

Sustainable Development Report
for the year ended 30 September 2017

Lonmin Plc

LONMIN

MAINTAINING MOMENTUM



Our 2017 Sustainable Development Report

MAINTAINING MOMENTUM

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Navigation



Assurance provided by KPMG: Reasonable (✓RA), Limited (✓LA)



Data impacted by the five-month strike across the platinum industry in 2014.



Comparative years in graphs

Lonmin at a Glance

Lonmin Plc (Lonmin, the Group or the Company) is a primary producer of Platinum Group Metals (PGMs).

These metals are essential for many industrial applications, especially catalytic converters for internal combustion, engine emissions, as well as their widespread use in jewellery. Saleable by-products produced from PGM mining include gold, copper, nickel and chrome.

Lonmin has a primary listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. The Company's operational head office in South Africa, moved from Johannesburg to Marikana with effect from 25 January 2018. The Company also has a registered office in London, United Kingdom.



- 32,544 people work at the Company
- 24,713 (76%) permanent employees and 7,831 (24%) contractors
- Women constitute 9.1% of permanent employees
- Platinum sales of 706,030 ounces in FY2017
- Shared business services offer administrative support to mining and process operations



Who we are

- Operations are based in the North West, Limpopo and Gauteng provinces of South Africa
- We continue with exploration at the Akanani Mining (Proprietary) Limited (Akanani) project to develop a viable operation
- Exploration in South Africa and internationally



Where we operate

LONMIN

Process operations

- Smelter, laboratory and a base metal refinery (BMR) at Marikana
- Six operational concentrators, one on care and maintenance at Marikana which is being converted to a bulk tailing retreatment plant, and one concentrator in Limpopo
- A bulk tailings treatment project is under construction
- Precious metal refinery (PMR) in Brakpan, Gauteng



Mining operations

- Our main operations are located at Marikana
- Our core operations consist of 11 shafts and inclines
- An additional mine at our Limpopo operations is under care and maintenance
- Post year-end: Lonmin acquired full control of Pandora by acquiring Anglo Platinum's 42.5% participation interest in the Pandora joint venture and the remaining 7.5% from Mvelaphanda Resources



Approach to Reporting

This Sustainable Development Report presents an overview of our Company, our approach to sustainable development, and the most material matters affecting Lonmin and its stakeholders.

The report is structured around chapters that present the context, significance, management approach and performance data for Lonmin's five material focus areas. Additional information on certain topics is available in various supplementary reports and in our comprehensive GRI¹ index.

Scope and boundary

This report covers the financial year from 1 October 2016 to 30 September 2017. It discusses information relating to Lonmin's subsidiaries: Western Platinum Limited (WPL), Eastern Platinum Limited (EPL), Messina Platinum Mines Limited (MPML), Akanani Mining (Proprietary) Limited (Akanani) and the Pandora joint venture. The report boundary includes the joint ventures and exploration activities over which the Company exercised management control during the financial year.

Where relevant information is provided that falls outside the financial year or outside the report boundary, this is disclosed accordingly. The preceding Sustainable Development Report covered the financial year to 30 September 2016.

Lonmin-specific terms and references

The following terms are used to refer to operations and geographic areas:

- *Marikana*: The mining and processing activities of WPL and EPL in the North West province
- *The precious metal refinery (PMR)*: The PMR owned by WPL, located in Brakpan, Gauteng
- *Limpopo operations*: The operations of MPML (wholly owned by WPL) as well as the Akanani activities, located in Limpopo

Significant changes to the Company

The closure of high-cost Generation 1 shafts continued as planned during 2017 in line with the re-organisation of the business announced in 2015. Newman shaft was closed during the second quarter of the financial year. The other Generation 1 shafts (Hossy, W1, E1, E2, E3 and Pandora) are managed as a coherent unit and some run by contractors, providing better flexibility to retain or stop them, depending on their profit contribution to the Company. E2 shaft was put on care and maintenance post year-end. Lonmin's Chief Operating Officer (COO) resigned with effect from 5 April 2017. The Chief Executive Officer (CEO) took over the role in addition to his duties as CEO from that date.

Towards the end of 2017 and post year-end, Lonmin's Operational Review focused on determining the best ways of preserving value for shareholders and safeguarding the long-term interests of employees and all key stakeholders. Post year-end, the potential transaction outcomes from the Operational Review have been superseded by the recommended offer from Sibanye-Stillwater to acquire Lonmin, which was announced on 14 December 2017. For further information: <https://www.lonmin.com/media-centre/news/press-releases>.

Units of measurement and comparative data

Monetary amounts reflected in this report are expressed in South African Rand (R) or, where indicated, US Dollars (US\$). The average cost of US\$1 during the financial year was R13.37 (2016: R14.77).

Intensity or efficiency ratios in the report are calculated on total production of 1,320,802 PGM ounces (PGMoz) (2016: 1,440,724 PGMoz), unless indicated otherwise.

Rectifications

The platinum supply review and PGM global demand data for 2016 has been restated by SFA (Oxford).

Core skills training data for 2016 has been restated to include first aid training.

The quantities of waste rock disposed to rock dumps for 2014 have been restated.

The quantities of recycled ferrous and non-ferrous scrap have been restated for 2013 to incorporate additional types of these scrap metals.

Assurance

Assurance on selected performance data disclosed in this report was provided by KPMG. This was performed according to the International Standard on Assurance Engagements (ISAE 3000) assurance standard and the International Council on Mining and Metals' (ICMM)² Sustainable Development Framework: Assurance Procedure as it relates to Subject Matters 1 to 4. Details of the scope of the assurance engagements, the data assured and the statements of assurance are provided on page 113 to 117.

Assurance provided by KPMG: Reasonable (✓RA)
Limited (✓LA)

¹ The GRI (formerly the Global Reporting Initiative) is a global reporting guideline that provides a framework for sustainable development reporting (www.globalreporting.org). Lonmin's GRI index is available online at <https://sd-report.lonmin.com/2017/download-manager/>

² The ICMM is an organisation of mining, minerals and metals companies and associations committed to driving social, economic and environmental progress in the industry (www.icmm.com).

Reporting suite and guidelines

This report is presented in accordance with the GRI's G4 core compliance and its Mining and Metals Sector Supplement. It is also informed by the principles of the ICMM, the ICMM reporting requirements and Lonmin's internally developed guidelines.

The criteria for preparation of the social key performance indicators (KPIs) is the Broad-Based Socio-Economic Empowerment Charter (BBSEEC) (2002) and related scorecard (2004) and the Amendment to the BBSEEC (2010) and related scorecard (2010).

This Sustainable Development Report should be read in conjunction with the Annual Report and Accounts 2017 and the online supplementary reports.

| <i>Annual Report and Accounts 2017</i> | <i>Sustainable Development Report 2017</i> | <i>Supplementary online reports</i> |
|---|--|--|
| Provides an overview of Lonmin's operating landscape, statutory financial statements for the Group and Company, and the independent auditor's reports. https://thevault.exchange/?get_group_doc=166/1518160987-lonmin-annual-reports-and-accounts-2017.pdf | Provides detailed disclosure on Lonmin's sustainable development policies, practices and performance. https://sd-report.lonmin.com/2017/ | Provides additional sustainability information on topics such as supply chain, stakeholder engagement, and our comprehensive GRI index. https://sd-report.lonmin.com/2017/download-manager/ |

Feedback and requests

Lonmin values feedback from stakeholders on our Sustainable Development Report in terms of our approach to reporting and how we address our material focus areas. For feedback or requests for more information on sustainable development, please contact:

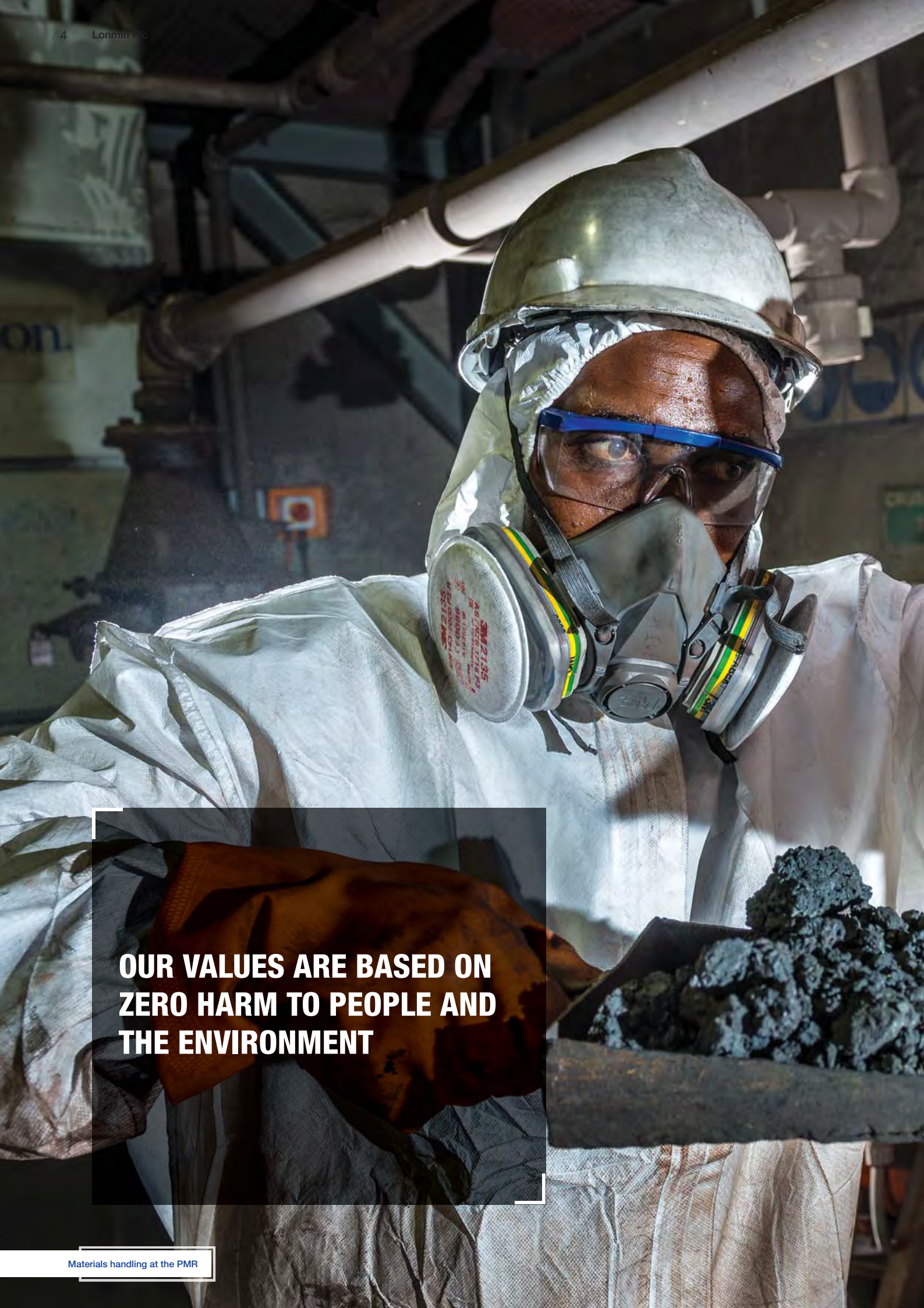
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**OUR VALUES ARE BASED ON
ZERO HARM TO PEOPLE AND
THE ENVIRONMENT**



01 /

- 6 Our Sustainability Approach
- 7 Material Focus Areas Overview
- 8 Our Sustainability Context

Our Sustainability Approach and Material Matters

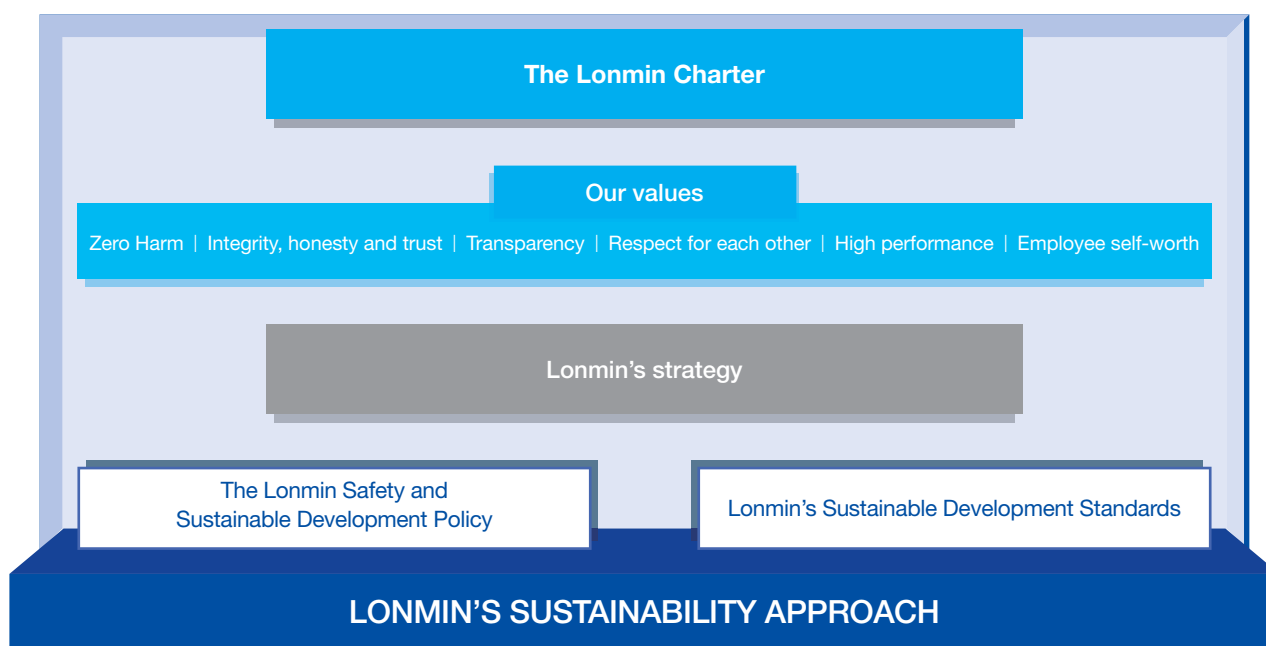
Our Sustainability Approach

Our approach to sustainability arises from our values, which are defined in the Lonmin Charter (page 123). Our values are based on Zero Harm to people and the environment, and we strive towards high performance across the business. The importance of sustainability matters is recognised in Lonmin's strategy. The Lonmin strategy has evolved since 2016, taking into consideration the adverse PGM pricing environment that continued and the cost pressures that remained. The strategy aims to preserve value for shareholders, and safeguard the long-term interests of employees and key stakeholders. The strategy remains focused on improving stakeholder relationships, improving efficiencies and our people. We emphasise our role as a responsible corporate citizen, respecting human rights (page 109) and the critical importance of a working and trusting relationship with employees, communities and regulators. Our commitment remains to Zero Harm.

Our values form the basis for the Lonmin Safety and Sustainable Development Policy (page 122), which details the Group's commitment to creating sustainable value for our stakeholders through ethical, and environmentally and socially

responsible practices. Lonmin complies with the ICMM Sustainable Development Framework, principles, applicable position statements and reporting requirements. The 15 Lonmin Sustainable Development Standards¹ align with the ICMM principles and position statements, and provide guidance for the practical implementation of the Lonmin Safety and Sustainable Development Policy. These standards are the cornerstones of the safety and environmental management systems in place at all business units.

Our approach to sustainability considers the United Nations Global Compact (UNGC) principles, relevant legislation, the Mine Health and Safety Council milestones, as well as the Social and Labour Plan commitments. While Lonmin is in the process of aligning its sustainable development agenda with the UN Sustainable Development Goals (SDGs), many of our activities aim to address the issues underlying these goals. Sustainability considerations are incorporated into Lonmin's Life of Business Plan, which spans in excess of 40 years, (excluding any future planned shafts) and details operational plans to mine and process the Company's mineral resources.



¹ See <https://sd-report.lonmin.com/2017/download-manager/> for the 15 Lonmin Sustainable Development Standards.

Material Focus Areas Overview

The content below provides an overview of Lonmin's material focus areas, outlining why each is deemed to be material. The section starting on page 30 (Reporting According to our Material Focus Areas) discusses how these focus areas were identified. The page references show where the management and performance of these matters are discussed in detail.

Employee relationships – page 40

South Africa's mining industry has a history of confrontational relationships with labour. Maintaining strong relationships with employees, contractors and unions is critical to execute our strategy as labour disputes affect production and threaten the sustainability of the Company.

Safety and health – page 54

Lonmin's ethical approach to doing business includes a commitment to Zero Harm to our employees and the contractors that work at our operations. Health and wellness are critical to improving quality of life, morale, productivity and safety performance. The safety and health of our workforce is a key concern shared by our regulators.

Community relationships and investment – page 64

Lonmin views its corporate social responsibility as a business imperative, and an investment in the future of local communities and the country. Strong and constructive relationships with the communities surrounding our operations create a predictable and stable operating environment.

Managing environmental impacts and opportunities – page 76

Mining and metals processing activities directly impact the environment and are resource intensive. Our strategic commitment to drive our initiatives to minimise our environmental footprint remain. Environmental responsibility is a key concern for the Company, regulators, shareholders and society at large.

Constructive engagement: government, regulatory and other stakeholders – page 94

Building strong relationships with external stakeholders is important to ensure that all the necessary steps are taken to secure a sustainable future and realise shared value for all. Mining is a highly regulated environment, and effective engagement with government and our regulators supports our ability to achieve our strategic goals.

Our Sustainability Context

A challenging operating environment

Mining companies in South Africa operate in a challenging operational and socio-political context as well as within difficult global markets, which has negatively impacted costs and production. In recent years, the industry has had to contend with rising wage demands, labour unrest, low labour productivity, above-inflation electricity and water price increases, community protests, and electricity supply disruptions. Continued low global commodity prices combined with rising costs have resulted in sustained pressure on industry margins and forced an increased focus on financial sustainability. Lonmin continued to be hamstrung by its capital structure and liquidity constraints.

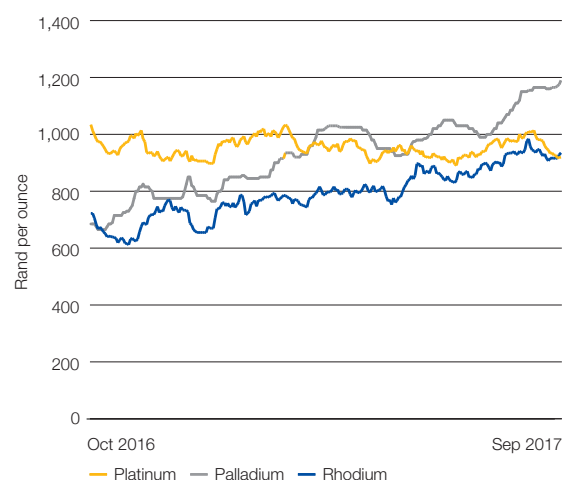
Despite these challenges, Lonmin retains many positives, including its relatively shallow mining assets, processing expertise and an integrated mine-to-market business. Platinum Group Metals (PGMs), Lonmin's primary products, continue to play a key role in reducing harmful emissions through their use in catalytic converters and other green technologies such as hydrogen fuel cells.

Volatile global commodity markets amid global political uncertainty

Sales and PGM prices

During the financial year, rhodium and palladium prices performed strongly, gaining 72% and 30% respectively. However, platinum underperformed with the price declining 11%, which resulted in palladium trading at a premium to platinum in September for the first time since 2001.

PGM prices (R/oz)



Global platinum output was essentially flat compared to 2016, while automotive, jewellery and industrial demand softened, leaving the market close to balance this year (excluding stockpiled resources).

Market outlook 2018

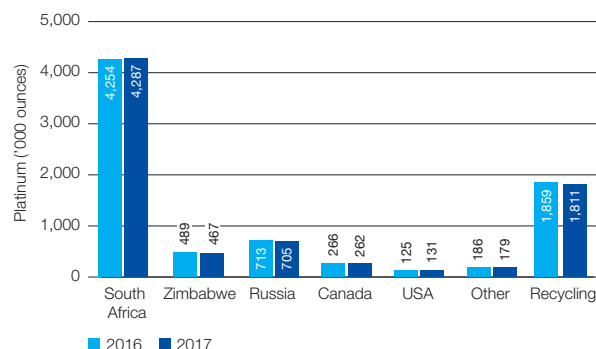
Cuts to production by South African producers in 2017 are expected to result in reduced platinum output next year, while demand is forecast to recover to 2016 levels, leaving the market in a deficit (excluding stockpiled resources).

Automotive demand is expected to be marginally lower as diesel's share continues to decline faster than growth in the vehicle sale market. Most automakers continue to develop new light duty diesel powertrains, recognising their role in meeting tough fleet greenhouse gas targets.

Global demand for jewellery is anticipated to improve as jewellery demand in China is expected to stabilise and growth continues in most other regions, especially India.

Industrial demand is set to grow again in 2018, as glass and petroleum demand cyclically rebounds, as well as demand from chemical catalysis.

Supply review¹



¹ Data reported in 2016 restated by SFA (Oxford).

A challenging political environment in South Africa

Local communities are critically important stakeholders in mining operations. The communities around our Marikana operations in the Bojanala Platinum¹ region have grown rapidly with the development of local physical and social infrastructure development not keeping pace. Increasing community unrest is linked to demands for delivery of basic services, employment opportunities, social infrastructure, procurement and business opportunities.

Protests at Lonmin's operations in May 2017 by unemployed youth from the surrounding community kept two shafts closed for 10 days, resulting in the loss of production. In June 2017, there was a march to the Johannesburg Stock Exchange (JSE) by hundreds of people from the Greater Local Mining Communities Business Forum. They demanded jobs and highlighted the socio-economic conditions of miners in the Bojanala Platinum region. Local community unrest has a direct impact on Lonmin's operations and its community infrastructure investments. Lonmin employees commuting to work were targeted during community protests in August 2017, and community-owned buses used to transport employees and school children were burned.

We acknowledge the pressing need for accelerated socio-economic development in our surrounding communities and are committed to contributing to viable solutions to community challenges. We engage with representatives of the various community stakeholder groups to understand their legitimate needs and expectations, and to ensure that our socio-economic development investment projects are effective in addressing the most significant community needs.

Details of the community projects, black economic empowerment (BEE) and preferential procurement transactions, which aim to align the interests of the Company and our local communities, can be found in the Community Relationships and Investment chapter on page 64.

A changing regulatory and policy environment

The South African mining industry is regulated by various laws, including the Mineral and Petroleum Resources Development Act, 2002 (MPRDA), which directly impact the Company's operating licence and prospecting and mining rights. The Reviewed Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter) released in June 2017 (Reviewed Mining Charter) contains several controversial provisions. These could impact the attractiveness of mineral assets in the country and are the subject of several legal challenges. We are collaborating with the Chamber of Mines on its engagements with the Department of Mineral Resources (DMR) in this regard.

