

Web-based Sustainable Development Report

For the year ending 30 September 2010

LONMIN

Delivering today
Anticipating tomorrow





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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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Lonmin Charter


 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.

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.



Ian Farmer
Chief Executive

October 2008

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.

OVERVIEW OF 2010

Highlights

- Development of an Integrated Safety Strategy reflecting a shift to a more proactive approach.
- Development of a revised housing model including earmarking accommodation for women in mining.
- Developing an integrated real-time water balance system to measure and monitor water flows throughout the Company.
- School attendance and performance in the Greater Lonmin Community (GLC) have improved partly as a result of our investments in the education and nutrition programmes.
- 43.3% of our managers are from designated groups, exceeding our target for this year.
- We have reduced our total fresh water intake, per unit of production, by 25% compared to the 2007 baseline.
- We are managing our risks associated with HIV/AIDS.
- Enhanced Board focus on assessing and managing our sustainability commitments and risks.
- Our governance of sustainability has focused on making informed decisions based on improved data collection and reporting.
- Refined approach to identifying and prioritising our principal sustainable development risks.

Challenges

- Failure to eliminate fatal accidents: regrettably we had three mine accident fatalities during the year.
- The delays on the housing project slowed down the delivery on our Social and Labour Plan (SLP) commitments.
- The effectiveness of our training and development initiatives.
- Targeting the Greater Lonmin Community (GLC) with tertiary education bursaries.
- To secure an adequate supply of water to sustain and expand our operations.
- Promoting awareness of energy efficiency.
- To reduce the amount of ground level fugitive SO₂ emissions by 40% by 30 September 2014.
- Behavioural and technological obstacles to further reduce Noise Induced Hearing Loss (NIHL) cases.



Above: Orphan Mogotsi the LCD simulator instructor at our Eastern Platinum training facility.

Right: Orphan Modiuwe at the Western Platinum salvage yard recycling scrap metal.



OUR APPROACH TO INTEGRATED SUSTAINABILITY REPORTING

WE REALISE THAT OUR SUSTAINABILITY PERFORMANCE IS OF INTEREST TO A DIVERSE RANGE OF STAKEHOLDERS, WE ARE THUS COMMITTED TO REPORTING PUBLICLY AND REGULARLY ON HOW WE ARE PERFORMING WITH RESPECT TO SUSTAINABLE DEVELOPMENT.

We have been publishing an annual Sustainable Development Report since 2002, as well as including key elements of our sustainability performance as a separate section within our Annual Report and Accounts (www.lonmin.com). 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.

The Company's primary listing is on the London Stock Exchange and it is therefore subject to The Combined Code on Corporate Governance, published in 2008 by the UK's Financial Reporting Council. The Company also has a secondary listing on the Johannesburg Stock Exchange and whilst it is not subject to the provisions of King III, the Board has reviewed the recommendations in King III and identified areas where adopting the provisions of the code on a voluntary basis is felt likely to confer advantage to the Company and its shareholders.

Our 2010 Sustainable Development Report

This annual Sustainable Development Report provides a candid account of our Sustainable Development Strategy and profile, management approach and performance for all of our operations over which we have exercised management control for the reporting period from 1 October 2009 to 30 September 2010. The report boundary includes all Lonmin owned entities and those joint ventures or partnerships over which we have exercised management control during that twelve month period. We exclude 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 – quantitative information reported pertains solely to safety statistics and the number of employees and contractors employed.
- Akanani – quantitative information reported pertains solely to safety statistics and the number of employees and contractors employed.
- Vlaktefontein Nickel (Pty) Ltd
- All exploration operations

The report has been prepared using the G3 guidance of the Global Reporting Initiative (GRI), as well as the 2010 Mining and Metals Sector Supplement.

Our previous report reflected performance for the twelve-month period 1 October 2008 to 30 September 2009; 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. 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 would influence stakeholder's assessment of our operations.

We have endeavoured to present data and information in a clear and unambiguous manner to ensure that our report is readily understandable and accessible to our stakeholders.

All entities over which we exercise significant influence are covered by the narrative disclosures in the management approach provided in each section.

➔ **GRI – 2.9, 3.1, 3.2, 3.3, 3.6; 3.7, 3.8, 3.9 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 2010, KPMG have provided assurance over the aspects of both this report and the Sustainable Development Review in the Annual Report. The scope of the assurance is based on: the consideration of our principal and other key 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. The assurance provided with regards to the elements of the ICMM's Assurance Procedure renders us in full compliance with the time frames of implementation. As part of the assurance process, we have endeavoured to identify and confirm the accuracy of our original sources of information and have provided evidence to support our assumptions and calculations to the satisfaction of KPMG. Our approach to assurance in general is provided on page 14.

KPMG provided assurance on ICMM Subject Matter 1 to 5. In order to meet the requirements of ICMM Subject Matter 4, we have reported our performance in managing our principal and other key sustainable development risks through our sustainability indicators. Table 1 shows the assurance provided on our performance during the reporting period provided over the listed Sustainability indicators linked to the relevant risk.

OUR APPROACH TO INTEGRATED SUSTAINABILITY REPORTING (continued)

Table 1: Assurance on ICMM subject matter 4:

Sustainability Indicators	Sustainable development risks
Social and labour indicators: <ul style="list-style-type: none"> Percentage of women employees at the mine (limited); Percentage of women employees in mining (limited); Percentage of employees who are classified as Historically disadvantaged South Africans (HDSA) at management levels (limited); and Rand value spend on approved SLP projects (reasonable). 	<ul style="list-style-type: none"> Possible withdrawal of our Mining Licences resulting from failure to deliver commitments made in our SLP regarding housing and converting our hostel units; and Possible withdrawal of our Mining Licences resulting from failure to deliver commitments made in our SLP regarding training and empowerment of our employees and communities.
Health and safety indicators: <ul style="list-style-type: none"> Employee and contractor fatalities (reasonable); Employee and contractor Lost Time Injury Frequency Rate (LTIFR) (reasonable); New cases of tuberculosis diagnosed and treated (limited); and New cases of Noise Induced Hearing Loss (NIHL) compensated (reasonable) 	<ul style="list-style-type: none"> Disruption to our operations resulting from poor safety performance and culture; Deterioration of the health of our employees and their reduced productivity due to the impact of HIV/AIDS and Tuberculosis amongst our workforce; and Impaired hearing of our employees and the resultant impact on our safety performance due to the lack of adherence to our hearing conservation programme.
Environmental indicators: <ul style="list-style-type: none"> Direct and indirect energy use (reasonable); Direct and indirect greenhouse gas emissions (reasonable); Total freshwater consumption (reasonable); and Sulphur dioxide emissions on average tonnes per day from point and non-point sources (limited) 	<ul style="list-style-type: none"> Inability to secure an adequate electricity supply for our current operations and for the planned expansions in line with our Life of Business Plan; Inability to secure an adequate supply of water to sustain and expand our operations; Loss of sustainable fresh water for our operations and communities due to deterioration of surface and ground water quality; and Possible withdrawal of our licence to operate if we fail to meet the legislative requirements of SO₂ emissions.

→ GRI – 3.13

Report content

The content of this web-based Sustainable Development Report has been largely defined by:

- Sustainable development risks facing the Company;
- Consideration given to interests and expectations from a range of stakeholders on risks that would substantively influence them, their perceptions, and their decisions;
- Taking into account legislation and issues that the mining industry and society at large consider relevant to our operations; and
- Reporting best practice.

The Sustainable Development Review in the Annual Report and Accounts in turn provides information relating to only our principal and other key sustainable development risks, as identified by the Company and informed by our stakeholders. This report is compiled with the objective that it be relevant to a broad range of stakeholders and includes details associated with other, lower rated risks related to Sustainable Development at Lonmin.

→ GRI – 3.5

We are committed to presenting information and data in a consistent manner to enable comparative analysis. Information is presented for all key sustainable development performance indicators from 2006 to 2010. Where changes in data measurement or collection methodologies have occurred, we have stated the basis, calculation and assumptions in the text and with footnotes. A summary of this information can be viewed in the back of the report Appendix 4, page 96. Where data has been restated, it is indicated as such and the implications where necessary are clearly described. Definitions of indicators are provided in this report on page 109. All monetary amounts reflected in the report are expressed in United States dollars (US\$), using a Rand/US\$ exchange rate of R7.45/US\$. A total production of 1,314,772 oz Platinum Group Metals (PGMs) constitutes the basis of efficiency calculations.

Based on our own assessment of the report contents against the criteria provided in the GRI application levels, we declare that in combination the Sustainable Development review in the Annual Report and Accounts and the web-based Sustainable Development Report fulfil the requirements of an A+ application level.

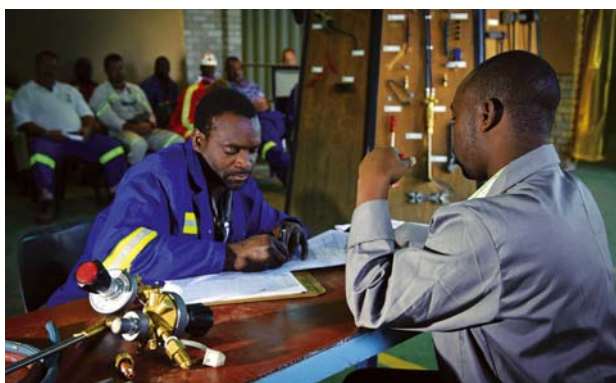
OUR APPROACH TO INTEGRATED SUSTAINABILITY REPORTING (continued)

Box 1: Our sustainable development reporting recognised

On 28 April 2010 the Company was acknowledged at the Strategic Planning Society's "Strategic Value in Corporate Reporting Awards for 2010". The Society made nine awards based on corporate reporting for year ends between 1 October 2008 and 30 September 2009. We were shortlisted (included in the top four) for two categories: Best Sustainability in an annual report, and Most Improved Narrative. Of these, Lonmin won *"The Lang Communications award for Most Improved Narrative"*.

The judges were positive in their explanation of why the Company had won this award: "Each of the four short-listed companies made a significant step change in the quality of their reporting in the 2008/09 reporting cycle compared to the previous period, although three still have a long way to go to join the "Strategic Value Vanguard" of companies that have particularly high scores. Only one, Lonmin, has moved close to achieving that august 'Vanguard' status. Lonmin added strategic value in virtually every aspect of its reporting narrative this year, projecting the confident image of a company ready for the economic upturn. There is a solid sense of strategic direction, good evidence of strategy in action, a strong and well-explored future focus and a comprehensive and integral sustainability review. The judges were unanimous in their final decision."

→ GRI – 2.10, 3.1, 3.5 and 3.10



Above: Keketso Nthoane a workplace assessor assisting student Armando Siteo with a safety checklist.

Right: Babo Mabuza at our PMR community bread project.










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 AND KEY 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 2 provides an overview of the targets we set for 2010, our performance against those targets, and the targets we have identified going forward.

Table 2: Performance against our targets

Target 2010	Our 2010 performance		Targets beyond 2010
Disruption to our operations resulting from poor safety performance and culture.			
We will have zero fatal injuries at each of our operations each year.	Tragically, three fatalities occurred at our operations in 2010. (page 23)		We continue to maintain a target of zero fatal injuries across all of our operations.
We will improve our Lost Time Injury Frequency Rate (LTIFR) by 10% by 30 September 2010 (baseline year 2009).	LTIFR has improved by 5.5% relative to 2009. (page 24)		We will improve our LTIFR by a further 5% by 30 September 2011 to a total reduction of 10% from the 2009 baseline.
Possible withdrawal of our Mining Licences resulting from failure to deliver commitments made in our SLP regarding housing and converting our hostel units.			
We will convert five hostel complexes into bachelor and/or family accommodation by 30 September 2010.	We converted five hostel blocks – at Karee, Wonderkop and Eastern Platinum – at a total cost of US\$2 million into family and bachelor accommodation in 2010. (page 38)		We will convert an additional 26 hostel complexes into bachelor and/or family accommodation by 30 September 2011 at a cost of US\$10.9 million. We will upgrade a further 252 houses at our Marikana operations by 30 September 2011.
Possible withdrawal of our Mining Licences resulting from failure to deliver commitments made in our SLP regarding training and empowerment of our employees and communities.			
We will improve the literacy rates of our employees by 2% by 30 September 2010 based on our performance in 2009.	793 employees enrolled in our Adult Basic Education and Training (ABET) course in 2010 with our rate of functional numeracy and literacy in the Company improving by 2% compared to 2009. (page 40)		The target will be reviewed in the light of the revised mining charter.
We will increase the participation of employees from designated groups within senior and middle management to 53% by 2014.	We have 43.3% of employees from designated groups within senior and middle management. (page 35)		We will increase the participation of employees from designated groups within each level of management to 40% by 30 September 2014. ¹
We will increase female participation at the mine in line with our commitments under our SLP.	We managed to increase women in core mining representation to 3.22% and women at the mine to 7.04%. (page 36)		We will increase female participation at the mine by 11.6% by 30 September 2014. (2010 baseline year).
We will have 63% of our total discretionary spend with historically disadvantaged South African (HDSA) suppliers by 30 September 2010.	We spent 69% of total discretionary spend on HDSA suppliers. (page 78)		We will have 65% of our total discretionary spend with HDSA suppliers by 30 September 2012.

¹ The target was reviewed in the light of the revised mining charter. The target focuses on all levels of management and not just specifically on senior and middle management.

PERFORMANCE AGAINST OUR TARGETS (continued)

Table 2: Performance against our targets (continued)

Target 2010	Our 2010 performance		Targets beyond 2010
Inability to secure an adequate electricity supply for our current operations and for the planned expansions in line with our Life of Business Plan.			
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).	Aggregate energy consumption per unit of production has decreased by 6.9% on our 2007 consumption to 4.73 (GJ)/PGM oz (page 47)		We are still on track to achieve the committed target.
Inability to secure an adequate supply of water to sustain and expand our operations.			
We will reduce our aggregate fresh water intake by 15% per unit of production (2007 baseline year) by 30 September 2012.	We have reduced our aggregate fresh water intake by 25% per unit of production since 2007. (page 54)		We are still on track to achieve the committed target.
Loss of sustainable fresh water for our operations and communities due to deterioration of surface and ground water quality.			
No targets were in place for 2010 as the risk was only added as a key risk during 2010.			We will prevent any discharges from our Marikana return water dams and Waste Water Treatment Plants into the environment by 30 September 2014. (page 54). ²
Possible withdrawal of our licence to operate if we fail to meet the legislative requirements of SO₂ emissions.			
No targets were in place for 2010 as the risk was only added as a key risk during 2010.			We will reduce the amount of ground level fugitive SO ₂ emissions by 40% (2010 baseline year) by 30 September 2014. (page 50). ³
Deterioration of the health of our employees and their reduced productivity due to the impact of HIV/AIDS and Tuberculosis amongst our workforce.			
We will increase participation of patients in our wellness programme by 20% by 30 September 2010 (2009 baseline year).	498 employees were enrolled in our wellness programmes as at the end of this financial year. This is 4% lower than the 2009 baseline. (page 31)		We will increase participation of patients in our wellness programme by a further 5% by 30 September 2011 (2010 baseline year).
We aim to maintain one active workplace peer educator for every 75 employees by 30 September 2010.	We have 311 active peer educators for the workforce, thus one active peer educator for every 77 employee. (page 31)		We aim to maintain one active workplace peer educator for every 75 employees by 30 September 2011.
Impaired hearing of our employees and the resultant impact on our safety performance due to the lack of adherence to our hearing conservation programme.			
We will reduce our number of new Noise Induced Hearing Loss (NIHL) cases by 10% by 30 September 2010 (2009 baseline year).	The number of NIHL cases has been reduced by 11.1%. We have achieved our target of reducing our number of new NIHL cases, by 10% September 2010. (page 29)		We will reduce our number of new NIHL cases by a further 5% by 30 September 2011 (2010 baseline year).

² This target is dependent on the Government granting the Company an Integrated Water Use Licence and its continuing supporting thereafter of the Integrated Water Management Plan (of which the Water Balance is an integral part).

³ Ground level fugitive SO₂ emissions account for 57% of the total SO₂ at full capacity



MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

We have made valuable progress this year in delivering on our core strategic objectives. I am confident that this is directly and indirectly linked to our positive performance on sustainability issues. Integrating sustainable development and social transformation priorities in a strategic and coherent manner, protects our legal licence to operate, enhances our social accountability, contributes to more effective risk management, improves operational efficiencies and potentially creates valuable business opportunities.

We remain committed to the values of our Charter and our Safety and Sustainable Development Policy. Over the past year we have improved the integrity of our data, strengthened our team, and implemented effective communication and training initiatives that have increased awareness of sustainable development issues.

My biggest disappointment this year is that we have not made more significant progress in terms of our safety performance. Our Lost Time Injury Frequency Rate (LTIFR) has improved, but only moderately – reflecting a 5.5% reduction relative to 2009 – and regrettably three of our employees lost their lives as a result of work related incidents. We have invested significant resources, time and effort on training and education, and I want to see this investment being more effective.

Looking to the future, we anticipate that demand for our products will increase in line with the economic recovery and, over the longer-term, an anticipated significant increase in demand for Platinum Group Metals (PGMs) in clean technologies. The increase of supply to meet this growing demand is both essential and challenging, as sustainability-related costs will increase because customers expect compliance with sustainability best practice and shareholders demand improved sustainability performance. The growing importance of the link between sustainability performance and reputation is a trend that will inevitably increase in the future.

South Africa has some particular social re-engineering imperatives that will impact on the Company's ability to supply PGMs. The impact of these developmental imperatives on the Company will depend on the South African government's approach to balancing competing agendas. We recognise that we have a role to play in contributing towards societal transformation in the community in which we operate. We remain committed to our duty in this regard.

Our focus in 2010 has been on getting our house in order and investing in initiatives that should result in sustained improvement in our performance over the longer term. I am much more interested in long-term sustainable changes driven by a strong business case, than focusing on short-term quick wins, and am determined to ensure that we adopt a strategic approach to sustainability. With this goal in mind, I want to see our investments in skills development translating into improved productivity and reduced skills shortages; I want to see our investment in the communities contributing visibly to the achievement of our social and labour plan commitments; and I want to see our investments in environmental protection translating into vibrant ecosystems and improved water quality.

During the year the Board has increased its focus on sustainability risks and is committed to setting and achieving ambitious, but realistic, sustainability targets. Improvements in our sustainability performance necessitate a clear understanding of our sustainability impact and our potential to improve. We have worked hard this year on improving our data collection and reporting with a view to understanding the strategic business drivers for sustainability. In many areas we have made great inroads over the last few years but we are now able to affect only incremental improvements. We have made a number of capital investments and efficiency improvements, but in the medium to longer term improvements will need to come from behavioural changes.

MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER (continued)

I am pleased that we have met our targets in terms of increased discretionary spend on historically disadvantaged South African suppliers and in a reduction in new cases of Noise Induced Hearing Loss (NIHL), as well as our targets relating to housing and community development. We are on track to meet our environmental targets. We have committed to additional targets to reduce SO₂ emissions and to manage surface and groundwater quality. We have however not been able to meet our targets of achieving zero fatalities, to reduce our LTIFR by 10%, increasing female participation at the mine, increasing participation in our wellness programmes and increasing the number of active workplace peer educators.

In seeking continual improvement to achieve a high level of performance we have developed a new stakeholder engagement strategy and are developing a more proactive, integrated safety strategy. We are in the process of developing a revised housing model and a climate change strategy. I am pleased with the progress we have made towards improving our data. These efforts will contribute towards a more informed approach accompanied by ambitious but realistic targets.

As a member of the International Council for Mining and Metals (ICMM) we fully support their goal of establishing a global sustainability benchmark for the mining industry and are committed to implementing their principles through our Sustainable Development Framework. We are a signatory to the United Nations Global Compact (UNGC) and we are committed to implementing its ten principles relating to human rights, labour practices, environmental management and anti-corruption. We have once again compiled our report in accordance with the guidelines of the Global Reporting Initiative (GRI). Through our sustainability reporting and engagement with stakeholders we have been able to improve our approach and performance. Outcomes of our stakeholder engagement process helped inform our refined sustainable development risk approach and we hope that our new stakeholder engagement strategy will allow us to further build on these engagements.

Sustainability is key to the long term stability of South Africa and therefore the stability of the company. This requires that transformation, poverty reduction, environmental protection, and education and skills development takes place. This is not the responsibility of government alone. We have skills and resources that can complement the government's developmental efforts. We could not do this effectively while based in London. To engage meaningfully in driving these shared agendas we need to have a seat at the table and this was a strong contributing factor in our decision to relocate our headquarters to Johannesburg.

Our main challenges for 2011 are to improve our performance in safety, transformation, community development and the environment. Safety is always at the top of our list and we will continue to devote significant resources to improving our safety performance. The transformation agenda is challenging and requires proactive intervention. Meeting our social and labour plan requirements will mean making more strategic investments in training and employment equity; and accelerating our investments in housing. We intend to increase our housing budget by US\$10.9 million. We will continue to empower our host communities and improve their quality of life while addressing the difficult task of matching expectations with what is feasible. Environmental challenges are centred on ensuring the supply of energy and water resources, while continuing to minimise pollution and environmental degradation.

In addressing sustainability challenges strong leadership is required. I am confident that we have a strong stable team and that we have taken measures to ensure that our decisions are based on good quality data and sound science that will facilitate improved performance in the longer term.



Ian Farmer
Chief Executive Officer

→ **GRI – 1.1 and 1.2**

THE BUSINESS CASE FOR SUSTAINABLE DEVELOPMENT

WE BELIEVE THAT THERE ARE SOUND BUSINESS REASONS FOR GOING BEYOND COMPLIANCE IN TERMS OF OUR SOCIAL AND ENVIRONMENTAL PERFORMANCE.

Integrating sustainable development and social transformation issues in a strategic and coherent manner protects our legal licence to operate, enhances our social accountability, contributes to more effective risk management, improves operational efficiencies and so potentially creates valuable potential business opportunities.

Further, there are the obvious financial benefits associated with improving resource-efficiency. This has taken on greater significance in the context of recent (and anticipated) increases in energy prices, as well as growing concerns relating to the security of the longer-term supply of energy, water and other resources. We recognise that we need to be innovative not only in terms of securing the supply of these resources, but also in identifying opportunities to reduce the demand for these inputs.

In addition to these opportunities associated with protecting value, we believe that sound sustainability practices also present opportunities for creating value. One of our most important value drivers is the productivity of our employees. By investing in the health and safety of our employees and by providing them with opportunities to further develop their careers, we are making direct investments in the longer-term success of the Company and the South African nation as a whole.

Recognising these business case benefits, we are integrating many aspects of sustainable development into the Life of Business Plan for our operations.



Above: General workers at Hossy Shaft.

Left: Shasha Semathou a senior technical trainer with students Duma Lingano, Pat Komape and Defference Mahaleni.

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 2010 Sustainable Development Report of Lonmin Plc (Lonmin) for the year ended 30 September 2010 (the Report).

Subject matter and related assurance

The subject matter of our engagement and related assurance we are required to provide, in compliance with the International Council of Mining and Metals' (ICMM) Sustainable Development Framework: Assurance Procedure, subject matter 1 – 5 (ICMM Assurance Procedure), is as follows:

(a) Reasonable assurance on Subject Matter 4 marked with an RA in appendix 4 (pgs 96 and 97):

- Social and Labour Indicators – rand value spent on approved SLP projects
- Health and Safety – contractor and employee fatalities, contractor and employee lost time injury frequency rate, cases of noise induced hearing loss compensated
- Environmental Indicators – total energy use, electricity use, direct and indirect green house gas emissions, total fresh water consumption

(b) Limited assurance on Subject Matter 4 marked with an LA in appendix 4 (pgs 96 and 97):

- Social and Labour Indicators – percentage of women employees at the mine, percentage of women employees in mining, percentage of employees who are classified as designated groups and who are employed at management levels
- Health and Safety – new cases of tuberculosis diagnosed and treated
- Environmental Indicators – sulphur dioxide emissions (average tonnes per day from point and non-point sources)

(c) Limited assurance on Lonmin's self-declaration of GRI A+ application level (pg. 05)

Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the sustainability information, the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance, and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

The Directors are also responsible for the selection and application of the criteria detailed below in the evaluation of the selected sustainability information in accordance with ICMM Assurance Procedure:

- Global Reporting Initiative (GRI) G3 Guidelines, supported by Lonmin's internally developed reporting guidelines applied to the selected performance data, which are available on request from Lonmin.
- The Global Reporting Initiative (GRI) G3 Guidelines for Lonmin's self declaration of an A+ application level.

Our Responsibility

Our responsibility is to express assurance conclusions on the subject matter in (a), (b) and (c) (ICMM Subject Matter 4 and 5) based on our work performed. We conducted our engagement in accordance with 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 control 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 reasonable assurance conclusion. In a limited assurance engagement, 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 principles 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 system which includes 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.
- Visiting the Marikana Mining Operation
- Conducting an application level check on the Report to ensure 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

(a) On the selected performance data on which we are required to express reasonable assurance

In our opinion, the selected performance data set out in (a) above for the year ended 30 September 2010, is fairly stated in all material respects in accordance with the Global Reporting Initiative (GRI) G3 Guidelines, supported by Lonmin's internally developed reporting guidelines.

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF LONMIN PLC (continued)

(b) 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 set out in (b) above, for the year ended 30 September 2010, is not fairly stated in all material respects in accordance with the Global Reporting Initiative (GRI) G3 Guidelines, supported by Lonmin's internally developed reporting guidelines.

(c) On Lonmin self-declaration on GRI G3 A+ application level

Based on our work performed, nothing has come to our attention that causes us to believe that Lonmin's self-declaration of a A+ application level is not fairly stated in all material respects on the basis of the GRI G3 Guidelines.

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 the 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 safety risks (ICMM Subject Matter 3).

Directors' Responsibilities

The Directors are responsible for:

- The alignment of Lonmin's sustainability policies to the International Council of Mining and Metals' (ICMM) 10 Sustainable Development (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 the 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 safety risks.

Our Responsibility

Our engagement included reporting on the ICMM Assurance Procedure in respect of 1, 2 and 3 (ICMM Subject Matter 1-3) based on the knowledge obtained in our evidence gathering procedures in our assurance engagement on the subject matter 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 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:

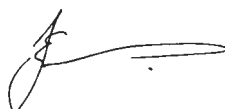
1. Lonmin's sustainability policies are not aligned with the ICMM 10 Sustainable Development (SD) Principles and any mandatory requirements set out in ICMM Position Statements.
2. Lonmin has not reported material sustainable development risks and opportunities based on the review of its business and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

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 matter in (a), (b) and (c) 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 JE Erasmus
Director
Johannesburg



KPMG Services (Pty) Limited
Per PD Naidoo
Director
Johannesburg

01 December 2010

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 Lonmin Code of Business Ethics. Our commitments relating specifically to the governance of sustainable development are defined in the Lonmin Safety and Sustainable Development Policy. Implementation of these commitments is informed by our Safety and Sustainable Development Management Standards and by the principles of the ICMM and the UNGC.

Ultimate responsibility for promoting sustainable development within the Company rests with our Chief Executive Officer, Ian Farmer. He is assisted by the members of the Executive Committee, which is responsible for reviewing our progress and performance on safety and sustainability issues. During the year, the Executive Vice President for Processing, Theuns de Bruyn, took over line responsibility for the sustainable development programme; further changes to the structures have been made and we are confident that these changes will translate into sustainable development being more firmly embedded throughout the Company.

We have aligned our Safety and Sustainable Development Policy with the ten ICMM principles which are detailed in Appendix 6. During 2010, our Safety and Sustainable Development Management Standards were reviewed against these ten principles and the position statements were included in the guidelines to be used for execution of the standards. As at the end of the reporting period we have identified the following gaps in this approach:

- Our Atmospheric Management guideline has to be updated to identify and quantify point source mercury air emissions from our operations; and
- Our Community guideline has not clearly articulated and defined the provincial, national and international laws relating to indigenous people.
- The Lonmin Biodiversity and Land Management Standard will be reviewed during 2011 to align with the mining and protected areas position statement.

These gaps will be addressed and rectified during 2011.

→ GRI – 4.8

Our Performance

Highlights

- Appointment of new Chairman of the Safety and Sustainability Committee;
- Extending the portfolio of Theuns de Bruyn, Executive Vice President, to include sustainable development;
- Strong Board focus on assessing and managing our SLP commitments, with the Board visiting South Africa twice during 2010 to review these issues; and
- Education workshops for Vice Presidents to assess the strategic business drivers for sustainability.

Challenges

- Increasing shareholder expectations relating to sustainability issues; and
- Embedding sustainability throughout the Company particularly at management and operational level: the engine room behind driving sustainable development in the business.

Focus in 2011

- Updating our policies and systems to improve data collection and reporting in order to make more informed decisions relating to sustainability; and
- Address the gaps identified in our Safety and Sustainable Development Management Standards against the ten ICMM principles.

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 Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting its agenda, and for facilitating the effective contribution of all Directors, ensuring that there is a constructive relationship between the executive and Non-executive Directors. The Chairman also has primary accountability for providing strategic guidance to the executive team and monitoring the performance of the business and for ensuring that there is effective communication with all shareholders. The role of the CEO is to provide leadership to the executive team in running the business, to develop proposals for the Board to consider in all areas reserved for its judgment 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 that strategy once approved and furnishing the Board with all information reasonably required to monitor the efficient and effective conduct of the business.

→ GRI – 4.2

The Board

The Company is led and controlled by a unitary 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, six independent Non-executive Directors, and three executive Directors. An independent Director is a person who is independent in character and judgment and free from relationships or circumstances that could affect their judgment. All Non-executive Directors at the Company are regarded as independent by the Board, as per the requirements of provision A.3.2 of the Combined Code. All Directors are free to express their views and may ask that these be recorded in the minutes where appropriate.

Whilst all Directors have equal responsibility in law for managing the Company's affairs, it is the role of executive management to run the business within the parameters laid down by the Board and to produce clear, accurate and timely reports to enable the Board to monitor and assess management's performance. The executives make full use of the expertise and experience that the Non-executive Directors bring from their business careers.

We believe that the diversity of members' experience and skills 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. It is satisfied that all Directors have sufficient time to devote to their roles and that it is not placing undue reliance on key individuals. All of the Non-executive Directors is regarded as independent by the Board, as was the Chairman on his appointment.

→ GRI – 4.2 and 4.3

The Board Committees

The Board has established four Committees and provides sufficient resources to enable them to undertake their duties. Detailed information on the Board Committees' terms of reference and governance policies can be accessed in our 2010 Annual Report.

Table 3 – Committees of the Board

Committees of the Board	Composition as on 30 September 2010	Mandate
Audit and Risk	Three Non-executive Directors One Non-executive Chairman.	<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 is appropriately applied.

INTEGRATING SUSTAINABILITY IN OUR GOVERNANCE PRACTICES (continued)

Table 3 – Committees of the Board (continued)

Committees of the Board	Composition as on 30 September 2010	Mandate
Nomination	Six Non-executive Directors One Non-executive Chairman	<p>The primary purpose of the nomination committee, is as follows:</p> <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; • In consultation with the Chairman, 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 corporate governance regulation.
Safety and Sustainability	One Non-executive Chairman Two Non-executive Directors One executive Director	<ul style="list-style-type: none"> • Have oversight of and provide advice to the Board and, as necessary to the Audit and Risk Committee, on safety and sustainability including health, environment and community matters, and particularly as pertaining 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 management's attitudes and approach towards, and activities in, managing safety and sustainability related risk; • Assess periodically 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.
Remuneration	Two Non-executive Directors One Non-executive Chairman	<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.

We have one female Non-executive Director; she is presented on the Audit and Risk Committee, the Nomination Committee and the Safety and Sustainability Committee.

→ **GRI – 1.2, 4.1, 4.8 and 4.9**

INTEGRATING SUSTAINABILITY IN OUR GOVERNANCE PRACTICES (continued)

The Safety and Sustainability Committee

Jonathan Leslie was appointed on 4 June 2009 as the new chairman of the Safety and Sustainability Committee. He is joined by David Munroe, Karen de Segundo and Ian Farmer. We are confident that the committee will continue to embed Sustainable Development throughout the Company.

In 2010 the Board visited South Africa on two occasions. Their visit in March focused on assessing the Company's performance in terms of delivering on our Social and Labour Plan (SLP) commitments, while the September visit focused specifically on our housing commitments and the new Integrated Human Settlement Strategy. SLP commitments remain a significant challenge and a priority item on the Board agenda. We will review our Social and Labour Plans for our Marikana operations by April 2011 in light of the revised Mining Charter.

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: performance evaluation, succession planning and periodic re-election by shareholders. This year we have engaged an independent external facilitator to assess the effectiveness of the Board and Board Committees. The process has involved structured interviews with every Board member and attendance at all Board meetings. On completion of the assessment a summary will be delivered detailing observations as well as a recommended improvement plan. The outcome of this assessment will determine how often such reviews occur.

The Board aims to formally review succession plans for all key management roles, including executive directorships, on an annual basis. All Directors are required by the Company's Articles of Association to submit themselves for re-election by shareholders after first appointment and thereafter by rotation at least once every three years. Where a Non-executive Director, other than the Chairman, has served more than three three-year terms, they are obliged to do so, on an annual basis. Sufficient biographical 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 role.

In 2010, we invited all employees, Directors and Board members to declare any business interest they had outside of the Company in the last twelve months, in order to assess conflicts of interest. Any issues that arose have been debated with the Executive Committee. Details of personal biographies of each members of the Board is included in the Annual Report.

→ GRI – 4.6, 4.7 and 4.10

Engaging with shareholders

The executive Directors have regular discussions with institutional shareholders where they believe this to be in the Company's best interests, but no additional information is shared that is not made available to shareholders generally. Detailed feedback from these visits is shared with the Board and a summary of the views expressed is presented at the next Board meeting.

In addition, the Chairman routinely offers key shareholders the opportunity of meetings 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 a mechanism for shareholders to engage directly with the Board. The Notice of Meeting is sent to all shareholders at least one month in advance. At the meeting, the Chief Executive makes a business presentation; all Directors are available to answer questions both during the meeting and informally afterwards. We give shareholders the opportunity to vote on every substantially different issue by proposing separate resolutions and use electronic poll voting on all resolutions, with the results of those votes being announced to the markets and displayed on our website. This enables the votes of all shareholders to be taken into account, whether they are able to attend the meeting or not, as well as providing a more discreet and democratic method of voting at the meeting.

Communications with shareholders is mostly electronic, thereby minimising our impact on the environment and to protect natural resources; hard copy versions of all communication are made available if required. The Company website provides up-to-date information on the Group's activities, copies of all presentation materials given to institutional investors and copies to read or download of all our public reporting documents.

→ GRI – 4.4

The Chief Operating Officer (COO), Mohamed Seedat, conducted a group-wide survey to elicit views from employees on life at Lonmin. Additional mechanisms and the issues as identified by our employees are described in section Engaging our Stakeholders (page 65).

Shareholders are increasingly asking questions related to sustainability. A key focus has been on financial incentives for executives related to sustainability. Generally shareholders are pleased that our long-term and short-term incentive schemes include aspects particularly around safety and meeting SLP commitments. Currently 10% of the bonus opportunity for executive Directors relates to safety performance, while another 10% relates to progress on SLP targets.

→ GRI – 4.5

Auditing and assurance

Regular auditing and assurance processes are undertaken to improve the integrity of our measurement and data management systems and our external reporting activities. The Board's Audit and Risk Committee approves the annual Company-wide internal and external audit plans. Audit findings are updated monthly and progress on corrective management plans are reviewed by the Executive Committee on a monthly basis and by the Audit and Risk Committee of the Board on a quarterly basis. In addition to the Company-wide external assurance process conducted for our annual Sustainable Development report.

INTEGRATING SUSTAINABILITY IN OUR GOVERNANCE PRACTICES (continued)

As part of the assurance engagement we believe that our assurance provider, KPMG, remain independent from the Company, have the necessary individual and organisational competencies and that the engagement process is based on best practice guidelines. External assurance is provided on selected parameters in this report, the alignment of our policies and business practices with the ICMM principles and our reporting in accordance to the GRI reporting principles.

KPMG has been our external assurance provider since 2004. Details of the 2010 assurance process are provided on page 04, "Our approach to integrated reporting". In addition to the assurance process, in preparation for this report we have conducted an internal audit on selected key sustainability indicators to monitor the effectiveness and inclusiveness of our systems.

External auditing of our International Standards Organisation (ISO) 14001, ISO 9001 and Occupational Health and Safety Standard (OHSAS) 18001 management systems is designed to support continuous improvement of our performance at an operational level. In 2010, all our operations have retained ISO 14001 certification. Currently the Smelter, Base Metal Refinery (BMR) and Platinum Metal Refinery (PMR) and Analytical Laboratories are OHSAS 18001 certified. We found that the target for all of our operations to be OHSAS 18001 certified by 2011 to be challenging. We are therefore aligning our management systems so that we will be able to be audited for full OHSAS 18001 certification during 2012.

We also generate regular Environmental Management Programme Reports (EMPRs) which form part of the annual external Environmental Performance Assessment audits. This is a legal requirement under the Minerals and Petroleum Resource Development Act 28 of 2002 (MPRDA) under which our mining licences and prospecting rights are granted. In 2011, we will update our 2005 Environmental Management Programmes and amendments thereto in terms of the MPRDA and National Environmental Management Act of 1998 taking into account all environmental legislation recently being promulgated. In 2010, we achieved our target to receive no prosecutions or fines relating to safety, health and environmental management.

Table 4 – Certified management systems

Operations	OHSAS 18001	ISO 14001	ISO 9001
Marikana Mining		✓	
Limpopo Mining		✓	
Concentrators		✓	
Smelter	✓	✓	
BMR	✓	✓	
PMR	✓	✓	✓
Analytical Laboratory	✓	✓	
Training Academy		✓	✓
Service departments		✓	

→ **GRI – 4.8 and 4.12**

External organisations and public policy position

We have been members of the ICMM since 2004 and we are a signatory to the UNGC. Membership to both of these organisations is on a voluntary basis.

"The ICMM (International Council on Mining and Metals) was established to act as a catalyst for performance improvement in the mining and metals industry. Today, the organisation brings together 19 mining and metals companies as well as 30 national and regional mining associations and global commodity associations to address the core sustainable development challenges faced by the industry. The ICMM Sustainable Development Framework comprises three elements, a set of 10 Principles (including a set of supporting position statements), public reporting and independent assurance; these have been developed systematically over the past 10 years." More details on the ICMM can be found on their web-site (www.icmm.com)

Through our participation in the ICMM, we also endorse the Extractive Industries Transparency Initiative (EITI). The EITI is 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.

We are members of, and participate in, the International Platinum Group Metals Association (IPA), International Chamber of Commerce, South African Chamber of Mines and a number of forums in a local context applicable to our individual operations. In 2010, we continued to voluntarily participate in the Carbon Disclosure Project and provided climate change related information to our shareholders. We remain included in the FTSE4 Good Index and the JSE's Socially Responsible Investment (SRI) index.

