostel blocks during the year, but affordability of housing remains a challenge.

Overall, two of the biggest challenges to the sustainability of our business include skills shortages and our relationships with communities and employees. We have accelerated our investment to address skills shortages including the training of community members in mining related skills and investing in education of the Greater Lonmin Community. We believe in the investment of human resource development starting from early childhood development throughout the value chain of talent management to foster successful careers.

The recent community unrest and industrial action experienced highlighted the importance of pro-active stakeholder engagement. I plan to devote a substantial portion of my time during the next twelve months to stakeholder engagement and in particular to engaging with the communities in which we operate.

We remain committed to the values of our Charter. We are devoted to the business case for sustainable development, which sees the integration of sustainability in the areas of people, planet and profit.

We will continue to address environmental challenges to ensure the supply of energy and water resources as well as the impacts of occupational and chronic diseases such as HIV/AIDS and Tuberculosis.

As a member of the International Council for Mining and Metals (ICMM) we support the ICMM Principles. We are a signatory to the United Nations Global Compact (UNGC) and support its ten principles relating to human rights, labour practices, environmental management and anti-corruption.

Lonmin Charter



We are Lonmin, a primary producer of Platinum Group Metals. We create value by the discovery, acquisition, development and marketing of minerals and metals.

We respect the communities and nations that host our operations and conduct business in a sustainable, socially and environmentally responsible way.

Our Mission

To grow and build our portfolio of high quality assets.

To deliver the requirements of the South African broad-based socio-economic Mining Charter and we welcome the opportunity to transform our business.

To build a value-based culture, which is founded on safe work, continuous improvement, common standards and procedures, community involvement and one that rewards employees for high performance.

We are successful when

Our employees live and work safely and experience the personal satisfaction that comes with high performance and recognition.

Our shareholders are realising a superior total return on their investment and support our corporate sustainability values.

The communities in which we operate value our relationships.

We are meeting our commitments to all business partners and our suppliers, contractors, partners and customers support our Charter.

Our Values

Zero Harm

We are committed to zero harm to people and the environment.

Integrity, Honesty & Trust

We are committed ethical people who do what we say we will do.

Transparency

Open, honest communication and free sharing of information.

Respect For Each Other


Embracing our diversity enriched by openness, sharing, trust, teamwork and involvement.

High Performance

Stretching our individual and team capabilities to achieve innovative and superior outcomes.

Employee Self-Worth

To enhance the quality of life for our employees and their families and promote self esteem.



Roger Phillimore
Chairman

May 2009



Ian Farmer
Chief Executive

Safety and Sustainable Development Policy


 LONMIN

We are Lonmin, a primary producer of Platinum Group Metals. We create value by the discovery, acquisition, development and marketing of minerals and metals.

We respect the communities and nations that host our operations and conduct business in a sustainable, socially and environmentally responsible way.

To honour our Charter, to fulfil our Vision and to create sustainable value for our stakeholders, Lonmin is committed to improving the quality of life of current and future generations through the integration of economic prosperity, social development and environmental protection by:

Honouring our health and safety values and sustaining an environment that promotes the safety, health and wellbeing of our employees and their families, contractors and the communities where we operate.

Providing adequate and appropriate resources to implement effective management systems and risk management, based on valid data and sound science, during all phases of our operations to ensure the reduction of risks and the adoption of best practices.

Respecting and valuing the fundamental human rights, cultural heritage and indigenous traditions of our employees, communities and other stakeholders where we operate.

Integrating safety and sustainable development into the decision making process during all phases of our operations.

Upholding ethical business practices, sound corporate governance and transparency, while meeting or exceeding applicable legislation, standards and other requirements.

Implementing the principle of equal opportunity and equity while maintaining an appropriately skilled and diverse workforce.

Empowering our host communities and improving their quality of life by contributing to their long term social, economic and institutional development and promoting the beneficiation of our minerals.

Implementing effective material stewardship to manage the lifecycle of our products in a socially and environmentally responsible manner.

Promoting the sustainable use of natural resources and the reduction, re-use and recycling of waste.

Preventing pollution and environmental degradation in order to reduce our impact on the environment and the communities where we operate.

Responding to climate change and driving the reduction of greenhouse gases by adopting best practice technology, alternative energy sources, improved control systems and management practices.

Promoting integrated land use management and biodiversity conservation by applying a precautionary approach during all phases of our operations, including mine closure.

Maintaining transparent and ongoing consultative relationships with all stakeholders and incorporating this engagement into the decision making process.

Fostering the commitment of all employees and contractors to this policy through training and awareness programmes.

Seeking continual improvement to achieve a high level of performance through a framework of setting and reviewing our policy, objectives and targets.

Reporting publicly our sustainable development performance in accordance with the ICMM Sustainable Development Framework and utilising the guidance of the Global Reporting Initiative Sustainability Reporting Guidelines.



Ian Farmer
Chief Executive

October 2008

Overview of 2011

Highlights

People

- 19.8% reduction in Lost Time Injury Frequency Rate (LTIFR) to 4.71
- 46.5% managers from designated groups an increase of 7.4% from 2010
- 64% of hostels converted to family units
- ART defaulters decreasing by 39.5% from 944 to 571 defaulting patients
- A physical and functional capacity building programme for women
- Our education programme contributed to all the Greater Lonmin Community (GLC)¹ High Schools achieving a pass rate higher than the national average
- Industrial action at Karee Mine which was peacefully resolved

Planet

- Rolling out of Integrated Environmental Management Strategy
- Development of Lonmin Climate Change Response Strategy
- 33% reduction of fresh water intake from our 2007 baseline
- Development of an Integrated Water Balance for our Marikana operations
- We were granted an Atmospheric Emissions Licence for our operations

Profit

- Cost savings on energy optimisation projects at our Concentrators
- Invested in a supplier system to continuously verify vendors' BEE status; enhancing the accuracy of our preferential procurement data

Future Focus

People

- To create and maintain a culture of safe behaviour
- Develop and retain a skilled productive workforce
- Strengthen the comprehensive HIV/AIDS and Tuberculosis management programme
- Continually communicate with communities to strengthen the trust relationship and understanding with ourselves
- Re-establish relations with all of our employees

Planet

- Manage energy and water responsibly to fulfil the Life of Business Plan
- Embed consideration of climate change in the fabric of the business
- Manage emissions impacting on the environment and communities
- Value and protect heritage resources
- Minimise waste

Profit

- Leveraging our spend to maximize value to our stakeholders
- Develop scenario planning to be able to predict the future PGM markets more accurately

Integrated Sustainable Development Approach

We realise that our sustainability performance is of interest to a diverse range of stakeholders and are therefore committed to reporting publicly and regularly on how we are performing with respect to sustainable development.

Sustainability is commonly defined as “development that meets the needs of the present without compromising the ability of future generations to meet their needs”¹. We believe that our business can make an important contribution to the on-going, global transition to sustainable development.

Sustainable development supports the delivery of our corporate objectives through the fostering of a safe production culture, operational excellence and building growth to supply a robust market demand for PGMs. Through transformation and sound sustainable development practices, we capitalise on diversity and quality of our workforce.

Our Sustainable Development Approach

Lonmin's Integrated Sustainable Development approach focuses on three main pillars:

- **People:** Caring for the social well being through transformation of employees, contractors and communities.
- **Planet:** Fostering environmental stewardship through resource management, efficiency and impact management.
- **Profit:** Enhancing equitable prosperity through resource optimisation, financial performance, product stewardship and procurement processes.

¹ Brundtland Commission 1983.

Recognition for sustainability

- Gold achieved in the South African carbon disclosure project
- Excellent ranking by Ernst and Young for 2010 Sustainable Development Report
- C+ ranking by Oekom research agency¹
- Retained inclusion on FTSE4Good and JSE SRI indices
- Ranked 3rd by Sustainability Services² for GRI performance
- GRI application level A+

¹ Oekom Research is a leading rating agency in the segment of sustainability investments.

² Sustainability Services is a consultancy firm specialising in sustainability assurance and advisory services.

Underpinning these three pillars is the foundation of good governance. This system enables sustainable development considerations to form an integral part of how we do business by adopting sustainable development as a core value. We are fully committed to the highest standards of corporate governance practice, which we believe is necessary to achieve the business integrity required to deliver robust and sustainable business results. Focus areas have been identified, based on our principal sustainable development risks, as part of an on going improvement process that will ensure integration of sustainable development within Lonmin's planning and decision making systems.

Our approach to these sustainable development pillars are supported by our specific strategies and management plans to achieve the corporate objectives.

Integrated Approach for Sustainable Development Safety and Sustainable Development Policy

People

- Safety Strategy
- Health Strategy
- Human Settlement Strategy
- Human Capital Strategy
- Stakeholder Engagement Protocol

Planet

- Climate Change Response Strategy
- Integrated Environmental Management Strategy:
 - Air Quality Management
 - Energy Management
 - Water Management
 - Waste Management
 - Land Management
 - Closure Planning

Profit

- Preferential Procurement Strategy
- Market Development Strategy
- Life of Business Plan
- Exploration Strategy

Governance

Board Committees: Safety & Sustainable Committee, Transformation Committee and the Audit & Risk Committee
Lonmin's Code of Business Conduct and relevant Sustainable Development related policies

GRI 2.10

Integrated Sustainable Development Approach (continued)

Managing sustainable development

The Company's overall governance practices are underpinned by the values set out in the Lonmin Charter and supported by the newly refined Lonmin Code of Business Conduct, which will be released in the near future. Our commitments in the governance of sustainable development are defined in the Lonmin Safety and Sustainable Development Policy and guided by our Lonmin Sustainable Development Standards aligned with the Ten Principles of the International Council on Mining and Metals (ICMM).

Our CEO, Ian Farmer, is ultimately responsible for advocating sustainable development within Lonmin. The Executive Committee assists him and is responsible for reviewing the Company's progress and performance on safety and sustainability issues. The EVP, Processing, Natascha Viljoen, has line responsibility for our Sustainable Development Programme.

Transformation Committee

The primary purpose of the Transformation Committee of the Board is to ensure that the Company meets or exceeds its commitments and obligations in relation to transformation and that the interests of all stakeholders, including shareholders, are properly enhanced in the areas of transformation and empowerment. For more details visit page 69.

Safety & Sustainability Committee

The Safety & Sustainability Committee of the Board has oversight of the safety, health and environment matters. The Committee reviews significant safety and environmental incidents and considers causative factors, consequences and actions. The Committee also reports to the Board on developments, trends and forthcoming significant legislation on safety and sustainability matters. For more details visit page 68-69.

Reporting on our principal sustainable development risks

The global environment remains turbulent and we are, of course, affected by the risks associated with this turbulence. Our operations are all in South Africa, which faces significant development challenges such as poverty, inequality, unemployment, poor health and inadequate education.

We prioritise the identification and management of all risks that could impact our business and allocate suitable resources to manage our sustainable development risks. This report addresses our ten principal sustainable development risks. (Page 09)

Performance against our targets

Governed by our Safety and Sustainable Development Policy we have targets in place that direct adequate resources to the effective management of those risks. Table 1 provides an overview of the targets we set for 2011, our performance against those targets and the targets we have identified for future years.

Establishing integrity through auditing and assurance

We commission regular auditing and assurance processes with the aim of improving the integrity of our measurement and data management systems and the quality of our external reporting activities. The Audit & Risk Committee approves the annual Company-wide internal and external audit plans.

Audit findings are updated monthly and progress on corrective management plans reviewed monthly by the Executive Committee and twice a year by the Audit & Risk Committee of the Board. In addition to the Company wide assurance processes conducted for our annual Sustainable Development Report (SDR), we also conduct an internal audit on selected key sustainability indicators. External assurance is provided on selected parameters in the SDR, the alignment of our policies and business practices with the ICMM Principles and our reporting in accordance with the Global Reporting Initiative (GRI) reporting principles. In 2011 we achieved our target of receiving no prosecutions or fines relating to safety, health and environmental management.

Membership of external organisation and initiatives

Lonmin has been a member of the ICMM since 2004 and we are signatories to the United Nations Global Compact (UNGC).

The ICMM Sustainable Development Framework comprises three elements: a set of ten Principles (which include a set of supporting position statements), public reporting and independent assurance. These have been developed systematically over the past ten years. More details on the ICMM can be found on their website (www.icmm.com).

Through our participation in the ICMM, we support the Extractive Industries Transparency Initiative (EITI), a coalition of governments, companies, civil society groups, investors and international organisations, that aims to strengthen governance by improving transparency and accountability in the extractive sector. EITI standards are implemented in 35 countries with twelve of them becoming compliant. The new rules of the EITI emphasise regular and timely reporting. Through the ICMM and specifically in support of the ICMM's Transparency of Mineral Resources position statement we support the EITI. We do not participate directly or indirectly in party politics, nor do we make any financial contributions to any political parties or individuals.

Public policy positions

A Company representative also belongs to two groupings of company secretaries / general counsel that undertake significant lobbying in the United Kingdom and Europe on corporate legal and governance matters on a cross industry basis. In South Africa we have been engaging with the Department of Mineral Resources, both directly and via the Chamber of Mines on the Mining Industry Growth, Development and Employment Task Team. Our focus has been on issues related to the Mineral and Petroleum Resources Development Act 28 of 2001 (MPRDA) and our SLP requirements in particular. Our CEO participates as an Executive Council member of the South African Chamber of Mines.

• GRI SO5 and SO6

Engaging our stakeholders

We believe that establishing sound relationships with our stakeholders allows us to create and maintain resilient, stable operations, which in turn allows us to deliver long term value to our stakeholders. For further details please visit page 31.

Managing our Sustainable Development Risks

We are committed to directing adequate and appropriate resources for implementing effective risk management across our entire operations that is based on valid data and sound science to enhance the opportunities and the mitigation of impacts.

Lonmin is committed to ensuring that sound and effective systems of internal control and enterprise risk management are developed, embedded, effectively implemented and consistently reviewed at all levels of the Company.

Our risk management process

Our implementation of a structured and comprehensive risk management system across Lonmin establishes a common understanding and methodology for identifying, assessing, monitoring and reporting risks. It provides management and the Board with the assurance that our principal and key risks are identified, managed and controlled. Annually Top-down and bottom-up reviews are carried out. We recently introduced a process for our management to self-assess the controls, with results updated in the Business Unit and Group Risk Registers.

Our Risk Management Policy, which is reviewed biennially, requires each business and corporate function to undertake a comprehensive annual risk review as part of an on-going process for identifying, evaluating and managing significant risks, including Sustainable Development risks. The results of this review are fully integrated into our annual business strategies and plans, which are presented to the Board and supporting committees for approval.

We annually review and publicly report the principal risks and uncertainties that may affect our ability to deliver our business strategy effectively, the potential impact on our business and the controls in place to mitigate these risks. Principal and key Sustainable Development risks are addressed as an integral part of this process.

Each Business Unit has processes in place for monitoring and reporting progress on tasks related to risks and regular high level risk reviews are carried out by our Internal Audit Department. The Risk Management Department holds ad-hoc risk management training sessions at least twice a year.

A significant portion of Lonmin's risk register relates to safety, the environment and social development. These risks are rated taking into consideration the potential effect or impact the risk has on people including transformation, planet, profit and strategic objectives. Consideration is also given to the probability and frequency of the risk occurring. We define principal risks as those risks which have the highest potential impact on people, planet profit or strategic objectives and the highest probability of occurring.

Risks specifically relating to safety, health, climate change and environmental are presented by management to the Safety & Sustainability Committee. Risks associated with social matters are reviewed by the Transformational Committee of the Board. These committees report back to the Board.

• GRI 4.11



- We manage a comprehensive risk management system.



- Each Business Unit has processes in place for monitoring and reporting progress on tasks related to risks.

Managing our Sustainable Development Risks (continued)

Actions are taken by the Company to mitigate risks include the following:

- Building intelligence through exposure to companies deemed to be world leaders in Sustainable Development and in particular safety.
- The transformation of Historically Disadvantaged South Africans (HDSA) through investment in skills development, community development and in black owned business.
- An increase in demand for low carbon technologies in other sectors that rely on platinum. These include fuel cells and catalytic converters.
- Resource efficiency has the potential for significant reduction in consumption of water and electricity.

This year we undertook a comprehensive assessment of what sustainable development means for the Company and incorporated inputs from stakeholders at various phases to establish our principal sustainable development risks.

Governed by our Safety and Sustainable Development Policy we have targets in place in order to direct adequate resources to the effective management of those risks. Below we list the principal risks we have identified in 2011.

Performance against these risks are provided on page 13.

Principal risks

Safety:

- Disruption of our operations resulting from a catastrophic safety event, failure of safety routines as a result of a poor safety culture and work stoppages (page 17).

Transformation and stakeholder engagement:

- Possible withdrawal of our Mining Licences resulting from failure to deliver on transformation commitments made in our SLP regarding training and empowerment of our employees and communities (page 21);
- Poor employee relations due to internal and external factors that could result in strike action (page 64);
- Poor community relations due to internal and external factors could result in civil unrest (page 36); and
- Difficulties in land management particularly due to the encroachment of proposed formal and informal settlements on the Lonmin mining right areas (page 14; 31).

Health:

- Negative impact of occupational and chronic diseases such as NIHL, HIV/AIDS and Tuberculosis (page 28).

Environment:

- Inability to secure an adequate electricity supply for the planned expansions in line with the Lonmin's Life of Business Plan (LOBP) (page 42);
- Inability to secure an adequate supply of water to sustain and expand our operations in line with the Lonmin's (LOBP) (page 47);
- Impact of climate change on the business (page 42); and
- SO₂ emission levels impacting on environment and communities (page 45).

• GRI 1.2



- Employee relations are critical to our success.

Our Approach To Sustainability Reporting

Our sustainability performance is of interest to a diverse range of stakeholders and we are therefore committed to reporting publicly and regularly.

Our Approach to Sustainability Reporting

We have published a Sustainable Development Report every year since 1998. We also include key elements of our sustainability performance as a separate section in our Annual Report and Accounts (www.lonmin.com).

The Company's primary listing is on the London Stock Exchange and it is therefore subject to the United Kingdom's Governance Code published in 2010.

Our 2011 Annual Sustainable Development Report

This report is a candid account of our approach to sustainable development, the management approach and performance for all the operations over which we exercised management control for the reporting period from 1 October 2010 to 30 September 2011. The scope of the report includes all Lonmin-owned entities: Western Platinum Limited (WPL), Eastern Platinum Limited (EPL) and Messina Platinum Mines Limited (MPML) and those joint ventures or partnerships over which we exercised management control during the twelve-month period. In the report reference to Marikana includes the operational activities of WPL and EPL based in the North West Province. Specific reference will be made to the Precious Metal Refinery (PMR) with its operations based in Gauteng Province. Messina Platinum Mines Limited (MPML) will be referred to in the report as our Limpopo Mine operations. We use these terms instead of the names of the legal entities because our data is provided in terms of these operations and geographical areas. We have excluded certain operations that are deemed insignificant to our reporting process, due to their relative size, extent and sustainability impacts. These include:

- Johannesburg and London head offices – the quantitative information reported relates solely to safety statistics, operational costs and the number of employees and contractors;
- Akanani – quantitative information reported relates solely to safety statistics, the number of employees and contractors and associated costs;
- Vlakfontein Nickel (Pty) Ltd – quantitative information reported solely relates to environmental rehabilitation and associated costs as well as safety statistics; and
- All exploration operations – the quantitative information reported relates solely to the number of employees operational costs and safety statistics.

This report has been prepared using the Global Reporting Initiative's (GRI) G3.1 Guidelines, its Mining and Metals sector supplement, the International Council on Mining and Metals (ICMM) Sustainable Development Principles and the United Nations' Global Compact (UNGC).

Our previous report reflected performance for the twelve-month period 1 October 2009 to 30 September 2010. There has been no significant change in our size, structure, ownership or products since then that would materially influence the scope or boundary of this report. Although we have entered into an agreement with Shanduka Group (Proprietary) Limited (Shanduka) to assess the viability of them operating and developing the Limpopo Mine, this was only a recent change and has no impact on the information presented for this year. We are confident that the report provides a complete and balanced view of our performance for the twelve-month reporting period and does not omit significant information that could influence a stakeholder's assessment of our operations.

• GRI 2.9, 3.1, 3.2, 3.3, 3.6, 3.7, 3.8 and 3.11

Reliability and accuracy

Independent external assurance of our publicly reported sustainable development performance is a key element of our sustainable development framework. In 2011, KPMG provided assurance over selected sustainability performance indicators, marked with either an 'RA' for Reasonable Assurance or an 'LA' for Limited Assurance on the relevant pages of this report, as detailed in the assurance opinion on page 72. In preparing this report as well as the Sustainable Development Review in the annual report we have considered our principal sustainable development risks and associated, key performance indicators, the GRI's reporting principles and the requirements of the 2008 International Council on Mining and Metals (ICMM) Sustainable Development Framework: Assurance Procedure.

In order to meet the requirements of ICMM Subject Matter 4, we have reported our performance in managing our principal sustainable development risks through our sustainability indicators.

• GRI 3.13

Our Approach To Sustainability Reporting (continued)

Report content

The content of this report has been largely defined by:

- Identification and grouping of sustainable development risks;
- Considering the interests and expectations of a range of stakeholders on risks that would substantively influence them, their perceptions, and their decisions;
- Presenting a balanced view of our performance against people, planet and profit;
- Considering opportunities to contribute to broader sustainability objectives; and
- Responding to requirements of the ICMM.

The Sustainable Development Review in the Annual Report and Accounts in turn provides information relating to our principal and key sustainable development risks, as identified by the Company and informed by our stakeholders. This report, compiled with the objective of being relevant to a broad range of stakeholders, includes details on sustainable development issues raised by stakeholders as identified in the section "Engaging with our Stakeholders".

We are presenting information and data in a consistent manner to enable comparative analysis. Information is presented for key sustainable development performance indicators from 2007 to 2011. Where changes in data measurement or collection methodologies have occurred, we stated the basis, calculation and assumptions in the text with footnotes. A summary of this information can be viewed in the Appendices, page 77. Definitions of indicators are provided at a separate Uniform Resource Locator (URL) document (page 79). All monetary amounts reflected in the report are expressed in United States dollars (US\$), using a Rand/US\$ exchange rate of R6.95/US\$. A total production of 1,446,662 oz PGMs constitutes the basis of efficiency or intensity calculations.

Based on our own assessment of this report contents against the criteria provided in the GRI 3.1 application levels, we declare this web-based Sustainable Development Report fulfills the requirements of an A+ application level. The GRI 3.1 table can be [downloaded](#).

- **GRI 3.5, 3.9, 3.10**



- The interests and expectations of a range of stakeholders were considered for the report content.



- Kamogelo Legane, Lesego Matlala and Tshepo Keganedicwe.





- Laura Strand 2011 winning design.

Performance against our Targets

This year we undertook a comprehensive assessment of what sustainable development means for the Company and incorporated inputs from stakeholders at various phases to establish our principal sustainable development risks.







Governed by our Safety and Sustainable Development Policy we have targets in place in order to direct adequate resources to the effective management of those risks. Table 1 provides an overview of the targets we set for 2011, our performance against those targets and the targets we have identified going forward.

Target 2011	Our 2011 performance		Targets beyond 2011
SAFETY			
Disruption of our operations resulting from a catastrophic safety event, failure of safety routines as a result of a poor safety culture and work stoppages			
We continue to maintain a target of zero fatal injuries across all of our operations.	We regret to report six ^{RA} fatal injuries across our operations.		We continue to maintain a target of zero fatal injuries across all of our operations.
We will improve our LTIFR by a further 5% by 30 September 2011 to a total reduction of 10% from the 2009 baseline.	We have improved our LTIFR from 5.87 to 4.71 ^{RA} (19.8% reduction year on year). Compared to the 2009 baseline we improved our LTIFR by 24%.		We aim to improve our LTIFR by a further 5% by 30 September 2012.
TRANSFORMATION			
Possible withdrawal of our Mining Licences resulting from failure to deliver on transformation commitments made in our Social Labour Plan (SLP) regarding training and empowerment of our employees and communities.			
We will increase female participation at the mine to 11.6% by 30 September 2014. ²	7.45% ^{RA} of our workforce are women compared to the 7.04% reported in 2010. 4.33% ^{RA} of employees in core operations are women.	On Track	We aim to increase female participation at the mine to 10% by 30 September 2014.
We will increase the participation of employees from designated groups ³ in each level of management to 40% by 30 September 2014.	We have 46.5% ^{RA} employees from designated groups participating within management. 52.8% designated groups in junior management, 34.4% in middle management and 20% in senior management.	On Track	We aim to increase the participation of employees from designated groups within each level of management to 40% by 30 September 2014.

² This target has been restated to align to the Charter.

³ Designated Groups include employees who are disabled, women, or employees classified as African, Asian or Coloured and who have South African citizenship.

Performance against our Targets (continued)

Target 2011	Our 2011 performance		Targets beyond 2011
TRANSFORMATION (continued)			
We will have 65% of our total discretionary spend with HDSA suppliers by 30 September 2012, to align with the Scorecard for the Broad Based Socio-Economic Empowerment Charter ⁴	In 2011 we have procured 28.37% ^{LA} of our Capital Goods, 47.95% ^{LA} Services and 40.96% ^{LA} Consumable Goods from BEE entities.	On Track	We aim to have 40% procurement spent from BEE entities on Capital Goods; 70% for Services and 50% Consumable Goods of our total discretionary spend with HDSA entities by 2014.
We will convert an additional 26 hostel complexes into bachelor and/or family accommodation by 30 September 2011.	We have converted 26 hostel complexes into single and/or family units.		Percentage conversion of hostels in family units towards the 2014 target of the Mining Scorecard.
We will upgrade a further 252 houses at our Marikana operations by 30 September 2011.	We upgraded only 63 houses at Marikana. It became necessary to use the remaining houses designated for upgrade to house the new recruits following the Karee strike.		We aim to have converted the remainder of our hostels into single and/or family accommodation by 31 December 2014 in line with the Mining Scorecard.
STAKEHOLDER ENGAGEMENT			
Poor employee relations due to internal and external factors that could result in strike action			
No targets were in place for 2011 as the risk was identified as a principal risk during 2011.	An engagement strategy with the unions and employees governed through a clearly defined industrial relations structure and recognition agreements is in place.		We aim to develop and implement a strategy to move from Industrial relations to employee relations.
Poor community relations due to internal and external factors that could result in civil unrest			
No targets were in place for 2011 as the risk was identified as a principal risk during 2011.	We have refreshed our stakeholder engagement programme and approved a fit for a purpose communication plan to improve stability of our community investment.		<p>We aim to introduce regular community stakeholder forum meetings, facilitated by a third party, to track issues and concerns by 30 September 2012.</p> <p>We aim to re-engineer recruitment processes to increase employee representation from the GLC by 30 September 2014.</p>
Difficulties in land management particularly due to the encroachment of proposed formal or informal settlements on the Lonmin mining rights areas			
No targets were in place for 2011 as the risk was identified as a principal risk during 2011.	We have introduced monthly engagements with ward councillors.		In addition to the monthly engagements with ward councillors, we aim to have bi-monthly meetings with municipality leadership and to continue our engagement with the Bapo Ba Mogale tribal authority to find a resolution to the encroachment of proposed formal and informal settlements on the Lonmin mining rights areas.
HEALTH			
Negative impact of occupational and chronic diseases such as Noise Induced Hearing Loss (NIHL), HIV/AIDS and Tuberculosis (TB)			
We will increase participation of patients in our wellness programme by a further 5% by 30 September 2011 (2010 baseline year).	526 patients have been enrolled in the wellness programme. This is a 5.6% increase from the 2010 baseline.		We aim to increase participation of patients in our wellness programme by a further 5% by 30 September 2012 (2011 baseline year).