Mining companies operating in South Africa face potential risks from regulatory developments such as changes to laws and policies regarding taxation, royalties, divestment, repatriation of capital and resource nationalism. Potential regulatory changes with the most significant financial impact on the Company include:

- The imposition of increased taxes or royalties
- The obligation to sell at discounted development prices
- The requirement to sell product locally, which could impact long-term supply agreements with existing customers
- The increase and reorganisation of BEE structures

Lonmin views government and regulators as key stakeholders in ensuring compliance with safety, health, environmental and social requirements. The Company remains committed to sustaining constructive relationships with them. The Company interacts with government and regulators through direct engagements and industry bodies to present a unified view with our peers.

More detail on how we interact with and respond to these key stakeholders can be found in the chapter on Constructive Engagement: Government, Regulatory and Other Stakeholders on page 94.

Growing stakeholder expectations and declining levels of trust in business and government

Many of the mining industry's key stakeholder groups have increasing expectations for the industry to play a role in addressing the broader socio-economic challenges facing the country. This is evident in the rising expectations of mining communities and local and national government. Expectations focus on areas such as job preservation, community infrastructure development and housing delivery, which are traditionally the responsibility of government. Labour relations remain challenging and are compounded by continuing rivalry between labour unions and federations.

At the same time, employees and mining communities face challenges to their health and wellbeing from diseases such as tuberculosis (TB) and HIV/Aids. The industry faces increasing natural resource competition and supply constraints, especially regarding water and energy/electricity, and growing societal demands.

In the context of these broader industry challenges, Lonmin faces a continuing reputation deficit following Marikana 2012², and perceptions regarding the nature of the Company's subsequent actions.

¹ District in the North West province.

² Marikana 2012 (referred to by Lonmin as "the week that changed our lives") refers to the week-long protest that took place in August 2012. (See page 53 for further details)

A large industrial ladle is shown pouring molten metal, creating a bright orange glow and sparks. A mechanical arm holds a piece of metal above the ladle. The scene is set in a factory with a corrugated metal roof and structural beams.

**OUR VALUE CHAIN INCLUDES
THE EXPLORATION, MINING,
REFINING AND MARKETING
OF PGMS**

The background of the entire page is a dark, industrial scene. It features a complex network of steel beams and structural supports, likely part of a large machine or a building under construction. In the lower right corner, a worker wearing a yellow hard hat and a green safety vest is visible, looking towards the left. The lighting is dramatic, with some areas illuminated by a warm, orange glow, possibly from a fire or a large light source, while the rest is in deep shadow.

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12 Our Business Model

14 Our Output

15 Financial Value and Cash Distribution

Corporate Profile

Our Business Model

Lonmin is one of only three integrated primary platinum producers globally with an enviable mine-to-market business.

Lonmin is a primary producer of Platinum Group Metals (PGMs) (platinum, palladium, rhodium, iridium, ruthenium and gold), which are principally used in the automotive and jewellery industries.

Our fundamental aim is to create long-term value for our shareholders as we move through the economic cycle.

The Company's business is based on exploration, mining, smelting and refining and marketing of PGMs.

Platinum is our principal product, and in a typical year is the source of 60-70% of our revenues and Palladium is our second biggest source of revenue. By-products from PGM mining include copper, nickel and chrome.

Our approach

We continue to seek ways to maximise value with new initiatives in the processing such as the smelter clean-up and the other precious metals plant, which have already resulted in the release of additional PGMs. Other projects underway, such as the bulk tailings treatment project, will improve PGM recovery rates and increase volumes of chrome production, and we are utilising our excess processing capacity by sourcing new toll treatment contracts.

While there will inevitably be short-term volatility in the prices of one or more of the PGMs, we believe that the long-term fundamental economics of these metals remain highly attractive. Our strategy is to preserve cash and be able to sustainably withstand current low price environment for the next few years.

How we deliver value

We create value from our existing operations through safe mining, vertical integration and harnessing our industry-leading expertise in processing UG2 ore.

Our strengths

Our mine-to-market business is endowed with good assets, which include:

- Shallow mining operations (average depth of 600 meters)
- Immediately available ore reserves (IAOR) of 19 months, which is above industry average
- Long-life mining resources with good grades (4.50 g/t) (4E)
- Total mineral reserves of 31.8 million and resources of 178.3 million (4E)
- UG2 ore generally of a higher grade than Merensky ore, with a greater width, making this ore more economic to extract, with a lower risk of dilution
- World-class processing and smelting operations and an industry leader in overcoming the mineralogical and metallurgical challenges of processing UG2 ore

Business process

Our resilient workforce, great mining assets, projects and leading processing technology combined make our successful mine-to-market business model.

Exploration

Securing prospecting and mining rights to areas which have PGM mineralisation. We hold rights to significant areas of the Bushveld Igneous Complex in South Africa, the world's largest deposit of PGMs and home to around 80% of the world's known platinum resources.

Mining

Developing these areas into resources and reserves and managing mining operations. With more than 40 years' experience in mining PGMs in South Africa, Lonmin has developed superior conventional mining methods and relevant process technologies.

Processing and refining

Developing industry leading processing and refining techniques.

We were the first in our industry to commercialise the separate treatment of UG2 ore and to use our know-how and technology to create value by putting our ore through the full, vertically integrated processing chain, producing high-purity refined metals for sale.

Marketing

By maintaining close relationships with key customers, we acquire market intelligence and an understanding of market trends.

Governance

We have created and maintain a robust internal control and reporting environment, with strong processes for risk identification and mitigation, implemented by a dynamic management team and overseen by an experienced Board of Directors.

Culture

Our values-based culture is exhibited through the way we work at Lonmin and the behaviour of all employees, managers, Directors and others helps to promote an ethical, responsible and fair approach to how we do business.

Relationships

We work hard at establishing relationships with a wide range of stakeholders from employees and their trade union, through communities and local government, suppliers, contractors, customers and other business counterparties, to national government in its many roles and the providers of our funding – lending banks and our shareholders.

Transformation

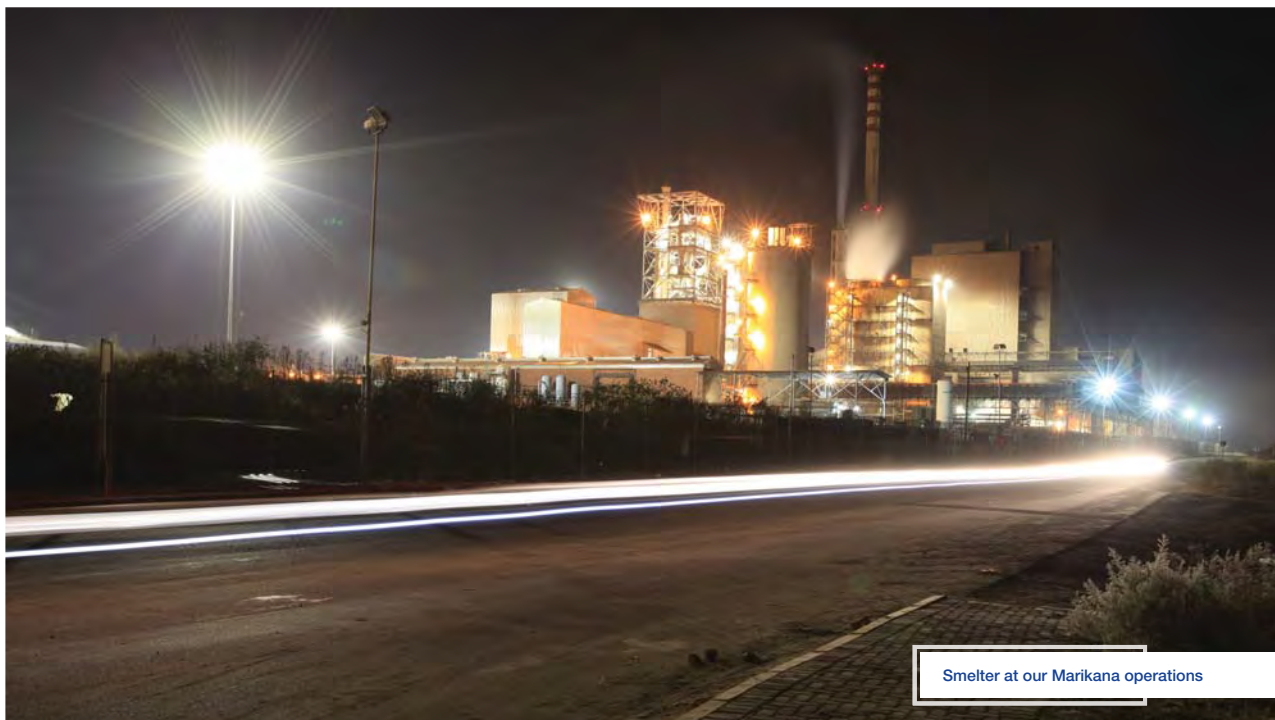
We embrace transformation as a business imperative. We endeavour to play our full part in addressing historic inequalities and creating the conditions in which current and future generations can succeed in creating a shared purpose.

Sustainability

We believe that there is only one way to sustain success – by taking all critical risks into account when we are planning ahead. Working safely, respecting those with whom we work and protecting the environment are all part of our core processes.

Creating value

People make the difference. In our employee relations we aim to develop and retain the best via our workplace relationships and the way we work, and to ensure as safe and stable a workplace environment as possible.



Smelter at our Marikana operations

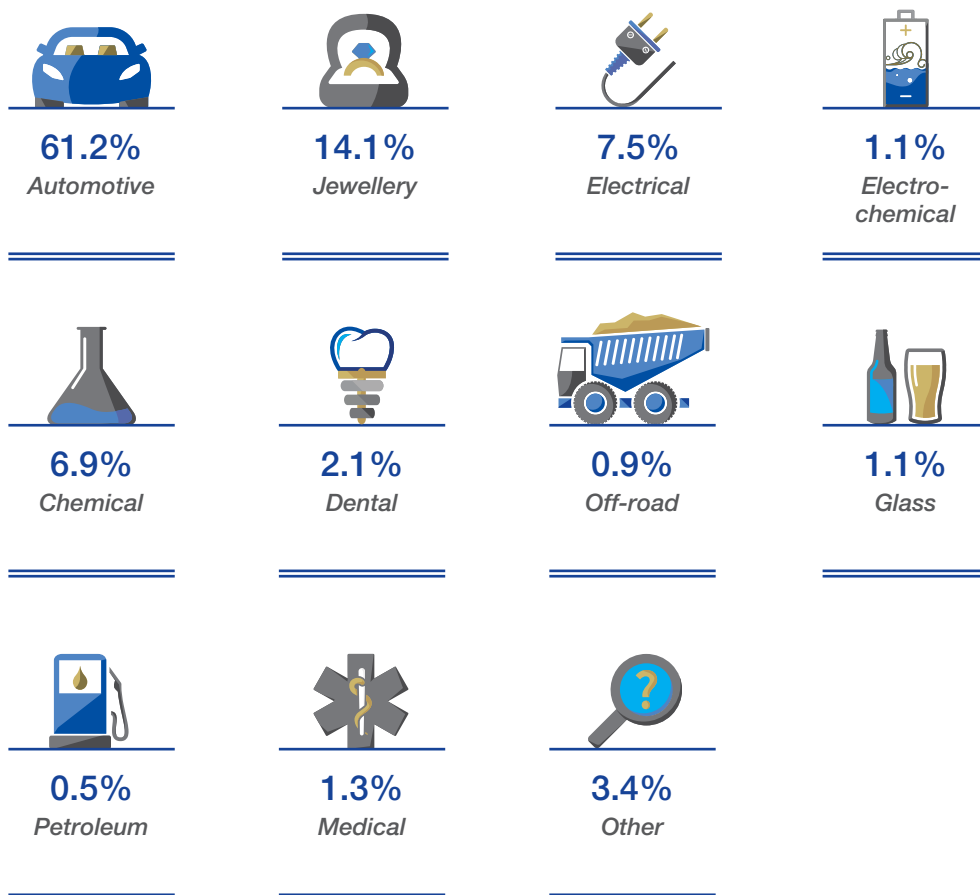
Our Output

PGMs are used in many industrial applications and the jewellery industry, and play important roles in reducing pollutants from the combustion of fuel through technologies like catalytic converters. Platinum is the principal product in the PGMs mined by Lonmin. The value of these durable precious metals derives from their robust catalytic and electrical properties, long life cycle and high recyclability. Autocatalytic

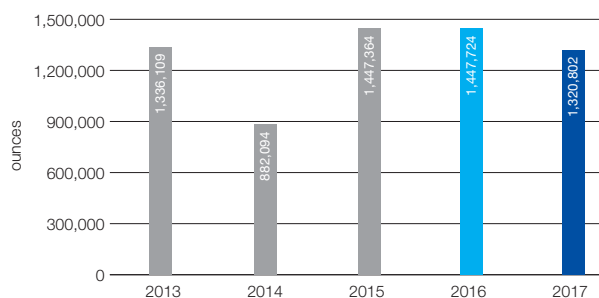
converters used in the average car contain between three and five grams of platinum.

Mining brings a range of socio-economic benefits, which include creating employment, socio-economic development investment, tax contributions, and helping to develop local and national economies.

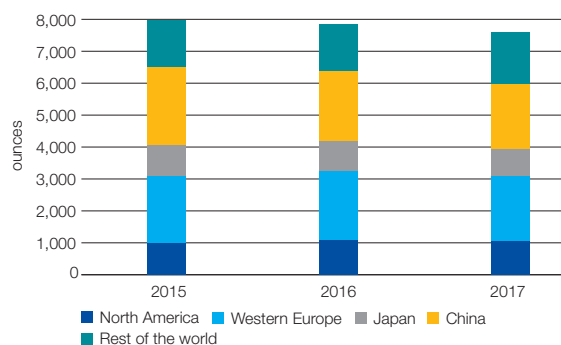
Global demand for PGMs¹



Lonmin's PGMs refined production



Global platinum demand by region



¹ SFA (Oxford) estimates. Data reported in 2016 restated by SFA (Oxford).

Financial Value and Cash Distribution

How we spend the cash we earn

We recognise that our business requires inputs from, and affects, a number of stakeholders. We see it as crucial that each stakeholder group feels that its relationship with Lonmin is positive, and that it achieves net gain, whether financial or otherwise. The analysis below shows how the US\$1,165 million of net cash earned in the financial year was distributed.

Shareholders received no dividend during the year, and none was recommended for 2017. In 2017 we met costs of 96 cents

for every US Dollar we earned, predominantly in South Africa and we kept 1 cent for future investment. Payments for community projects and donations amounted to 1 US cent per US Dollar earned and we spent 2 cents per US Dollar earned on interest and fees to the banks who lent to us. Further information on payments to communities is available on page 67.

Distribution of cash inclusive of other taxes

| Distribution area | 2017 US cents/US\$ |
|-----------------------------|-----------------------|
| Payments to employees | 53 |
| Payments to suppliers | 39 |
| Payments to/for communities | 1 |
| Payments to bank lenders | 2 |
| Government taxes | 4 |
| Cash reinvested | 1 |

Financial value added statement

Through business operations, shareholdings, investments, procurement contracts and development projects, Lonmin distributes financial value to a variety of stakeholders¹.

| | 2016 US\$ million | 2017 US\$ million |
|--|----------------------|----------------------|
| Net cash generated | | |
| <i>Customers, consumers and investment income</i> | | |
| Cash received for products | 1,114 | 1,159 |
| Cash returns on investment | 6 | 6 |
| <i>Suppliers²</i> | | |
| Cash payments for materials and services purchased | (460) | (460) |
| Cost of borrowings | (20) | (18) |
| Net cash flows | 640 | 687 |
| Cash distributed | | |
| Human capital (salaries and benefits) | (517) | (619) |
| Social capital ³ | (9) | (10) |
| Donations | (4) | (1) |
| Other community projects | (5) | (9) |
| Government taxes | (21) | (45) |
| Shareholders' distribution | – | – |
| Cash retained for growth | (93) | (13) |
| Net cash distributed | (640) | (687) |

¹ Prepared in US Dollars, which is the Group's reporting currency and aligns to its financial statements.

² Lonmin has a 30-day payment policy on services and procurement.

³ Includes expenses related to the Social and Labour Plan community projects, donations and other community investments, inclusive of salary and administration costs.

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17 Our Strategic Approach

20 Key Performance Indicators

Our Strategy

**A SUMMARY OF THE
CHANGING LANDSCAPE IN
WHICH WE OPERATE AND
HOW IT HAS SHAPED OUR
STRATEGY AND FINANCIAL
POSITION.**

Our Strategic Approach

Our strategy in the short to medium term is to continue to focus on operational performance and control costs while remaining cash neutral

Lonmin has experienced financial constraints for a number of years caused by a range of external factors such as a persistently low PGM pricing environment and the inflationary cost pressures of operating in the South African PGM mining industry, which have been further exacerbated by internal factors including operational, social and labour issues.

Since 2015, Lonmin's strategy has been to focus on factors within its control in order to maintain broadly flat unit costs and cash generation, with a particular focus on reducing fixed costs, removing high-cost production, reducing capital expenditure and continuing to improve relationships with key stakeholders. However, the adverse PGM pricing environment has continued to prevail and the inflationary cost pressures have remained, exacerbated by a strong R:US\$ exchange rate.

On completion of the rights issue in 2015, Lonmin had net cash of US\$69 million. It has managed to maintain this net debt-free position, with net cash of US\$103 million as at 30 September 2017 as a result of implementing its strategy. This includes the benefit of 31,682 platinum ounces released from the smelter clean-up.

Lonmin's actions were all part of seeking to build a sustainable business from the bottom up; driving efficiencies to obtain financial security for Lonmin, positioning for growth in the future, and safeguarding the welfare of our employees. Lonmin continued to be hamstrung by its capital structure and liquidity constraints, notwithstanding that Lonmin's gross cash since December 2015 and until September 2017 was around at least US\$200 million including the drawn term loan of US\$150 million.

On 15 May 2017, as part of its interim results for the period ended 31 March 2017, Lonmin announced that a material uncertainty in relation to the Group's ability to continue as a going concern had been identified. This was due to a non-cash impairment to the carrying value of the Lonmin Group's assets, and the possibility that a further impairment could result in Lonmin breaching its consolidated tangible net worth (TNW) financial covenants and thereby triggering the potential withdrawal of the Lonmin Group's debt facilities.

On 7 August 2017, Lonmin announced the initial conclusions of an ongoing operational review (the Operational Review) with the primary objective of preserving value for shareholders and safeguarding the long-term interests of employees and all key stakeholders.

On 6 October 2017, Lonmin announced that it had requested and obtained a pre-emptive waiver for its TNW financial covenants from its lenders until 30 March 2018 to provide sufficient time to reach a conclusion on its Operational Review.

On 3 November 2017, Lonmin announced that the publication of its audited financial statements for the financial year ended 30 September 2017 would be delayed pending potentially significant outcomes of the Operational Review. Lonmin noted that such outcomes (together with ongoing discussions with its existing and prospective lenders) could have a material bearing on the Lonmin Directors' assessment of the basis of preparation of the audited financial statements of Lonmin for the financial year ended 30 September 2017 as a going concern.

Post the 30 September 2017 year-end, the Operational Review was superseded by the recommended all share offer from Sibanye-Stillwater to acquire Lonmin, announced on 14 December 2017.

The Board of Lonmin has concluded that the acquisition of Lonmin by Sibanye-Stillwater represents a comprehensive and more certain solution to the challenges facing Lonmin than Lonmin could achieve by any alternative route. The Board of Lonmin believes that a combination of Sibanye-Stillwater and Lonmin creates a larger and more resilient company, with greater geographical and commodity diversification, that is better able to withstand short-term commodity price and foreign exchange volatility. The offer also allows Lonmin shareholders to participate in:

- The growth and value creation opportunities of the enlarged Sibanye-Stillwater group
- The benefits from the realisation of synergies from the combination of Sibanye-Stillwater and Lonmin
- Any long-term recovery in the fundamentals of the PGM sector

In addition, the Board of Lonmin believes that the offer delivers the best value for Lonmin shareholders.

During the offer period, our strategy continues to focus on operational performance in particular, and control of all costs remaining at least cash neutral and preserving cash.

Our people

The Company recognises the labour-intensive nature of our operations, and the important role that each of our employees plays in ensuring the achievement of our goals. To mitigate the impact of the challenging environment in which we operate, and its likely impact on employee motivation and engagement, the Company has continued to invest in initiatives to improve the effectiveness of its leaders' abilities to work effectively and motivate their employees.

Focus has also continued on initiatives to improve the general wellbeing of our employees, including housing and living conditions, financial and employees' wellness and assistance programmes. Employee development has been refocused on developing core skills and compliance-related requirements in line with revised budget and retention initiatives implemented for key skills and talent during this period. This will continue to receive attention in the future.

Our strategic approach (continued)

Safety

Lonmin views safety as a proxy for good performance and our commitment to Zero Harm aims to ensure that the necessary controls and procedures are in place to support the safety and health of our workforce and the environment.

Our strategy for safety is built around the belief that we can operate without accidents, and maintaining high safety standards is an integral part of demonstrating our commitment to Zero Harm. Our goal is for every person in the business to have a personal understanding of, and respect for, the importance of safety in the workplace through entrenching safety principles in the organisation and increasing visibility on safety matters.

Our Safety Strategy takes a proactive approach to safety management with a focus on injury prevention and aims to entrench an operational culture that positively influences safety behaviour. This is entrenched via three objectives:

- Fatality prevention
- Injury prevention
- A safe high-performance operational culture

Health

The services provided by Lonmin's Health Department under Lonmin's Safety, Health and Environmental Strategy provide comprehensive healthcare services and a continuum of care to improve the health status and quality of life of our employees and their families. Health services are available to employees, their dependants and community members through three clinics and a hospital at our Marikana operations, and a clinic each at the PMR and Limpopo operations.

Community members are treated on a fee-for-service basis. Community members are assisted in emergency situations through our emergency care programme. Community health issues are managed through the Community Development Department.

Union relations

Lonmin respects and supports our employees' rights to freedom of association and representation, as well as the right of every employee to be heard. Lonmin interacts with unions at different levels within the Company on an ongoing basis.

Engagement takes place through the various union structures and management interactions with union representatives, and critically directly with employees. Monthly and quarterly meetings are held to share information on Lonmin's performance and evolving situation. The Company also provides training to shop stewards on legislative matters, business skills and the requirements of their roles, responsibilities and obligations.

The Association of Mineworkers and Construction Union (AMCU) is the majority union, representing 81.9% of full-time employees as at 30 September 2017.

Black economic empowerment (BEE)

Our BEE equity ownership is at least 26% in line with the requirements of the Mining Charter.

Once-empowered-always-empowered principle

The Chamber of Mines and the Department of Mineral Resources (DMR) argued the applicability of the once-empowered-always-empowered principle by way of a court application in November 2017. Mining Charter review application is set down for February 2018.