"The International Platinum Group Metals Association (IPA) is a non-profit association that represents the worldwide leading mining, production and fabrication companies in the global platinum group metals (PGMs) industry, comprising Platinum, Palladium, Iridium, Rhodium, Osmium and Ruthenium. The major aim of the organization is to act as a platform for discussion and information exchange between its members and with the outside world. Furthermore, the IPA serves as an early warning system for the PGM industry by monitoring legislation (emissions control, REACH, recycling etc.) and industry related topics such as trade, health and safety, and sustainable development." More details on the IPA can be found on their website (www.ipa-news.com).

Public policy positions

The Company made submissions to the Financial Reporting Council in the United Kingdom on their revision of the United Kingdom Governance Code. 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 (DMR) 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 MPRDA and our SLP requirements in particular. Our Chief Executive Officer, Ian Farmer participates as an Executive Council member of the Chamber of Mines, with our Chief Operating Officer, Mohamed Seedat as his alternate.

→ **GRI – 4.13 and SO5**

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 IN ORDER TO REDUCE THE RISKS AND THE MITIGATION OF IMPACTS.

Our risks

Our Company operates in an increasingly turbulent environment and we face additional risks as a result of this uncertainty. All of our productive operations are in South Africa, which faces significant development challenges relating to poverty and inequality, manifesting itself in unemployment, poor health, a lack of education and other issues.

The Company places high importance on identifying and managing all risks that could have an impact on itself and allocates the necessary resources to adequately manage our sustainable development risks.

We have listed below our principal and other key sustainable development risks and reference the page in which we address these risks and manage it as per the Safety and Sustainable Development Policy (page 02). Targets with respect to our principal and key sustainable development risks and our performance against those targets are provided in Performance against our targets (page 07).

Principal risks:

- Disruption to our operations resulting from **poor safety performance and culture**. (page 22)
- Possible withdrawal of our Mining Licences resulting from failure to deliver commitments made in our SLP regarding **housing and converting our hostel units**. (page 38)
- Possible withdrawal of our Mining Licences resulting from failure to deliver commitments made in our SLP regarding **training and empowerment** of our employees and communities. (page 35 and page 40)
- Inability to **secure an adequate electricity supply** for our current operations and for the planned expansions in line with our Life of Business Plan (page 46)
- Inability to **secure an adequate supply of water** to sustain and expand our operations. (page 54)

Other key risks:

- Loss of sustainable fresh water for our operations and communities due to **deterioration of surface and ground water quality**. (page 54)
- Possible withdrawal of our licence to operate if we fail to **meet the legislative requirements of SO₂ emissions**. (page 50)
- Deterioration of the health of our employees and their reduced productivity due to the impact of **HIV/AIDS and Tuberculosis** amongst our workforce. (page 27)
- Impaired hearing of our employees and the resultant impact on our safety performance due the lack of adherence to our **hearing conservation programme**. (page 27)

→ GRI – 1.2

Safety remains one of our greatest risks throughout our company. For this reason we made the decision to specifically select the safety management systems for assurance.

We are passionate about the health and safety of our employees. We make every effort to ensure that the workplace is maintained to provide a safe environment for our people to work productively.

The business case for complying with our SLP commitments is undeniable. It is a requirement of the MPRDA and a condition under which we have been awarded new order mining rights. Our housing-related commitments as well as training and empowerment of employees present the principal risk in terms of our SLP requirements. The Company is investing considerable resources in ensuring that we address challenges in these areas in particular (see Settling our employees, page 38). Given the challenges faced in our housing projects, we have revised our Housing Strategy and are negotiating an extension for our SLP housing commitments.

An adequate supply of resources is fundamental to our ability to operate safely and efficiently. However, it is vital that we continue to operate responsibly with regard to the natural resources available to us. We have therefore embarked on key projects to reduce our energy consumption, and consequential greenhouse gas emissions, as well as initiatives to optimise our net water balance.

MANAGING OUR SUSTAINABLE DEVELOPMENT RISKS (continued)

Opportunities

Actions taken by the Company to take advantage of potential opportunities are referred to in various sections of this report. Some of these opportunities include the following:

- Development of one of our core assets, our people. Investment in health and education, particularly of the local community, will assist in ensuring a sustainable supply of skilled people for our operations and the communities who serve us;
- Resource efficiency has the potential for significant reduction in the consumption of water and electricity;
- Reduced generation of disposed waste through initiatives to increase re-use and recycling;
- An increase in demand for low carbon technologies in other sectors that rely on platinum. These include plug-in hybrids, fuel cells and catalytic converters; and
- Growth in the South African market as the national government encourages greater levels of beneficiation.

Our risk management process

There is a process in place for identifying, evaluating and managing our principal and the key risks facing the Group. This process is reviewed regularly by the Audit and Risk Committee on behalf of the Board, and accords with the guidance appended to the Combined Code.

The approach taken is systematic and combines both a “top-down” and a “bottom-up” review and approval process. All senior managers are responsible for managing and monitoring risks in their area of responsibility that could impede the achievement of business objectives and these are recorded in a risk register. It is mandatory for this process to take place at least once a year, but in practice a more frequent review takes place in most business areas.

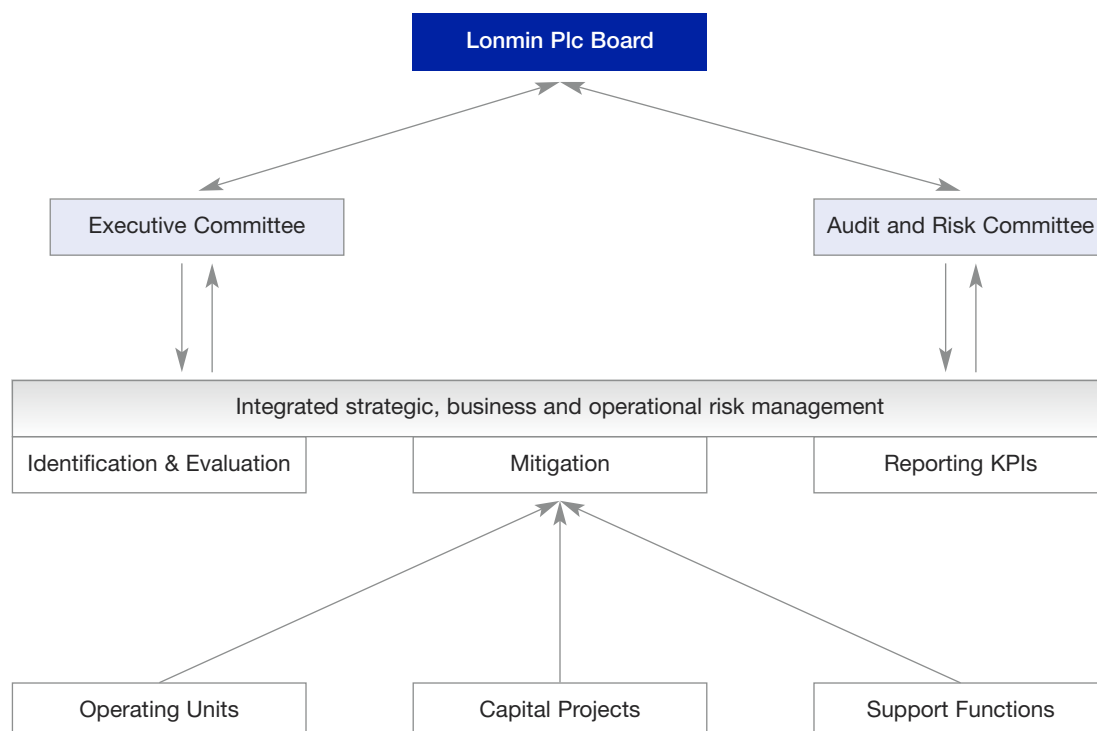
For each risk identified, management also assesses the root causes, consequences and mitigating controls in relation to the risk. An assessment is then made of the maximum risk exposure and the effectiveness of the controls in place to mitigate that risk. A numerical scoring matrix is used to derive a risk score and priority after taking account of mitigating controls. Where the risk score and priority remains high after mitigating controls are taken into account, action plans are devised to reduce these risks further and progress against these plans is regularly reviewed. Each of the business areas is supported by an Operational Risk Champion who co-ordinates all risk management activity in that business area and ensures that actions are implemented appropriately. Progress against action plans is also reviewed regularly by the Audit and Risk Committee and reported to the Board.

This year we have followed a different approach to evaluate and prioritise our sustainable development risks. The approach involved the development of a comprehensive risk database from the existing company risk registers and further incorporated stakeholder concerns that had arisen during meetings with them, as detailed in the relevant minutes of those meetings. In tandem with this we compiled the “top-down” and “bottom-up” risk review process, as detailed above.

Finally a session was conducted with relevant senior managers and the risk department to integrate the data from the two sources (the risk database and the “top-down” and “bottom-up” review). We then prioritised the risks using a standard numerical scoring matrix assessment. The principal sustainable development risks and the other key risks that were identified and isolated using this approach are listed on page 19.

The figure below illustrates our risk management process:

→ GRI – 1.2 and 4.9



EMPOWERING OUR EMPLOYEES

OUR EMPLOYEES ARE **CORE TO OUR SUCCESS AS A BUSINESS.** EMPOWERING OUR EMPLOYEES REQUIRES A SAFE AND HEALTHY ENVIRONMENT, OPPORTUNITIES TO DEVELOP AND RECOGNITION FOR GOOD PERFORMANCE. EFFECTIVE MANAGEMENT OF HUMAN CAPITAL ATTRACTS, DEVELOPS AND RETAINS THE BEST TALENT.

We believe that being seen as a socially responsible company will attract and retain the best talent at all levels of the organisation. Additionally we believe that direct investments in the health, safety and training of our employees will empower our employees to be more motivated, innovative and ultimately more productive. Investments in our employees will also filter into the communities that are home to our employees, therefore contributing indirectly to the broader South African society.

Our employees

As at 30 September 2010 a total of 23,915 employees were in permanent employment with Lonmin. This represented an increase of 10% compared to the same period last year. Of these employees, 23,822 are employed at the Marikana operations and PMR operations, 52 at the Limpopo operations and 41 employees at our head offices and exploration activities.

We have 9,131 full time contractor personnel registered on our database. The full-time employee equivalent number is significantly lower than the 10,497 reported last year. This decrease is due to improved measuring and management of contractor data and a drive to employ contractors on a permanent basis within Lonmin, where it makes sense to do so.

Our Human Capital Strategy focuses on strategically sourcing skills, encouraging and facilitating personal development, providing competitive recognition, and empowering women and historically disadvantaged South Africans (HDSAs). Fundamental to the achievement of our goals is that we are able to foster and maintain our sound relationship with employees and contractors.

→ GRI – LA1



To empower our employees we have a skills development facility at Eastern Platinum that comprises mining and an engineering division. Differene Mhlaleni, Xolisile Linnganiso, Shasha Sematha, Thabong Modutwane and Pat Komape at the engineering training facility.

ELIMINATING FATALITIES, SERIOUS INJURIES AND UNSAFE BEHAVIOUR

WE ARE COMMITTED TO HONOURING OUR SAFETY VALUES AND SUSTAINING AN ENVIRONMENT THAT PROMOTES THE SAFETY, HEALTH AND WELLBEING OF OUR EMPLOYEES AND THEIR FAMILIES, CONTRACTORS AND THE COMMUNITIES IN WHICH WE OPERATE.

The wellbeing of our employees and their families, contractors and communities remains important to us. Our business depends on people and by providing a safe and healthy environment our people can contribute to creating and sustaining value. We believe that a culture of sustained health and safety awareness and proactive action maximises productivity; contributing to the Company being regarded as an employer of choice and will provide long-term benefit to both the Company and communities in which we operate.

Our Performance

In 2010, we were acknowledged by the Association of Mine Managers of South Africa for our leading industry safety performance. We were acknowledged for the following:

- Three million fatality free shifts was awarded to Rowland Shaft.
- Two million fatality free shifts was awarded to Lonmin Marikana Mines.
- Two million fatality free shifts were awarded to Saffy Shaft and ten years fatal free since inception.
- One million fatality free shifts was awarded to Karee 3 Shaft, Karee 4 Shaft, Karee 1 Belt Shaft and Karee 4 Belt Shaft.
- One million fatality free shifts were awarded to Hossy Shaft, Saffy Shaft and our opencast operations.
- One million fatality free shifts were awarded to Eastern 1 Shaft, Eastern 2 Shaft and Eastern 3 Shaft.

Our Eastern Platinum Concentrator won the National Safety Competition from the Mine Metallurgical Managers Associated Safety Awards, with our Karee 4 Concentrator attaining a merit award.

→ GRI – 2.10



Above: Signage to indicate PPE requirements at our Nickel Sulphate Crystallizer at our Base Metal Refinery.

Right: Alfred Keepie a blacksmith at our Western Platinum salvage yard.

Summary of our safety performance

It is with regret to report that three of our employees were fatally injured whilst at work during the year.

Highlights

- We have developed a new Integrated Safety Strategy, standardised for the entire Company. The new strategy focuses on lead-indicators, emphasising proactive behaviour.
- We have improved and standardised the collection and reporting processes of safety data as well as the identification of safety risks.

Challenges

- Our severity rate was 267, a year-on-year increase of 6.5%; the days lost from work as a result of work related injuries was 21,489.
- Our principal risks include the disruption to our operations resulting from poor safety performance and culture.
- We have failed to eliminate fatalities from our operations.
- We continue to experience a reoccurrence of the same injuries and incidents.

Focus in 2011

- Implementing our new Integrated Safety Strategy and continued focus on safety across the Company.
- Shifting our safety approach to cultivate proactive behaviour.

→ GRI – LA7



ELIMINATING FATALITIES, SERIOUS INJURIES AND UNSAFE BEHAVIOUR (continued)

Number of fatalities unchanged in 2010

Loss of life is our single greatest concern. It is with regret that we report the death of three of our employees during 2010 as a result of injuries sustained from work related accidents. Two of the fatalities were a result of fall-of-ground incidents and the third was from an incident involving trackbound mobile equipment.

Table 5 – Work related fatalities in 2010

The deceased	Details of the incidents	Key actions taken to prevent this incident from re-occurring
Siyabonga Tomose was from the Jenxe Village in the Eastern Cape Province. He was employed at the Company as a Rock Drill Operator.	Date: 10 December 2009	<ul style="list-style-type: none"> All Miners and Team Leaders were retrained and assessed in the following: Conducting of an Entry Examination, Mine Support Standards, support installation procedures and identifying and treating geological features. They were also retrained regarding Section 22 and 23 of the Mine Health and Safety Act 29 of 1996. We have revised the holing procedure for the mine. A support compliance and rock conditions audit was conducted and action plans developed.
	Location: K3 Shaft	
	Cause of incident: Fall-of-ground	
Bavuyise Sganeko Bala was originally from the Lusikisiki area in the Eastern Cape Province. He was employed at the Company as a Rock Drill Assistant.	Date: 1 March 2010	<ul style="list-style-type: none"> A mock-up featuring the simulation of a hanging wall roll with associated required remedial action was built at the crush area. A training programme with regard to support requirements (rolls and domes) was undertaken. All miners, Rock Drill Operators, Rock Drill Assistants, shift supervisors, safety representatives and team leaders in strata control were retrained. Managerial instruction is now included in the Code of Practice and associated standards and procedures. Training manuals were revised to reflect the revised Code of Practice.
	Location: Newman Shaft	
	Cause of incident: Fall-of-ground	
Betty Metsiapula Moekwa was born in Rankelenyana in the North West Province. She was employed at the Company as a Loco operator.	Date: 19 August 2010	<ul style="list-style-type: none"> Static and dynamic brake tests were performed on all locos at Rowland shaft, and on the ten tonne Goodman Loco 10-3. All loco operators and loco team leaders received refresher training on all aspects of operating a loco. Loco operators were interviewed as part of trauma counselling and sent on an employee assistance programme.
	Location: Rowland Shaft	
	Cause of incident: Trackbound Mobile Equipment (underground locomotive)	

ELIMINATING FATALITIES, SERIOUS INJURIES AND UNSAFE BEHAVIOUR (continued)

A decreasing Lost Time Injury Frequency Rate

The year-on-year LTIFR⁴ decreased by 5.5% from 6.21 in 2009 to 5.87 in 2010, however this is below the target reduction of 10%. We have set our target for 2011 to reduce the LTIFR by a further 5%. In 2010, the number of Lost Time Injuries (LTIs) was 473, a year-on-year increase of 2.6%. The severity rate⁵ was 267, a year-on-year increase of 6.5%. The Company wide fatality rate⁶ remained constant at 0.04. It should be noted that in 2010 we have improved the accuracy for the man-hours worked and as a result it is possible that the man-hours have been previously understated and hence the LTIFR may have been overstated in previous years. We have been unable to quantify the impact of this on prior year's data; upon assessment we do not believe the difference to be material and therefore we will not restate the previous year's LTIFR.

As shown in the figure to the right, during the year 22.6% of our LTIs were as a result of material handling, followed by 20% being as a result of falls-of-ground.

Although fall-of-ground has contributed towards two of our fatalities this year, it is not the highest contributor to overall injuries for 2010. Material handling has contributed to more than 80% of our level three irreversible disabilities. It is of huge concern, not necessarily due to the amount of injuries and its placement on the chart, but rather with the message it brings, is one of absence of mind in safety awareness and the failure to identify a hazard in a certain situation. Hence our strategy to focus on a safety culture, safety awareness and proactive hazard identification.

Notifications in terms of the Mine Health and Safety Act 29 of 1996

In 2010, we were issued with seventeen notifications, in relation to Section 54 of the Mine Health and Safety Act 29 of 1996, compared to the 35 notifications in 2009. A section 54 notification is issued when an Inspector from the DMR has reason to believe that any incidence, exercise or situation at a mine endangers or has the potential to endanger the health and safety of any person at the mine; the Inspector may give an instruction that the performance of any act or practice at the mine or a part of the mine be suspended or halted and may place conditions on the performance of that act or practice. All of these were at the Marikana operations. We have lost 38 days of production due to these notifications; this is an improvement of 42% compared to 2009.

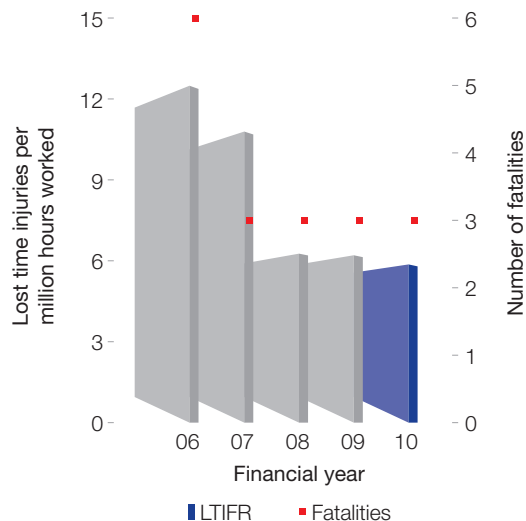
→ GRI – SO8

Our management approach

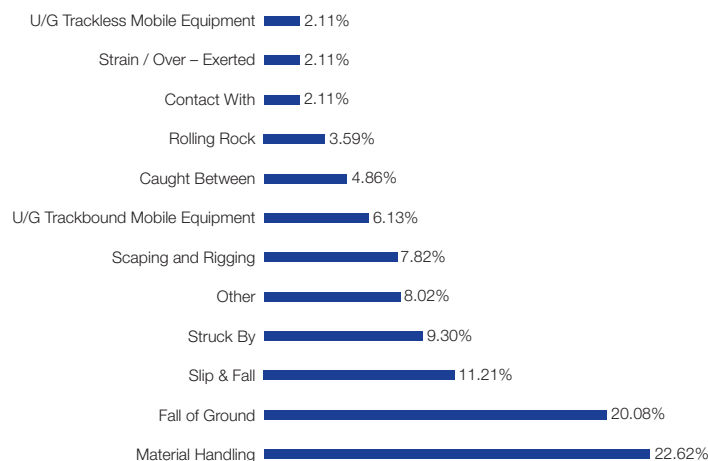
The Safety Department specifies safety standards and training material; they further audit the implementation of these Lonmin-specific requirements. Safety remains the responsibility of each employee, with line management accountable for delivering safe systems and places of work. Ultimately, our CEO, Ian Farmer is accountable for the safety of all our employees and contractors on site.

Our Safety and Sustainable Development Policy, Safety and Sustainable Development Management Standards and Fatal Risk Control Protocols provide a risk based management framework for company-wide safety management, continual improvement and alignment with international best practice.

LTIFR and fatalities in 2010



LTI agents for 2010



4 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.

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

6 The total number of work related fatalities per total number of hours worked.

ELIMINATING FATALITIES, SERIOUS INJURIES AND UNSAFE BEHAVIOUR (continued)

This year we have developed a new group-wide Safety Strategy; it is anticipated that this strategy will be finalised before the end of 2010. Up until now we had Safety Strategies per business area, but we have decided to develop a Company wide Safety Strategy.

The new strategy has three safety pillars: fatality prevention, injury prevention and safety culture change. These pillars are built on a foundation of effective systems, enablers, strong values and a clear understanding of our business risks.

We started the process of developing this new strategy by examining the level of compliance to the existing policies, standards and protocols at different areas within the company. This was followed by an assessment of the maturity for specific areas: the capacity to mitigate safety risks and comply with regulations for the respective area. Based on the outcomes of this assessment we will implement a shift change appropriate for the identified gaps in maturity.

Our new approach has been characterised by more robust data collection and risk identification, greater integration and a stronger level of buy-in across the Company. In pursuit of a safe working environment we remain committed to providing adequate resources, implementing the necessary systems and adopting best practice. In 2010 our implementation of systems used to manage the safety risks and opportunities were internally and externally audited (in relation to International Council on Mining and Metals [ICMM] Subject Matter 3).

Visible leadership is crucial to our success in safety and in creating an interdependent safety culture. To this end we practice Safe Behaviour Observations as a lead indicator to our safety performance and we conduct risk assessments to address unsafe behaviour or conditions. In many areas of our business the level of maturity has increased such that Safe Behaviour Observations are undertaken between peers and even from subordinates to managers. Training and awareness campaigns are an essential component in effectively implementing of our safety management systems.

We rigorously investigate all serious incidents through the Incident Cause Analysis Method. Findings from these incidents inform our drive for zero harm and are communicated across our operations. We report our safety incidents to the Department of Mineral Resources as required by the Mine Health and Safety Act 29 of 1996, which is aligned with the International Labour Organisation's Code of Practice on Recording and Notification of Occupational Accidents and Diseases.

We have highly trained surface and underground rescue teams, fire fighters and emergency medical services available on a 24-hour basis to support our operations, while our exploration activities are assisted by international emergency service providers. We regularly review our emergency and disaster management plans and conduct training drills to optimise our responses to emergency situations. Our safety campaigns and emergency response extends beyond the boundaries of our operations including extensive regional road safety initiatives, the impact of life style on the working environment and community assistance.

Key safety activities undertaken during the year

We currently hold Occupational Health and Safety Standard (OHSAS) 18001 certification at our Smelter, Base Metals Refinery, Precious Metals Refinery and Analytical Laboratories.

We found that the target set in 2009 for all of our operations to be OHSAS 18001 certified by 2011 to be challenging. We are therefore aligning our management systems so that we will be able to be audited for full OHSAS 18001 certification during 2012.

The Group Personal Protective Equipment Steering Committee (GPSC), was commissioned in 2009 to focus on the standardisation, optimisation and enforcement of personal protective equipment (PPE) company wide. The committee comprises representatives from across the operations, including mining, processing, finance, human capital and supply chain. Since its inception the GPSC has contributed to improved health and safety outcomes. The Committee has focused on developing a strategic relationship with our service provider to ensure the use of the most appropriate PPE in our different operations. The committee has also established a complaints and recommendation system where employees can report issues with PPE as well as suggest recommendations. Key challenges remain to increase the efficiency of the issuing system and taking corrective action on employees and contractors who abuse the use of PPE.

We have conducted a number of safety initiatives in 2010. Those with the greatest impact were:

- We continued to implement the "Laduma Score a Goal for Safety Campaign", a learning map with a soccer theme that reinforces the importance of safe behaviours and adherence to safety procedures to achieve an injury free workplace. This safety campaign was particularly well received in the light of South Africa hosting the FIFA World Cup this year.
- We rolled out our ten-week "Tsoka-Vuka-awake" awareness campaign, which we believe contributed towards a united alignment towards tackling the common safety goals. The campaign was initiated by the Executive Vice President for Mining, Mark Munroe, and has involved all of his senior management team. We believe that this high level of visible leadership has contributed to the success of the campaign.
- The "Prevention of Section 54s Campaign" evaluated safety performance against six pillars: mind set, culture, safety leadership, governance, compliance, and risk assessment. The campaign indicates where we are in terms of each pillar, what can be done to improve the pillars and ultimately to reduce non-compliances as identified through inspections as per Section 54 of the Mine Health and Safety Act 29 of 1996.
- The "Safety Calendar Campaign" to link safety talks to specific safety incidents that are more likely to occur at different times during the year. The calendar directs planned task observations relevant to the seasonal risks. We believe that this is contributing to a culture shift towards more preventative risk behaviour.
- We performed a baseline assessment of the legal compliance of our Safety and Sustainability Standards and we have also determined the maturity level of the Company's safety programme.

→ **GRI – DMA Labour Practices and Decent Work**

ELIMINATING FATALITIES, SERIOUS INJURIES AND UNSAFE BEHAVIOUR (continued)

Lonmin Emergency and Disaster Management

The Company operates an Emergency and Disaster Management initiative. Through the scheme, emergency assistance is available not only to Company operations but also to communities and other stakeholders in the area. Emergency Preparedness training is also provided to the surrounding community. The initiative offers a continuous and integrated multi-sectoral, multi-disciplinary process for the planning and implementation of measures aimed at:

- Preventing or reducing the risk of disaster;
- Mitigating the severity or consequences of disasters;
- Emergency preparedness;
- A rapid and effective response to disasters; and
- Post-disaster recovery and rehabilitation.

During the year the Emergency and Disaster Management department received a total of 3,840 calls for assistance. 679 calls were mine injuries whilst the other 3,161 calls varied from assistance with fires, motor vehicle accidents and similar such incidents.

In July 2010 our Emergency and Disaster Management and Rescue team members successfully interacted with teams from other mines to assist at Aquarius Platinum Mine, firstly with an underground belt fire, followed by a major fall-of-ground incident latter in the day. Further details are provided in Box 2.

Regular revision of emergency and disaster management plans and procedures, training and scenario drills are conducted to ensure emergency preparedness so that effective and dynamic response services can be rendered upon request.

Box 2: Assisting our neighbours in times of emergency

On 6 July 2010, two serious incidents occurred at the mining operations of Aquarius Platinum in the Marikana area, which are in close proximity to our operations. The first was a conveyor belt fire and the second was a fall-of-ground, tragically resulting in five fatalities and two serious injuries. Aquarius Platinum requested our assistance with the incident.

Our Emergency and Disaster Management team promptly responded following the call for assistance and deployed Surface Rescue Medics, Lonmin Netcare 911 and the Proto team to assist. The rescue attempt lasted for more than 24 hours and resulted in the rescue of two employees. Lonmin Medical Services also arranged counselling for those workers rescued.

The Managing Director of Aquarius Platinum expressed his gratitude to Lonmin for our efficient assistance following this tragic accident.



Safety remains the responsibility of each employee. Florence Machaba (left), Princess Koli and Granny Motkhabane (above).

A HEALTHIER WORKFORCE

WE ARE COMMITTED TO 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.

The health of our workforce has a direct impact on our business results and is therefore significant to the success of the Company. We continue to invest in the health of our employees to ensure a productive workforce, attract and retain employees and manage our compliance and reputational risks.

Our approach to managing health

Our CEO, Ian Farmer, is ultimately accountable for the health and wellbeing of our people, embodying our commitment to promote this important issue. Healthcare delivery, occupational health and hygiene policies, standards, monitoring and the auditing thereof is the responsibility of the Company's Health Department. Responsibility for the implementation of occupational health and hygiene resides with line management.

Managing health risks

We partner with the government, our communities and our peers to achieve the common goal of improved health and wellbeing. We participate in forums and collaborate with industry peers and government nationally and internationally, including through the South African Chamber of Mines' Health Policy Committee and the ICMM Health and Safety working groups. This enables us to benchmark our health and safety activities intervention and outcomes.

We are renovating the Modderspruit clinic which is located within the GLC.



Our health performance

Highlights

- We received a commendation from the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria (GBC) for leadership in businesses' fight against pandemics.
- **HIV/AIDS and Tuberculosis**
 - We offer antiretroviral treatment (ART) to employees for life.
 - We have 1,349 patients on ART and 498 patients on our wellness programme.
 - We launched an HIV/AIDS and Tuberculosis Steering Committee championed by our Chief Operating Officer, Mahomed Seedat.
 - We finalised our Workplace HIV/AIDS and Tuberculosis Strategy.
- **Reduced NIHL**
 - In 2010, we have reduced our new diagnosed Noise Induced Hearing Loss (NIHL) cases to 40 cases, a year-on-year reduction of 11.1%.
- Our employees assist in promoting monthly health topics which are discussed in the workplace.

Challenges

- Deterioration of the health of our employees and their reduced productivity due to the impact of **HIV/AIDS and Tuberculosis** amongst our workforce.
 - HIV remains our leading cause of in-service deaths.
 - The number of HIV-related deaths decreased by 25% to 88 employees.
 - ART defaulters increased to 12% from 10% in 2009.
 - Resistance of employees to enrol in Wellness and ART programmes.
 - Motivation of our Peer educators to remain actively engaged.
 - 528 employees and nineteen contractors were diagnosed with Tuberculosis including two cases of extreme drug resistant Tuberculosis.
- Behavioural and technological obstacles to further reduce NIHL cases.

Our focus in 2011

- It remains difficult to measure the success of health related initiatives. We hope to improve our understanding of our health interventions.
- We aim to reduce defaulters from our ART and wellness programmes.
- We will continue to drive our efforts targeted at the key health risks identified above.

→ GRI – LA7

A HEALTHIER WORKFORCE (continued)

Where applicable, we comply with the South African Mine Health and Safety Act, the Occupational Health and Safety Act and the International Labour Organisation Convention 176 we are subject to regular inspections from the Department of Mineral Resources. Risk assessments and surveillance are conducted as prescribed by these standards. Employees injured while on duty are treated at our health facilities and referred for specialist care when necessary. Lonmin Medical Services has developed a disaster management plan to ensure appropriate emergency responses for industrial and natural disasters.

We have internal targets in place for our Sustainable Development risks and we monitor our performance against them on a monthly basis. In pursuit of these targets we undertake extensive training programmes and initiatives. We aim to reduce exposure to risk and to educate and to help affected employees and contractors to enable them to manage the impacts of ill health through risk assessments and surveillance.

Exposure to soluble platinum salts precipitated during the refining process poses a potential health risk. International Occupational Exposure Limit-setting bodies and other related scientific committees and authorities have lately started moving towards more restrictive thresholds applicable at both occupational and public areas. While there remains debate concerning the appropriateness of proposed limits, if implemented the new requirements could have a significant impact on the Company, potentially requiring significant ventilation modifications, respiratory equipment and different operational procedures. Further information on the implications of the proposed platinum salt occupational exposure limits is provided in Box 3.

→ GRI – DMA Labour Practices and Decent Work



We are using a GLC service provider for the renovations at the Modderspruit clinic.

Box 3: Understanding the impacts of Platinum Salt Sensitivity at Lonmin and the proposed new Occupational Exposure Limits

The creation of chloroplatinates (referred to as Platinum Salts) is considered to be unavoidable in the Company's process of platinum refining and manufacturing. However, these salts are potent allergens; health risks include respiratory irritation, asthma, skin allergies and severe respiratory distress from prolonged exposure. Smokers and those prone to allergic reactions are most likely to suffer from sensitisation to the salts. Occupational exposure is therefore subject to strict management controls and exposure regulation.

The existing Occupational Exposure Limit (OEL) for platinum salts, in line with international best practice, is no longer credible as being health protective. Despite our efforts to reduce exposure of our employees to below the existing exposure limits for Platinum salts we have not prevented a significant minority of our employees from developing symptoms associated with Platinum Salts Sensitivity. As such, we agree with the internationally accepted view that the limits should be reduced. The challenge is to establish the true and safe limit of Platinum Salt exposure.

Recently the Scientific Council of Occupational Exposure Limits (SCOEL) has proposed more restrictive thresholds for Occupational Exposure Limits that are substantially lower than current levels and could significantly impact the platinum industry. In our case, to comply with stricter Occupational Exposure Limits for platinum salts, extensive modifications are likely to be required to existing plant equipment and ventilation systems at the refinery. However, this may be insufficient to prevent our employees from the exposure to the limits proposed. Therefore, the further requirement of the provision of specially designed respiratory equipment may become essential.

Lonmin has joined forces with other member companies of The International Platinum Group Metals Association (IPA) to formulate a Scientific Task Force to address the concern. The Scientific Task Force has been tasked to present a unified position on OELs and identify a threshold that will protect workers' health and that is not economically damaging.

The Scientific Task Force believes that the scientific reasoning behind the new limits is flawed because it is based on incomplete information or worst-case default values in light of the data gaps. Consequently, the team is challenging the pending Occupational Exposure Limit legislation as well as committing to design and implement research that will allow the PGM sector to become a credible partner in scientific and political discussions associated with setting the thresholds for Occupational Exposure Limits to platinum salts, as well as determining an adequate Inhalation Reference Concentration.

Provisional discussions have already been held with bodies including the United States Environmental Protection Agency in terms of the Inhalation Reference Concentration and the European Scientific Council for Occupational Exposure Limits. The process and discussions are ongoing. Further decisions will only be taken place once robust scientific data is available.

In the meantime, we continue to strive for zero harm to our employees. The Company is implementing measures that will reduce workers' exposure to platinum salts and is providing the best protective equipment for exposed employees. Improvements to the ventilation systems are being made to remove process fumes and a new sampling method is being trialled when exposure levels are at their highest during maintenance activities. The performance of all these improvements will be measured on a regular basis.

A HEALTHIER WORKFORCE (continued)

Assessing employee health and fitness

Employees exposed to hazardous work environments, or required to perform arduous tasks, are medically examined each year to ensure early detection of occupational diseases, prevent potential deterioration of their health and ensure they are physically able to work safely in hazardous work environments. To assess an individual's fitness for underground mine work all new recruits, as well as current employees whose fitness levels require reassessment, are evaluated at our Rehabilitation and Functional Assessment Centre.

Strategic engagements in health awareness

We have introduced formal monthly health talk topics and our employees are directly involved in driving these topics. Additionally, Health and Safety Committees are in place in all work areas and Organised Labour are an integral part of these committees. 80% of our total workforce is represented on these operational level Health and Safety committees. Regular safety breaks are conducted and health and safety topics including, but not limited to, safe work behaviour, risks associated with NIHL and Codes of Practices are presented.

→ GRI – LA6 and LA9

Healthcare delivery

Occupational and primary healthcare services are available to all employees. Our healthcare delivery structure is supported by an on-site hospital, two clinics in Marikana, an on-site clinic in Limpopo and a highly skilled 24 hour emergency team. All employees are covered by a Company subsidised medical aid scheme and have the option for additional family cover.

We offer various assistance programmes to manage the health of our employees, their families and community members. Preventative measures for, or risk-control of, serious diseases are provided to community members through our partnerships with the Department of Health and other role players. Further information on our approach to managing community health is provided in Partnering with our Communities page 68.

→ GRI – LA8

Providing health benefits to contractors

Many health-related initiatives are coordinated by our contracting companies. We do however make available certain health services and include contractors in our awareness programmes. Medical surveillance and treatment of injuries on duty is provided in accordance with legislation. Contractors have access to all Lonmin medical services onsite. Contractors are obligated to undergo an annual medical check-up. We do not supply ART treatment to our contractors, but we encouraged contractors to supply ART to their employees.

→ GRI – LA3

Our performance on reducing NIHL and other occupational diseases

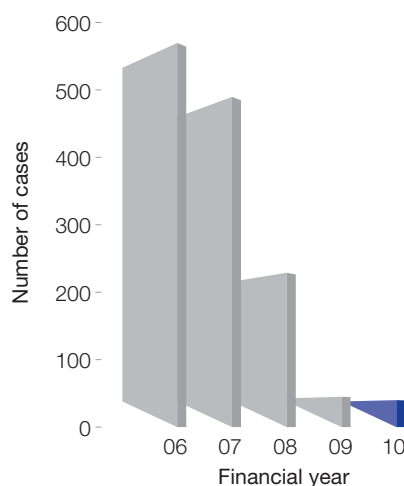
We have achieved our target of reducing our number of new NIHL cases by 10% by 2010. Newly diagnosed cases of NIHL were reduced from 45 in 2009 to 40 in 2010, representing an 11.1% improvement. 28 cases were compensated including three cases from 2009.

We continue to assess and monitor exposure to occupational diseases such as pneumoconiosis, occupational asthma, silicosis, occupational dermatitis and platinosis, but incidents of the disease within our workforce remain low.

Table 6 – Disease rates in 2010 (per 100,000) for Lonmin

Occupational disease	(per 100,000)
Rate of NIHL cases diagnosed	118
Rate of NIHL cases compensated	73
Rate of tuberculosis	2,211
Rate of pulmonary tuberculosis	1,842
Rate of extra pulmonary tuberculosis	368
Rate of extreme drug resistant tuberculosis	8
Rate of multi-drug resistant tuberculosis	38
Rate of pneumoconiosis	0
Rate of occupational asthma	3
Rate of occupational dermatitis	6
Rate of platinosis	3

Number of NIHL cases compensated



A HEALTHIER WORKFORCE (continued)

Managing HIV/AIDS and Tuberculosis in the workplace

We remain committed to improving the wellness of our employees, their families and the community by developing health and wellness systems that support employee and community wellness objectives.

In South Africa, experts believe that the mining industry is hardest hit by HIV/AIDS, with HIV infection rates above 20% among miners. Given national statistics and based on our HIV testing statistics we estimate one in five of our employees is HIV positive.

HIV/AIDS has had a marked impact on illness rates, absenteeism and employee deaths as well as the general wellbeing of the communities where we operate. It presents a risk to our business but one we finally believe we are able to manage successfully.

The Lonmin HIV/AIDS and Tuberculosis Steering Committee was launched on 29 July 2010 with representatives from both management and our employees. The Committee finalised the comprehensive HIV/AIDS and Tuberculosis Strategy and will meet on a quarterly basis to monitor the implementation of the strategy.

Through the HIV/AIDS Strategy we will reflect on the current situation, the strategic objectives and the plan of action to mitigate HIV and Tuberculosis infections so that we can manage the impact of AIDS on the Company. The strategy will uphold principles of equality and non-discrimination; privacy and confidentiality; access to information; and access to health services and support.

The wellness programme targets all HIV-positive employees and involves the provision of prophylactic treatment to prevent opportunistic infections, supplying nutritional and vitamin supplements and six-monthly monitoring of CD4 counts. Once an HIV-positive employee's CD4 T-lymphocyte count is below the acceptable limit, they are encouraged to join the ART programme. We make this available through the employee's medical aid with no additional cost. Employees are offered ART for life.