4 We have restated this target to align with the scorecard for Broad Based Socio-Economic Empowerment Charter.

Performance against our Targets (continued)

Target 2011	Our 2011 performance		Targets beyond 2011
HEALTH (continued)			
We aim to maintain one active workplace peer educator for every 75 employees by 30 September 2011.	In September 2011 there was one workplace peer educator for every 143 employees.		We aim to have one active workplace peer educator for every 75 employees through to September 2012.
We will reduce our number of new NIHL cases by a further 5% by 30 September 2011 (2010 baseline year).	In 2011 35 ^{RA} new cases of NIHL represented a 12.5% reduction in new NIHL cases from 2010 baseline.		We attempt to reduce the number of new NIHL cases by a further 10% by 30 September 2012.
ENVIRONMENT			
Inability to secure adequate electricity supply for the planned expansions in line with the Lonmin Life of Business Plan (LOBP)			
We will reduce our aggregate energy consumption per unit of production by 10% by 30 September 2012, thereby reducing greenhouse gas emissions by 5% (2007 baseline year). ⁵	In 2011 the total energy intensity was 6,532.63 ^{RA} Terajoules (TJ), a year-on-year increase of 5.1%. Our energy per unit of production has decreased by 11.1% from the 2007 baseline. Our GHG efficiency this year of 1.14 tonnes CO ₂ -e per PGM ounce equals our 2007 baseline.		We aim to maintain and to improve energy efficiency by 5% by September 2015 and secure sufficient energy supply required to allow delivery of Lonmin's Life of Business Plan (LOBP). 2011 will be the baseline year.
Inability to secure an adequate supply of water to sustain and expand our operations in line with the Lonmin LOBP			
We will reduce our aggregate fresh water intake by 15% per unit of production (2007 baseline year) by 30 September 2012.	33% reduction of fresh water intake per unit of production from the 2007 baseline. Development of the integrated water balance which will assist in addressing discharges and improve our overall water efficiency.		We aim to maintain our aggregate fresh water intake per unit of production (2007 baseline year) until 30 September 2012. We aim to prevent any discharges from Marikana return water dams and Waste Water Treatment Plants into the environment by 30 September 2014.
Impact of Climate Change on the business			
No targets were in place for 2011 as the risk was identified as a principal risk during 2011.	We developed a Lonmin Response Strategy to Climate Change.		We aim to respond to the impacts of Climate Change as per the performance indicators identified in the Lonmin Response Strategy to Climate Change.
SO₂ emissions levels impacting on environment and communities			
We will reduce the amount of ground level fugitive SO ₂ emissions by 40% (2010 baseline year) by 30 September 2014.	We have commenced with the implementation of our SO ₂ Emission Impact and Reduction Management Plan. The SO ₂ emissions for 2011 were calculated at 10.58 tonnes per day, a 3.51 tonnes per day (24.9%) decrease from 2010 baseline.		We aim to execute our commitments as per the Atmospheric Emissions Licence and comply with the new promulgated SO ₂ emission standards by 30 September 2020. We aim to reduce the amount of ground level fugitive SO ₂ emissions by 40% (2010 baseline year) by 30 September 2014.

⁵ We have restated this target to align to our Life of Business Plan.

• GRI 1.2 and 4.11

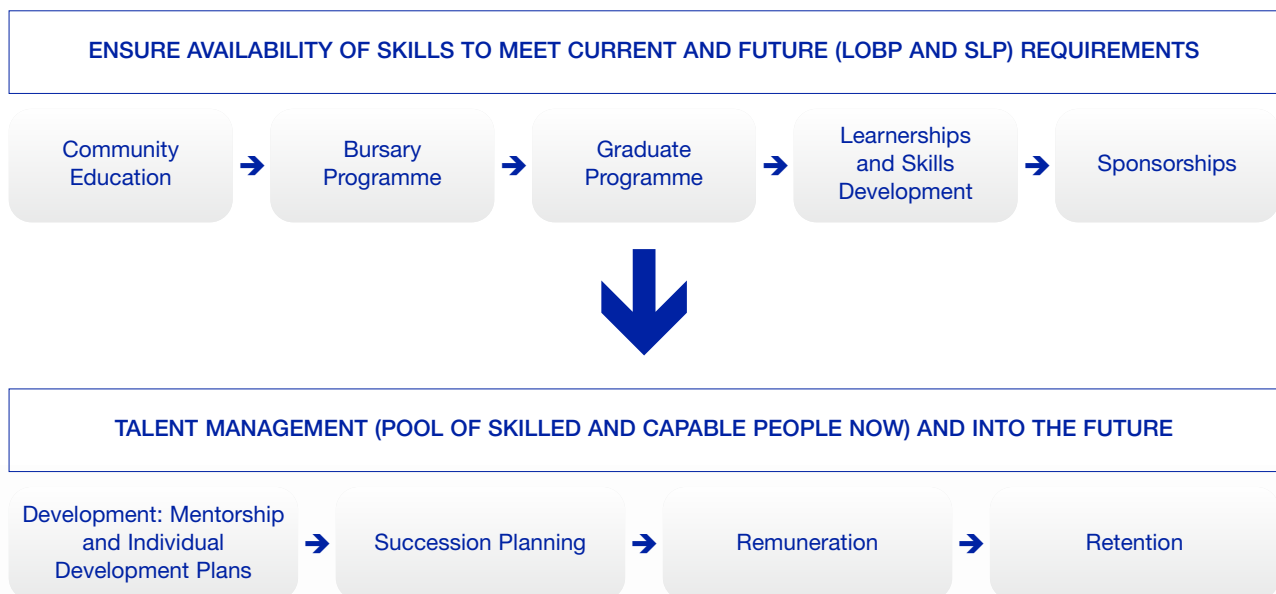
People

Employees and Stakeholders

Caring for the social well-being through transformation of employees, contractors and communities is important to the success of our business.

We believe that direct investments in the health, safety and training of our employees and contractors will empower them to foster a culture of safe behaviour, be motivated and be more productive. We strive to nurture our investment in people starting with development of early childhood through to the transformation of individuals to excel and become contributing members of society.

As at 30 September 2011 we employed 27,796 employees and 9,564 contractors. Through our safety, human capital and health programmes we aim to promote the social well-being of these employees and contractors. The nature of our business not only impacts directly on the well-being of employees and contractors, but has an impact on the surrounding communities. Direct investments in community skills development, education, infrastructure and local economic development contributes to the enhancement of our communities. The illustration below demonstrates the human capital value chain from creating the pool of skills through to the appointment and management of these employees.



Eliminating Fatalities, Serious Injuries and Unsafe Behaviour

We are committed to honouring our safety values, improving and sustaining an environment that enables our employees and contractors to behave safely.

A Summary Of Our Safety Performance

We extend our deepest sympathies to the families and colleagues for the tragic loss of the six men who were fatally injured while at work during the year at our operations.

Highlights

- 19.8% reduction in Lost Time Injury Frequency Rate (LTIFR) to 4.71^{6A}. Compared to the 2009 baseline we have improved our LTIFR by 24%.
- A 30% improvement of LTIFR at our process division due to various pro-active measures.
- Rowland shaft reached a remarkable milestone in achieving twelve million fall-of-ground fatality free shifts.
- Our 2011 Lonmin's Safety Summit was commended by the Department of Mineral Resources.
- Implementation of the new Integrated Safety Strategy.
- We had 60 White Flag⁶ Days and 142 Green Flag⁷ Days.
- Single Point of Contact System implemented by our Concentrators for Contractor management.

Focus Areas

- To achieve our goal of zero fatalities.
- To further improvement of our LTIFR.
- Reduction in severity rate of incidents.
- Implementation of learnings from the visits to DuPont operational sites
- Strengthen Visible Felt Leadership.
- Outcome of the National Safety Summit and the learnings from the summit that we can bring into our business.
- Integration of our Safety Strategy and one set of objectives and targets throughout the business.
- Improvement of contractor management.

DMA LA

⁶ White flag days are defined as injury free days.

⁷ Green flag days are defined as Lost Time Injury free days.

Management approach

Safety continues to be identified as one of our principal risks. We are successful when our employees and contractors live and work safely. We are committed to our value of zero harm to people. Our greatest challenge is to keep our people safe.

Our hierarchy of safety management includes our:

- Charter, which outlines the vision and values of the Company and governs safety management at a high level;
- Training of Line Management on core principles and development of their safety knowledge.
- Company wide Integrated Safety Strategy with three Pillars: fatality prevention, injury prevention and safety production culture, with four enablers: leadership, simple systems, enabling environment and a culture of safety;
- Safety and Sustainable Development Policy, which outlines our policy commitments to our health and safety values;
- Fifteen Lonmin Sustainable Development Standards supported by protocols and Fatal Risk Control Protocols, which provide a risk based management framework for Company wide safety management, continual improvement and alignment with best practice;
- Auditing of the implementation of Safety Strategy by the Group Safety Department;
- Safety structures and staffing to conduct legal compliance inspections and audits; and
- Implementation of the industry tripartite action plan on health and safety, including the roll out of the National Safety's Summit commitments.

Eliminating Fatalities, Serious Injuries and Unsafe Behaviour (continued)

Fatality Prevention

Work related fatalities in 2011

The deceased	Incident details
Mr Jonas Thomage Kgwatlha	Fall-of-ground accident at Newman Shaft on 8 October 2010
Mr Modisaotsile Edward Sethlare employed by Murray & Roberts Cementation	Underground trackbound mobile equipment incident at K4 Shaft on 9 February 2011
Mr Hermanus Potgieter employed by Murray & Roberts Cementation	Caught in a mud rush at Eastern Two Shaft on 28 February 2011
Mr Afiado Mazive employed by Triple 'M' Mining	Injured by a scraper rope 10 February 2011 at Saffy Shaft and died in hospital on the 14 March 2011
Mr Rafael Macamo employed by Shaft Sinkers	Engulfment incident after falling down an ore pass at K3 Shaft on 5 April 2011
Mr Alpheus Mogane Moerane	Fall-of-ground incident at Eastern One Shaft on 12 April 2011

The six fatalities^{RA} in the year represent double the number of incidents compared with each of the prior four years. This is unacceptable and we will not continue to operate in this manner. After the third loss of life our CEO closed all of our operations for a one day stoppage to review the safety conditions of our operations and behaviour of all our employees. Management collectively reviewed and reaffirmed their commitment to safety and zero harm.

Production was again stopped at the Mining Division in April, after the sixth fatality, to undertake an underground workplace safety audit conducted by senior leadership of our Company.

During the year we held a Lonmin Safety Summit leading up to our participation in the National Safety Summit in July 2011. The National Safety Summit was supported by the Department of Mineral Resources as well as many trade unions. At the summit our CEO recommitted Lonmin to zero tolerance towards fatalities and our value of zero harm to our employees.

A recommendation that came out of the summit was to establish representative task teams. The primary focus of the task teams will be to address different safety issues and enhance the effective implementation of the strategy. The task teams will sit regularly to address issues arising from the summit and report back to the Summit Controlling Committee.

As part of our information gathering process, we conducted a culture survey in 2011 and also conducted a progress audit on compliance and maturity which, viewed against the baseline we established in 2010, indicates that we are making progress against some of our safety objectives such as injury prevention.

Through the safety summit and the culture survey we identified the key focus areas affecting safety in our operations are:

- A. Leadership
- B. Simplify Systems
- C. Enabling Environment
- D. Create a safe culture

A. Leadership

Our safety training includes simulator training for drivers and our toolbox topics are translated into appropriate languages. Details of training hours are provided on page 25 of this report. The skills that we identified as those necessary for development of safety leadership include transparency, integrity, communication, management style and beliefs. The first step we took towards building leadership safety competence in Lonmin was to send our entire executive team and many senior managers, including our CEO, on DuPont safety management training course.

Our focus areas for development of leadership are to improve the knowledge of safety, embed the principles of care and integrate safety in the business. Our emphasis will be on the personal commitment to safety.

B. Simplify Systems

The implementation of our systems used to manage the safety risks and opportunities was internally and externally audited in relation to ICMM Subject Matter 3.

We have identified the need to simplify our systems and to provide each level of employee with only the information they need to carry out their core responsibilities safely.

Most of the fatal injuries in our operations this year were of contractors. In an effort to address safe behaviour among our contractors we have developed a contractor management framework, the main focus of which is safety. In future our vendor application process will include a safety, health and environment assessment of potential contractors with whom we would like to partner.

We have introduced cross site peer reviews within mining and processing. This has encouraged the adoption of best practice.

Eliminating Fatalities, Serious Injuries and Unsafe Behaviour (continued)

C. Enabling Environment for employees and contractors

While safety remains the responsibility of each employee and contractor, our line management is accountable to continuously create and maintain an “enabling environment” for all workers and our CEO is ultimately accountable for the safety of all our employees and contractors whilst they are on site.

To make the workplace safe we implemented the safety standards and fatal risk protocols. Going forward we will implement the relevant metrics for procedures to ensure documents are made relevant and understandable to all employees and contractors at all levels of the organisation.

We have embarked on a number of initiatives this year to enhance the performance of our contractors, with a particular focus on their safety performance. This includes:

- Issuing a “Lonmin licence to operate” to contractors;
- Pre-qualification assessments of new vendors; and
- Audits in conjunction with our supply chain to ensure our contractors adhere to our safety standards.

In December 2010 we embarked on a Contractor Management **Pilot project** at our Process Division to investigate the pre-qualification of contractors; the first step in the overall Contractor Safety Management Framework. This project has seen BMR, PMR and Smelter loading 61 on-site-contractors on the system, verifying their legal compliance and grading them through verification audits. Benefits of this **pilot project** are the possibility of integrating the contractor induction and medical information to the system. The pilot project will end 30 September 2012.

D. Create a safe culture

We need to create a culture of safety, a set of shared beliefs about safety, within our organisation. We identified that the stressful, unsafe living conditions of many of our employees contributes to unsafe behaviour in the mining environment. Lack of sleep, poor diet, abuse of alcohol or drugs, or not respecting the inherent high risk environment of mining all contribute to accidents and fatalities. We need to find ways to improve the environment for our employees, both at work and in the broader environment, so that they are encouraged to foster a culture of safe behaviour.

A number of hazards have been identified at our Mining and Processing operations and it is well understood that someone who is under the influence of alcohol is at increased risk to those hazards. To address this risk and the associated unsafe behaviour, we have introduced alcohol testing for all Smelter and BMR employees as well as random tests on other sections of our operations.

Injury prevention

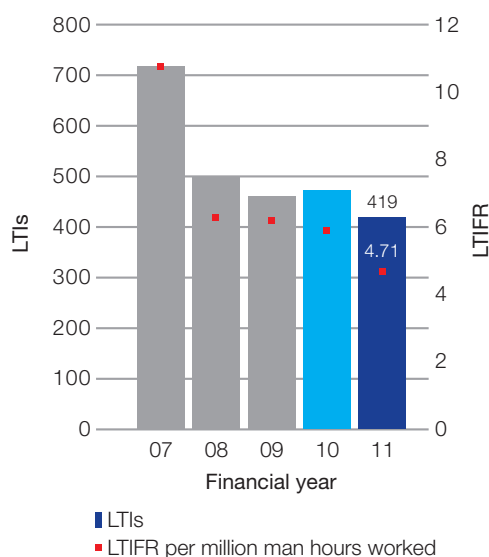
Loss Time Injury Frequency Rate (LTIFR)⁸ is the principal measure of safety performance as it illustrates the number of occurrences of injuries per man hours worked; providing us with the tool to identify when our controls failed.

The year-on-year LTIFR improved by 19.8% from 5.87 in 2010 to 4.71^{9A} in 2011. This was above our target reduction. We improved our LTIFR by 24% compared to our 2009 baseline. Our LTIFR figure includes employees and contractors. The number of Lost Time Injuries (LTIs) was 419, a year-on-year decrease of 11%; despite increased production for 2011 we injured less people. The severity rate⁹ was 274, a year on year increase of 2.6%. We had 36 “Level Three” safety incidents compared to 31 “Level Three” incidents in 2010.

Our employees are recognised and rewarded for good safety performance. We are reviewing the range of reward and recognition programmes in place that rewards our employees for good safety performances, focusing on forward energy and preventive efforts. By means of the Lonmin Corporate Balanced Scorecard good LTIFR performances are rewarded financially. However due to our poor safety performance, in as much that six employees lost their lives, this year no compensation for corporate LTIFR will be paid to employees for 2011.

The graph below illustrates the LTIFR and LTIs for a five year period.

LTIFR and LTIs



8 The total number of LTI's per million man hours worked. An LTI is a work related injury resulting in the injured being unable to attend or return to work to perform the full or similar duties of his / her regular work, as per advice of a suitable qualified medical professional, on the next calendar day after the injury.

9 The total days lost for the total lost time injuries per million hours worked.

Eliminating Fatalities, Serious Injuries and Unsafe Behaviour (continued)

A culture of safety

Safety at Lonmin, is considered as part of how we do business and not a separate initiative, campaign, or subsection of thought before work starts. We are aiming to produce safely, constantly measuring our forward energy, focussed on proactive, sustainable work practices and growth. We are working towards a safe culture on and off the job, with honest intent for what and how we do it, as well as who we interact and work with.

Safety Stoppages

A Section 54 notification is issued when an Inspector from the Department of Mineral Resources (DMR) has reason to believe that any incident, exercise, or situation at a mine endangers, or has the potential to endanger the health or safety of any person at the mine. The Inspector may halt or suspend any act or practice at the mine until such time that he believes the safety or health concerns relating to the act or practice have been rectified.

The government has renewed its commitment to enforcing mine safety legislation, which the Company fully supports. During 2011 we were issued with 27 notifications in relation to the Mine Health and Safety Act 29 of 1996, an increase from the seventeen notifications issued in 2010. All of these were at the Marikana operations.

Internally we perform our own safety stoppages if we believe any incident or situation endangers any person at the mine. The operation will be halted until investigation confirms the situation was resolved.

Safety Achievements

We have received a number of safety awards this year from the Association of Mine Managers South Africa (AMMSA) and the Mine Health and Safety Council.

One million fatality free shifts	Rowland; K3 Shaft, Western Platinum mine, Karee Mine, 1B Shaft
Two million fatality free shifts	Marikana Mining Operations; K3 Shaft, Western Platinum Mine, Karee Platinum mine
Three million fatality free shifts	Saffy Shaft, Marikana Mining Operations
Three million fall-of-ground Fatality free shifts	Saffy Shaft
Twelve million fall-of-ground Fatality free shifts	Rowland Shaft

We have also received a Certificate of Merit from the Mine Metallurgical Managers Association (MMMA) for our safety performance at our Karee Concentrators.

GRI SO8 and 2.10

Emergency and Disaster Management

Lonmin's Emergency and Disaster Management service is a world-class centrally-based one-stop operation based in Middelkraal, North West Province, which serves all of Lonmin, be it the exploration team in Ireland or a mining operation in Limpopo. Its team of specialists are skilled in handling every aspect of a crisis or emergency and they have immediate access to every emergency service they may need to call on for assistance.

The service, in line with Lonmin's "We Care" philosophy, is available not only to our employees and their families but it also assists the communities around our operations which in some instances do not have access to national or provincial emergency services. This service receives between 350 and 400 calls every month, which range from minor injuries to major disasters.

Our approach to emergency and disaster management is set out in the Lonmin Mandatory Code of Practice for Emergency Preparedness and Response, which is in line with the DMR's legal requirements. The Code sets out emergency and disaster management roles and responsibilities from the CEO, through Investor Relations to the operations.



- We encourage and foster a culture of safe behaviour.

Attracting and Retaining a Skilled Workforce

It is imperative that we attract, develop and retain a skilled workforce and foster diversity, providing a work environment that enables our employees to reach their potential and add value to the Company.

Our performance on attracting and retaining a skilled workforce

Highlights

- 46.5% managers from designated groups, an increase of 7.4% from 2010;
- Training of 210 community members in mine related skills to feed the labour pool;
- Baseline competency analysis of internal pool of skills completed; and
- Industrial action at Karee Mine which was peacefully resolved.

Focus Areas

- Assisting unemployed youth from the community to qualify for employment at Lonmin;
- Providing support to women from the GLC to qualify for employment;
- Increasing standards of education in the surrounding communities to ensure the availability of suitably educated and qualified employees into the future;
- Increasing the number of artisans available to Lonmin; and
- Preparing aging members of our workforce for retirement.



- Lonmin is a company where leadership is developed and skills are trained.

Our success depends on our ability to attract, develop and retain the best talent at every level, which is becoming increasingly challenging in the context of intensifying national and international demand for skills in the mining industry. We also need to address the legacy of inequality in South Africa by providing our HDSA employees with empowerment and developmental opportunities.

Our management approach

The business case for attracting and retaining a skilled workforce is clear:

- In order to retain our Mining Licence we need to comply with regulatory requirements and our SLP commitments; and
- We need to develop and retain a skilled, productive workforce in order to maintain a profitable and sustainable business.

Our Executive Vice President: Human Capital and External Affairs, Barnard Mokwena, reports directly to our Chief Executive Officer. He is responsible for the development and implementation of our Human Capital Strategy; that has five integral components:

- **Performance culture:** Building a culture that is values based, transformational, performance focused and through which teams and individuals are highly motivated;
- **Effective attraction:** Recruit in line with our Mining Charter targets;
- **Employee development:** To create a skills, talent and leadership employee pool;
- **Employee engagement:** Lonmin is a Company where leadership is developed, skills are trained, performance is managed and the wellness of employees is attended to; and
- **Talent retention:** Talented employees are retained through competitive rewards and recognition with development opportunities and promotion potential.

Our recruitment, remuneration and promotion policies and procedures aim to ensure that equal opportunities are afforded to all. As much as our focus is on production and profit, of equal importance is the achievement of our transformation objectives. In this section we will provide an update on transformation in management, women in the workforce, talent management and human resource development.

Attracting and Retaining a Skilled Workforce (continued)

Our Employees

The graph to the right is the actual employee numbers as at 30 September of each year.

In 2011 we have 73 employees who are disabled, representing 0.27% of the workforce.

We have drafted a Disability Policy to provide practical guidance and to prevent discrimination against disabled people in the workplace.

Transformation in management

To address the legacy of inequality in South Africa we provide designated groups, which include employees who are disabled, women, or employees classified as African, Asian or Coloured and these who have South African citizenship, with empowerment opportunities. To date our representation of designated groups among our permanent employees in management positions is 46.5%^{RA} compared to last year's 43.3%.

The overall numbers of designated groups in management roles are on track to meet the 2014 target of the employment equity scorecard for the Broad-Based Socio-Economic Empowerment Charter. In order to meet our targets per management level we have included a bonus metric in the Lonmin Corporate Scorecard to accelerate the employment of Historically Disadvantaged South Africans (HDSAs) in management positions. Our Recruitment Policy is to give preference to HDSA candidates to further implement transformation in management.

The table below provides a breakdown of employees as per the Paterson Bands. The Paterson Bands D, E and F represent the different management levels, with F being senior management level.

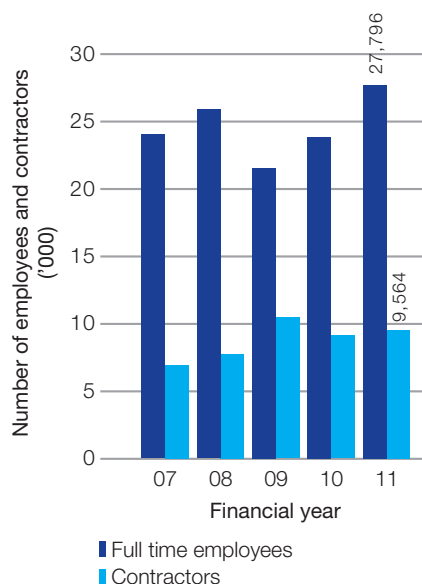
Paterson Bands ¹⁰	Designated Groups	
	Number	%
D-Band (Junior Management)	216	52.8%
E-Band (Middle Management)	63	34.4%
F-Band (Senior Management)	3	20.0%
Total	282	46.5%^{RA}

¹⁰ An analytical method of job evaluation.



- Johannah Chauke one of the trainees at our Mining Training Centre.

Number of employees and contractors



Recruitment of HDSAs

We make every effort to employ people from the local communities. However, because of a lack of available skills locally, management vacancies are mostly filled with candidates drawn from all over the country. We face a challenge when it comes to defining what percentage of our workforce is originally from the local community as employees who have a local address may have originally lived elsewhere. The initiatives we employ include:

- Recruitment programmes to attract people from our local communities, particularly women;
- Testing to ensure candidates for employment are fit to be employed, including psychometric and competency testing; and
- Market-related remuneration, competitive benefits and top-tier career development prospects.

During 2011 we recruited 6,544 employees. We report on the proportion of HDSAs and women in our operations as indicators of the diversity of our workforce, but do not report the number of employees from minority groups or different age groups, as we do not consider this to be material to our operations. 79% of all our recruits were HDSAs.

We are accelerating local recruitment through a mining related skills programme, learnership and bursary programme. A feasibility study was completed to establish an artisan college (page 35 community section provides more detail).

Attracting and Retaining a Skilled Workforce (continued)

Women in our operations

In 2011 we recruited 473 women, twenty of whom joined our management team. Out of 2,072 (7.45%^{RA}) women employed at Lonmin, 1,071 (4.33%^{RA}) are working in core operations. We believe it to be beneficial for transformation to set a target to increase female participation at the mine to 10% by 30 September 2014.

To introduce more women into core mining positions we are targeting women for our mining related skills programme. This year 109 women participated on our mining-related skills programme, 40 of whom have now been employed as miners in Lonmin. Because women sometimes lack upper body strength, which prevents them passing the fitness test, they are also provided with a fitness programme.

In addition to female recruitment programmes, we also ensure the creation of an appropriate physical environment to facilitate an increase in the number of women, including relevant policies to accommodate women. To further attract women to our Company we provide learnerships to them, 35 women received learnerships in 2011.