The Mining Charter

The 2010 Mining Charter contained targets until 2014. An attempt by the DMR to implement the provisions of a new Mining Charter gazetted in 2017 was challenged on an urgent basis by the Chamber of Mines. This led to an unsuccessful attempt by the DMR to impose a moratorium on new mineral right applications and ultimately to the DMR agreeing not to impose the provisions of the Reviewed Mining Charter pending the outcome of the Mining Charter review. In the interim, the targets contained in the 2010 Mining Charter continue to apply.

Transformation

Lonmin embraces transformation as a business imperative and continues to make progress in this regard. We are committed to playing our part in addressing historic inequalities and creating conditions in which current and future generations can succeed in creating a shared purpose. The Mining Charter requires a focus on increasing the number of Historically Disadvantaged South Africans (HDSAs) in management and the number of women in mining.

Transformation is monitored and overseen at Board level by the Social, Ethics and Transformation Committee. Transformation considerations are incorporated into recruitment, succession, skills development and talent management functions to develop an internal pipeline of HDSAs, including women. Lonmin's bursary and graduate development programmes prioritise HDSAs in order to build the future supply of appropriate candidates. Targets relating to transformation are included in the corporate balanced scorecard that is used to measure performance for the incentive scheme.

Social Labour Plans (SLPs)

Our commitment to our people and stakeholders defines our duty to contribute to the wellbeing and development of the communities that host, and are affected by, our operations. This duty is formalised in the SLP obligations under the terms of our mining rights. Investing in the long-term social, economic and infrastructural development of our host communities translates into an investment in our current and future employee base, and ultimately is a direct investment in the sustainability of our operations themselves.

Stakeholder engagement

Our business begins and ends with relationships, and the quality of those relationships are central to our success and that of our stakeholders.

We have made significant progress in this area, having consolidated departmental structures under a Stakeholder Engagement and Regulatory Affairs Executive Vice-President; segmented and prioritised stakeholder groups and individuals; and formalised engagement policies and procedures for each group, allowing for consistent and constructive engagement to be monitored and tracked.

The objective of having a rigorous stakeholder engagement strategy and process is to:

- Ensure that there is sufficient buy-in for community projects
- Build a partnership model for community projects that ensures sustainability, ownership and exit strategies
- Align with government development goals
- Create jobs and support local business development to align and manage expectations
- Create shared value and purpose

Sustainability

Acknowledging all the social and labour challenges of the past, Lonmin strives to conduct its business in a sustainable, socially and environmentally responsible manner, openly and transparently going beyond compliance, to address the spirit of the Mining Charter.

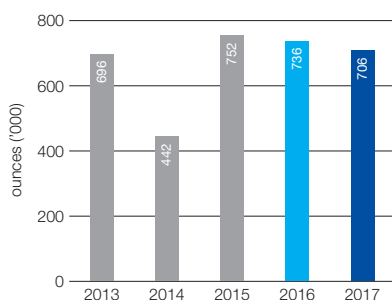
Key Performance Indicators (KPIs)

We use the following key performance indicators (KPIs) to measure our performance

Financial sustainability

Sales

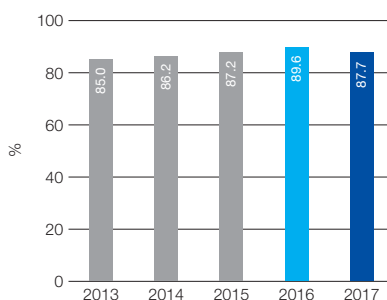
Platinum ounces sold (oz)



For more detail on (Market Review), see page 30 of the Annual Report and Account.

Processing recoveries

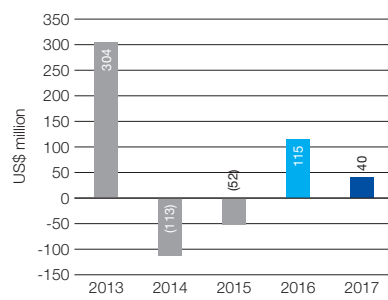
PGM instantaneous recovery rate (%)



For more detail on (Performance/Processing), see page 31 of the Annual Report and Account.

Operating profit before depreciation, amortisation and impairment (EBITDA)

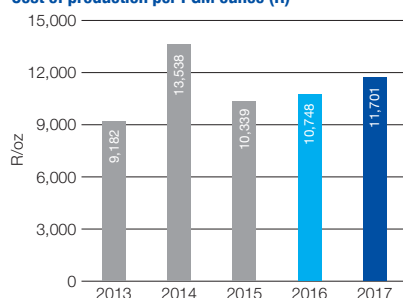
Before depreciation (US\$ million)



For more detail on (Performance/Finance), see page 31 of the Annual Report and Account.

Unit costs

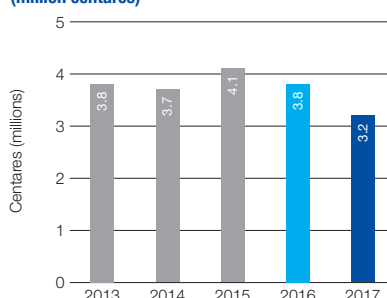
Cost of production per PGM ounce (R)



For more detail on (Performance/Finance), see page 30 of the Annual Report and Account.

Development

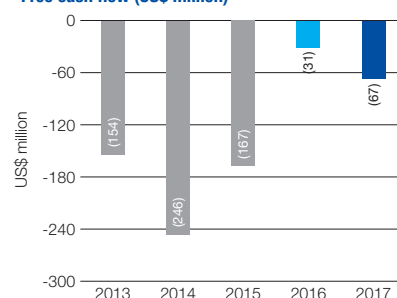
Immediately available ore reserves (million centares)



For more detail on (Performance/Mining), see page 30 of the Annual Report and Account.

Free cash flow

Free cash flow (US\$ million)



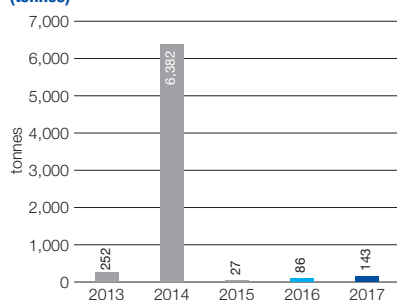
For more detail on (Performance/Finance), see page 31 of the Annual Report and Account.

Social sustainability

Employee relationships

Employee relations

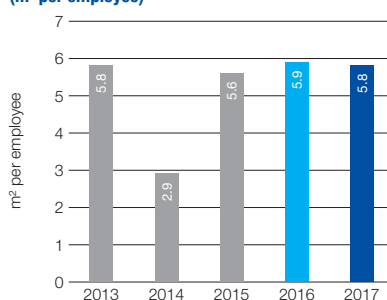
Tonnes of production missed due to disruptions (tonnes)



For more detail on (Performance/People), see page 43 and page 31 of the Annual Report and Account.

Productivity

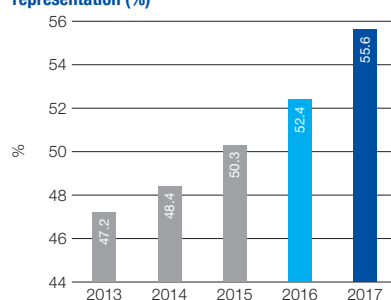
Generation 2 mining operations (m² per employee)



For more detail on (Performance/People), see page 30 of the Annual Report and Account.

Transformation

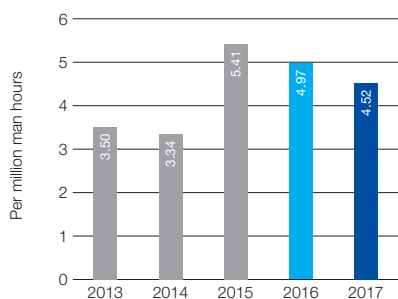
HDSA (including white women) management representation (%)



For more detail on (Performance/People), see page 47 and page 31 of the Annual Report and Account.

Safety and health

Lost-time injury frequency rate (LTIFR) LTIFR (per million man hours)

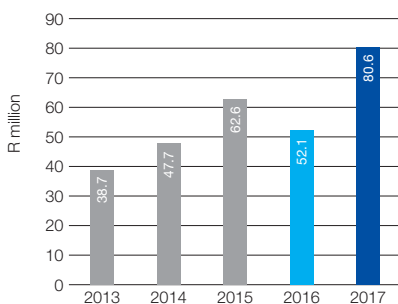


- Section 54 stoppages: **42**
- Voluntary counselling and testing (VCT) conducted: **23,820**
- Patients on anti-retroviral treatment: **4,843**

For more information on (safety and health), see pages 54 to 63 and page 30 of the Annual Report and Account.

Community relationships and investment

Social and Labour Plan (SLP) spend WPL and EPL SLP spend (R million)



- Procurement value through Bapo contracts: **R325.3 million**
- Community members who received portable skills training: **165**

For more information on (safety and health), see pages 54 to 63.



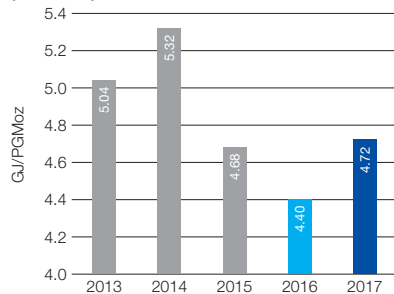
Thlapi Morue Primary School
in Wonderkop

Key performance indicators (KPIs) (continued)

Managing environmental impacts and opportunities

Energy efficiency

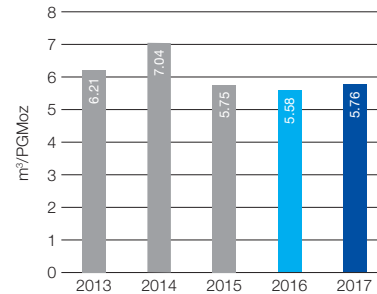
Energy consumption per ounce of PGMs produced (GJ/PGMoz)



For more detail on Performance/Our environment, see page 82 of the Annual Report and Account.

Freshwater efficiency¹

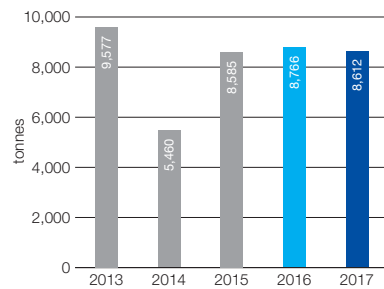
Water efficiency (m³/PGMoz)



For more detail on Performance/Our environment, see page 80.

General waste to landfill

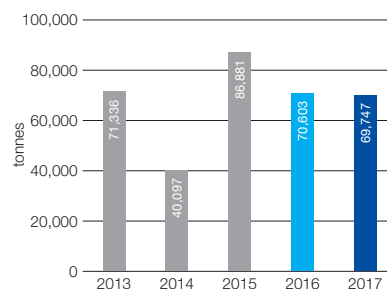
General waste to landfill (tonnes)



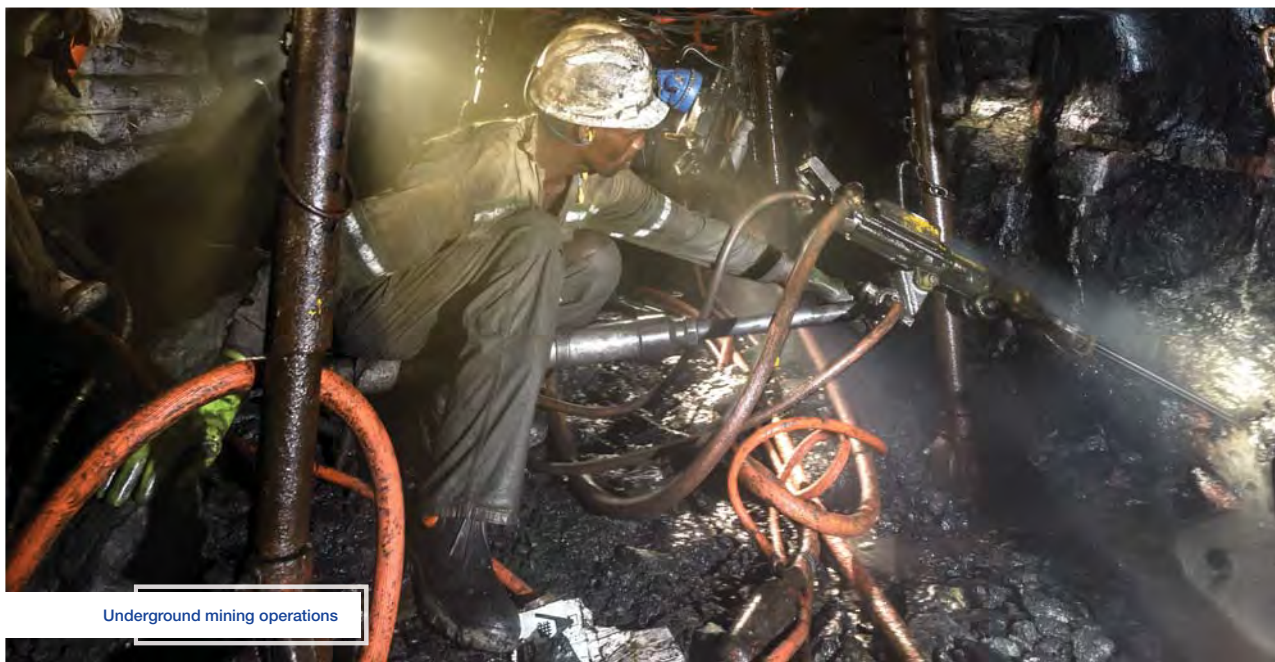
For more detail on Performance/Our environment, see page 89.

Hazardous waste to landfill

Hazardous waste to landfill (tonnes)



For more detail on Performance/Our environment, see page 89.



Underground mining operations

¹ Freshwater efficiency, indicating consumption of freshwater utilised for both potable and industrial use from Rand Water, Ekurhuleni Municipality, Limpopo Wellfields and Buffelspoort Dam per PGMoz produced (m³ per PGMoz).

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Leadership Overview

**OUR COMMITMENT
TO MEETING OUR
SUSTAINABILITY GOALS
REMAINS STEADFAST**

CEO Ben Magara engaging
with local stakeholders



We adopted a mantra of “safe, profitable, happy tonnes daily” which focused our teams on maintaining momentum across the business, and delivered an impressive turnaround performance in all areas.

Ben Magara
Chief Executive Officer

Letter from the Chief Executive Officer

The South African economy has faced another challenging year which has impacted our cost, production and sustainability performance. Continued low global Platinum Group Metals (PGMs) prices and rising costs have put pressure on industry margins. This, coupled with social and environmental pressures of rising wage demands, labour and community unrest and above-inflation utility price increases have continued to drive our focus on financial sustainability.

In response, our principal strategic focus for 2017 was to remain cash neutral to be able to effectively deal with the persistent low PGM pricing environment. I am pleased to report that, after a challenging first four months of the financial year, we succeeded in making progress in this tough operating environment. We achieved this by improving our production performance at key shafts and removing high-cost ounces, reducing capital expenditure to the minimum required for safe and efficient operations, and maintaining operational and strategic flexibility.

Following a disappointing first four months, we leveraged our relationship with the unions and the DMR inspectorate. Together we drove the message to our employees that improved, safe production is critical for the continued sustainability of the Company and the jobs it provides, which resulted in a step change in production at all shafts. A mantra of “safe, profitable, happy tonnes daily” was adopted, which focused our teams on maintaining momentum across the business, and delivered an impressive turnaround performance in all areas.

We are pleased with the operational performance of our mining operations over the remaining eight months. The Marikana mining operations (including Pandora) produced 10 million tonnes, flat on the 10.1 million tonnes of the prior year. This reflects a strong performance from our core Generation 2 shafts given the planned decrease in production from the Generation 1 shafts, in line with our strategy to reduce high-cost production in a low-price environment.

The Company announced the implementation of an ongoing review of operations on 7 August 2017. This was aimed at ensuring they generate sufficient cash to support a sustainable business, as we expect the low pricing environment to persist in the short to medium term. Post our 30 September year-end, the potential transaction outcomes from the Operational Review have been superseded by an all-share offer to acquire Lonmin from Sibanye-Stillwater.

Our lending banks gave Lonmin consent for the acquisition of the Pandora joint venture from Anglo American Platinum and Northam Platinum. This transaction enables us to unlock significant synergies, by allowing Lonmin to extend mining at its Saffy shaft without having to spend R2.6 billion of capital expenditure, of which R1.6 billion would have been required over the next four years.

Our employee relationships

The Company values the contribution made by all employees and contractors. We recognise that morale and retention remain under pressure as a result of the re-organisation and continuing cost constraints, which have limited salary increases and development opportunities.

In August 2017, to commemorate ‘the week that changed our lives’, Lonmin unveiled its proposed design for a Marikana Memorial Park and announced the occupation of its infill apartments. The Marikana Memorial Park project is in its early stages, and an independent company will consult all key stakeholders on their views to ensure full participation of the park.

We have made progress on our employee housing programme. We have completed the development of phases 1 and 2 of the infill apartments and, of the 493 apartments completed, 403 units are occupied by category 4 to 9 employees. A further 300 units are under construction (phase 3) and 447 units (phase 4) will commence as scheduled. Once the infill apartments are completed by December 2018, Lonmin’s full portfolio of units for rental to employees will comprise 5,006 units located in the Marikana and Mooi-nooi areas.

Safety and health

Our commitment to our employees and contractors goes beyond compliance. Our commitment to Zero Harm aims to ensure that the necessary controls and procedures are in place to support the safety and health of our workforce.

Regrettably, Messrs Joao Fernando Macamo, Giji Mxesibe, Letlhogonolo Ciciron Rakotsoane, Simon Joseph Sibitane and Mangi Bunga were fatally injured during the year. Our condolences go to their families and loved ones.

I am encouraged that our overall lost-time injury frequency rate (LTIFR) improved by 9%. I still firmly believe that Zero Harm is achievable, and Lonmin remains determined to improve our overall safety performance.

Health and wellness are critical factors in improving quality of life, morale, productivity and safety performance. We understand that the overall health and wellness of an employee rest on a range of factors, many of which arise outside the workplace. Our health and wellness programmes continue to promote the health and wellbeing of our employees and their families, contractors and the communities where we operate.

In 2017 the number of people participating in the anti-retroviral treatment (ART) programme increased by 8% due to the early start of treatment and there was a continual reduction in Aids-related deaths. The impact of Lonmin's HIV/Aids interventions undertaken in 2017 was projected to prevent 271 deaths and 39 ill-health disabilities and to save the Company R124.3 million in the year. Our tuberculosis (TB) cure and treatment completion rate exceeded out 2017 target. We remain focused on reducing our noise-induced hearing loss (NIHL), which is a significant occupational health risk at our operations.

Community relationships and investment

We are committed to contributing to the development of the communities that host our operations, and therefore view social spend as a business imperative and investment. In the year R99.9 million was spent on community development, and we met and in some cases exceeded our commitments to our host community, Bapo Ba Mogale, in terms of the 2014 black economic empowerment transaction. Governance within the Bapo entities that manage the contracts remains a work in progress. During 2017 the Board visited the Bapo leadership to gain first-hand insight into their progress and challenges.

We have received correspondence from the Department of Mineral and Resources (DMR) that highlights areas that have been identified as non-compliant and/or are behind scheduled implementation in terms of our Social and Labour Plan (SLP). We continue to engage with the DMR in an attempt to reach a constructive solution.

Environmental management

The Company's ISO 14001 environmental management system is well managed, and we maintained our certification through annual third-party verification across all operations. Five-year targets were set in 2012, and were achieved and exceeded for

waste management. Although improvements were realised, we did not achieve our targets related to freshwater intake, energy use per unit of production and greenhouse gas emissions.

Constructive engagement with stakeholders

Our business begins and ends with relationships, and the quality of those relationships is central to our success and that of our stakeholders. Constructive engagements with regulators and other government entities are essential for the sustainability of our business. To a large degree, Lonmin's priorities align with safety, community investment and commitment to the broader development goals of the South African government.

Governance

Managing the business in tough economic conditions requires focus on strategy, structure and risks. In order to achieve our production turnaround in the year, decisive action was required. This included senior management changes and a more level management structure. General managers now report directly to the Chief Executive Officer.

In line with our sustainability approach we continue to support legislation and initiatives that drive our sustainable development, including the United Nations Global Compact, the United Nations Sustainable Development Goals and the International Council for Mining and Metals.

Outlook

Despite the successful operational turnaround and positive results over the 2017 financial year, Lonmin is concerned about the persistent adverse macro-economic conditions and the inflationary cost pressures confronting the platinum mining industry in South Africa. We are planning on the basis that it will remain so for the foreseeable future.

We expect platinum sales for 2018 to be between 650,000 and 680,000 ounces even though the smelter clean-up will end. This will be replaced by the bulk tailings treatment project, which we expect to reach full production during 2018. We remain vigilant in our cost control and expect our overheads and support services structures to align with our sales profile. Unit costs will remain under pressure and are expected to be in the range of R12,000 to R12,500 per PGM ounce.

Capital expenditure will be maintained at the minimum level required for running our operations safely and efficiently. We will continue to focus on our aim of being cash neutral after capital expenditure. We continue with our strategy of minimising capital expenditure, but we are ensuring that the immediately available ore reserve position is maintained at the level necessary to support planned production at the Generation 2 shafts and minimise the near-term impact on production. As in previous years, capital expenditure is weighted towards the second half of the financial year.

Letter From the Chief Executive Officer (continued)

Conclusion

The actions we have taken are all part of maintaining at least a cash neutral business focusing on liquidity, and safeguarding the welfare of the majority of our employees, all of whom I must thank for their support and hard work. Notwithstanding this, Lonmin continues to be hamstrung by its capital structure and liquidity constraints. Our corporate strategy has resulted in the proposed combination with Sibanye-Stillwater, which will provide a stronger platform and allow our shareholders and our stakeholders to benefit from the long-term upside potential of an enlarged and geographically diversified precious metals group.



Ben Magara

Chief Executive Officer

Joint Chair Statement

Lonmin is committed to going beyond compliance in its vision for sustainable communities post the life of mine, despite the tough economic conditions that continue to plague our industry. This was another challenging year for the Company and we continue to review Lonmin's operation with the aim of preserving value for shareholders and safeguarding the long-term interests of employees and all key stakeholders. Our commitment to meeting our sustainability targets remains steadfast, notwithstanding the slower-than-anticipated progress.

A key objective of the Company is keeping Lonmin employees safe, and we remain committed to Zero Harm. With immense regret we report the loss of five colleagues during this reporting period, and we send our sincere condolences to the family and friends of Messrs Joao Fernando Macamo, Giji Mxesibe, Letlhogonolo Cicron Rakotsoane, Simon Joseph Sibitane and Mangi Bunga. We are determined to improve on this performance.