Our partnership to fund Virax's Southern Africa HIV Therapeutic Vaccine Project drew to a close in 2010. The project involved South African and multinational mining companies with interests where HIV is endemic, forming a consortium to provide funding for the development of the VIR 201 vaccine. The participating companies all acknowledge their wider social interest in supporting the development of a vaccine as part of their response to HIV/AIDS. Although this trial failed to yield a proven therapeutic vaccine against HIV, we believe that there was an encouraging move in the right direction.

Lonmin – International Finance Corporation (IFC) workplace and community HIV/AIDS programme

Our partnership with the International Finance Corporation (IFC) was concluded at the end of June 2010. Box 4 provides an assessment of our partnership and outlines how we plan to improve the programme in the future. We have learned a great deal from the partnership and have developed the necessary capacity to continue to deliver our comprehensive workplace and community HIV/AIDS programme. We are therefore confident that we will continue to improve our performance in the fight against HIV/AIDS.

Box 4: Assessing the success of our HIV/AIDS partnership with the International Finance Corporation

Our Successes

Research indicates that the Company's ongoing HIV/AIDS programme has led to a reduction in the number of in-service deaths since 2006. In the two years of the IFC partnership, the HIV/AIDS project has:

- addressed challenges in employee wellness: with evidence of behaviour change, greater uptake of voluntary testing for HIV and reduced stigma;
- raised the profile of the HIV/AIDS programme in the company;
- helped strengthen the treatment programme among employees and the local community;
- An increase in the number of home-based carers from 29 in 2003, to 58 in 2009, covering over 50,000 home visits; and
- Over two million condoms distributed since the programme's inception.

Other benefits have come through the greater take-up of ART, savings of human life through the prevention of infections, improved workforce and community relations, and enhanced leadership status in HIV/AIDS programmes within the mining industry.

The partnership with the IFC has successfully extended our HIV/AIDS treatment and prevention services over the past two years and has highlighted areas where further improvements can be made to prevent more infections and prolong lives while reducing the risk of HIV/AIDS to our business.

Amongst other improvements to our HIV/AIDS programme, we aim to:

- Develop a prevention programme focused on high-risk behaviour groups and help reduce prevalence in the workforce;
- Target awareness-raising work to middle management and supervisors;
- Recruit more community peer educators and provide them with additional support material;
- Identify and address the reasons for defaulting on ART;
- Support the integration of home-based care into the Department of Health's HIV/AIDS programme; and
- To continue to motivate workers to test with Voluntary Counselling and Testing (VCT) and to "stay negative"

A HEALTHIER WORKFORCE (continued)

One of the key objectives of the partnership has been to train peer educators. The role of the peer educators is to share information on HIV and AIDS with co-workers and to support those infected and affected by the epidemic. Safety breaks (daily breaks dedicated to discussing various safety topics) provide a platform for awareness and education. The peer educators receive incentives, in the form of shopping vouchers and branded jackets, subject to the activities performed. It remains a challenge to keep the peer educators active and motivated.

Our performance on managing HIV/AIDS and Tuberculosis

Table 7 – Summary of our performance:

	2010
Number of AIDS related deaths	88
Percentage of in service deaths as a result of AIDS	51%
Number of VCT conducted	39,006 ⁷
Number of active workplace peer educators	311 ⁸
Number of employees enrolled in wellness programmes	498
Number of patients on Anti-Retroviral Treatment	1,349

7 The figure includes VCT offered to both employees and contractors daily and those in the wellness campaign and will therefore include employees tested more than once during the year.

8 One active workplace peer educator per 77 employees.

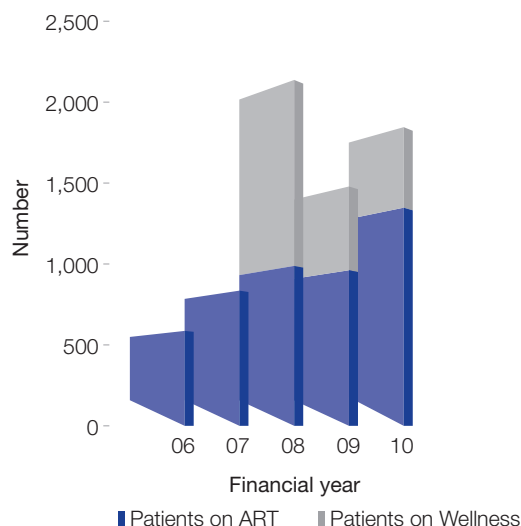
We are encouraged by the number of our employees on our ART programme, but we failed to reach our target of 620 employees enrolled in our wellness programmes with only 498 employees enrolled. A contributing factor of this is that some employees are redirected to participate in our ART programme on entry into the wellness programme as a result of their CD4 counts. Once an HIV-positive employee's CD4 T-lymphocyte count is below the acceptable limit, they are encouraged to join the ART programme. We make this available through the employee's medical aid with no additional cost. ART are offered to our employees for life. In 2010 we had 1,349 patients on ART compared to 962 in 2009. The lower participation in 2009 is partially as a result of the restructuring and reorganisational process the Company followed.

Prevalence of employees who are HIV positive at Lonmin appears to be lower than actuarial models predicted. The concern remains that this indicator is affected by employees that choose not to retest. It has been shown that employees who know that they are HIV positive are unwilling to be retested.

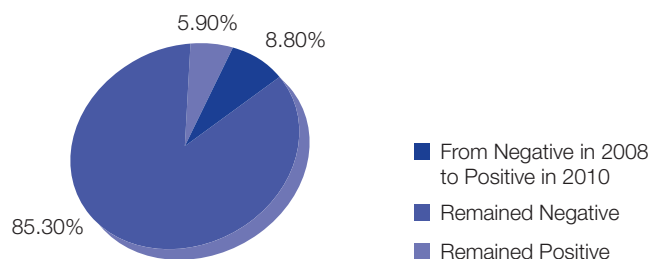
To date, we have 453 trained peer educators for the workforce, but only 311 peer educators are active. This amounts to one per 77 employees. Thus we have not reached our target to have one active peer educator for every 75 employees. These peer educators held 11,245 education sessions and numerous one on one meetings and have distributed over 745,000 condoms.

AIDS-related deaths continue to be the prominent cause of death within the Company, with 88 cases recorded in 2010. This number is lower than the total AIDS-related deaths in 2009 (110). In 2010, 39,006 HIV tests were conducted, of which 12% were HIV positive. The improvement in VCT participation is a result of our wellness campaigns and making testing available all year round.

ART and Wellness programme participation



Results of 2010 VCT compared to 2008 results



A HEALTHIER WORKFORCE (continued)

As per the figure to the right 3,777 records of people that tested in the VCT campaigns could be compared. Only 5.9% of people that tested positive in 2008 retested in 2010. 9.4% (333) of non-reactive tests in 2008 converted to reactive in 2010.

→ GRI – LA7

Improving our understanding and approach to managing ART defaulting

This year a study was undertaken among our workforce to better understand why people default on ART programmes and how to overcome this. To date 56 questionnaires have been completed. The provisional results show that the main reason for defaulting, contributing to 32% of defaults, is employees forgetting to take their medication whilst on leave; a further 20% default due to the side-effects of the medicine. Other reasons included not enough spare time available to collect medicine, cultural issues and family issues.

We have initiated a number of actions to try to reduce the rate of defaulting based on the outcomes of the study. This has included improved communications with the persons defaulting, contracting social workers to provide ART, counselling by nursing staff, changing the first line regimen to newer drugs with fewer side-effects and allowing medicines to be collected on Saturday mornings.

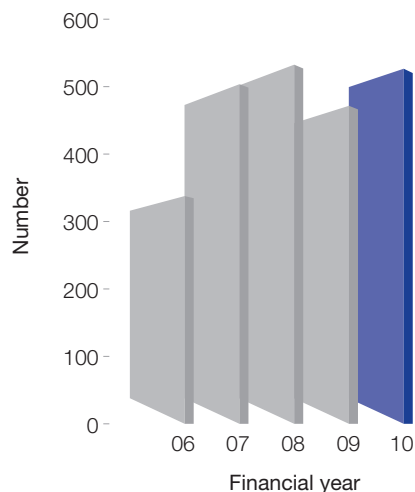
An increasing trend in Tuberculosis prevalence and incidence

Tuberculosis is a national problem. South Africa is one of the 22 countries with the highest Tuberculosis infection rates in the world. Along with other poverty-related diseases like HIV/AIDS, cases of Tuberculosis infection place a huge strain on South Africa's healthcare system. Occupational Tuberculosis remains an occupational health risk faced by our employees and contractors. Occupational Tuberculosis describes the Tuberculosis contracted by a person who has been exposed to more than 200 risk shifts in the twelve months preceding the diagnoses.

Cases of Tuberculosis at the Company have increased this year by 56 cases, including two new cases of Extreme Drug Resistant Tuberculosis, which is of great concern. In 2010, we diagnosed and treated 528 cases of Tuberculosis. We will be closely monitoring our performance data, in order to ensure we are in a position to understand how the situation evolves and to manage the risk. We are trying to prevent the extreme drug resistant Tuberculosis through ensuring adherence to treatment regimens to prevent drug resistance developing.

→ GRI – LA7

Number of tuberculosis cases



Box 5: World AIDS Day and Marikana World AIDS event

As part of our HIV/AIDS Prevention Strategy we run regular HIV/AIDS awareness campaigns, including commemorating World Aids Day, Sunday 29 November 2009. We organised an employee event at the Wonderkop Stadium kicking off with the tournament finals between Tabankulu All Stars and Khumbul' Ekaya. Tabankulu All Stars won in a dramatic penalty shoot out.

The theme for the day was: "A knowledgeable employee lives a positive lifestyle free of HIV and AIDS beyond 2010." The aim was to encourage employees to take personal and collective responsibility to stop new HIV infections, and provide care and support to those living with HIV. Our target is to increase the numbers of patients on ART and Wellness by 20% in 2010 and decrease defaulters to below 10%.

Box 6: Marikana World AIDS campaign

Following World AIDS Day, the Lonmin Community HIV Programme hosted an AIDS campaign specifically focused on Orphans and Vulnerable Children in December 2009. Events were held in five areas where Home Based Carers are operating, including Marikana, Bapong, Sonop, Modderspruit and Majakaneng community halls.

The aim of the campaign is to work with and encourage others to help create an enriching environment and provide care and support for orphans and vulnerable children to grow up into healthy and productive members of their communities. Activities included drama skits, poems and traditional games and dance. Toys and essential items like blankets were given to the children.

A HEALTHIER WORKFORCE (continued)

Awareness Initiatives

Awareness on HIV/AIDS and Tuberculosis is being raised through peer education various initiatives, including: Voluntary Counselling and Testing campaigns; road shows at all our operations during events; VCT campaigns held at least once at all sites across the company; monthly articles on HIV/AIDS and related issues in the employee newsletter the "Platinum Conversation"; display of posters on HIV/AIDS; presentations at Health and Safety meetings; inductions sessions; and health education at our clinics.

Further we implemented the following health awareness and engagement campaigns with employees and contractors:

- A 32-team soccer tournament held on consecutive weekends during the FIFA World Cup, with information stalls and VCT available. The final match was played during the World Aids Day event at Wonderkop stadium on 29 November 2009.
- A World Aids Day campaign implemented to empower employees with information on HIV/AIDS and to promote a healthy lifestyle.
- Tuberculosis awareness campaigns were held in August and September to increase awareness and educate the employees about the spread of Tuberculosis.
- The Company's safe sex campaign has been rolled out through a series of Condom Roadshows.

Peer educators use the technique of role playing to provide employees with HIV/AIDS information.



Box 7: Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria

Our workplace HIV/AIDS programme was recognised by the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria (GBC) for our efforts in the business fight against global health pandemics. The GBC Conference was attended in Washington on 7 and 8 June 2010. There were about 500 participants from across the world including several ambassadors, executives, the World Health Organisation (WHO) and celebrities such as Ashley Judd and Annie Lennox. Dr Condoleezza Rice, the United States Secretary of State, was honoured at the event. The conference emphasised the importance of sustaining and expanding HIV/AIDS interventions and Tuberculosis treatment.

Our workplace HIV/AIDS programme was commemorated for an outstanding integrated approach to disease prevention and its strong employee engagement component, wherein employees are encouraged to become "co-owners" of the HIV/AIDS programme and not just participants.

The programme is built on a strong foundation, a comprehensive non-discrimination HIV/AIDS policy, lifetime guaranteed treatment for employees living with HIV, integrated Tuberculosis prevention and treatment and the provision of voluntary counseling and testing on-site. We were also congratulated for being innovative in areas outside the workplace with the extension of our programme to the surrounding communities. For more details regarding our community health programmes see Partnering with our Communities (page 68). For more detail please visit www.gbciimpact.org.



A HEALTHIER WORKFORCE (continued)

Eliminating noise induced hearing loss (NIHL)

NIHL remains the most significant occupational disease in the platinum mining industry, and one of the key occupational health risks faced by our employees and contractors. We are committed to eliminating the exposure of our employees and contractors to noise levels exceeding the noise exposure limit of 85 dB(A) through engineering interventions and more effective use of PPE. We continue to support and work toward the philosophy of the directive issued by the DMR in 2007 to realise zero new cases of NIHL and to reduce the total noise emitted by all equipment installed in any workplace to a sound pressure level of 110dB(A) by December 2013.

We have a comprehensive hearing conservation programme in place supported by a group-wide risk management framework which builds on the guidelines of the Company's mandatory Code of Practice for noise. The programme focuses on a workplace noise assessment, personal exposure monitoring, silencing of loud equipment, education and training, medical surveillance reporting and review of these programmes. All employees and contractors who are exposed to risks associated with elevated noise levels are screened annually to allow early detection of hearing loss and to prevent potential deterioration of hearing loss thresholds. As a preventative measure, employees and contractors who are exposed to noise levels risks are screened annually and individuals exposed to high noise levels undergo audiograms every six months.

We have management systems in place to enable us to understand the relationships between each employee's exposure levels, health records and employment data, thus assisting with diagnosis and treatment. Diagnosed occupational diseases are investigated with a view to preventing future cases.

We have focused on reducing the causes of NIHL by noise attenuation of equipment with sound pressure levels exceeding 110dB(A) through re-engineering and sourcing of alternative equipment; particularly through the introduction of silencers on stoping rock drills. We have assessed high risk equipment while considering factors associated with efficiency, practicality, costs and reliability. To date, we have silenced underground fans, Quimby pumps and loaders to below 110dB.

Hearing protection devices are mandatory in work places that are exposed to noise levels exceeding 85dB(A) and which are demarcated as such. We offer our employees and contractors with suitable hearing protection devices. The Group Personal Protective Equipment Steering Committee (discussed in greater detail on page 25) assists with standardisation and optimisation of personal hearing protective equipment Company-wide.

Box 8: Rock drill silencers to reduce NIHL

Over the past two years we have made significant investments in the development of silencers for our rock drills used underground. We have been able to demonstrate that the silencers installed were effective at significantly reducing the attenuation of the drills and to reduce the exposure of noise to our Rock Drill Operators (RDOs) and other underground employees.

Sadly, we have found that many employees remove the silencers, perceiving them to have a negative effect on the efficiency of the drill. While this is true to an extent, we believe the perception may be compounded by a belief that louder equals faster and better. As a result we now appreciate of the need to improve the awareness of NIHL whilst using the drill and the improvement that can be achieved by using the silencers. We are also considering including built-in silencers on all new stoping rock drills. We hope to find alternatives that will not negatively affect production. These initiatives are ongoing and in line with our target for 2013.

→ GRI – LA7

EMPOWERING HISTORICALLY DISADVANTAGED SOUTH AFRICANS

WE RECOGNISE THE CONCRETE LINKS BETWEEN OUR PLAN TO EMPOWER HISTORICALLY DISADVANTAGED SOUTH AFRICANS (HDSA), OUR EDUCATION VALUE CHAIN AND OUR LICENCE TO OPERATE IN SOUTH AFRICA. WE ARE COMMITTED TO MEETING REQUIREMENTS BY HARNESSING THE POTENTIAL OF A DIVERSE, HIGHLY SKILLED AND PRODUCTIVE WORKFORCE.

Our management approach

We recognise that the South African mining industry has created both wealth and a problematic social legacy. We appreciate that Lonmin must play a role in rectifying historical injustice through the empowerment of HDSAs. Our approach is to ensure that the value that our employees bring to our operations is reciprocated by value that the Company offers to their careers and livelihoods and also to South African society. The strategy is framed by the following issues that link empowering HDSA to the sustainability of our business:

- The need for broad social transformation;
- Compliance with national regulations on equity and empowerment;
- New order mining rights and our Social and Labour Plan (SLP) commitments;
- Investing in the reputation of the Company and the industry; and
- Building trust with government and civil society.

We are therefore committed to the following action plans to address these issues:

- The expansion and development of skills among our HDSA employees;
- Promoting the employment of HDSA at professional and management level within the Company; and
- Encouraging the professional development of HDSA among our employees.

Achieving employment equity

Our employment equity programme is intended to remove all institutional barriers that may have historically existed on the basis of race, gender, ethnicity, age and physical ability. We acknowledge that removing barriers requires active redress of historical injustice through targeted recruitment, employee development and adjustments to the work environment. Employees that are classified as designated groups are recognised as being unfairly discriminated against prior to the Constitution of the Republic of South Africa, Act 200 of 1993 being adopted. This definition encompasses women, people with disabilities, and employees classified as Asian, Coloured or African origin and who are South African citizens. Our workforce comprises 19,986 South African citizens and 3,929 citizens of countries other than South Africa.

We have had to revise our employment equity targets to align with the revised mining charter that was issued during September 2010. Our actual performance is audited by the Department of Labour on a regular basis.

The following revised target, which is integrated into our SLPs is:

- 40% designated groups participation in all levels of management by 2014.

Our performance

Highlights

- We have met and exceeded our target of 40% of designated groups represented in management with 43.3% of designated groups in management.
- In collaboration with the International Finance Corporation we have published a guide to integrating women into the workforce. This guide is aimed at the mining industry at large and has informed our approach to women in mining.
- The number of women in the workforce has increased by 52% since the start of the Lonmin-International Finance Corporation Women in Mining programme in 2007.

Challenges

- Our principal risk is the possible withdrawal of our Mining Licences resulting from failure to deliver commitments made in our SLP regarding training and empowerment of our employees and communities.
- We had three reported incidents of sexual harassment and four incidents of discrimination.

Our focus in 2011

- Employment Equity: continuing to facilitate an increase in designated groups in management representation through prioritized recruitment and retention programmes.
- Increase the Balance Score Card weighting on the achievement of Employment Equity targets.
- Linking the performance assessment of individuals to the achievement of Employment Equity targets.

→ GRI – HR4

The Company has a comprehensive internal recruitment and selection policy in place as well as a system to manage this process. Responsibility for the implementation of all employment equity policies rests with the Executive Vice Presidents, supported by the Human Capital department and the Employment Equity Forum, with sub-committees comprising managers and representatives from all major trade unions. The Employment Equity forums meets monthly and reports on progress regarding the attainment of Employment Equity targets. In 2010, 43.3% of our management was from designated groups, a year-on-year improvement of 2%; this achievement exceeded our target of 40%.

EMPOWERING HISTORICALLY DISADVANTAGED SOUTH AFRICANS (continued)

The present representation in management positions of designated groups is provided in the figure to the right.

Although four cases of discrimination were reported in 2010, we believe that the increase on the previous year can be attributed to our increased efforts to raise awareness around discrimination issues. We facilitated a workshop at shafts on corrective action procedure and 79 line managers were trained on the procedure.

Additionally, posters and leaflets on maternity and sexual harassment policies were distributed across the operation. In terms of specific grievance mechanisms in place to deal with incidents of discrimination, we have informal and formal procedures. The informal procedure encourages employees to seek assistance from the Human Capital practitioner or line-manager to set up a mediation session between both parties. Our formal procedure involves following guidelines set out in the corrective action procedure, leading to disciplinary action.

→ GRI – HR4 and LA1

Women in mining

Although the revised mining charter does not have specific targets for women in the workforce, we have continued to set targets in relation to women in the workforce:

- 10% women in core mining operations and applicable to certain employment categories; and
- 11.6% women at mining by 2014.

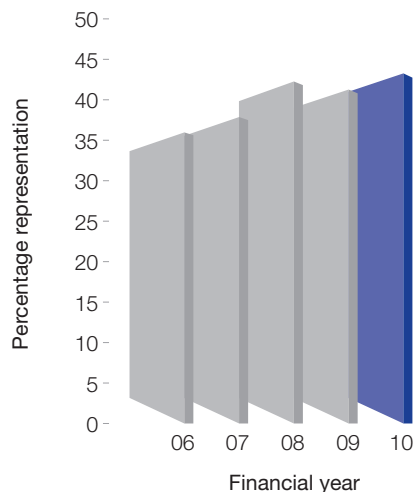
Our Women in Mining programme that commenced in 2007, developed and implemented in partnership with the IFC, responded to the socio-economic conditions endured by women in mining communities, as identified during our partnership. These conditions include:

- High rates of unemployment;
- Loss of agricultural land used for subsistence farming; and
- Marginalisation and increased health risks, including increased exposure to HIV/AIDS.

With the Lonmin-IFC Women in Mining programme completed, our systems and policies have been embedded in our operations. We seek to address the conditions as listed above through the employment and advancement of women in the Company, and through institutional transformation that acknowledges the gender imbalance in the way mines have historically operated. We have a detailed Women in Mining policy in place, as well as specific policies covering maternity and sexual harassment. During the partnership with the IFC we developed a guide to integrating women into the workforce, which we presented and shared with other mining houses at the Mining Indaba in Cape Town held in February 2010. Employment and advancement in the Company, and institutional transformation enable women to thrive.

→ GRI – SO1

Percentage of designated groups represented in management



We will continue with our Women in Mining programme. Penny Kopong a security officer at our BMR.



EMPOWERING HISTORICALLY DISADVANTAGED SOUTH AFRICANS (continued)

Table 8 – Female representation at the Company (percentage)

	2007	2008	2009	2010
Board of Directors (%)	9	9	10	10
Executive committee (%)	20	20	0	10
Management (%)	20	20	20	17
Total Lonmin employees (%)	4.9	6.1	6.8	7.04

There are several barriers to the employment of women in the mining industry. Our performance in reaching our targets for the employment of women in the Company is measured against two separate indicators, both of which are integrated into our SLP commitments:

- total percentage of women employed by the Company (women at the mine); and
- the total percentage of women employed by the Company in core positions (women in mining).

As at 30 September 2010, 7.04% of our mine employees were women and 3.22% of our employees were women in mining, employed in core positions. The basic salary for men and women in the Company per employment category does not differ.

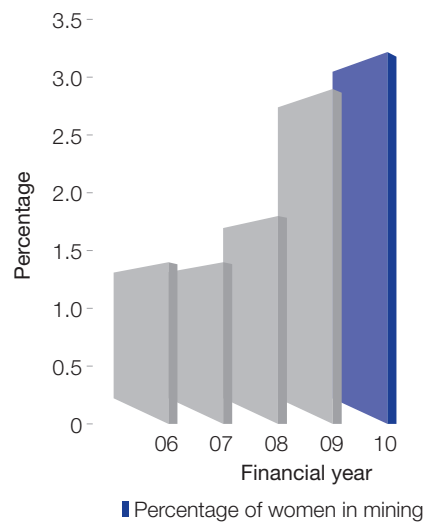
→ GRI – LA14 and LA13

Disabled persons

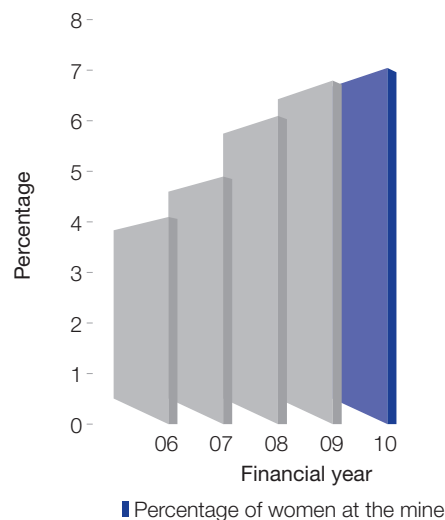
We recognise the interests of disabled persons, who historically, have been a group excluded from the mining industry. Two employees from Lesotho who are paraplegic, as a result of injuries sustained at work were given the choice of a different job and house at the mine or a house in their respective home towns. The Company followed through with the commitment made in this regard and began construction of appropriate housing for each of them.

→ GRI – LA13

Percentage of women in mining



Percentage of women at the mine



SETTLING OUR EMPLOYEES

AS PART OF OUR COMMITMENT TO ENHANCING EMPLOYEE WELLBEING WE HAVE UNDERTAKEN TO PROVIDE AFFORDABLE HOUSING TO OUR EMPLOYEES AND SURROUNDING COMMUNITIES.

We believe that providing affordable housing enhances employee wellbeing and self-esteem, both of which contribute to an individual's ability to add value to the Company.

Our management approach

We estimate that 50% of the population in the Greater Lonmin Community (GLC), our communities comprising all the villages in a fifteen kilometre radius of our operations, live in informal dwellings and lack access to basic services. A shortage of housing is a serious problem, especially at our operations in Marikana. Our commitment to address the housing needs of our employees is integral to our SLP. The risk of not meeting our SLP targets is thus critical to the performance of our operations.

We also recognise that the housing challenge is both a regional and national problem that requires cooperation between government and private enterprises. The legacy of the mining industry has included the establishment of single sex hostel style accommodation, which is linked to several social problems. Responding to the housing challenge we must address this legacy. Our success depends on:

- Ensuring the affordability of housing options;
- Ensuring secure infrastructure and living conditions;
- Designing homes that are in alignment with our environmental sustainability commitments;
- Building homes that are located close to the work place and other amenities;
- Communicating progress with the housing project with our employees; and
- Providing financial advice on home ownership.

Our housing facilities currently comprises 1,798 houses, 544 family units and 92 bachelor units. We have three hostel complexes, all of which are available for our unskilled and semi-skilled employees. A living out allowance is available as an alternative to Company-provided accommodation.

Our commitment to affordable housing for our employees is underpinned by a sound business imperative created by the inclusion of housing provision in our SLP requirements. In order to meet this commitment, we have to:

- Convert a total of 114 hostel blocks into 2,718 family and bachelor accommodation units; and
- Construct 5,500 houses within the GLC.

We have identified indirect benefits for the Company:

- Enabling a more stable workforce and reducing absenteeism;
- Contributing to our efforts to attract and retain skilled employees;
- Contributing to general socio-economic development; and
- Creating a more sustainable environment for our operations in the long run.

Our performance on housing

Highlights

- We are designing a long-term Integrated Human Settlement Strategy to align with the revised Mining Charter.
- We converted five hostel blocks at the Marikana operations into family and bachelor accommodation.
- We have revised our housing model in line with what we see as the needs of our employees; this has included earmarking accommodation for women in mining.
- Through the Marikana Housing Development Company we are selling houses to employees in Extension One of Marikana.

Challenges

- Our principal risk is possible withdrawal of our Mining Licences resulting from failure to deliver commitments made in our Social and Labour Plans (SLP) regarding housing and converting our hostel units.
- We have encountered several barriers, both internal and arising from conditions in the community, hindering our progress on our housing provision commitments in 2010.
- Given the challenges faced in our housing projects, we are designing a new long-term Integrated Human Settlement Strategy.

Our focus in 2011

- Converting an additional 26 hostel blocks in line with our approved, revised SLP targets.

Regrettably there have been several challenges that have required us to adjust the 5,500 houses targets. These challenges include:

- Sufficient and appropriate land not being readily available in the vicinity of the work place;
- Insufficient water and electricity supply; and
- Financial constraints resulting in delay to meeting our committed targets.

We have earmarked 10% of housing for women in mining in line with our Empowering Historically Disadvantaged South Africans (HDSA) commitments. Our housing projects are also linked to our commitments to add value to the GLC by awarding construction contracts to Joint Ventures with GLC companies; two such examples are the Bongekile Construction Company and Little Rock.

SETTLING OUR EMPLOYEES (continued)

Tracking key initiatives

We have recently revised the housing strategy, informed by an extensive survey that identifies the actual needs of our employees and by the experience gained in implementing our existing strategy. The new Integrated Human Settlement Strategy will focus on: developing strategic partnerships between the Company, property developers and investors and financiers and promoting higher density of housing thereby developing more affordable structures and building plans informed by successful government schemes.

The new Integrated Human Settlement Strategy is likely to be finalised in 2011. Organised labour is being engaged in a monthly Housing Forum involving the internal Housing Steering Committee in order to facilitate the effective communication of our plans to our employees.

Hostel conversions and Housing

This year we recommenced the hostel conversions project that was put on hold in 2009 and we are currently in discussion with the DMR and other interested parties to agree a practical and realistic timeframe. Our commitment to convert all of our hostel accommodation remains a goal for completion by 2014.

We have begun a campaign to promote home ownership. To date we have in Marikana made available 1,149 houses and ownership of 103 of these houses has been transferred to individuals. We have also recognised and responded to the need for awareness and training around home ownership.

The Company held a function in Marikana, attended by the CEO, COO and Executive Vice President: Human Capital and External Affairs, at which tenants who took ownership of their houses were handed the title deed of the house. Furthermore, we held a handover ceremony for the five renovated Wonderkop hostel blocks on 15 September 2010. The event was attended by Roger Phillimore, Chairman of the Board, and several Board members.

One of the most important considerations in this process is the availability of land. We have secured land for approximately 2,500 houses. So far, 860 stands have been serviced and 1,700 stands have been approved by the Rustenburg Municipality for the Marikana extension two township establishment.



Our housing developments are contributing to the sustainable communities at our operations. Phulos Sanlie one of the residents at our Wonderkop Bachelor Units.

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.

The viability of our business is ultimately dependent on our ability to attract, retain and develop skilled talent. This is becoming an increasing challenge in the context of the escalating national and international demand for skilled recruits in the mining industry. It is also critical that we strive to address the legacy of inequality in South Africa by promoting empowerment opportunities, as well as further improving our employees' productivity through initiatives aimed at assisting them in managing their careers.

Our management approach

We have identified two strong elements that motivate a sound business case for attracting and retaining a skilled and diverse workforce. The first is compliance with regulatory requirements as set out by the Department of Mineral Resources and incorporated in our SLP commitments. Secondly, the development and retention of skilled employees is a response to the escalating demand for suitably skilled recruits in the South African mining industry.

Beyond compliance and addressing the skills shortage, we recognise that the productivity of our employees is a business value driver. Productive employees are those who can develop and progress within the Company where performance is recognised and rewarded.

Our skills management and lifelong learning programmes support the development of employees and assist them in managing their careers, our management approach is outlined in our Human Capital Strategy, which has three integral components:

- Attracting employees who share our Values as outlined in the Company Charter and have the appropriate skills needed in our operations;
- Ensuring that we retain employees who are currently performing well and those who have the potential to perform well; and
- Developing the skills of our existing employees in line with current and future skills requirements.

Our performance on attracting and retaining a skilled workforce

Highlights

- 793 people enrolled in our Adult Basic Education and Training (ABET) training course;
- US\$25 million was spent on training interventions across the Company in 2010;
- Our rate of functional numeracy and literacy in the company improved by 2%;
- Each employee received an average of 82.4 hours of training during the year; and
- 6.1% of our employees have completed independent career development plans to date.

Challenges

- Our principal risk is the possible withdrawal of our Mining Licences resulting from failure to deliver commitments made in our Social and Labour Plans (SLP) regarding **training and empowerment** of our employees and communities;
- Attracting and retaining Historically Disadvantaged South Africans remains a challenge;
- Adult basic education and training (ABET) attendance was lower in 2010 than in 2009, because we moved from a fulltime to a part time ABET model; and
- Targeting members of the Greater Lonmin Community (GLC) with tertiary education bursaries remains problematic due to limitations with Secondary Schools within the GLC.

Our focus in 2011

- We aim to maintain our spending on training initiatives to continue developing our employees; and
- We are developing an Integrated Training Strategy to cover short, medium and long-term plans to address recruitment of skilled labour from the GLC.

ATTRACTING AND RETAINING A SKILLED WORKFORCE (continued)

Attracting skilled employees

We aim to attract highly skilled and motivated employees, while at the same time seeking to develop a diverse workforce and empowering the GLC through the provision of employment and training opportunities.

Although we employ, where possible, from local communities, it is not possible to indicate the percentage of senior management or employees originating from local communities. The challenge faced in reporting this percentage comes when we define which of our employees are originally from our local communities; many of our employees may have a local residential address, but they are originally from a different area.

There are several aligned initiatives that enable us to attract the right people to the Company.

- We have recruitment programmes in place to attract people from our local communities particularly targeted at women.
- All our employees are required to undergo testing to ensure fitness for employment. This includes psychometric and competency testing.
- Market-related remuneration and competitive benefits are integral to attracting and retaining a skilled and diverse workforce.
 - The mining industry does not have a minimum wage, but wages are negotiated with Organised Labour on an annual basis. The agreed wage is compared, through a market related survey, to the industry standard in order to remain market competitive and to comply with the government set minimum wage for employees with basic skills across industries.

→ GRI – EC5 and EC7

- Competitive benefits are offered to full-time employees, including healthcare, life insurance, disability insurance, retirement provisions, share incentive programmes for employees in management and an education protection plan. A significant addition in 2010 has been to build an education protection plan into employees' life insurance. This plan would enable the children of employees who die as a result of work related accidents to complete their education.

→ GRI – LA3

- We do not have defined benefit/final salary pension programmes. However, we operate defined contribution pension schemes for our employees. It is mandatory for our employees to participate in either industry based or Company defined contribution provident funds. We contribute between 13.95% and 20.52% of these funds.

→ GRI – EC3

- As discussed in Managing HIV/AIDS in the Workplace, we are committed to providing our employees with ART treatment. This includes the provision of treatment even if they exit the Company.

Retaining skilled employees and developing our employees

We have financial retention programmes in place to reward high performance and to incentivise the development of employees. We seek to develop all our employees to ensure that we have a competent workforce and are well positioned to develop the future leadership of the Company. Our talent management programme includes a talent review; performance management; career development; succession planning; and mentoring.

Personal and professional development is facilitated by the Human Capital Department. The Human Capital Department provides the strategic framework in which employees are developed through talent management and oversees skills development and training initiatives.

Our Training Strategy has four key pillars: targeting the development needs of the Company, the GLC and the nation; increasing shareholder value; creating transformation and ensuring compliance and financial return on investment; and improving productivity.

We implement a range of targeted training initiatives, including induction courses, annual refresher training and specific technical training through the Lonmin Training Academy. We provide Front Line Supervisory Development Programme and mission-directed training for our managers, and we provide opportunities for employees to study at independent institutions. We also support ABET for employees, with the aim of facilitating functional literacy and numeracy.

For training directed at community members, who are not currently employees, we make use of external mentors and coaches to assist with growing a skills pipeline that feeds into our core operations; this aligns with our objectives for local economic development.

We have spent 4% of the annual payroll on the training in the last financial year, of which 75% is compliance training (eg. induction training and safety related training). On providing evidence of the implementation of this training we received a rebate of US\$3.0 million from the Mining Qualifications Authority. We recognise the potential of targeted training interventions to increase productivity and therefore implement several additional training schemes, above government requirements.

→ GRI – EC4 and LA11

ATTRACTING AND RETAINING A SKILLED WORKFORCE (continued)

Implementing and tracking our key initiatives

Attracting skilled employees

We do not report on the number of supervised employees as a separate category as employees and contractors are considered categories of employment. In the year we have recruited 3,553 employees, an increase of 40% from the previous reporting period. We recruited 267 women, including eight women within management staff. Of the new recruits for the year, 2,887 (81.3%) were HDSA. We report on the proportion of HDSA and women in our operations as indicators of diversity (see Empowering HDSA page 35) and do not consider reporting the number of employees from minority groups or different age groups to be significant to our operations. We aim to improve our reporting of management and other employees from local communities.

To ensure the entry of new talent into the Company, we provide attractive career opportunities for graduates. In 2010 we have partnered with academic institutions to attract students through bursaries and internships; we also offer learnerships to people entering the mining industry. In 2010, the Company provided 45 bursaries, 35 internships and 10 sponsorships.

Retaining our employees

In 2010, we had an employee turnover of 4.25% for employees between 30 and 50 years of age, and a turnover of 1.03% for employees over 50 years of age. The net employee turnover for the year was 6.62%. Employee turnover is not reported by region as there are no significant trends in this regard.

In 2010, 104 cases were submitted to the Commission of Conciliation, Mediation and Arbitration and of these claims, 79 were resolved, 57 in favour of the Company. In addition to resignations, the Company negotiates high rates of absenteeism. In 2010 our absenteeism rate was 7.88%; this is an improvement against 11% of 2009.

Employee turnover is detailed in the table in the next column according to reason for exiting the Company.

→ GRI – LA2

Table 9 – Group labour turnover (permanent employees)

	2010	2009	2008	2007	2006
New recruits	3,553	1,136	3,815	2,831	1,424
Resignations	(295)	(322)	(506)	(471)	(363)
Deaths (not work related)	(197)	(208)	(223)	(237)	(231)
Deaths (work related)	(3)	(3)	(3)	(3)	(6)
Dismissals	(719)	(942)	(780)	(956)	(887)
Retirements	(257)	(52)	(126)	(147)	(80)
Retrenchments	(33)	(3,733)	(2)	(15)	(133)
Net gain/(loss)	2,046	(4,124)	1,726	1,002	(264)

Managing talent and developing employees

We have drafted a policy and facilitate mentorship and coaching of young talent to fill positions. Our HDSA employees are assisted to drafting their own Individual Development Plans (IDP); these are then tracked and monitored by a senior employee. We have found that less than half of our HDSA employees have completed their IDPs. We see tremendous value in this process and will continue to drive implementation over time, particularly through improved communication with targeted individuals. In 2010, we had 636 employees registered for the mentorship programme and 321 active mentees. All supervisors, management and professionally qualified employees are subject to an annual performance review process that guides performance management and identifies employee development areas. In 2010, this accounted for 1,458 or 6.1% of our employees of which 34.3% were employees from designated groups.

→ GRI – LA11, LA12 and 2.8

Effecting skills development and training

Induction and licences: Employees and contractors receive training pertaining to business ethics, the key principles of human rights and other skills as part of the induction and annual refresher training.

→ GRI – SO3 and HR3

ATTRACTING AND RETAINING A SKILLED WORKFORCE (continued)

ABET remains integral for employee development by facilitating functional literacy and numeracy. In 2010 we improved the literacy rate of our employees to 49%, a year-on-year improvement from 47%. As part of a process to improve on our record keeping and data we are currently verifying all formal qualifications and electronically capturing the information into our database. The total cost for ABET was US\$3.8 million, this includes costs relating to replacement labour when someone is on training. The main challenge in implementing ABET is that our employees speak several different home languages and therefore Fanakalo remains the main language of communication. We have identified a need to focus on teaching conversational English in order to enable effective ABET in language in which everyone is competent.

The Lonmin Training Academy offers specific technical skills training to employees. We have developed a technical skills pipeline through which we are investing in skills development in the GLC that feeds into our business needs and into the broader mining community (see case study to the right).