More details on remuneration for women in Lonmin and the turnover of women employed this year is shown in the table on the right.

Attracting skilled employees

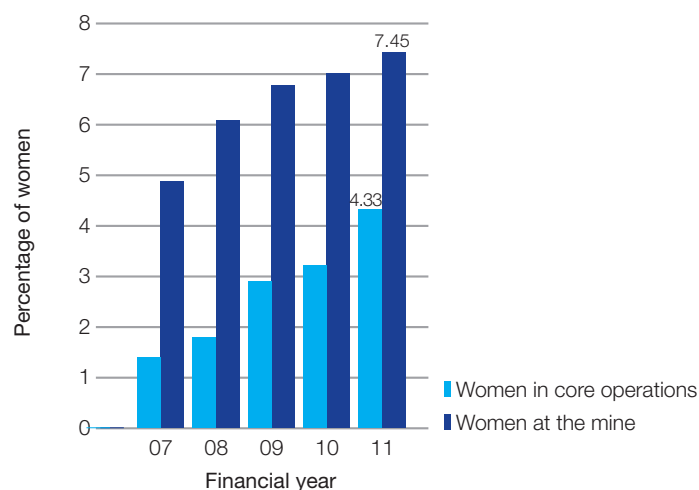
The sustainability of our workforce is a key concern for Lonmin.

We aim to attract highly skilled and motivated employees, while at the same time seeking to develop a diverse workforce and empowering the local community by providing employment and training opportunities.

We employ a number of initiatives to attract new talent to the Company. This includes career opportunities for graduates, partnering with academic institutions to offer students bursaries and internships and offering learnerships to people entering the mining industry. In 2011 the Company provided 44 bursaries (39 active, five terminated) and enrolled 29 graduates in training. We have set a target to allocate 100 bursaries in 2012.

Type of Learnership	Total number of Learnership	HDSA Learnerships	Female Learnerships	Male Learnerships
Engineering Learnerships	92	87	10	82
Mining Learnerships	70	53	25	45
Process Learnerships	22	17	0	22
Total Learnerships	184	157	35	149

Women employed at Lonmin



To fast-track and increase the number of learnership intake specifically from the Greater Lonmin Community (GLC) we embarked on a programme to assist and develop students from the Community. This programme includes supplementary classes on Saturdays in Mathematics, Physical Science and English and a one year university preparedness programme. We also coach them in interview techniques and provide them with study material based on their interested field of study. Nine students from the community were awarded learnerships for 2011; these students were all linked to existing mentorship groups in the Company and were provided subject support during university holidays.

Remuneration

To remain competitive we compare the wages we agree with Organised Labour with the industry standard by means of a market-related survey. Competitive benefits are offered to full-time employees, including healthcare, life insurance, disability insurance, retirement provisions, a share incentive programme for management level employees and an education protection plan which is built into employees' life insurance. The education protection plan ensures that the children of employees who die as a result of work-related accidents have the funds available to complete their education. No retention rates are offered after parental leave. Lonmin does not offer flexitime to its employees.

On average, calculated on the basic salaries of our employee categories, we have calculated that the most significant category in which women earn more than men is in the semi-skilled category and indicates an average of 11.4%. In the category of technical skills men earn 13.7% more than women. Other than these categories, there are no material differences between the salaries of women and men.

The Company operates a defined contribution pension scheme for its employees and does not offer defined benefit/final salary pension programmes. It is mandatory for our employees to participate in either an industry-based or Company defined contribution provident fund. Lonmin contributes between 13.95% and 20.52% of the employees' contribution to the fund.

Attracting and Retaining a Skilled Workforce (continued)

Employee turnover

In 2011, our net turnover of employees was 10.6%, including the dismissed employees from Karee. There are no significant differences in employee turnover trends in the different regions in which we operate. For more detail on the Karee industrial action visit page 64).

Group Labour Turnover (permanent employees) 2011

	2011 Male	2011 Female	2011 Total	2010 Total	2009 Total	2008 Total	2007 Total
New recruits	6,071	473	6,544	3,553	1,136	3,815	2,831
Resignations	(266)	(48)	(314)	(295)	(322)	(506)	(471)
Death (not work related)	(209)	(7)	(216)	(197)	(208)	(223)	(237)
Death (work related employees)	(2)	(0)	(2)	(3)	(3)	(3)	(3)
Dismissals	(1,998)	(52)	(2,050)	(719)	(942)	(780)	(956)
Retirements	(46)	(0)	(46)	(257)	(52)	(126)	(147)
Retrenchments	(24)	(0)	(24)	(33)	(3,733)	(2)	(15)
Net gain/loss	3,526	366	3,892	2,049	(4,124)	2,175	1,002

The turnover profile per age grouping and gender is illustrated in the graph to the right.

Absenteeism

We are challenged by high rates of absenteeism which have a negative impact on our productivity levels. In 2011 our absenteeism rate was 8.36%, which was an increase on the 7.9% absenteeism rate for 2010. The absenteeism rate for women was 9.3% compared to the absenteeism rate for men of 8.3%.

Reasons for absenteeism include sickness or injury, fatigue, alcohol abuse and family responsibility. The Karee industrial action also contributed to the higher absenteeism rate compared to 2010.

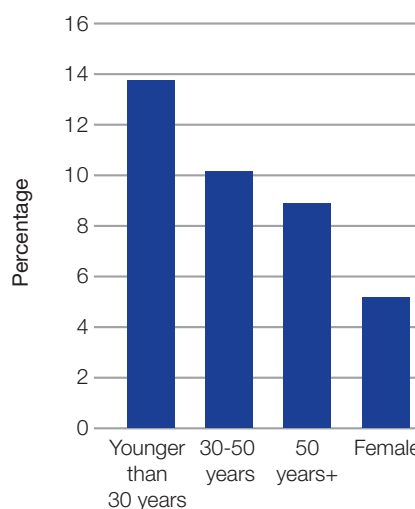
The employees most likely to be absent were identified as males between the ages of 26 and 35 years working in deep shafts. To reduce absenteeism we took disciplinary action against those employees abusing sick leave and we increased our communication efforts to demonstrate the impact absenteeism has on the team and the particular individual.

Retaining skills and developing current and future employees

We reward outstanding performance and incentivise employee development through our reward and retention programmes.

We have a Talent Management Policy in place that outlines the performance management process in Lonmin. All supervisors, management and professionally qualified employees are subject to an annual performance review process. Performance management includes the on-going management, measurement, monitoring and development of employees to drive performance at the individual level to ensure that the organisation meets its goals and objectives. In 2011, this accounted for 1,534 or 5.52% of employees of whom 37.9% were employees from designated groups.

Discharges by age grouping and gender



We have 1,611 Individual Development Plans (IDPs) in place. During 2011 Lonmin had 201 active mentoring relationships in place of whom over 75% were designated groups employees. Monthly audits are carried out to ensure that all documentation in relation to these mentoring relationships is in place.

Training Interventions

Through the Lonmin Training Academy we implement a range of targeted training initiatives, including induction courses and annual refresher training specific technical available to all our employees. In addition we provide a Front Line Supervisory Development Programme and managerial skills training programmes. We have a Study Assistance Policy for employees, which sets out the financial assistance we will provide to our employees who wish to study and the terms of sabbaticals for employees studying independently.

Attracting and Retaining a Skilled Workforce (continued)

Human Resource Development through Transformation

We undertook a baseline competency analysis which assessed our internal pool of skills and informed the development of our training plan for 2012. Given that a significant percentage of our workforce will be retiring in the next ten to fifteen years, our Training Academy is focusing on developing sufficient employees with the right skills to continue implementing our business strategy.

In 2011 we spent the equivalent of 3.81%^{LA} or US\$28 million of our payroll on training.

Finding people, particularly from our local communities, who have the appropriate level of education or skills is a challenge which we are addressing in a number of ways:

- Investing in the education of the young people in the GLC from early childhood through to tertiary education;
- Providing Adult Basic Education Training (ABET) for our employees to close the gap in education levels;
- Training of female community members in mining related skills; and
- Adult education in the GLC so we can close the gap in the education levels of job seekers and equip them to qualify for employment with Lonmin.

When our employees have to retire they need to continue earning. We have assessed what training they require in order to continue earning and have determined that in some cases they need to be taught a range of portable skills. In 2011, we trained 57 employees on portable skills. In addition they are trained in life skills, including financial management. Our enterprise development programme is also available to assist them in setting up businesses, should they wish to do so. We have also set a target for 2012 to train 570 employees, including contractors and community members on ABET. ABET remains an integral part of employee development.

Categories	Average hours of training per employee per annum		
	Male	Female	Total
Contractors	51.6	1.6	59.8
Unskilled and defined decision making	122.8	125.4	248.2
Semi-skilled and discretionary decision making	152.9	52.3	205.2
Technicians and associate professions, clerks, service and sales workers	60.1	42.8	102.9
Professionally qualified, senior officials and experienced specialists and management	33.5	29.4	62.9
Legislators, senior officials and senior management	41.4	29.2	70.6
Overall average	119.9	88.7	208.6

All our employees and contractors receive training in business ethics and the key principles of human rights as part of our induction and annual refresher training.

- **GRI EC3, EC5, HR3, LA1, LA2, LA3, LA10, LA11, LA12, LA13, LA14, LA15 and 2.8**



- Sylvia Molefe training officer at K3 and K4 Concentrator; with the concentrator training model.

Housing our Employees

To enhance employee wellbeing we have undertaken to provide affordable housing to our employees.

Highlights

- Our hostel conversion programme delivered 26 converted hostel blocks; and
- 179 houses have been sold to our employees through the Marikana Housing Development Company.

Focus Areas

- Aiming to meet our Mining Charter commitments;
- Converting an additional 24 hostel blocks during 2012 to yield 620 family and bachelor homes;
- Finding sufficient, appropriately situated, land for our employee housing projects; and
- Commence the feasibility and delivery of additional homes on appropriate serviced land for our employees.

One of South Africa's major challenges, at both a regional and national level, is the critical shortage of affordable housing; the resolution of this challenge requires the cooperation of both government and the private sector.

We estimate that approximately 50% of the people living in a fifteen kilometre radius of our operations are housed in informal dwellings with little or no access to basic services.

Our management approach

Lonmin believes that the living conditions of our employees affect their ability to add value in the workplace. To provide our employees with affordable accommodation that enhances their wellbeing, security and self-esteem enable them to add value is an integral part of our SLP. Failure to meet our SLP targets would put our mining licences at risk. In 2011 we have delivered 26 hostel blocks and upgraded 63 houses.

If we are to succeed we need to:

- Deliver on our set targets;
- Ensure the housing options we provide are affordable and the infrastructure and living conditions secure;
- Design homes that are aligned with our commitment to environmental sustainability;
- Build homes that are close to our employees' workplaces and amenities;
- Communicate with our employees regarding the progress we are making with the provision of housing; and
- Advise our employees on the financial implications of home ownership.

- We need to ensure the housing options we provide are affordable and the infrastructure and living conditions secure.



Housing our Employees (continued)

Addressing legacy issues

Historically, the mining industry established single sex hostel-style accommodation for its employees, a policy which has been linked to a number of social problems.

In terms of the revised Mining Charter we are committed to converting and upgrading hostels to achieve the occupancy rate of one person per room as well as converting and upgrading hostels into family units.

Hostel conversions

Lonmin has four hostels – Karee, Wonderkop, Middelkraal and Eastern hostels, of which Middelkraal is currently unoccupied as it is in the process of being converted into 312 single units. The revised Mining Charter required us to establish a baseline as at 31 December 2010; and thereafter to double the conversion of our hostels to single and family units by 31 December 2014.

Our baseline showed that we had already converted our hostel accommodation into

- 494 units (412 family units and 82 single units).

By 2014 we aim to have converted the remainder of our hostel space into family units and single units.

In 2011, we converted 26 hostel blocks into bachelor and family units. 26.04%^{1A} progress was achieved in the conversion and upgrading of hostels to have one person per room. 64.08%^{1A} of hostels converted into family units.

Housing

The indirect benefits to the Company of providing affordable housing for our employees include:

- Establishing a more sustainable environment for our operations;
- An increased ability to attract and retain skilled employees;
- Improved living conditions resulting in increased employee wellbeing, a more stable workforce, reduced absenteeism and increased productivity; and
- Contributing to socio-economic development.

To date we have built 1,728 houses. We have revised our housing strategy, following the experience we have gained, of the latest government policies, and information gathered from a “Human settlement” survey of our employees. Our new Integrated Human Settlement Strategy will focus on a series of sustainable integrated initiatives of which densification is a central theme. To deliver on this strategy we will examine the feasibility of developing strategic partnerships between the Company, property developers, investors and financiers, to develop higher density more affordable homes. Additional challenges that hampered our provision of homes were:

- A shortage of appropriate land in the vicinity of our operations
- Inadequate water and electricity resources; and
- Financial constraints as a result of current economic conditions.

Building these homes allows us to add value to the community through contracts awarded to GLC companies who, by forming joint ventures with more established construction companies, were able to meet the necessary criteria. We set a target last year to upgrade 252 houses at out Marikana operations. This project was slowed down to as urgent accommodation was required to house recruits to get Karee Mine back to production after the industrial action. Only 63 houses were upgraded.

In addition to this and in an effort to promote home ownership 179 employees are now owners of homes which were sold through the Marikana Housing Development Company and have they have been presented with their title deeds.

Birthday Radio Programme

Local radio station “Radio 702” Birthday Wish Programme provides the opportunity for people to nominate via email somebody to be granted a wish. In a response to this programme Margaret, and her grandchildren who have been struggling to find a house, was nominated. We responded and sponsored a house to be built for Margaret.

http://www.702.co.za/podcast/podcast_birthdaywish.asp/20110628JR2.mp3

Towards a Healthier Workforce

We are committed to our health and safety values and sustaining an environment that promotes the safety, health and wellbeing of our employees and their families, our contractors and the communities in which we operate.

Highlights

- ART defaulters decreasing by 39.5% from 944 defaulting patients to 571 defaulting patients;
- Increased the number of patients on ART from 1,349 to 2,022, a 49.9% increase;
- Met target of 5% increase in participation in our wellness programme;
- Exceeded the target of 5% reduction in new diagnosed NIHL cases;
- Extended pharmacy hours for dispensing drugs;
- Involved employees, unions and other stakeholders in selection of new rock drills with significantly reduced noise levels; and
- Employee health information management system has been piloted.

Focus Areas

- Strategy to integrate our safety, health and environmental processes;
- Run wellness campaigns for workers and contractors that includes HIV, blood pressure, glucose and cholesterol testing and a Tuberculosis symptom screen;
- Continue focus on eliminating noise-induced hearing loss; and
- Strengthening the comprehensive HIV/Aids and Tuberculosis management programme.

• DMA LA



- We have donated an obstetric ambulance to serve the Greater Lonmin Communities.

OUR HEALTH PERFORMANCE

A healthy workforce is an advantage to our business, as it means that our employees are fit to work at their full potential with fewer absences due to sickness or ill-health occurring. Our health programmes address occupational illnesses, public health issues and overall wellbeing.

Our health strategy sets the following objectives:

- Workplace programmes aligned to zero harm;
- Comprehensive disease management;
- Compliance monitoring; and
- Promotion of health and safety of employees' integrated with our communities.

There are Health and Safety Committees across our Mining and Process Divisions. The committees include representatives from our trade unions and represent the entire workforce in those Divisions. In addition, during regular safety breaks, health and safety topics such as safe behaviour, HIV/AIDS, diabetes and TB are addressed.

We have an HIV/AIDS and Tuberculosis Steering Committee, which finalised a comprehensive HIV/AIDS and Tuberculosis Strategy in 2010, that meets quarterly to monitor the implementation of the strategy.

• DMA LA6 and LA9

Organisational responsibility

Our Health Department is responsible for healthcare delivery, occupational health and hygiene policies, standards, monitoring and auditing. Line management is responsible for maintaining occupational health and hygiene standards. Our CEO is ultimately accountable for the health and wellbeing of all our employees and contractors when they are on site.

Best practice

Our participation in the ICMM Health and Safety working groups, and the South African Chamber of Mines' Health Policy Committee initiatives allow us to monitor and benchmark against industry best practice.

We also partner with government, our peers and the communities in which we operate to improve the health and wellbeing of our employees and the community.

Our drive for continual improvement in our health performance towards leading industry practices is set out in the Sustainable Development Standards. These standards also stipulate our alignment to the ICMM Principles that include Principle 5: *to seek continual improvement of our health and safety performance.*

Towards a Healthier Workforce (continued)

Assessing employee health and fitness

Our employees are medically examined every year to ensure early detection of occupational disease and to establish if employees are physically compatible with working conditions.

To evaluate their capacity for physically demanding occupations on surface and underground work, the fitness levels of all new recruits are assessed. We have found that women wishing to work in core mining positions frequently do not have the required physical or functional capability and upper body strength. If they fail the physical fitness test we put them through a physical and functional capacity building programme, this also helps them understand what will be expected of them in the mining environment.

Healthcare delivery

All our employees and contractors have access to occupational and primary healthcare services through an on site hospital, two clinics in Marikana, an on site clinic in Limpopo, an onsite clinic at the Precious Metals Refinery and a 24-hour Emergency Team. All our employees are covered by a medical aid scheme subsidised by the Company and they have the option of taking up additional family medical cover.

Any Lonmin employee or contractor injured at work is treated at our health facilities and, if necessary, is referred for specialist care. In addition contractors have access to all the medical services available on site and treatment is provided on a requisition basis. Contractors are also obliged to undergo annual medical check-ups.

Training and awareness

Every two years Lonmin runs an innovative wellness campaign which includes testing for HIV, blood pressure, glucose, cholesterol and a Tuberculosis symptom screen.

Our wellness programme is designed to cater for the physical and emotional needs of HIV positive employees. Once their CD4 T-lymphocyte count is below the acceptable number they are offered ART. This year we had 526 employees participating in our wellness programme, a 5.6% increase from our 2010 baseline. We train volunteers as peer educators to inform our employees and contractors in HIV and TB. This year we have been able to reduce the number of HIV positive employees who have defaulted from taking their ART by 39.5% and we have also been successful in increasing the uptake of ART. The peer educators have played a role in this success.

Sadly, HIV/AIDS remains the main cause of in-service deaths with 139 AIDS related deaths in 2011.

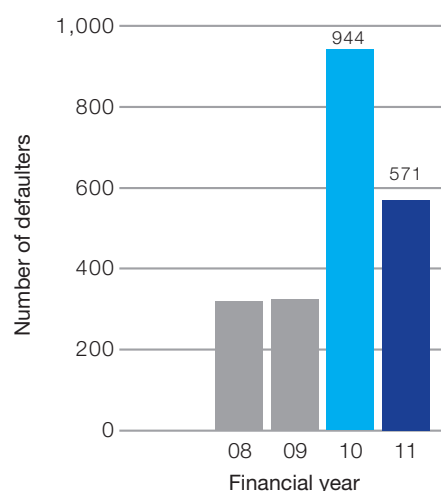
We trained 35 new peer educators and we now have 178 active workplace peer educators representing one workplace peer educator for every 156 employees; below our target of one peer educator for every 75 employees. Concerted efforts to ensure visibility and coaching of peer educators will be continued in the next year. This year we have conducted 31,666 voluntary counselling and HIV tests with 10.8% tests being reactive.

We have also provided social workers to counsel employees regarding the importance of continuing with their ART. We supply ART to our employees for life, but we do not supply our contractors with ART. Contractors are encouraged to supply ART to their employees. We screen contractors for Tuberculosis (TB) and provide TB treatment to those contractors diagnosed with TB. In 2011 we diagnosed and treated 545^{LA} cases of TB. This year we noted an increase in cases of extreme drug resistant TB and an increase in multi-drug resistant TB compared to 2010.

During the year our Health Department participated in the redesign of our induction programme which includes information on occupational diseases, health risks and wellness advice.

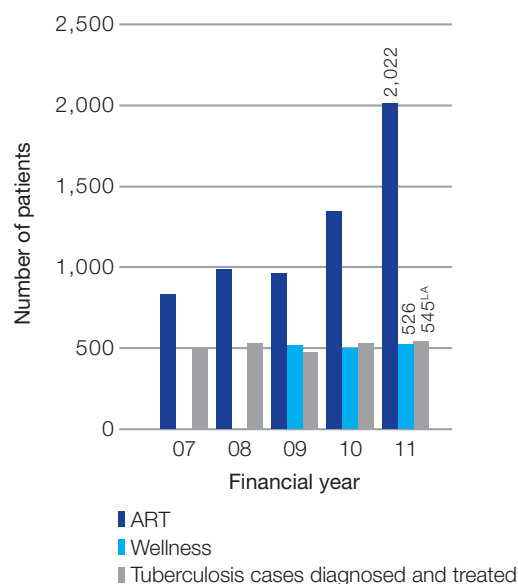
The choice of subject matter in the formal monthly health talk topics provided to our employees is driven by our disease profile and employee needs.

ART defaulters



No data was available for 2007.

HIV/AIDS and Tuberculosis programme results



Towards a Healthier Workforce (continued)

Occupational hygiene

During 2011 we extended the monitoring of occupational hygiene in Lonmin. The occupational hygiene department is responsible to help reduce the risk of hazardous exposures, ensure regulatory compliance, and to improve workplace conditions by implementing appropriate occupational hygiene programmes.

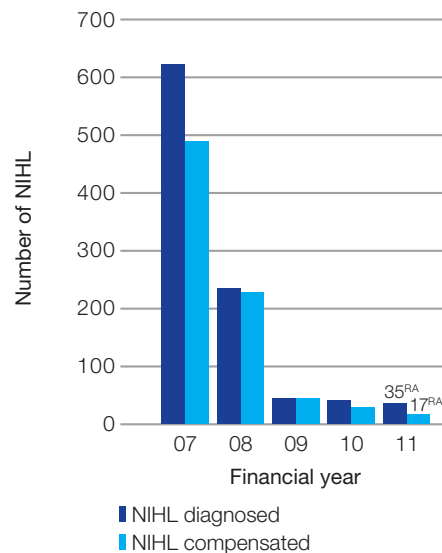
Noise-induced Hearing Loss (NIHL) is one of the key occupational health and hygiene risks faced by our employees and contractors. We are working towards achieving the Mine Health and Safety Council Milestones for the elimination of noise induced hearing loss of no new cases of noise induced hearing loss and reduction of noise emitted by all our equipment to below 110dB(A) by December 2013. To be able to achieve this target we have set the target for next year to further improve our new NIHL cases diagnosed by 5%. We have a comprehensive hearing conservation programme in place consisting of a number of elements intended to reduce the risk of noise induced hearing loss including engineering controls, administrative controls, personal protective equipment and medical surveillance.

Chloroplatinates (Platinum Salts) are unavoidable in the refining processes of platinum. Research programmes were established through the International Precious Metals Association's (IPMA) Scientific Task Force that will allow the PGM sector to derive thresholds for Occupational Exposure Limit (OEL) to platinum salts as well as to determine an adequate Inhalation Reference Concentration (RfC). Programmes include retrospective epidemiology studies and the development of an analytical method tailored to chemically and mineralogically characterise the PGM forms that relate to sensitisation.

NIHL and other occupational diseases during 2011

Rate of occupational disease	2011 (per 100,000 employees and contractors)
New NIHL cases diagnosed	94
NIHL cases compensated	46
Tuberculosis	1,459
Pulmonary tuberculosis	1,229
Extra pulmonary tuberculosis	230
Extreme drug resistant tuberculosis	11
Multi-drug resistant tuberculosis	40
Pneumoconiosis	5
Occupational asthma	0
Occupational dermatitis	3
Platinosis – Platinum Salt Sensitivity	3

Employee noise induced hearing loss



Gaining a better understanding of employee health impacts

Lonmin wants to understand what impacts on employees' attendance at work and as part of its investigation commissioned research indicating that there are a wide range of factors affecting absenteeism. This research will continue during 2012 and we will be taking action to improve the quality of life of our employees as the research indicates that this one of the key factors affecting work attendance.

• DMA LA3, LA7 and LA8



- Any employee or contractor injured at work is treated at our health care facilities.

Partnering with Communities

Empowering communities and contributing to their long term social, economic and infrastructural development is an investment in the Company's future and it secures our licence to operate within the current regulatory environment.

Our performance

Highlights

- All GLC¹¹ schools achieved matric¹² pass rates in excess of the average National Pass rate;
- 210 local community members trained in mining-related skills; 48% employed to date; of the 86 community members trained in 2010, 74 were employed at Lonmin;
- 157 households benefitted from the Rain Harvesting Project in the Eastern Cape Province;
- Completed a review of SLP performance and prepared revised plans in line with the new Mining Charter;
- Sixteen new classrooms and additional ablution facilities constructed in GLC schools
- Completed the extension of the GLC Modderspruit Clinic;
- Building of eight classrooms using environmentally friendly alternative building methods; and
- Established three Joint Ventures businesses involving GLC Small Medium Macro Enterprises's (SMMEs) and established businesses.

Focus Areas

- Increased focus on community relations;
- Skills development and job creation in the GLC;
- Accelerated implementation of labour intensive basic service infrastructure projects;
- Increased focus on the Saturday mathematics and science programme called Ithuteng;
- Complete the extension of Marikana Clinic;
- Implement a refreshed stakeholder engagement programme to improve and harmonise relations with local and labour sending communities;
- Launch the Lonmin School Sports Tournament;
- Introduction of GLC Arts and Culture Programme; and
- Facilitate joint ventures between GLC suppliers and older established businesses.

Our management approach

Lonmin seeks to make a significant contribution towards the sustainable development of local and labour sending communities by addressing the challenges facing South Africa, including poverty alleviation, job creation, education and healthcare.

Community consultation is a key element of our sustainability approach. We aim to engage openly and honestly with the communities that make up the Greater Lonmin Community (GLC) and our major labour sending communities, which includes communities in the Eastern Cape Province from where a significant number of our employees originate.

Our Charter links our performance to the success of our relationships with communities. The specific actionable commitments that build these relationships are outlined in our Safety and Sustainable Development Policy.

We identify the positive and negative impacts that we have on the GLC using social baseline studies. Our principal risks on page 10 provides the identification of the possible impact we have on surrounding communities. The targets set against these risks demonstrates our commitment to mitigate these risks. We work closely with communities to maximise the positive impacts of our activities and to minimise or avoid any potential negative effects. We involve communities in developing solutions that will benefit both the community and our business.

Our Executive Vice President of Human Capital and External Affairs, Barnard Mokwena, supports our CEO, Ian Farmer, who is directly accountable for the Company's performance in terms of its commitments to community development and community relations. We support the ICMM's [Position Statement on Mining and Indigenous People](#) as well as the Partnership for Development. Our Sustainable Development Standards incorporates the six ICMM Principles on which these position statements are founded.