We are particularly proud of the progress we made with our employee housing programme. We officially launched our infill apartment project on 15 August 2017, celebrating the completion of the single-sex hostel conversion and building of the first two phases of the modern infill apartments. Completion is planned for December 2018. The Human Settlements Strategy and Implementation Plan was approved by the Board following extensive engagement with all affected parties to ensure that their needs and inputs were considered every step of the way. Phases 1 and 2 are complete, phase 3 will yield another 300 units, and ground works are underway for phase 4. We are looking at a revised strategy for employees who prefer home ownership, which depends heavily on partnership arrangements with government and the availability of funding.

The estimated cost of development is R410 million, which is part of the R500 million SLP commitment to be allocated by December 2018. Construction contracts were awarded to two local companies with 100% black ownership, and we estimate that circa 1,150 local jobs were created through this project.

We continue to invest in the upliftment of communities surrounding our operations, with particular focus on community health, education, skills development and social infrastructure.

In South Africa, there is growing frustration and community activism in many of our neighbouring communities, particularly among the unemployed youth. We were impacted by the slow pace of service delivery, reduced employment opportunities, and a rising cost of living, we faced a crisis of expectations during the period under review in terms of providing jobs, infrastructure, service delivery and procurement opportunities. Community protests affected our operations this year, particularly on the eastern side of the property. We are committed to playing our part in addressing unemployment.

Successfully addressing what is essentially a national problem will require a collaborative multi-stakeholder effort. Lonmin and the leadership of the DMR, the Madibeng municipality and the North West Premier's office, created formal structures to engage with various stakeholders to attend to the issues raised. The engagement process is ongoing.

Employee indebtedness at our South African operations is an ongoing concern. It affects employee wellbeing and raises stress-related health and safety risks. We continued to implement initiatives aimed at helping employees reduce their debt and better manage their financial affairs.

Lonmin embraces transformation as a business imperative and continues to make progress in this regard. We are committed to playing our part in addressing historic inequalities and creating an environment in which current and future generations can succeed in creating a shared purpose. The Mining Charter requires us to focus on increasing the number of Historically Disadvantaged South Africans in management and the number of women in mining.

Our health and wellbeing programmes continue to show good results, with an increased number of employees receiving anti-retroviral treatment, and a reduction in Aids-related deaths. Lonmin remains focused on improving controls to prevent noise-induced hearing loss, a continuing area of concern for the Company.

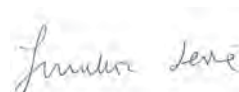
The Company continues to improve its environmental performance, and remains committed to meeting changing environmental requirements and regulations. Plans are in place to improve the efficient use of water, and Lonmin monitors developments regarding carbon tax legislation to ensure continued compliance.

In closing, we express our thanks to management, our colleagues on the Social, Ethics and Transformation and Safety, Health and Environment committees, and all employees for their work towards delivering on Lonmin's sustainability commitments. Social and economic sustainability provide the Company with its licence to operate. Working together with all stakeholders, particularly community leaders and government, in the spirit of true collaboration will help us build a positive legacy for our children and their children.

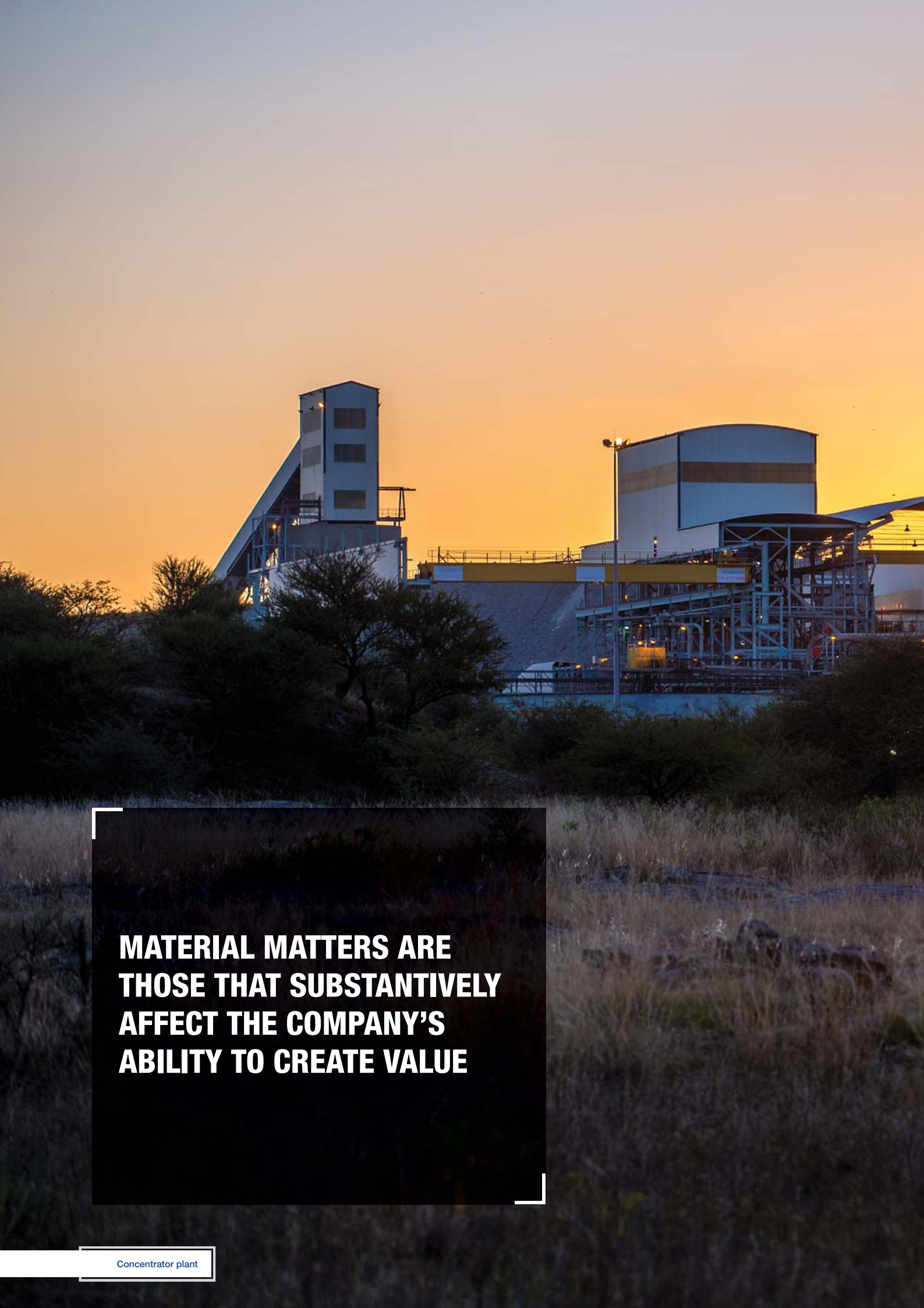
We encourage all stakeholders to read this report and to give honest feedback on our performance and our disclosure. Greater stakeholder accountability and engagement are critical in helping Lonmin deliver effectively on its sustainability goals.



Len Konar
Chairman of the
SET Committee



Jonathan Leslie
Chairman of the
SHE Committee

A large industrial concentrator plant is shown at sunset. The sky is a mix of orange and blue. The plant features several tall, white structures with blue accents and a complex network of metal scaffolding and walkways. In the foreground, there are dark, silhouetted bushes and trees. A large, dark rectangular box with white text is overlaid on the lower left portion of the image.

**MATERIAL MATTERS ARE
THOSE THAT SUBSTANTIVELY
AFFECT THE COMPANY'S
ABILITY TO CREATE VALUE**

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30 Materiality Determination Process

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Reporting According to Our Material Focus Areas

Materiality Determination Process

This Sustainable Development Report supplements Lonmin's Annual Report and Accounts 2017, providing more detail regarding the Company's most material sustainability matters. This section outlines how we determine material sustainability matters.

We define material matters as those that substantively affect the Company's ability to create value in the short, medium and long term, and considerably influence key stakeholder decisions.

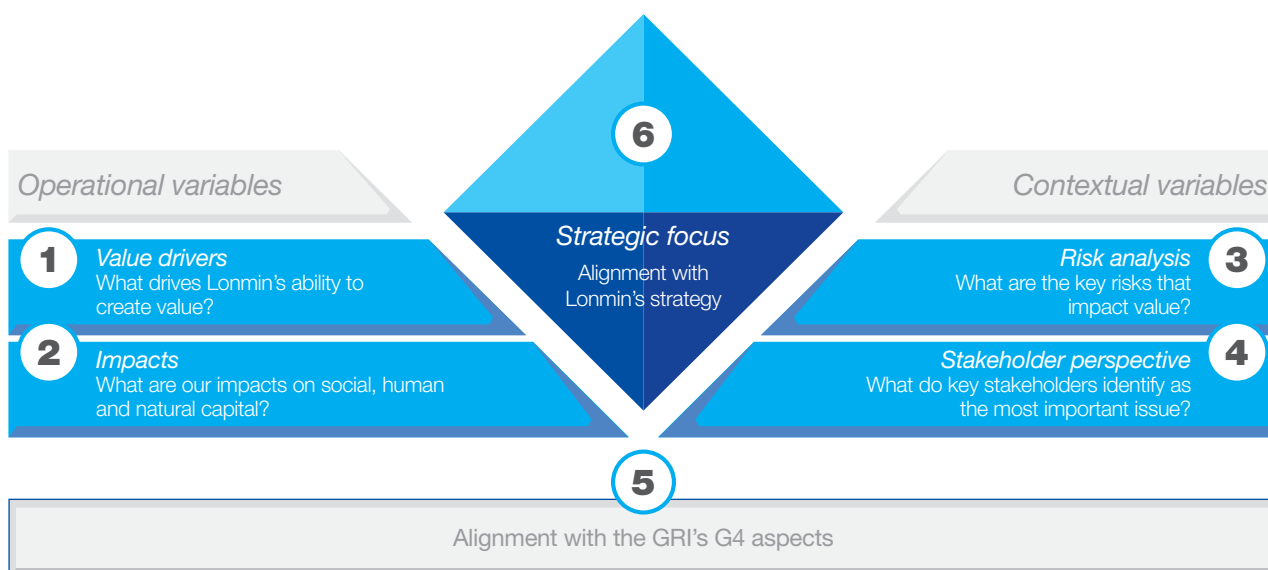
The process used to determine Lonmin's most material matters aligns with the approach to materiality recommended in the GRI's¹ G4 Sustainability Reporting Guidelines. It considers the guidance provided in the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework and the corporate reporting dialogue.

Six-step process

The process of determining material matters considers operational and contextual variables, drawing from an understanding of our value drivers, and the extent and nature of the Company's impacts on social, human and natural capital.

A materiality workshop was held in June 2017 that included senior executives and operational specialists. The process followed six steps:

1. We conducted a review of Lonmin's business model to identify the material value drivers in the business, including Lonmin's profit formula, value chain activities, and critical resources and relationships. This was followed by a
2. We identified the most significant impacts (positive and negative) of Lonmin's activities on social and relationship, human and natural capital, as well as an assessment of the areas where the Company can most effectively use its influence to effect positive change.
3. We assessed material matters against the key risks identified by the enterprise risk management process.
4. We discussed the topics that could most substantively influence the assessments and decisions of key stakeholders. This was informed by information gathered through desktop reviews, analysis of media coverage, online sources, a review of key matters raised by analysts and environmental non-governmental organisations (NGOs), internal conversations and consultation sessions. Further information on how we engaged with our key stakeholder groups and their main areas of concern is detailed in the online supplementary report at <https://sd-report.lonmin.com/2017/download-manager/>.
5. We reviewed the material topics identified against those of the GRI Sustainability Reporting Standards.
6. We assessed the implications of each material sustainability focus area against Lonmin's strategy.



¹ The GRI (formerly the Global Reporting Initiative) is a global reporting guideline that provides a framework for sustainable development reporting (www.globalreporting.org). Lonmin's GRI index is available online at <https://sd-report.lonmin.com/2017/download-manager/>.

The workshop led to five of the existing material focus areas being retained, with revisions made to certain material matters to better describe their content, as shown in the graphic below. These are summarised in the table on page 7 and discussed in more detail in other chapters of this report. Last year we discussed 'a challenging operating environment' as a material

focus area, which information is included in the current report as contextual information in the section on page 8 to better align with the recommendations of the International IIRC's <IR> Framework.

| <i>Material focus area 2016</i> | | <i>Material focus area 2017</i> |
|-------------------------------------|-----------|--|
| A challenging operating environment | Moved | Discussed in our sustainability context on page 8 |
| Employee relationships | Unchanged | Employee relationships |
| Safety and health | Unchanged | Safety and health |
| Social licence to operate | Renamed | Community relationships and investment |
| Environment | Renamed | Managing environmental impacts and opportunities |
| Relationships with government | Renamed | Constructive engagement: government, regulatory and other stakeholders |

Risk Analysis

Approach

Lonmin's integrated approach to risk management identifies, evaluates, manages and monitors the risks facing the business. The Board determines the Company's risk appetite, which is the aggregate amount of risk we actively seek or accept in pursuit of our long-term objectives. The Board decides the Company's business strategy and determines the risk tolerances, which is the maximum allowable variation of achieving specific performance measures linked to the business plan's objectives (key performance indicators (KPIs)).

The Audit and Risk Committee regularly reviews the effectiveness of the risk management process and the methodology used to evaluate and quantify the risks. 'Top-down' and 'bottom-up' risk reviews are carried out in each area of our business, involving the Executive Committee (Exco), and operational and middle managers respectively. All senior managers are responsible for managing and monitoring risks in their area of responsibility and recording these in the risk register.

Operational and functional risk registers feed into the principal risk register, which is updated on a three-month cycle and reviewed by Exco and the Board. The risk management process includes the organisational context, which requires an analysis and understanding of macro-economic factors, stakeholder analysis and organisational objectives. This process aims to ensure regulatory compliance and that all risks that could cause operational disruption are appropriately managed. We benchmark our risk profile against our industry peers twice a year.

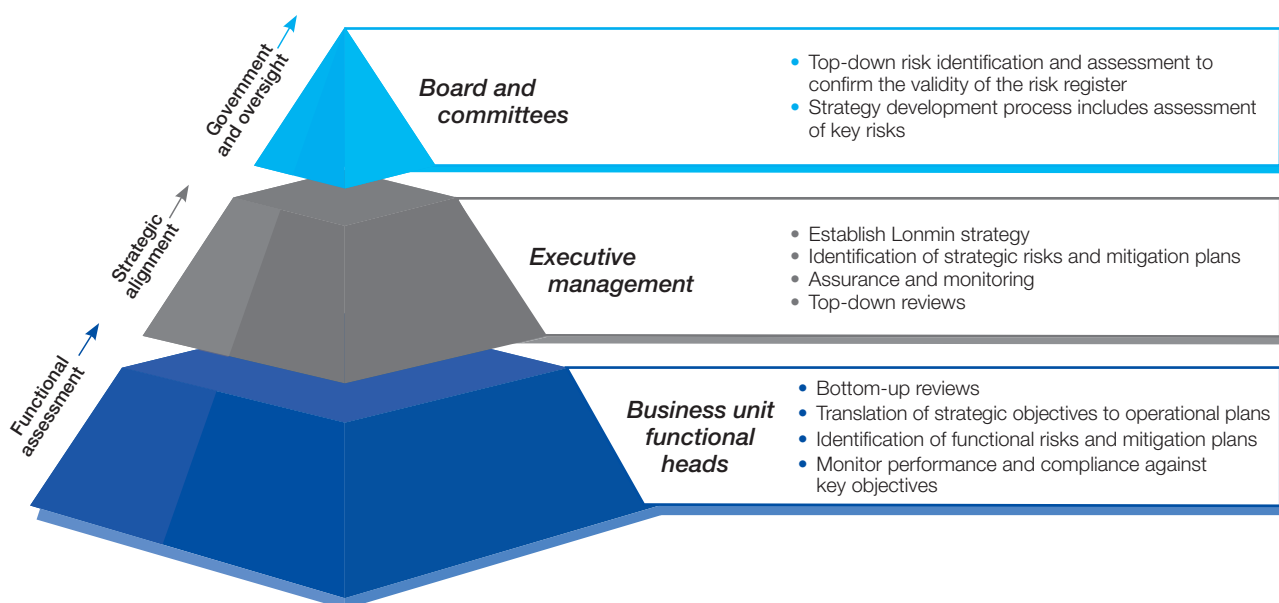
Risks are rated on a matrix scoring system based on probability of occurrence and potential consequences. As part of this, the root causes of each risk are identified; effectiveness of the existing controls is analysed; and the required mitigation measures are identified.

Risks are grouped with key business KPIs to enhance alignment with organisational strategy. The top risks and the associated mitigating controls are reviewed at least quarterly by

the Exco and the Board, and a summary dashboard providing a visual breakdown of key risks and mitigating strategies is reviewed at every Board meeting. We ensure that our regular risk reviews inform the internal audit process and the design of internal controls.

Risks related to sustainability, such as safety, labour and community relations, social development, transformation and environmental impacts, contribute a significant portion of Lonmin's risk profile. Each business area is responsible for managing safety and environmental impact mitigation and for monitoring the relevant action plans in place. Each of the business areas is supported by either a risk officer or an operational risk champion who coordinates all risk management activity in that business area and ensures that actions are implemented appropriately. Reviews of these risks and their associated management plans are conducted by the Safety, Health and Environment (SHE) and the Social, Ethics and Transformation (SET) Board committees, and the results are presented to the Board. This ensures that focus on these areas is maintained and that accountability is embedded at operational management level.

During 2017 our focus was on further developing the maturity and integrity of the risk management process through introducing the combined assurance framework, formalising regulatory compliance, rolling out the risk appetite and tolerance process, and applying various operational risk enhancements. A more rigid and proactive approach was introduced through a scenario planning analysis to improve the understanding of the impacts of the internal and external environment under which the Lonmin strategy will be executed. The risk management diagram below depicts how the risk management process applies across the Company. More detail on how we manage and mitigate risk is available on pages 22 to 29 of the Annual Report and Accounts 2017. The key risks relevant to each of the material focus areas, including a description of their impact, related opportunities and mitigation, are outlined on pages 34 to 38.



Principal risks

Lonmin's principal risks are ranked considering the magnitude of potential impact, probability, and taking into account the effectiveness of existing controls. The risks that relate most closely to sustainable development are discussed in this report (refer to the page numbers below) and the rest are addressed within the Annual Reports and Accounts 2017.

1. Failure to complete transaction with Sibanye-Stillwater (page 22 of Annual Report and Accounts)
2. Liquidity (page 11)
3. Price and market volatility (page 23 of Annual Report and Accounts)
4. Safety performance (page 35)
5. Operational execution (page 24 of Annual Report and Accounts)
6. Community relations (page 36)
7. Changes to the political, legal, social and economic environment, including resource nationalisation (page 37)
8. Employee and union relations (page 34)
9. Utilities (page 38)
10. Lack of geographical and product diversification
11. Loss of critical skills (page 34)

This list does not describe the full range of risks the Company faces. As the macro-economic environment changes and country and industry circumstances evolve, new risks may arise, existing risks may recede, or the rankings of these risks may change.



Reverse Osmosis Plant at the PMR



Employee skills development

Risk Analysis (continued)

Related sustainability risks

Employee relationships

Employee and union relations – Optimal relations can significantly enhance operational execution and improve employer-employee relationships, while a breakdown in relations could result in production stoppages as well as a breakdown of trust.

Description

The industrial relations environment has stabilised over the last 12 months as evidenced by the improved dialogue between unions and Company management. While the environment has remained stable, the potential for volatility remains, which could result in disruptions to operations and have a material adverse effect on the Company's financial position. A major concern is internal differences or rivalry within the Association of Mineworkers Construction Union (AMCU) resulting in infighting and lack of cohesiveness in leading their members and engagement with Lonmin management.

Impact

Various internal as well as external factors could influence the employee relations space and could lead to a breakdown of employer-union relations. A key contributor to this is current internal AMCU challenges that have a risk of being violent and could result in loss of life and potentially impact on production.

Opportunities and mitigation

- Structured engagement forums with unions across all levels e.g. Senior leadership and shaft forums
- Legally required Future Forum established
- Pertinent issues being discussed with organised labour at present are poor operational performance, future of the mine, absenteeism and sick leave abuse, over-complement labour and dealing with this, rental payments for infill apartments as well as rationalisation of union branch structures ahead of union leadership elections
- Engagement with AMCU at all levels, and with relevant authorities to enhance safety and security in the area
- As part of improving employer relations, the established relationship building programme and charter to govern relations between unions and the Company are also under review

Further reading

- Employee overview 42
- Valuing our employees 44
- Grievance procedures 46
- Skills development 46
- Employment equity and diversity 47
- Accommodation and living conditions 48
- Union relations 52
- Key stakeholders 96

Loss of critical skills

Description

The loss of critical skills remains a challenge for the Company. The uncertainties related to the Company's financing and sustainability remain, and these are amplified by the continued uncertainty in the mining sector. Under these conditions, the loss of key skills is a significant risk to the organisation.

Impact

The loss of critical skills in key positions could play a significant role in our ability to deliver against production and financial targets. In order to retain our skilled labour, we continuously review our remuneration packages and the incentive and retention schemes. This allows our pay structures to remain in line with the packages offered by our peers. An inherent risk of attracting and retaining employees of the required calibre is that it can result in increased costs.

Opportunities and mitigation

- Individual development plans, succession planning and retention strategies for scarce skills have been established as part of ensuring the development and retention of critical skills
- Ongoing monitoring of remuneration practices which matches Lonmin peers
- Retention programmes for key skills
- Categorisation of skills, establishment of promotional pools and career paths reviews to remain relevant to the organisation have been established
- Graduate development, mentorship programmes and internship programmes have also been established to ensure development of existing and future human resources capacity

Further reading

- Employee overview 42
- Skills development 46
- Employment equity and diversity 47

Safety and health

Safety performance – A poor safety performance can result in loss of life and serious injury to our employees. It can also negatively impact production, affect costs, cause reputational damage and result in unfavourable regulatory intervention

Description

Safety incidents can cause loss of life and injuries to employees. Work stoppages and Section 54 stoppages will impact the Company's ability to achieve production and financial targets.

Impact

A failure in safety processes could result in injury or loss of life, which would have tragic implications for employees, their families and communities. It would also severely disrupt operations and could result in safety stoppages, which have a direct impact on our people, cost and reputation. The failures in safety procedures may be caused by employees or poor management practices. Work stoppages and Section 54 stoppages have an impact on the working rhythm, cost, production at the operations and could result in suspension of Lonmin's operating licence.