Specific training and development programmes are in place for management including the Front Line Supervisory Development Programme and Mission-Directed Work Team training.

Our continuous improvement programme, Six Sigma, continues to be implemented as a means to drive business improvements. Black belts from the programme have been deployed back into the business units. We are currently formulating a plan on how to move forward with this initiative.

We have a Study Assistance Policy for employees, which outlines financial assistance and terms of sabbaticals for employees studying at institutions independent of the Company.

Box 9: Case Study: Community mining related skills development programme

In our business needs analysis we identified a need for competent Winch Drivers, Rock Drill Operators and Blasting Assistants. A community skills development programme was established in 2010 to address the current skills gap. It also addressed the concerns of stakeholders who would like to see the Company employ from the local communities. 150 GLC members have been trained in the programme. This initiative ensures the sustainability of our long-term mining plan, to minimise the time-line for recruitment and to empower the GLC communities.

In order to ensure that the trainees are in the pool of candidates considered for relevant job openings, the trainees were registered for the programme through The Employment Bureau of Africa (TEBA) and our Wonderkop recruitment centre. We trained 86 community members as Rock Drill Operators and 65 of them have been found competent. Fifteen men and two women from the GLC have been trained and found competent as Blaster Assistants and to date twelve of these trainees have been employed by the Company. US\$139,000 was spent during year on this training intervention.

Table 10 – Average hours of training per employee per occupational category

Categories	Average hours of training per employee per annum
Contractors	51.2
Unskilled and defined decision making	211.2
Semi-skilled and discretionary decision making	51.7
Technicians and associate professions, clerks, service and sales workers	110.4
Professionally qualified, senior officials and experienced specialists and management	37.1
Legislators, senior officials and senior management	28.2
Overall Average	82.4

→ GRI – LA10

INVESTING IN THE ENVIRONMENT

WE ASPIRE TO THE **VALUE OF ZERO HARM TO THE ENVIRONMENT**, TO MINIMISE OUR MINING FOOTPRINT AND TO CONTINUALLY IMPROVE OUR PERFORMANCE WITHIN ALL ENVIRONMENTAL DISCIPLINES.

A summary of our performance in investing in the environment

Highlights

- We are integrating environmental considerations into our long-term planning.
- We have commenced with the implementation of our SO₂ reduction strategy and fugitive emissions management plans.
- We are developing a real-time water balance system to measure and monitor water flows throughout the Company.
- We have reduced our total fresh water intake, per unit of production, by 25.1% compared to the 2007 baseline.
- We have increased recycling and reduced the amount of waste going to landfill.
- A Biodiversity Action Plan has been compiled for the Marikana operations.
- We are conducting a trial for the co-deposition of calcium sulphite (a waste product from our smelting operations) with tailings for deposition onto Karee Tailings Dam Number three.
- We have successfully rehabilitated the tailings storage facility at our Baobab Shaft in the Limpopo Province.
- All business units within the Company are ISO 14001 Environmental Management System certificated.
- The integrity in the operations to identify and report environmental incidents have increased.

Challenges

- Inability to secure electricity supply for our current operations and for the planned expansions in line with our Life of Business Plan.
- Inability to secure an adequate supply of water to sustain and expand our operations.
- Loss of sustainable fresh water for our operations and communities due to deterioration of surface and ground water quality.
- Possible withdrawal of our licence to operate if we fail to meet the legislative requirements of SO₂ emissions.

- There were 24 “Level Three” environmental incidents during the year.
- The volumes of general and hazardous waste generation and disposal to landfill are of concern.
- Promoting awareness of energy efficiency.

Our focus in 2011

- Opportunities exist in preventing the generation of CaSO₃ waste, the reuse of the CaSO₃ waste in the dams and the treatment of PMR effluent waste, with the potential of recycling in recoveries.
- Finalise an integrated Environmental Strategy, operating model and agreements with business units to align the environmental objectives with targets to be achieved.
- Update and alignment of our existing approved Environmental Management Programmes (EMPs) with the newly promulgated legislation and to integrate the closure planning for our operations with the EMPs.
- Align with the new requirements of the National Environmental Management Waste Act 2008.
- Continuation of our processes to convert our existing Registration Certificates at Marikana and PMR to Air Quality Emission Licences in terms of the NEMAQA requirements.
- Finalise a dynamic water balance for Western Platinum and Eastern Platinum as part of the integrated water balance.
- We have begun the implementation of a biodiversity strategy, including action plans, risk assessments and are working towards long-term objectives.
- To successfully develop a workable Climate Change Strategy.

INVESTING IN THE ENVIRONMENT (continued)

Our management approach

Our approach to environmental management is founded on international environmental best practice and compliance with legislative and other requirements. Management of our environmental aspects and risks on corporate, group and operational level is underpinned by our Safety and Sustainable Development Policy and supported by strategies, plans, targets, standards and guidelines.

Accountability for environmental management resides with the Board of Directors and our CEO. They are supported by the Environmental Department, which provides the environmental strategic direction, alignment with requirements, Company policy, minimum standards and guidelines and audits the implementation of these requirements whilst line management remains accountable for ensuring effective implementation of these requirements through management systems.

We understand the importance of forming partnerships and collaborating with government, peers and other stakeholders to achieve shared benefits and manage shared risks. We engage in partnerships, share learning experiences and contribute to policy development at both a national and international level.

The Company is a member of the South African Chamber of Mine's Environmental Policy Committee and specific working groups and government committees, focusing on the development of policy and legislation, the Steering Committee for the Centre of Sustainability at the University of the Witwatersrand focusing on environmental training of regulators, and of the International Council on Mining and Metals (ICMM) working groups on Climate Change, Water, Materials Stewardship and Biodiversity.

→ GRI – DMA Environmental

Management systems

The Analytical Laboratory was successfully recertified in terms of ISO 14001 in December 2009, since then all our operations have maintained their International Standards Organisation (ISO) 14001 certification.

Training and awareness

Environmental training programmes and awareness campaigns form an important component of our environmental management system. In addition to general environmental induction training received by all employees and contractors on an annual basis, each operation conducts site-specific training on environmental aspects according to training matrices and schedules.

Monitoring systems

We have systems in place to monitor and report on our environmental performance including those relating to legal compliance, water quality management, air quality management, waste management, land and biodiversity management. We are also able to measure our performance in terms of our policy commitments, objectives and targets set in our strategies and plans, legal and other international requirements. Monitoring of compliance of contractors and suppliers to our requirements forms an integral component of these programmes.

We are committed to the ICMM position statement on Mercury Risk Management. The Company does not produce mercury as a primary product, further we do not use mercury or mercury compounds in any of our processes and as such we believe that the risk of mercury at our operations is negligible. However, to verify the exposure risk we are identifying and quantifying the point source atmospheric emissions of mercury

through sampling at the Smelter and at our Refineries. We aim to complete a high level mass balance of Mercury during 2011.

Communication and reporting

We engage with stakeholders on both an informal and formal basis regarding environmental matters. Please refer to page 65 for a detailed description of our stakeholder engagement approach. We report on our performance to government departments as required by our Environmental Management Programme Report and other licence conditions.

Legal compliance and auditing

We continue to strive for full compliance with South African environmental legislation, our Environmental Management Programme Reports and other licences and permits. In 2010, we achieved our target to receive no fines or prosecutions relating to environmental management. We have extensive internal and external audit programmes in place.

→ GRI – EN28

Incident reporting and management

The transparent reporting of incidents and the effective mitigation of the impacts of these incidents through corrective and preventative actions is a fundamental aspect of our approach to environmental management and we have ensured that it is mandatory at all our operations. We continue to rigorously investigate incidents through the Incident Cause Analysis Method and report on incidents to the relevant government departments. This year we had a total of 23 "Level Three" incidents relating to environmental concerns; there were no "Level Four or Five" incidents. This is higher than the eight "Level Three and Four" incidents in 2009. Of the 23 incidents raised, fourteen incidents related to water (three have been resolved); four incidents related to waste (two have been resolved), four incidents related to air quality management (one has been resolved) and one incident relating to Land Management.

The increase in "Level Three" incidents raised is partly due to an increase in environmental integrity within the operations to identify and address environmental incidents. The increase in Level Three water-related incidents confirms the risks pertaining to seasonal unauthorised discharges at return water dams that result from heavy rainfall, unlined settling and containment dams and the lack of an integrated water balance for the Marikana operations.

Environmental expenditure

In 2010, Company wide expenditure on environmental management amounted to US\$2.95 million. Table 11 provides a breakdown of the environmental expenditure per discipline.

Table 11 – Environmental expenditure per discipline

Discipline	Environmental expenditure in 2010
Air quality management	US\$454,000
Water management	US\$1.37 million
Waste & Land management	US\$850,000
Other	US\$271,000
Total	US\$2.95 million

→ GRI – EN23 and EN30

ACCESSING AND MANAGING ENERGY RESOURCES

ENERGY IS INDISPENSABLE TO MINING AND WEALTH CREATION.
IN THE CONTEXT OF THE GROWING DEMAND FOR ENERGY AND
INCREASING CONCERNS AROUND SECURITY OF SUPPLY, WE ARE
COMMITTED TO USING ENERGY RESPONSIBLY.

In South Africa we face particular challenges relating both to the reliable supply of energy, especially electricity, and increased pressure to reduce greenhouse gas emissions (GHG). We expect these trends to contribute to higher energy prices in the medium to longer term. Hence, sound energy management is vital for our operations to function efficiently, to reduce energy demand and minimise our direct and indirect impact on the environment.

Our management approach

Electricity from the national grid represents 80% of our total energy consumption and also the only significant form of intermediate energy. With 20% of our total direct consumption from fuel, coal and gas. 92% of this electricity is generated through coal-fired power stations. The nature of this fuel, coupled with electricity shortages faced by South African mining industries, has resulted in energy management and efficiencies being regarded as a critical business imperative. Our approach to energy management is centred on securing the availability of sufficient energy for our current and future mining operations, reducing our energy consumption by improving energy use efficiencies and ultimately minimising our carbon footprint.

These initiatives will inevitably contribute to reducing greenhouse gas (GHG) emissions from direct and indirect sources. In the short term, our focus is on integrating energy efficiency considerations into our business and planning strategies, improving energy efficiency at existing operations and investigating alternative, low emission energy sources.

This is being undertaken through the adoption of best practices, energy efficient technologies and mechanisms that focus on alternative sources with the lowest cost and greatest long term potential. Efficient, real-time electrical energy and demand management control systems are in place to monitor our maximum demand and consumption across the Company.

We are committed to minimising the environmental impacts of transportation of our ore, products and workforce. Training and monitoring initiatives with regards to transportation are included as components within our broader environmental management programmes. We have identified energy use and associated greenhouse gas emissions as significant impacts of all transportation undertaken directly or indirectly by the Company.

→ GRI – EN29

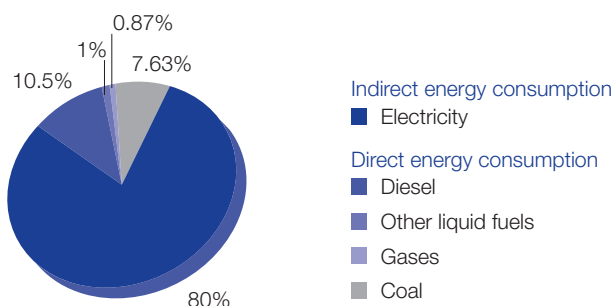
Operating in a changing climate

We recognise our role, as a mining-to-metals company, in mitigating and adapting to the impacts of climate change. We aim to contribute towards addressing this global challenge through energy efficiency initiatives, as well as through the supply of Platinum Group Metals (PGMs) that can be used in cleaner burning technologies.

Our Safety and Sustainable Development Policy outlines our commitment to 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.

Elisabeth Marole a diesel attendant at Hossy Shaft.

Energy profile 2010



ACCESSING AND MANAGING ENERGY RESOURCES (continued)

We are currently developing a Climate Change Strategy guided by the principles of the ICM. The strategy seeks to identify and address the key risks and opportunities presented by climate change and will guide the process of achieving our target of lower emissions through carbon reduction improvement initiatives. It includes an assessment of the corporate and operational impacts of climate change, and provides for the development of an adaptation programme and a carbon performance improvement strategy aligned with the Company's energy efficiency initiatives. As part of the Climate Change Strategy, we are in the process of quantifying the risks identified from Climate Change and the major financial implications associated with those risks.

Over the medium to long term, the financial implications of this process will serve to make our core business more efficient in its management of energy, water, waste, and overall supply chain, and thereby enhance the sustainability of our business.

We are assessing our carbon footprint. This includes an assessment of the company as a whole, the different business operations and a final-product footprint. The footprint will be based on 2009 data that will also be used to inform our Climate Change Strategy.

We are committed to partnering with other companies and sharing our knowledge and experience.

Managing climate change risks and opportunities

South Africa's economy is highly energy-intensive and driven by fossil fuels. However the South African government understands the need to transition to a low-carbon economy and has undertaken significant preparatory work, culminating in Cabinet identifying a strategic direction for mitigation policy based on the Long Term Mitigation Scenario (LTMS) process. Cabinet sees this transition as being part of a pro-growth, pro-development and pro-jobs strategy.

South Africa was one of the countries committed to the urgent need for a global agreement to address climate change at the 15th Conference of Parties (COP 15) in Copenhagen in December 2009. As a member of the BASIC countries, South Africa adopted a high profile stance that contributed to the noting of the Copenhagen Accord. At the summit, the South African government committed to a 34% reduction below a business-as-usual emissions trajectory by 2020 and to a 42% reduction by 2025, conditional on international technological and financial assistance. This commitment builds on the Cabinet's July 2008 climate mitigation policy vision and subsequent policy development process as informed by the LTMS.

It is anticipated that a climate change White Paper will be gazetted in December 2010 or early 2011, introducing the legislative, regulatory and fiscal measures necessary to give effect to policy by 2012. As part of this process, mandatory reporting of emissions is seen to be imminent and the implementation of an escalating carbon tax is being actively investigated.

The active participation of business, particularly in energy intensive sectors such as mining, will be essential in meeting the government's commitments while finding the right balance between environmental, social and economic agendas.

GRI – EC2

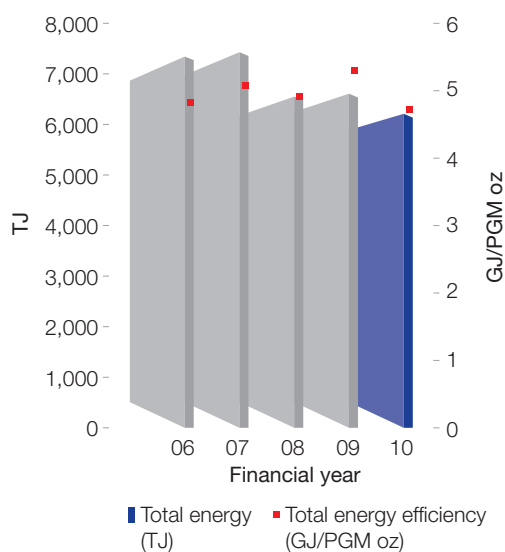
In South Africa, we already have an environmental levy factored into what the Company currently pay for electricity. Further cost increases are likely should the proposed carbon tax be implemented. Our exposure to an increased cost of carbon depends on our energy consumption per PGM ounce produced. We have embarked on a benchmark assessment to compare our energy efficiency within the PGM industry. Initial estimates of the study suggest that the Company compares favourably within the industry with lower relative energy consumption and as such may be less exposed to a potential increase in the cost of carbon.

Our performance

Energy use

We committed to reducing our aggregate energy consumption per unit of production by 10% by 2012. Our total energy consumption in 2010 was 6,215 Terajoules (TJ), a year-on-year decrease of 6.0%. Our energy per unit of production has decreased by 6.9% on our 2007 consumption to 4.73 Gigajoules (GJ)/PGM oz. The decrease in total energy use per PGM ounce in 2010 is primarily due to an increase in production for the year. Electricity is our most significant indirect energy source with direct energy sources amounting to 20% of our energy sources. In 2010, our Company wide electricity use amounted to 1,380,218 MWh, which is a year-on-year decrease of 6.9% and 14.8% below our 2007 baseline.

Total energy use and efficiency



ACCESSING AND MANAGING ENERGY RESOURCES (continued)

Fifty percent of the energy we consume is used in mining operations, with the majority of this split equally between powering air compressors for the operation of underground equipment and the remainder on our shaft hoisting mechanisms.

Energy demand has been increasing as the ore body has been getting deeper and as infrastructure is further away from the point of mining. In spite of this increased demand we have reduced the energy used for compressed air by shutting down inefficient machines. We have been reverting back to conventional mining from mechanised mining. Conventional mining is less efficient from an electricity point of view per tonne however we are still assessing the overall energy efficiency comparison per PGM ounce.

→ GRI – EN3 and EN4

The decrease in total energy per PGM oz in 2010 is encouraging but, with increased energy requirements from conventional mining and the need to mine at greater depths, we are concerned that we may not meet our energy reduction targets. We therefore need to increase our efforts to reduce energy consumption whilst being pragmatic about what is economically feasible for our operations. Our K4 shaft came online this year; the plan was for the shaft to utilise mechanised mining, however it is operating with conventional mining techniques.

On 3 August 2010 the Chairman of the Board, Roger Phillimore, and Cyril Ramaphosa (a Non-executive Director of the Board) visited the Hossy Shaft to acknowledge the improvements of the mechanised fleet at the shaft. Their visit covered the diesel distribution system underground, the main workshop and the new section developments at the shaft.

We have implemented some energy conservation and efficiency improvements but the impact of these on energy use can not be measured directly.

→ GRI – EN5 and EN6



During 2010 we implemented several initiatives aimed at conserving energy, improving energy efficiencies and reducing our use of fossil fuels. Some of these improvements are listed below:

- We have launched two Demand Side Management (DSM) projects, at Rowland and K3, on compressed air optimisation with the aim of offsetting the impact that will accrue from the deepening of our mines. Installation will be complete by the end of calendar year 2010 and energy savings should be realised next year. Eskom provided half of the US\$2.6 million required to fund the projects. DSM contributions from Eskom strengthen our ability to motivate for energy efficiency projects.
- We have started to quantify energy saving opportunities and we are in the process of revising the Energy Efficiency Policy.
- As a result of our energy management programme we have been able to increase the awareness within each operation regarding their current energy consumption and their performance against the target.
- We are developing a well structured fuel management system.
- We have not invested in any significant generation of renewable energy, however we continue to explore and evaluate options regarding geothermal energy and bio-energy generation.
- We have implemented a highly successful power factor correction system at the Wonderkop Substation, this enables improved electrical efficiencies at the Smelter and Base Metal Refinery (BMR).
- We have also modified the control philosophy for our coal-fired Hot Gas Generator at the Smelter to enable reduced coal consumption when the Filter plant is off-line.

→ GRI – EN5, EN7 and EN18

We have implemented a highly successful power factor correction system at the Wonderkop Substation.

ACCESSING AND MANAGING ENERGY RESOURCES (continued)

One of the biggest obstacles we face in reducing our energy consumption is changing people's behaviour. Energy efficient technology is not difficult to implement, but we have found that changing people's attitudes and behaviour generally poses the biggest challenge. The overall South African culture is not yet focused on energy efficiency, although there have been noticeable improvements over the past two years.

We view the current focus on climate change and increasing energy costs as an opportunity to address people's culture and mindset around energy efficiency. As part of the energy assessment we have attempted to measure the culture around energy efficiency and aim to establish a baseline that will inform more effective change management and awareness programmes.

Greenhouse gas emissions

We have set targets to improve our greenhouse gas (GHG) efficiency by 5% by 2012 based on our 2007 performance. As this target was set in 2007 we will review it once our climate change strategy is in place. GHG efficiency has increased from 1.14 kt CO₂-e per oz in 2007 to 1.17 kt CO₂-e per oz in 2010. In 2010 we emitted a total of 1,534 kilotonnes of CO₂-equivalents. This comprised of 102.1 kilotonnes of direct greenhouse gas emissions (Scope One emissions) and 1,428.2 kilotonnes of indirect emissions associated with the purchase of electricity (Scope Two emissions) and 4.1 kilotonnes of greenhouse gas emissions as a consequence of the activities of the Company, but occurring from sources not owned or controlled by the Company (Scope Three emissions). The assessment covers all six Kyoto greenhouse gases and encompasses Scope One, Scope Two and some Scope Three emissions.

→ GRI – EN16

We have established our emissions reporting boundary according to best practice. Emissions have been broken down into the different operational areas as depicted in the figure to the right.

Our Marikana operations constitute the greatest source of GHG with 98% of Scope One and Two emissions emanating from this site.

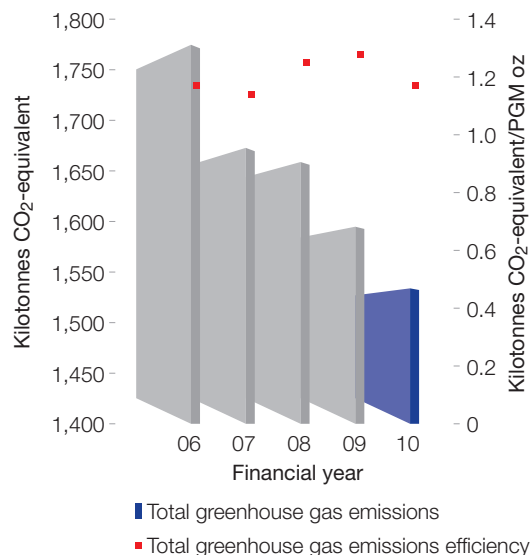
We also measure some of the other indirect emissions as a consequence of the Company (Scope Three emissions). Our emissions associated with the use of contractor-owned heavy goods vehicles amounted to 4,100 tonnes of CO₂-equivalent.

→ GRI – EN16 and EN17

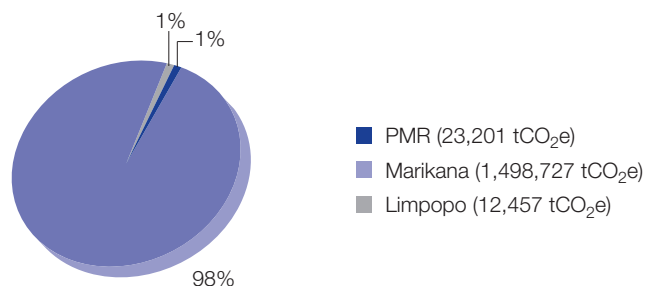
Energy efficiency initiatives have contributed to reducing our use of fossil fuel energy and therefore our carbon footprint. As described earlier, changes in energy use are the result of a number of factors of which the implementation of energy efficiency initiatives is one. We have not therefore been able to isolate the energy reductions due to efficiency initiatives alone and consequently have not been able to quantify the reduction in emissions due to these initiatives.

→ GRI – EN18 and EN29

Total greenhouse gas emissions



Emissions per area



AIR QUALITY PERFORMANCE

OUR OPERATIONS AFFECT THE AMBIENT AIR QUALITY CONCENTRATIONS. WE ACKNOWLEDGE OUR RESPONSIBILITY TO MANAGE THIS CONTINUOUSLY AND REDUCE THE IMPACT. WE ARE COMMITTED TO CONTINUAL ENVIRONMENTAL IMPROVEMENT AND ZERO PERMANENT HARM TO THE ENVIRONMENT.

We strive to minimise all risks and impacts associated with the emissions resulting from our mining and processing activities.

Our approach to improving our impacts on air quality

Our principal atmospheric emissions are SO₂, particulate matter and greenhouse gases. Our air quality management system ensures monitoring, reporting and mitigation of these emissions emanating from sources across our operations. We track our mitigation actions at the operations on a monthly basis against our set performance indicators for both on and off-site air quality. We continue to operate and maintain our monitoring network. This includes ambient and emissions source monitoring for a range of pollutants. We continue to monitor ground level SO₂ concentrations through our extensive passive diffusive sampling network.

Our management approach

We do not currently report on what are seen to be our less significant emissions, such as ozone depleting substances, persistent organic pollutants, volatile organic compounds and hazardous emissions. We are committed to reporting these by 2014. In the period leading to 2014, we will continue to monitor our emissions (significant and insignificant) and accurately ascertain our reporting boundaries to enable us to report comprehensively on significant atmospheric emissions.

Our most significant emission from our smelter operations is sulphur dioxide (SO₂), on which we have been reporting total SO₂ emissions since 2002. During the last six years we have made substantial changes in the way we manage and reduce our emissions. The installation of the sulphur fixation plant in July 2003 has reduced the amount of emissions released into atmosphere. However the capture of SO₂ has resulted in the generation of calcium sulphite as a waste product (see page 56 Management of Waste).

Our air quality management system includes a comprehensive emissions inventory, which is continuously updated for our operations.

Box 10: Complying with the National Environmental Management Air Quality Act 39 of 2004 (NEMAQA)

South African legislation governing air quality management has undergone significant changes in recent years. 2010 marked the end of the Atmospheric Pollution Prevention Act 45 of 1965 (APPA) and the full promulgation and implementation of the National Environmental Management Air Quality Act 39 of 2004 (NEMAQA). This shift in air quality regulation reflects a source based control to that of a receiving environment effects-based approach. The main objective of the Act is to consider the protection of the environment and human health through reasonable measures of air pollution control within the sustainable (economic, social and ecological) development framework. To ensure alignment with the requirements of the NEMAQA we have developed a strategy to be finalised and rolled out to our operations in early 2011.

➔ GRI – EN19 and EN20

AIR QUALITY PERFORMANCE (continued)

Table 12 – Key air quality alignment requirements

Key Legal Alignment Requirements	What does this imply for us?	What are we doing about it?
Listed activities and associated minimum emission standards	Our operating activities at the BMR, PMR and smelter are defined as listed activities. Our facilities will be required to operate as per the minimum emissions standards set at National and/or Provincial levels.	We actively participated in the standard setting process as a stakeholder providing key information to the PGM mining to metal process. We are in the process of developing an alignment strategy to meet the criteria set out for compliance by timeframes as set in the Act for the years 2015 and 2020.
Conversion of Registration Certificates (RC) to an Atmospheric Emissions Licence (AEL)	Our current held RCs issued under the APPA need to be converted to an AEL. The application for an AEL needs to be submitted to the regulating authority by 1 April 2013.	We have commenced with the process of aligning our operations with the requirements of an AEL for all our affected facilities.
Ambient standards	<p>Ambient standards have been set for criteria pollutants to ensure the protection of human health.</p> <p>We need to ensure our mitigation measures on activities that contribute to the atmospheric environment operate effectively in order to ensure our impact on the ambient environment is minimised, in particular our release of particulate matter and SO₂.</p>	<p>We are developing an alignment strategy in respect of the requirements of NEMAQA for our varying business for integration into the Environmental Management System to ensure effective implementation.</p> <p>We continue to mitigate and minimise the release of particulates and gaseous emissions through our identified management programmes for sources of concern.</p> <p>We will continue with ambient monitoring in sensitive receptor areas.</p>

Monitoring

We continue to operate and maintain our monitoring network. This includes ambient and emission source monitoring. The ambient network comprises of dust fallout monitoring, continuous PM10 and SO₂ ambient monitoring and passive diffusive sampling for our operations. We operate in-line stack monitors at both the smelter and the PMR.

Intermittent emissions monitoring campaigns are also undertaken to measure emissions for which no continuous analysers are set up. The monitoring results are used to identify areas of concern, and are utilised in compliance reporting. Our monitoring system has played a vital role in the compilation of our NEMAQA Alignment Strategy.

Our performance

Reduction of SO₂

A key aspect of the NEMAQA detailed in Box 10 is the imposing of minimum emission standards for our smelter operations in respect to SO₂ emissions. A component of our alignment strategy identifies the requirement to meet compliance timeframes required by NEMAQA as set out in the Act for the years 2015 and 2020. In respect of ground level release of SO₂, we have developed an SO₂ reduction Strategy which has been submitted to the regulating authority. The reduction strategy includes the management of ground level fugitive emissions. The fugitive management plan entails capture, and if required cleaning and final release of emissions. We will reduce the amount of ground level fugitive SO₂ emissions¹⁰ by 40% (2010 baseline year) by 30 September 2014. During 2010 our smelter operations emitted an average of 14.1 tonnes of SO₂ per day, a year-on-year increase of 3.0 tonnes of SO₂ per day.

→ **GRI – EN19, EN20**

¹⁰ Ground level fugitive SO₂ emissions account for 57% of the total SO₂ at full capacity.

AIR QUALITY PERFORMANCE (continued)

The sulphur fixation plant was maintained in line with the planned maintenance schedules. It was also necessary to switch the fixation plant to emergency bypass on three occasions; when this occurred we reduced power on the furnaces and all other air pollution control equipment remained operational to minimise impact on the ambient environment.

Dust fallout

To ensure we minimise our impact on the ambient environment in terms of particulate matter, we need to maintain effective operation of our mitigation measures for all sources of concern. We have a comprehensive dust fallout monitoring network in place to track the performance of our mitigation actions, implementation and identify areas of concern.

Sources at our Marikana operations that influence and contribute to dust fallout include tailings facilities, unpaved roads, crushing operations, opencast activities and materials handling (e.g. tipping of waste rock). All sources are captured within our emissions inventory.

We continue to monitor dust fallout at our Limpopo operations, in line with our environmental management commitments.

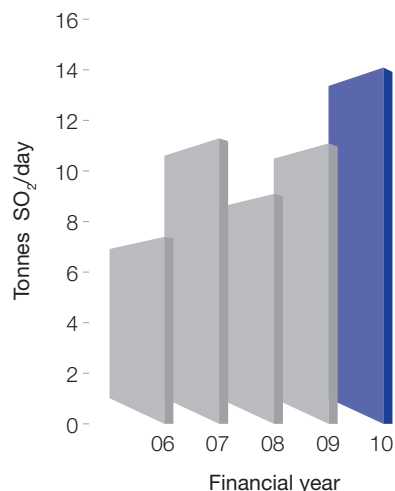
Our performance target indicator for dust fallout within industrial areas is set at 1,200mg/m²/day. The target for residential performance is 600mg/m²/day. The number of exceedances of the industrial and residential categories were 50 and 17 respectively. In comparison to 2009, an overall decrease of 1% is observed for performance in the industrial band for Marikana and Limpopo. Where sites exceeded the targets, the incident was logged and an action plan compiled and contained within our environmental management system.

Air quality improvement initiatives undertaken in 2010

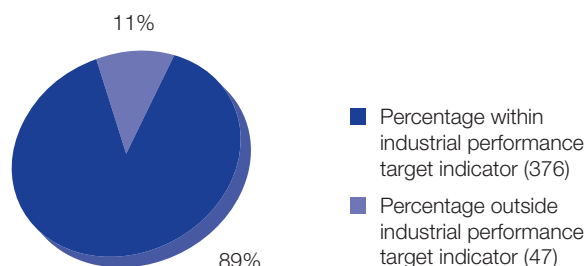
In line with our commitments to improve the impacts of the Company on ambient air quality we continue to implement initiatives to reduce emissions, improve monitoring and operate within acceptable dust fallout levels. Key initiatives are highlighted below:

- Maintaining and improving efficiency of air pollution control equipment at the smelter;
- Commencement of our fugitive management reduction plan at the smelter; and
- Management of emissions emanating from Tailings Dam Facilities.

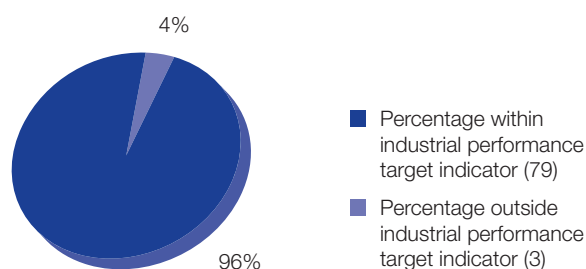
Average tonnes of SO₂ emitted per day from point and non-point sources



Performance of industrial monitoring sites – Marikana



Performance of industrial monitoring sites – Limpopo



AIR QUALITY PERFORMANCE (continued)

In 2008 we implemented a three-phase dust suppression project at our Karee Tailing Dam Facilities. Phase one involved placing hessian socks (filled with hydrogel, mixed indigenous grass seeds and compost), hessian sheeting and hessian wind breaks around the perimeter of the facility. Phase two applied an environmentally friendly chemical dust suppressant on the remaining middle part of the facility to mitigate dust fallout during the dry winter months. Phase three was completed this year and involved the seeding and composting of the remaining middle part of the tailings facility. The project has been regarded as successful.

We continue to operate suppression systems on the top of operational tailings facilities and we continue to manage emissions emanating from unpaved roads.

We conducted a trial of chemical dust suppression on selected unpaved roads. The trial was successful and we hope to roll this out to a larger project in 2011.

Improving air quality at precious metal refinery

Various capital projects were launched in 2010 and most of these will be completed during 2011. The main focus of these projects is to improve point-source capture of noxious fumes and to efficiently scrub the gas streams in order to improve the air quality of the final gas emission from our operation.

Box 11: Progress on the Hazemeter project:

Aerosols below the 10 μ aerodynamic diameter most frequently exceed the National South Africa Air Pollution Standards over the industrialized Highveld region. It has also been noted that the trend of fine particulate matter loading over the Northwest province is increasing. As South Africa moves towards implementing more stringent air pollution standards for concentrations of PM10 and PM2.5 and the receiving environmental approach of NEMAQA; the reason for annual variations of aerosols over the Northwest province will become more important to understand. The hazemeter network will give the first comprehensive look at aerosol loading in an integrated manner.

We undertook our third data collection campaign in 2010. The project is ongoing into the new year and will be completed by the end of 2011.

The difference in range of aerosol characteristics over the study area has been found to be significant in comparison from site to site and diurnally. Combustion and non-combustion sources of aerosols influence the monitoring sites and measurements, which is expected, given the variety of sources influencing atmospheric loading of aerosols for the region.



We have in-line stack monitors at our smelter.

CONSERVING WATER

OUR MINING OPERATIONS ARE LOCATED IN WATER-SCARCE REGIONS OF SOUTH AFRICA. SHIFTING RAINFALL PATTERNS AND INCREASING WATER DEMAND ARE LEADING TO A GROWING LIKELIHOOD OF WATER SHORTAGES, WHICH PRESENTS A SIGNIFICANT CHALLENGE FOR THE COMPANY AND LOCAL COMMUNITIES.

Our management approach

Our management of water resources is based on an integrated three-fold approach that:

- secures the availability of sufficient water for our current and likely future mining operations;
- reduces our freshwater consumption by improving water use efficiencies and water recycling; and
- prevents the contamination of ground and surface water resources in the regions where we operate.

We support the United Nations Millennium Development Goal to reduce by 50% the number of people without access to safe drinking water by 2015. We aim to reduce our fresh water demand by managing our water use within operations and to eliminate the pollution of water within our control to the benefit of Lonmin, the GLC and the country as a whole. Management of water, especially by the mining sector, is coming under increasing scrutiny, therefore more efficient use of water is vital to ensure an adequate, sustainable supply of this precious natural resource.

In 2010, water management has been a significant area of focus, following a gap analysis in 2009 which indicated improvement was required in this area. As such we are applying an integrated water management approach, aiming to reduce our demand for potable water and prevent the contamination of ground and surface water resources in the regions where we operate.

We are developing an integrated real-time water balance system to measure and monitor water flows throughout the organisation. This will allow for poorer quality wastewater from certain processes to be reused in other areas of our operations that can tolerate lower quality water. Other outcomes include reduced mixing of different quality waters and more efficient use of this scarce source for example by identifying and repairing leaking infrastructure.

We intend to finalise the integrated water balance within the next financial year and, based on the outcomes, we plan to implement water saving and waste reduction initiatives within the next financial year and into 2012. We are confident that further reductions to our overall water demand can be achieved.

We aim to prevent pollution and environmental degradation to surface and groundwater resources. We continue to monitor the impacts of our operations on water resources and the outcome of our remediation efforts.

In line with our zero harm policy, discharges are avoided and in the unlikely event of a discharge all reasonable steps are taken to minimise the impacts on regional water resources significantly affected. The South African National Biodiversity Assessment summarizes the results and recommendations of South Africa's first National Spatial Biodiversity Assessment. This assessment provides us with information regarding our biodiversity. Our operations are not situated in protected areas.

→ GRI – EN8, EN10 and EN25

We currently monitor more than 206 groundwater monitoring boreholes on a quarterly basis and 105 surface water monitoring points on a monthly basis. These are monitoring boreholes and not abstraction boreholes.

There are five river catchments spanning our Marikana operations, most of which are small tributaries to the Crocodile River and Marico River, including the Hoedspruit catchment in the west, the Sterkstroom and Maretlwane catchments centrally and the Modderspruit and Kareespruit catchments in the east.

Partnerships for water

A quality supply of water is a concern for everyone in the areas in which we operate. We are therefore committed to working together with government, industry peers, the GLC and other stakeholders in ensuring a sustainable supply of good quality water in the area. Stakeholders in the area jointly participate in the Western Limb Producer's forum.

Our performance

Securing an adequate supply of water

We have secured access to water resources that we expect to be sufficient for our current and planned mining and processing needs at our Marikana operations, subject to no material change occurring in rainfall patterns. We are in the process of securing further water resources for our Akanani operations in the Limpopo Province. While climate change may well have an impact on water supplies, we will continue to actively manage our need for security of supply of water resources over the medium to long term.

CONSERVING WATER (continued)

Reducing our freshwater intake

Freshwater usage at our operations in Marikana and at our PMR is sourced from the regional water utility, while our Limpopo operations access freshwater from a regional well-field. Ground water consumption is limited to our exploration activities.

In 2010, our total freshwater intake from the regional water utility at the Marikana operations and from the well-field in Limpopo amounted to 8,005 kilo-m³ which is a year-on-year decrease of 10%. The total freshwater efficiency has improved by 14.7% from 7.14m³/oz in 2009 to 6.09m³/oz in 2010. To date we have reduced our total freshwater intake, per unit of production, by 25% compared to the 2007 baseline. This is a significant achievement.

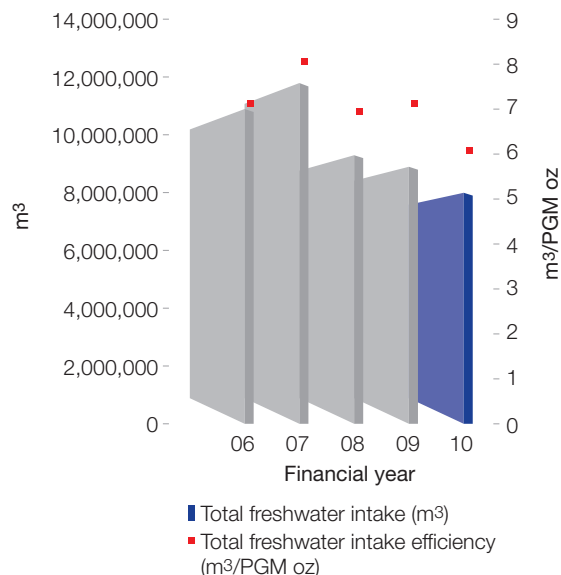
At our Limpopo operations, the yield of the aquifer from which we obtain our freshwater is approximately 30,000 m³/day of which we are permitted to utilise 17%. As our Limpopo operations are still under care and maintenance our water use was not significant, but on average, based on four years of consumption, we utilise 5% of the yield of the aquifer. The aquifer is not designated as a protected area and the biodiversity value is currently unknown. No water from surface resources is utilised in our operations.