The business case

Enhancing the socio-economic capacity, prosperity and sustainability of the GLC is crucial to the Company's operations. Our social and labour plans (SLPs), which are aligned with local government's development plans and are part of our mining licence requirements in terms of the Mineral and Petroleum Resources Development Act 28 of 2002, enable socio-economic development in the GLC.

During 2011 we spent US\$5 million (R37,980,955)^{RA} on SLP local economic development projects.

Our Preferential Procurement Strategy is aimed at BEE and supplier development. We have aligned our targets for preferential procurement in our supply chain to that of the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry. Further details are provided on page 75.

11 Greater Lonmin Community – Communities within a 15km radius from our operations.

12 Matric is the final school year in South Africa.

Partnering with Communities (continued)

The business case (continued)

Through our Procurement Department, which is actively assisting with the GLC supplier spend, we have investigated several new opportunities, one being the development of an industrial park. This will ensure Lonmin's visibility in the local community.

GRI SO1, SO9 and SO10

Local Economic Development

We assess the needs of communities and consult with them before implementing any community investment to be able to manage the impacts of operations on communities. We match our investment in Local Economic Development (LED) projects to the needs identified by the integrated development plans of the municipalities in which the GLC communities and major labour sending areas are located, and the South African Government's Departments of Health and Education. Baseline assessments are used to measure the impact and effectiveness of SLPs throughout the life cycle of the projects.

We have twelve community approved projects weighing 15% on the scorecard for the Broad Based Socio-Economic Empowerment Charter for the South African mining industry. Breakdown of the projects provided below.

Project	Description	Status
Water and Sanitation in North West Province	Infrastructure and yard connections for 400 households. Sanitation system for 200 households in Modderspruit	In progress.
Brick Making Project	This project has been proved to not be feasible and has been terminated.	
Education Support and Upliftment	Detailed breakdown provided in "Upliftment through education and skills development". Page 34	In progress.
Provision of access to Basic Services in Eastern Cape Province	Water reticulation for 405 households. Sewer system servicing 320 households.	Completed.
Institutional Support and Capacity development in Eastern Cape Province	Trained 40 municipal employees in project management.	Completed.
Multi-purpose community centre and Silindini Bridge in Eastern Cape Province	Both the centre and bridge were built.	Completed.
Improve Health Care Services	Detailed breakdown provided in "Addressing the health and wellness of the Greater Lonmin Community". Page 33	In progress.
Commercial Agri-Business	Project could not sustain and has been terminated.	
Community Skills Development	Detailed breakdown provided in "Upliftment through education and skills development"	In progress.
Sports and Recreation	Rebranding sports and recreation. Launch annual sports tournament and focus on heritage education.	In progress.
Provision of Water and Sanitation Eastern Cape Province	Ablution facilities for schools in Eastern Cape Province.	In progress.
Housing and Hostel Conversions	Sections responding to this see "Housing our Employees". Page 26	In progress.

Addressing community land concerns

The Company has established community resettlement policies which comply with the World Bank Operation Directives on Resettlement of Indigenous Peoples and Cultural Property. There were no resettlements of communities and no grievances lodged relating to resettlements. In terms of the Restitution of Land Rights Act 22 of 1994, the Company is in the process of addressing several land claims lodged against it before 2011. The resolution of these claims is being managed within the legislative framework of the regional Land Claims Commission and Land Claims Court.

GRI MM6 and MM9

Partnering with Communities (continued)

Addressing the health and wellness of the Greater Lonmin Community

Our community health programme addresses three main focus areas: school nutrition, development of the health infrastructure and HIV / AIDS education.

School nutrition programme

Our school nutrition programme has been operating since 2008. While we continue to provide schools with fresh fruit and vegetables we identified a need to provide nutrition for Orphans and Vulnerable Children (OVC) after school, over weekends and during school holidays. We have extended our nutrition programme to provide meals through four community-based food centres in partnership with local churches. Lonmin provides food supplies and pays stipends to food preparers. We are helping the food preparers develop income generating projects and have provided them with basic skills and hygiene training.

Our research further identified a need to address nutrition and health education amongst the youth of the GLC. Nutrition and health education activities included participation in youth clubs and sponsoring a Youth Extravaganza.

Development of the health infrastructure

A priority need of the area was to upgrade and increase clinic facilities.

This year:	Previously:
Modderspruit Clinic extension completed	Wonderkop clinic built
Marikana clinic extension construction commenced	Two mobile clinics donated
New clinic planned in Limpopo	Obstetric ambulance donated

We have received approval of the environmental impact assessment for the construction of the new Hwelereng Clinic in Limpopo Province.

Addressing HIV and its impact on the Greater Lonmin Community

Our community HIV programme includes training community volunteers in home-based care and peer education. To date we have trained 144 community peer educators. In addition to the training we provided to the GLC in the North West Province we have trained volunteers in the Silindini district of the Eastern Cape Province, in the community surrounding our Precious Metals Refinery in Gauteng Province and in the Limpopo Province. Formerly we paid these volunteers a stipend which the Department of Health is now taking over. Instead, we are investing in capacity building that will help the volunteers to become self-sustaining. Lonmin still provides these volunteers with uniforms, runs their bi-weekly meetings, coordinates their efforts, assists them with arranging HIV educational events and provides transport for them. We also helped the Rustenburg Hospice and provide home-based care in Wonderkop and Segwaelane. The support group in Segwaelane developed a food garden which they can use to feed the Orphans and Vulnerable Children they look after.

Community health initiatives have included supporting sixteen Days of Activism for No Violence Against Women and World AIDS Day. We were approached by schools that are experiencing a high rate of teenage pregnancies and we have run teenage pregnancy awareness programmes at Michael Modisakeng High School. In addition our peer educators visit schools and give talks on health education.

Case Study

Initially, our Community HIV/Aids, which started in 2002, was a joint venture between ourselves and other members of our industry. By 2003, 29 Community caregivers had been trained, but it was not until 2007, when we partnered with the Rustenburg Hospice, a palliative care centre, that the programme started to have a significant impact in the communities of Segwaelane and Wonderkop. That year our Community caregivers reached 288 patients and made 588 home visits.

In 2008 we extended the project in partnership with the International Finance Corporation (IFC)¹⁰ to include other GLC communities while maintaining our partnership with the Rustenburg Hospice for the communities of Wonderkop and Segwaelane. To support our efforts to enhance HIV/AIDS treatment in the GLC through home-based care we embarked on an intensive 69-day training programme for home-based caregivers through the centre for Positive Care. This effort paid off when 58 active home-based caregivers provided 1,859 patients with care in 2009.

In 2010 we maintained our partnership with the Rustenburg Hospice and Centre for Positive care to Care for 1,249 patients and 775 Orphaned and Vulnerable Children and increased our number of trained caregivers to 108.

By the end of this year 1,257 patients were receiving regular visits from our home-based caregivers including 81 patients in the Eastern Cape Province.



- We have 108 trained caregivers.

¹⁰ International Finance Corporation is a member of the World Bank Group.

Partnering with Communities (continued)

Upliftment through education and skills development

Our investment in education and skills training not only directly addresses our skills shortage, but by providing people with the knowledge and skills they require to escape from poverty, it also addresses current and future poverty in the GLC. Our programme is holistic, covering the development of a child from pre-school through primary and high school, to tertiary education and employment opportunities. For the children in the poverty cycle the high school dropout rate is reduced by 60% if a child receives good quality pre-school education¹¹.

This year we held a Crèche Indaba with the Departments of Education, Social Welfare and Health and a number of non-governmental and non-profit organisations. The aim of the Indaba was to gain an understanding of the requirements of the recently introduced Grade R¹². The Indaba highlighted a critical issue, which is that the majority of our crèches do not employ qualified educators. We are investigating how best to address this issue and how to access the training offered by the Department of Education. The Indaba provided insight to the qualification criteria for crèche government funding.

Through our Early Childhood Development programme we assist 43 crèches. Having consulted with the relevant government departments and the municipality on how best to upgrade these crèches we began by equipping them all with educational toys, maths kits and life skills kits and trained their staff to use the equipment. In 2012 we are targeting two of these crèches as part of a pilot project to upgrade them and will employ a community member to run the project. We also regularly provide additional training to the educators at the crèches. We support three of the 43 crèches by paying the salaries for eleven educators.

Investing in schools

We support 29 schools in the Marikana area and a further sixteen in the vicinity of our Limpopo operation.

Our school programme includes:

- A. Learner Support;
- B. Educator Support;
- C. Parent Support;
- D. Development and maintenance of school infrastructure; and
- E. School Nutrition Programme (page 33).

A. Learner Support

21 science and computer laboratories
100 top learners in Saturday School programme
Examination Preparedness and Support programme
Limpopo supplementary maths and science programme
Ten unemployed youths trained as career counselors
Provision of mathematics learning material to Grade 4-12 learners

C. Parent Support

School governance Body Training provided
Inclusion of parent day's in the Saturday School Programme

B. Educator Support

Onsite capacity building programme for maths physical science and english
Environmental workshops
School Governing Body and Management Team training
Coaching skills for sports co-ordinators at schools

D. School Infrastructure

Renovation and building of new classrooms at Thaba Marula High School and Segwaelane Primary School
Construction of new classrooms and ablution facilities at Teboga and Sonop Primary Schools

We have assessed the infrastructure of all the schools and using a scoring system prioritise those most in need of attention. If required, we build additional classrooms, renovate existing buildings, upgrade the water and electricity supply, build ablution facilities or repair the existing facilities and install security in the form of burglar bars, security gates and perimeter lighting.

¹¹ Stephen Jack, Phillie Foundation (www.phillie.org).

¹² Year before child start school in South Africa.

Partnering with Communities (continued)

Measuring the impact

After five years of running our schools education programme our schools all had a pass rate higher than the national average. In 2010, 23 learners who attended the Saturday supplementary programme matriculated with a university exemption. Learners from high schools with Matric Exemption¹³ increased from 16.5% to 31.1%.

Tertiary education and employment

Once GLC learners leave school there are a number of options available to them:

- Participate in the University preparedness programmes (including training in engineering design, maths and science);
- Apply for a Lonmin bursary or sponsorship;
- Participate in the Lonmin learnership programme; or
- Join the mining-related skills programme.

We offer mining-related skills training to community members who have a matric certificate or a minimum of ABET Level 4 and we also offer portable skills training to community members. Lonmin is reviewing its approach to portable skills training which, in terms of the requirements of our SLP is aimed at older members of the population, with a view to providing training that will address the needs of unemployed youth and alleviate poverty. This year we trained 97 community members in accredited sewing, plumbing, masonry, carpentry and road construction skills.

¹³ Matriculation exemption is a legal requirement for first-degree study at a South African University.

We held an ABET Indaba with a number of government departments. Our concern is that we are finding that even learners who have passed Grade 12 struggle to pass ABET Level 4, which is supposed to be the equivalent of Grade 9. Together we are looking at what interventions we can put in place to correct this situation; this includes an accelerated ABET programme targeting learners from the community.

Through our mining related programme we have trained 86 community members as Rock Drill Operators and fifteen men and two women were found competent as Blaster Assistants. Their training was concluded in August 2011 and twelve trainees have now been employed at Lonmin.

• GRI EC7 and EC9

• Key Community Development Projects in 2011



- We regularly provide training to educators at the early childhood development centres.



- This year we trained 97 community members in accredited sewing, plumbing, masonry, carpentry and road construction.

Engaging our Stakeholders

We are committed to maintaining transparent and ongoing consultative relationships with all stakeholders and to incorporating the outcomes of these engagements into our decision-making processes.

We identify stakeholders as those directly affected, both positively and negatively, by the activities of Lonmin interested parties who, while not directly affected by our activities, have an interest in, or influence over our activities.

Our management approach

We believe that establishing sound relationships with our stakeholders allows us to create and maintain resilient, stable operations, which in turn allows us to deliver long-term value to our stakeholders and our shareholders.

Our business sustainability is to a large degree dependent on our stakeholder relationships. Our stakeholders include the investment community, employees, contractors, unions, governments (national, regional and local), intergovernmental bodies, regulators, communities hosting our operations, business partners, non-governmental organisations, suppliers, customers and the media. We identify and engage our external stakeholders at a number of different levels and engagement is undertaken in various ways, including, but not limited to, shop floor briefings, roadshows, newsletters and multi-level meetings.

To manage our stakeholder relationships we have developed the Lonmin Stakeholder Engagement Protocol that is based on industry best practice. The table that follows illustrates the stakeholders we have identified, the frequency and type of engagements.

• GRI 4.15 and 4.16

Our stakeholder engagement performance

Highlights

- Mapping of stakeholders that facilitates proactive management of our stakeholder engagement; and
- Our CEO, Chairman and Executive committee engaged directly with employees and stakeholders to gain an informed understanding of their concerns.

Focus Areas

- A new framework developed that defines stakeholder engagement;
- Effectively engage with stakeholders to facilitate the successful outcome of our SLP;
- Managing community relationships and expectations;
- Communicating effectively with employees.
- Completing the mapping of the stakeholders for all areas in Lonmin; and
- Continue to improve stakeholder engagement and relationships with the GLC, employees and with government.



- Community members have also undertaken a site visit to our tailings facilities. John Molabatsi, John Molubi and Mandy Jubileus.



- We held a women's day event this year to engage specifically with our female employees.

Engaging our Stakeholders (continued)

Stakeholders	Written communication	As required (telephonic, face-to-face)	Ongoing dialogue	Monthly meetings	Regular Deep Dive meetings ¹³	Quarterly/Monthly forums meetings	Quarterly meetings	Annual meeting	Surveys and focus groups (Annual)	Twice per year meeting
Investment Community	X	X	X ¹⁴					X		X ¹⁵
Board members	X	X		X ¹⁶						
Employees	X	X	X	X	X	X	X		X	
Contractors	X	X	X	X		X	X		X	
Unions	X	X		X		X			X	
Government (national, regional and local)	X	X	X	X			X	X		X
Ward councilors	X	X		X						
Industry associations	X	X				X	X			X
Traditional authorities	X	X		X						
Business partners	X	X				X				
Non-governmental organisations	X	X							X	
Suppliers	X	X							X	
Customers	X	X		X			X		X	
Media	X	X								

13 A deep dive meeting is a meeting between the CEO and the various operational teams.

14 We meet throughout the year with analysts.

15 We also meet with investors at various conferences; we attended five such conferences.

16 Ten Board meetings took place this year.

Towards proactive stakeholder engagement

During 2011, having identified a need to have a more structured approach to stakeholder engagement, we completed a framework document that defines our stakeholder engagement and what it means to us. We also introduced a tool that tracks all our activities around stakeholder management and that will also identify stakeholder issues that are risks to the business. The system will assign each issue to the correct and relevant person to address that issue; and will track whether or not the issue has been addressed satisfactorily. If not, the system will flag the issue as a risk to the business that needs further attention. We are mapping the stakeholders for each area associated with Lonmin and populating the tracking tool with this information. We expect completion during 2012. This new approach allows Lonmin and its executives to be more proactive in our management of our stakeholder engagement.

We have introduced an Annual Stakeholder Forum to mitigate the risk of poor employee and community relations. The Annual Stakeholder Forum not only provides an engagement opportunity, but will also form part of our more structured approach to stakeholder engagement.

The mechanisms we make available to our employees to provide feedback or recommendations to the Company include an annual corporate communication survey, a stakeholders' forum, CEO stakeholder feedback forums which are held quarterly and annually, shop floor briefings, direct communication with line managers, formal grievance procedures and an independently managed ethics line which allows the employee to remain anonymous.

Our shareholders have the opportunity to communicate with the Board at the Company's Annual General Meeting or to make use of shareholder resolutions.

Stakeholder concerns

We include stakeholder concerns raised by our stakeholders in our process for identifying the Company's sustainable development risks. The table on the next page provides a list of the key issues raised by stakeholders which have been addressed in this report. We used the relative importance placed on these issues during our engagement with stakeholders and the frequency with which they were raised, as a means of identifying these issues. The Karee industrial action and the unrest in the communities raised our focus on our employee and community relations. Two of our principal risks relate to this specifically and we have set out to implement a strategy to facilitate the journey from Industrial Relations to Employee Relations. We have also decided to implement monthly community stakeholder forum meetings to track issues and concerns.

Engaging our Stakeholders (continued)

Stakeholder concerns (continued)

Stakeholder concerns:	We responded on page:
Water supply and quality	47
Climate change	42
HIV/AIDS and Tuberculosis	28
Safety of employees and contractors	16
Employee relations	21; 63
Community relations	38; 21
Local employment	38; 21
SLP commitments	75
Transformation	21
Industrial action	63
Human rights	63

• GRI 4.17

Stakeholder concerns are raised in a number of different ways. They can be received as a formal concern or query lodged in writing with the Company; or raised in stakeholder forums. We either provide feedback informally in the forum or telephonically; where appropriate, we will respond in writing. We also consider the interests and expectations from stakeholder engagement initiatives that have taken place during the year when preparing the content of our annual Sustainable Development Report. The process followed to manage issues received from internal and external stakeholders is illustrated below:

• GRI 1.2, 4.4, 4.14, 4.16 and 4.17



• GRI 1.2, 4.14, 4.16, 4.17 and 4.4



- Happy Moloisi, Mmabatho Mosimanqo, Sankie Mashamba, Mpho Ralery and Elizabeth Chabalala in front of the Mining Training Centre.



- Peer Educators performing in the Segswaelane Community Hall.

Planet: Investing in the Environment

We are committed to the value of zero harm to the environment, to minimise our pollution footprint and to continually improve on our performance.

A summary of our environmental performance

Highlights

- Development and roll out of a Lonmin Integrated Environmental Strategy.
- Participation in the South African Carbon Disclosure Project (CDP), we ranked 14th on the Carbon Disclosure Leadership Index of the JSE 100 companies.
- Environmental authorisations and licensing to ensure activities / operations are legalised in terms of environmental legislation.
- Completion of Group-wide external environmental legal audits.
- Development of the Climate Change Response Strategy.
- Approval of the Atmospheric Emission Licence (AEL) for the Smelter and BMR.
- Environmental authorisation for Furnace Number Two.
- Finalisation of an Integrated Water Balance for implementation at the Marikana operations.
- Identified five activities requiring waste licences; three have been authorised, the other two are in process of authorisation.
- All business units within the Company retained ISO 14001 certification.
- Created visibility and awareness on our heritage resources and sites.

Focus Areas

- To implement the Lonmin Climate Change Response Strategy and manage the risks and opportunities.
- To finalise an application for submission for conversion to an Atmospheric Emissions Licence (AEL) for our Marikana and PMR operations.
- To implement the Integrated Water Balance at Marikana and develop a Water Management Plan to enhance water efficiency and secure access to water for Lonmin's Life of Business Plan (LOBP).
- To finalise an Integrated Industry Waste Management Plan to align with new requirements of the National Environmental Management Waste Act, 59 of 2008.
- Preventing the contamination of ground and surface water resources in the regions where we operate.
- To undertake Heritage Assessments on heritage sites at Lonmin Marikana.
- To invest in additional compressor optimisation programmes.

Planet: Investing in the Environment (continued)

Management approach

By their very nature, mining activities adversely impact the natural environment. At the core of Lonmin's approach to environmental management is a pro-active risk-based methodology to the rehabilitation and management of the environment throughout the life cycle of our mining activities. It is based on international best practice, legal compliance and maintaining our environmental and social licence to operate.

• DMA EN; 2.10

The key strategic objectives and performance indicators of the Lonmin Integrated Environmental Strategy for 2011 – 2014 are:

- Maintaining the environmental and social licence to operate with no directives or fines being issued, alignment with new environmental legislation and implementation of uniform systems to ensure continual improvement.
- Efficient resource use, consumption and alignment with specific projects energy, water and waste management and efficiency, alignment with strategy, projects and corporate environmental targets;
- Minimise the environmental health and social liability.
- To minimise and prevent environmental health impacts, to integrate closure planning within operational plans and to annually report on the Lonmin State of the Environment;
- Business and stakeholder standing to ensure continual improvement on business maturity and internal and external reporting.

Lonmin's Hierarchy of Environmental Management is demonstrated in the triangle below:



Accountability for environmental management resides with the Board of Directors and our Chief Executive Officer, assisted by the Board's Safety and Sustainability Committee. The Sustainable Development Strategy provides strategic direction and an operating model.

The Environmental Department ensures there is alignment with Company policy, adherence to minimum standards, strategy, guidelines, systems and procedures at operational level. Through partnerships we share learning experiences and contribute to policy development at both a national and an international level.

The Company is a member of the South African Chamber of Mine's Environmental Policy Committee; specific working groups and government committees focusing on the development of policy and legislation; the Steering Committee for the Centre of Sustainability for Mining and Industry (CSMI) at the University of the Witwatersrand, which is providing regulators and industry with environmental training; and the International Council for Mining and Metals' (ICMM) task forces on Climate Change, Socio-Economic Contribution, Resource Endowment, Materials Stewardship, Environmental Stewardship and preparations for Rio+20¹⁷. Participation within these Task Forces enables the creation of dedicated linkages and development within the environmental portfolio related to sustainable development. The Environmental Department also provides a supporting service to Lonmin representatives participating in the Sustainable Development and Life Cycle Assessment Initiatives currently being undertaken within the International Platinum Association.

We are a member of the Industry Task Team for Climate Change (ITTCC) that was established by energy intensive companies operating in South Africa to facilitate advocacy with the South African Government and other role players and to contribute to the development of Climate Change Policy options.

We are also a member of the National Business Initiative (NBI) a non-governmental organisation providing a platform and facilitating co-operations partnerships, policy development and projects between government and industry. Current focus areas are Climate Change and Energy Management. The NBI aims to mobilise business and government towards formulation of a collective Climate Change Response Statement at COP17.

Management systems

All our operations have maintained their International Standards Organisation (ISO) 14001 certification. PricewaterhouseCoopers (PwC) undertook external ISO 14001 Environmental Management System audits at our Concentrators and at Lonmin Services in March 2011. Currently, Lonmin business units are ISO certificated with either one of two certification bodies namely PwC or Bureau Veritas.

Training and awareness

The annual induction training provided to all employees and contractors includes general environmental training. In addition, each operation conducts site-specific environmental training and a DVD of Lonmin's Value Chain is to be included in our induction programme. This DVD will also be used to showcase the exceptional work Lonmin has done in environmental management.

Monitoring systems

Through our environmental management systems we monitor and report on environmental performance; they include:

- legal compliance,
- water, air and waste management,
- land biodiversity and heritage resource management, and
- performance in terms of our policy commitments as per the objectives and targets set in our strategies and plans.

¹⁷ The United Nations conference on Sustainable Development (UNCSD) Rio+20 in Brazil.

Planet: Investing in the Environment (continued)

Monitoring systems (continued)

An Environmental Audit Protocol has been finalised for implementation to facilitate the standardisation and integration of the Integrated Environmental Strategy, Environmental Systems, compliance auditing, performance reporting and Group-wide maturity assessment.

We endorse the ICMM position statement on Mercury risk management. As Lonmin does not produce Mercury as a primary product and we do not use Mercury or Mercury compounds in any of our processes we believe that the risk of Mercury at our operations is negligible (also visit page 66 for more details).

Legal compliance and auditing

Our extensive internal and external audit programmes monitor our legal compliance. Further to this we also audit those contractors transporting our ore and workforce to monitor compliance to our environmental standards as well as to minimise the environmental impact. External environmental legal audits were undertaken in 2011 throughout the business units. In 2011 we received no fines or prosecutions relating to our environmental management.

Materials use

In the production of PGMs, the most significant materials used at our operations are timber, coal and fuels. In 2011, we used 1 million timber poles from a Forestry Stewardship Council (FSC) certified forest and 19.06 million litres fuel and 15 tonnes of coal.

The percentage of materials used that are recycled or classified as secondary input material are insignificant in the context of total PGM production.

Environmental expenditure

The Company spent approximately US\$21 million on environmental management in 2011. The table below provides a breakdown of environmental expenditure by discipline including operational expenditure. The only exception is the water management figure that excludes operational expenditures.

Breakdown of environmental expenditure by discipline

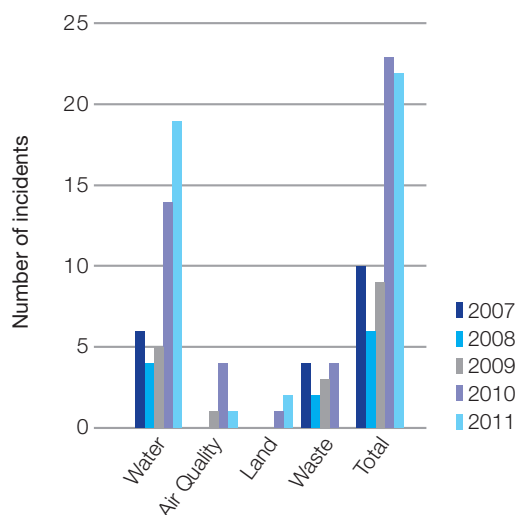
Environmental discipline	Expenditure in 2011 US\$ million
Air quality management	US\$5.5
Water management	US\$2.8
Waste management	US\$12.0
Land management	US\$0.2
Total	US\$21.0

Incident reporting and management

It is mandatory for all our operations to investigate and report incidents and effectively mitigate the impacts of any incidents. We rigorously investigate incidents employing the Incident Cause Analysis Method (ICAM) and report on them to the relevant government departments. The Significant Incident Reporting Procedure and the Environmental Severity Table were amended to align with new environmental requirements. None of the incidents we experience this year relates to significant spills of oil, hydrocarbons or chemicals.

• GRI EN1, EN2, EN23, EN28, EN29 and EN30

Level 3 Environmental Incidents



A Level Three Environmental Incident can be defined as an incident that results in a moderate impact on environment where natural processes are notably altered but continued in a modified way with impacts being reversible within lifetime of operation. Impact confined to mine property. More detail on the high number of "Level Three" water incidents are provided on page 47.



- Remains of stone walls that were part of historical dwelling in the North West Province of South Africa. These types of sites are a direct continuation from the late Iron Age when stone were used to construct large settlements in which Sotho-Tswana farmers lived from the seventeenth century well into the mid-nineteenth century.

Climate Change

Lonmin recognises its role as a mining-to-market company in mitigating and adapting to climate change; we have confidence that our efforts, will jointly with greater society, hold significance on a local, national and global scale.

South Africa is in the process of developing national legislation on climate change, we continue to engage with policy makers through industry associations. We are working with members of our industry, as well as other stakeholders, to understand the potential impacts of climate change and take action to minimise them in areas likely to be most affected and where we can to have the most impact.

Our Strategy

We have made significant progress in the development of our Response to Climate Change Strategy since 2010.