Opportunities and mitigation

- Focus by the operations on leading indicators that trigger risk awareness and proactive action
- Lonmin life rule monitoring and safety KPIs established per mine manager
- Management interaction with the workforce through Visible Felt Leadership
- Operational Steering Committee (OPSCO) weekly engagement of overall organisation-wide safety performance
- Enforcement of contractor safety management protocols
- Behaviour-based intervention focusing on employee behaviour
- Implementation of Incident Cause Analysis Method findings post investigation
- Ongoing cross-site and compliance audits that measure the safety maturity of each operational business unit and learnings are shared across operations
- General manager safety-led improvement plans implemented with an enhanced focus on accident analysis and proactive preventive measures

Further reading

- Safety at Lonmin 56

Noise and noise-induced hearing loss¹ (NIHL)

Description

Noise is a significant risk in the mining industry and is a material risk to Lonmin employees and contractors.

Impact

Failure to implement effective controls in areas of high noise can lead to permanent hearing loss and diminished quality of life for employees and contractors. Loss of hearing can arise from a range of factors in addition to occupational noise exposure, and it is important that our occupational hygiene programme is effective at discerning the cause of hearing loss. As a focus area for the mining industry and the DMR, failure to manage NIHL effectively could lead to reputational damage and loss of our mining licence.

Opportunities and mitigation

A hearing conservation programme is in place to address noise levels in work areas, provide training, and increase awareness about NIHL and the importance of wearing hearing protection equipment. New equipment or machinery bought limits noise intensity to below 110dB(A). Personal protective equipment (PPE), specifically hearing protection devices, are investigated to ensure that Lonmin uses only the most effective products to reduce exposure to noise levels of above 85dB(A).

Further reading

- Health and wellbeing 58

Disease profile with high incidence of tuberculosis and HIV/Aids¹

Description

Tuberculosis (TB) and HIV/Aids are debilitating diseases and are key focus areas for Lonmin, the DMR and Department of Health. At Lonmin, HIV/Aids-related diseases remain the biggest cause of in-service deaths. A further concern relates to employees defaulting on treatment and the high incidence of TB.

Impact

The treatments for TB and HIV/Aids are effective, particularly with early initiation of treatment. Failure to manage patients with these diseases decreases their survival rates and quality of life. It is important that Lonmin contributes to addressing these diseases in support of the DMR and Department of Health. Ill-health impacts workforce productivity and absenteeism.

Opportunities and mitigation

Lonmin's wellness programme aims to address the physical and emotional effects of TB and HIV/Aids. Employees and contractors have access to voluntary HIV/Aids counselling and testing (HCT), and regular initiatives aim to raise awareness about these diseases. We supply anti-retroviral treatment (ART) to HIV-positive employees and support volunteers active in surrounding communities who conduct home counselling and testing, and perform TB contact tracing.

Further reading

- Health and wellbeing 58

¹ These risks are not part of Lonmin's strategic risks, but in the context of health, they are important to note.

Risk Analysis (continued)

Community relationships and investment

Community relations – A sound relationship with surrounding communities will enhance relations and organisational reputation, while a failure to do so could result in disruption of operations or community unrest

Description

There may be occasions where expectations by a host community cannot be met and may result in conflict and unrest. The relationship with host communities is particularly vulnerable due to differences in the leadership structures of the stakeholders with whom the mine engages. This results in different splinter groups engaging the mine with different and unrealistic expectations.

Impact

This might result in failure to deliver Social and Labour Plan (SLP) commitments, which impact the Company's licence to operate and may trigger protests or cause corporate reputational damage. Lonmin acknowledges the important role of communities as a critical stakeholder and has implemented various engagement platforms and development initiatives to ensure appropriate upliftment. Procurement and employment have become focus areas as communities view them as opportunities to improve their livelihood through improved income. Lonmin has identified this need, and has introduced procurement and employment opportunities for the communities.

Opportunities and mitigation

- Revised SLP implementation plans have been shared with the DMR. The regulator has been engaged regarding the backlog in the commitments that will not be delivered as per originally agreed time frames
- A structured process for employment opportunities was made available to surrounding communities
- Continuous engagement of municipal leadership and capacitation (support on technical matters related to SLP)
- Community ward councillors (Bapo and non-Bapo) engagements
- Community value proposition being rolled out to address infrastructure requirements and education requirements
- Implementation of revised project risk management process which incorporates stakeholder requirements
- Greater consultation with stakeholders which includes upliftment measures being initiated. This approach will increase community ownership of both the challenges facing communities and the solutions provided as part of the SLP implementation plan

Further reading

- Community relations and engagement 66
- Transformation through enterprise development and procurement 72
- Respecting human rights 110

Changes to the political, legal, social and economic environment, including resource nationalism

Description

The Company is subject to the risks associated with conducting business in South Africa including, but not limited to, changes to the country's laws and policies regarding taxation, royalties, divestment, repatriation of capital and resource nationalism. The latter is a broad term that describes the situation where a government attempts to assert increased authority, control and ownership over the natural resources located in its jurisdiction.

The Mineral and Petroleum Resources Development Act (MPRDA) Amendment Bill is currently anticipated to be published in the first half of 2018. Beneficiation is a major consideration as it is likely that the Minister of the DMR will be granted discretion to declare certain minerals as strategic, to determine the percentage of strategic minerals that are to be made available locally, determine the developmental price at which strategic minerals are to be sold, and determine the conditions applicable to export permits. In addition, the Davis Commission continues to look at the current tax regime with a view to determining whether additional taxes, including a carbon tax, should be imposed on mining companies. The mining industry is also awaiting clarity of the interpretation of the applicability of the once-empowered-always-empowered (OEAE) principle which was argued before the High Court in November 2017 and where judgment is awaited. Finally, a High Court review application will be heard in February 2018 to consider the contents and applicability of Charter III. Pressure remains on the DMR to demonstrate that it is taking action to monitor compliance with undertakings made in the SLPs submitted by mining companies. Lonmin received a Section 93 notice in respect of its SLP obligations and continues to negotiate with the DMR in an attempt to reach a constructive solution. In addition, the Department of Trade and Industry is attempting to legislate a policy of creating black industrialists.

Impact

The ongoing disputes in respect of the applicability of Mining Charter III and the pending introduction of an amended MPRDA have created policy uncertainty, leading to a significant decline in investor appetite for South African investment. The amended MPRDA may lead to additional taxes and sale of metals at discounted developmental prices. The obligation to sell locally could impact long-term supply agreements with our customers. The implications of a judgement in favour of the DMR in relation to Mining Charter III include the imposition of additional royalties based on revenue streams; increased equity empowerment, procurement and employment equity levels; the writing off of loans owed by black economic empowerment (BEE) investors in the event that they are not repaid via dividends received from the relevant mining company; 1% of turnover being payable to BEE shareholders; participation of BEE shareholders in the trading and marketing of the proportionate share of production they will be entitled to; and BEE-owned companies being granted a right to match any sale of mining assets.

Managing environmental impacts and opportunities

Changes to the political, legal, social and economic environment, including resource nationalism (continued)

Opportunities and mitigation

- The declaratory order application brought by the Chamber of Mines on behalf of the industry to determine the validity of the OEAE principle in respect of which judgement is awaited
- The review application being brought in February 2018 to determine the reasonableness, legality and applicability of Charter III
- Chamber communications strategy to make the public aware of the implications of Charter III
- Appropriate governance structures in the form of executive and Board committees have been established to ensure ongoing reporting of progress against agreed SLP targets.

Further reading

- Transformation through enterprise development and procurement 72
- Key stakeholders 96
- Primary regulations 103
- Respecting human rights 110

Increasing environmental regulatory requirements, legislation and amendments¹

Description

Increasing environmental legislation for mining and processing activities requires financial resources, and careful understanding and implementation of appropriate measures to ensure compliance.

Impact

Pending environmental regulations, such as the carbon tax, will have direct and indirect financial impacts on the Company. Even where other legislation may not have a direct financial impact, ensuring compliance with the increasing range of regulatory requirements, legislation and amendments is increasingly time consuming, complex and costly. Financial penalties and reputational risks are associated with non-compliance with legislative requirements.

Opportunities and mitigation

Proactive management of our environmental obligations builds our relationships with communities and regulators, and helps us to retain our legal and social licences to operate.

Our environmental requirements are implemented across the operations through the certified ISO 14001 Environmental Management System (EMS). Our overall environmental performance is regularly monitored and verified through a range of internal and external audits.

In 2017 Lonmin commissioned an external audit of the Company's environmental legal compliance to get an independent opinion on compliance.

Further reading

- Accountability and governance 76
- Environmental compliance 78
- Climate change 85
- Waste management 88

¹ This is not part of Lonmin's principal risks, but is important in the context of our environmental management.

Risk Analysis (continued)

Managing environmental impacts and opportunities (continued)

Utilities – Access to secure energy and water as well as the optimal use of the input resources are critical for mining operations

Description

The higher-than-inflation tariff-based increases in electricity and water are set to continue. Efforts are continuing to improve efficiency of the use of these utilities to ensure that costs are contained as best as possible year-on-year. A stable electricity environment, in terms of pricing, is critical in ensuring long-term sustainability. The deteriorating financial position of ESKOM and the potential cost impacts to industry in an attempt to try and clawback revenue lost, due to lower power sales and the increasing burden of expansion programme interest charges, remain a real concern and cost threat. Near-term uncertainty is set to continue with continued pressure for above-inflationary increases. Water utilisation has also been challenging, both from an infrastructure point of view as well as availability. Capacity deterioration within local municipalities is also adding to this challenge. The establishment of informal settlements resulted in communities requesting water and electricity supply as a basic need and keeps adding to the burden of local municipalities and industries for service delivery. Reduced dependency on Rand Water Board (RWB) supply to the Lonmin operations is set to be an ongoing strategic drive.

Impact

Supply constraints in respect of energy or water could impact our ability to operate effectively and meet our production targets. Furthermore, cost increases in respect of these utilities impact our margins. Water availability is becoming a critical component of any business to survive and still remains a basic human need.

The risk associated with water is higher than the risk associated with electrical supply. RWB supply is forecast to run dry in Gauteng during 2019. ESKOM is currently in an oversupply, and with the continued low to no economic growth, this is set to continue. The risk regarding electricity is the potential spiralling cost escalations to try and compensate for less power sales year-on-year. Changes in peak and non-peak power rates are also a real threat and peak power rates could be increased significantly going forward.

Opportunities and mitigation

Ongoing implementation of the electricity conservation programme as well as water optimisation through demand management are in place. An integrated water management plan for Lonmin has been developed with the goal to reduce RWB reliance as far as possible within the operations, and to maximise the recovery and re-use of all other sources of water. Longer-term plans to treat some streams of these alternative sources to potable level to make the business more independent of RWB. Lonmin is exploring further opportunities to supply communities out of such streams. As part of ensuring optimal electricity usage, Lonmin is a member of the ESKOM energy-intensive user groups (EIUG), as well as conducting monthly and daily electricity consumption and reporting.

Utilities – Access to secure energy and water as well as the optimal use of the input resources are critical for mining operations (continued)

Opportunities and mitigation (continued)

Additional initiatives to ensure optimal usage are the electricity conservation programme and loadshedding contractual agreements to manage supply-side constraints. As part of ensuring appropriate continuity during an outage, the Company has implemented risk-based scenario planning based on available ESKOM capacity. From a water optimisation perspective, the Company has implemented water conservation and demand management initiatives. The process as to how water is being monitored and managed is aligned with how power is being managed in the business. Substitution of RWB with other water sources will remain an ongoing focus, to reduce the reliance on this supply.

Further reading

- Water management 79
- Energy management 82



At our salvage yard our boilermakers assist in refurbishing equipment for reuse.

Material Focus Area | Employee Relationships

Investing in employee relationships and development

Lonmin's human resources comprises our employees and the contractors that work at our operations. This capital is a key asset to the Company, particularly given our labour-intensive mining model. The Company's success is driven by our solid relationships with employees and their representative unions. They help us achieve our strategic goals and, with these relationships, we currently provide employment to 33,000 people.

Information in this chapter is relevant to all operations, however, data relating to accommodation applies to the Marikana operations.

Key chapter takeaways

- Of our 24,713 (2016: 25,296) permanent full-time employees, 79.22% are historically disadvantaged South Africans (HDSAs) and 9.1% (2016: 9.1%) are women
- Management representation of HDSAs increased to 55.6% (above 40% target)
- Employee turnover decreased by almost 50% and absenteeism remained unchanged
- Three-year wage agreement concluded, effective to 30 June 2019
- 19,969 employees and 9,269 contractors trained
- Mining Charter elements:
 - Housing and living conditions
 - Employment equity
 - Human resource development
- Our infill apartment project is progressing as planned

Accountability and Governance



The Lonmin Charter: We are successful when our employees live and work safely and experience the personal satisfaction that comes with high performance and recognition. The following **values** support our employee relationships:

- **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

Strategic approach: *to continue to improve relationships with key stakeholders, reducing fixed costs and continued focus on our people*

Lonmin's Safety and Sustainable Development Policy:

- Implementing the principle of equal opportunity and equity while maintaining an appropriately skilled and diverse workforce
- Maintaining transparent and ongoing consultative relationships with all stakeholders and incorporating this engagement into the decision-making process
- Seeking continual improvement to achieve a high level of performance through a framework of setting and reviewing our policy, objectives and targets
- Fostering the commitment of all employees and contractors to this policy through training and awareness programmes



Our success is dependent on solid relationships with our employees

Other policies, standards and plans governing employee relationships:

- Human Rights Policy
- Social and Labour Plan
- Human resources strategy

Lonmin's human resources strategy outlines action plans to fulfil the commitments in the Lonmin Charter, Safety and Sustainable Development Policy and Sustainable Development Standards, and the requirements of relevant internal policies and plans which govern employee relationships. Human resources targets are included in Lonmin's corporate and operational objectives. Progress against targets is tracked through monthly reporting on key internal human resources indicators. The Human Resources Department implements the strategy. Lonmin's Executive Vice-President for Human Resources¹ reports to the Chief Executive Officer and is responsible for the management and implementation of the strategy.

2018 focus

- Achieving our Lonmin human resources targets
- Revitalising employment equity committees across the Company
- Improving the representation of women in mining

External policies, frameworks and regulations

Lonmin's human resources policies, strategy and procedures comply with the requirements of South African labour laws and align with the relevant International Council on Mining and Metals (ICMM) and United Nations Global Compact (UNGC) guidelines that relate to human resources. The Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter) includes various human resources requirements that include accommodation and living conditions, employment equity, transformation and human resource development. We report our progress against these requirements to the Department of Mineral Resources (DMR) annually.

The Reviewed Mining Charter, released in 2017, contains several provisions that are likely to have an impact on the Company, including ownership, transformation, employee housing, procurement and skills development. Consultation between the industry and the Minister of Mineral Resources is ongoing. Further information on the Reviewed Mining Charter is available on pages 18 and 103.

¹ A brief profile of all members of the Executive Committee is available on pages 56 to 57 in the Lonmin Annual Report and Accounts 2017.

Material Focus Area | Employee Relationships (continued)

Approach and Performance

Employee overview

At financial year-end, Lonmin employed 24,713 (2016: 25,296) permanent full-time people. 9.1% (2016: 9.1%) of our full-time employees are women, and 79.22% are Historically Disadvantaged South Africans (HDSAs). 435 employees are in management roles, compared to 437 at 30 September 2016. Our contractor headcount was 7,831 (2016: 7,497), 685 (2016: 689) or 8.7% of whom are women. Lonmin occasionally makes use of labour brokers to cover short-term business needs, for example to cover positions when someone is on leave. This is always done within the requirements of the Labour Relations Act, 60 of 1995.

Headcount decreased as recruitment was limited and the focus on efficiency continued.

| Employment category | Paterson band | 30 September 2016 | Own employees as at | | |
|--|---------------|-------------------|---------------------|----------------|---------------|
| | | | 30 September 2017 | | |
| | | | Male | Female | Total |
| Temporary employees | Temporary | 90 | 93 | 34 | 127 |
| Unskilled and defined decision-making | A-band | 12,756 | 11,015 | 1,173 | 12,188 |
| Semi-skilled and discretionary decision-making | B-band | 8,772 | 8,428 | 315 | 8,743 |
| Skilled technical and academically qualified junior management, supervisors, foremen and superintendents | C-band | 3,246 | 2,590 | 630 | 3,220 |
| Professionally qualified and experienced specialists and mid-management | D-band | 305 | 218 | 91 | 309 |
| Senior management | E-band | 117 | 104 | 14 | 118 |
| Top management | F-band | 10 | 7 | 1 ¹ | 8 |
| Total | | 25,296 | 22,455 | 2,258 | 24,713 |

South African employees make up 84% of our workforce, and mostly come from the Eastern Cape and North West provinces. The majority of our foreign employees come from Mozambique and Lesotho. Lonmin employs South Africans where possible to support the local resource economy. We host local training programmes in the communities in which we operate, aimed at developing necessary skills to increase the pool of local employees.

The Community Relationships and Investment chapter covers community education and skills development in detail on pages 46 and 47.

Employee demographics by geographic origin at 30 September 2017

| Origin | Percentage of total employees | | Number of employees | | |
|--------------------|-------------------------------|------------|---------------------|--------------|---------------|
| | 2016 % | 2017 % | Male | Female | Total |
| Eastern Cape | 34 | 41 | 8,159 | 327 | 8,486 |
| North West | 32 | 36 | 5,870 | 1,496 | 7,366 |
| Limpopo | 1 | 6 | 1,151 | 86 | 1,237 |
| Free State | 3 | 5 | 905 | 36 | 941 |
| Gauteng | 5 | 6 | 1,111 | 204 | 1,315 |
| KwaZulu-Natal | 3 | 4 | 698 | 32 | 730 |
| Mpumalanga | 6 | 2 | 355 | 28 | 383 |
| Northern Cape | 0 | 1 | 245 | 22 | 267 |
| Western Cape | 0 | 0 | 7 | 1 | 8 |
| Total foreign | 16 | 16 | 3,954 | 26 | 3,980 |
| Grand total | 100 | 100 | 22,455 | 2,258 | 24,713 |

¹ As of 19 January 2018 two females.

Employee turnover

Employee turnover decreased by almost 50% to 4.0% in 2017 (2016: 7.9%). The 2016 turnover figure was skewed as a result of the headcount reduction initiatives. Lonmin's turnover rate comparatively remains low for the mining industry.

Employee turnover by reason – as at 30 September 2017

| | 2016 | | | 2017 | | |
|--|----------------|--------------|----------------|--------------|-------------|----------------|
| | Male | Female | Total | Male | Female | Total |
| New recruits | 1,026 | 243 | 1,269 | 373 | 52 | 425 |
| Resignations | (198) | (31) | (229) | (179) | (30) | (209) |
| Deaths (not work-related) | (226) | (7) | (233) | (190) | (6) | (196) |
| Deaths ¹ (work-related) | (2) | (0) | (2) | (3) | (0) | (3) |
| Dismissals | (392) | (65) | (457) | (390) | (20) | (410) |
| Retirements | (90) | (6) | (96) | (102) | (0) | (102) |
| – Retrenchments – Voluntary Separation Packages (VSPs) | (1,418) | (64) | (1,482) | (28) | (2) | (30) |
| – Retrenchments | | | | 0 | 0 | 0 |
| Medical repatriation | (75) | (3) | (78) | (55) | (3) | (58) |
| Total exits | (2,401) | (176) | (2,577) | (947) | (61) | (1,008) |
| Net (loss)/gain | (1,375) | 67 | (1,308) | (574) | (9) | (583) |

Productivity and absenteeism

Achieving our strategic goal to improve relationships and reduce cost is critically dependent on increasing labour productivity. The workforce rationalisation saw an increase in productivity in 2016. However, this was not sustained into the first four months of 2017. The reasons for this include redeployment and reskilling of employees taking longer than anticipated, absenteeism of key personnel reducing the planned blasts per month, and an adversarial relationship developing in certain shafts between management and the union (AMCU). A coalition of management, union leadership and the DMR inspectorate was formed with the intention of sharing the unified message that production needs to be improved to make the Company successful again and protect jobs. This resulted in significant increases in production.

Four business improvement initiatives were implemented in the year to improve productivity:

- Establishing a labour skills buffer
- Addressing employee absenteeism
- Introducing a programme aimed at the empowerment of frontline supervisors
- Implementing the Theory of Constraints Framework in order to improve the optimisation of half levels at Generation 2 shafts

Our approach to addressing absenteeism (unplanned non-availability) includes an emphasis on improving our understanding of the root causes, how to address them, and how best to support our employees. Despite this focus, absenteeism remained at 13.0% (2016: 12.7%), which equates to 917,092 person days lost/shifts lost. With planned non-availability due to training or leave recorded at 11.4%, minimising absenteeism is critical to support safe and productive operational performance.

Measures to address absenteeism include:

- Linking attendance to bonus payments and the use of buffer labour crews, which is being piloted at a number of our Generation 2 shafts
- In an effort to support the health and wellbeing of the workforce and to improve productivity, we offer daily nutritional supplements to employees
- We are negotiating with the majority union leave arrangements for category 4 to 9 employees that will increase the flexibility of leave across the year. This will increase leave options for employees and improve workforce planning by reducing unplanned absenteeism.

¹ Five of our colleagues were fatally injured during 2017, three of whom were Lonmin employees, and two were contractors.

Material Focus Area | Employee Relationships (continued)

Valuing our employees

Last year's re-organisation and continuing cost constraints, as a result of the challenging South African mining environment, resulted in limited salary increases and few development opportunities. These factors affected the morale and retention of our employees. The contributions of our employees are valuable to us. We recognise that the sustainability of the Company is inextricably linked to the productivity and commitment of our human resources. Lonmin pays fair salaries and wages that are competitive relative to the mining industry. We acknowledge that employee satisfaction is achieved from more than fair pay, and we have a range of tools in place to support effective management and retention.

We continue improving communication and ensuring consistent messaging to build trust and, wherever possible, address concerns and resolve issues as they arise. Line managers are encouraged to communicate with employees directly to build relationships and reduce the perceived gap between Company and employee.

'The Way We Work at Lonmin' (TWWWW@L) is an ongoing leader-led change process to develop and institutionalise a Lonmin culture that supports sustained success by establishing productive behaviour and mindsets built on teamwork. The initiative is based on five core concepts that aim to improve communication, entrench accountability and empower resource teams to do what is required of them. We are rolling out workshops with executive and operational management on a leadership process based on TWWWW@L.



Remuneration and benefits

Lonmin's Remuneration Committee (Remco) reviews and ratifies all remuneration and benefits matters. Wages for employees in the bargaining units are negotiated through collective bargaining arrangements. We pay competitive wages and monitor wages of comparable employers for equivalent levels of work in the South African mining industry. We take into account the absolute level of earnings for employees when setting wages.

Employees are rewarded with performance incentives, including production-related bonus schemes set against specific targets. The majority of operational employees participate in these schemes. In 2017, production-related bonuses paid totalled R655,781 million, an average of 8.73% on top of remuneration. For employees not on the production bonus schemes, a corporate balanced scorecard incentivises performance against a range of targets. These include Company financial performance, operational performance, safety, transformation, employee relations and personal achievement. The balanced scorecard is explained further on page 102 of the Annual Report and Accounts 2017.