→ GRI – EN8 and EN9

We have set a target to reduce our aggregate freshwater consumption by 15% per unit of production by September 2012 compared to the baseline consumption in 2007. In line with this target, we continue to implement water management programmes, maximise water reuse and recycling to ensure sustainable resource utilisation. A summary of recent initiatives is provided below.

- in line with our “zero surface discharge policy” we have made investments to maximise water recycling through closed system reticulation.
- we are researching the availability, sustainability and practicality of utilising contaminated groundwater of a poorer quality from our tailings facilities at our Marikana operations to reduce our reliance on freshwater consumption and to minimise the risk of ground water contamination. The study indicates a good potential of the water source in terms of yield, quality, availability, sustainability and practicality.
- we have captured groundwater contamination resulting from our tailings facility at our Limpopo operations for reuse so as to prevent further movement of the groundwater contamination plume. We have detected an increase in the water level in our boreholes and a deterioration of the water quality. We are confident that this is not due to our tailings operations as the Limpopo concentrator has not been operational since December 2008.
- we are continuing with work on our static water balance model, which will be completed shortly, and on developing a Company wide real time integrated water balance model to be completed by 2012.

Total freshwater intake



- storm water measures are being implemented over a five year period at our Marikana operations to comply with the National Water Act 36 of 1998. The storm water facility at our Rowland Shaft will be commissioned in November 2010, with the design work completed for storm water dams at our concentrators.
- a guideline has been implemented for the lining specification for all newly constructed dirty water storage facilities to minimise seepage to the receiving environment. In 2010, no new dirty water storage facilities were constructed and one existing dam was lined.

In 2010, fourteen “Level Three” unplanned discharges to surface water resources occurred also due to heavy rainfall and were reported to relevant authorities as per legislated requirements. All of these discharges occurred at our Marikana operations with seven of these discharges at Western Platinum Limited, five at Eastern Platinum Limited and two at Karee mine. Volumes of these discharges are unknown.

→ GRI – EN21

MANAGEMENT OF WASTE

WE PROMOTE THE SUSTAINABLE USE OF NATURAL RESOURCES AND ARE THUS COMMITTED TO MINIMISING WASTE TO LANDFILL AT ALL OUR OPERATIONS THROUGH THE REDUCTION, REUSE AND RECYCLING OF WASTE.

Our management approach

Our approach to waste management is founded on our Value of zero harm to the environment, best international environmental practice and compliance with relevant legislation. Company-wide management of waste and materials is underpinned by our Safety and Sustainable Development Policy and supported by group targets, standards and guidelines.

In 2010 we focused on aligning our approach to waste management with the National Environmental Management Waste Act 59 of 2008 (NEMWA). We have prioritised efforts and planning based on the waste hierarchy of promoting prevention and minimisation measures at source, followed by reuse and recycling with safe disposal of waste as a last resort.

We are in the process of finalising the compilation of an integrated waste management plan to address all potential avenues for waste reduction, reuse and recycling before treatment and disposal of the waste. The plan also incorporates reporting systems and requirements, community outreach programmes as well as relevant research and development, particularly for the reduction of our hazardous waste streams to landfill. Additions will be made on waste reclassification, land contamination and remediation as well as various operational requirements which will have to be put in place to address the development and enactment of numerous waste regulations and standards.

Databases and systems for reporting requirements are in place, which assists us in determining waste quantities and tracking in relation to reuse, refurbishment, recycling, incineration, treatment and disposal. We are seeing continued improvements with our initiatives to reduce solid hazardous waste going to landfill and our efforts to increase recycling. In addition, waste rock from our residue stockpiles is being reused for the construction of roads and a foundation aggregate for building and construction.

We have one existing Chrome extraction plant located at Eastern Platinum (EPL) Concentrator and we are in the process of constructing three additional plants located at K3 Concentrator, K4 Concentrator and Rowland Concentrator. We signed two contracts with Xstrata Merafe Chrome Venture and Chrome Tech for the construction of Chrome recovery plants. The plants extract Chrome from the tailings, extending the life of the tailings facilities and reducing Chrome going into the environment. The three plants are expected to be in full production mid 2011 with the projections estimating treatment of 1.5 million tonnes of Chromite.

Implementation of the waste hierarchy

One of our objectives with waste management is to accept and implement the waste hierarchy approach to waste management. Firstly, by preventing the generation of waste, by means of adequate procedures and training, as well as investigation and implementation of cleaner production mechanisms within the process. Once waste has been generated we consider avenues for waste reuse, refurbishment and recycling, whereafter the remaining waste stream is treated if appropriate and the final residual waste disposed of at permitted waste facilities.

Table 13 – Waste recycled, refurbished and re-used (tonnes)

Waste type	2010
Recycled	
Ferrous and non-ferrous scrap	5,512
Metal liners with steel balls	726
Concentrator Scats and Scrap	1,040
Paper	9
Rubber	2,057
Plastics	215
Tyres	250
Total	9,809
Refurbishment	
Refurbished Steel	149
Total	149
Re-use	
Food	23
Wood Reuse	6,715
Plastic reused	2
Total	6,740
Hazardous Waste Recycled	
Waste oil (Hazardous)	136
Batteries (Hazardous)	3
Ash	1,153
Total	1,292

To meet our target to reduce the quantity of waste (general and hazardous) disposed of to landfill by 15% by 2012, waste minimisation practices on site need to be part of our behavioural culture. Waste separation and sorting is entrenched at all business units within all operations and continuous training and the raising of incidents against unacceptable practices is enhancing awareness around this issue. There has been a large increase in waste being recycled, a 78% increase compared to 2009. This is also attributable to the Concentrators recycling much of their own metal, reinforcing the proximity principle which provides for more control and measurement of waste, improving management at source generation. In addition, documentation of such practices has also improved resulting in information

MANAGEMENT OF WASTE (continued)

availability and accountability such as ash. In 2010, there has been a 5.6% increase in reuse and refurbishment of waste since 2009 and a percentage of hazardous waste recycled. There has been a 71% increase of hazardous waste recycled, this is mainly due to the ash from the Smelter and BMR waste being recycled and the inclusion into the reported figures.

In January 2010, the Wonderkop sewage treatment facility was completed. Currently 200 tonnes of dried sludge is stored here for implementation of the compost facility in November 2010. Pilot studies conducted at the Karee sewage treatment facility has provided valuable information regarding the requirements and output for the full scale operation. The compost is to be used as a growth medium on the tailings facilities side slopes to fertilise vegetation, to mitigate dust generation, and reduce erosion of side slopes.

We are dedicatedly pursuing cleaner production, as well as researching and reuse options for our largest hazardous waste streams generated at our facilities. The impetus of the NEMWA and requirements within the various regulations to be enacted in 2011, has intensified our efforts.

Waste handling, management and disposal

Where waste is generated, facilities for separation and storage of different waste types have been available for a number of years. Currently, general domestic waste, which has been separated out from wood, scrap metal, and rubber is disposed of at our Marikana Operations at the onsite permitted Mooinooi Landfill that we manage. We obtain disposal figures from our weighbridge onsite, which is calibrated on an annual basis. At both our PMR in Brakpan and the Baobab Shaft in Limpopo, use is made of external landfills, which we ensure are permitted. Where off site disposal takes place, disposal is confirmed by the waste contractors through the issuing and recording of waste manifest documentation or waybills.

Hazardous wastes are removed by authorised waste contractors to permitted offsite hazardous landfill facilities or incinerated (in the case of medical wastes). Calcium sulphite from our smelting operations, which is generated as a result of the capturing of sulphur dioxide from the gas stream, emitted during the smelting process, is being co-disposed onsite with concentrate tailings as part of a trial. Where offsite hazardous waste disposal takes place, disposal is confirmed by the waste contractors through the issuing and recording of waste manifest documentation or waybills and safe disposal certificates. Mineral waste, comprising mostly waste rock and tailings, is disposed of onsite at waste rock dumps and tailings facilities respectively.

Waste disposal facilities present the greatest potential source of pollution from waste. We operate a number of waste disposal facilities, including a landfill site, with three additional landfills on the Company's property currently mothballed, a waste incinerator, a salvage yard and waste storage facilities. We have all of the necessary permits and authorisations in place for these facilities, or are in the process of obtaining these as per the implementation of the NEMWA. Yearly external audits are undertaken on our operational landfill at Mooinooi and the two GSB- sites which are mothballed. Continuous improvement, with a high qualitative rating to compliance has been awarded to Lonmin for the operation at Mooinooi Landfill.

Flotation Plant tailings, a by-product of the concentrating process, are stored at tailings facilities situated at our operations. 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 revegetation programmes are undertaken on the entire site.

We have thirteen waste rock dumps: twelve at our Marikana operations and one at our Limpopo operations. These exclude temporary opencast overburden rock dumps. Overburden waste rock stock piles (volume 5,920 kilo-m³) have increased as a result of the decision to reinstitute opencast activities and the subsequent mining of pits M9 and M10. With the new addition to the opencast operations the overburden has increased to (1,170 kilo-m³ area and volume 18,830 kilo-m³). A large portion of the overburden/backfill will be put back into the pits once mining has been completed within three years time, with the remaining portion having to be levelled out to natural topography, reshaped and covered with topsoil to complete rehabilitation of the entire pit area. Waste rock dumps are managed in accordance with legislated codes of practice.

Legislated codes of practice and operational procedures outline the management requirements of our residue deposits, which include our tailings facilities and waste rock dumps. These are adhered to, and audited against, in terms of required risk assessments, stability tests and leachate tests. Records of these requirements and subsequent audits are maintained. Internal and third party auditing form an integral component of the management of these residue deposits as well as to ensure compliance with the code of practices.

→ GRI – DMA Environmental

Our performance

We have set a target of a 15% reduction in the quantity of waste going to landfill by 2012 (against the 2008 baseline conversion to tonnage). This target pertains to combined quantities of hazardous and general waste as defined by NEMWA. In 2010, we disposed of 60,160 tonnes of waste to landfill. This is a reduction of 4.7% compared to 2009, but an increase of 17.7% compared to the 2008 baseline year. One reason for the reduction from 2009 is that a large portion of calcium sulphite is being co-disposed on tailing facilities onsite as per the trial project, with a smaller percentage being sent to landfill. In 2009 calcium sulphite represented 53% of hazardous waste going to landfill. In 2010 this percentage decreased to 35%. However, general waste has increased by 16% from the 2008 baseline value and hazardous waste by 18%. It must be noted, that although our waste to landfill has increased, our quantity of waste recycled, reused and refurbished has increased by 78%, which indicates an extensive diversion of waste from being landfilled.

MANAGEMENT OF WASTE (continued)

Our total quantity of waste produced in 2010 has increased since 2008. There are a number of reasons for this. The increased year on year production in 2010, as well as extensive construction and capital intensive projects, soil remediation projects and the removal of contaminated soil, all resulted in the generation of greater volumes of waste. Secondly the increased rainfall during the year resulted in more runoff water being collected and disposed of as effluent from the PMR and inaccuracies in instrumentation readings has resulted in diversion of effluents incorrectly to this waste stream.

Table 14 summarises the various sources of waste and their methods of disposal, storage or retreatment. In 2010, we recycled 9,809 tonnes and reused 6,889 tonnes of general waste and 1,292 tonnes of hazardous waste recycled contributing to a revenue stream amounting to US\$3.6 million. Waste oil, a hazardous waste, is recycled. The oil is collected by Oilkol via tanker and is refined at their refinery in Krugersdorp. Our battery suppliers also take back the larger batteries and we receive a discount on our battery purchases.

Table 14 – Summary of waste and disposal methods

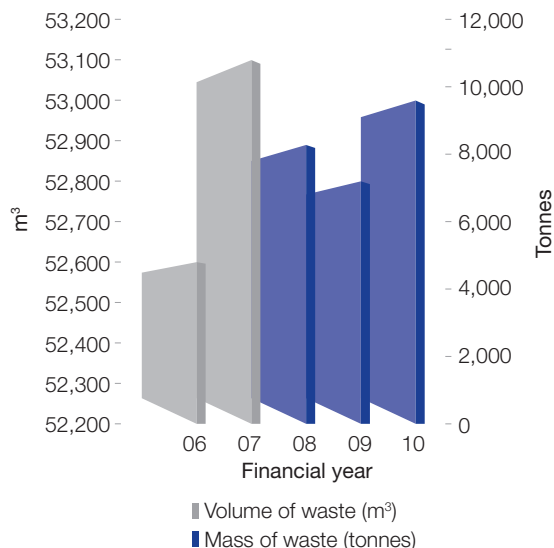
	2010
General waste to landfill	9,595 tonnes
Hazardous waste to landfill	50,540 tonnes
Hazardous waste incinerated	22 tonnes
General waste recycled, reused and refurbished	16,698 tonnes
Hazardous waste reprocessed	1,292 tonnes
Flotation Plant Tailings Stored	11,038 kilotonnes
Waste rock	1,602 kilotonnes

A total of US\$5.73 million was spent this year on Company waste collection, handling and disposal (excluding the financial benefits of recycling).

In 2010, we have not transported, imported or exported any waste categorised as hazardous in the Basel Convention. We also do not make use of external sources of waste material in the mining and processing of PGMs.

→ **GRI – MM3, EN1, EN22 and EN24**

General waste to landfill



Box 12: Waste Rock Re-used

Waste rock from our Eastern two and Eastern three waste rock dumps have been used in the construction of the widening of the Bakwena Platinum Highway the N4. 187,468 m³ of waste rock was used for the construction of the road. The income from the waste rock amounted to US\$142,000. This initiative reduces our environmental liability, rehabilitation costs and financial provision.



MANAGEMENT OF WASTE (continued)

The REACH / CLP (Registration, Evaluation, and Authorisation of Chemicals / Classification, Labelling and Packaging) project, for our product substances and intermediates (Precious Metals, Nickel Sulphate and PGM Refineables), is on track and the potential risks associated with non-conformance to the relevant European directives and legislations have been successfully addressed. Further information is provided in page 60.

Initiatives undertaken in 2010

We have increased our focus on alignment to the NEMWA and prevention and minimisation measures at source, followed by reuse and recycling and disposal as a last resort. Key initiatives are described below.

Ensuring compliance:

Licensing provides approval from the authority that our facility designs will result in the reduction of pollution risk.

- We are currently in the process of obtaining a waste licence for the EPL and Hossy waste water treatment plant upgrades, for the PMR tank farm for hazardous waste storage and for the remediation of soil at the PMR.
- We obtained our first waste licence, under the NEMWA, for the Hossy Shaft hazardous waste storage area on 11 May 2010.
- We are in the process of licensing our salvage yard which entails an upgrading of the drainage and pollution control system and storage of hazardous waste, prior to removal for disposal.

Preventing/Reducing waste:

We are starting to increase our focus on purchasing products that produce less waste such as biodegradable products eg degreasers. At our concentrators we have almost completed the conversion from the use of solid products in bulk bags to liquid products transported by tanker, which substantially reduces the amount of waste which was used for storage.

Increasing recycling and reuse:

- We are currently implementing a waste recycling collection system at the Mooi-nooi landfill facility. Paper, plastic, metal and glass which are separated at source, in the local communities, businesses, industries and mines that use our landfill, will now have this collection facility available, where they can bring their recyclables. An extensive communication campaign will be launched to make employees and the communities aware of this facility. Waste reclaimers are included in the initiative and have the opportunity to sell the recyclables.
- We are also in the process of implementing a comprehensive onsite recycling system including bin systems outside and within the offices at all operations.
- Our waste rock dump at the Limpopo operations is slowly being depleted by the Limpopo Department of Water Affairs, who are using it as building material in the construction of a dam. Quantities of waste rock removed have been documented.

Reducing waste to landfill:

- In November 2009 we received authorisation from the DMR to trial co-dispose calcium sulphite onto our K3 tailings facility. The authorisation required that we mix tailings with a 1% calcium sulphite slurry. However, this presents a challenge in that we are not generating sufficient tailings to mix with, to the ratio that is acceptable for co-disposal. The two primary concerns related to the project, that being stability of the tailings dam and pollution of the water resources by the addition of the CaSO_3 is continuously being monitored for verification purposes during the trial. We will continue to work towards finding a long term, sustainable solution to the management of this waste.
- We are developing a temporary remediation plan for the two historic calcium sulphite dams to be implemented in 2011. The plan consists of temporary capping, the establishment of a cut-off trench and pumping and reuse of contaminated water emanating from the dam into the process. Both the issue of dust and water contamination will be addressed as part of the plan. Alternatives are currently being considered for the recycling of this waste, however, this is in its infancy.

Other efforts to reduce waste or pollution were carried out in 2010. A number of these are highlighted below.

- In March 2010 we completed the successful removal of the old tailings dam at Limpopo and rehabilitated the footprint that remained. We inherited the illegal tailings dam when we bought Limpopo (Messina Platinum).
- We are conducting a landfill optimisation study to understand which landfills should be permanently closed (three are currently mothballed) and to what extent we can extend the life of the Mooi-nooi landfill, within the boundary of the current premises.
- We assisted the Rustenburg local municipality with the FIFA World Cup 2010 beautification project and extensive clearing of illegal dumping areas. The cleaning of the allocated areas still continues on a monthly basis up until December 2010.

→ GRI – EN26

MANAGEMENT OF WASTE (continued)

Box 13: Implications of REACH and CLP Legislation for the Company

REACH (Registration, Evaluation, Authorisation and restriction of Chemicals) is a European Union (EU) regulation enforced since 2007 on chemicals and their safe use. The regulation prohibits unregistered chemical substances from entering European markets. Given that Lonmin transports a number of final metals and intermediates into the EU, it is vital that the Company stays abreast of the REACH legislation.

CLP (Classification, Labelling & Packaging) is a similar directive from the EU for the regulation of chemical substances and mixtures as governed by ECHA (European Chemicals Agency). The legislation introduces a new system for classifying and labelling chemicals in the EU based on the United Nations' Globally Harmonised System (UN GHS). It is possible to incorporate the CLP requirements into the requirements stipulated by REACH and as such the two projects have been integrated at the Company.

Our approach

We work with the Precious Metals and Rhenium Consortium to ensure that our products and intermediates are correctly classified, tested and registered. Full registration of materials of significant toxicology is required by June 2011; substances of differing volumes have up until 2018 to register. A number of Lonmin's substances and intermediates fall within this requirement. These include: platinum, palladium, rhodium, ruthenium, iridium and nickel sulphate as well as the residues and PGM concentrate intermediates that are toll refined in Europe.

To further ensure we meet all requirements on chemicals, we sit on a number of sub-committees and working groups relating to the REACH legislation.

Progress on REACH and CLP requirements

All PGM products and substances have been identified and a classification strategy is in place. Relevant samples of each substance were submitted to the appropriate testing facilities in Europe to determine their physicochemical characteristics as well as toxicology. Testing of each sub-group is now complete and detailed evaluation of the results is in progress to confirm classifications of each substance and intermediate. By the end of October 2010 it will be possible to finalise compliance requirements.

There is minimal risk to Lonmin with the five precious metal products as they are deemed to be inert; however the relevant toxicological tests will still be undertaken to complete the REACH requirements. In terms of the requirements of CLP regarding precious metals, platinum, palladium, rhodium, ruthenium and iridium are not listed in the special regulations and as such they do not require a GHS hazard warning label.

Next steps

Work will soon commence on the data entry registration files required for REACH, with the provisional work being undertaken by the Lead Registrant for each substance or intermediate. This section of work will be completed by the end of November 2010. Lonmin will then be in a position to confirm sameness of our products and intermediates based on minimum substance identification and analytical requirements and hence proceed with registration.

The next step will be to upgrade all relevant packaging to meet the EU requirements based on the new toxicological information flagged by the study. The labelling of the materials will also need to be altered to reflect the new layout and symbols being established under the GHS. This will be undertaken at an operational level and in close discussion with those who purchase, trade or toll refine our products, substances and intermediates.



Orphan Modiuwe (above), and Nelson Cumede and Alfred Keepile (right) at the Western Platinum salvage yard recycling waste metal.



RESPONSIBLE LAND MANAGEMENT, BIODIVERSITY CONSERVATION AND MINE CLOSURE

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 recognise that the ecosystem provides various valuable, but often undervalued, commodities and services, with access to water being one of the most important of these services. Biodiversity plays an essential role in the ability of an ecosystem to function effectively. Our management of land and biodiversity is therefore linked to our ability to access quality resources in addition to complying with legislation and developing our reputation as a responsible company. Applying best practices in mine closure ensures that we contribute positively to long term availability of ecosystem services in the local area and also that we comply with the relevant legislation.

Our management approach

Our approach to managing land and conserving habitats and biodiversity is aligned to the statements and commitments contained in the International Council on Mining and Metals' (ICMM) position statement on Mining and Protected Areas. The direct and indirect economic value added by the Company and by the mining industry in general has an impact on the environment, which we are committed to managing responsibly.

We formulate and implement detailed closure plans while our operations are still operational to reduce and minimise the environmental liability of closure. All our operations have dedicated closure plans and strategies. Mitigation and rehabilitation measures form part of the Environmental Management Plans that are being adopted at all our international and national exploration operations in preparation for decommissioning and closure of the exploration activities at these sites. This involves minimising our environmental footprint, remediating any degradation and pollution, and thus ensuring that the communities residing near our operations continue to enjoy the ecosystem services on which they depend. Our closure based risk assessment approach provides for the consolidation of management plans.

Our Closure Strategy is based on identifying significant closure risks over the short, medium and long term. We then aim to mitigate risks through operational management, taking action today to reduce risks at various points in the future. We have also looked towards a single integrated closure plan for the Company rather than having a number of individual closure plans.

With the integration of future risks into current operational management we faced a challenge in terms of bringing future financial provision to cover current management expenses. We have successfully overcome this hurdle and feel confident that we have integrated our approach to closure planning across time scales and across all of our operations.

As a member of the ICMM, we are committed to: respecting and valuing all designated protected areas; using standard national and internal systems for evaluation, classification and management; being transparent; aligning our actions with current scientific and cultural understanding; and complying with national and international regulation.

We are also a member of the South African Mining and Biodiversity Forum through which we share best practice in biodiversity management.

Biodiversity risks are incorporated into our Company's risk register. Sound ecological principles provide the foundation for our biodiversity action plans. Although our operations are not located in biodiversity sensitive areas, all of our operational sites require biodiversity action plans. This voluntary process, as it is not a legal requirement of the National Biodiversity Act is based on the presence of a number of characteristics including habitat fragmentation, loss of habitat, loss of species, change in species composition, alien invasive species, soil and water contamination and siltation. The action plans are supported by software that models the key parameters including alien invasive species, the potential buffering quality of existing wetlands and associated vegetation, and the potential for faunal habitats.

→ GRI – EN14, MM2 and MM10

Implementing specific strategies, plans and initiatives Managing land responsibly

Table 15 – Land use in 2010

Land use	Hectares
Total land managed	23,631
Total land covered by tailing facilities	975
Total land covered by waste rock	178
Net land disturbed by opencast	655
Total land disturbed and not rehabilitated	168
Total areas rehabilitated	403

→ GRI –MM1

As shown in the table above, the total area of land managed includes owned and leased land and excludes areas of exploration. In terms of our restoration and rehabilitation activities, we use our in-house expertise to restore land and contract external experts when required. We have an integrated land use planning and management strategy that encompasses an Environmental and Closure Planning Strategy, which is supported by biodiversity action plans. Our strategy ensures compliance with the South African National Environmental Management Biodiversity Act 10 of 2004 and mining industry best practice. We also integrate regulation regarding soil remediation. We report annually on all land management activity.

RESPONSIBLE LAND MANAGEMENT, BIODIVERSITY CONSERVATION AND MINE CLOSURE (continued)

Our policies and action plans are integrated into broader analytic tools such as environmental impact assessments that are undertaken for all new listed mining activities. Land management is a key component of risk management, based on sound ecological principles. Initiatives contained in the biodiversity action plans take the following factors into account: habitat fragmentation; loss of habitat; loss of species; change in species composition; alien invasive species; and potential buffering quality of existing wetlands and associated vegetation. We implement preventative or precautionary measures wherever possible and use mitigation as a secondary response.

We have undertaken several specific initiatives to address land management concerns and to conserve biodiversity. Key initiatives are described below.

Since deciding to close our 30 opencast pits we have rehabilitated most of the closed pits. However, pits M9 and M10 are still operational and will be closed during 2013 and U2 deep remains open with a clear management plan in place.

We have enlisted the services of a conservationist to assist with the sustainable management of game on our Game Farm training facility.

→ GRI – 4.11

Box 14: Rehabilitation of the tailings facility in Limpopo

We have rehabilitated the tailings facility at our Baobab Shaft near Lebowa kgomo in the Limpopo Province with the assistance from Fraser Alexander tailings. The tailings dam was illegal and existed prior to the Company's purchase of the property on which it stands. The rehabilitation has been very successful. Material from the tailings storage facility was removed to a new facility with maximum topsoil preservation. Underlying soil was structurally and chemically ameliorated and indigenous grass and tree species have been planted. Alien plants were also removed. The majority of the area has been fully restored with good vegetation growth. The major challenges that were identified at the site were loss of topsoil, compaction of topsoil under the tailings facility, soil sterilisation due to being covered with tailings, very shallow available soils with high proportions of surface calcret and lack of irrigation water for the rehabilitation process.

The operational removal of the tailings material was successful, with very little topsoil being lost in the process, as well as very few areas of tailings being left behind. Some areas, especially where woody thickets had become established, were left undisturbed and no tailings were removed in these areas. However, wherever possible, increased compost volumes were applied to sections where the tailings material could not be removed. The removal operation left the footprint reasonably flat, but with the required micro-undulations. The compaction was broken using the ripper action of the dozer, whereafter the compost was manually applied at a rate of 30 tonnes per hectare. Those areas that have had poor germination will be re-scarified in order to increase the soil surface roughness, thus creating a sufficiently undulating surface to trap mobile seeds and topsoil that originate from elsewhere on site. These areas will be frequently monitored and, if necessary, re-sown at the onset of the next growth season.

Further monitoring is required to see whether there are clear trends that developing, as well as to map the way forward with regards to further interventions, in the form of slashing and nitrogen fertiliser applications (topdressing) will be implemented in 2011.



The tailings facility at Limpopo before the rehabilitation.



The tailings facility at Limpopo after the rehabilitation.

RESPONSIBLE LAND MANAGEMENT, BIODIVERSITY CONSERVATION AND MINE CLOSURE (continued)

The total area of land managed by the Company includes land owned and land leased. Areas of exploration are excluded from these areas. The area of land rehabilitated equates to the area of opencast mining operations. We have the necessary expertise in house to audit and assess remediation and restoration practices and where required we make use of expertise and services of external professionals.

With the exception of the exploration activities in Northern Ireland, our operations are not located in biodiversity sensitive areas or areas of high biodiversity value.

→ GRI – EN11, EN12 and EN15

Common impacts of our operations on biodiversity include the removal of large expanse of natural vegetation, fires, people moving in and around mining areas and water pollution.

Our biodiversity action plans comply with the South African Biodiversity Act 10 of 2004, which provides for voluntary Biodiversity Management Plans. We have been proactive with respect to Biodiversity Management, and a Biodiversity Action Plan has been compiled for the Marikana Operations. We endorse the ICMM commitments on biodiversity and seek to uphold the guidelines of ISO14001. In 2010, a Biodiversity Strategy was initiated including action plans, risk assessments and working towards long-term objectives at our Marikana operations. The significance of biodiversity risks is rated according to our risk management process. We also have a monitoring framework in place to gauge the success of our action plans as they are implemented.

Biodiversity action plans have been included in our Integrated Water and Waste Management Plan. As part of these plans, we have undertaken flora and fauna studies and conducted a survey of exotic and alien invasive plants and their impact on our water resources. These are in addition to numerous studies undertaken as part of all Environmental Impact Assessments and Environmental Management Plans, in terms of NEMA and the MPRDA legal processes.

→ GRI – MM2

Specific initiatives to conserve biodiversity include the following:

- For Arbour Day in 2010, we planted 93 trees at the Marikana operations and surrounding schools and donated 80 trees for planting to the Nkumpi Lepele Local Municipality in Limpopo.
- 80 indigenous trees were planted as part of the rehabilitation of the footprint where the Tailings Storage Facility at our Baobab Shaft was removed.
- Ahead of the 2010 FIFA World Cup, Lonmin partnered with the Rustenburg Local Municipality in the beautification and landscaping project for the host city. For this we planted ten large aloe trees and many smaller indigenous plants.
- Assessment of Vlaktefontein: during 2010 we continued to refill the subsidence. We have set aside US\$33,000 for the continued rehabilitation of the site during 2011. This will include adding lime. Quarterly water monitoring will continue.
- At the PMR we rehabilitated 280m² of contaminated land to the depth of 2.2m. This included the analysis, removal and safe disposal of the soil.

→ GRI – EN13 and EN14

Table 16 – Identified species found at our operations as per International Union for Conservation of Nature red data status

Scientific Name	Common name	The World Conservation Union (IUCN) Red Data Status	Probability of occurrence
Invertebrates			
Metisella meninx	Marsh Sylph	Vulnerable	High
Reptiles			
Python natalensis	Southern African Python	Vulnerable	High
Mammals			
Atelerix frontalis	South African Hedgehog	Near threatened	High
Miniopterus schreibersii	Schreiber's Long-fingered Bat	Near threatened	High
Tatera leucogaster	Bushveld Gerbil	Data deficient	High
Birds			
Falco naumanni	Lesser Kestrel	Vulnerable	High
Sagittarius serpentarius	Secretary Bird	Near threatened	High

RESPONSIBLE LAND MANAGEMENT, BIODIVERSITY CONSERVATION AND MINE CLOSURE (continued)

Managing mine closure

All operations have closure plans. Our Mining Closure Strategy is designed to mitigate and restore, where possible, those impacts.

Our Mining Closure Strategy and plan is reviewed every two years. It includes conceptual end land use plan and risk-based assessments and management plans. Closure plans also address environmental and social factors and associated financial provision.

We have engaged stakeholders in the formulation of our end land use plan. Closure plans are also being used in the update of Lonmin's closure liability annually. The closure liability funded by the Rehabilitation Trust Fund and supporting bank guarantees was increased to US\$83 million in 2010.

The risks associated with closure influence the management of our general operations and pollution prevention. Through thorough risk-based closure planning we reduce our long-term financial risk associated with our operations. Our risk-informed approach is at the forefront of Closure Strategy. Short, medium and long-term risks are included in our model and appropriate mitigation actions are formulated and implemented as appropriate. Financial closure provisions for unscheduled closure are reviewed annually. Our Closure Strategy incorporates regional impacts, waste management, and land restoration.



GRI – EN26



Biodiversity action plans have been included in our Integrated Water and Waste Management Plan. Roelof Smit (right) taking a water sample at the E2 settling dam.



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.

Our management approach

We believe that developing sound relationships with our stakeholders is a prerequisite for creating robust operations, enabling us to achieve operational stability and maximise the long-term creation of value. To manage our stakeholder relationships we have developed the Lonmin Stakeholder Engagement Protocol that is based on industry best practice.

Who are our stakeholders?

We identify stakeholders as those groups or individuals whose behaviour has an impact on the performance of the Company, or for whom the Company's behaviour or decisions have consequences. Analysing stakeholders is partially based on their stake in the Company (for example ownership, or an economic or social stake), as well as their level of influence (which could be formal, economic or political).

Appendix 3 identifies our principal stakeholder groups, outlines our objectives for engaging with each of these groups, and reviews the nature of our relationship with them.

GRI – 4.15

Key concerns from our stakeholders

We do not generally prioritise or rank the importance of our stakeholders other than for project specific reasons. However, we do include issues raised by stakeholders in the process of identifying the sustainable development risks to the Company. Therefore we need to consider those issues that appear to be key to our stakeholders. Table 6 provides an indication of the key issues consistently raised by our different stakeholders on which we have provided information in this report. These issues were identified based on the frequency with which they were raised by stakeholders as well as the relative importance placed on these issues (as judged during the engagement process).

As discussed in the section entitled Managing our Sustainable Development Risks (page 19) information obtained from engaging with our stakeholders is used to inform our identification of our principal and other key sustainable development risks.

Our approach to managing these risks and our performance in this regard can be found in the relevant sections of this report (page numbers are indicated in Table 6).

Our stakeholder engagement performance

Highlights

- Drafting of a new Stakeholder Engagement Strategy including our stakeholder engagement protocol. This will be rolled out in 2011.
- Internally, we are embedding engagement processes. We launched a stakeholder engagement forum which brings together Organised Labour, as representatives of our employees, and our management on a quarterly basis to reflect on challenges and future expectations.
- Relationships with Organised Labour remain constructive.
- We have provided climate change information to our investors through the Carbon Disclosure Project.
- A number of "Deep Dive" discussions have been conducted by our CEO, Chairman and Executive Committee members; these discussions, which included visits to different parts of the business provided an opportunity for our Executive management to engage directly with employees and stakeholders and to better understand and respond to their key concerns.

Challenges

- Managing community relationships and expectations.
- Collaborating more effectively with government and local industry partners to effectively deliver on projects selected from the municipal Integrated Development Plans.
- Effectively engaging with stakeholders in order to facilitate the successful outcome of our SLP.
- Leadership instability within the Bapo Ba Mogale Traditional Authority and the Madibeng Local Municipality.

Focus in 2011

- Improve our relationships with the Greater Lonmin Community (GLC)¹¹ and government.
- Implement the new stakeholder engagement protocol.
- Communicate more effectively with employees.
- Effective stakeholder engagement with the review and alignment process of the Social and Labour plan (SLP) in light of the Mining charter and scorecard.

¹¹ Communities situated within a fifteen kilometre radius of our operations.

ENGAGING OUR STAKEHOLDERS (continued)

Table 17 – Key sustainability issues identified by stakeholders

Key issue	Stakeholders
SLP commitments: <ul style="list-style-type: none"> • Employment equity (page 78); • Housing in Marikana (page 38); • Community development (page 68); and • Women in mining (page 35). 	Board and/or Safety and Sustainability Committee of the Board Employees Greater Lonmin Community (GLC) Local, regional and national government
Safe working environment (page 22).	Board and/or Safety and Sustainability Committee of the Board Employees Organised Labour Industry associations
HIV/AIDS and Tuberculosis (page 27).	Board and/or Safety and Sustainability Committee of the Board Business and project partners GLC NGOs (as a project partner)
Employing local people (page 41 and page 73).	Board and/or Safety and Sustainability Committee of the Board GLC Traditional Authority
Empowering HDSA (page 35).	Board and/or Safety and Sustainability Committee of the Board Organised Labour
Skills shortages (page 40).	Board and/or Safety and Sustainability Committee of the Board Employees Organised Labour Local, regional and national government
Energy supply (page 46).	Board and/or Safety and Sustainability Committee of the Board Employees Shareholders insert Organised Labour and Industry associations
Climate change (page 47).	Board and/or Safety and Sustainability Committee of the Board GLC Industry associations
Water supply and quality (page 54).	Board and/or Safety and Sustainability Committee of the Board GLC Local, regional and national government Industry associations

→ **GRI – 1.2 and 4.17**

ENGAGING OUR STAKEHOLDERS (continued)

Undertaking constructive engagement

We engage with our stakeholders by informing them and listening to them. We connect with a variety of stakeholders by providing them with company information. In addition, we value stakeholder input and see engagement as an opportunity for dialogue and mutual learning. Appendix 3 summarises our engagement with stakeholders and the issues and concerns raised by each group.

Some forms of engagement are intended to inform stakeholders of our plans, vision and sustainability performance, rather than engage in a two-way flow of information. We inform the Safety and Sustainability Committee of the Board through our quarterly Board meetings, and we inform shareholders through financial and non-financial reporting. The GLC receives information through the GLC Voice, a newsletter providing information on a variety of aspects relating to the company and to the GLC.

Employees are informed through a variety of mechanisms including the Platinum Conversation, the Lonmin intranet, the COO weekly newsletter, newsletters from the Mining Division and the Concentrators, multi-level meetings and road shows, shop floor briefings, internal announcements and annual performance reviews. The Platinum Conversation is translated into three languages namely English, Xhosa and Setswana.

Our relationship with Organised Labour remains constructive. During the year, we have experienced five localised incidents of unprotected industrial action, but all were resolved within 24 hours.

Responding to our stakeholders

We respond to our stakeholder concerns and requests for information in a number of ways. We respond in the event that a formal concern or query is lodged with the Company. Where concerns are raised in relevant stakeholder forums, feedback is either provided at the forum itself or subsequent to the event. Feedback is dependent on the type of concerns or information required and may take the form of formal written feedback or more informal telephonic discussions. We also take into consideration the interests and expectations from various engagement initiatives, in terms of the content of our annual sustainable development reports.

The following process is followed to manage issues received from internal and external stakeholders:

1. Receive issue/complaint (formal or informal);
2. Acknowledge and record;
3. Analyse;
4. Decide to either resolve or refer to the relevant department;
5. Reassure the stakeholder regarding the progress;
6. Action/follow up on action to be taken; and
7. Feedback to the stakeholder (formal or informal).

→ GRI – 4.16 and MM4



We see stakeholder engagement as an opportunity for dialogue and mutual learning. Lamla Jiyose (right) mayor of Engcobo local municipality.



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 SECURES OUR LICENCE TO OPERATE WITHIN THE CURRENT REGULATORY ENVIRONMENT.

Our management approach

We are dedicated to ensuring the long-term social, economic and infrastructural sustainability of the Greater Lonmin Community (GLC). In order to achieve this, we are working to reverse the legacy of the mining industry in order to build economically viable and socially sustainable communities. Our commitment to partnering with the GLC is entrenched in our Charter, which links our performance to the success of our relationships with communities. Specific and actionable commitments that build these relationships are outlined in our Safety and Sustainable Development Policy.

As a member of the ICMM we support the Position Paper Statement on Mining and Indigenous People. Our CEO, Ian Farmer, is directly accountable for the Company's performance with respect to commitments to community development and community relations. He is supported by the Executive Vice President of Human Capital and External Affairs, Barnard Mokwena. Our commitment to the socio-economic empowerment of the GLC is further motivated by the sound business case outlined below.

Identifying the business case

Our commitment to partnering with communities in order to enable socio-economic development is a component of our SLPs, which are part of our mining licence requirements in terms of the Mineral and Petroleum Resources Development Act 28 of 2002. SLPs are aligned with local government plans for development. Issues around community development, investment and employment are therefore absolutely crucial to the Company's core operations.

A shortage of relevant and necessary skills in local communities where we operate presents a risk to our ability to follow through with our commitment to employing members of these communities. Our success is therefore directly linked to the educational and economic empowerment of communities as well as their health and ability to work.

US\$5.79 million was spent on community development projects and of this amount US\$3.78 million (65.3%) was spend on local economic development projects as per the requirements of the SLP. Our percentage spend of our financial commitments on local economic development projects as per the SLP was 57.11% in 2010, with 41% spent in 2009.