It is intended that this strategy is integrated into our Corporate Business Strategy. To this end, the strategy builds on Lonmin's existing values and policies and focuses on priority areas. The strategy outlines four key strategic objectives and key performance indicators developed against these.

- **Adaptation:** Increasing resilience in the face of an uncertain future;
- **Governance:** Embed consideration of climate change in the fabric of the business;
- **Resource Management and Efficiency:** Minimise our environmental footprint and continually improve performance; and
- **Capacity Building:** Foster the commitment of all employees and contractors.

A key feature of the process adopted in the development of the strategy is the identification of risks and opportunities. In line with our risk process we conducted a top-down and bottom-up risk and opportunity identification exercise. The process also involved mapping out all climate change risks and opportunities, building capacity within Lonmin and assessing the likely impact of climate change on our business.

We identified numerous climate change related risks across our business at operational and corporate levels; and separated into various risk categories. The table to the right provides an overview of certain risks identified (list not to be viewed as exhaustive). Low, medium and high scenarios were developed for priority risks, based on available historical weather data and scientific climate change models. We developed a financial model to help us to understand the potential implications of these risks and provide an initial indicative cost. Higher energy costs can have a negative impact on our ability to contain operating costs and maintain production. We are currently assessing the impact of each risk in order to correctly prioritise the risk and allocate to the appropriate resources.

Risk Description	Risk Driver
Regulatory Risks	
National regulatory measures to achieve GHG targets uncertain.	Uncertainty surrounding national regulation
Enabling legislation has been promulgated on the establishment of limits/standards on GHG	Air pollution limits
Mandatory reporting requirements.	Emission reporting obligations
Increased fuel and energy costs as a consequence of potential carbon costing mechanisms.	Fuel/energy taxes and regulations
Physical Risks	
Increased underground cooling requirements.	Increase in ambient temperature
Maintaining effectiveness of suppression methods at tailings facilities	Increased evaporation rates
Water security and availability	Changes in precipitation patterns, extremes and droughts.
Communities located within floodlines.	
Inadequate water containment facilities (surface).	
Infrastructure damage	Wind, hail and lightning intensity.

The production of PGMs provides an opportunity towards addressing some aspects of climate change through their use in catalytic converters. They play a significant role in reducing air pollution by substantially limiting the discharge of carbon monoxide, hydrocarbons and nitrous oxides as well as particulates in diesel engines. PGMs are also used in fuel cells to develop both portable and auxiliary energy units and as a source of power for vehicles.

• GRI EC2

Climate Change (continued)

In Lonmin responsibility for climate change at Board level resides with the Safety and Sustainability Committee, which advises the Audit and Risk Committee and reports to the Board on developments and trends and forthcoming significant legislation. Risk management procedures with regard to climate change are integrated into our multi-disciplinary Company-wide risk management register and processes.

Understanding our carbon footprint

Our understanding of our carbon footprint continues to improve. We developed an automated carbon calculator to determine our Greenhouse Gas (GHG) Scope one, Two and Three emissions. Whilst our Scope Three emissions profile is currently limited we are implementing an action plan to expand this reporting boundary more comprehensively by 2014. We are considering implementing site specific carbon and energy intensity targets that will allow us to measure our performance more accurately and identify areas for improvement.

Energy usage in our operations generates GHG emissions. The use of diesel in our vehicles contributes directly to the creation of GHGs and the electricity supplied to us from coal-fired power stations contributes indirectly to the creation of GHGs. We are committed to minimising GHG emissions and improving energy efficiency.

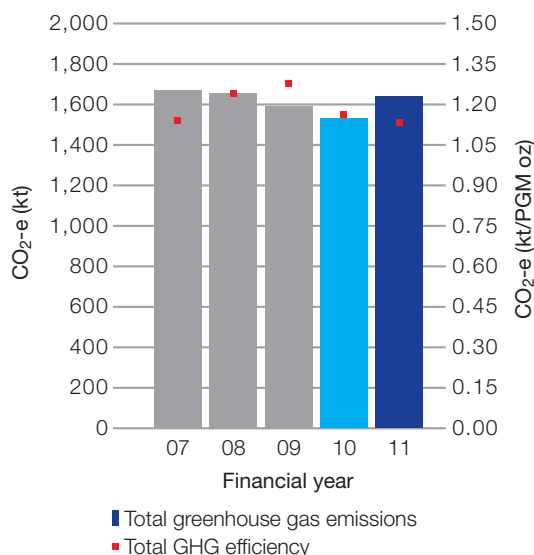
Our GHG efficiency this year of 1.14 tonnes CO₂-e per PGM oz is equal to our 2007 baseline. We were responsible for 101,248 tonnes direct GHG emissions (Scope One emissions), 1,541,747 tonnes indirect emissions (Scope Two emissions) and 5,348 tonnes of GHG emissions (Scope Three emissions) in 2011. The total Scope One and Scope Two GHG emissions for 2011 was 1.64^{RA} kilotonnes of CO₂.

Marikana operations generate the most significant portion of our GHG profile; accounting for 98% of our total footprint. Our most significant source of energy is our electricity consumption; inherently linked to the increase in our absolute GHG emissions profile for 2011. Whilst our absolute emissions have increased our efficiency in energy aggregate, electricity consumption and GHG emissions has improved and we are on track with our targets.



- Mobile crusher at our opencast operations. Our Scope One emissions includes the consumption of diesel and petrol for vehicles utilised in our value chain.

Total Greenhouse Gas Emissions (Scope 1 and 2)



Scope 1 Emissions reported for 2011:

- Transportation of ore, concentrate and product.
- Diesel and petrol consumption for fleet vehicles (other than those listed above)
- Gas consumption
- Coal consumption
- Non-combustion product use (oils)
- Explosives fuel mix

Scope 2 Emissions

- Electricity

Scope 3 Emissions reported for 2011:

- Transportation of general waste to the Mooiooi landfill
- Transportation of employees in and around the Marikana operations.
- Employee business related travel in terms of flights, car hire and accommodation.
- Waste management services at the PMR.

Climate Change (continued)

ENERGY MANAGEMENT

The South African mining industry faces particular challenges in connection with the reliability of supply of electricity. Electricity prices that have more than doubled since 2007. There is increasing pressure to reduce GHGs.

Our approach

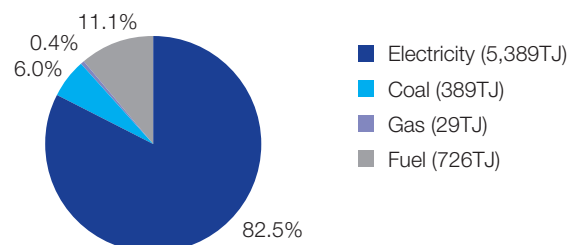
Lonmin's approach to energy is to find ways to make efficient use of electricity and reduce our direct and indirect GHG emissions has been applied throughout the business.

Our most significant energy consumption is of electricity and this contributes to our indirect GHG emissions, Scope Two. Our initiatives are therefore focused primarily on energy efficiency.

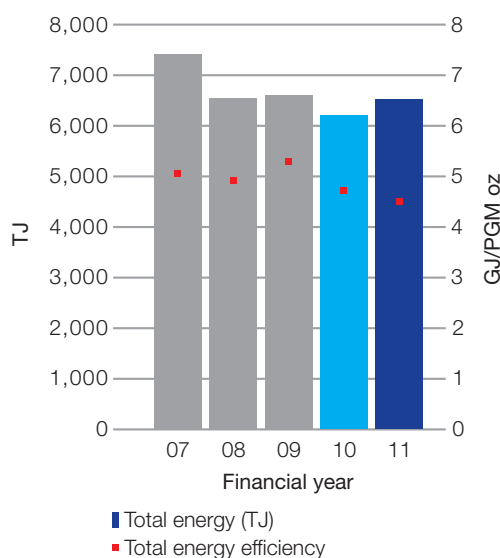
Initiatives that are improving our energy efficiency include:

- Installing stand alone compressors at the concentrators achieved a 2% reduction in energy consumption in 2011;
- The re-designed compressed air system at Marikana Mining has resulted in electricity savings by shutting down compressors over weekends;
- Optimised Air Network projects at K3 and Rowland have shown a 2% reduction in energy consumption during the course of 2011;
- All industrial change houses and residential hostels are to be converted from conventional electrical water heating to heat pump installations by mid year 2013;
- Shaft pumping enhancements will be made and savings realised by November 2012;
- All motors in the Concentrators will be replaced with high efficiency motors. An estimated cost savings over two years US\$0.6 million;
- We will be investigating compressor optimisation, heat pump replacements for water heating and main fan controls;
- 90% of our perimeter lights were replaced with solar-powered lighting;
- Improving efficiency of the electro-winning process at the BMRs reduced energy consumption; and
- Improved furnace availability of the smelter has resulted in a significant increase in energy efficiency.

Energy profile for 2011



Total energy use and efficiency



Our total energy consumption in 2011 was 6,532.63 Terajoules (TJ), a year-on-year increase of 5.1%. Our energy intensity per unit of production has decreased by 11.1% from the 2007 baseline to 4.5 GJ/PGM oz. Electricity is the most significant indirect energy source and amounted to 1,496,842 MWh, a year on year increase of 8.4%.

• **GRI EN3, EN4, EN5, EN6, EN7, EN16, EN18, EN19, EN29 and SO10**

Note:

1 Terajoules = 1,000 Gigajoules (GJ)
1 MWh = 3.6 GJ
1,000 MWh = 3.6 TJ

Air Quality Management

Our operations affect ambient air quality concentrations. We acknowledge our responsibility to continually manage this and reduce our impact on the ambient environment.

Our principal atmospheric emissions are sulphur dioxide emissions (SO₂), greenhouse gases as presented under our Climate Change section and total suspended particulates¹⁸ (tsp), which includes dust.

Our Approach

Lonmin was granted an Atmospheric and Emission Licence (AEL) under the new National Environmental Management Air Quality Act 39 of 2004 (NEMAQA) in January 2011 within which we have compliance commitments. We have developed an NEMAQA alignment strategy with the two main focus areas being emissions and ambient management. Through the emissions management focus area we have updated our emissions inventory comprehensively.

We undertook the Hazemeter Campaign which provided us with evidence to inform local and regional air quality management planning. This project has proved that both Lonmin sources and activities not owned by Lonmin influence the ambient air quality within and outside our mining boundary. We will investigate the opportunity of mitigating activities within our communities which affect the ambient environment.

Our Performance

Sulphur Dioxide Emissions

Conditional upon the issuing of the AEL is the inclusion of an impact and emissions reduction strategy. This strategy outlines our actions and fugitive management plan to:

- i) meet the 2015 and 2020 emission commitments as promulgated under NEMAQA.
- ii) reduce the amount of ground level fugitive SO₂ emissions by 40% (2010 baseline) by 2014.

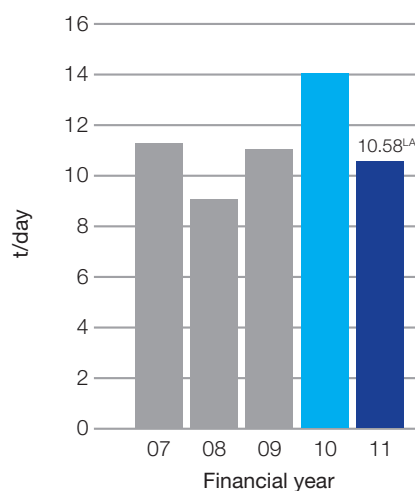
Quarterly reports tracking our commitments are submitted to the regulating authority. Our average SO₂ emissions for 2011 were 10.58^{LA} tonnes per day (t/d); a decrease of 3.51 t/d (24.9%) from 2010. Whilst our production increased the reduction in emissions is attributed to the improved efficiency and availability of our SO₂ air pollution control equipment at the Smelter.

¹⁸ Total suspended particulate matter. This incorporates dust fallout, PM10, and PM2.5.

The emissions inventory has quantified the emissions total suspended particulates for the following sources at our Marikana operations:

- Stacks and building;
- Wind blown dust from tailings facilities;
- Drilling and blasting;
- Materials handling;
- Crushing and screening;
- Unpaved roads; and
- Paved roads.

Average SO₂ emissions



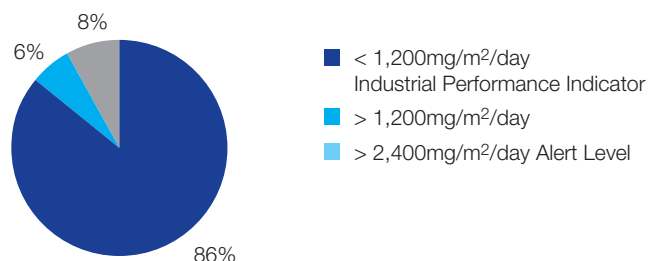
Air Quality Management (continued)

Total Suspended Particulates

This year we piloted the use of chemical suppression on the tailings dams at our Marikana operations. This method of suppression has proved to be effective. We continue to maintain and operate the suppression methods on our tailings facilities; during 2011 we spent US\$0.4 million on this activity. We have done extensive testing of the particulates from our tailings dams and our results show that the chemical composition does not present a danger to people in the vicinity of our operations.

In addition to compliance monitoring, Lonmin undertakes dust fallout monitoring within communities surrounding our operations. Our target for dust fallout within industrial areas is set at 1,200mg/m²/day and residential areas at 600mg/m²/day. 92% of our residential monitoring sites and 86% of our industrial monitoring sites were within the set limit. Action plans are in place for those areas exceeding the industrial target.

Dust fallout for Marikana operations – industrial monitoring sites



- We operate a suppression system to mitigate the impacts of dust at our Merensky Concentrator.



- We continue to maintain and operate the suppression methods on our tailings facilities.

Water Management and Efficiency

Our mining operations are located in water scarce regions of South Africa. The increasing demand and supply for water presents a significant challenge for Lonmin and the communities in which we operate.

Our Strategy

Our management of water is based on:

- Securing access to sufficient water for our current and future mining operations;
- Reducing our fresh water consumption by improving water use efficiencies and water recycling; and
- Preventing the contamination of ground and surface water resources in the regions where we operate.

The target we have set regarding water is to reduce our aggregate fresh water intensity by 15% per unit of production by 30 September 2012.

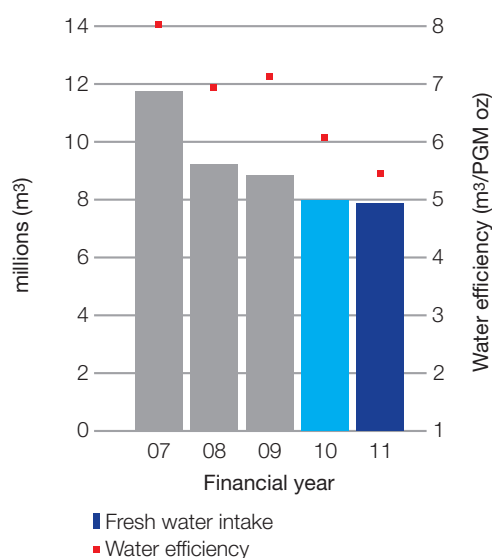
Our performance

The North West Province where our Marikana mining operations are located has experienced rapid growth and the pressures from mining, industrial and urban developments in the Rustenburg and surrounding areas have resulted in the regional bulk water utility provider, Rand Water, being unable to guarantee the water supply to the areas. Therefore it is crucial for us to manage our water usage efficiently.

In 2011, our total freshwater intake from the regional water utilities at the Marikana and PMR operations, as well as from the well fields in Limpopo, amounted to 7,912,595m³ RA, a year-on-year decrease of 1.15%. The total fresh water efficiency has improved by 33% compared to the 2007 baseline, this is a commendable achievement.

Accurate integrated water balances is one of the most important and fundamental water management tools available to the mining industry. We started the development of an integrated water balance in 2009 with the main focus on water usage and pollution sources in our reticulation system. An Integrated Water Balance Simulation Model has been developed in 2011 that aims to achieve effective and efficient utilisation of our water resources based on reducing our potable water demand, reusing our process water and preventing discharges to the environment. The Integrated Water Balance Simulation Model also provides the necessary information that will assist in defining and driving water management strategies and aid in the decision making process by simulating and evaluating various water management strategies before implementation. This simulation model will equip us to report the percentage volume of water recycled and reused in our Marikana Operations.

Fresh water intake and efficiency



Water Management and Efficiency (continued)

Our Limpopo operations have been issued with an integrated water use licence and our Marikana operations' integrated water use licence application has been submitted but has not yet been approved by the Department of Water Affairs. The first short term step in the implementation of our integrated water balance for Marikana is to identify where we can substitute Rand Water usage with process water from within our operations in order to use water more efficiently and effectively.

Recent water management challenges have included unusually high rainfall in summer, resulting in seasonal discharges at our return water dams. To ensure that the ground and surface water resources in the regions where we operate are not contaminated, we monitor boreholes quarterly to check for potential ground water pollution every quarter, for Marikana operations, and every six months for Limpopo and PMR. We monitor surface water quality monthly at all our operations. In addition we perform bio monitoring bi-annually, during the wet and dry seasons, to assess the aquatic biota in the rivers that flow through our operations. Our Precious Metals Refinery has some historic pollution in the vicinity of its decommissioned effluent dams which we are addressing using bioremediation options.

In 2011, nineteen "Level Three" unplanned discharges to the environment occurred. Six of these discharges occurred at Western Platinum Limited and was discharged into the tributary of the Mareitlwane River, six discharges occurred at Eastern Platinum Limited and was discharged into the tributary of the Modderspruit River and seven discharges occurring at Karee was into the tributaries of Brakspruit River and Hoedspruit River. We monitor the quality of discharges and check compliance with our effluent standards as stipulated in our General Authorisation issued by the Department of Water Affairs. None of these discharges are affecting protected or biodiversity sensitive water bodies. We are currently unable to quantify

the volumes of the discharges but the integrated water balance will be able to estimate the volumes discharged in the future. We are not authorised to discharge any water and therefore need to contain our process water in a closed system. We aim to prevent any discharges from our Marikana return water dams and waste water treatment plants into the environment by September 2014. To achieve this we are investigating various options going into 2012 to reuse our process water more efficiently through the implementation of our Integrated Water Balance. A central balancing dam with pumping facilities to where water is required in the operations was a possible solution, but proved to be too costly. A more cost effective solution we are investigating involves the direct use of dirty water by using a sand filter and flocculation water treatment system.

Future outlook

At Marikana, a long term solution is being investigated that will allow the Company to secure access to water for our Life of Business Plan. Formerly there have been significant opencast mining operations at Marikana. Recharge from adjacent aquifers flows into the backfilled opencast pits creating underground storage compartments. These are draining into our underground mining areas and need to be pumped out. It is possible that by intercepting this groundwater before it flows into the underground workings, we can harvest this "cleaner" water and re-use it in our processes as a substitute for Rand Water. Pilot studies will be run to investigate the use of these artificial recharge sites and development of site specific strategies has begun and will be finalised during 2012.

• GRI EN8, EN9, EN10, EN21 and EN25



- An integrated Water Balance Stimulation Model has been developed to achieve effective and efficient utilisation of our water resources.

Responsible Biodiversity Conservation, Heritage and Land Management

We are committed to promoting integrated land use management and biodiversity conservation by applying a precautionary approach during all phases of our operations including mine closure.

We consider the impact of our operations on local landscapes across the life span of a site, from initial exploration and prospecting to decommissioning and closure. Careful planning, management and investment of resources can ensure that we rehabilitate and restore many of the mine areas to an ecological status similar to the conditions that existed before mining activities began.

Strategy

Our management of land and conservation of habitats, heritage resources and biodiversity are aligned with the statements and commitments contained in the International Council on Mining and Metals (ICMM) position statement on [Mining and Protected Areas](#). Our Environmental and Closure Planning Strategy ensures that we comply with the South African National Environmental Management Biodiversity Act, 10 of 2004. We share best practice in biodiversity management through our membership of the South African Mining and Biodiversity Forum.

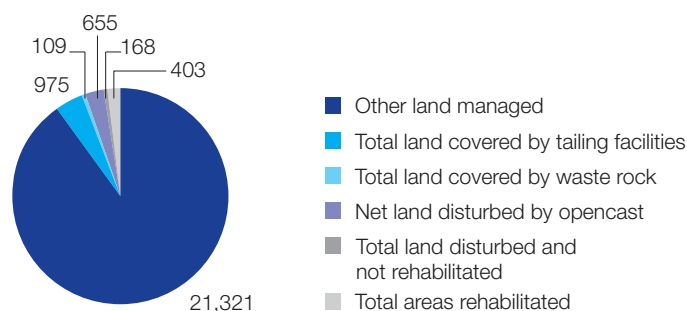
• GRI EN14

To minimise the environmental liability of closure we formulate and implement detailed closure plans while our sites are still operational. All our operations have dedicated closure plans and strategies. Our Closure Strategy is to identify significant closure risks over the short, medium and long term which allows us to take immediate action to reduce closure risks occurring in the future. We are considering replacing our individual closure plans with a single integrated Company closure plan. We have calculated the unscheduled closure cost to be US\$203 million for Marikana and scheduled closure cost to be US\$94 million for Marikana. Limpopo operations scheduled and unscheduled closure costs calculated to be US\$7.05 million.

Having integrated future risks into our current operational management we are confident that we successfully integrated our approach to closure planning across time scales and across all our operations. We have to address the risk of historical soil contamination and we commit to address this risk by aligning with new legal requirements by 2014.

Land managed in 2011

(Total land managed 23,631 hectares)



• GRI EN11, MM1, MM2 and MM10

Our Biodiversity Action Plans (BAPs), which covers our Marikana, Limpopo and PMR operations, are included in our Integrated Water and Waste Management Plan. They include flora and fauna studies and a survey of alien and invasive plants and their impact on our water resources. The list of Red Data species and Protected Tree have been confirmed within the BAPs. These have been undertaken in addition to the studies, in terms of the National Environmental Management Act (NEMA) and the Mineral Petroleum Resource Development Act (MPRDA) legal process, form part of all Environmental Impact Assessments and Environmental Management Plans (EMPs). Our Marikana, PMR and Limpopo operations are not situated in Biodiversity sensitive areas or protected areas.

Lonmin worked with the Department of Water Affairs "Working for Water Programme" to eliminate alien and invasive species within the riparian areas of a number of rivers and streams located within Lonmin operations at Marikana. Successful elimination was monitored over three successive time periods.

The government approved EMPs for our international exploration and national prospecting sites include mitigation and rehabilitation measures which are applied at decommissioning and closure of these sites.

Responsible Biodiversity Conservation and Land Management (continued)

Performance

In addition to the prospecting drilling that takes place at our existing mines we are currently undertaking prospecting drilling at Vlaktefontein in the North West province of South Africa, and exploration drilling in Northern Ireland and in Canada. The prospecting and exploration teams have to adhere to the legal EMP commitments as well as Lonmin environmental requirements relating to the establishing of sites, road development, operational requirements and site rehabilitation. A major concern about rehabilitation of drilling sites is the remediation of hydrocarbons in the soil. We are successfully rehabilitating drilling sites using bioremediation. Bioremediation forms part of our environmental requirements.

We have developed a comprehensive rehabilitation plan for those opencast pits that have yet to be rehabilitated or are partially rehabilitated. We perform on-going monitoring, repair and maintenance on rehabilitated pits.

In 2011 specific initiatives include a Phase 1 assessment of a heritage site which had been damaged at Jakkalskop, located adjacent to our Smelter near Wonderkop. The Phase 2 Assessment as required to obtain the Destruction Permit from the South African Heritage Resources Agency (SARHA) will commence in 2012. To ensure there is no further damage to the excess of 150 heritage sites on our properties we have launched plans to undertake a heritage management plan for the area, which will include the signposting of all sites and cordoning off specific sites of high significance as well as graveyards. We have mapped the sites on our Geographical Information System, and on our autocad planning system, with communications being sent out informing Lonmin employees of these sites and systems in place, so as to pro-actively reduce the destruction and mismanagement of these heritage sites.

Our annual Arbour Day celebrations included the planting of trees at our Marikana operations, surrounding Greater Lonmin Community (GLC) and the 29 schools in the GLC that Lonmin supports. A total of 211 local indigenous trees and 90 fruit trees were planted.

• GRI EN12, EN13, EN15 and MM10

List of threatened species with a high probability of occurring in the study area or confirmed sighting within the study area (includes Red Data Status (RD) = Data Deficient (DD), Near Threatened (NT), Vulnerable (VU)) after Ekolnfo, 2008 and of Protected Tree species in terms of Regulation 30253.

SPECIES DETAILS		RESULT	
Scientific Name	Common Name	RD	Probability
INVERTEBRATES			
Metisella meninx	Marsh Sylph	VU	High
REPTILES			
Python natalensis	Southern African Python	VU	High
MAMMALS			
Atelerix frontalis	South African Hedgehog	NT	High
Miniopterus schreibersii	Schreiber's Long-fingered Bat	NT	High
Tatera leucogaster	Bushveld Gerbil	DD	High
BIRDS			
Falco naumanni	Lesser Kestrel	VU	High
Sagittarius serpentarius	Secretary Bird	NT	High
FLORA – Protected Species			
Eucomis autumnalis	Pineapple flower/Pineapple lily	VU	High
Combretum imberbe	Leadwood tree	Protected Species	High
Sclerocarya birrea	Marula	Protected Species	High

Future focus

In 2011, Lonmin conducted a Phase 1 assessment of a significant heritage site namely the Marathodi Chiefdom on our Vlaktefontein property. Depending on the conversion to Mining Right Status at Vlaktefontein, Lonmin will continue with a Phase 2 Heritage assessment at the Vlaktefontein and consider a heritage conservancy for the area.

We intend to undertake a feasibility study to look at converting the area surrounding the Middelkraal Dam, in the middle of the Marikana operations, to a conservancy, where an education centre can be established with environmental and conservation practices implemented. We are planning for the extensive removal of alien and invasive species where business development opportunities within the GLC are being considered. The next phase of the Land use Planning Spatial Development Framework for the Marikana Operations will be undertaken where consultation with stakeholders is envisaged.

Management of Waste

We promote the sustainable use of natural resources and are committed to minimising waste to landfill at all our operations through the prevention, reduction, reuse and recycling of waste.

Mining and metallurgical operations produce considerable amounts of general and hazardous wastes, which unless properly managed, as per the principle of “duty of care”, can be a threat to the environment. In South Africa there are more than ten different Acts governing waste management.

Strategy

In response to the National Environmental Management Waste Act 59 of 2008 (the Waste Act), we are developing an Industry Integrated Waste Management Plan to further address the reduction of our waste, particularly hazardous waste, and finding ways to expand on prevention, reduction, reuse and recycling of our various waste streams. The plan will be finalised and will be rolled out in 2013. Certain aspects will be rolled out in parallel to finalisation as a result of enactment of the new Regulations.