Lonmin's employee benefits exceed those specified in the Basic Conditions of Employment Act, 75 of 1997 and employees have access to a range of financial and non-financial benefits, including:

- On-site healthcare
- Comprehensive life and disability insurance, including retirement provisions
- A defined contribution pension scheme
- A provident fund for full-time employees
- A Group life benefit in the event of death while employed
- Paid study leave
- Four months' paid maternity leave
- Family responsibility leave
- Free transport to and from shafts, plants, housing areas and bus stops for those residing in the communities surrounding our Marikana operations
- Financial literacy and counselling
- An employee wellness service that provides free, confidential professional counsellors and therapists on matters of emotional, physical and financial distress

The 1608 Memorial Trust provides for the education of the dependant children of Lonmin employees who lost their lives at Marikana in August 2012. The Lonmin Memorial Fund covers the education costs of the children of any person killed or disabled as a result of an accident on the mine.

Wage settlement

In October 2016, the Company concluded a three-year wage agreement effective to 30 June 2019. The agreement includes several non-financial discussion points, including commitments around employee housing, job grading, medical aid benefits, the benefit fund and spousal issues. Task teams were assigned to each of these areas and progress on implementation of agreements continues.

Below is an example of the basic agreed guaranteed packages for category 4 to 9 employees. These figures exclude overtime and safe production bonuses, which make up 13% of employees' wages.

Lowest-paid entry-level underground employees

| Date | Basic salary R | Cash remuneration ¹ R | Guaranteed package R |
|-------------|-------------------|-------------------------------------|-------------------------|
| Current | 10,713 | 14,126 | 16,199 |
| 1 July 2018 | 11,713 | 15,328 | 17,588 |

Rock drill operators

| Date | Basic salary R | Cash remuneration ¹ R | Guaranteed package R |
|-------------|-------------------|-------------------------------------|-------------------------|
| Current | 11,296 | 15,770 | 17,950 |
| 1 July 2018 | 12,296 | 17,043 | 19,455 |

Employee Profit Share Scheme

We designed the Employee Profit Share Scheme (EPSS) for employees who do not participate in the share award schemes. The EPSS provides an opportunity for economic partnership while sharing the responsibilities and involvement that this brings. The implementation of this EPSS contributed to Lonmin's HDSA equity accreditation of 3.8%. We are investigating how the changes in the Reviewed Mining Charter will impact the scheme's structure.

The Company introduced a staggered deferred cash plan for management employees in December 2016 to replace the share-based compensation plan that was withdrawn in 2015. The plan spreads cash annual bonuses payments over three years to improve retention.

Financial literacy and counselling

Lonmin implemented a financial wellbeing programme facilitated by an external service provider. The programme supports our employees and provides financial wellness training. It aims to address employee indebtedness, which is continuously identified in engagements with employees and their unions as a serious concern at Lonmin and in the broader mining industry.

The Company's induction programme² includes a financial fitness module. An on-site office provides employees with information on how to manage their debt, and evaluates garnishee orders.

The financial wellness service provider offers several other financial services to support employees, including:

- **Audits of emolument attachment orders (garnishee orders):** Before Lonmin activates payments, audits are conducted on emolument attachment orders issued against Lonmin employees. This prevents irregular or illegal garnishee orders, for example, administration fees charged above the allowed 12.5%. This process has saved employees approximately R12.2 million, and stopped 500 garnishee orders since its establishment.
- **Reviewing interest charged:** Since inception, interest rate reviews have helped to reduce the outstanding balances on our employees' loans by R65 million. Interest charged on employee debt decreased from 23% to 6% and the total debt instalments charged to employees reduced by over R640,000 a month. To date, 49 houses and 159 cars have been saved from being repossessed.
- **Assisting employees with tax consulting services:** Our tax consulting services facilitated tax savings and refunds for employees. The service played a role in detecting a tax scam involving illegitimate tax practitioners. We alerted our employees to the scam and assisted those in need with R607,227.

Initial uptake of the financial literacy and wellness programme was positive, but did not continue as strongly as we had predicted. We are engaging with unions to promote the benefits of the programme and increase employee participation.

¹ Cash remuneration is paid directly to the employee, while the guaranteed package includes payments to funds on behalf of employees (e.g. provident fund).

² Induction training is a pre-requirement and those working in core operations have to attend refresher training every 12 to 18 months.

Material Focus Area | Employee Relationships (continued)

Grievance procedures

Our anonymous ethics hotline is one of many formal channels through which employees can lodge grievances. The human resources practitioner or line manager can set up a mediation upon the request of employees. We focus on ensuring good communication so that issues can be addressed at an early stage, and clarifying the roles of the union and line managers in the case of grievances. Further information on human rights and ethics is available in the Ethics and Human Rights section on pages 107 to 111.

Lonmin's revised disciplinary procedure was accepted by AMCU and will take effect during the 2018 financial year. It outlines the repercussions of failure to observe Company standards, including absenteeism and safety disciplines.

Skills development

Recent job losses across the industry reduced the risk of critical skills shortage in mining in the short term. However, loss of critical skills remains one of Lonmin's top risks. The Company's focus on cost containment and cash preservation resulted in constrained spend on developmental training outside legal requirements. Despite this, we are taking steps to ensure that our employee development initiatives continue to develop the required skills pipeline to meet our forecast needs. Succession planning remains a priority and focuses on identifying future leaders.

Lonmin's ISO 9001 accreditation covers all operations, and human resources development programmes are standardised across the Company.

In line with the focus on cost management, the programme to develop and upskill leadership planned for 2017 was placed on hold. A pilot project is planned for 4B shaft.

In 2017, we held initiatives aimed at increasing youth interest in mining as a career. These included shaft visits, developmental days, career shows and roadshows at various schools.

We reviewed our training programmes to reduce duplication within and across programmes, which led to a reduction in the length of training programmes. The Reviewed Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (Reviewed Mining Charter) has significant cost implications due to more stringent specifications on human resource development spend allocation. We continue to monitor developments in this regard.

Lonmin invested 1,511,538 hours in training at our training facility based at the Marikana operations. We trained 19,969 employees and 9,269 contractors in 2017.

Lonmin's total investment in employee development increased to R169.67 million compared to R156.89 million in 2016.

Breakdown of average training hours per employee

| Employee category | 2016 | | 2017 | |
|--|-------|--------|--------------|--------------|
| | Male | Female | Male | Female |
| Contractors | 20.43 | 15.12 | 32.22 | 20.95 |
| Unskilled and defined decision-making | 31.54 | 27.06 | 26.22 | 22.37 |
| Semi-skilled and discretionary decision-making | 26.28 | 12.70 | 21.94 | 12.02 |
| Skilled technical and academically qualified junior management, supervisors, foremen and superintendents | 20.99 | 22.22 | 14.45 | 12.73 |
| Professionally qualified, experienced specialists, and mid-management | 14.01 | 10.36 | 13.32 | 11.00 |
| Senior management | 9.36 | 9.50 | 8.28 | 7.50 |
| Top management | 9.00 | 0.00 | 21.00 | 0.00 |

Core skills

2,949 (2016: 3,858¹) employees received training to develop basic core skills and meet key operational standards. We focused on critical competencies required by the mining and process operations. Core skills requirements at operations are determined by assessing and comparing attrition rates in various skill sets.

| Learnership type | 2016 | 2017 |
|------------------|------|-----------|
| Mining | 5 | 21 |
| Process | 0 | 42 |
| Engineering | 33 | 21 |
| Total | 38 | 84 |

Learnerships

Lonmin offers learnerships in the mining, process and engineering functions to develop scarce technical skills in these fields.

A learnership programme for rock engineers was initiated to address this skills shortage. The programme meets the DMR's requirement to increase the frequency of visits in the underground operations by rock engineers and qualified surveyors. An internship programme for qualified rock engineers is in place. These programmes contribute to our strategy to create a buffer of skills in areas that could create bottlenecks due to absenteeism, including rock engineers and winch drivers.

¹ Core skills training data has been restated to include first aid training.

Mentorship programme and individual development plans

Formal mentorship programmes are in place at our operations to facilitate skills transfer and knowledge sharing among employees. Active formal mentorships in 2017 totalled 104 (2016: 104), of which 21.2% are for women. Individual development plans (IDPs) are developed to assist employees to establish and implement personal development goals.

We aim to have an IDP in place for all interested employees within C-band and above. For these bands, 807 (2016: 671) employees (21.8% women) have formal IDPs in place.

Adult education and training

The Lonmin Academy conducts adult education and training (AET) courses for pre-AET and AET levels 1 to 4. In the South African schooling system, a level 4 is equivalent to a grade 9 qualification. 128 employees registered for AET courses during 2017 (2016: 432). We continue to assess more cost-effective and sustainable ways of providing AET in a way that does not disrupt production, including engaging with relevant partners.

Portable skills training

Portable skills training was provided to 68 employees and 165 community members (2016: 156 employees and community members). These employees became eligible for early pension. They received practical and relevant training in skills such as sewing, cooking, welding, farming and plumbing.

Bursaries and graduates

Lonmin identifies and develops promising candidates through its bursary and graduate programmes, which focus on students studying mining or mining-related disciplines. The programmes cater to the Company's needs by building a pipeline of necessary future skills. These include mining, electrical, mechanical, industrial or chemical engineering, metallurgy and mining technical services disciplines. Comprehensive bursaries require a service binding contract after graduation, for a period equal to the number of years' study. Preference is given to HDSA candidates and those from surrounding communities. Bursars enter Lonmin's graduate-in-training programme after completing their studies.

Of the 44 bursaries in place (2016: 66), 50% are students from surrounding communities, 82% are HDSAs and 43% are women.

Around 95% of bursars are absorbed into Lonmin's graduate-in-training programme on completion of their studies. 35 graduates were on the programme during the year, of which 77% are HDSAs, 49% are from surrounding communities and 31% are women.

Employment equity and diversity

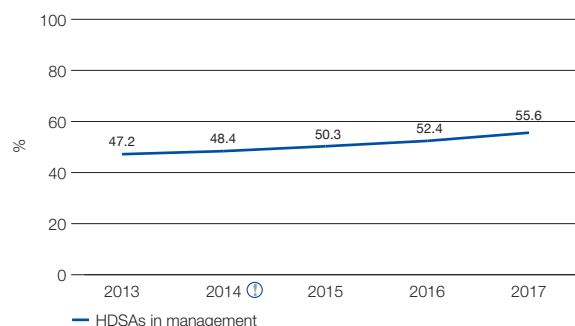
The Mineral and Petroleum Resources Development Act (MPRDA), implemented through the Mining Charter, was enacted to facilitate meaningful participation of HDSAs and to drive transformation in the mining industry. Lonmin recognises transformation as a business imperative and we are committed to cultivating a workforce that reflects the diversity in our country, and a working environment that accommodates women.

Transformation and empowerment

Transformation is monitored and overseen at Board level by the Social, Ethics and Transformation (SET) Committee. HDSA representation in the Company is reported to the Executive Committee (Exco) on a monthly basis. Recruitment, succession, skills development, talent management and our bursary and graduate development programmes incorporate transformation considerations to ensure that a strong pipeline of HDSAs (inclusive of women) is developed.

We are making good progress in improving management representation of HDSAs, which increased to 55.6% in 2017 and remains above the current Mining Charter target of 40% at management level.

HDSAs in management (including white women)%



Women in mining

Lonmin's human resources strategy supports our commitment to cultivating a working environment that welcomes the contribution of women in a traditionally male-dominated industry. In 2017, women made up 9.1% of the full-time and fixed-term workforce, and 6.4% of core mining positions. Lonmin established a Women in Mining Committee that includes union representatives. A strategy session was held to determine the main stakeholder concerns, consolidate the various separate women in mining structures, and to agree an overarching strategy and related projects for the next three years.

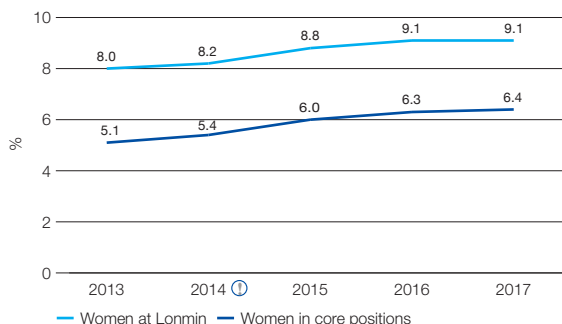
Lonmin is committed to improving the representation of women in our workforce by ensuring that our culture and working environment welcomes them. Last year, we introduced a short-stay female ward. The ward contains two observation beds and an infant warmer at a local clinic, which also provides on-site antenatal care.

The Company piloted personal protective equipment (PPE) to cater for the needs of women working at the mine. The PPE designs for women are being finalised and the new PPE equipment, which includes women's safety goggles, earplugs, gloves and hard hats, will soon be rolled out to all mine stores within the operations.

Material Focus Area | Employee Relationships (continued)

We continue to monitor developments regarding the Reviewed Mining Charter to ensure that our human resources goals and processes can align with its requirements.

Women employed on a full-time basis



Women in mining

The findings of a pilot study focusing on the issues of women in mining in 2016 led to a campaign being rolled out across shafts to raise awareness around sexual harassment and abuse.

The campaign included industrial theatre performances aimed at empowering women, raising their awareness of their rights, and equipping them to speak out against gender discrimination and abuse in the workplace. Delivered in Xhosa and Setswana to around 15,000 employees to date, the performances invited men to reconsider their actions towards their female coworkers. More information on the issues addressed in the performance was distributed via translated flyers.

The campaign will continue in 2018 with a focus on issues that impact women, including advancement, workplace policies, working conditions and confidence-building initiatives to encourage women to report incidents without fear of victimisation.

Accommodation and living conditions

Creating good living environments is about more than providing housing – it is about building a community. Lonmin understands that it is necessary to consider the Lonmin housing goals in relation to the spatial development of the area.

Lonmin acknowledges that the living conditions of our employees and their families have a direct influence on their general wellbeing and ability to focus and perform in their working environments. We believe that our employees deserve decent living standards and should be able to decide how and where they want to live. Their decision allows for considerations such as personal circumstances, affordable and market-related rates, and integration into the broader society during their employment at Lonmin.

Accommodation and living conditions are key elements of our Social and Labour Plans (SLPs) and a topical issue following the conclusion of the Farlam Commission¹, the recent interactions with the DMR and statements by the Presidency in December 2016.

Lonmin is committed to achieving employee accommodation targets that are entirely within its control. We are working with stakeholders to ensure that our collaborative targets are achieved. Lonmin's Board committed R500 million for the period 2014 to 2018 towards the housing provision. The Lonmin Board was succinct in its resolution to provide financially for key housing endeavours. The Board is aware that this requires financial contribution from Lonmin, and the decision is underpinned and caveated by the knowledge that all such endeavours will be subject to prevailing market conditions and the sustainability of business operations.

Over and above this commitment, Lonmin incurs an operating cost for its current rental stock of R31 million per annum, after rental recoveries, due to subsidisation, as well as a cost of R532 million per annum in living-out allowances to category 4 to 9 employees.

Lonmin Home Ownership Facilitation Strategy

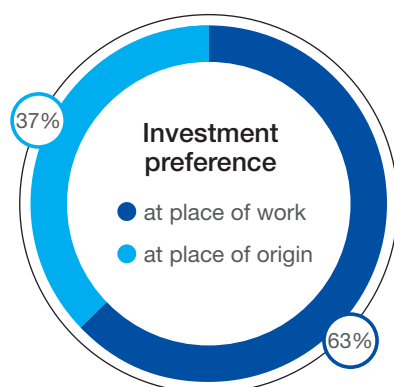
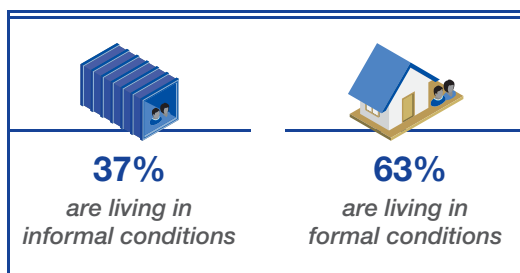
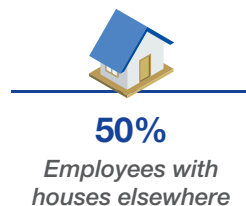
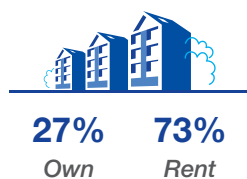
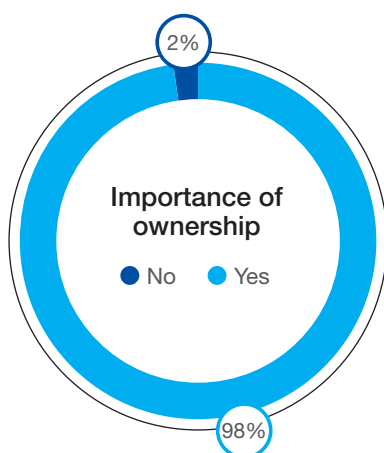
Lonmin undertook an in-depth review of the human settlements strategy. The Company established a joint forum, comprising management and the majority union, AMCU, to oversee this revision process. These engagements revolve around employees within the bargaining unit (categories 4 to 9 and officials up to C4 Paterson grading). These employees are the primary focus of the review of the Lonmin Home Ownership Facilitation Strategy, which will be embarked on during the following year.

In February 2017, the Exco appointed a Strategic Advisor and Implementation Agent. The Strategic Advisor supports the development of a detailed Lonmin Home Ownership Facilitation Strategy and Implementation Plan. The Implementation Agent will coordinate and oversee the implementation of identified projects.

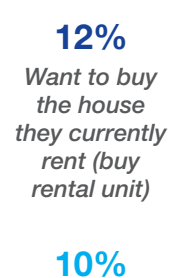
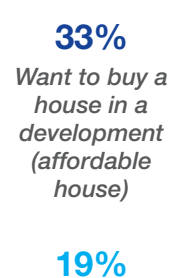
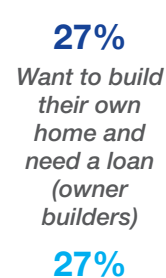
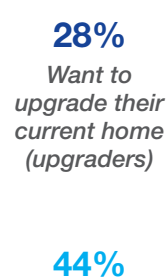
The review commenced with an assessment of the existing housing and accommodation situation. The assessment took into consideration spatial framework and infrastructure, settlement and housing areas, stakeholders and potential partnerships, supply and demand, housing and services delivery options, development zone analysis, among other factors. An employee survey was conducted to understand housing and living aspirations.

¹ Subsequent to the events of Marikana 2012, President Jacob Zuma announced the establishment of the Marikana Commission of Inquiry in terms of section 84(2)(f) of the Constitution. The commission was known as the Marikana Commission of Inquiry and as the Farlam Commission, named after its chair, retired Judge of the Supreme Court of Appeal, Judge Ian Gordon Farlam.

The employee survey yielded the following insights:

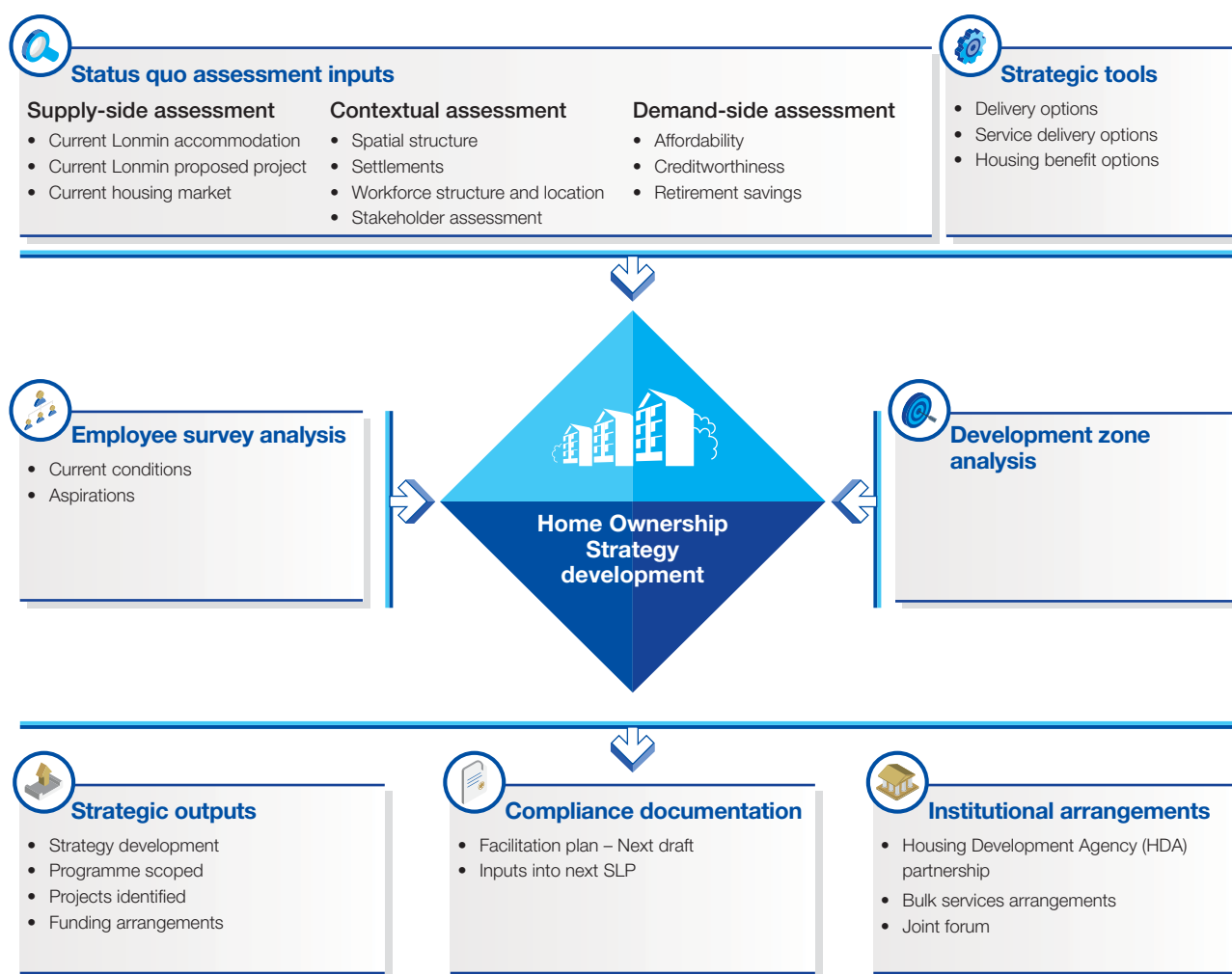


Preferred transaction options



Material Focus Area | Employee Relationships (continued)

This revised strategy facilitates home ownership by focusing on affordability and the creditworthiness of employees to ensure that the demand for housing can be met. Collaborative partnerships with government are central to the strategy. The strategy aims to address the housing requirements of employees, contractors and the broader community, and to integrate plans for schools, clinics, transport hubs and other municipal infrastructure. The revised Lonmin Home Ownership Strategy was presented to the Exco, Lonmin Board, the majority union (AMCU) and the DMR, and is pending endorsement by key government and other stakeholders. Once the strategy is approved, the detailed implementation plan, inclusive of a funding solution, will be integral to the revised SLPs, which will be in place from 2019.