Our Performance

Highlights

- Our school nutrition programme has continued in 29 schools.
- We have 68 active community peer educators reaching approximately 50,000 community members on issues such as HIV/AIDS, tuberculosis and cholera; fourteen new peer educators trained in 2010.
- We have 47 active community members administering home-based care in the communities.
- To date, 1,856 patients have benefited from the home-based care programme.
- 37 community members participated in the Adult Basic Education and Training (ABET) training programme in 2010.
- 86 community members trained as Rock Drill Operators, 65 of whom have been found competent.
- We have constructed eight new classrooms and ablution facilities at schools in our community utilising GLC HDSA companies to carry out the work.
- US\$3.78 million was spent on Local Economic Development (LED) projects in line with our Social and Labour Plans (SLPs).
- We provided business skills and technical skills training to 150 Small Medium Enterprises.
- We have built a solid and mutually beneficial relationship with the Department of Basic Education.

Challenges

- We have a number of land claims lodged against the Company in terms of the Restitution of Land Rights Act 22 of 1994.
- Targeting members of the GLC with tertiary education bursaries remains problematic due to limitations with Secondary Schools within the GLC.
- Our LED projects at Oustad and Madibeng are both on hold pending input from local government.

Our focus in 2011

- Review our SLP following the release of the revised Mining Charter.
- The Integrated Development Plans and the strategies of both the Departments of Basic Education and Department of Health will be taken into consideration for the development of the SLP.
- Consolidating our education value chain ensuring investment in primary and secondary education.
- Supporting nutrition, HIV/AIDS and infrastructure programs to improve health status and advance sustainability of the Greater Lonmin Community (GLC).

PARTNERING WITH COMMUNITIES (continued)

Community impact assessment and relationships

Independent social assessments of the direct or indirect socio-economic impact of our operations are assessed before the commencement of any operations.

The needs of communities are assessed before any community investment is implemented. As such any investment made into the community is matched to needs identified by the integrated development plans of our respective municipalities and by the South African Departments of Health and Education. We also measure the impact and effectiveness of SLPs is measured throughout project life cycles by performing baseline assessments.

In the case of Local Economic Development (LED) projects, respective municipalities Integrated Development Plans and council resolutions, which confirm the needs of communities, are taken into account before projects are launched. An example that illustrates this relationship was our responsiveness to the water and sanitation project in the North West. The original SLP proposed the implementation of 1,000 ventilated pit latrines. However, the Madibeng municipality identified a more pressing need for water reticulation for Modderspruit and Oustad. Consequently, a phased implementation strategy for our water reticulation programme begun in 2009 and will extend through to the end of 2011.

In 2010, our PMR community development team won the Eastern Gauteng Chamber of Commerce President's award for their outstanding contribution to community development in the Eastern Gauteng Region. The awards were hosted by the Eastern Gauteng Chamber of Commerce and Industries.

→ GRI – EC9

Addressing community land concerns

No resettlements of communities residing in areas where we operated occurred in 2010 and no grievances related to community resettlement were lodged during this time. There is therefore no significant activity to report in this regard. However, the Company has clear community resettlement policies that are compliant with the World Bank Operation Directives on Resettlement of Indigenous Peoples and Cultural Property. The Company is in the process of addressing several land claims lodged against it in before 2010 in terms of the Restitution of Land Rights Act 22 of 1994. The resolution of these claims is being managed regionally within the legislative framework of the Land Claims Commission and Land Claims Court. Within this framework, discussions with the Land Claims Commission of South Africa are being used as a mechanism for resolving these claims. In 2010 no significant incidents were reported within the GLC necessitating recourse to formal grievance mechanisms.

Box 15: Chicken Broiler Farm

On 30 March 2010 we handed over a US\$3.36 million chicken broiler farm to the Limpopo Agribusiness Development Corporation (LADC) in Lebowaikgomo, Limpopo Province. This project was initiated as part of our Limpopo operations planned expansion to the farm Dwaalkop, which involved the relocation of the small chicken broilers from the Dwaalkop farm to Badfontein farm. In partnership with the LADC the relocation of the chicken broilers included a complete re-design of the broilers and replacement of the small broilers with seven broiler houses, each with the capacity to produce 36,000 chickens, on two sites half a kilometre apart. The broiler houses have been equipped with modern mechanically controlled feeding and drinking equipment, computer controlled ventilation equipment, advanced heating systems, change rooms and storage facilities. A proper water supply infrastructure that comprises a pump house with a borehole, underground pipelines and steel pressed water storage tank with a capacity of 310 kilolitre was also erected. Twelve emerging farmers will directly benefit from this project, with the LADC providing the technical assistance to the farmers.

→ GRI – MM6 and MM9

Addressing HIV/AIDS and its impact in the Greater Lonmin Community

Our approach to health encompasses a wide range of services offered to our employees and their family members, as well as to the wider GLC. This approach was informed by our partnership with the IFC, which has now drawn to a close, but which enabled us to develop a comprehensive approach to health and particularly HIV/AIDS management. We recognise that medical treatment must be supported by education, counselling and other prevention oriented interventions. In 2010, we have developed the GLC Health Strategy.

Community peer educators and home-based carers were recruited in consultation with communities. Recruitment is based on personal suitability residing in the GLC and geographic considerations to ensure even distribution. Our home-based carer programme will be taken forward by the South African Department of Health with our continued support. We will continue to manage the peer education programme for the foreseeable future.

In partnership with the Department of Health, we have committed to building the infrastructure needed to improve access to Primary Health Care Services. This includes our extension of a clinic in Modderspruit and plans to build a clinic in Limpopo Province. We also continue to fund the Rustenburg Hospice in their home-based care programme. This funding has enabled the Department of Health to pay a stipend to its volunteers. Contributions from government and our relationship with them enable the Company to target specific issues and have been invaluable. However, one of the challenges we have encountered in building our working relationship with government is the high staff turnover at a provincial level; this has hindered the implementation of our initiatives.

PARTNERING WITH COMMUNITIES (continued)

Promoting nutrition

The Company supports 29 schools in the GLC, in collaboration with the North West Department of Basic Education, benefiting more than 17,000 learners and 90 GLC cooks. We begun to extend the programme to high schools. The programme comprises several elements including:

- The supply and delivery of fresh produce to individual schools in the programme;
- Supplementing stipends for food preparers and providing funding for kitchen equipment including cooking pots, plates and refrigerators; and
- Training on food hygiene and nutrition and the role this plays in addressing diseases.

We successfully assisted schools in establishing food gardens. This enables the project to extend extra support to orphaned and vulnerable children. Research carried out by the Centre for the Study of AIDS at the University of Pretoria strongly suggests that our programme has enabled increased levels of concentration in the classroom, better results and decreased absenteeism rates. Challenges identified in the course of this research include:

- The need to better coordinate funding with government to avoid mismanagement of funds at a school level;
- The need to address logistical issues associated with food storage and quality; and
- The need to focus attention on vulnerable children, especially young girls.

As part of our integrated approach to community health and nutrition, we donated two mobile clinics to cover the GLC and other areas to which learners were guaranteed access. The North West Department of Health submits reports of schools visited, activities and topics covered on a monthly basis to the company and any problems at schools that cannot be dealt with by the mobile clinic are referred to health institutions.

Building capacity in education

Investment in education directly addresses our skills shortage, as it enables the Company to build capacity in the GLC that should help us develop future workforce. In building this capacity, we are able to meet our SLP commitments to employ from our local community.

Investing in education in the GLC from a primary level also empowers us to make more strategic investments in the development of local and HDSA suppliers, given the augmentation of the skills base required for success, also a requirement for our SLP commitments.

Every project undertaken by the Company is evaluated in terms of how it fits into the education value chain. The chain focuses on infrastructure development, learner support, educator support and parent support. The chain also enables a linkage to our training academy, community health, enterprise development and our recruitment process.

Targeted investment in education supports our efforts to develop Small and Medium Enterprises by building capacity in the GLC. It also develops a pool of eligible learners for bursaries and tertiary level development that responds directly to our skills requirements. Members of the GLC are empowered in this process, adding to social capital and the long-term sustainability of communities. In this manner we address the risks presented by the skills shortage and by failing to meet our SLP commitments.

Based on our education value chain, we make strategic investments in early childhood development, primary and secondary education, and in tertiary education and training.

- Early childhood development: we assist early learning centres to formally register with the Department of Basic Education and so access funding and payment and we also provide supplies to 40 Grade R (the final year of pre-school) learning centres as well as training for personnel.
- Investment in primary and secondary education has taken the form of investment in infrastructure such as classrooms, ablution facilities, water supply and other physical construction. Other initiatives have included upgrading science labs and investing in computers and increasing safety at schools. These projects feed into our LED projects, utilising local skills and labour and so developing these aspects of our communities.
- As part of our holistic approach to education, we have facilitated sports clinics in which 30 schools were invited to participate. We have implemented a cellular telephone text message-based communication tool to allow more effective communication with communities involved in our projects.
- We are currently conducting a feasibility study assessing the potential to get involved in a technical high school. This technical high school has a dual purpose for us by feeding our labour pool and our learnership programme. We assist secondary level learners in identifying potential career paths, applying to tertiary institutions and developing leadership skills.
- One of the challenges we face in investing in tertiary education is making sure that our bursary programme prioritises the GLC. We anticipate our investments in primary and secondary education will help to address this challenge with time.

PARTNERING WITH COMMUNITIES (continued)

Facilitating local economic development

In line with our approach outlined under Empowering HDSA, our Local Economic Development (LED) Strategy is integrated into our business operations. Our partnership with the IFC extended beyond HIV management to include broader three year technical assistance and an advisory services programme on BEE through supplier development, gender mainstreaming and general community development. The systems developed during this partnership have been embedded in our Local Economic Development Strategy. Our community development projects do not address any artisanal and small scale mining as none takes place on or adjacent to our operations.

→ GRI – MM8

There are several areas that we have identified as integral to our LED:

- Preferential procurement: we endeavour to source services from HDSA suppliers, especially from the GLC. However, there are barriers to this process, mainly in the form of a lack of appropriately skilled and established candidates.
- Small and medium enterprises (SME) development: given our commitment to preferential procurement, we are developing a pool of suppliers with whom we can do business. The case of Phakwe Mining Services detailed to the right is an encouraging example of the potential for success in combining core business operations and developmental objectives.
- We have a formal Enterprise Development Strategy with the main objectives being to create a platform for developing sustainable GLC enterprises and to develop a structured referral system with strategic partners.
- Developing women as skilled participants in LED is a key part of our LED Strategy as the economic empowerment of women feeds directly into the health and empowerment of the community.
- Infrastructure development: we have invested in projects that meet the basic infrastructural needs of specific communities in the GLC. The Oustad water reticulation project was completed in 2009. Water reticulation infrastructure and yard connections to 400 households were implemented. However, the project has not yet been handed over to the community as we require a pre-paid water system to be provided by the Madibeng local municipality in order to enable the public to benefit from the project.

Box 16: Education case study: Investing in supplementary schooling

Our “Saturday school” programme is designed to ensure that exceptional learners in the GLC leave school well prepared to enter into tertiary education programmes. The programme includes educational tours and career guidance and is run in partnership with the Madibeng and Rustenburg Department of Basic Education Area Offices. The object of this programme is to improve Mathematics, Physical Science and English results of the top 2009 Grade 10, 11 and 12 learners from GLC schools. Learners are required to work hard and maintain a good average in order to qualify for this programme. Holidays have been utilised as opportunities to optimise learning with extra teaching time. To date, 65 learners have been enrolled in the programme.

Box 17: Case study: Phakwe Mining Services

Expert companies in our supply chain are encouraged to enter into partnerships with the GLC. These partnerships are known as Joint Ventures and are an integral part of our supply chain development under the Lonmin GLC Supplier Development Programme and LED. Phakwe Mining Services, a Joint Venture launched in March 2010 with 51% ownership by emerging GLC companies, has been awarded a US\$4 million, five-year contract for underground sweeping and cleaning of conveyor belts at Marikana mines.

This agreement is one of the first LED project that integrates development goals with our core business operations and needs. The Phakwe Joint Venture has been a success, acquiring business contracts outside the Company.

→ GRI – SO1



We have provided science equipment to seven schools in the GLC. Jacob Motsepe, Salchile Buthulezi, Tsepo Zwane and Thabo Mohlalat.

PARTNERING WITH COMMUNITIES (continued)

The table below lists a number of the key community development projects that we contributed to during 2010.

Table 18 – Key community development projects in 2010

Project	Objectives	Spent in 2010	Achievements of the project in 2010
Health care delivery	To provide access to the communities within the GLC to primary health care services.	US\$291,000	<ul style="list-style-type: none"> An obstetric ambulance was acquired and handed over to the North West Department of Health for transport of maternity patients in the GLC. Extension of Modderspruit Clinic was undertaken to develop the one-roomed facility in a fully fledged Primary Health Care clinic. Planning and design of a clinic in Limpopo in Hwelereng was completed.
Rustenburg hospice	To provide HIV/AIDS home-based care services and social support in the towns of Segwaelane and Wonderkop.	US\$86,800	<ul style="list-style-type: none"> To date, thirteen caregivers are active. 405 patients are visited regularly as part of home based care, and 22 orphans and vulnerable children are supported.
HIV/AIDS peer education and home-based care	To reduce the spread of HIV/AIDS and to enhance treatment of the disease through peer education and home-based care in the GLC	US\$47,500 from the IFC US\$87,200 in Marikana and US\$36,200 in Limpopo	<ul style="list-style-type: none"> 21 peer educators have been trained in 2010, with 155 trained since the commencement of the project. 68 peer educators are active. Eleven caregivers have been trained in 2010, with 95 trained since the commencement of the project. 41 caregivers are active. In 2010, approximately 49,300 community members have been exposed to peer education. 848 patients are visited regularly as part of the home-based care programme and since the commencement of the programme, 1,434 patients benefited. Communities were mobilised through door-to-door campaigns to participate in the National Health Care Treatment campaign in 2010. A drop-in centre was built in Dithabanang where 140 orphans and vulnerable children are catered for. An event for orphans and vulnerable children was held to celebrate World Aids Day in December 2009.



In celebration of the FIFA world cup the GLC schools participated in a Lonmin organised soccer tournament. Each of the GLC schools represented a participating country in the FIFA world cup event.

PARTNERING WITH COMMUNITIES (continued)

Key community development projects in 2010 (continued)

Project	Objectives	Spent in 2010	Achievements of the project in 2010
School nutrition programmes	To enhance the nutritional status, health and school attendance of the pupils in the GLC schools by ensuring food security.	US\$401,000 Marikana Limpopo US\$43,100	<ul style="list-style-type: none"> 17,236 learners in Marikana and Limpopo benefited from the school nutrition programme. The supply of fresh fruit and vegetables to 22 schools continued in the Marikana GLC to supplement the meals provided by the Department of Basic Education. Food parcels were given to 700 Orphaned and Vulnerable Children during the June school holidays. Seven high schools were also supplied with fresh fruit since April 2010. Research on the impact of the programme showed a positive effect especially by improving school attendances. One high school in Limpopo was supplied with food. Training in permaculture food gardening was extended to four additional schools and a centre for people with disabilities in Limpopo; and equipment and seedlings were provided to these sites.
Community skills development in the North West Province	To address the current skills gap, thereby ensuring sustainability of the Long Term Mine Plan, minimising recruitment cost and time, and empowering the GLC communities to ultimately ensure return on investment for the business.	US\$139,000	<ul style="list-style-type: none"> 86 Community members trained as Rock Drill Operators, 65 were found competent as Rock Drill Operators, fifteen women and two men were found competent as Blaster Assistants. Catering during theoretical training provided by a GLC vendor. 37 Community members currently enrolled for Adult Basic Education and Training (ABET) training, 79 Community members were assessed and offered the opportunity to enrol.
Saturday School programme	To provide learners with the opportunity to improve their knowledge on the school curriculum focusing primarily on mathematics and science. Saturday School comprises a 36 week programme per annum to selected learners from the GLC high schools in conjunction with the Department of Basic Education.	US\$94,200	<ul style="list-style-type: none"> 65 learners from the GLC attended Saturday school. Catering for 65 learners and thirteen adults provided by a GLC vendor.

PARTNERING WITH COMMUNITIES (continued)

Key community development projects in 2010 (continued)

Project	Objectives	Spent in 2010	Achievements of the project in 2010
Computer laboratories	To establish computer centres at GLC schools and to equip school educators with the necessary skills to operate a personal computer effectively and provide relevant training.	US\$67,700	<ul style="list-style-type: none"> 418 personal computers have been upgraded and repaired. 21 schools in the GLC have been equipped with functional computer laboratories to date. Eight computer laboratories have been "virtualised" to reduce the risk of theft and break-ins. Two GLC community members are full time employees of Community Shakers as a direct result of this project. 77 Educators attended a Basic End User Computing Training to enhance levels of administration and data control in 21 schools. 104 computers are share with up to 432 Users through Desktop Virtualisation Solution across all GLC Schools' computer labs. 81 computers retained by schools for Educators' and Administration use, as a result of virtualisation project . 225 Computers used in GLC Schools with 553 Users (learners and Educators) both Virtualisation and Stand-alone setup.
Early childhood development	To build capacity of the educators in early childhood development. Training of educators, supply of numeracy, literacy, arts and crafts educational equipment and training to educators on the use thereof to achieve the desired learning outcomes.	US\$79,500	<ul style="list-style-type: none"> Baseline assessments completed at a total of 28 crèches in 2010 (infrastructure and statistical data). To date, twelve educators have received a monthly payment. 40 Grade R centres have received numeracy, literacy, arts and crafts kits, tables and chairs, training on the use of the educational equipment and first aid kits.
School infrastructure upgrade	To improve the infrastructure of schools in the GLC based on requirements identified through a needs assessment, in order to address overcrowding and lack of administration facilities in the schools.	US\$1.19 million	<ul style="list-style-type: none"> Two schools in Marikana received a total of eight mobile classrooms, and two schools received a total of four mobile classrooms in Limpopo, increasing the number of mobile classrooms donated to date to 35, thus reducing learner classroom ratios significantly. Refurbishment and ablution facilities for the two schools, with 650 learners and 74 educators benefiting; GLC women owned contractor was appointed. Eight new classrooms (of which one is a science lab) and additional ablution facilities, with 1,393 learners and 44 educators benefiting; GLC contractor was appointed. Re-installation of water tanks at a school to ensure sustainable access to water. A block of four classrooms was completed and upgraded in Limpopo at one school, benefitting 650 learners and 24 educators. Infrastructure and statistical baseline assessments completed at sixteen schools in Limpopo at our operations.

PARTNERING WITH COMMUNITIES (continued)

Key community development projects in 2010 (continued)

Project	Objectives	Spent in 2010	Achievements of the project in 2010
Science laboratories	To provide GLC high schools with adequate science laboratories to enable enhanced learning of the subject and to provide training for educators in this regard.	US\$69,000	<ul style="list-style-type: none"> Seven GLC school received science equipment and consumables. Science laboratories in five GLC schools were upgraded with a GLC contractor providing the upgrading service.
Primary maths and science	Training for the primary school educators, providing learning materials for learners. To strengthen the foundation of these subjects.	US\$90,000 Marikana Limpopo US\$63,400	<ul style="list-style-type: none"> Mathematics baseline assessments conducted in GLC schools and Limpopo schools. Eleven Workshops in Marikana and eight workshops in Limpopo conducted for Grade three – five Mathematics educators. Learning materials delivered to eight schools in Limpopo and seventeen schools in Marikana. 20 learners with potential in Limpopo attended a five day vacation school where gaps were identified and addressed.
Soccer	Formalising sports in schools through coaching clinics, tournaments and supply of sporting equipment.	US\$40,100	<ul style="list-style-type: none"> 28 schools participated in the “2010 GLC Soccer World Cup”. 28 schools participated in coaching clinics, play-offs and finals of the abovementioned tournament. 28 schools supplied with full soccer kits, benefiting 508 soccer players in the GLC schools. Transport provided to 560 soccer players. GLC Community member employed as sports co-ordinator for the duration of the project.
Career Counselling	Training for the GLC Youth career guidance counsellors in the community.	US\$38,000	<ul style="list-style-type: none"> Nine community members enrolled as Youth Councillors at twelve schools. 65 contact sessions with Grade nine. 5000 Career Guidance books issued to twelve schools.
Technical high school feasibility study	To conduct a study to ascertain the feasibility of a technical high school specialising in Science, Mathematics, Engineering and Technology in the GLC.	US\$13,400	<ul style="list-style-type: none"> North West University appointed to conduct the feasibility study. Phase two completed.
PMR Community Projects	To improve the conditions of the communities in the Brakpan area.	US\$56,400	<ul style="list-style-type: none"> Upgrading of classes; Donations; Saturday School; and Feeding of 179 children.

CREATING WEALTH RESPONSIBLY

WE AIM TO CREATE VALUE THROUGH OUR DIRECT OPERATIONS – DISCOVERY, ACQUISITION, DEVELOPMENT AND MARKETING OF MINERALS AND METALS – AND INDIRECT ECONOMIC IMPACTS ON SOCIETY AS A WHOLE, THE GREATER LONMIN COMMUNITY (GLC), OUR SHAREHOLDERS, BUSINESS PARTNERS, EMPLOYEES AND SUPPLIERS.

The Company has a direct and indirect economic impact on society and on the GLC in particular. We aim to maximise the positive in both these spheres. In terms of our direct economic impacts, this means investing in the sustainability of our operations, growing our portfolio of high quality assets and ensuring a high return on investment for our shareholders. In terms of our indirect economic impacts, we strive to make a positive contribution by meeting the social development needs in the GLC, and promoting sustainable economic development.

Our position on the management of economic impacts is aligned to the International Council on Mining and Metals (ICMM): Resources and Economic Position Paper that recognises the potential of the mining industry to play a part in broader economic development and poverty reduction.

Our economic and operational performance

In 2010 we have improved our economic and financial performance as South Africa and the world begin to show signs of recovery after the global economic downturn. In 2010 we report net cash distributed of US\$945 million.

Our total platinum sales reported for 2010 was 706,274 oz, compared to 682,955 oz in 2009. Our platinum group metal sales was 1,325,390 oz, a year-on-year increase of 56,472 oz. A comparison with our net cash generated, net cash flows and net cash distributed for the last five years is reported under the Key Performance Indicators (Appendix 4).

Our performance

Highlights

- Net cash distributed of US\$945 million in 2010;
- The ratio of procurement spending with Historically Disadvantaged South Africans (HDSA) suppliers was 68.7%, this exceeded our target for 2010;
- We spent US\$2.6 million on infrastructure development in the GLC; and
- We have made progress on our Joint Venture initiatives, which are part of our GLC Supplier Development Programme.

Challenges

- A principal risk is the possible withdrawal of our Mining Licences resulting from failure to deliver commitments made in our Social and Labour Plans (SLP) regarding training and empowerment of our employees and communities; and
- Administrative complications within local government structures present a challenge to the infrastructure development accessible to the public.

Table 19 – Value-added statement for Lonmin Plc as at 30 September 2010

	2010 US\$ million	2009 US\$ million	% Variance
Net cash generated			
<i>Customers, consumers and investment income</i>			
Cash received for products	1,442	1,138	27
Cash return on investment	3	3	–
<i>Suppliers¹²</i>			
Cash payments for materials and services purchased	(473)	(486)	(6)
Cost of borrowings	(44)	(34)	29
Net cash flows	928	621	52
Cash distributed			
Human capital (salaries and benefits)	659	501	32
Social capital	8.7	6.2	40
– Donations	0.2	0.5	100
– Other community projects ¹³	8.5	5.7	49
Government taxes	36	56	(36)
Directors remuneration	6	7	(14)
Shareholders distribution	–	–	(100)
Cash retained for sustainable growth	218	51	361
Net cash distributed	928	621	52

12 We have a 30 day payment policy on services and procurement in our standard terms of purchase.

13 Inclusive of salary and administrative costs.

CREATING WEALTH RESPONSIBLY (continued)

We have implemented several measures to improve the operational performance of the Company during 2010:

- We set a production target for 2010 of 700,000 Platinum ounces.
- We set our cost guidance for the increase in South African Rand gross operating costs to be below local inflation.
- We focus on operational stability and delivering on our commitments.
- We decided to toll refine and sell some part processed platinum ounces due to the need to rundown concentrate stockpiles given that the Smelter will be down in November and December for redesign and rebuild.
- Following last year's restructuring programme we have focused on operational improvements, cash conservation and cost efficiency.
- We have completed the transformation from mechanised mining to hybrid mining at a number of shafts.
- We have simplified the Company's management structure (with the relocation of our United Kingdom headquarters to South Africa) placing the operational management emphasis firmly in South Africa.

Further details of our economic and financial performance can be found in our 2010 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 contained in the Annual Report.

The Company 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. We completed and submitted an International Level Company Self-assessment form and affirm our commitment to publicly report any payments to government annually on this issue. Neither the Governments of South Africa nor the United Kingdom were Lonmin shareholders.

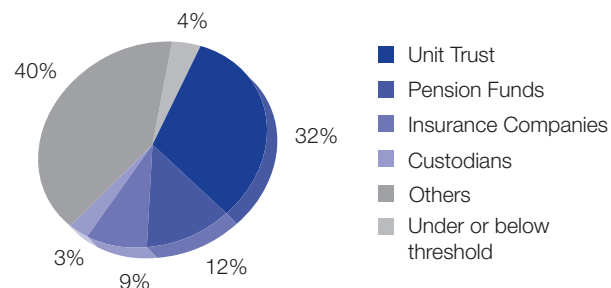
The graph to the right represents the breakdown of our shareholders by geographical location and type.

Our shareholder distribution has remained consistent with 2009. Xstrata remains our largest single shareholder and is included under "Other" in the shareholder type graph above. However, Unit Trusts holding shares in Lonmin Plc accounts for 32% of our shareholders.

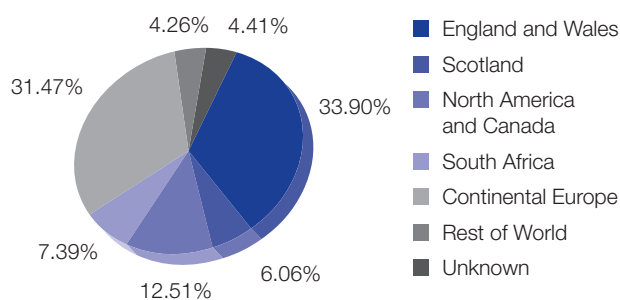
Managing our indirect economic impacts

We define our indirect economic impacts as the tangible benefits that manifest as secondary impacts of our capital investment, mine development and employment. The development and impact of our infrastructure developments within the GLC is described on page 79 (Infrastructure Development). Other significant indirect economic impacts of our community programmes are explained in further detail on page 68 in Partnering with Communities. We measure our impacts and progress on 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 baseline assessments, needs analyses, as well as environmental and social impact assessments.

Shareholders by type



Shareholder by geography



We believe in procuring supplies from HDSA companies and more specifically those located within the GLC, we have the opportunity to indirectly create more overall employment and to facilitate a transfer of skills. Our SLP is also a driver in our approach for managing the indirect economic impacts as our commitments within the plan guides our training and empowerment initiatives.

→ GRI – EC9

Tracking key value-adding initiatives and projects

In order to achieve our commitments and implement our management approach outlined above, we have several specific initiatives and projects in place that respond to direct and indirect economic impacts generated in the course of our operations. These projects are closely monitored. Discussed below are:

- Empowering people through ownership and the GLC Supplier Development Programme;
- Implementing preferential procurement; and
- Infrastructure Development.

CREATING WEALTH RESPONSIBLY (continued)

Empowering people through ownership and the GLC Supplier Development Programme

Our commitment to general transformation is aligned to our commitment to empower HDSA in the GLC in particular, in order to build economically independent and thriving communities and a functional environment for the Company's operations.

Our supplier development programme has included the development of companies that are wholly owned by HDSA and members of the GLC, and Joint Ventures between HDSA companies and established expert companies. We favour the creation of Joint Ventures over the incubation of companies that are wholly HDSA owned. Our motivation for this focus includes the transfer of skills to newly developed companies that are needed for success. We facilitate access to finance and mentorship in this process. For more details of specific Joint Venture initiatives between local suppliers and established expert companies see Partnering with Communities (page 68).

The original Broad Based Socio-Economic Charter for the South African Mining Industry (Mining Charter) required that at least 15% of the equity of mining companies (or equivalent units of production) must be owned by HDSAs by May 2009; and the Revised Mining Charter (published in September 2010) confirmed that at least 26% of the equity of mining companies (or equivalent units of production) must be owned by HDSAs by March 2015. 18% of our full shareholder rights belongs to HDSAs thus exceeding the 2009 target of 15%.

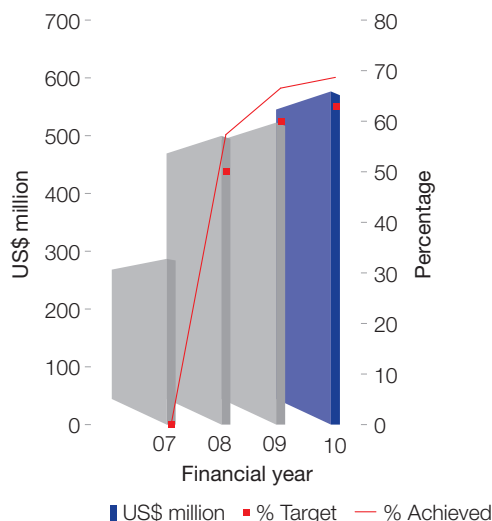
Incwala Resources (Proprietary) Limited is a South African registered company specifically incorporated for the purposes of enabling broad-based equity participation by HDSAs in Lonmin Platinum. Incwala Resources (Proprietary) Limited has a 100% holding in Incwala Platinum (Proprietary) Limited which in turn has an 18% holding in the share capital of Western Platinum Limited and Eastern Platinum Limited (EPL) (the operational entities which hold the mining rights in our Marikana and certain Limpopo operations). Incwala Resources (Proprietary) Limited holds a 26% stake in Akanani Mining (Proprietary) Limited which holds the Akanani project. During 2010, Shanduka Resources (Proprietary) Limited acquired 50.03% of the shares in Incwala Resources (Proprietary) Limited through the acquisition of such shares from HDSA shareholders in Incwala Resources (Proprietary) Limited. Our other 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.

Implementing preferential procurement

We recognise the interdependence between a sustainable Preferential Procurement Strategy aimed at HDSA and supplier development. Many of our local HDSA companies do not always have the experience or resources to meet us in our business needs thus we actively encourage the partnership of local HDSA companies with existing suppliers in order to build capacity among our local HDSA companies.

We have set targets for preferential procurement in our supply chain. As depicted in the figure to the right the target was increased to 63% from the 2009 target of 60%. This target forms part of our SLP commitments. We exceeded our target in 2010 with 68.7% of our procurement spend directed at HDSA companies. Our total procurement spend directed at HDSA companies amounted to US\$577 million an increase of US\$54 million from 2009's figure of US\$523 million.

HDSA spend



Box 18: Case Study: An update on Little Rock Trading

Little Rock Trading is a construction company owned by eight women from Segwaelane village. The Chairman, Themla Botolo, and managing Director, Grace Kgomongwe, joined forces in 2007, two years after Grace opened her small brick-making plant. These women aimed high, tendering for a construction contract with the Company in 2007, which involved converting thirteen hostel blocks into family units.

Although Little Rock had little experience, we saw potential for success and awarded the first contract to the value of US\$2.5million. To date, we have awarded Little Rock contracts to the value of US\$3.8 million. In order to address their financing needs, we introduced Little Rock to Nurcha, a company providing bridging finance to contractors and developers involved in the construction of subsidised and affordable housing and community infrastructure.

Little Rock delivered on their commitments. We have continued our relationship with the company, contracting them to refurbish two schools and build new ablution facilities in Bapong and awarding two further contracts. Our engagement with Little Rock has been mutually beneficial. This case study was covered by The South African Mail & Guardian newspaper on 28 September 2010.



www.mg.co.za/article/2010-09-28-construction-industry-strikes-a-rock.

CREATING WEALTH RESPONSIBLY (continued)

Table 20 – Procurement spend from BEE entities as per the scorecard for the broad-based socio-economic empowerment charter for the South African Mining Industry

Measure	Compliance target by 2014	Compliance target by 2010	Progress achieved in 2010
Capital goods	40%	5%	68.7%
Services	70%	30%	67.5%
Consumable goods	50%	10%	71.5%

Infrastructure development

We recognise the need to address the lack of basic infrastructure that is hindering socioeconomic development in the GLC. This commitment is incorporated into our SLP and aligned to the Integrated Development Plans of government municipalities where we operate. Our infrastructure development in the GLC includes capital investments in public infrastructure and healthcare infrastructure. Notable infrastructure developments include:

- The provision of water and sanitation infrastructure including water reticulation with house/yard connections, construction of waterborne sewage systems and ablution facilities;
- Construction of classrooms, mobile classrooms, computer labs and ablutions, and upgrading school facilities; and
- The upgrading and constructing of healthcare facilities such as clinics.

We have an integrated approach to social development that is evidenced by our contracting local GLC suppliers and companies owned by HDSA in our infrastructure development projects. Please refer to Partnering with Communities (page 68) for more detail on our social development programmes. In 2010 US\$2.60 million was spent on infrastructure development in the GLC. Details of expenditure are provided in the table below.

➡ GRI – EC8 and 2.10

Table 21 – Infrastructure development expenditure in 2010

Project	Lonmin Investment
North West water and sanitation project	US\$65,400
Water and sanitation (Eastern Cape Province)	US\$58,600
Silindini bridge (Eastern Cape Province)	US\$936,000
Health care delivery	US\$291,000
School facilities upgrade	US\$1.19 million
Science laboratories	US\$34,500
Agisanang Farm	US\$30,600
Total	US\$ 2.60 million

Box 19: Joint winner of the Nedbank Green Mining Award

In 2010, we were the joint winner of the Nedbank Green Mining Award for the socio-economic category, for our Eastern Cape Province infrastructure project.

In 2006, the local municipality of Engcobo in the Eastern Cape Province identified a challenging and pressing need for access to basic services such as social and health services. The municipality contacted Lonmin, as this region is one of our major labour sending areas, we offered our services in the construction of the Thusong Service Centre. Today the Thusong Service Centre services eight villages and provides access to services such as the South African Police Service, Home Affairs, Health, Agriculture and Social services and Social development services. These services were chosen in consultation with the communities. A further challenge was identified during the construction of the Thusong Service Centre in that eight communities were separated from the Centre by a river which is three metres deep and 160 metres wide. We built a steel single lane bridge to address this challenge. The official handover of the Silindini Bridge was in August 2010.

For more details please visit www.nedbank.co.za



CREATING WEALTH RESPONSIBLY (continued)

Our product

The platinum group metals market

South Africa is the largest producer of Platinum and Rhodium globally, producing 78% of the world's platinum and 88% of the world's Rhodium. In 2010, we sold 706,274 oz of Platinum (12% of global supply) and 98,657 oz of Rhodium (13% of global supply). We actively participate in the development of the market for Platinum Group Metals (PGMs), particularly Platinum, Palladium, Rhodium, Ruthenium and Iridium. These metals play an important part in our global economy.

We serve the same market as all platinum producers and refiners worldwide. The figure to the right illustrates market demand by sector.¹⁴

The primary use of PGMs is in catalytic converters, which reduce noxious emissions produced when fuels such as diesel, gasoline and biofuels are burned. However, there is also a demand for platinum in the jewellery industry, which showed buoyancy during the economic slowdown, and has remained robust in 2010. Other significant uses of PGMs include application in the aviation industry, in medical technology and in the production of cellular telephones.

The auto catalyst sector will be the primary demand driver in the future, bolstered by robust demand in the automotive industry in emerging markets, as well as tightening emissions legislation and adoption of clean air legislation globally, and the introduction of legislative requirements for off-road and heavy duty diesel that commences January 2011 in the United States of America and Europe. Growth will be driven, in part, by the increasing demand for stationary fuel cell applications that enable companies to meet global energy efficiency and clean air commitments.

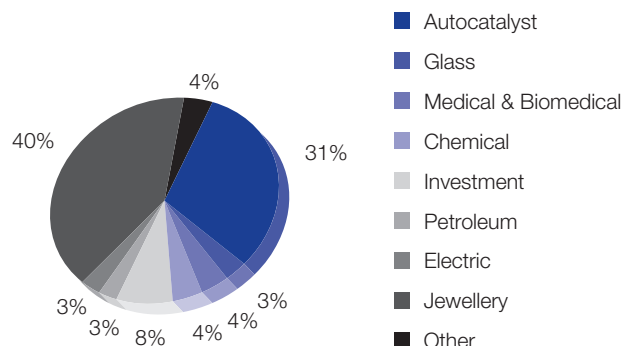
→ GRI – 2.2 and 2.7

Product responsibility

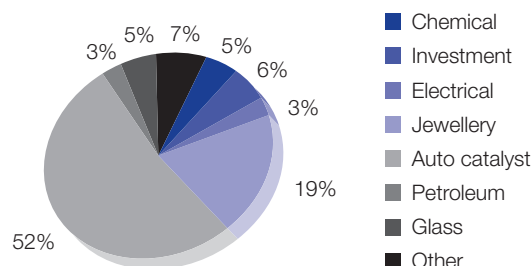
We believe it is our responsibility to be ethical in all our dealings and we realise the immense potential for positive influence that we have as a supplier of PGMs. We respond to this by building value chains in our business that minimise the negative and enhance the positive impacts of our products over their entire life cycles. This includes responsible labour practices, committing to responsible management of the environment and engaging the communities in which we operate to facilitate the mutual creation of economic and other forms of value. We implement social and environmental impact analyses wherever relevant and beneficial.

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. Our customers are screened in terms of ethical business conduct, upholding of human rights and their contribution to sustainable development (see Upholding Ethical Business Practices and Respecting and Valuing Fundamental Human Rights page 84 and 87).

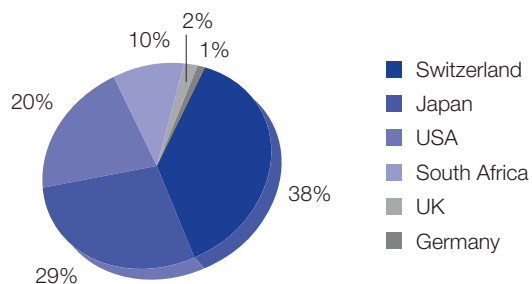
PGM market demand by sector



Platinum demand by industry



PGM market – geographical breakdown



14 2009 Demand Profile – Source: Johnson Matthey 2010 Report.

CREATING WEALTH RESPONSIBLY (continued)

The function for the implementation of responsible product management, awareness and training lies with specific operational units, while product quality is carefully monitored by Albert Jamieson, our Chief Commercial Officer but Ian Farmer remains ultimately accountable for product responsibility. As with other areas of responsibility, we see this high-level accountability as affirming our commitment to product responsibility.

Product classification and labelling

The Company is a founder member of the PGM & Rhenium Consortium within the European Precious Metals Foundation. This has helped to ensure compliance with the requirements of both the directives on Classification, Labelling & Packaging (CLP) as well as Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). We adhere to the codes and practices required of us for products, substances and intermediates that are either sold or toll refined within the European Union.