This year we believe we have documented 95% of our waste streams and partnered with a number of entities to recycle general and hazardous wastes as well as considering innovative alternatives to disposal in the short, medium and long term. For certain waste streams we are looking at alternative cleaner technology mechanisms which will allow us to generate a product rather than a waste. For example, new technology will allow us to convert the generation of our largest waste stream calcium sulphite (currently disposed of as waste) into gypsum, which could be sold to manufacture plaster boards and building material and input into cement.

We are investigating a number of waste minimisation alternatives with respect to our Platinum Metals Refinery effluent waste.

• **GRI EN26**

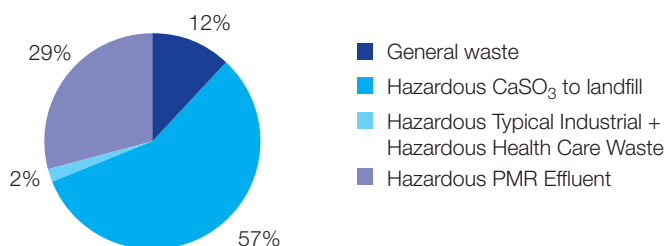
Lonmin standards for requirements within Material Safety Data Sheets (MSDS) for all chemical products we use in line with SANS 11014. We are assessing products to eliminate those which are known human carcinogens and which are shown to have extreme impacts on the environment. Alternative products, which are less toxic, are being sourced. In addition, in 2012 all hazardous waste generated by Lonmin, will have an associated MSDS, which will adhere to the requirements of the standard.

Performance

We disposed of 82,224 tonnes of general and hazardous waste to landfill a 38% increase compared to 2010. It also represents a 15% increase compared to the 2008 baseline. In 2011, 72,052 tonnes of hazardous waste went to landfill or incinerated representing an increase against the baseline for hazardous waste of 88%. General waste to landfill amounting to 10,172 tonnes, has increased by 12% compared to the 2008 baseline for general waste to landfill.

The graph below indicates the common waste classification, distribution between general and hazardous waste and Lonmin's primary waste streams (which are classified as hazardous).

Hazardous to landfill/incinerated and general waste to landfill 2011



Management of Waste (continued)

The table below summarises the various sources of waste that are recycled, refurbished or re-used.

All of Lonmin's general waste is disposed of at permitted landfill sites. The Mooi-nooi Landfill operated by Lonmin at the Marikana operations, receive 94% of the total general waste sent to landfill and the municipal landfills in Springs and Polokwane receiving the remainder. Hazardous waste disposal is confirmed by the waste contractors through the issuing and recording of waste manifest documentation, waybills and safe disposal certificates. Third party audits confirm safe disposal status.

Waste type	2011 (tonnes)
Recycle	
Ferrous and nonferrous scrap	5,828
Metal liners with steel balls	387.6
Concentrator scraps and scrap	954.8
Paper	12.6
Rubber	2,062.5
Plastics	201.3
Tyres	186.8
Refurbishment	
Refurbished Steel	136.5
Re-use	
Food	28.6
Wood reused	4,556
Plastic reused	0
Building rubble	120
Hazardous Waste Recycled	
Oil	120.9
E-waste	1.64
Hazardous Waste Reused	
Ash	1,640.5

The Waste Act requires us to appoint a waste management control officer, which we have done. In terms of the Act, we received the waste licences for our salvage yard (storage of hazardous and general waste and treatment of soil through bioremediation) and the upgrade of our EPL and Hossy Sewage Treatment Facilities. We submitted an application for a licence for the storage of effluent waste as well as for remediation of contaminated land at the Platinum Metals Refinery (PMR) and expect to receive the licenses shortly.

The temporary mitigation option, for the medium to long term, rehabilitation of existing Calcium Sulphate dams commenced, and includes the stabilisation, which constitutes the extension of side slopes, capping and the dams with an approved lining system, grassing of the dam and introducing cut off trenches to capture any seepage. This process will be completed in 2012, but monitoring and management will be continuous until a long term option for the removal and reuse of this waste is found.

Projects investigated or initiated include recycling domestic waste at our Marikana operations, composting sludge with garden waste, optimising oil separation to take out more recyclable oils, recycling grease instead of disposing of it, and replacing fluorescent tubes with energy efficient CFLs (compact fluorescent lamps) together with investigation into recycling opportunities for the mercury, glass and metal components of fluorescent lights. Lonmin reuses IT equipment and in 2011 donated nine laptops, eight monitors and nine computer boxes to schools and local community.

Our collaboration with the Rustenburg Local Municipality will assist in bringing a sanitary waste transfer facility to the Marikana area, together with job creation initiatives in the form of a recycling buy-back centre.

We provided support to three local communities namely Majakaneng, Maditlhokwa, and Marikana in their clean-up campaigns and assisted in the provision of education material to the volunteers involved in the projects. Eight tonnes of waste were collected and disposed of from these areas.

The National Department of Environment praised the management and operation of our Mooi-nooi landfill site and requested that they utilise the landfill to train municipal landfill site operators. We have a drop off area for recyclables at our landfill site which provides a suitable facility to the surrounding community; encouraging them to participate in recycling of waste. The landfill management negotiated the best possible prices for these reclaimers, who earned approximately US\$97,338 for their efforts in 2011. In addition, by removing 422 tonnes of recyclables, their efforts assisted in reducing the environmental impact from waste as well as increasing the life of the landfill site.

In 2011, we did not transport, import or export any waste categorised as hazardous under the Basel Convention. We also do not make use of external sources of waste material in the mining and processing of PGMs.

Mineral waste (residue stockpiles), comprising mostly waste rock and tailings, is disposed of on-site at waste rock dumps and tailings facilities respectively. Our mineral wastes require codes of practice which we update every second year. As part of the waste reuse option, we supply waste rock for use in construction of roads and building foundations.

Due to the nature of the ore that we mine and the manner in which we process it, we do not generate acid mine drainage from our residue waste stockpiles. This is because the sulphidic minerals from the ore are recovered with our concentrate at the Concentrators; these are then smelted and the sulphides are either oxidised and captured in the calcium sulphite waste or refined into our Nickel Sulphate product.

Management of Waste (continued)

We have five dormant and six operational tailings facilities, all of which are situated above ground. Operational tailings dams are grassed on the side walls, but once a tailings facility is classified as dormant, various dust suppression and re-vegetation programmes are undertaken on the entire site. We have thirteen waste rock dumps. Waste rock generated for 2011 was 1,772 kilotonnes (1,602 kilotonnes in 2010) and resulted in the increase of the dumps volumes to 7,435 kilo m³, with a footprint of 498,030 m². These exclude temporary opencast overburden rock dumps. Overburden waste rock stock piles have increased as a result of the mining of opencast pits with the footprint increasing to 594,645 m² and increased volume of 8,571 m³.

Chrome extraction plants are erected at our operation to remove Chrome from tailings, extending the life of the tailings facilities and reducing Chrome released into the environment. Three new plants have been in operation since May 2011 with the combined tonnage of chromite extracted for sales from the tailings process being 730,278 tonnes for 2011. A tailings treatment plant that will re-treat tailings from chrome plants to recover additional PGMs is under construction and will commission in 2012.

2011	
General waste to landfill	10,172 tonnes
Hazardous waste to landfill	72,027 tonnes
General and Hazardous waste incinerated	25 tonnes
General waste recycled, reused and refurbished	15,011 tonnes
Hazardous waste recycled and reused (ash not previously documented)	1,747 tonnes
Tailings	11, 820 kilotonnes
Waste rock	1,772 kilotonnes

Five year comparable data can be viewed in the back of this report page 77.

Future focus

In 2012 our main focus will be completing the development of our Industry Integrated Waste Management Plan (IndIWMP). Another focus will be improving the removal of waste from underground which we will be driving through our plan.

We will have implemented our pilot wastepaper recycling project in our main Marikana office block (LPD) and in 2012 we plan to set up an entrepreneurial development process to manage the removal of the entire domestic waste stream (paper, glass, metal and plastic) from our operations.

Investigations and feasibility studies on alternatives to landfill for our primary waste streams will have progressed substantially providing substantive information for decision making.

Collaboration with the Madibeng and Rustenburg Local Municipalities, in the development of potentially Public Private Partnerships, where GLC entrepreneurial development is the focal area is being considered for waste management services within the entire GLC.

• GRI EN22, EN24 and MM3

Profit: Adding Value Responsibly and Creating Wealth

We aim to create value through our direct operations – discovery, acquisition, development and marketing of minerals and metals. We also create indirect economic benefit for stakeholders; the Greater Lonmin Community (GLC), our shareholders, business partners, employees and suppliers.

Highlights

- Infrastructure development spend of US\$2.6 million;
- Four joint ventures established as part of our Greater Lonmin Community (GLC) Supplier Development Programme; and
- Cash distribution of US\$28 million to employees from Shanduka Resources buy out of Incwala investors.

Focus Areas

- Empowering people through ownership and GLC supplier development;
- Transformation through preferential procurement; and
- Infrastructure development.

GLC Greater Lonmin Community – Communities within a 15km radius from our operations.

Our approach

We align our management of our economic impacts to the [ICMM Resources and Economic Position Paper](#) which recognises the potential of the mining industry to play a part in broader economic development and poverty reduction. Lonmin aims to maximise the positive direct and indirect impacts it has on society and the Greater Lonmin Community in particular and to minimise any negative impacts we may have. We invest in the sustainability of our operations, grow our portfolio of high quality assets and achieve a return on investments for our shareholders.

Our operational performance

This year the Mining Division and Process Division demonstrated continued growth. Total tonnes mined were 11.7 million, a 0.4 million tonne increase from 2010. The Process Division achieved refined production of 731,273 ounces of Platinum; an increase of 6.7% from 2010. Progress has been made on a number of initiatives launched over the past years to ensure improved delivery and increased productivity in the Mining and Process Division. These include:

- Improving long and short term planning systems for our mining operations to enable the evaluation of different production scenarios at short notice;
- Improving recoveries at our Base Metals and Precious Metal Refineries;
- Commissioning of the new Xstrata and ChromTech chrome extraction plants;
- Improving concentrator recovery rates and plant running times;
- Redesigning of Number One Furnace;
- Finalising incentive programmes for our productive employees including supervision to increase the element of variable pay.



- Anna Loucah winner of the Design Innovation Awards



- Zoe Harding a winner in the “Established Designers” category.

Profit: Adding Value Responsibly and Creating Wealth (continued)

Our performance (continued)

- Designing fit for purpose cost and management systems which are scheduled to be rolled out to all operations during the course of 2012;
- Improving relationships with the Unions and DMR;
- Tracking production on a daily basis through imbedding the “Line of Sight” management system in all our operations; and
- Progressing joint ventures with Vale and Wallbridge Mining in Canada.

Major Shareholders in 2011

	Number of shares and voting rights	Percentage of the Company's total shares
Xstrata Plc	49,826,225	24.59
Prudential plc group companies	17,322,632	8.55
Legal & General Group Plc	7,706,524	3.80
Ameriprise Financial, Inc.	6,158,652	3.04
Vanguard Precious Metals and Mining Fund	6,041,666	2.98

Value-added statement for Lonmin Plc as at 30 September 2011

	2011 \$m	2010 \$m	Variance %
Net Cash Generated			
<i>Customers, consumers and investment income</i>			
Cash received for products	2,226	1,442	54%
Cash returns on investment	3	3	—
<i>Suppliers¹⁹</i>			
Cash payments for materials and services purchased	(641)	(473)	36%
Cost of borrowings	(39)	(44)	(11)%
Net cash flows	1,549	928	67%
Cash Distributed			
Human capital (salaries & benefits)	796	659	21%
Social capital	8.8	8.7	1%
Donations	1.1	0.2	100%
Other community projects ²⁰	7.7	8.5	(9)%
Government taxes	40	36	11%
Directors remuneration	7	6	17%
Shareholders' distribution	30	—	—
Cash retained for sustainable growth	667	218	206%
Net cash distributed	1,549	928	67%

¹⁹ We have a 30 day payment policy on services and procurement.

²⁰ Inclusive of salary and administrative costs.

Our Platinum sales reported for 2011 were 720,782 oz, compared to 706,274 oz in 2010. Further details can be found in the Annual Report and Accounts.

- **GRI EC1, SO6 and 2.8**

Profit: Adding Value Responsibly and Creating Wealth (continued)

Further details of our economic and financial performance can be found in our 2011 Annual Report and Accounts, available on our website www.lonmin.com. Information about direct economic risks and opportunities and strategies to capitalise on these opportunities is also to be found in the Annual Report and Accounts.

Lonmin remains committed to reporting any payments to government and maintaining the utmost transparency in this regard, in line with the [Extractive Industries Transparency Initiative's](#) guidance and methodology. Neither of the governments of South Africa or the United Kingdom were Lonmin shareholders, nor did Lonmin receive any financial assistance from government during the reporting period.

• GRI EC4

Managing our indirect economic impacts

Our indirect economic impacts include:

- The impact of our infrastructure development within the GLC described on page 57 (Infrastructure development); and
- Our community programmes described on page 31 in Partnering with Communities.

We measure our impacts and progress with their management in accordance with international standards, protocols and benchmarks. In order to assess and understand our impacts we engage our stakeholders in surveys and carry out baselines assessments, needs analyses, as well as environmental and social impact assessments.

Through procuring supplies from HDSA companies and specifically those located within the GLC we have the opportunity to indirectly create further employment and to facilitate skills development.

Our SLP also influences our management of our indirect economic impacts as our commitments within the SLP guide our training and empowerment initiatives.

To meet our commitments and implement our management approach to adding value we have specific initiatives and projects in place which are closely monitored to measure their impact.

They include:

- A. Empowering people through ownership and the GLC Supplier Development Programme;
- B. Transformation through preferential procurement; and
- C. Infrastructure Development

• GRI EC6 and EC9

A. Empowering people through ownership and the GLC Supplier Development Programme

Our commitment to empowering HDSAs and people in the GLC in particular, is part of our overall commitment to transformation, and includes building economically independent and thriving communities which in turn will provide a functional environment for the Company's operations.

Our Supplier Development Programme includes the development of companies wholly owned by HDSAs and members of the GLC as well as Joint Ventures between HDSA companies and established companies with particular expertise that can be transferred. We favour the creation of Joint Ventures over the incubation of companies that are wholly HDSA-owned as it creates the opportunity for the transfer of skills to newly-developed companies that they need in order to succeed. We also facilitate access to finance and provide mentorship through this process.

Incwala Resources (Proprietary) Limited has a 100% holding in Incwala Platinum (Proprietary) Limited, which in turn has an 18% holding in the share capital of Western Platinum Limited and Eastern Platinum Limited, the operational entities which hold the mining rights in Marikana and directly and indirectly in certain of our Limpopo operations. Incwala Resources (Proprietary) Limited holds a 26% stake in Akanani Mining (Proprietary) Limited which holds the Akanani project. As previously stated, Shanduka Resources (Proprietary) Limited acquired 50.03% of the shares in Incwala (Proprietary) Limited through the acquisition of these shares from HDSA shareholders in Incwala Resources (Proprietary) Limited. Arising from this transaction which involved Shanduka Resources buying out our corner stone investors a cash distribution of circa US\$29 million was distributed to current and former Lonmin employees. Our other HDSA business partners include Mvelaphanda Resources Limited, which holds 7.5% of the Pandora Joint Venture and 50% of the Dwaalkop Joint Venture; and the Bapo Ba Mogale Mining Company (Proprietary) Limited which holds 7.5% of the Pandora Joint Venture.

• GRI 2.9

Profit: Adding Value Responsibly and Creating Wealth (continued)

B. Transformation through preferential procurement

Many local HDSA companies currently lack the experience or resources to meet our business needs. Supplier development is consequently an integral part of our Preferential Procurement Strategy. As mentioned, we actively encourage partnerships between local HDSA companies and our existing suppliers who build capacity in local HDSA companies. We further ring-fence community infrastructure projects for local business participation so as to assist in preparing local businesses for opportunities beyond mining activities.

The Broad Based Socio-Economic Charter for the South African Mining Industry (Original Charter) was revised in September 2010. This increased the empowerment requirements for qualification as a black owned entity. In March 2011 we started to measure compliance against the requirements of the Revised Charter and found that our measured spend reduced from 69.7% to 34.5%.

We set targets for preferential procurement in our Supply Chain as well. Our targets for 2011 are set out in the table below. Initially, our target for HDSA procurement in 2011 was 16.6% of our total procurement and 65% of our total discretionary spend. These targets were revised so as to align them with the targets contained in the Revised Charter. Our revised targets are as follows: by 30 September 2014, of our total discretionary spend, we will achieve 40% HDSA spend on Capital Goods, 70% HDSA spend on Services and 50% HDSA spend on Consumable Goods.

We have invested in a system to continuously gather and analyse our supplier data and to verify the empowerment credentials of vendors. This supplier data is presented below.

Broad-based socio-economic empowerment charter for the South African Mining Industry

Target	2011	2010
Capital Goods (40%)	28.37% ^{1A}	68.7%
Services (70%)	47.95% ^{1A}	67.5%
Consumable Goods (50%)	40.96% ^{1A}	71.5%

Our potential suppliers are informed of our Safety and Sustainable Development Policy and our Sustainable Development Standards and we encourage our suppliers to adopt sustainable development practices.

All strategic contracts are reviewed by the supply chain on a continuous basis. Supply Chain ensures the correct procedures are followed and Lonmin's interests protected if new contracts or price changes are negotiated.

C. Infrastructure development

Our commitment to addressing the lack of basic infrastructure, which is hindering socio-economic development in the GLC, is included in our SLP and aligned with the Integrated Development Plans of government and the municipalities in which we operate.

Our contribution to infrastructure development in the GLC includes capital investment in public and healthcare infrastructure as well as education infrastructure. Our integrated approach to social development includes contracting local GLC suppliers and companies owned by HDSAs to work with us on our infrastructure development projects. Our infrastructure projects include:

Infrastructure development expenditure in 2011

Project	Lonmin investment in million
Extention of Community Clinics	US\$0.6
Modderspruit Water Reticulation	US\$0.7
School Infrastructure	US\$1.4
Total	US\$2.7

Our integrated approach to social development includes contracting local GLC suppliers and companies owned by HDSAs to work with us on our infrastructure development projects.

• GRI EC8



- We invest in the upgrading of the community schools infrastructure.

Profit: Adding Value Responsibly and Creating Wealth (continued)

Our product

South Africa is the world leader in Platinum and PGM production, having produced around 4.6 million ounces²¹ of Platinum and 7.8 million ounces of Platinum, Palladium and Rhodium in 2010.

Lonmin, the world's third largest primary Platinum producer, sold 720,782 oz of Platinum (10% of the forecasted global supply) during 2011.

In 2011, 16% of our total PGM production was allocated to local customers, while 14% of our Platinum production and 35% of our Palladium production was beneficiated in South Africa in the production of autocatalyst converters by the automotive industry.

PGMs

The six Platinum Group Metals – Platinum, Palladium, Rhodium, Ruthenium, Iridium and Osmium – occur in our ore bodies together with associated and by-product metals such as gold, silver, cobalt, copper, nickel and chrome. We refine and sell the first five of the above PGMs and some of the by-products, for which we derive additional income.

Unique properties of PGMs make them indispensable to modern technology and industry and their uses are many and varied, from the automotive industry to the medical field.

GRI 2.2 and 2.7

Product uses

Automotive

The increasing need to manage engine emissions will remain the key driver of demand with more types of engines starting to fall into the legislative net. Other areas of growth such as fuel cells, both stationary and those used in vehicles, continue to gather momentum. Electric and hybrid power trains may increase in market share over coming years but are likely to be transition or bridge technologies and remain unlikely to become a significant market segment in terms of vehicle units in the next decade.

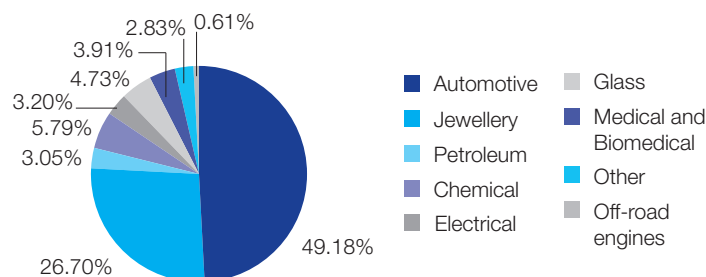
Non road diesel remains a strong new market for platinum, with only Europe and the US covered by legislation at this stage, accounting for approximately a fifth of the world's non-road vehicle fleet. China and India are expected to follow in 2015/16 and other emerging countries after that. Estimates of on-road heavy duty diesel vehicles have been upgraded, due to stronger-than-expected orders. This is driven by new Tier VI emission legislation coming in 2014 and some retro-fitting.

Diesels in Europe are back above 50% market share. The US also showed growth in diesel market share and is expected to increase from around 3% currently, to a slightly more than double this figure by 2017.

Jewellery

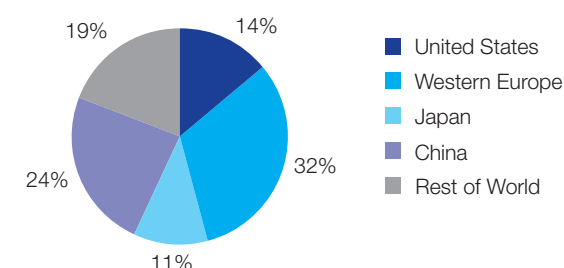
We have seen sales in China, the world's largest jewellery market, increase by more than 10% year on year (800koz up to September 2011) despite the dollar platinum price on average being 13% higher this year compared to 2010. Record high gold prices and the strong price increase in palladium, used in competing white gold, contributed to platinum appearing more affordable in relative terms.

Platinum demand by industry



Source: SFA (Oxford) 2010 Demand by Region

Platinum demand by country



Source: SFA (Oxford) 2010 Demand by Region.

Industrial

Platinum, Palladium, Rhodium, Iridium and Ruthenium are used in applications such as flat screen televisions, mobile phones, hard drives and catalysts in petroleum refineries.

Investment

Growth in the investment market slowed this year. There were some redemptions in the platinum market in the middle of the year and in the last month of FY2011, but overall investors have been adding to their ETF holdings. Overall, platinum ETF holdings increased and are still close to record levels. Following a strong performance in Lonmin's first half, the palladium market has seen consistent redemptions since March, resulting in a net drawdown for this year. Our long term view for this demand category is that it will remain a modest net consumer over time.

Product responsibility

We aim to be ethical in all our dealings. We build value chains in our business that minimise the negative and enhance the positive impacts of our products over their life cycles. We implement social and environmental impact analyses wherever this is relevant or beneficial. There have been no incidents of non-compliance with regulations and voluntary codes concerning our products or with laws and regulations governing the provision and use of our products and services.

²¹ Source SFA (Oxford).

Profit: Adding Value Responsibly and Creating Wealth (continued)

Beyond our core operations, we encourage product responsibility by promoting the use, reuse and recycling and responsible disposal of our products. We are also committed to the responsible marketing and selling of our products, informed by the Company's values and policies.

Lonmin is a founder member of the PGM and Rhenium Consortium within the European Precious Metals Foundation (EPMF). This helped to ensure compliance with the requirements of both directives on Classification, Labelling and Packaging (CLP) as well as Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

• GRI PR2, PR4 and PR9

Materials stewardship

PGMs have a long lifecycle because of their durability and high recyclability, approximately 96%²² of PGMs can be recovered through high efficiency recycling processes.

Lonmin, as a member of the International Platinum Group Metals Association (IPA), endorsed the decision by the IPA in May 2011 to embark on a life cycle assessment on behalf of the entire PGM industry that will assess the life-cycle of PGMs from mine through to market. We have two representatives on the IPA Sustainability Committee.

We are always looking for opportunities to use non-hazardous alternative materials in our processes. Where hazardous substances cannot be replaced, our operating procedures outline responsible purchasing, appropriate handling and management, the prevention of waste generation, separation of waste, storage and disposal of waste.

In terms of the Registration, Evaluation, Authorisation and restriction of Chemicals (REACH), a European Union (EU) regulation enforced since 2007, all the packaging of our products has been upgraded to meet EU requirements and the labelling also reflects the new layout and symbols established under the United Nations' Globally Harmonised System (GHS). This is undertaken at operational level and in discussion with those who purchase, trade or toll refine our products. None of our products and services requires product and service information.

Through the value chain of the production of PGMs we conduct a number of risk assessments based on health and safety. Page 30 provides detailed information on the assessments we conduct specifically regarding occupational hygiene. Our safety section (page 17) and health section (page 28) provides more detail of the results of our assessments.

To better understand our use of hydrocarbons and to find ways to use them more efficiently, we have installed a fuel management system that will allow us to track fuel consumption for each Company vehicle and will highlight when a vehicle is being driven inefficiently. We expect the system to help us improve our fuel efficiency by between 10% – 20%.

The percentage of the products we sell for which the packaging is reclaimed is not significant, nor is the percentage of materials we use that are recycled or classified as secondary input material in the context of PGM production and they are not a significant risk for Lonmin.

• GRI EN17, EN26, EN27, MM11, PR1 and PR3

Customer satisfaction

We conduct an annual survey of customer satisfaction in which we assess our performance on delivery, product quality, responsiveness, communication, labelling and packaging.

Lonmin protects the privacy of our customers by keeping specific feedback confidential. No violations of customer privacy or data loss have occurred during 2011. No fines were incurred for non-compliance in the provision and use of our product, nor were there any incidents of non-compliance with voluntary codes regarding the health and safety impacts associated with the use of our products, or concerning product marketing practices.

• GRI PR5, PR6, PR7, PR8 and PR9

Research and development

Group companies continue to be actively involved in research and development in the areas of mineral extraction, processing and refining to unlock new technology opportunities and to extract optimal value from our assets. Numerous projects are in progress across the business, including:

- on-going work on the characterisation of ores, leading to improved specifications for processing equipment and reagents;
- improving the stability and availability of the smelting furnaces through new sensor technologies, better mineralogical understanding and design improvements;
- development of a new process, for which a provisional patent application has been filed, to significantly upgrade the PGM concentrates from the BMR leading to an overall waste reduction, reduction in residue tolling costs and improved PMR efficiencies; and
- developing pilot studies for a new process for the production of final metals at the PMR.

Lonmin invests in research and development projects with its customers that investigate new and better ways of beneficiating PGMs. We have and continue to play a role in the ongoing discussions around beneficiation.

²² International Platinum Group Metals Association (IPA).

Profit: Adding Value Responsibly and Creating Wealth (continued)

Promoting our products

We are an anchor sponsor to the Platinum Guild International and a company representative holds a board position on the Platinum Jewellery Development Association. Founded in 1975, the Guild has over the years focused on providing sales information and support to the jewellery trade through its presence in five countries across the globe.