Our performance

Of the R500 million allocated to housing and living conditions of our employees for the period 2014 to 2018, Lonmin has spent R84.8 million on the completion of the hostel conversion programme. In parallel to the revision of the strategy, the balance of this allocation has been and will be spent on developing 1,240 modern infill apartments. Development includes paving and landscaping to transform the space into employee housing villages. The infill apartment project develops the areas between the converted hostel blocks into renovated single and family apartment blocks. This allows the development to use the space available and access the existing installed bulk infrastructure around the converted hostels. The development of the first phases (1 and 2) of the infill apartments is complete (493 units) and 403 of these apartments have been allocated to category 4 to 9 employees who met registration criteria. Allocation was determined through the joint forum and provided on a first-come, first-served basis. A significant step during the year, and a clear demonstration of the maturing relationships with the majority union (AMCU), was the agreement of rental rates for the infill apartments, based on a comprehensive benchmarking exercise. The building of a further 300 (phase 3) and 447 (phase 4) units will commence as scheduled. Since 2014 over R300 million has been spent on construction in terms of infill apartments and conversion of hostel units to single or family units. Once the infill apartments are complete, Lonmin's full portfolio of units for rental to employees will comprise 5,006 units located mainly in the Marikana and Mooi-nooi areas.

In addition to the infill apartments, Lonmin has 1,149¹ two-bedroom homes, managed by the Marikana Housing Development Company, a section 21 non-profit company. These homes are available for employees for purchase or on a rent-to-buy scheme since 2005. The selling price of these 45 m² homes is R62,426, including land. Marketing and education programmes are being enhanced to encourage employees to purchase these houses. Affordability, indebtedness, and access to mortgage funding create serious challenges. As of 2017, 374 people (2016: 369) have taken ownership of these houses.

From January 2017, housing projects were implemented through Lonmin's project management office to formalise tendering and execution through the Company's procurement function. This process includes a strong focus on safety standards and the use of contractors from local communities. The infill apartment project utilises 100% black-owned companies from the surrounding community. To improve the success of local contractors in applying for, tendering and executing these projects, a new contractor information pack was put together and made available through the Shanduka Black Umbrella incubator in Mooi-nooi.

Future focus

- Phase 4 is expected to be completed by the end of 2018, with occupancy anticipated for February 2019.

¹ There are 369 rental houses at Karee and 280 rental houses at Wonderkop.

Material Focus Area | Employee Relationships (continued)

Collaboration projects

Lonmin donated 50 hectares of serviced land at Marikana Extension 2 to the Department of Human Settlements, the North West Public Safety and Liaison Department and Rustenburg local municipality in 2013. The area can accommodate an estimated 2,658 dwellings for the benefit of community members, including Lonmin employees. 292 breaking-new-ground units and 252 community residential rental units were constructed by the provincial government in 2016. Feasibility studies are being conducted on additional unserviced land that is potentially available for development at Marikana Extension 5 (134 hectares) and Mooiooi (25 hectares).

A Memorandum of Understanding was signed between Lonmin and the HDA. We are working together to establish a partnership agreement which will provide a framework for the rights and obligations of each role player during the strategy's execution. Potential collaboration projects on six potential development sites are outlined in this partnership agreement, with specific timelines and funding arrangements.

Union relations

Our employees have rights to collective bargaining, and freedom of association and representation.

We show our respect and support of these rights by continuously interacting with unions at different levels within the Company. We engage through the various union structures and management interactions with union representatives to share information on Lonmin's performance and important issues. These include Future Forums; fortnightly and quarterly operational meetings with AMCU branches and operational management; monthly shaft/plant committee meetings; monthly health and safety meetings; and various other statutory meetings such as employment equity and skills development forums. The Company trains shop stewards on their responsibilities, legislative matters and business skills.

Our Relationship Charter and 'rules of engagement' in place with AMCU are being reviewed.

The Charter includes aspirations, expectations, accountability and commitments from both parties. Implementing the terms of the Charter and regular and constructive engagements strengthened Lonmin's relationship with trade unions. This was evident in the successful workforce restructuring in 2016, reduced work stoppages and successful 2016 wage negotiations.

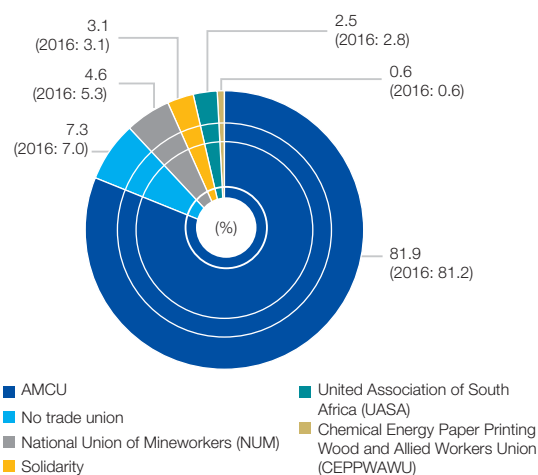
Union rivalry continues to complicate our relationships with unions, as labour dynamics at other companies can influence union attitudes in our workplace. We are impacted by internal rivalries in individual unions. Lonmin is re-assessing the rights of the employee representative structures outside AMCU.

At year-end, 22,914 employees (92.72%) were members of various organised trade unions.

Recognition structures

AMCU represents 81.9% of full-time employees at year-end, making it the majority union. AMCU has collective bargaining rights; unrestricted access to the workplace; and rights to deductions, full-time shop stewards and office facilities on the Company's premises, in terms of the Labour Relations Act of South Africa, 66 of 1995.

Union representation



The week that changed our lives

This year marked the fifth anniversary of the ‘week that changed our lives’. This tragedy has shaped us all and continues to inspire us to be the catalyst for change. Our primary concern remains to take care of the families of the Lonmin employees who died that day. Our Chief Executive Officer (CEO) travelled to meet with each widow in local communities, in villages, and in their homelands to express our deepest condolences.

Lonmin understands that the lives lost can never be replaced.

We provided counselling services to families of the deceased. A member of each of the 41 impacted families was provided with a permanent employment opportunity and accommodation to ensure continued income. Each family received statutory pay-outs from pension and life funds, and goodwill payments from Lonmin to cover funeral costs and additional contributions.

In 2012 Lonmin established the 1608 Memorial Education Trust (1608 Trust) to provide financial support for the educational needs of the children who lost fathers who were Lonmin employees in the Marikana tragedy. This was subsequently extended to include the children of contractors who passed away during the tragedy.

| Number of beneficiaries | Female | Male | Age 1 – 10 | Age 11 – 20 | Age 21+ |
|-------------------------|-----------|-----------|------------|-------------|-----------|
| 141 | 67 | 74 | 39 | 66 | 36 |

The Trust's first graduate, Mr Mandla Yawa, completed his BSc degree in agriculture and animal science (masters) at Fort Hare University in 2016.

The 1608 Trust provides the cost of attending school or other education facilities (inclusive of boarding fees), including registration costs and fees, books, uniforms, transport, extramural activities and school trips, and other educational costs approved by the independent trustees.

To date, costs incurred by Lonmin amount to R12.37 million. Our CEO has made numerous visits to these schools. Lonmin will honour its commitment to provide education support of the beneficiaries until the last child completes tertiary education.

Through the 1608 Trust, Lonmin completed infrastructure improvements at the New Millennium School in Lesotho, where 10 of the 1608 Trust beneficiaries attend school. These improvements were completed in 2017 at a cost of R768 000, and included improving the supply of potable water, installing hot water facilities for boarding units, and improving sanitation facilities.

In August 2017 we unveiled the concept for a memorial park in Marikana. The park will be designed around the visual representation of a green blanket, the garment worn by one of the strike leaders in 2012. The ‘blanket’ will be a green space planted with indigenous trees that will serve as a social gathering space for the community and will stretch over three koppies (hills) to signify new hope.

The design will be finalised with input from Lonmin employees, families that lost loved ones in the tragedy, and other key stakeholders. Later additions to the site may include an amphitheatre and a museum showcasing the history of platinum mining and detailing the events of the tragedy.



THE
SIXTEEN-EIGHT
MEMORIAL TRUST



Each person attending the memorial event received a tree sapling inside a solar-powered glass jar, symbolising life and growth

Material Focus Area | Safety and Health

Promoting safety and health for employees and contractors

We are committed to Zero Harm to our employees and contractors and we view safety as a proxy for good performance. We aim to ensure that the necessary controls and procedures are in place at all times to support the safety and health of our workforce.

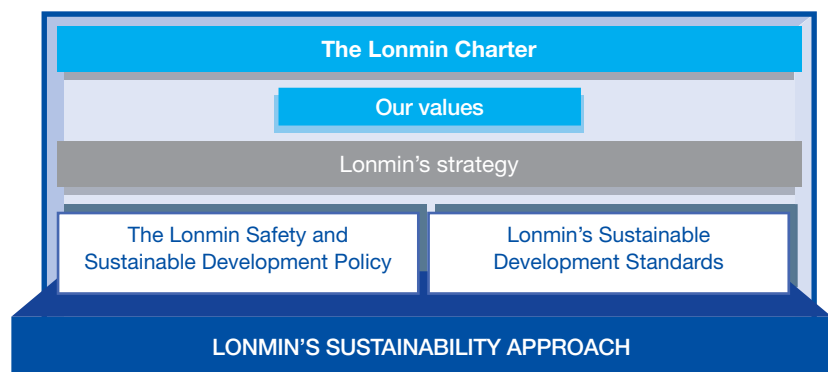
Health and wellness are critical factors in improving quality of life, morale, productivity and safety performance. Lonmin's primary health facilities serve more than 20,000 employees, contractors and community members every month. We understand that the overall health and wellness of an employee rest on a range of factors, many of which arise outside the workplace. Considering this, our safety awareness and healthcare initiatives include programmes that extend to our host communities.

We deeply regret the five fatalities during 2017. We are committed to continuously improving our safety initiatives to meet our goal of Zero Harm.

Key chapter takeaways

- There were five fatalities
- The lost-time injury frequency rate¹ (LTIFR) improved by 9%
- The impact of Lonmin's HIV/Aids interventions undertaken in 2017 was projected to prevent 271 deaths and 38.5 ill-health disabilities and to save the Company R124.3 million in the year
- The number of patients participating in the anti-retroviral treatment (ART) programme increased by 8% due to the early start of treatment
- 2.2% of patients defaulted from ART
- Our tuberculosis (TB) cure and treatment completion rate exceeded our 2017 target
- Mining Charter elements: Sustainable development and growth

Accountability and Governance



The Lonmin Charter: We are successful when our employees live and work safely and experience the personal satisfaction that comes with high performance and recognition. This is underpinned by our **values** of:

- **Zero Harm** – We are committed to Zero Harm to people and the environment
- **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

Strategic approach: *continuing to improve relationships with key stakeholders and continued focus on safety and health*

Lonmin's Safety and Sustainable Development Policy:

- 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

¹ LTIFR: (LTIs (373) x 1,000,000 hours)/ 82,444,374.96 man hours. The LTIFR for women only is 0.15.



Wearing personal protective equipment to cut steel bars into sections

- 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
- Integrating safety and sustainability development into the decision-making process during all phases of our operations

Other policies, standards and plans governing safety and health:

- Fatal Risk Control Protocols
- Lonmin Safety Life Rules
- Risk Policy
- HIV/Aids and Tuberculosis Policy
- Mandatory Code of Practice for the Management of Medical Incapacity and Disability
- Safety, Health and Environmental Strategy
- Social and Labour Plan (SLP)

The responsibility to ensure a safe and healthy working environment lies with every person employed by or working at Lonmin. The Chief Executive Officer retains ultimate accountability for the safety, health and wellbeing of all employees and contractors when they are on-site. The Safety, Health and Environment (SHE) Committee of the Board has oversight of and provides advice to the Board on SHE matters. The committee ensures that aspirational targets for SHE management are set, and implements a culture in which these goals are promoted and enforced.

The Executive Committee (Exco) monitors the Company's policies and practices, including those relating to SHE matters. Line managers are responsible for the safety of their teams.

Safety performance is analysed daily and performance circulated to the Mine Managers Forum, Operational Steering Committee and Exco. Additionally, performance is reported monthly to the Board and quarterly to the SHE Committee of the Board. The Head of SHE and Sustainability was appointed to Exco during 2017 to represent SHE matters at the highest operational level.

A formal agreement covering safety and health is in place with our majority union, the Association of Mineworkers and Construction Union (AMCU). This agreement defines how full-time and part-time safety representatives are elected, trained and appointed. There were 12 full-time health and safety representatives employed throughout the operations in 2017, and 1,414 part-time safety representatives.

External policies, frameworks and regulations

Safety and health at our Marikana and Limpopo operations is governed by the Mine Health and Safety Act, 29 of 1996 (MHSA) and at the precious metal refinery (PMR) by the Occupational Health and Safety Act, 85 of 1993. Lonmin submits annual medical reports and quarterly occupational hygiene monitoring reports in accordance with the requirements of the MHSA, which include reporting on HIV/Aids and TB policies and data to the Department of Mineral Resources (DMR) and Department of Health.

The Mine Health and Safety Council (MHSC) was established by the MHSA to promote a culture of health and safety in the South African mining industry. We subscribe to and measure our safety and health performance against the MHSC 2024 Milestones.

Material Focus Area | Safety and Health (continued)

Approach and Performance

Safety at Lonmin

Safety Strategy

Our Safety Strategy is built around the belief that we can operate without accidents. Maintaining high safety standards is an integral aspect of demonstrating our efforts to continue to focus on safe production. Our goal is for every person in the Company to have a personal understanding of, and respect for, the importance of safety in the workplace through entrenching safety principles in the Company and increasing visibility on safety matters. Our Safety Strategy takes a proactive approach to safety management with a focus on fatality prevention, injury prevention and a safe high-performance operational culture. Lonmin's Safety Life Rules are a set of non-negotiable rules that target addressing the risk areas that cause the majority of fatal or serious accidents. These rules form the core of our safety management, and internal safety stoppages are imposed if they are violated.

The most significant safety risks relate to fall-of-ground, scraping and rigging, truck and tramming, and machine-related incidents. Although truck and tramming incidents are less frequent, they tend to be more severe, and three of the fatalities during the year related to trucking and tramming.

We measure our safety performance by tracking the lost-time injury frequency rate (LTIFR) and reportable injury frequency rate (RIFR), among other indicators. The presence of chief safety officers at each mining and processing unit aims to:

- Strengthen interactions between the safety function and operations
- Increase the effectiveness of safety audits
- Improve alignment with safety standards, systems and reporting

Training on safety and health practices is provided to all employees and contractors at induction training when joining the Company and when returning from annual leave. Legal and risk-based health and safety training is planned and conducted based on operational training needs. The importance of safety and the prior day's safety performance are communicated daily to sustain awareness. Safety performance forms part of incentive schemes at operational level.

There was an increased emphasis on Visible Felt Leadership (VFL), with senior management conducting site inspections on a weekly basis. This proactive measure involves a weekly cycle of safety meetings, commencing with a meeting with the Chief Operating Officer, where general managers share a review of all injuries and high-potential incidents across the mine, as

well as incidents and key lessons from our industry peers. Our operations direct their safety focus and momentum at high-risk focus areas which are predicted using forward energy models at each of our operations. Cross audits are conducted at planned intervals, primarily focusing on the identification of hot spots and 'red' risk areas, and proactive safety initiatives. Good performance is recognised and rewarded.

Absenteeism has an impact on safety performance, particularly in the current operational environment where resources are limited. We continue to investigate ways to address discipline and absenteeism.

The activities of the Safety Department were extended to include the management of the safety aspects associated with the implementation of Social and Labour Plan (SLP) projects, as well as contractor management on the bulk tailings treatment project.

2018 focus

- We will continue our focus on the implementation of our safety strategy to eliminate fatalities
- We aim to reduce our LTIs by 22.5% from 2017
- We aim to achieve OHSAS 18001 certification at our Marikana mining operations
- We aim to retain the integrated certification for ISO 14001, ISO 9001 and OHSAS 18001 at our processing operations and to retain the OHSAS 18001 certification at Marikana shared business services

Safety performance

Safety is essential for good performance and remains our priority.

We regret that five of our colleagues were fatally injured during 2017. We extend our condolences to the families and friends of our colleagues and deeply regret their loss. Each incident was thoroughly investigated and reported to the DMR. Lessons learned from each incident were implemented into action plans and shared across operations. As a result of these fatalities, our fatalities and fatal injury frequency rate (FIFR) increased.

As a result of fatalities due to trucking and tramming, we have reviewed our trucking and tramming procedures and technology with regards to warning systems. Beacons have been installed at strategic points to make drivers aware of oncoming locomotives. We have also installed vehicle-to-vehicle detection systems in all our locomotives.

| Shaft | Date | Type of incident | Colleague |
|--------|------------------|------------------|---|
| E1 | 10 November 2016 | Tramming | Contractor: Joao Fernando Macamo |
| K3 | 17 February 2017 | Misfire | Employee: Giji Mxesibe |
| Newman | 15 March 2017 | Fall-of-ground | Contractor: Letlhogonolo Ciciron Rakatsoane |
| 4B | 11 May 2017 | Tramming | Employee: Simon Joseph Sibitane |
| 4B | 29 June 2017 | Tramming | Employee: Mangi Bunga |

Total injuries decreased from 1,066 to 882 and lost-time injuries (LTIs) decreased from 409 to 373. The 373¹ LTIs resulted in 23,629 days lost, with most of these attributable to fall-of-ground, scraping and rigging, and underground track-bound mobile machinery. 40% of injuries were hand and finger-related, with rock drill operators, general workers and winch drivers mostly impacted. The LTIFR² decreased by 9% from 2016 to 4.52 per million man hours worked. Although we did not achieve our target of an LTIFR of below 4.14, we believe that our increased focus on proactive safety management, safety culture and consequence management led to a decrease in total injuries and LTIs.

The severity rate, which is the total days lost to LTIs per million hours worked, increased by 4% to 286.61 (2016: 275.67). First aid cases increased to 151 (2016: 89) and medical treatment cases decreased to 509 (2016: 657). We had 78 white flag days (2016: 77) in 2017, which are days that mark no injuries and celebrate our belief in operating without injuries.

Four coalition safety visits were held during the year at the Hossy, Rowland, K3 and 4B shafts to bring together key stakeholders, including the Lonmin CEO, the DMR and AMCU leadership to re-emphasise the need to prioritise improving safety performance.

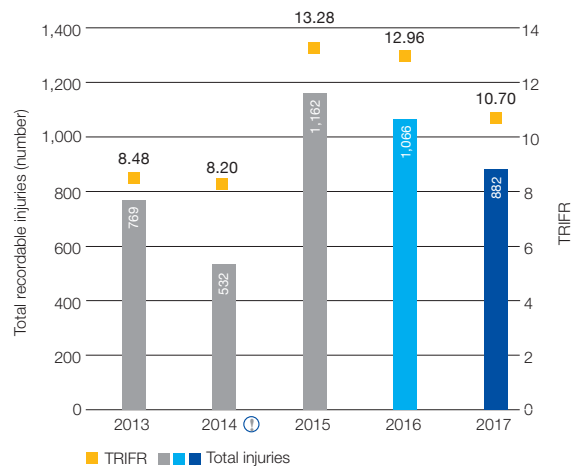
Safety achievements

Lonmin achieved a number of noteworthy safety awards and milestones during 2017, with the highlights listed below:

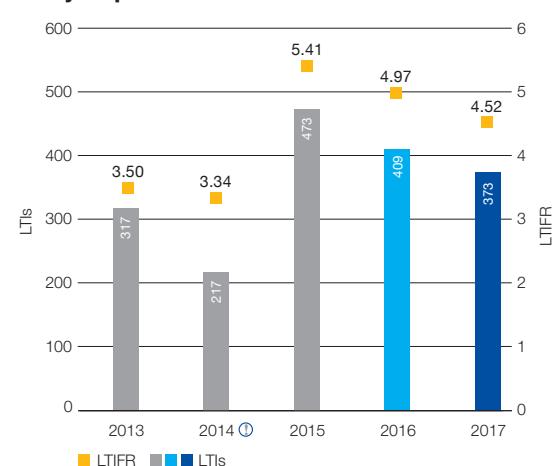
- Saffy Shaft – 5 million fatality-free shifts
- Lonmin Mining – 4 million fall-of-ground fatality-free shifts
- Lonmin Mining – 2 million fatality-free shifts
- West 1 – 2 million fatality-free shifts
- Rowland Shaft – 2 million fatality-free shifts
- East 2 – 1.5 million fatality-free shifts
- Hossy Shaft – 1 million fatality-free shifts
- K3 Shaft – 1 million fatality-free shifts
- K4 concentrator – two years LTI-free
- PMR – one year LTI-free
- Assay laboratory – 11 years LTI-free
- K3 Mine Manager UG2 Section – 7 million fatality-free shifts achieved prior to fatal accident

In addition, Lonmin operations received several safety awards at the Mine Safe 2017 awards for the most improved safety performance at E2 shaft, the BMR and Assay Laboratory.

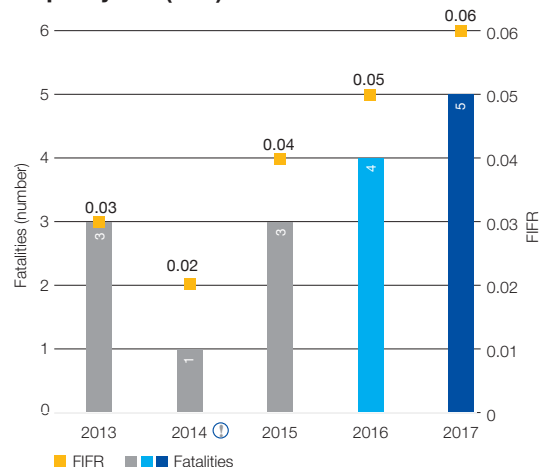
Total injury frequency rate (TIFR)²



Five-year performance: LTIFR³



Five-year performance: Fatalities and fatal injury frequency rate (FIFR)



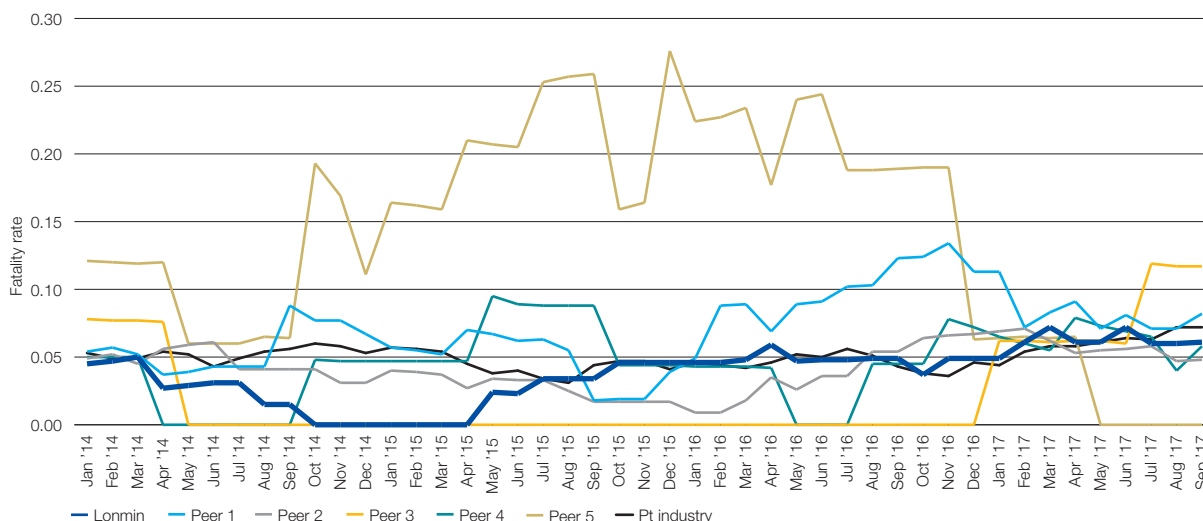
¹ Of the LTIs, 12 injured were women. Women contributed 3% to the total LTIFR.