We actively attend and participate in forums and submit and share data relating to the content and chemical composition to promote responsible distribution and management of our materials. For more information on Classification, Labelling & Packaging and REACH as well as our participation in this regard, please refer to page 60.

→ GRI – PR3, PR9 and PR4

Material stewardship

One of the most significant characteristics of PGMs is the uniquely long lifecycle enabled by their durability and high recyclability. 96%¹⁵ of PGMs are recovered through recycling, reducing waste disposal requirements. We project a strong continued demand for platinum over the long term.

We continue to seek opportunities to make use of non-hazardous alternatives and to reduce quantities of hazardous materials utilised. Where these substances cannot be substituted, reduced or eliminated, there are operating procedures that outline responsible purchasing, appropriate handling and management, prevention of waste generation, separation of wastes, storage and disposal of waste.

The percentage of products sold for which packaging is reclaimed is not significant in the context of PGM production. It is not a significant concern for the Company. Additionally, the percentage of materials used that are recycled or classified as secondary input material is not significant to the company as quantities of these materials used which are recycled input materials are insignificant in the context of PGM production.

In the production of PGMs, the most significant materials used at our operations are timber and hydro carbons (focusing on oil and fuel). In 2010, we used 27,643 tonnes of timber from sustainable forestry and 29,640 kilolitres of Hydro Carbons.

Our supply chain can make a significant contribution to our sustainability. We therefore engaged our suppliers in order to assist with the contracting of services, purchase, hire or lease of equipment and materials, and managing partnerships. This enables our suppliers to minimise adverse Health, Safety and Environmental impacts of their operations. We inform our potential suppliers of our Safety and Sustainable Development Policy and our Safety and Sustainable Development Management standards. The aim is to encourage our suppliers to adopt sustainable development practices. This includes the implementation of effective material stewardship to manage the lifecycle of our products in a socially and environmentally responsible manner. A key concern in addressing compliance with health and safety and environmental standards with our suppliers is to ensure that this process does not exclude Small, Medium and Micro Enterprises and black owned enterprises from our supply chain due to costs associated with compliance. We aim to follow a balanced approach in meeting these potentially competing goals. Issues relating to health and safety and environmental management have been addressed throughout this report.

Customer satisfaction

We have continued to implement an internal auditing process in respect of customer satisfaction and stakeholders' concerns about the product produced and marketed by the Company. We do not believe that there are any significant health and safety issues associated with marketing and use of our product. We endeavour to address, on an ongoing basis, any health and safety concerns that may arise as a result of our operations; however, no formal assessment of the post production life cycle health and safety impacts of our product has been deemed necessary.

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

We protect the privacy of our customers by keeping specific feedback confidential, but we are happy to report that we had a positive response in 2010, building on our good performance in 2009. No violations of customer privacy and data loss have occurred in 2010. We engage our customers on a business to business basis in structured conversations. No fines were incurred for noncompliance in the provision and use of our product. Further, we had no incidents of noncompliance with voluntary codes regarding health and safety impacts associated with the use of our products of our products, or concerning product marketing practices.

→ GRI – PR1, PR8, MM11 and EN27

¹⁵ International Platinum Group Metals Association.

CREATING WEALTH RESPONSIBLY (continued)

Product research and development

We continue to provide financial support for the research and development efforts of our current customer base, with a focus on metal beneficiation. Our Beneficiation Strategy is intended to support the National Industrial Policy Framework Accelerated and Shared Growth Initiative for South Africa, the Minerals and Petroleum Resource Development Act and the Broad Based Socio Economic Empowerment Charter. Beneficiation is an industry-wide imperative that has been driven by government. The PGM Beneficiation Committee was chaired by the South African Department of Minerals and Energy with Mintek as its secretariat and had representatives from Government and its associated institutions, Industry and Labour. The DMR released a Draft Beneficiation Strategy in February 2010. We have regular meetings with the relevant departments as well as engaging on these issues with our peers in the mining industry through the national Chamber of Mines.

We recognise the underlying objectives of driving beneficiation including opportunities for economic development and growth, potential for upskilling HDSA and opportunities for black economic empowerment (BEE); we are committed to delivering on these objectives. This is in line with the following commitment in our Safety and Sustainability Policy: “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 minerals.”

Beneficiation is therefore more than a compliance issue for us. It is motivated by its alignment to our local economic development, community development and empowerment objectives. The growing market for clean technologies is expected to increase the demand for PGMs. The beneficiation of our products for sale in these markets presents a new business opportunity and one that we are keen to explore.

The exact requirements for beneficiation have not yet been decided by the South African government. However, the Company will be required to set aside a specific percentage of our product to be sold locally. In accordance with our commitment to economic transformation and development we are considering various empowerment strategies, including partnering with an HDSA-owned company.

→ GRI – PR5, PR6 and PR7

CREATING WEALTH RESPONSIBLY (continued)

We hold a 7% share in a leading chemical company, Furuya Metals, listed on the Japanese Stock Exchange (JASDAQ). Furuya Metals specialising in applications using iridium and ruthenium. Our investment has allowed us to contribute to Research and Development in the ruthenium and iridium markets creating continued demand for all Platinum Group Metals. Together Lonmin and Furuya Metals are underway to concluding a development cooperation agreement to explore further development with a focus on beneficiation of our metals in South Africa.

Product promotion

In 2010, the jewellery industry generated a significant demand within the PGM consumption arena. In recognition of the importance of this industry, we have been a primary sponsor to the Platinum Guild International since 1999.

We have been one of the primary sponsors of the Design Innovation Awards, hosted in London, organised by Blue Incorporated. The Lonmin Design Innovation Award was set up eight years ago to recognise and reward outstanding design in platinum and to push the design standards of jewellery to greater heights. The competition is divided into two categories. "Emerging Designers" recognises designers with less than five years' commercial experience, and "Established Designers" gives its attention to those who have been in the business for more than five years. There are four winners in each category. The 2010 winners in the "Emerging Designers" category were Alexander Davis, Haruko Horikawa, Fangfang Qiao and Katie Rowland; in the "Established Designers" category the winners were John Bradley, James Powell, Luke Rose and Miranda Wallis. The prizes include an exclusive marketing and public relations campaign to promote the designers and their winning piece, a showcase on the Johnson Matthey stand at the International Jewellery London show and a £300 contribution to the production of their winning design. More information about the awards may be found at www.designinnovationawards.co.uk



James Powell was a winner in the Established Designers category.



One of the winners in the Emerging Designers was Katie Rowland with this piece.

→ GRI – EC1

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.

Our management approach

We believe that it is imperative that we uphold strong business ethics in everything we do. Our reputation as an ethical company directly impacts on our ability to successfully interact with our business partners, regulatory authorities, employees and all our stakeholders. There is an obvious business case for complying with government regulations on corporate ethics and with industry standards on conduct. However, we see sound motivation that extends beyond this. Our ability to move forward as a company depends on maintaining good relationships with all our stakeholders and in creating an environment of trust among all employees. We therefore ground our business ethics in our central values: integrity, honesty and trust.

These values, as well as our general ethical commitments to act as responsible corporate citizens, are outlined in the Lonmin Charter. The specific framework in which these values are embodied is the Lonmin Code of Business Ethics. The code includes specific guidelines on the implementation of ethical practice with regard to:

- The workplace and the environment;
- Adherence to legislation and the promotion of fair competition;
- Our relationship with government;
- The promotion of social responsibility, human rights and cultural sensitivity; and
- Disclosure, an ethical decision checklist monitored through an Ethics Hotline.

Our Ethics Hotline is a phone-in service that is open to all who are involved in our business operations: employees, contractors, customers and suppliers. It is operated by an independent third party. The Hotline is a secure channel that can be used to report any conduct in the Company that fails to adhere to the standards set out in the Code of Business Ethics. The system is designed to maintain confidentiality and, where appropriate, anonymity for those who choose to report incidents, protecting them from recrimination while encouraging transparency. We see failure to blow the whistle on unethical conduct as a serious offence as we have zero tolerance of corruption. Our policy on Ethics is regularly communicated to all our employees; it is included with our induction and refresher training and circulated via our email system annually.

Once incidents have been reported they are referred to the Company Secretary and the Group Internal Audit and Investigations Department, who are authorised to take appropriate actions to investigate allegations of breach of the Code of Business Ethics.

Our commitment to sound ethical business conduct is further evidenced by our membership of international bodies that uphold and monitor corporate ethical responsibility. The Company is one of the founding members of the Institute of Business Ethics, a non-profit organisation based in the United Kingdom. Its core 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 industry peers in a number of



Above: Kabelo Thekiso providing training on business ethics.

Left: We believe that it is imperative that we uphold strong business ethics in everything we do.

UPHOLDING ETHICAL BUSINESS PRACTICES (continued)

decision-making forums in order to encourage productive collaboration in setting the standards for national business conduct. We support the Extractive Industries Transparency Initiative encouraging transparency in dealings with and payments to government. We do not directly or indirectly participate in party politics nor make any financial contributions to any political party or individual.

→ GRI – SO5 and SO6

We lend our full and public support to the ten principles of the United Nations Global Compact (UNGC) and have participated in the Global Compact since August 2008. As part of this process we are committed to embedding public accountability and transparency in the way we do business and interact with society at large. We report our progress annually by submitting our annual Sustainable Development Report.

Internally, we continue to report on all ethics related matters to the Executive Committee and to the Risk and Audit Committee of the Board on a quarterly basis.

Tracking key initiatives

Our particular initiatives that ensure ethical conduct include compliance initiatives, ensuring that we build ethical value chains, implementing sound anticorruption measures and fostering pro-competitive decision-making.

Managing compliance with legislation

Responsibility for implementing compliance with legislation resides with line management; however, our CEO remains accountable for the legal compliance of the Company. We monitor our performance on legal spheres that encompass various aspects of our operations. These legal spheres include: environmental management, safety, human capital, health, business ethics, human rights and community development. We have internal and external auditing plans as well as training and awareness programmes in place across all operations to reduce risks associated with legal non-compliance.

A Section 54 notification is issued when an Inspector from the DMR has reason to believe that any incidence, 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 give an instruction that the performance of any act or practice at the mine or a part of the mine be suspended or halted and may place conditions on the performance of that act or practice. The government continued its renewed commitment to enforcing legislation on mine safety, which the Company fully supports. During 2010 we were issued with seventeen notifications in relation to the Mine Health and Safety Act 29 of 1996 a decrease from 35 notifications in 2009.

Our performance on upholding ethical business practices

Highlights

- Our ethical business practices are guided by our Lonmin Charter and our Lonmin Code of Business Ethics, which outline specific practices to be conducted, managed and regulated.
- We received no legal notice of anticompetitive, anti-trust or monopoly practices in 2010.
- Our supplier procedure requires that each supplier must be screened for corruption.
- All of our employees are required to undergo the induction process where they are also trained on the Company's anticorruption policies.

Challenges

- All our vendors are screened for corruption before we enter into contracts; as a result, no contracts were terminated with existing business partners.
- All of our business units are analysed for risks associated with corruption as part of our formal risk assessment and management process.

→ GRI – S02; S03; S07; S08 & PR2

UPHOLDING ETHICAL BUSINESS PRACTICES (continued)

Building ethical value chains

Our Procurement Policy for the procurement of goods and services from third parties includes clear guidelines for the assessment of our suppliers in terms of:

- Ethical business practices; and
- Good human rights, safety and sustainable development practices.

These requirements are found in clauses contained in supplier contracts, enforced and monitored through necessary systems including security clearance to be conducted prior to any formal engagement. Information required in the clearance includes:

- Company registration, credit and tax information;
- BEE status;
- Financial judgements; and
- A full conduct evaluation to be completed at the discretion of the Company.

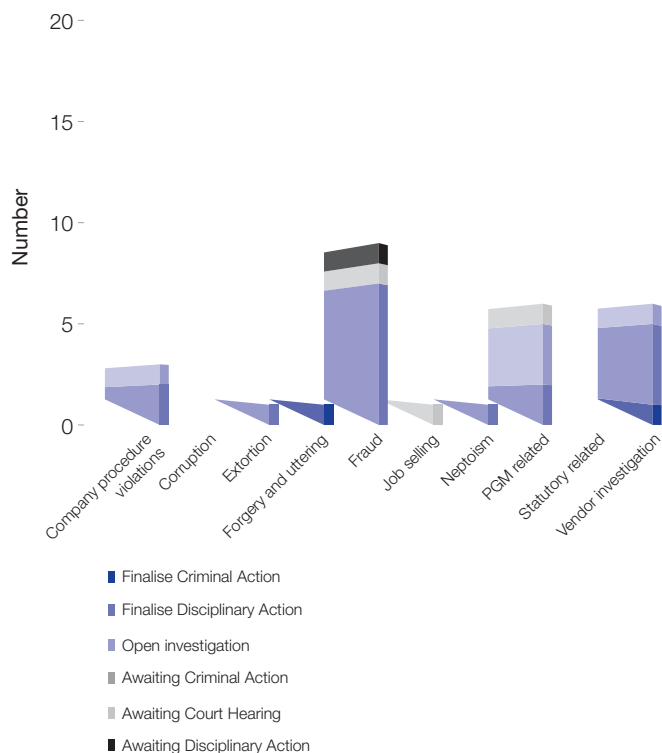
Enforcing anticorruption measures

In 2010, a total of 39 cases of unethical behaviour were reported, of these 77% were reported directly to the Investigation Department by employees and other stakeholders while only twelve cases were reported directly to the Ethics Hotline. After running an internal campaign to raise awareness around the Ethics Hotline, we have seen eleven cases of unethical behaviour reported directly to the Investigations Department and three cases reported via the Hotline.

The graph to the right illustrates the categories and status of unethical behaviour cases.

Employees and contractors receive training pertaining to business ethics as part of the induction and annual refresher training. On providing evidence of the implementation of this training we received a rebate of US\$2.9 million from the Mining Qualifications Authority.

Categories and status of cases of unethical behaviour in 2010



→ GRI – SO4

Preventing anticompetitive behaviour

The Company was not involved in any proceeding initiated by the Competition Commission during the year. We do engage with our industry peers on a range of issues; however, meetings with competitors where sensitive matters could arise are policed by qualified attorneys. We are confident that we adhere to all relevant 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 in all our operations.

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 imperative that the mining industry follows internationally recognised standards regarding human rights concerns. The international conventions that inform our policy are the Voluntary Principles on Security and Human Rights, the framework for businesses as formulated in the UNGC, the United Nations Universal Declaration of Human Rights, and the proceedings of both the International Labour Organisation (ILO) and the ICMM.

In line with these guidelines our Human Rights Policy was formulated to assist and guide the Company in achieving its commitments to the fundamental rights contained in the relevant international United Nations Human Rights Conventions. In 2010, we continued to embed compliance with the principles of the United Nations Universal Declaration of Human Rights. This process has included specific actionable commitments outlined in our Company policy across all operations.

We have adopted fundamental human rights, which are embodied in our commitment to the following principles:

- Equality, fair labour practices and the right to prosperity;
- Human dignity and the right to life, freedom and security of a person;
- 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 ethical business in general, we have a zero tolerance approach to human rights abuses. Risks associated with human rights violations are assessed through our formal risk assessments.

Our CEO is responsible for all matters relating to human rights across all our operations. He is supported in this role by our Executive Vice President Human Capital and External Affairs and by the Company Secretary. The implementation of actionable practices resides at a management level.

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 our induction and annual refresher training. Training material is available in Afrikaans, English, Setswana, and isiXhosa. Employees who are illiterate are briefed verbally in their language of preference. During this process, employees are briefed on our mechanisms for resolving grievances and reporting incidents.

→ GRI – SO3 and HR3

Managing working conditions

We require that our employees do not engage in practices or pursue interests that are in conflict with the aims of our Company Human Rights Policy, our interests that may cause prejudice to the Company. Such prejudice or potential prejudice includes financial or other losses, potentially harming our image and reputation or detrimentally impacting our relationships with various stakeholders.

Our Human Rights Policy and Employment Policy prohibit the employment of persons under the age of 18 years. No incidents of forced labour or child labour were reported during 2010 nor are our operations at risk of such occurrences. All employees enter into employment voluntarily and, where 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.

→ GRI – HR7

Aligning security services with human rights

Our security services are compliant with relevant national legislation and with the United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials. We do not currently report quantitatively on human rights training for security personnel. However, all security personnel and contractors receive training on the Code of Business Ethics as a component of induction prior to the commencement of employment or contractual agreement and annual refresher training, which includes training on human rights. In 2010, all of our permanent (146) and contractor (268) security personnel were trained in issues relating to human rights.

→ GRI – HR8

Aside from training of security personnel, we aim to resolve security incidents with sensitivity and respect for the human rights of everyone with whom we interact.

Ensuring freedom of association and collective bargaining

Our Human Rights Policy and agreements are aligned to the Labour Relations Act 66 of 1995. This is the framework in which we affirm the right to collective bargaining and interact with organised labour. As part of our commitment to upholding freedom of association and the right to collective bargaining we have engaged with organised labour on a range of issues (see Engaging Our Stakeholders page 65). Currently, 78% of our employees are members of organised labour. We understand the strategic importance of engaging with labour in a constructive manner. As part of this process we have minimum notice periods (three days to twelve weeks) in place during which organised labour must be informed about any changes in the Company that could substantially affect them.

RESPECTING AND VALUING FUNDAMENTAL HUMAN RIGHTS (continued)

Organised Labour is engaged in order to define key health and safety responsibilities of the Company and the role of Health and Safety Representatives and Committees (for details of these responsibilities and roles see Safety Section page 22 and Employee Health Section page 27).

Table 22 – Number and percentage of total employees as members of trade unions in 2010

Union/Association	2010 (number)	2010 (%)	2009 (%)	2008 (%)	2007 (%)	2006 (%)
National Union of Mine Workers	16,556	69.3%	71.1%	70.7%	69.7%	64.4%
Solidarity	671	2.8%	2.7%	2.3%	2.1%	1.7%
United Association of South Africa Trade Union	873	3.7%	3.8%	3.7%	3.7%	4.0%
Other Unions	550	2.3%	2.7%	2.8%	4.2%	3.4%
Total unionized workers	18,650	78.1%	80.3%	79.4%	79.7%	73.5%

→ GRI – LA4, LA5 and HR5

Eliminating discrimination and resolving grievances

Various 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 unfair 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, language and birth.

Examples of such programmes are our efforts to empower HDSAs and women within core mining jobs. We have specific policies in place to manage issues that we have identified as presenting risks for unequal and discriminatory actions. Examples of these policies include a comprehensive Maternity policy guaranteeing the rights of pregnant employees and a Sexual Harassment Policy that has clear guidelines in order to create a safe and non-exploitative environment for all employees.

Unfortunately, we had four incidents of discrimination and three cases of sexual harassment reported during the year. All of these cases have been investigated and resolved through the appropriate grievance mechanisms. We do not believe that the occurrence of reported incidents this year need be interpreted as negative. South Africa is a society that is still negotiating a difficult legacy of racial, cultural, gender and other forms of prejudice. To root out 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 arises. In 2010, we have successfully rolled out training to understand what sexual harassment entails.

→ GRI – HR4

Investing in ethical value chains

We aim to build good ethical conduct and respect for human rights in our value chains. That includes all the Company's business dealings, relationships, activities and conduct: this extends to employees, customers, and suppliers of goods, services and consumables. Our commitment to ethical value is an investment in the Company's reputation. We require all our contractors to conduct themselves, either directly or indirectly through their employees, in a manner that would not undermine our commitment or damage our reputation.

As stated in Upholding Ethical Business Practices, the human rights requirements imposed on suppliers are contained in contract clauses and are monitored with appropriate systems. The human rights and social impacts of all major and minor investment projects are considered during the prefeasibility stage of these projects. Further, all of our significant suppliers are screened with regard to human rights issues. No contracts with these suppliers were terminated for reasons of noncompliance on human rights issues.

→ GRI – HR1 and HR2

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

We operate adjacent to the Bapo Ba Mogale (Marikana operations), Mapela, Mphahlele, Ledwaba, Kekana Ndlovu (Limpopo operations) and Silindini traditional authorities (authority from the Eastern Cape Province, our Labour sending area). 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 65). No incidents of violations involving rights of indigenous people or local communities were reported in 2010, and no formal allegations of non-compliance in terms of Company policy or national convention on indigenous people were launched. However, we are in the process of resolving a number of land claims that were submitted prior to 2010 against the Company (see Partnering with Communities page 68).

→ GRI – HR6, HR9, MM5, MM6 and MM7

The South African Freedom Charter

In a collaborated effort with the Lilliesleaf trust and an influential businessman we prevented the auction of the one original signed "South African Freedom Charter" that was adopted on 26 June 1955 at Kliptown. We then presented the Charter to the Minister of Art and Culture, Ms Lulu Xingwana, on 7 May 2010 so that the Charter may remain in the South African public domain.

APPENDIX 1: LONMIN AT A GLANCE

WE ARE LONMIN – ONE OF THE WORLD'S PRIMARY PRODUCERS OF PLATINUM GROUP METALS, CREATING VALUE THROUGH DISCOVERY, ACQUISITION, DEVELOPMENT AND MARKETING OF MINERALS AND METALS AND RESPONSIBLE ENGAGEMENT WITH SOCIETY AND THE ENVIRONMENT.

Our Company

We remain the third largest producer of PGMs, one of only three integrated mine-to-market PGM companies. In 2010, we produced 607,794 oz of Platinum and 94,690 oz of Rhodium. That is 12% and 13% of global supply, respectively. We own a valuable reserve and resource base in the Bushveld Complex in South Africa, which contains 80% of the world's PGM reserves. Our operations are based in the North West Province, Limpopo Province with our Precious Metals Refinery and head office in Gauteng Province.

→ GRI – 2.5

Lonmin Plc is listed on the London Stock Exchange, with a secondary listing on the Johannesburg Stock Exchange. Our operational headquarters are based in Johannesburg and our United Kingdom headquarters are based in London. Our main operating subsidiaries in which we have an 82% interest include Western Platinum Limited and Eastern Platinum Limited.

→ GRI – 2.3, 2.4, 2.5 and 2.6

Mining Division

Our Mining Division comprises Marikana Mining in the North West Province and the Limpopo mine in the Limpopo Province. The Marikana mining comprises Western Platinum, Karee Mine and Eastern Platinum. Marikana Mining and the Process Division are owned by Western Platinum Limited and Eastern Platinum Limited in which Lonmin South Africa (UK) Limited holds an 82% shareholding. Our Limpopo mine (Messina Platinum Limited) comprises the Boabab shaft has been placed on care and maintenance for the year pending potential improvements to product prices. 100% of the Limpopo mine is held by Western Platinum Limited.

We also manage the Pandora Joint Venture, which is east of our operations in Marikana. Eastern Platinum Limited owns 42.5% of the Joint Venture. Further, we manage the Dwaalkop Joint Venture of which Western Platinum Limited holds a 50% shareholding.

Our Marikana operations currently produce 100% of our annual production. At both our mining operations, we mine the UG2 and Merensky PGM-bearing reefs.



Above: Our Smelter and Base Metal Refinery at Marikana.
Right: Our Mining Division comprises Marikana Mining in the North West Province and the Limpopo Mine in the Limpopo Province.



APPENDIX 1: LONMIN AT A GLANCE (continued)

Process Division

The Process Division comprises the Concentrators, Smelter and Base Metal Refinery (BMR), at our Marikana operations and with our Precious Metal Refinery (PMR) located in Brakpan, near Johannesburg in the Gauteng Province.

Other operations

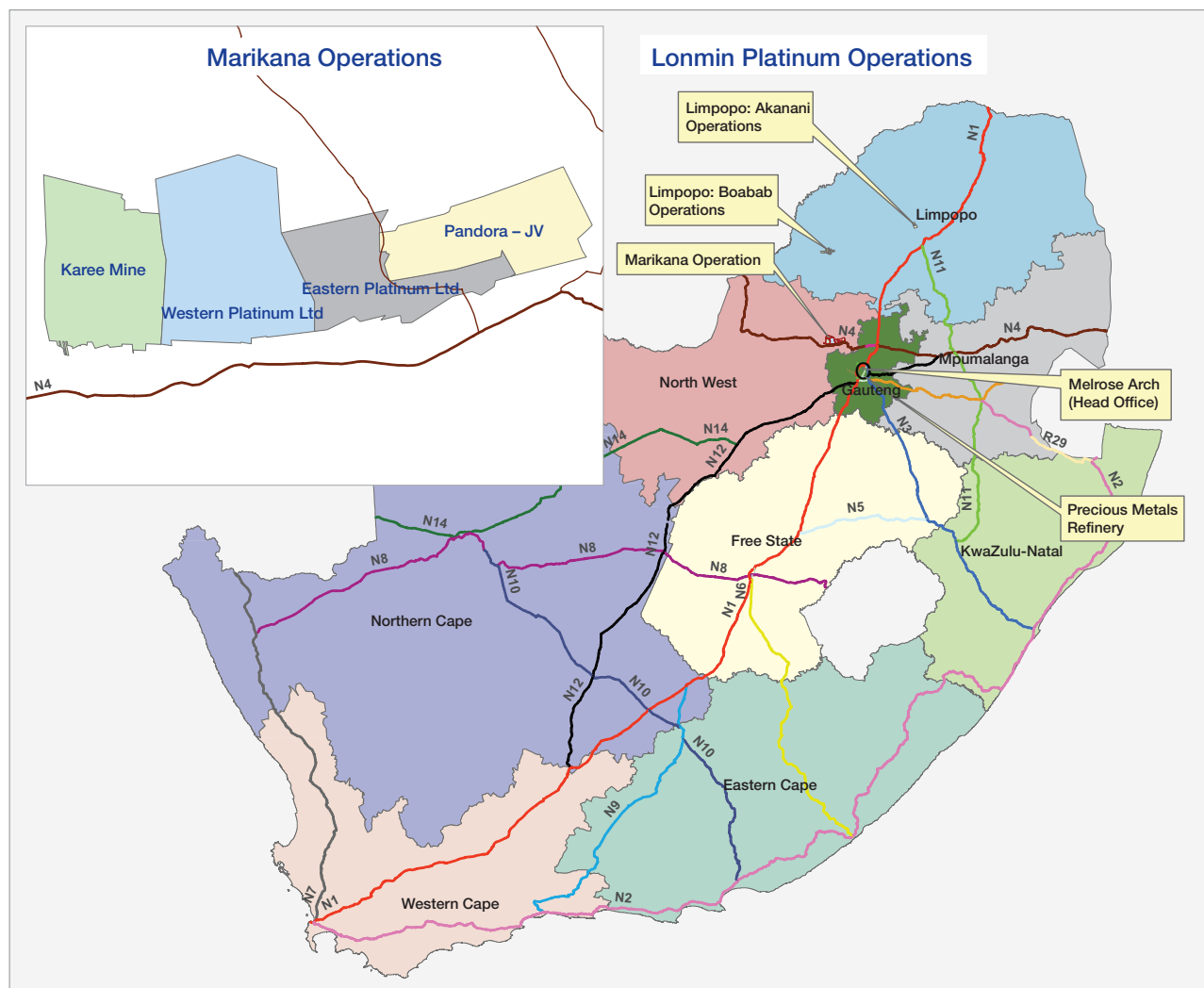
Our two major acquisitions during the last few years were Akanani and Limpopo, including the Dwaalkop Joint Venture, all located in the Northern Bushveld, in the Limpopo Province.

Exploration activities

In 2010, our focused exploration portfolio included the following projects:

- Canada: Joint ventures with Vale and Wallbridge Mining Company in the Sudbury Basin;
- Gabon: We have pulled out of Gabon early 2010;
- Northern Ireland: Wholly owned and managed by Lonmin;
- Tanzania: The exploration project in Tanzania is wholly owned by Afriore International Barbados, a wholly owned subsidiary of Lonmin. An earn-in and joint venture agreement was entered into with an Australian company, Aviva Corporation Ltd., and they now manage this project; and
- South Africa: Loskop Joint Venture with Boynton and the Vlakfontein project wholly owned by Western Platinum and managed by Lonmin.

→ GRI – 2.3



APPENDIX 2: 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, 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 absolute elements (see elements one, two and three) that companies have to achieve but the remaining six elements companies are required to achieve a minimum score of 50% per element.

Element	Description	Measure	Compliance Target by 2014	Compliance Target by 2010	Progress achieved by	
					YTD Actual 2010	Weighting
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	Submit 2010 audited annual report by March 2011	Annual reports were submitted over the past 3 years	Y/N
2 Ownership	Minimum target for effective HDSA ownership	Meaningful economic participation	26%	15%	At least 18%	Y/N
		Full shareholder rights	26%	15%	18%	
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	124 blocks as base-line of which 34 have been converted to date. (70 bachelor units and 424 Family units)	3.66%	Y/N
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units	Family units established		52.48%	
4 Procurement & Enterprise Development	Procurement spend with HDSA suppliers	Capital goods	40%	5%	68.71%	5%
		Services	70%	30%	67.54%	5%
		Consumable goods	50%	10%	71.51%	2%
	Multinational suppliers contribution to the social fund	Annual spend on procurement from multinational suppliers	0.5% of procurement value	0.50%	Awaiting guidelines from DMR	3%
5 Employment Equity	Diversification of the workplace to reflect the country's demographics to attain competitiveness	Top Management (Board) level	40%	20%	33.33%	3%
		Senior Management (Exco)	40%	20%	25.71%	4%
		Middle Management	40%	30%	38.43%	3%
		Junior Management	40%	40%	50.57%	1%
		Core Skills	40%	15%	Awaiting guidelines from DMR	5%
		TOTAL			43.3%	
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%	4.6%	25%
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	Implementation of projects will serve to enhance relationships amongst stakeholders leading to communities owing patronage to projects	WPL 1: Provision of Water and Sanitation NW	15%
					WPL 2: Brick Making Factory	
					WPL 3: Educational Support & Upliftment	
					WPL 4: Housing & Hostel Conversion	
					WPL 5: Provision of Access to Basic Services EC	
					WPL 6: Institutional Support & Capacity Development EC	

APPENDIX 2: SCORECARD (continued)

Element	Description	Measure	Compliance Target by 2014	Compliance Target by 2010	Progress achieved by	
					YTD Actual 2010	Weighting
7 Mine community development (continued)					WPL 7: Multi-Purpose Community Centre EC & Silindini Bridge	
					EPL 1: Improving Health Care Services	
					EPL 2: Commercial Agri-Business	
					EPL 3: Community Skills Development	
					EPL 4: Sports and Recreation	
					EPL 5: Provision of Water and Sanitation EC	
8 Sustainable development & growth	Improvement of the industry's environmental management	Implementation of approved EMPs.	100%	Annual progress achieved against approved EMPs	EMP Performance Assessment Report was submitted to DMR as required in terms of Regulation 55 of the MPRDA, 2002 in June 2010. To report environmental performance against the amended Mining Charter scorecard, we need to seek direction from DMR on application of definitions and targets.	12%
	Improvement of the industry's mine health and safety performance	Implementation of the tripartite action plan on health and safety	100%	Annual progress achieved against commitments in the tripartite action plan on health and safety	In 2003, Mine Health & Safety Council set an improvement target of 20% per annum. The current improvement requirement on fatalities is 0.05% and Lonmin is standing at 0.038%.	12%
	Utilisation of South African based research facilities for analysis of samples across the mining value chain	Percentage of samples in South African facilities	100%	establish baseline	0%	5%
9 Beneficiation	Contribution of a mining company towards beneficiation (this measure is effective from 2012)	Additional production volume contributory to local value addition beyond the base-line	Section 26 of the MPRDA (percentage above baseline)	The beneficiation strategy and its modalities of implementation outline the beneficiation requirements per commodity extracted in South Africa	Beneficiation forum has been established in this regard.	–
Legend 0-25% (Gross non-compliance). 25-50% (Non-compliance). 50-75% (Marginal to acceptable performance). 75-100% (Excellent performance).						

APPENDIX 3: STAKEHOLDER ENGAGEMENT

Appendix 3: Learnings from our engagement with stakeholders

Method of engagement	Frequency	Key issues identified ¹⁶
Safety and Sustainability Committee of the Board		
Board meeting	Quarterly	Safety performance, in terms of fatalities, LTIs and inspections HIV/AIDS Sustainable development reporting Community project expenditure and progress SLP performance against requirements Environmental performance, mainly climate change
Employees		
Corporate Communication Survey	Annually	Section 54 of the Mine Health and Safety stoppages
Stakeholders Forum	Quarterly	Safety and occupational exposure Fatalities and safety communication
CEO stakeholder feedback forums	Annually and also Quarterly (announcement of quarterly results)	Skills shortages and wage settlements Executive management team being relocated Employment equity and housing of employees Contributions towards the identification of the sustainable development risks
Ethics hotline Comments book	Ongoing Ongoing	Increasing complexity and difficulty relating to geology Energy security and energy cost concerns
Shop floor briefings Project specific engagements Bi-Monthly Platinum Conversation newsletter		
Ongoing direct communication through line managers	Ongoing	
Organised Labour		
Discipline specific meetings covering aspects of safety, health and remuneration	As required	Employee health benefits Training and retaining HDSA employees HDSA procurement
Employment Equity Forum steering committee	Monthly	Employment equity Employee recruitment and contractor agreements Bonus scheme consultation
Stakeholder forums	Quarterly	
Collective Bargaining Forum	Monthly	
Quarterly Divisional Forums	Quarterly	
Shareholders		
Annual general meeting	Annually	Focus on safety following large scale environmental disasters
Performance and strategy meetings	Quarterly and Annually	Labour, skill shortages and training initiatives Child labour and children’s rights Electricity supply
Face-to-face or telephonic discussions with a variety of shareholders	As required	Alternative energy sources and cleaner fuels in our fleet

¹⁶ This includes complaints or criticisms raised as well as issues that are important to stakeholders but which are not necessarily perceived as being poorly managed

APPENDIX 3: STAKEHOLDER ENGAGEMENT (continued)

Appendix 3: Learning from our stakeholders (continued)

Method of engagement	Frequency	Key issues identified
Business and project partners		
Board and executive meetings with our business partners, which include amongst others, Shanduka, Anglo Platinum, Mvelaphanda and the Bapo Ba Mogale traditional authority. We also engage with the IFC and Independent Development Trust as a business partner.	Quarterly	Safety performance, in particular LTIs HIV/AIDS Local employment and associated risks Water supply Waste management and ground water pollution
Traditional authorities		
Focus group meetings	As required	Health and safety related to management of hazardous and mineral wastes
Bapo Royal family meeting	As required	Local employment
Project specific meetings	As required	Stakeholder engagement model Annual plans and progress on SLP Ten year community development plan
We engage with the Bapo Ba Mogale, Mapela (Akanani), Mphahlele, Ledwaba, Kekana Ndlovu traditional authorities	Quarterly (Mapela, Mphahlele & Ledwaba we engage Bi-annually)	
Greater Lonmin Community		
Rekopane Development Forum (includes Samancor, International Ferro Metals Aquarius, Bapo Ba Mogale traditional authority, Bojanala district municipalities, local municipalities of Madibeng and Rustenburg, Solidarity, UASA and NUM)	As required	Safety and socio-economic problems associated with retrenched employees in the community Local economic development (SLP commitments) Local employment (especially of women) HIV/AIDS and Tuberculosis Education in terms of hygiene Community engagement
Public participation meetings	As required	Rehabilitation, mine closure and land management Air quality management and health issues
Community health meetings	Monthly	Climate change
Environmental Stakeholder Forum	Twice a year	Awareness raising on potential environmental risks Hazardous waste and water pollution
Seismic survey stakeholder meeting	Twice a year	
Local, regional and national government		
Focus group meetings	Received ad hoc	Air quality management and health issues
Municipalities: Madibeng, Rustenburg, Bojanala District, Lepelle-Nkumpi, Mogalakwena, Engcobo, Alfred Nzo & OR Tambo	Bi-Annually/Ad hoc and quarterly with respect to Rustenburg - and Madibeng municipalities	School infrastructure and educational support centre SLP progress Community development Local employment Royalties
Meetings with ward councillors	As required	Water supply
Direct ongoing engagement on environmental and social issues with amongst others the local municipalities, the Department of Mineral Resources, the Department of Environment and Water Affairs, The Department of Health, The Department of Basic Education and Training, the Department of Agriculture and the Department of Forestry and Fisheries	Ranges from monthly, quarterly, annually to ongoing	Groundwater supply affected by mining activity Land use and compensation for lost agricultural land

APPENDIX 3: STAKEHOLDER ENGAGEMENT (continued)

Appendix 3: Learning from our stakeholders (continued)

Method of engagement	Frequency	Key issues identified
Contractors and suppliers		
We continuously engage with our contractors and suppliers on safety, health and environmental requirements and preferential procurement	Ongoing dependent on type of contractor or supplier	Local economic development
Non-governmental organisations		
Environmental Stakeholder Forum	Twice a year	Air quality Water Management
Industry associations		
We actively engage in various industry associations such as the South African Chamber of Mines, ICMM, IPA, the South African Mining Biodiversity Forum, the International Platinum Association, the Extractive Industries Transparency Initiative, the UNGC, the NW Bushveld Forum and the International Integrated Reporting Committee.	Dependent on the association, ranges from monthly to twice per annum	Safety in the workplace Occupational exposure limits HIV/AIDS, Tuberculosis and malaria Ethics and human rights Employee training Integrated sustainable development reporting Benchmarking and information sharing Reporting and assurance Mine closure Research and development Climate change risks Material stewardship Availability of resources and recycling Licensing of waste and water Energy supply and affordability Fuel cells/green vehicles
Customers		
Customer satisfaction survey	Annually	Transparency in selling to China
Joint Market Analysis Committee Meeting	Monthly	Complying with customer's internal control policies PGM recycling and its effect on sales

 **GRI – 4.14 and 4.16**

APPENDIX 4: KEY SUSTAINABILITY PERFORMANCE STATISTICS

	Measurement	Marikana FY 2006	Group FY 2007	Group FY 2008	Group FY 2009	Group FY 2010
Production						
PGMs produced ¹⁷	oz	1,520,812	1,464,235	1,331,493	1,244,709	1,314,772
Economic						
Net cash generated						
<i>Customers, consumers and investment income</i>						
Cash received for products	US\$ million					
Cash return on investment	US\$ million	1,611	2,016	2,270	1,138	1,442
Suppliers ¹⁸	US\$ million	1	16	13	3	3
Cash payments for materials and services purchased	US\$ million	(429)	(395)	(445)	(486)	(473)
Cost of borrowings	US\$ million	(32)	(41)	(23)	(34)	(44)
Net cash flows	US\$ million	1,151	1,596	1,815	621	928
Cash distributed						
Human capital						
(salaries and benefits)	US\$ million	406	492	557	501	659
Social capital	US\$ million	3.1	3.9	7.3	6.2	8.7
Government taxes	US\$ million	186	267	245	56	36
Directors remuneration	US\$ million	9	7	9	7	6
Shareholders distribution	US\$ million	124	171	186	–	–
Cash retained for sustainable growth	US\$ million	426	655	811	51	218
Net cash distributed	US\$ million	1151	1,596	1,815	621	928
Employees						
Employees	Number	23,804	24,122	25,967	21,623	23,915
Contractors	Number	6,932	8,580	7,758	10,497	9,131
Designated groups employed in management on a permanent basis	Percentage	36.0	37.9	42.3	41.3	43.3 ^{LA}
Women employed in mining	Percentage	1.4	1.4	1.8	2.9	3.22 ^{LA}
Women employed at mining	Percentage	4.1	4.9	6.1	6.8	7.04 ^{LA}
Employee turnover rate	Percentage	1.1	4.1	6.6	23.3	6.6
Employees and contractors trained in ABET	Number	1,681	1,389	2,866	1,139	793
Occupational Health and Safety						
Fatalities	Number	6	3	3	3	3 ^{RA}
LTIFR	Incidents/million hours worked	12.50	10.80	6.27	6.21	5.87 ^{RA 19}
New NIHL cases diagnosed	Number	862 ²⁰	624	236	45	40
NIHL cases compensated	Number	570	490	229	45	28 ^{RA}
Diagnosed and treated tuberculosis cases ²¹	Number	338	504	533	472	528 ^{LA}
HIV/AIDS related deaths	Number	154	112	95	110	88
Employees for VCTs conducted	Number	3,236	13,761	18,692	4,680	39,000 ²²
Patients on ART (excludes PMR) ²³	Number	587	836	989	962	1,349
Patients on the wellness programme	Number	N.D.A	N.D.A	1150	518	498

APPENDIX 4: KEY SUSTAINABILITY PERFORMANCE STATISTICS (continued)

	Measurement	Marikana FY 2006	Group FY 2007	Group FY 2008	Group FY 2009	Group FY 2010
Environment						
Total freshwater intake	m ³	10,858,464	11,795,482	9,256,244	8,885,360	8,005,092 ^{RA}
Total freshwater intake efficiency	m ³ /PGM	7.14	8.06	6.95	7.14	6.09
Electricity	MWhr	1,617,771	1,619,922	1,575,917	1,481,744	1,380,218 ^{RA}
Electricity efficiency	MWhr/PGM	1.06	1.11	1.18	1.19	1.05
Energy	Terajoules	7,348	7,434	6,555	6,613	6,215 ^{RA}
Energy efficiency	GJ/PGM	4.83	5.08	4.92	5.31	4.73
Greenhouse gas emissions	Kilotonnes					
	CO ₂ equivalent	1,775	1,673	1,659	1,595	1,534 ^{RA*}
Greenhouse gas efficiency	Kilotonnes					
	CO ₂ equivalent/ PGM	1.17	1.14	1.25	1.28	1.17
Tailings disposed to tailings facilities	Kilotonnes	15,519	14,487	12,649	11,478 ²⁴	11,038
Waste rock disposed to rock dumps	Kilotonnes	1,376	1,203	1,128	1,343	1,602
Hazardous waste disposed of to landfill and by incineration	m ³	8,973	7,038	N.A	N.A	N.A
Hazardous waste disposed of to landfill and incineration	Tonnes	N.A	N.A	42,857	55,906	50,562
General waste to landfill	m ³	52,559	53,110	N.A	N.A	N.A
	Tonnes	N.A	N.A	8,279	7,199	9595
Average sulphur dioxide emissions	Tonnes/day	7.4	11.3	9.1	11.1	14.1 ^{LA}
Communities						
Percentage spend of our financial commitments on local economic development projects as per the SLP by 2010	Percentage	N.A	N.D.A	24	41	57.11 ²⁵
Rand Value spent on Approved SLP Projects	Rand	N.A	N.D.A	42,120,000	28,768,000	28,175,000 ^{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 1,529 CO₂ equivalent Kilotonnes.