Lonmin is the main sponsor of the Design Innovation Awards established nine years ago to recognise and reward outstanding design in platinum and to encourage innovation and high standards of jewellery design. Hosted in London, the competition has two categories. The “Emerging Designers” category recognises designers with less than five years’ commercial experience and the “Established Designers” category gives those designers who have been in the business over five years an opportunity to show off their skills. The 2011 winners in the “Emerging Designers” category were: Leyla Abdollahi, Alexander Davis, Sarah Ho, Anthony Roussel and Laura Strand; in the “Established Designers” category the winners were: Zoe Harding, Fei Liu and Anna Loucah. The prizes include an exclusive marketing and public relations campaign to promote the winning designers and their winning creations, a showcase on the Johnson Matthey stand at the International Jewellery London show and £300 contribution to the production of each winning design. For more information on the awards see www.designinnovationawards.co.uk.

• GRI EC1 and 4.9



- The winning design of Fei Liu in the “Established Designers” category.



- Leyla Abdollahi winner in the “Emerging Designers” category.



- Anthony Roussel's design.

Upholding Ethical Business Practices

We are committed to upholding ethical conduct across all our operations, in business and in our social commitments, through responsible practices, sound corporate governance and transparency.

Highlights

- Our ethical business practices are guided by our Lonmin Charter and the Lonmin Code of Business Conduct; and
- No legal notices of anticompetitive, anti-trust or monopoly practices were received in 2011.

Focus Areas

- Screening our vendors for corruption before we enter into contracts with them;
- Publish our revised Lonmin code of Business Conduct; and
- Analysing all our business units for risks associated with corruption as part of our formal risk assessment and management process.

Our management approach

Operating ethically and in a manner that fully respects human rights is both the right thing to do and good business sense. It enhances our licence to operate, helps us attract and retain the best talent, creates an environment of trust among our employees, maintains good relationships with all our stakeholders and allows us to move forward as a company. Our business ethics are grounded in our central value of integrity, honesty and trust.

The revised Lonmin Code of Business-Conduct, which will be published in the near future, embodies all of our [values](#) and replaces the Code of Business Ethics. To arrive at the Lonmin Code of Business Conduct we reviewed our existing Code of Business Ethics against other similar Codes, consulted the Institute of Business Ethics and developed a Code that connects with our corporate values and provides a guide for our employees as to how to conduct themselves in terms of living our values. It also complies with the [International Council of Mining and Metals \(ICMM\) Principles](#) and [United Nations Global Compact \(UNGC\)](#). Our Code of Business Conduct will form part of the induction and refresher training and will be provided in an e-learning format, this will allow us to build in competency testing.

We have also reworded our terms of trade in our vendor contracts to align them with our new Lonmin Code of Business Conduct.

We provide an Ethics Hotline, a phone-in service available to anyone involved in our business operations, including our employees, contractors, customers and suppliers. The service is provided by an independent third party and is a secure channel that can be used to report any conduct of concern in the Company. The service is designed to maintain confidentiality and, where appropriate, provide anonymity for those who choose to report incidents and who may need protection from recriminations. Incidents reported through the Ethics Hotline are referred to the Company Secretary and the Head of Internal Audit, who are authorised to take appropriate action to investigate any allegations of a breach of the Lonmin Code of Business Ethics.

Our commitment to sound ethical business conduct includes our membership of international bodies that uphold and monitor corporate ethical responsibility. Lonmin is one of the founding members of the Institute of Business Ethics, a non-profit organisation based in the United Kingdom, whose sole purpose is to drive high standards of business conduct through research, advisory services, reporting and education. We also partner with the South African government and our industry peers in a number of decision-making forums with the aim of encouraging productive collaboration in setting standards for national business conduct.

Upholding Ethical Business Practices (continued)

Tracking key initiatives

The initiatives we employ to ensure ethical conduct include compliance initiatives, building ethical value chains, implementing sound anti-corruption measures in our organisation and fostering pro-competitive decision-making.

Managing legislative compliance

Responsibility for implementing legislative compliance resides with our line management. However, our CEO remains accountable for the legal compliance of the Company. We monitor our performance on legal compliance which includes environmental management, health, safety, human capital, business ethics, human rights and community development.

Building ethical value chains

Our Procurement Policy provides clear guidelines for the procurement of goods and services from third parties including the assessment of our suppliers in terms of ethical business practices, human rights, safety and sustainable development practices.

These requirements are contained in clauses in our supplier contracts and are enforced and monitored through our systems which include a security clearance to be conducted before any formal engagement of a supplier. The information required for this clearance process includes the Company registration, credit and tax information, BEE status, financial judgements and a full conduct evaluation to be completed at our discretion.

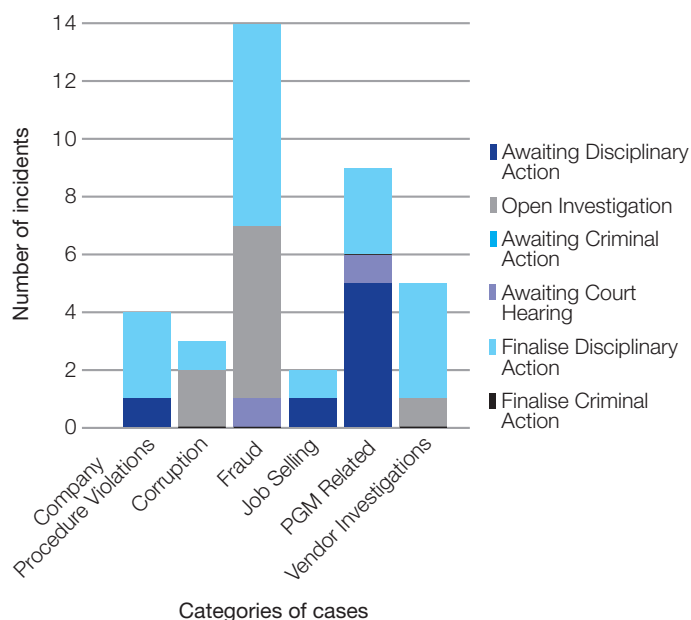
GRI HR1

Enforcing anticorruption measures

In 2011, fifteen employees were dismissed; for two of these cases criminal prosecution has been instituted due to unethical behaviour. A total of 37 instances of unethical behaviour were reported and investigated, two less than last year, of these 78% were reported directly to the Investigation Department by employees and other stakeholders and eight cases were reported using the Ethics Hotline. We analyse 100% of our business units for risks related to corruption and respond to any complaints laid made on risks related to corruption.

Four suppliers were subject to investigation and the business relationship with one of these suppliers was terminated due to unethical business practices.

Categories and status of cases of unethical behaviour in 2011



Preventing anti-competitive behaviour

While we do engage with our industry peers on a range of issues, our meetings with competitors where sensitive matters could arise are supervised by qualified attorneys. We are confident that we adhere to legislation and avoid anticompetitive behaviour at our operations. This is confirmed by the absence of any allegations of anticompetitive, antitrust or monopoly practice by the Competition Commission. Our CEO remains accountable for the competitive conduct of all our operations.

Further details associated with our business ethics on how we determine independency of our directors, calculation of director compensation and shareholder democracy can be viewed in our [Annual Report and Accounts](#).

GRI SO2, SO3, SO4, SO7 and SO8

Respecting and Valuing Fundamental Human Rights

We are committed to protecting and upholding the fundamental human rights of all people across our operations and in the Company's interactions with communities and other stakeholders.

Our management approach

We believe that it is essential to follow internationally recognised standards regarding human rights. The international conventions that inform our policy are the Voluntary Principles on Security and Human Rights, the framework for businesses formulated in the United Nations Global Compact (UNGC), the [United Nations Universal Declaration of Human Rights](#) and the proceedings of both the International Labour Organisation (ILO) and the International Council of Mining and Metals (ICMM).

UNGC Principles related to Human Rights:

- Businesses should support and respect the protection of internationally proclaimed human rights (Page 63);
- Business should make sure that they are not complicit in human rights abuses (Page 65);
- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining (Page 65);
 - the elimination of all forms of forced and compulsory labour; (Page 63);
 - the effective abolition of child labour (Page 63);
 - the elimination of discrimination in respect of employment and occupation. (Page 65);
- Businesses should work against corruption in all its forms, including extortion and bribery. (Page 62);

Our Human Rights Policy was formulated to assist and guide the Company in achieving its commitment to the fundamental rights contained in the relevant international Human Rights conventions

Our commitment to fundamental human rights is embodied in the following principles:

- Equality, fair labour practices and the right to prosperity;
- Human dignity and the individual's right to life, freedom and security;
- Taking a stand against slavery and child labour;
- Ensuring privacy, freedom of religion, belief and opinion and the right to language and culture;
- Freedom of expression, association, trade, occupation and profession; and
- An environment that is not harmful to health or wellbeing.

As with our stance on unethical business in general, we have a zero tolerance approach to human rights abuses.

Our CEO is responsible for all human rights matters across our operations. He is supported in this role by our Executive Vice President Human Capital and External Affairs and by the Company Secretary.

We do not report specifically on total hours of employee training or the percentage of employees trained on policies and procedures concerning aspects of human rights and business ethics, as these elements are included in the induction and annual refresher training that all employees receive.

Training materials are available in the languages predominantly spoken by our employees (Afrikaans, English, Setswana, Sotho and Xhosa) spoken in the provinces where we operate. Illiterate employees are briefed verbally in the language of their choice. During the induction process our employees are briefed on our mechanisms for resolving grievances and reporting incidents.

All human rights related policies are available on the Company intranet; revised or new policies are circulated via email and discussed in management meetings and safety breaks.

None of our operations have been subject to human rights reviews.

• GRI HR1, HR3 and SO3

Managing work conditions

Lonmin requires its employees to refrain from engaging in practices or pursuing interests that are in conflict with the aims of our Company Human Rights Policy or interests that may cause prejudice to the Company. Our Human Rights Policy and Employment Policy prohibit the employment of anyone under the age of eighteen years. No incidents of forced or child labour were reported during 2011 nor are our operations at risk of such occurrences. All our employees enter into employment with Lonmin voluntarily and, if they are required to work overtime, this is restricted to the national permitted level in line with the Basic Conditions of Employment Act 75 of 1997.

Respecting and Valuing Fundamental Human Rights (continued)

Managing work conditions (continued)

None of our significant suppliers have been identified as being at risk for incidents of forced or compulsory labour. The South African Constitution provides that children under eighteen have a right to be protected from work that is exploitative, hazardous or otherwise inappropriate for their age, detrimental to their schooling, or detrimental to their social, physical, mental, spiritual or moral development. South African based suppliers are 73% of our total suppliers.

• GRI HR6 and HR7

Aligning security services with human rights

Our security services are aligned with relevant national legislation and with the United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials. While we do not currently report quantitatively on our human rights training for security personnel all our security personnel and contractors receive training on human rights. Security personnel undergo Private Security Industry Regulatory Authority (PSIRA) training, a number of the modules of which cover human rights related topics. We employ 145 permanent Lonmin employees in security and 635 contractor security personnel.

In addition to training security personnel we also aim to resolve security incidents with sensitivity and respect for human rights.

Lonmin does not tolerate any abuse of human rights and in particular it does not tolerate violence. We have developed a Security Code of Business Conduct to be fully implemented during 2012.

During September, allegations were made around the possible involvement of certain of our employees or representatives in a campaign of intimidation and harassment against employees at the PMR. We investigated this and found that some of our employees have been harassed and assaulted allegedly by individuals posing as Lonmin employees or representatives. We give categoric assurance that these criminal acts were carried out without Lonmin's knowledge or mandate.

We assisted the affected employees by providing counselling services and further assisted them in laying criminal charges with South African Police Services.

Lonmin does not tolerate any form of intimidation, dishonesty or criminal behaviour and we continue to work with law enforcement agencies to combat the activities of international crime syndicates.

• GRI HR8 and HR10

Ensuring freedom of association and collective bargaining

Our Human Rights Policy and agreements are aligned to the Labour Relations Act 66 of 1995. 55% of Lonmin's employees are covered by collective bargaining agreements. The drop in the union membership can be ascribed to the Karee industrial action which resulted in a large number of affected employees leaving their unions. While the South African mining industry does not have a minimum wage, we ensure that we comply with government's set minimum wage for employees with basic skills across industries.

Lonmin upholds the right of its employees to collective bargaining and freedom of association and potential employees are advised of this. We adhere to collective bargaining agreements with due regard to the relevant legislation. Collective agreements are the product of negotiation between the parties and they specify the minimum notice period to be given regarding operational changes as being from three days to twelve weeks.

The trade unions negotiate terms and conditions of employment for their members. Lonmin settles wages with the unions associations annually.

During 2011 there was an illegal strike action by members of National Union of Mineworkers (NUM) at our Karee operations which disrupted production at Karee from 17 May until 10 June 2011 and resulted in the dismissal of approximately 9,000 employees. We allowed those who wanted to work for Lonmin to re-apply for their positions. Approximately 8,200 of these employees were redeployed at Karee. The remaining employees we recruited were from the Greater Lonmin Community (GLC) and skilled employees from the non-operational Aurora mines.

We enjoy a good working relationship with NUM and the situation of Karee was unusual and arose as a result of a dispute between Rustenburg regional office and leadership of the local Karee branch of NUM and not with Lonmin. Our relationships with other recognised trade unions are equally good. With an industrial action of this nature it is important to re-establish relations with affected employees and we will be continuing with the work already undertaken in this regard during the coming year.

Respecting and Valuing Fundamental Human Rights (continued)

Employee representation in trade unions and associations in 2011

Union/Association	2011 (Number)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)
National Unions of Mineworkers (NUM)	13,254	47.7	69.3	71.1	70.7	69.7
Solidarity	842	3.0	2.8	2.7	2.3	2.1
United Associations of South African (UASA)	868	3.1	3.7	3.8	3.7	3.7
Other Unions	471	0.2	2.3	2.7	2.8	4.2
Total unionised workers	15,435	55.5	78.1	80.3	79.4	79.7

• GRI LA4, LA5 and MM4

Eliminating discrimination and resolving grievances

A range of programmes are implemented in the Company in order to foster an environment of non-discrimination and equal opportunities. We are opposed to all forms of discrimination, including discrimination directly or indirectly against any person on the grounds of race, gender, sex, pregnancy marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture and language.

We have specific policies in place to manage the possibility of unequal and discriminatory actions. These include a Maternity Policy guaranteeing the rights of pregnant employees and a Sexual Harassment Policy with clear guidelines that allow the creation of a safe and non-exploitative environment for all employees.

Unfortunately in 2011 we had two incidents of discrimination and three cases of sexual harassment that were reported during the year. All these cases were investigated and three have been resolved. South Africa is still negotiating a difficult legacy of racial, cultural, gender and other forms of prejudice. To eliminate all forms of discrimination as a company, we must foster an environment in which employees are comfortable to come forward and report discrimination when it happens. We have also run campaigns against sexual harassment which provided the necessary information to employees and contractors.

• GRI HR4 and HR11

Investing in ethical value chains

We aim to maintain respect for human rights and ethical conduct across our entire Company including all the Company's business dealings, relationships, activities and conduct. This extends to employees, customers and suppliers of goods, services and consumables. We require all our contractors to conduct themselves in a manner that would not undermine our commitment or damage our reputation.

The human rights requirements we impose on suppliers are contained in contract clauses and they are monitored with appropriate systems. The human rights and social impacts of all major or minor investment projects are considered during the prefeasibility stage of projects. All our significant suppliers are screened with regard to human rights issues. No contracts

with suppliers were terminated for noncompliance on human rights issues. During 2011, we assessed 32 suppliers to determine if they complied with our safety and environmental requirements, as well as to establish if they recognised trade unions. Of the 32 assessed 21 indicated that they recognised trade unions.

• GRI HR1, HR2 and HR5

Respecting the rights of communities residing in areas adjacent to our operations

Our Marikana operations are adjacent to the Bapo Ba Mogale Mapela, Mphahlele, Ledwaba, Kekana Ndlovu (Limpopo operations) and Silindini traditional authorities (an authority from the Eastern Cape Province from where many of our employees originate). Our procedure for engaging with potentially affected indigenous people and local communities in the vicinity of our operations is outlined in Engaging our Stakeholders (Page 36). No incidents involving the violation of the rights of local communities or indigenous people were reported and no formal allegations of non-compliance in terms of Company policy or national convention on indigenous people were reported. However, we are in the process of resolving a number of land claims that were submitted against the Company before 2010 (see Partnering with Communities page 31).

• GRI HR9, MM5, MM6 and MM7

Sustainable Development Governance

We are fully committed to the highest standards of corporate governance practice, which we believe is necessary for the business integrity required to deliver robust and sustainable business results.

Managing sustainable development at Lonmin

The Company's overall governance practices are underpinned by the values set out in the Lonmin Charter and supported by the newly-developed Lonmin Code of Business Conduct. Our commitments in terms of the governance of sustainable development are defined in the Lonmin Safety and Sustainable Development Policy. Our implementation of these commitments is guided by our Lonmin Sustainable Development Standards which are aligned with the ten Principles of the International Council on Mining and Metals (ICMM). No gaps were identified between the ICMM Principles and our Sustainable Development Standards or Safety and Sustainable Development Policy.

In the previous reporting cycle we identified certain gaps between our Company's position statements and that of the ICMM. In response to these gaps we have updated our Lonmin Sustainable Development Standards to specifically include a Standard on Product Stewardship particularly aligning our commitment with the Mining and Protected Areas Position Statement of the ICMM. We will update our Community Development Position Statement stating that we support the ICMM Sustainable Development Framework and in particular Principle 3, 6 and 9 related to indigenous people. In accordance with these Principles, ICMM has developed the position statement "[Mining and Indigenous People](#)" which we support. The guidance provided by the ICMM Good Practice Guide on Indigenous People is supported and the research report of the ILO and the African Commission on Human and Peoples Rights provides us with further guidance on the constitutional and legislative protection of the rights of indigenous people in the context of South Africa.

We are continuing to investigate our exposure risks associated with Mercury at our operations. We have not updated our Atmospheric Management position statement, but have commenced with the relevant studies on quantifying Mercury Emissions. We aim to finalise the Atmospheric Management position statement within 2012.

Our Chief Executive Officer, Ian Farmer, is ultimately responsible for advocating sustainable development within Lonmin. He is assisted by the Executive Committee which is responsible for reviewing the Company's progress and performance on safety and sustainability issues. Natascha Viljoen, Executive Vice President: Processing has line responsibility for our sustainable development programme.

Focus areas requiring attention were identified as part of an on-going improvement process that will ensure integration of sustainable development within Lonmin's planning and decision-making systems.

• GRI 4.8



• Zimasile Gwetyelo, Tebogo Mokgosi and Godfrey Mokgwathheng.

Integrating Sustainability in our Governance Practices

Good governance is essentially about effective leadership. Our leaders define our strategy, provide direction and establish the values and ethics that influence and guide practices and behaviour with regard to sustainability performance.

The Chairman and the Chief Executive Officer

The roles of Chairman and Chief Executive Officer (CEO) are clearly separated and set out in writing. The independent Chairman is responsible for the leadership of the Board. He ensures its effectiveness and sets its agenda, facilitates the effective contribution of all the Directors and ensures that there is a constructive relationship between the Executive and Non-executive Directors. The Chairman also has primary responsibility for providing strategic guidance to the executive team, for monitoring the performance of the business and ensuring that there is effective communication with all the shareholders.

The role of the CEO is to provide leadership to the executive team in running the business, to develop proposals for the consideration of the Board in all areas reserved for its judgement and to oversee the efficient and effective implementation of Board-approved actions. Executive management, led by the CEO, are responsible for developing strategy for consideration by the Board, the implementation of the strategy once it is approved and for furnishing the Board with all information its members may require to monitor the efficient and effective conduct of the business.

• GRI 4.2

The Board

The Company is led and controlled by a Board of Directors. The Board provides the entrepreneurial leadership, direction and control of the Company, is the custodian of the Company's strategic aims, vision and values and assesses whether the necessary financial and human resources are, and will continue to be, in place to enable the Company to meet its objectives.

The Board currently has eleven members, comprising a Non-executive Chairman, eight Non-executive Directors and two Executive Directors. An independent Director is a person who is independent in character and judgement and free from relationships or circumstances that could affect their judgment. Cyril Ramaphosa was nominated to the Board by Shanduka, the Company's principle BEE partner, and the parent company of Incwala Resources. The Board does not judge that Mr Ramaphosa is independent. In addition, Mahomed Seedat was formerly the Company's Chief Operating Officer and is therefore not regarded as independent.

The diverse membership of the Board includes a female Non-executive Director and three Historically Disadvantaged South African (HDSA) Non-executive Directors.

We believe that the diverse experience and skills of the members of the Board is beneficial in addressing the complex nature of sustainability. Each Board member has an equal voice in decision-making. The Board keeps the membership of its Committees under review to ensure gradual refreshing of skills and experience. The Board supports diversity of board representation, but is gender neutral when appointing board members. Skills, experience and personal attributes, including independence of mind are considered when making appointments to the Board. All Directors have sufficient time to devote to their roles and that undue reliance is not placed on key individuals. All of the Non-executive Directors are regarded as independent by the Board, as was the Chairman on his appointment.

Biographical information on the Directors can be found in the [Annual Report and Accounts](#).

• GRI 4.2, 4.3 and 4.7

Board meetings during 2011

During the year ten Board meetings were held, two of which were in South Africa and the remaining meetings in London. During their time in South Africa the Board visited the operations and were briefed on safety by the management team. They had open and honest discussions with shift bosses about safety which the Board found helpful in understanding the challenges and what progress had been made with improving safety in the operations.

Key safety, sustainability and transformation risks are discussed at meetings of the Safety & Sustainability Committee and Transformation Committee. The Board also reviews risks. The CEO's report to the Board includes comprehensive discussions on safety performance.

Integrating Sustainability in our Governance Practices (continued)

The Committees

The Board has established five Committees and provides sufficient resources to enable them to perform their duties effectively. Detailed information on the Board Committees' terms of reference and governance policies can be found in our [2011 Annual Report and Accounts](#).

Committees of the Board	Composition as on 30 September 2011	Mandate
Audit & Risk	Four Non-executive Directors of whom one is the Chairman of the Committee	<p>The primary purpose of the Audit and Risk Committee, is as follows:</p> <ul style="list-style-type: none"> • Monitor the integrity of the Company's financial statements and announcements relating to its financial performance and reviewing significant financial reporting judgments; • Keep under review the effectiveness of the Company's internal controls and risk management systems; • Monitor the effectiveness of the internal audit function and review its key findings; and • Oversee the relationship with the external auditors including the agreement on their remuneration and terms of engagement, monitoring their independence, objectivity and effectiveness and ensuring that policy surrounding their engagement to provide non-audit services appropriately applied.
Nomination	Seven Non-executive Directors of whom one is the Chairman of the Committee	<ul style="list-style-type: none"> • Ensure that a regular, rigorous and objective evaluation of the structure, size, composition, balance of skills, knowledge and experience of the Board is undertaken; • To recommend any proposed changes to the composition of the Board and to instigate and manage the recruitment process; • Ensure the Company's adherence to applicable legal and regulatory requirements in relation to the above; and • Oversee compliance with the Combined Code and other applicable governance regulation.
Safety & Sustainability	Four Non-executive Directors of whom one is the Chairman of the Committee One Executive Director	<ul style="list-style-type: none"> • Have oversight of and provide advice to the Board and, as necessary to the Audit & Risk Committee, on safety and sustainability including health, environment and community matters and particularly as they pertain to the risk and management of these issues within the Group. • Have oversight of and provide advice to the Board on the Group's compliance with applicable legal and regulatory requirements associated with safety and sustainability; • Assess the effectiveness of the Group's policies, standards and systems for identifying and managing safety and sustainability-related risk; • Review significant safety and environmental incidents and consider causative factors, consequences and actions including the impact on employees and third parties and reputational risk; • To review the Group's performance indicators in connection with safety and sustainability matters; • Review the Group's public disclosures on safety and sustainability matters and approve these as necessary; and • Report to the Board on developments, trends and/or forthcoming significant legislation on safety and sustainability matters which may be relevant to the Group's operations, its assets or employees. • Assess periodically the effectiveness of the Group's policies, standards and systems for identifying and managing safety and sustainability related risk.
Remuneration	Four Non-executive Directors of whom one is the Chairman of the Committee	<p>The primary purpose of the remuneration Committee is as follows:</p> <ul style="list-style-type: none"> • Make recommendations to the Board on the Company's executive remuneration policy; • Determine individual remuneration packages within that policy for the Executive Directors and certain senior executives; • Oversee the operation of the Company's incentive schemes; • Review Directors' expenses; and • Oversee the Company's executive pension arrangements.

Integrating Sustainability in our Governance Practices (continued)

Committees of the Board	Composition as on 30 September 2011	Mandate
Transformation	Five Non-executive Directors of whom one is the Chairman of the Board. One Executive Director	<ul style="list-style-type: none"> • The development of strategies, policies and processes and the setting of goals and targets for transformation and empowerment, and assessing the means by which such strategies are proposed to be implemented and goals achieved, with the goal of ensuring there is a disciplined, co-ordinated and sustainable approach to transformation; • Monitoring, reviewing and evaluating progress made by management in meeting the Company's obligations in respect of transformation and empowerment, including the Company's adherence to applicable legal and regulatory requirements and external commitments made in relation to the same; • Ensuring effective communication on transformation issues between management, the Board and various stakeholders; and • Guiding and otherwise providing encouragement and counsel to management in relation to transformation and empowerment.

• GRI 4.1 and 4.9

The Safety & Sustainability Committee

Jonathan Leslie is the Chairman of the Safety & Sustainability Committee. He is joined by David Munro, Karen de Segundo, Mahomed Seedat and Ian Farmer. We are confident that the Committee will continue to embed sustainable development throughout the Company.

The Transformation Committee

Cyril Ramaphosa is the Chairman of the Transformation Committee of the Board. He is joined by Len Konar, David Munro, Jim Sutcliffe and Mahomed Seedat and Ian Farmer.

Executive Committee

The members of the Executive Committee are the two Executive Directors and other key senior executives. They include one nominee of Shanduka Resources (Pty) Limited (Shanduka), the Company's principal Black Economic Empowerment (BEE) investor who has no executive responsibilities, but who participates fully in the Committee's activities. Biographical details are included in the 2011 Annual Report and Accounts. The CEO is Chairman of the Committee. The Committee meets once every month and its responsibilities include, but are not limited to development of the strategy, implementation and monitoring of operational plans, review of financial performance and the prioritisation of initiatives.

Board evaluation

There are three key mechanisms by which we attempt to ensure that the Directors continue to provide suitable leadership and direction to the Company. These are: performance evaluation, succession planning and periodic re-election by shareholders. An external facilitator was engaged to assess the effectiveness of the Board and its Committees in 2010. The facilitator conducted a structured interview with every Board member and attended some Board and Committee meetings. Last year's evaluation confirmed that the Board was effective and identified two focus areas, which are discussed in the Annual Report and Accounts.