17 A correction was required to the PGM production data to align to the data released in the Annual Report. As a result, the efficiencies have been adjusted for water, electricity, energy and greenhouse gas.

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

19 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.

20 In 2006, audiogram baselines for all employees were determined.

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

22 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.

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

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

25 A full reconciliation will be carried out at the end of the five year period.

APPENDIX 5: REPORTING AGAINST GLOBAL REPORTING INITIATIVE INDICATORS

GRI G3 Element	Reference
STRATEGY AND PROFILE	
1. Strategy and Analysis	
1.1 CEO statement about the relevance of sustainability to the organisations and its strategy	Page 09
1.2 Description of key impacts, risks and opportunities	Page 10, 19 and 20
2. Organisational Profile	
2.1 Name of the organisation	Cover page
2.2 Primary brands, products and/or services	Page 80
2.3 Operational structure of the organisation	Pages 89 and 90
2.4 Location of the organisation's headquarters	Pages 89 and 90
2.5 Number of countries where the organisation operates	Pages 89 and 90
2.6 Nature of ownership and legal form	Page 89
2.7 Markets served	Page 80
2.8 Scale of the reporting organisation	Page 42
2.9 Significant changes during the reporting period	Page 04
2.10 Awards received in the reporting period	Pages 22 and 79
3. Report Parameters	
3.1 Reporting period	1 October 2009 to 30 September 2010. Page 04
3.2 Date of most recent previous report	1 October 2008 to 30 September 2009. Page 04
3.3 Reporting cycle	Annual (Page 04)
3.4 Contact point	Contents page
3.5 Process for defining report content	Page 05
3.6 Boundary of the report	Page 04
3.7 Limitations	Page 04
3.8 Basis for reporting on Joint Ventures	Page 04
3.9 Data measurement techniques	Page 04
3.10 Explanation of effect of restatements	Pages 04 and 05
3.11 Significant changes	Page 04
3.12 GRI content index	This Appendix
3.13 Assurance	Pages 05, 12 and 13
4. Governance, Commitments and Engagement	
4.1 Governance structure	Pages 15 and 16
4.2 Nature of role of the Chair	Page 15
4.3 No of non-executive members	Pages 15 and 16
4.4 Mechanisms for shareholder direction and employee input	Page 17
4.5 Linkage between compensation and performance	Page 17
4.6 Processes for managing conflicts of interest	Pages 17 and 84

APPENDIX 5: REPORTING AGAINST GLOBAL REPORTING INITIATIVE INDICATORS (continued)

GRI G3 Element	Reference
STRATEGY AND PROFILE (continued)	
4. Governance, Commitments and Engagement (continued)	
4.7 Process for determining expertise	Page 17
4.8 Internally developed statements of mission or values, codes of conduct relevant to economic, social and environmental performance	Pages 15 and 16
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance	Pages 15 and 16
4.10 Performance evaluation processes	Page 17
4.11 Explanation of how precautionary approach/principle is addressed by organization	Page 62
4.12 Externally developed economic, environmental and social charters, principles or other initiatives	Page 18
4.13 Membership in associations and/or advocacy organisations	Page 18
4.14 List of stakeholder groups engaged by the organisation	Pages 93 – 95
4.15 Basis for identification and selection of stakeholders	Page 65
4.16 Approaches to stakeholder engagement	Page 67 and 93 – 95
4.17 Key topics and concerns that have been raised through stakeholder engagement	Page 66
MANAGEMENT APPROACH AND PERFORMANCE INDICATORS	
ECONOMIC – including policies, management systems, management approach and performance relating to the following indicators	
Economic performance	
DMA Disclosure on management approach.	Page 76. Reference to organisation-wide goals, policy and performance on financial management is detailed in the <i>Annual Report and Accounts 2010</i> .
EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Page 83
EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.	Page 47
EC3 Coverage of the organization's defined benefit plan obligations.	Page 41
EC4 Significant financial assistance received from government.	Page 41

APPENDIX 5: REPORTING AGAINST GLOBAL REPORTING INITIATIVE INDICATORS (continued)

GRI G3 Element	Reference
ECONOMIC – including policies, management systems, management approach and performance relating to the following indicators (continued)	
Market Presence	
EC5	Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation. Page 41
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. Page 78
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation. Page 41
Indirect economic impacts	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement. Page 78
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts. Pages 69 and 77
ENVIRONMENTAL – including policies, management systems, management approach and performance relating to the following indicators	
DMA	Disclosure on management approach Our organisation-wide goals, policy and performance relating to environmental performance is provided our Investing in the environment section (page 45)
Material use	
EN1	Materials used by weight or volume. Page 58
EN2	Percentage of materials used that are recycled input materials. We do not account separately for this. Due to the nature of the Company's business it is not seen to be sufficiently material to record such information. It is also not relevant to include both post consumer recycled material and waste from industrial sources (EN2 MMSS).
Energy use	
EN3	Direct energy consumption by primary energy source. Page 48
EN4	Indirect energy consumption by primary energy source. Page 48
EN5	Energy saved due to conservation and efficiency improvements. Page 48
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. Page 48
EN7	Initiatives to reduce indirect energy consumption and reductions achieved. Page 48

APPENDIX 5: REPORTING AGAINST GLOBAL REPORTING INITIATIVE INDICATORS (continued)

GRI G3 Element	Reference
ENVIRONMENTAL – including policies, management systems, management approach and performance relating to the following indicators (continued)	
Total water use	
EN8 Total water withdrawal by source.	Pages 54 and 55
EN9 Water sources significantly affected by withdrawal of water.	Page 55
EN10 Percentage and total volume of water recycled and reused.	Page 54
Biodiversity	
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas of high biodiversity value outside protected areas.	Pages 62 and 63
EN12 Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Pages 62 and 63
EN13 Habitats protected or restored.	Page 63
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity.	Pages 61 and 63
EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Page 63
MM1 Total amount of land owned, leased, and managed for production activities or extractive use	Page 61
MM2 The number/percentage of sites identified as requiring biodiversity management plans, and the number/percentage of sites with plans in place	Pages 61 and 63
Emissions effluents and waste	
EN16 Total direct and indirect greenhouse gas emissions by weight.	Page 46
EN17 Other relevant indirect greenhouse gas emissions by weight.	Page 49
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.	Page 49
EN19 Emissions of ozone depleting substances by weight.	Page 51
EN20 NO, SO, and other significant air emissions by type and weight	Page 51
EN21 Total water discharge by quality and destination.	Page 55
EN22 Total weight of waste by type and disposal method.	Page 58
MM3 Total amounts of overburden, rock, tailings, and sludges and their associated risks	Page 58
EN23 Total number and volume of significant spills.	Page 45
EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Page 58

APPENDIX 5: REPORTING AGAINST GLOBAL REPORTING INITIATIVE INDICATORS (continued)

GRI G3 Element	Reference
ENVIRONMENTAL – including policies, management systems, management approach and performance relating to the following indicators (continued)	
Emissions effluents and waste (continued)	
EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	Page 54
Products and services	
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Page 59
EN27 Percentage of products sold and their packaging materials that are reclaimed by category.	The Company's products do not use a lot of packaging. Relative to other forms of waste this is insignificant. Recycled or secondary materials used in production are insignificant relative to total inputs used and as such, we do not collect and therefore report this data. Page 81
Compliance	
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Page 45
Transport	
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Page 46
Overall	
EN30 Total environmental protection expenditures and investments by type.	Page 45
SOCIAL – including policies, management systems, management approach and performance relating to the following indicators	
Labour practices and decent work	
DMA Disclosure on management approach	Reference to organisation-wide goals, policy and performance relating to labour practices is covered in Empowering our Employees (pages 35 and 40).
LA1 Total workforce by employment type, employment contract and region.	Page 21
LA2 Total number and rate of employee turnover by age group, gender and region.	Page 42
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Pages 29 and 41
LA4 Percentage of employees covered by collective bargaining agreements.	Page 88
LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Page 87
MM4 Number of strikes and lockouts exceeding one week's duration, by country	Page 67

APPENDIX 5: REPORTING AGAINST GLOBAL REPORTING INITIATIVE INDICATORS (continued)

GRI G3 Element	Reference
SOCIAL – including policies, management systems, management approach and performance relating to the following indicators (continued)	
Labour practices and decent work (continued)	
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Page 29
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Pages 22, 27, 31, 32 and 34
LA8 Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members their families, or community members regarding serious diseases.	Page 29
LA9 Health and safety topics covered in formal agreements with trade unions.	Page 29
LA10 Average hours of training per year per employee by employee category	Page 43
LA11 Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Page 41
LA12 Percentage of employees receiving regular performance and career development reviews.	Page 42
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Page 37
LA14 Ratio of basic salary of men to women by employee category.	Page 37
Human Rights	
DMA Disclosure on management approach	Reference to organisation-wide values, policy and performance regarding human rights is provided in our review on Respecting and valuing human rights (page 87).
HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Page 88
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Page 88
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Page 87
HR4 Total number of incidents of discrimination and actions taken.	Page 88

APPENDIX 5: REPORTING AGAINST GLOBAL REPORTING INITIATIVE INDICATORS (continued)

GRI G3 Element	Reference
SOCIAL – including policies, management systems, management approach and performance relating to the following indicators (continued)	
Human Rights (continued)	
HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Page 88
HR6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	Page 88
HR7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	Page 87
HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Page 87
HR9 Total number of incidents of violations involving rights of indigenous people and actions taken.	No incidents of violations involving rights of indigenous people were reported in 2010; however, we are in the process of resolving a number of land claims made against the Company prior to 2010 (page 88).
MM5 Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities.	We do not have any operation on or adjacent to indigenous people's land. However, we do formally engage with traditional authorities that reside on land adjacent to our operations and we are resolving several land claims lodged against the Company in line with the Restitution of Land Rights Act 22 of 1994 (page 88).
Society	
DMA Disclosure on management approach	Reference at to the organisation-wide goals, policy and performance relating to these indicators is covered in Partnering with Communities (see pages 68-75).
SO1 Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	Page 36
MM6a Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples.	Page 69
MM6b The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes.	Page 88
SO2 Percentage and total number of business units analyzed for risks related to corruption.	Page 85
SO3 Percentage of employees trained in organization's anti-corruption policies and procedures.	Pages 85 and 87

APPENDIX 5: REPORTING AGAINST GLOBAL REPORTING INITIATIVE INDICATORS (continued)

GRI G3 Element	Reference
SOCIAL – including policies, management systems, management approach and performance relating to the following indicators (continued)	
Society (continued)	
SO4 Actions taken in response to incidents of corruption.	Page 86
SO5 Public policy positions and participation in public policy development and lobbying.	Page 18
SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Page 85
SO7 Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes.	Page 85
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Page 85
MM7 List sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process.	Page 88
MM8 Number (and percentage) of company operating sites with artisanal and small-scale mining (ASM) taking place on, or adjacent to, the site; describe the associated risks and the actions taken to manage and mitigate these risks.	Page 71
MM9 Sites where resettlement took place, the number of households resettled in each, and how their livelihoods were affected in the process.	Page 69
MM10 Number and percentage of operations with closure plans.	Page 61
MM11 Programmes and progress relating to materials stewardship	Page 81
Product Responsibility	
DMA Disclosure on management approach	Reference at to the organisation-wide goals, policy and performance relating to these indicators is covered in Creating wealth Responsibly (page 80)
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Page 81
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Page 85
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Page 81

APPENDIX 5: REPORTING AGAINST GLOBAL REPORTING INITIATIVE INDICATORS (continued)

GRI G3 Element	Reference
SOCIAL – including policies, management systems, management approach and performance relating to the following indicators (continued)	
Product Responsibility (continued)	
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Page 81
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Pages 81 and 82
PR6 Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Pages 81 and 82
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	Pages 81 and 82
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Page 81
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Page 81

APPENDIX 6: ICMM TEN PRINCIPLES

The ten ICMM principles:

01. Implement and maintain ethical business practices and sound systems of corporate governance.
02. Integrate sustainable development considerations within the corporate decision-making process.
03. Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.
04. Implement risk management strategies based on valid data and sound science.
05. Seek continual improvement of our health and safety performance.
06. Seek continual improvement of our environmental performance.
07. Contribute to conservation of biodiversity and integrated approaches to land use planning.
08. Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products.
09. Contribute to the social, economic and institutional development of the communities in which we operate.
10. Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

For more detail visit: www.icmm.com/our-work/sustainable-development-framework/10-principles

APPENDIX 7: ACRONYMS & ABBREVIATIONS

ABET	Adult basic education and training	IPA	International Platinum Association
AEL	Atmospheric Emissions Licence	ISO	International Standards Organisation
ART	Anti-retroviral treatment	IUCN	International Union for Conservation of Nature
APPA	Atmospheric Pollution Prevention Act 45 of 1965	km ²	Square kilometre
Au	Gold	LTIFR	Lost time injury frequency rate
BEE	Black Economic Empowerment	LTi	Lost time injury
BASIC	Brazil, South Africa, India and China	LTM	Long Term Mitigation
BMR	Base metal refinery	MPRDA	Minerals and Petroleum Resources Development Act 28 of 2002
CD 4-T	Cluster of differentiation four lymphocytes	mg/m/day	Milligrams per metre per day
CEO	Chief Executive Officer	MWHr	Mega watts per hour
COO	Chief Operations Officer	N.A	Not Applicable
CO ₂	Carbon dioxide	N.D.A	No Data Available
CO ₂ e	Carbon dioxide equivalent	NEMAQA	National Environmental Management Air Quality Act 39 of 2004
COP	Code of Practice	NEMWA	National Environmental Management Waste Act 59 of 2008
dB	Decibels	NIHL	Noise-induced hearing loss
DMR	Department of Mineral Resources	m ³	Cubic metres
EMP	Environmental management programme	OEL	Occupational Exposure Limits
EMPRs	Environmental management programmes report	OHSAS	Occupational Health and Safety Standard
EPL	Eastern Platinum Limited	Oz	Ounce
EU	European Union	PGMs	Platinum group metals
FIFA	Federation Internationale de Football Association	PMR	Precious metal refinery
GBC	Global Business Coalition	PPE	Personal Protective Equipment
GHG	Greenhouse gases	REACH	Registration, Evaluation, Authorisation and Restriction of Chemical substances
GJ	Gigajoules	RC	Registration Certificate
GLC	Greater Lonmin community	RDO	Rock Drill Operators
GPSC	Group Personal Protective Equipment Steering Committee	SO ₂	Sulphur dioxide
GRI	Global Reporting Initiative	TEBA	The Employment Bureau of Africa
GSB	General waste small landfill with no significant leachate produced	TJ	Terajoules
HDSA	Historically disadvantaged South African	t/d	Tones per day
HIV/AIDS	Human immuno-deficiency virus/acquired immune deficiency syndrome	UK	United Kingdom
Hr	Hour	UNGC	United Nations Global Compact
ICMM	International Council on Mining and Metals	UN GHS	United Nations Global Harmonised System
IDP	Integrated development programme	US	United States
IFC	International Finance Corporation	VCT	Voluntary counselling and testing
ILO	International Labour Organisation	WHO	World Health Organisation
		\$	Dollar
		£	Great British Pound

APPENDIX 8: DEFINITIONS

In terms of the definitions of terminology for reporting purposes, we have taken into consideration the definitions as stipulated by the ICMM, GRI as well as national legislation.

Term	Definition
ABET level four	Entry level to the National Qualifications Framework. This is equivalent of Grade nine and training material covers mathematics, English and pre-rock breaking.
Absentee days lost	Number of days lost as a result of an employee being absent from work because of incapacity of any kind, not just as the result of work-related injury or disease. Permitted leave absences such as holidays, study, maternity/paternity, and compassionate leave are included, as well as employees absent without permission.
Absentee rate	Measure of actual absentee days lost as defined above, expressed as a percentage of total days scheduled to be worked by the workforce for the same period.
Anti-competitive behaviour	Actions of the Company and employees that may result in collusion with potential competitors to fix prices, coordinate bids, create market or output restrictions, impose geographic quotas, or allocate customers, suppliers, geographic areas, and product lines with the purpose of limiting the effects of market competition.
Anti-retroviral defaulter	This refers to a person who is on ART and who has missed treatment collection in the month.
Anti-retroviral treatment	Refers to drugs or medicine given to patients who are HIV positive and have CD4 cell counts of 350 cells/mm ³ and below.
Anti-trust and monopoly practices	Actions of the Company that may result in collusion to erect barriers to entry to the sector, unfair business practices, abuse of market position, cartels, anti-competitive mergers, price-fixing, and other collusive actions which prevent competition.
Area protected	Areas that are protected from any harm during operational activities, and the environment remains in its natural state with a healthy functioning ecosystem.
Area restored	Areas that were used during or affected by operational activities, and where remediation measures have either restored the environment to its natural state or to a state where it is a healthy and functioning ecosystem.
Areas of high biodiversity value	Areas not subject to legal protection but recognised for important biodiversity features by a number of governmental and non-governmental organisations. These include habitats that are a priority for conservation and which are often defined in National Biodiversity Strategies and Action Plans prepared under the Convention on Biological Diversity.
Basel Convention	The 'Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal' was drafted and adopted in 1989 and came into effect in 1992. The convention works to reduce the movement of hazardous wastes to ensure that wastes are disposed of as closely as possible to where they were produced and to minimise the generation of hazardous wastes in terms of quantity and level of hazard.
Bursar	A person who is studying at a tertiary education institution with financial support from the Company.
Child	This term applies to all persons under the age of 18 years.
CO ₂ -equivalent	Carbon dioxide equivalent which is the universal unit of measurement to indicate the global warming potential of each of the six greenhouse gases, expressed in terms of the global warming potential of one unit of carbon dioxide. It is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.
Coal consumption	Total weight of coal used for heating or the generation of energy (heat, electricity, steam, etc).
Collective bargaining agreements	Binding collective bargaining agreements include those signed by the Company itself or agreements by employer organisations of which it is a member. These agreements can be at the sector, national, regional, organisational, or workplace level.
Contractor	Any individual, company or other legal entity that carries out work, work-related activities, or performs services pursuant to a contract for service. This includes sub contractors working both permanent and part time.

APPENDIX 8: DEFINITIONS (continued)

Term	Definition
Corruption	Corruption is 'the abuse of entrusted power for private gain and can be instigated by individuals in the public or private sector. It is interpreted here to include such corrupt practices as bribery, fraud, extortion, collusion, conflict of interest, and money laundering. In this context, it includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the enterprise's business. This may include gifts other than money, such as free goods and holidays, or special personal services provided for the purpose of, or liable to result in, an improper advantage or that may result in moral pressure to receive such an advantage.
Cost of training inventions	The following interventions are included for all Company owned and managed operations, although salary expenditure is excluded: <ul style="list-style-type: none"> • Mining related training; • Process related training; • Formal study assistance; • Student assistance (bursary, scholarship, graduates and Interns); • ABET (and replacement costs); • Leadership programmes; • Engineering related training; • Safety, health and environmental training; and • Induction related training.
Days Lost	The calendar days that a person is not able to perform his or similar duty due to a work related injury.
Designated groups	A person, category of persons or communities, disadvantages by unfair discrimination before the Constitution of the Republic of South Africa Act 200 of 1993, came into operation. The definition of designated groups includes employees who are disabled, women, or employees classified as African, Asian or Coloured and who have South African citizenship status and who are based in South Africa.
Direct energy consumption	Direct energy consumption is the total forms of energy that enters the Company's operational boundaries and is consumed either by the Company within its boundaries, or it can be exported to another user. Direct energy can appear in either primary (e.g., natural gas for heating) or intermediate (e.g., electricity for lighting) forms. It can be purchased, extracted (e.g., coal, natural gas, oil), harvested (e.g., biomass energy), collected (e.g., solar, wind), or brought into the Company's boundaries by other means.
Direct greenhouse gas emissions	Emissions from sources that are owned or controlled by the Company.
Disabled employee	People who are employed by the Company who have a long-term or recurring physical or mental impairment which substantially limits their prospects of entry into, or advancement in, employment.
Disciplinary case	A formal enquiry aimed at correcting any breach of the Company's code for corrective action conducted in terms of the Company's Corrective Action Policy and Procedure.
Discretionary spend	Discretionary spend is the sum of all spend on capital, consumables and services excluding inter Company spend, spend on government, parastatals and municipalities imported technology and imported material that is not available locally.
Discrimination	The act and the result of treating a person unequally by imposing unequal burdens or denying benefits rather than treating the person fairly on the basis of individual merit. Discrimination can also include harassment, defined as a course of comments or actions that are unwelcome, or should reasonably be known to be unwelcome, to the person towards whom they are addressed.
Disease	Disease may be defined as a pathological process. The quality which identifies disease is some deviation from a biological norm. There is objectivity about disease which can be seen, touched, or measured by medical professionals.
Disease rates	Disease rates are expressed per 100,000 persons at work. The number of personnel at work is calculated based on hours worked.

APPENDIX 8: DEFINITIONS (continued)

Term	Definition
Dismissal	The termination of service of an employee following a disciplinary process for misconduct and/or negligence, or as a result of dismissal in absentia.
Dust fallout rate	Particulate matter with varying aerodynamic diameters and mass deposited due to rapid gravimetric fallout and reported as fallout in mg/m ² /day over a 30-day averaging period.
Electricity consumed	The quantum of energy used on site or in an operation for own consumption, purchased from external electricity suppliers. This excludes use of electricity by surrounding mining communities.
Electricity use efficiency	The amount of electricity utilised by the organisation in relation to the ounces of PGMs produced.
Employee	An individual who is, according to national law or practices, recognised as an employee of the Company.
Extra pulmonary tuberculosis	Extra pulmonary tuberculosis refers to the presence of mycobacterium tuberculosis bacteria in any other organ other than the pulmonary system and which is confirmed by a positive appropriate test for microscopy or culture for mycobacterium tuberculosis.
Extreme drug resistance tuberculosis	Extreme drug resistant tuberculosis is tuberculosis that is resistant to first and second line tuberculosis drugs.
Fanakalo	Zulu-based pidgin with English, Afrikaans and Xhosa components, especially associated with the mines of South Africa.
Fatality	A work related injury resulting in the death of an employee or contractor. These injuries are merely categorised as fatal for statistical analyses, but are counted as LTIs for statistical reporting purposes.
Fatality free shifts	A shift is one working period worked by an employee or contractor during a 24-hour period. The total of these shifts, without sustaining an injury of a fatal nature is known as fatality free shifts.
Forced or compulsory labour	All work and service which is exacted from any person under the menace of any penalty and for which the said person has not offered her/himself voluntarily. The most extreme examples are slave labour, prison labour, and bond labour, but debts can also be used as a means of maintaining workers in a state of forced labour. Withholding identity papers, requiring compulsory deposits or compelling workers, under threat of firing to work extra hours to which they have not previously agreed, are all examples of forced labour.
Foreign nationals	Persons employed by the Company who do not have South African citizenship.
Formal agreements	Written documents signed by both parties declaring a mutual intention to abide by what is contained in the documents. These can include, for example, local collective bargaining agreements as well as national and international framework agreements.
Formal committees	Formal committees refers to committees whose existence and function are integrated in the Company's organisational and authority structure, and that operate according to certain agreed, written rules.
Freedom of association	Workers and employers may establish and join organisations of their own choosing without the need for prior authorisation.
Fuel consumption	The quantum of fuel consumed on site derived from burning fuels or in an operation for own consumption.
Gas consumption	The quantum of natural or synthetic gas consumed on site or in an operation for own consumption.
General waste	Any waste that does not pose an immediate hazard or threat to health or to the environment, and includes: (a) domestic waste; (b) building and demolition waste; (c) business waste; and (d) inert waste; For the mining and metals sector this refers to site waste, e.g. office, canteen and camp waste, scrap steel, tyres, wood and building waste.

APPENDIX 8: DEFINITIONS (continued)

Term	Definition
Governance bodies	The committees or Boards responsible for the strategic guidance of the Company, the effective monitoring of management, and the accountability of management to the broader Company and its stakeholders. This refers to the Board and the Committees of the Board.
Greater Lonmin Community	Communities situated within a fifteen kilometre radius of our operations.
Greenhouse gas	Greenhouse gases comprise of the following, as outlined in the Kyoto Protocol to the United Nations Framework Convention to Climate Change (1998): <ul style="list-style-type: none"> • Carbon dioxide; • Methane; • Nitrous oxide; • Hydrofluorocarbons; • Perfluorocarbons; and • Sulphur hexafluoride; Means gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and remit infrared radiation.
Grievance	Any dissatisfaction or feeling of injustice an employee may have in connection with his employment situation that is brought to the attention of management. Where an employee lodges a grievance against another individual, group of employees, or the Company, a formal hearing will be conducted and recorded in terms of the Company's Corrective Action Policy and Procedure in order to resolve that grievance.
GSB- landfill	A landfill site classified based on a design to accept general waste only (G), is classed as a small landfill accepting between 25 and 150 tonnes maximum rate of deposition per day (S), with no significant leachate generated in terms of the site water balance (B-).
Hazardous waste	Any waste that contains organic or inorganic elements of compounds that may, owing to the inherent physical, chemical or toxicological characteristics of that waste, have a detrimental impact on health and the environment. For the mining and metals sector this refers to site waste e.g., waste oils, oily waste, spent cell lining, fluorescent tubes, batteries, medical waste, etc.
HDSA	Any person, category of persons or community, disadvantaged by unfair discrimination before the Constitution of the Republic of South Africa Act 200 of 1993 came into operation. The definition of HDSA includes employees who are disabled or employees classified as African, Asian or Coloured and who have South African citizenship status.
HDSA suppliers	This includes suppliers that are black owned (more than 50% BEE equity holding and management), Black Empowerment (more than 25% but not more than 50% BEE equity holding and management) and Black Influenced (not more than 25% BEE equity holding and management). Excludes white female owned companies.
HIV/AIDS peer educator	A HIV peer educator is an employee who voluntarily undergoes a five day training course on HIV/AIDS, with the aim being to empower him or her in order to influence change of behaviour amongst her peers through informal discussions of HIV/AIDS.
Hours worked	The total number of hours worked including overtime and training. Leave sickness and other absences should be excluded. A calculation will be done using the average number of people to work for that specific period in conjunction with shifts and a factor of 8.5 which is the industry norm.
Human rights	Generally recognised human rights are defined by the following five conventions and declarations: <ul style="list-style-type: none"> • United Nations Universal Declaration of Human Rights, 1948; • United Nations Convention: International Covenant on Civil and Political Rights, 1966; • United Nations Convention: International Covenant on Economic, social and cultural rights, 1966; • International Labour Organisation's declaration on Fundamental Principles and Rights at Work, 1998; and • Vienna declaration and Programme of Action, 1993.
Independent Non-executive Director	A Non-executive Director is a person who is not a full or part-time employee of the Company or holder of an executive office. All Non-executive Directors at the Company are regarded as independent by the Board as per the requirements of provision A.3.1 of the Combined Code.

APPENDIX 8: DEFINITIONS (continued)

Term	Definition
Indigenous people	Indigenous people are those whose social, cultural, political, and economic conditions distinguish them from other sections of the dominant national community, or who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonisation or the establishment of present state boundaries, and who irrespective of their legal status, retain some or all of their own social, economic, cultural and political institutions.
Indirect economic impact	An additional consequence of the direct impact of financial transactions and the flow of money between the Company and its stakeholders.
Indirect energy consumption	Indirect energy consumption is the total intermediate energy purchased and consumed from non-renewable and renewable energy sources including: <ul style="list-style-type: none"> • Electricity; • Heating and Cooling; • Steam; • Nuclear energy; • Other forms of imported energy; • Solar; • Wind; • Geothermal; • Hydro energy; • Biomass based intermediate energy; and • Hydrogen based intermediate energy.
Indirect greenhouse gas emissions	Emissions that are consequences of the activities of the Company but are generated at sources owned or controlled by another organisation. In the context of this indicator, indirect emissions do not include those generated from imported electricity, heat, or steam consumed by the reporting organisation (e.g., transport, packaging).
Intern	A person who has completed the theoretical part of a formal qualification and are currently completing the practical part to qualify for his/her degree/diploma or a student who has already completed his full qualification.
IUCN Red list species	An inventory of the global conservation status of plant and animal species developed by the International Union for the Conservation of Nature and Natural Resources.
Level four environmental incidents	Incidents which result in a high impact on the environment, where natural processes are totally disrupted for the duration of the activity, but resume functioning after the operation has been terminated with possible irreversible impacts-impact extends locally or regionally, beyond mine property.
Level three environmental incidents	Incidents which result in a moderate impact on the 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.
Literate and numerate	A person is functionally literate if he/she can engage in all those activities in which literacy is required for effective functioning of his/her group and community and also for enabling him or her to continue to use reading, writing and calculations. In the South African context, this refers to a person who has successfully completed the requirements of ABET level four.
Lobbying	Refers to efforts to persuade or influence persons holding political office, or candidates for such office, to sponsor policies, and/or to influence the development of legislation or political decisions.
Local	Individuals either born in or who have the legal right to reside indefinitely in the same geographic market as the operation. Local in the context of the Company refers to the greater Lonmin community.
LTI	A LTI is a work-related injury resulting in the injured being unable to attend / return to work to perform the full duties of his/her regular work, as per advice of a suitably qualified medical professional, on the next calendar day after the injury.
LTIFR	The total number of LTIs per million man hours worked.
Management level employees	Management level employees include all employees who are employed on D, E and F Paterson grading levels.

APPENDIX 8: DEFINITIONS (continued)

Term	Definition
Mentee	A person whose welfare and career are deliberately supported by the Company over a period of time.
Middle management employees	Middle management level employees include all employees who are employed on a D Paterson grading level.
Mintek	It is South Africa's national mineral research organisation, and is one of the world's leading technology organisations specialising in mineral processing extractive metallurgy and related areas.
Multi-drug resistant tuberculosis	Multi-drug resistant tuberculosis is tuberculosis that is resistant to two first line tuberculosis drugs.
Net turn over	Total number of employees recruited by the Company, less the total number of employees who have exited the Company, including those relating to resignations dismissals, death (not work related) and retirements in the reporting period.
NIHL	Hearing loss, obtained by averaging the results from pure tone audiogram in both ears at 0.5,1,2,3 and 4 kilohertz, is above 25 decibels.
Non-point source	Means a source of atmospheric emissions which cannot be identified as having emanated from a single identifiable source or fixed location.
Non-renewable materials	Resources that do not renew in short time periods, such as minerals, metals, oil, gas, coal, etc.
Occupational asthma	Occupational asthma is asthma caused by workplace exposure and not by factors outside of the workplace. Occupational asthma can occur in workers with or without prior asthma.
Occupational dermatitis	Non-infectious inflammation of the skin provoked by contact with an external chemical or substance, accompanied by itching, cracking, blistering & ulcerations.
Percentage procurement spend on HDSA suppliers	Percentage of the procurement budget which has been spent (based on payments made during the reporting period) on suppliers that are categorised as disadvantaged by unfair discrimination before the Constitution of the Republic of South Africa, 1993 came into operation. This includes suppliers that are black owned (more than 50% black economic empowerment equity holding and management), black empowerment (more than 25 % but not more than 50% black economic empowerment equity holding and management) and black influenced (not more than 25 % black economic empowerment equity holding and management). Excludes white owned companies.
Platinosis (Platinum Salt Sensitivity)	Allergy to complex halogenated salts of platinum is an acquired hyper-sensitivity to the complex salts of platinum which becomes manifest after a variable period of symptomless exposure. The clinical characteristics include one or more symptoms and signs of dermal, ocular and nasal allergy and/or asthma.
Pneumoconiosis	A medical diagnosis of parenchymal lung disease with compatible radiological findings related to exposures to any of the following substances: <ul style="list-style-type: none"> • Asbestos; • Cobalt; • Refractor Ceramic Fibres; • Silica; • Cristobalite; and • Other substances known to cause pneumoconiosis.
Point source	Means a single identifiable source and fixed location of atmospheric emissions.
Pulmonary tuberculosis	Pulmonary tuberculosis refers to tuberculosis of the respiratory organs of individuals, which is confirmed by positive sputa microscopy or culture for mycobacterium tuberculosis.
Recycling/reuse of water	The act of processing used water/wastewater through another cycle before discharge to final treatment and/or discharge to the environment. In general, there are three types of water recycling/re-use: (1) Wastewater recycled back in the same process or higher use of recycled water in the process cycle; (2) Wastewater recycled/re-used in a different process, but within the same facility; and (3) Wastewater re-used at another of the Company's facilities.

APPENDIX 8: DEFINITIONS (continued)

Term	Definition
Regular performance and career development review	Performance targets and review are based on criteria known to the employee and his/her superior. This review is undertaken with the knowledge of the employee at least once per year. It can include an evaluation by the employee's direct superior, peers, or a wider range of employees. The review may also involve personnel from the human resources department.
Renewable energy	Renewable energy is derived from natural processes that are replenished constantly. This includes electricity and heat generated from solar, wind, ocean, hydropower, biomass, geothermal resources, biofuels, and hydrogen derived from renewable resources.
Scope 1 greenhouse gas emissions	Company controlled and owned sources of emissions from direct energy sources.
Scope 2 greenhouse gas emissions	Company controlled and owned sources of emissions from indirect energy sources.
Scope 3 greenhouse gas emissions	Emissions arising from sources outsourced or contracted to a third party entity.
Security personnel	Individuals employed for the purposes of guarding property of the Company, crowd control, loss prevention, and escorting persons, goods, and valuables.
Senior management	Senior management level employees include all employees who are employed on an E and F Paterson grading level.
Severity rate	The total number of days lost due to the lost time injuries per million hours worked.
Significant incident	A significant incident is any incident which has actual or potential health, safety, environmental, quality or community consequences that are of a serious nature and have the possibility to cause actual or potential significant or reputational damage to the operation or to the Company. Classified as an actual or potential level four and five incident at the Company.
Six Sigma	Six Sigma is a disciplined, data-driven philosophy and methodology to manage process variations that cause defects and to systematically work towards managing variation to eliminate those defects. The objective of Six Sigma is to deliver world-class performance, reliability, and value to the end customer.
Sponsorship	A person who is offered financial assistance by the Company to enable the student to continue with studies either at secondary or tertiary level.
The IUCN protected area categories	The IUCN defines a protected area as 'an area of land and/or sea especially dedicated to the protection and maintenance of biological diversity, and of the natural and associated cultural resources, and managed through legal or other effective means'. IUCN categorises protected areas by management objective and has identified six distinct categories of protected areas.
Total energy consumption	Total direct energy consumption is the sum of the direct primary energy purchased and the direct primary energy produced, excluding the direct primary energy sold.
Total greenhouse gas emissions	Sum of direct and indirect emissions in tonnes of CO ₂ equivalent.
Transportation	The act of transferring resources and goods from one location to another (between suppliers, production plants, warehouses, and the customers), using different modes of transport, including passenger transportation (e.g., employee commuting and business travelling).
Tuberculosis	Tuberculosis refers to the presence of mycobacterium tuberculosis bacteria in the pulmonary system or any other organ and which is confirmed by a positive appropriate test for mycobacterium tuberculosis.
Turn over rate	Total turn over of employees as a percentage of the total average strength for the reporting period.
Water use efficiency	The amount of water utilised by the Company in relation to the ounces of PGMs produced.

APPENDIX 8: DEFINITIONS (continued)

Term	Definition
Wellness programme	This refers to the programmes whereby a patient who is HIV positive and not receiving ART, is being monitored on a six monthly basis and supplied with immune boosters.
Women at the mine	The total number of all women who are South African citizens and who work in the technical and non-technical fields, including all support functions.
Women in mining	The total number of all women who are South African citizens and who work in the Mining Division, Process Division, Technical Services Department and Capital and Engineering Department of the Company. It will however exclude those who work in support functions i.e. Finance, Human Capital (including Central Training and Housing and Hostels), Security and Medical Services.



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Lonmin Plc

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