This year the Directors were asked to complete questionnaires, the collective results of which were used to set the agenda for one to one meetings between the Chairman and each Director. This process confirmed that the Board believed that it remained effective, revealed no issues and identified three priorities for the next twelve months.

Under the leadership of the Senior Independent Director, Michael Hartnall, the Board met in November 2011 without the Chairman present to discuss the findings of the review in relation to his effectiveness as Chairman. There were no areas of concern or any actions arising from this session.

The Board formally reviews the succession plans for all the key management roles in the Company, including executive directorships, on an annual basis. All Directors will retire from the Board at the Company's AGM in January 2012, and, other than Michael Hartnall who intends to retire after almost nine years' service, each wishes to seek re-election. Sufficient biographic and other information is provided to enable shareholders to make an informed decision. The Nomination Committee has carried out formal performance evaluations of each of the Non-executive Directors seeking re-election and has concluded that each is effective and demonstrates commitment to their respective roles.

Directors have a statutory duty to avoid actual or potential conflict of interest. As permitted in law, the Board is empowered to authorise such conflicts and has a documented procedure in place.

Currently 15% of the bonus opportunity for Executive Directors relates to safety performance, while another 10% relates to progress on SLP targets.

• GRI 4.5, 4.6, 4.7 and 4.10

Integrating Sustainability in our Governance Practices (continued)

Engaging with stakeholders

The Executive Directors have regular discussions with institutional shareholders. Detailed feedback from these meetings is shared with the Board. In addition, the Chairman routinely offers key shareholders the opportunity of meeting with either himself or the Senior Independent Director to discuss governance, strategy or any other matters shareholders wish to raise.

The Annual General Meeting provides shareholders with a mechanism for engaging directly with the Board. At the meeting the CEO makes a business presentation; all Directors are available to answer questions both during and after the meetings. Shareholders are offered the opportunity to vote on every substantially different issue by proposing separate resolutions.

• GRI 4.4

Auditing and assurance

The Board's Audit & Risk Committee approves the annual Company-wide internal and external audit plans. Audit findings are updated monthly and progress on corrective management plans is reviewed by the Executive Committee and twice a year by the Audit & Risk Committee.

External auditing of the International Standards Organisation (ISO) 14001, ISO 9001 and Occupational Health and Safety Standard (OHSAS) 18001 management systems is designed to support continuous improvement at an operational level. In 2011 all our operations retained ISO 14001 certification. We are aligning our management systems to enable us to be audited for full OHSAS 18001 certification.

Certified management systems

Operation	OHSAS 18001	ISO 14001	ISO 9001
Marikana Mining		✓	
Limpopo Mining		✓	
Concentrators		✓	
Smelter	✓	✓	
Base Metal Refinery	✓	✓	
Precious Metals Refinery	✓	✓	✓
Analytical Laboratory	✓	✓	
Training Academy		✓	✓
Service departments		✓	

External organisations and public policy position

We have been members of the International Council of Mining and Metals (ICMM) since 2004 and are a signatory to the United Nations Global Compact (UNGC). Both these memberships are voluntary.

We also endorse the Extractive Industries Transparency Initiative (EITI). (<http://eiti.org/>)

We are members of, and participate in the International Platinum Group Metals Association (IPA), (http for IPA) the International Chamber of Commerce, South African Chamber of Mines and a number of forums in a local context, which are applicable to our individual operations. In 2011, we continued to voluntarily participate in the Carbon Disclosure Project and provided climate change-related information to our shareholders. We remain included in the FTSE4Good Index and the JSE's Socially Responsible Investment (SRI) Index.

• GRI 4.12 and 4.13

Integrating Sustainability in our Governance Practices (continued)

Organisation	Membership Status	Participation level	Substantive Funding Provided	Strategic Membership
Association of Mine Managers South Africa (2008)	Voluntary (endorsed through the Chamber of Mines)	Governance Body	No	Yes
Association of Mine Resident Engineers	Voluntary (endorsed through the Chamber of Mines)	Governance Body	No	Yes
Carbon Disclosure Project (2008)	Voluntary	Project	No	Yes
European Precious Metals Foundation (2008)	EU regulated	Committees and Projects	No	Required
Extractive Industries Transparency Initiative (EITI) (2003)	Voluntary (endorse through ICMM)	Alignment	No	Yes
Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria (2010)	Voluntary	Ad hoc	No	No
Global Reporting initiative (2002)	Voluntary	Alignment	No	Yes
International Council of Mining and Metals (2005)	Voluntary	Committees and Projects	No	Yes
International Labour Organisation's Code (2003)	Regulated	Alignment	No	Yes
International Platinum Group Metals Association (2006)	Voluntary	Committees	No	Yes
International Standards Organisation (ISO) (1998)	Voluntary	Alignment	No	Yes
Industry Task Team for Climate Change (ITTCC) (2011)	Voluntary	Governance and technical committees	No	Yes
Minerals Education Trust Fund	Voluntary	Governance	Yes	Yes
Mine Metallurgical Managers Association	Voluntary (endorsed through the Chamber of Mines)	Projects	No	Yes
National Business Initiative	Voluntary	Committees and Projects	No	Yes
Platinum Guild Initiative (May 2004)	Voluntary	Governance	Yes	Yes
South African Business Coalition on HIV and AIDS	Voluntary	Projects	No	Yes
South African Chamber of Mines	Voluntary	Committees	No	Yes
United Nations Universal declaration of Human Rights (2003)	Voluntary	Alignment	No	Yes
United Nations Global Compact (2008)	Voluntary	Alignment	No	Yes

Independent Assurance Report to the Directors of Lonmin Plc

Report on Selected Sustainability Information

We have undertaken an assurance engagement on selected sustainability information, as described below and presented in the Web-based 2011 Sustainable Development Report of Lonmin Plc (Lonmin) for the year ended 30 September 2011 (the Report).

Subject matter and related assurance

The subject matter of our engagement and related assurance is as follows:

- 1) In compliance with the International Council of Mining and Metals' (ICMM) Sustainable Development Framework: Assurance Procedure (ICMM Assurance Procedure), Subject Matters 4 (selected performance data) and 5 (self-declared application level in accordance with the Global Reporting Initiative (GRI) G3.1 Guidelines as described below:
 - (a) Reasonable assurance on Subject Matter 4, marked with a RA on the relevant pages of the Report:

Local Economic Development – Community Development: Rand Value Spend on approved SLP projects (pg 78); Contractor and Employee Fatalities (pg 13, 18, 77); Employee and contractor lost time injury frequency rate (LTIFR) (pg 13, 17, 19, 77); Employee Noise induced hearing loss (NIHL) new cases diagnosed (pg 15, 30, 77) and compensated (pg 30, 77); Scope 1 and Scope 2 direct and indirect Green House Gas (GHG) Emissions (pg 43, 78); Direct and indirect total energy use (pg 15, 78); Fresh water consumption (pg 47, 78).
 - (b) Limited assurance on Subject Matter 4, marked with an LA on the relevant pages of the Report:

Contractor and Employee New cases of TB diagnosed and treated (pg 29, 77); SO2 Emissions (pg 45, 78);
 - (c) Limited assurance on Lonmin's self-declaration of the GRI A+ application level (pg. 12) – Subject Matter 5, marked with an LA on the relevant page of the Report.
- 2) In compliance with the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry (BBSEEC) and related Scorecard:
 - (d) Reasonable assurance on selected mining charter elements, marked with a RA on the relevant pages of the Report, prepared in compliance with the BBSEEC (2002) and related Scorecard (2004):

Percentage Women in Mining (WIM) (pg 13, 23, 77); Historically Disadvantaged South African's (HDSA's) in Management: Percentage of employees who are classified as designated groups and who are employed at management levels (pg 13, 22, 77); Percentage Women at the Mine (WAM) (pg 13, 23, 77).

- (e) Limited assurance on selected Mining Charter elements, marked with a LA on the relevant pages of the Report, prepared in compliance with the Amendment to the BBSEEC (2010) and related Scorecard (2010):

HDSA ownership: Meaningful economic participation and full shareholder rights in line with the Mining Charter definitions and measurement (pg 75); Housing and living conditions: Percentage reduction of occupancy rate towards 2014 target (pg 27, 75); Percentage conversion of hostels into family units (pg 27, 75); Procurement and Enterprise Development: Procurement spend from BEE entities, in line with the Mining Charter categories of capital goods (pg 13, 57, 75), services (pg 13, 57, 75) & consumable goods (pg 13, 57, 75); Human Resources Development: Human Resource Development expenditure as a percentage of total annual payroll (excluding mandatory skills development levy) (pg 25, 75).

Directors' Responsibilities

The Directors are responsible for the preparation and presentation of the Report as well as the information and assessments contained within it, and for determining the company's objectives in respect of sustainable development performance, including the identification of stakeholders and stakeholder reporting requirements, the identification of material issues, for commitments with respect to sustainability performance, for establishing and maintaining appropriate performance management and internal control systems from which the reported information has been derived, and the selection of the sustainability performance indicators which forms the subject matter of our assurance engagement.

Management are also responsible for the selection and application of the following reporting criteria used in the evaluation of the subject matter:

- (a) and (b), Lonmin's reported performance during the given reporting period for the identified material SD risks and opportunities (ICMM Subject Matter 4): the GRI G3.1 Guidelines.
- (c), Lonmin's self declared A+ application level of the GRI G3.1 Guidelines in relation to subject matter 5 of the ICMM Assurance Procedure: the GRI G3.1 Guidelines for the A+ application level.
- (d), selected mining charter elements: the BBSEEC (2002) and related Scorecard (2004).
- (e), selected mining charter elements: the Amendment to the BBSEEC (2010) and related Scorecard (2010).

Independent Assurance Report to the Directors of Lonmin Plc (continued)

Our Responsibility

Our responsibility is to express assurance conclusions on the subject matter in (a), (b), (c), (d) and (e) based on our work performed. We conducted our engagement in accordance with the International Standard on Assurance Information (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain assurance about whether the selected information is free from material misstatement.

A reasonable assurance engagement involves performing procedures to obtain evidence about the identified subject matter. Our procedures selected depend on our judgment including the risks of material misstatement of the selected sustainability information in the Report, whether due to fraud or error. In making our risk assessments, we considered internal controls relevant to Lonmin's preparation of the Report. We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusions. Where limited assurance is expressed, the evidence gathering procedures are less than where reasonable assurance is expressed.

Summary of work performed

Our work included the following evidence-gathering procedures:

- Interviewing management and senior executives at group level to evaluate the application of the GRI G3.1 Guidelines and to obtain an understanding of the internal control environment relative to the reported sustainability information.
- Inspecting documentation at corporate level to corroborate the statements of management and senior executives in our interviews.
- Understanding the risk assessment process and the information systems which inform the related sustainability reporting processes.
- Testing the processes and systems at group level and site level which generate, collate, aggregate, monitor and report the selected sustainability information.
- Performing site work at Lonmin's Marikana operations (which represents the most material contribution to the selected sustainability performance information – ICMM Subject Matter 4) and also performing site work at the Precious Metals Refinery (PMR).
- Conducting an application level check on the Report to evaluate whether all disclosure requirements of the GRI A+ application level have been adhered to.
- Evaluating whether the information presented in the Report is consistent with our findings, overall knowledge and experience of sustainability management and performance at Lonmin.

Conclusions

In relation to the Report for the year ended 30 September 2011, we report

- On the selected performance data on which we are required to express reasonable assurance**
In our opinion, the selected performance data identified in (a) above is fairly stated, in all material respects, in accordance with the GRI G3.1 Guidelines.
- On the selected performance data on which we are required to express limited assurance**
Based on our work performed, nothing has come to our attention that causes us to believe that the selected performance data identified in (b) above is not fairly stated, in all material respects, in accordance with the GRI G3.1 Guidelines.
- On Lonmin's self-declaration on the GRI A+ application level on which we are required to express limited assurance**
Based on our work performed, nothing has come to our attention that causes us to believe that Lonmin's self-declaration of an A+ application level is not fairly stated, in all material respects, on the basis of the GRI G3.1 Guidelines.
- On the selected mining charter elements on which we are required to express reasonable assurance**
In our opinion, the selected mining charter elements identified in (d) above have been prepared, in all material respects, in compliance with the BBSEEC (2002) and related Scorecard (2004).
- On the selected mining charter elements on which we are required to express limited assurance**
Based on our work performed, nothing has come to our attention that causes us to believe that the selected mining charter elements identified in (e) above, have not been prepared, in all material respects, in compliance with the Amendment to the BBSEEC (2010) and related Scorecard (2010).

Report on the ICMM Assurance Procedure

We are required to report our findings on the International Council of Mining and Metals' (ICMM) Sustainable Development Framework: Assurance Procedure (ICMM Assurance Procedure) in respect of:

- 1 The alignment of Lonmin's sustainability policies to the ICMM 10 Sustainable Development (SD) Principles and any mandatory requirements set out in ICMM Position Statements (ICMM Subject Matter 1).
- 2 The reporting of Lonmin's material sustainable development risks and opportunities based on a review of its business and the views and expectations of its stakeholders (ICMM Subject Matter 2).
- 3 The implementation of systems and approaches that Lonmin is using to manage its material safety risks and opportunities (ICMM Subject Matter 3).

Independent Assurance Report to the Directors of Lonmin Plc (continued)

Directors' Responsibilities

The Directors are responsible for:

- The alignment of Lonmin's sustainability policies to the ICMM 10 SD Principles and any mandatory requirements set out in ICMM Position Statements.
- The reporting of Lonmin's material sustainable development risks and opportunities based on a review of its business and the views and expectations of its stakeholders.
- The implementation of systems and approaches that Lonmin is using to manage its material safety risks and opportunities.

Our Responsibility

Our engagement included reporting on the ICMM Assurance Procedure in respect of 1, 2 and 3 based on the knowledge obtained in our evidence gathering procedures in our assurance engagement on the subject matters in (a), (b) and (c) set out in our Report on Selected Sustainability Information.

Findings

Based on our evidence gathering procedures in our assurance engagement for the year ended 30 September 2011 on the subject matter in (a), (b) and (c) set out in our Report on Selected Sustainability Information, nothing has come to our attention that causes us to believe that:

1. Lonmin's sustainability policies are not aligned with the ICMM 10 SD Principles and any mandatory requirements set out in ICMM Position Statements.
2. Lonmin has not reported material sustainable development risks and opportunities based on a review of its business and the views and expectations of its stakeholders.
3. Lonmin has not implemented systems and approaches to manage its material safety risks and opportunities.

Independence, Expertise and Limitation of Liability

We have complied with the International Federation of Accountants' Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our engagement was conducted by a multidisciplinary team of health, safety, social, environmental and assurance specialists with extensive experience in sustainability reporting.

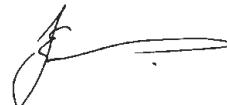
Our work has been undertaken to enable us to express the assurance conclusions on the subject matters in (a), (b), (c), (d) and (e) in our Report on Selected Sustainability Information together with findings on 1, 2 and 3 in our Report on the ICMM Assurance Procedure to the Directors of Lonmin in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Lonmin, for our work, for this report, or for the conclusions we have reached.

KPMG Services (Pty) Limited



Per PD Naidoo
Director
Johannesburg

15 November 2011



Per J Erasmus
Director
Johannesburg

Appendix 1: Scorecard

SCORECARD FOR THE BROAD-BASED SOCIO-ECONOMIC EMPOWERMENT CHARTER FOR THE SOUTH AFRICAN MINING INDUSTRY

The Minister of Department of Mineral Resources published the revised Mining Charter in September 2010, and along with it the amended Charter Scorecard. The Scorecard is a scoring sheet on which companies monitor and record compliance with the Charter. The Scorecard has nine elements of which three are absolute elements (see elements one, two and three) that companies have to achieve; on the remaining six elements companies are required to achieve a minimum score of 50% per element.

Element	Description	Measure	Compliance Target by 2014	Progress achieved:	
				2010	2011
1 Reporting	Has the company reported the level of compliance with the Charter for the Calendar year	Documentary proof of receipt from the department	Annually	Progress report submitted March 2011	
2 Ownership	Minimum target for effective HDSA ownership	Meaningful economic participation	26%	18.00%	18% ^{LA}
		Full shareholder rights	26%		
3 Housing and living conditions	Conversion and upgrading of hostels to attain the occupancy rate of one person per room.	Percentage reduction of occupancy rate towards 2014 target.	Occupancy rate of one person per room	3.66%	26.04% ^{LA}
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units	Family units established	52.48%	64.08% ^{LA}
4 Procurement & Enterprise Development	Procurement spent from BEE entity	Capital goods	40%	68.50%	28.37% ^{LA}
		Services	70%	68.10%	47.95% ^{LA}
		Consumable goods	50%	67.30%	40.96% ^{LA}
	Multinational suppliers contribution to the social fund	Annual spend on procurement from multinational suppliers	0.5% of procurement value	DMR clarity on definitions	
				0.0%	0.0%
5 Employment Equity	Diversification of the workplace to reflect the country's demographics to attain competitiveness.	Top Management (Board) level	40%	50.8%	50.0%
		Senior Management*	40%	41.7%	23.1%
		Middle Management	40%	29.8%	34.4%
		Junior Management	40%	49.7%	52.8%
		Core Skills	40%	87.8%	95.0%
6 Human Resource Development	Development of requisite skills, incl. support for South African based research and development initiatives intended to develop solutions in exploration, mining, processing, technology efficiency (energy and water use in mining), beneficiation as well as environmental conservation and rehabilitation	HRD expenditure as percentage of total annual payroll (excl. mandatory skills development levy)	5%	3.7%	3.8% ^{RA}

* In comparison to page 22 the senior management figure presented here excludes one member which is allocated and counted as a Board member of EPL and WPL Board, which is presented under Top Management.

Appendix 1: Scorecard (continued)

Element	Description	Measure	Compliance Target by 2014	Progress achieved:	
				2010	2011
7 Mine community development	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Implement approved community projects	Up-to-date project implementation	WPL 1: Provision of Water and Sanitation NW ^{LA}	WPL 1: Provision of Water and Sanitation NW
				WPL 2: Brick Making Factory ^{LA}	WPL 2: Brick Making Factory
				WPL 3: Education Support & Upliftment ^{LA}	WPL 3: Education Support & Upliftment
				WPL 4: Housing & Hostel Conversion ^{LA}	WPL 4: Housing & Hostel Conversion
				WPL 5: Provision of Access to Basic Services EC ^{LA}	WPL 5: Provision of Access to Basic Services EC
				WPL 6: Institutional Support & Capacity Development EC ^{LA}	WPL 6: Institutional Support & Capacity Development EC
				WPL 7: Multi-Purpose Community Centre EC & Silindini Bridge ^{LA}	WPL 7: Multi-Purpose Community Centre EC & Silindini Bridge ^{LA}
				EPL 1: Improving Health Care Services ^{LA}	EPL 1: Improving Health Care Services ^{LA}
				EPL 2: Commercial Agri-Business ^{LA}	EPL 2: Commercial Agri-Business ^{LA}
				EPL 3: Community Skills Development ^{LA}	EPL 3: Community Skills Development ^{LA}
				EPL 4: Sports and Recreation ^{LA}	EPL 4: Sports and Recreation ^{LA}
				EPL 5: Provision of Water and Sanitation EC ^{LA}	EPL 5: Provision of Water and Sanitation EC ^{LA}
8 Sustainable development & growth	Improvement of the industry's environmental management	Implementation of approved EMPs.	100%	EMP Performance Assessment Report submitted to DMR.	EMP Performance Assessment Report submitted to DMR.
	Improvement of the industry's mine health and safety performance	Implementation of the tripartite action plan on health and safety	100%	The current improvement requirement on fatalities is 0.05% and Lonmin is standing at 0.038%.	The current improvement requirement on fatalities is 0.05%.
	Utilisation of South African based research facilities for analysis of samples across the mining value chain	Percentage of samples in South African facilities	100%	0.21%	0.22%
9 Beneficiation	Contribution of a mining company towards beneficiation	Additional production volume contributory to local value addition beyond the base-line	Section 26 of the MPRDA (percentage effective from 2012 baseline)	The Beneficiation Strategy and its modalities of implementation outline the beneficiation requirements per commodity extracted in South Africa.	
TOTAL SCORE					

Y/N applies to pillars that are ring- fenced and where compliance is non negotiable.

Legend

- 0-25% (Gross non-compliance)
- 25-50% (Non-compliance)
- 50-75% (Marginal to acceptable performance)
- 75-100% (Excellent performance)

Appendix 2: Key Sustainability Performance Statistics

	Measurement	Group 2007	Group 2008	Group 2009	Group 2010	Group 2011
Production						
PGMs produced	oz	1,464,235	1,331,493	1,244,709	1,314,772	1,446,662
Economic						
Net cash generated						
<i>Customers, consumers and investment income</i>						
Cash received for products	US\$ million	2,016	2,270	1,138	1,442	2,226
Cash return on investment	US\$ million	16	13	3	3	3
<i>Suppliers²³</i>						
Cash payments for materials and services purchased	US\$ million	(395)	(445)	(486)	(473)	(641)
Cost of borrowings	US\$ million	(41)	(23)	(34)	(44)	(39)
Net cash flows	US\$ million	1,596	1,815	621	928	1,549
Cash distributed						
Human capital (salaries and benefits)	US\$ million	492	557	501	659	796
Social capital	US\$ million	3.9	7.3	6.2	8.7	8.8
Government taxes	US\$ million	267	245	56	36	40
Directors remuneration	US\$ million	7	9	7	6	7
Shareholder distribution	US\$ million	124	171	186	–	30
Cash retained for growth	US\$ million	655	811	51	218	667
Net cash distributed	US\$ million	1,596	1,815	621	928	1,549
Employees						
Employees	Number	24,122	25,967	21,623	23,915	27,796
Contractors	Number	8,580	7,758	10,497	9,131	9,564
Designated groups employed in management on a permanent basis	Percentage	37.9	42.3	41.3	43.3	46.5 ^{RA}
Women employed in mining ²⁴	Percentage	1.4	1.8	2.9	3.22	4.33 ^{RA}
Women employed at mining ²⁵	Percentage	4.9	6.1	6.8	7.04	7.45 ^{RA}
Employee turnover rate	Percentage	4.1	6.6	23.3	6.6	10.57
Employees and contractors trained in ABET	Number	1,389	2,866	1,139	793	601
Occupational Health and Safety: Employees and Contractors						
Fatalities	Number	3	3	3	3	6 ^{RA}
Lost Time Injury Frequency Rate	Rate ²⁶	10.80	6.27	6.21	5.87 ²⁷	4.71 ^{RA}
New NIHL cases diagnosed – Employees	Number	624	236	45	40	35 ^{RA}
NIHL cases compensated – Employees	Number	490	229	45	28	17 ^{RA}
Diagnosed and treated tuberculosis cases ²⁸	Number	504	533	472	528	545 ^{LA}
HIV/AIDS related deaths	Number	112	95	110	88	139
Voluntary Counselling and Testing Conducted (VCT)	Number	13,761	18,692	4,680	39,006 ²⁹	31,666 ²⁹
Patients on ART ³⁰	Number	836	989	962	1,349	2,022
Patients on the wellness programme	Number	N.D.A	1,150	518	498	526

Key Sustainability Performance Statistics (continued)

	Measurement	Group 2007	Group 2008	Group 2009	Group 2010	Group 2011
Environment						
Total freshwater intake	m ³	11,795,482	9,256,244	8,885,360	8,005,092	7,912,595 ^{RA}
Total freshwater intake efficiency	m ³ /PGM oz	8.06	6.95	7.14	6.09	5.47
Electricity	MWh	1,619,922	1,575,917	1,481,744	1,380,218	1,496,841
Electricity efficiency	MWh/PGM oz	1.11	1.18	1.19	1.05	1.03
Energy	Terajoules	7,434	6,555	6,613	6,215	6,533 ^{RA}
Energy efficiency	GJ/PGM oz	5.08	4.92	5.31	4.73	4.52
Greenhouse gas emissions	Kilotonnes					
	CO ₂ equivalent	1,673	1,659	1,595	1,534	1,648 ^{RA*}
Greenhouse gas efficiency	Kilotonnes					
	CO ₂ -e/PGM oz	1.14	1.25	1.28	1.17	1.14
Tailings disposed to tailings facilities	Kilotonnes	14,487	12,649	11,478 ³¹	11,038	11,820
Waste rock disposed to rock dumps	Kilotonnes	1,203	1,128	1,343	1,602	1,772
Hazardous waste disposed of to landfill and by incineration	m ³	7,038	N.A	N.A	N.A	N.A
Hazardous waste disposed of to landfill and incineration	Tonnes	N.A	42,857	55,906	50,562	72,052
General waste to landfill	Tonnes	10,622 ³²	8,279	7,199	9,595	9,744
Average sulphur dioxide emissions	Tonnes/day	11.3	9.1	11.1	14.1	10.58 ^{LA}
Communities						
Rand Value spent on Approved SLP Projects	Rand	N.D.A	42,120,000	28,768,000	28,175,000	37,980,955 ^{RA}

N.D.A. No data available. Where it is indicated that no data is available, this is primarily as a result of low confidence in the accuracy of the data or an absence of measurement of the data.

N.A. Not applicable.

LA Limited Assurance provided by KPMG.

RA Reasonable Assurance provided by KPMG.

RA* Reasonable Assurance by KPMG was only provided on Scope 1 and Scope 2 greenhouse gas emissions which equals 1,643 CO₂ equivalent Kilotonnes.

23 We have a 30 day payment policy on services and procurement.

24 Women employed in mining represents those employed in core mining operations.

25 Women employed at the mine represents all women employed at our operations.

26 Incidents per million hours worked.

27 In 2010, we have improved the capturing of man hours worked at our operations, the denominator used for calculating LTIFR. As a result the LTIFR in prior years may have been overstated, but we believe the difference to not be material. It is not possible to restate the previous data.

28 This was incorrectly published prior to 2009 – the data represents total TB cases and not only pulmonary TB cases.

29 This figure includes VCT offered to employees daily (average of 2000 tests a month), the wellness campaign and does not exclude those employees tested twice.

30 PMR patients access ART through their membership of the private medical aid schemes.

31 This figure was incorrectly reported in 2009 as 17,068 kilotonnes.

32 Figure was reported in 2010 as 53,110 m³; we have converted it to tonnes (53,110 m³ x 0.2 = 10,622).

Web-based Appendices

Appendix 3: Key Community Development Projects

• [Please click here](#)

Appendix 4: Reporting against global reporting initiative indicators

• [Please click here](#)

Appendix 5: Acronyms

• [Please click here](#)

Appendix 6: Definitions

• [Please click here](#)