² These statistics reflect all fatalities, LTIs and medical treatment cases in alignment with the International Council on Mining and Minerals (ICMM) safety definition for Total Recordable Injury frequency rate.

³ LTIFR: (LTIs (373) x 1,000,000 hours)/82,444,374.96 man hours. The LTIFR for women only is 0.15.

Material Focus Area | Safety and Health (continued)

Comparison of platinum (Pt) industry – Fatality rate 12 months rolling¹



Safety stoppages

Team members are provided with section 23² booklets and are informed of their right to withdraw from dangerous workplaces. Internal safety stoppages are imposed whenever the Lonmin Safety Life Rules are violated.

Under the MSHA the DMR is authorised to impose Section 54 stoppages where a DMR inspector has reason to believe that any practice or condition at a mine endangers the health or safety of any person at the mine. Safety stoppages result in lost production, and have a negative impact on safety routines and care must be taken to safely shut down work areas so that when workers return they do not enter an unsafe work area.

42 Section 54 stoppages (2016: 50) were imposed at operations, resulting in the loss of 86 production days (2016: 164) and 276,437 tonnes of production (2016: 558,604). Compared to 2016, we are experiencing a reduction in the duration and frequency of Section 54 stoppages and more localised application of these stoppages. We continue to engage proactively with the DMR to build sound relationships. We participate in various forums between industry, labour and government that discuss expectations and shared objectives on safety stoppages.

Health and wellbeing

Health strategy

Lonmin's Health Department provides comprehensive healthcare to our employees and their families to improve their health status and quality of life. Our health services cover four broad areas:

01

Occupational health and hygiene, including risk assessment and monitoring of exposures that can be detrimental to employee health, medical surveillance, rehabilitation and functional assessment.

02

Primary healthcare is available on a 24-hour/365 days-a-year basis from the hospital and clinics at Marikana. This includes management of injuries and diseases such as hypertension and diabetes, and treatment of HIV/Aids and TB.

03

The wellness programme proactively addresses HIV/Aids and promotes health and wellbeing. Initiatives include peer educators, awareness campaigns, health days and talk topics. An employee assistance programme is available to employees and their immediate family.

04

Emergency care is offered through the Emergency and Disaster Management Department, which includes Netcare 911 ambulances on-site for serious injuries and illnesses that require immediate stabilisation and transportation to the hospital.

¹ Bushveld Safety Forum.

² Section 23 of the MSHA gives employees the right to withdraw from any situation or area that they deem unsafe.

Occupational health

Lonmin's occupational health and hygiene programme is based on risk assessments. It reduces the risk of hazardous exposures, supports regulatory compliance, and improves workplace conditions. We monitor all occupational diseases listed in terms of the Compensation for Occupational Injuries and Diseases Act, 130 of 1993, and the Occupational Diseases in Mines and Works Act, 137 of 1991, as amended, including noise-induced hearing loss (NIHL), occupational asthma, dermatitis, platinum salt sensitivity and silicosis.

Noise-induced hearing loss

Noise is a significant occupational health risk at our operations. Lonmin's multi-disciplinary approach to NIHL is implemented through various programmes and controls that support hearing conservation. Although most equipment has been silenced, with only a few sources outstanding, the Hearing Conservation Committee continues to review and investigate opportunities to reduce noise exposure and prevent NIHL. Controls include:

- Administrative controls and medical surveillance
- Ongoing training and awareness programmes
- Provision of hearing protection to workers in high-noise areas
- Regular review of hearing protection devices to ensure that Lonmin uses only the most effective products to reduce exposure to noise of above 85dB(A)
- Participation in the Mine Industry Occupational Safety and Health (MOSH) noise meetings/workshops to reduce equipment noise
- Involvement in the "buy quiet" initiative, which works with suppliers to improve the availability of quieter equipment
- Silencing of noise sources above 107dB(A) in line with the new MHSC milestones for the elimination of NIHL. This includes goals for the reduction of noise emitted by equipment to below 107dB(A) by December 2024.

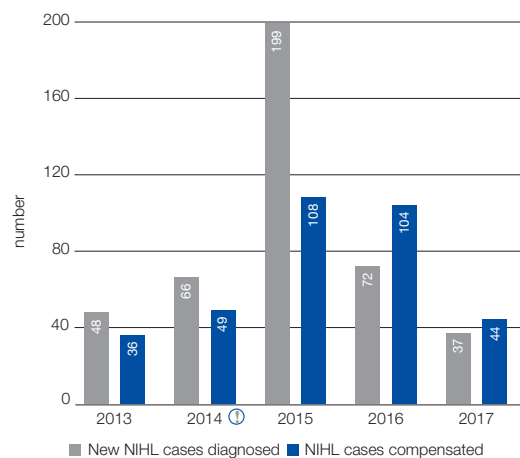
Lonmin is partnering with a manufacturer of hearing protection in an ear-testing project that uses in-ear fitment testing to measure each employee's unique level of protection with a specific hearing protection device. The system allows for the verification of the suitability of hearing protection devices, quality of fitment and effectiveness of fitment training.

We are in the process of retesting hearing baselines to align with the new requirements to report standard threshold shifts required by the new MHSC milestones.

37 new cases of NIHL were diagnosed and 44 NIHL cases received compensation. All NIHL cases showing a loss-of-hearing shift greater than 5% loss are investigated. An investigation in 2017 revealed several cases of incorrect recording of baseline hearing tests around the time of the change in legislation in 2003, which led to hearing shifts registering from the incorrect baseline. This constitutes 33% of NIHL cases reported (2016: 34%), and similar cases will continue to be identified and reported as they emerge.

In 2018, we aim to reduce new NIHL cases by 6% from 2017.

Five-year performance: NIHL diagnosis and compensation for employees



Physical and functional work capacity fitness testing

Fitness tests are conducted on new employees and after rehabilitation for recovering employees, including functional capacity testing and work simulation assessments. Cardio Vascular – conditioning is provided to workers who do not achieve the required fitness scores. Those requiring further rehabilitation receive vocational rehabilitation through physiotherapy and occupational therapy, or are considered for alternative job placement.

Physiotherapy, occupational therapy and rehabilitation

Therapy and rehabilitation are available for workers suffering reversible trauma conditions. Patients with chronic conditions are stabilised, after which they undergo cardio conditioning at physiotherapy, prior to completing the functional capacity test.

The Company's Mandatory Code of Practice for the Management of Medical Incapacity and Disability, in terms of the MHSA, was finalised and approved by our majority union (AMCU). The code addresses accommodation, retraining or alternative job placement for people with disabilities. 1.6% (390) of our employees are categorised as living with disabilities (2016: 1.4%), including employees with finger amputations and significant hearing or vision loss.

Management of other occupational diseases

Exposure to platinum salts during processing is linked to occupational diseases such as platinum salt sensitivity, dermatitis and occupational asthma. We work with the International Platinum Group Metals Association (IPA) to improve how we manage platinum salt sensitivity. No new cases of occupational asthma, dermatitis or platinum salt sensitivity were diagnosed in the year.

Silica levels are generally low in platinum ore bodies. Monitoring of silica levels in our mines indicate that levels remain below 10% of the occupational exposure limit, and well below the MHSC Milestone 2024 target. There were no new cases of silicosis identified in 2017.

Material Focus Area | Safety and Health (continued)

2018 focus

- To ensure our occupational health and hygiene programme continues to comply with all legal requirements, with an additional focus on NIHL, including equipment silencing and in-ear fitment testing
- Completion of a risk-based medical surveillance model and improving the integration between occupational health and primary healthcare
- To reduce new cases of NIHL by 6% in 2018 and to refine the reporting of NIHL in contractors

Primary healthcare

The primary healthcare services provided to employees meet the Company's regulatory obligations and offer an opportunity for Lonmin to play its part in addressing some of the most serious health challenges facing South Africa. Chronic diseases prevalent in our workforce include HIV/Aids, TB, hypertension, diabetes, asthma and epilepsy. The most material diseases are TB and HIV/Aids. Health services are available to employees, their dependants and community members through three clinics and a hospital at our Marikana operations, and a clinic at the precious metals refinery (PMR) and Limpopo operations. Community members are treated on a fee-for-service basis. Community health issues are managed through the Stakeholder Engagement and Regulatory Affairs Department, and are discussed in the community relationships and investment section on page 64.

All employees have access to a medical scheme and can choose from a basket of schemes. Every employee and contractor receives regular health assessments, and R250 million was spent on health programmes (2016: R216 million). The total investment increased due to the increase in utilisation, disease progression and issuing of nutritional supplements to employees at the workplace. The number of women and children treated at our facilities increased 18% year-on-year due to the completion and occupation of certain phases of Lonmin's housing projects, which added to the pressure on our health facilities.

Our focus remained on maintaining service levels in the context of the current cost constraints and improving health outcomes. The quality of the service provided at our medical facilities is monitored through quarterly health customer satisfaction surveys. Despite cost pressures, patient physical care was not compromised and the customer satisfaction rating was 86% (2016: 87%). An eye clinic was established at the Eastern Platinum Limited (EPL) clinic in January 2017. The clinic's specialised equipment enhanced our capacity to manage eye conditions.

HIV/Aids

HIV/Aids-related diseases, including TB, represent a major challenge for South Africa, and the mining industry. HIV/Aids-related diseases remain the biggest cause of in-service deaths at Lonmin. These diseases have a particularly severe impact on patients, those around them and their communities. 23,820 employees and contractors were tested for HIV/Aids, of which 8% tested positive (2016: 7%). HIV/Aids-related deaths increased to 98 (2016: 72).

The Lonmin HIV/Aids policies define the Company's approach of supporting those affected by HIV/Aids and creating a caring environment. Voluntary counselling and testing (VCT) is offered to employees and contractors at the primary healthcare and occupational health centres. The peer educator programme and campaigns prioritise education and awareness in an effort to combat the stigma around HIV/Aids, foster respect for patients' human rights and personal dignity, and to prevent new infections. Four events to raise awareness around HIV/Aids and access to VCT were held.

HIV/AIDS impact analysis

An external actuarial review was conducted in 2017 to provide an update of the HIV/Aids impact analysis initially performed in 2011. The review highlighted the following:

- The prevalence of HIV/AIDS is estimated at 25%
- Mortality and disability rates are lower than initially estimated
- There are more employees registered on anti-retroviral treatment (ART) than predicted

The review estimated that the costs attributable to HIV/Aids in 2017 amounted to R80.6 million, including the cost of ART.

The impact of Lonmin's HIV/Aids interventions undertaken in 2017 was projected to prevent 271 deaths and 38.5 ill-health disabilities. This not only saved lives, but also saved the Company R124.3 million in the year. These estimated savings arise from reduced absenteeism due to illness and productivity gains resulting from improved health status of patients on ART.

ART is available to any patient who requires medical intervention and who is committed to taking the medication. The number of patients participating in the ART programme increased by 8% to 4,843 due to the early start of treatment. The annual medical cost to the Company is estimated to be R7,576 per person. This cost has increased as ART failure patients are switched to more expensive alternative regimens. The outcomes of the ART regime have been positive, with a 74.6% ART success rate¹.

ARTs are provided for life, and former employees (including those who have taken VSPs or left the Company for any reason) can return every three months for consultation, monitoring and treatment collection. Patients who leave the area of the operations are provided with a three-month supply of ARTs and referral letters, to enable the collection of ART from provincial clinics or hospitals.

Despite earlier initiation of ART, improvements in the treatment success rate, prophylactic treatment to prevent opportunistic infections such as TB, and the ongoing focus on health education and treatment counselling, some employees are still reluctant to start treatment and default on taking their treatment. Default on chronic medication, including ART, leads to preventable health deterioration and decreased quality of life. Our target for 2017 was to reduce the rate of ART defaulters to below 3%. We achieved this target, with 2.2% of patients

¹ ART success rate is defined as the percentage employees on ART where the viral load is less than 50 copies per millilitre after six months on treatment.

defaulting from ART. If patients do not collect their medication, they are flagged when they clock in, and prevented from starting work until they have visited the clinic.

While default rates remain low, 17% of patients on ART are not responding optimally to treatment and have viral loads above 1,000 copies per millilitre. We initiated a project that involved patient questionnaires and employee training to determine the factors that contribute to ART failures so that we can address these. The reasons identified include failure to take treatment, late initiation of treatment and non-disclosure of the condition to their spouse or partner while not practising safe sex. Counselling sessions stress the benefits of starting treatment early, taking medicine consistently and disclosing HIV status.

Wellness programme

Lonmin has a comprehensive wellness programme in place at its Marikana operations, focused on addressing the physical and emotional effects of HIV/Aids. Counselling and follow-up services are available to employees and their households. Employees have access to a dietitian for advice on a healthy diet and lifestyle.

Patients on the HIV/Aids wellness programme refer to HIV-positive patients that have not yet enrolled in ART. The number of patients on the wellness programme decreased by 67% from 2016, as a result of more patients starting ART when tested positive. Activities to raise health and wellness awareness include monthly health talk topics, health education conducted during safety breaks and wellness days. In December 2016, World Aids Day campaigns were held at all the shafts and process operations with the theme "It is in our hands to end HIV and TB". During the campaign, 8,521 employees were tested for HIV, of which 9% were positive. The wellness team collaborated with the peer educators during Condom Week in February 2017 to facilitate interventions across the operation to emphasise the importance of practising safe sexual behaviour.

The shafts support peer education and funded training for additional peer educators. 39 new workplace peer educators were trained, bringing the total active workplace peer educators to 229, exceeding the 2017 target of 125 workplace educators.

Tuberculosis

South Africa has one of the highest TB infection rates in the world, and prevalence in the mining industry is even higher than the country infection rate. TB is an opportunistic infection, and people infected with HIV/Aids are more prone to contracting TB, which increases the importance of monitoring and tracking the disease. At Lonmin, around three quarters of new TB cases detected in 2017 were HIV-positive.

Lonmin's diagnosis, classification and treatment regimens for TB align with the South African Department of Health and the DMR programme management guidelines. The TB Policy outlines the responsibilities of employer and employees, treatment, fitness to work and training of employees. HIV-positive patients receive INH prophylaxis to prevent TB infection. Lonmin participated in the Masoyise iTB project, coordinated by the Chamber of Mines, and Tuberculosis in the Mining Sector in Southern Africa. The programme aims to coordinate the response to TB and related illnesses affecting mineworkers, ex-mineworkers, their families and communities in southern Africa.

330 new cases of TB were diagnosed and treated, including seven cases of multi-drug-resistant TB, and no cases of extreme drug-resistant TB. Our cure and treatment completion rate was 87.6% (2016: 86.3%), which exceeded our 2017 target of 85%. Initiatives to improve completion rates include continuous communication between patients and the medical facilities to remind them of treatment collection, and early diagnosis. TB patients who do not collect treatment are prevented from clocking in at work until treatment is collected, and clinics proactively contact patients if they do not come to the clinic to take their treatment for three days in the intensive phase of treatment.

Health workers and community volunteers implement contact tracing for every TB patient at the workplace and in the communities, as well as confirming that patients are taking treatment. These teams provide on-the-ground support and counselling to patients and their families.

TB patients who leave the Company are referred to TEBA Limited¹ to support the completion of their treatment course, and Lonmin is kept informed of the outcome. Medically repatriated employees are referred to TEBA for home-based care. TEBA supports and visits about 80 former employees on a regular basis.

Five-year performance: TB and HIV/Aids

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------------------|--------|--------|--------|--------|---------------|
| Diagnosed and treated TB cases | 446 | 436 | 462 | 411 | 330 |
| HIV/Aids-related deaths | 99 | 97 | 119 | 72 | 98 |
| VCT conducted | 17,682 | 17,964 | 16,301 | 18,372 | 23,820 |
| Patients on ART | 3,288 | 3,666 | 4,167 | 4,483 | 4,843 |
| Patients on the wellness programme | 690 | 637 | 477 | 284 | 94 |

¹ TEBA Limited is a labour recruitment and management service provider that offers additional services to the mining industry on human resources, social and financial services during and after employment.

Material Focus Area | Safety and Health (continued)

Other healthcare programmes

Patients are provided with treatment for chronic and acute illnesses prevalent in our workforce, which include asthma, diabetes, epilepsy and hypertension. Outcomes are monitored through treatment programmes and, where necessary, patients are referred to appropriate specialist care. A dietician is available to all employees as part of our services offered. 3,974 patients were listed on chronic disease registers other than ART (2016: 3,809). Of the patients on chronic disease registers, 98% (2016: 92%) are controlled on treatment.

Other healthcare services include a short-stay female ward consisting of two beds and an infant warmer.

2018 focus

- We will focus on continuing to deliver health initiatives and improve health outcomes in the context of cost constraints
- New target: We aim to increase the enrolment of patients in the ART programme by 6% and maintain the rate of ART defaulters below 3%
- New target: We aim to have a TB cure rate and treatment completion rate of 87% in 2018, an increase of 2% from our 2017 target

Trauma and emergency care

Lonmin's Emergency and Disaster Management Department specialises in all aspects of emergency, medical and rescue operations within Lonmin operations and local communities. The Company's emergency and disaster management programme is associated with the mines rescue services programme. Casualty facilities for emergency cases are available through Lonmin's primary healthcare programme. The emergency and disaster management team is available 24/7. Relationships have been established with industry peers and other hospitals to provide support in all aspects of emergency management. Additionally, good relationships were established and service level agreements are in place with local and governmental authorities. These provide back-up assistance in the event of major incidents and accidents on the mine and in surrounding communities.

All catastrophic emergency risks are included in the Lonmin Code of Practice on Emergency Preparedness and Response. The Code includes community emergency management planning and support and aims to mitigate the effects of a catastrophic emergency on the local community. The PMR in Brakpan operates in close proximity to the local community. In the event of an emergency evacuation procedures with gathering points are in place, overseen by designated wardens. A dedicated phone number at our Marikana operations is routed to the emergency and disaster management call centre to ensure rapid response.

Emergency preparedness training takes place at all our operations, and bi-annual emergency drills test the effectiveness and readiness of emergency plans. A comprehensive emergency preparedness audit is conducted annually to test the effectiveness of implemented training interventions and compliance to current emergency procedures.

The Emergency Department responded to 282 road accidents, 140 of which took place in the vicinity of the mine property. These road accidents resulted in eight fatalities, six of whom worked at Lonmin. The rest of the road accidents occurred off-site and resulted in 27 fatalities, one of whom was a Lonmin employee. There were 29 Lonmin employee deaths as a result of motor vehicle accidents in 2017, inclusive of accidents off-site. We extend our condolences to the family and friends of those involved.

Volunteer services are in the form of proto-teams and surface rescue teams. Proto-teams are trained to fight fires, perform underground rescues, surface fires and car extrications. Proto-teams responded to 11 proto-incidents this year, of which five were off-mine incidents. Together, proto-teams and surface rescue teams responded to 19 calls on and off mine property.

First aid training was provided to 4,874 individuals, of which 246 were from surrounding communities. Basic fire-fighting training was provided to 1,004 individuals, including employees and contractors.

Contractor safety and health

Contractors and their employees are expected to adhere to the Company's safety, health and environmental standards and commit to this through contracts with Lonmin. Contractor safety, health and environmental practices are assessed during tender adjudication, project execution, and on finalisation of the contracts. The contractor safety management team provides safety, health, environment and quality specifications with guidance documentation for adherence to our standards. The chief safety officer for contractors works closely with the Company's Procurement Department so that contractors are aware of these requirements. High-risk contractors are allocated a single point of contact to drive proactive SHE initiatives and measures. Safety audits on contractors working on-site are performed, as well as safety blitzes to continue the focus on safety issues at operations.

Contractor employees undergo medical fitness assessments at the on-site contractor hub and receive induction, which includes training on Lonmin's SHE procedures. On-site contractors have access to our healthcare facilities. Where necessary, contractors are referred to appropriate health services for further medical care. The due diligence process when registering contractor vendors encourages them to offer medical aid to their employees.



Material Focus Area | Community Relationships and Investment

Maintaining our social licence to operate and investing in the community

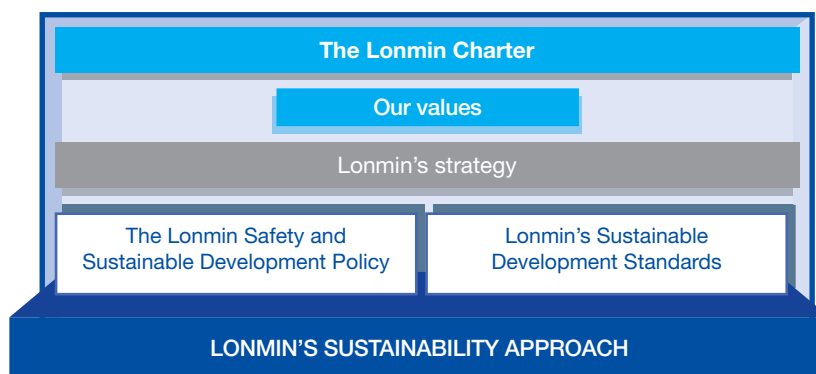
Lonmin is committed to contributing to the wellbeing and development of the communities that host our operations. We view social spend as an investment and a business imperative. Operational and societal success is only possible through multi-stakeholder commitment. We believe that together we can create a better future for future generations. Building strong and constructive relationships with the communities surrounding our operations creates a more predictable and stable operating environment that supports our strategic goals over the long term.

Our community projects support the wellbeing and development of our host communities, and demonstrate our continued focus on corporate citizenship. These projects form part of the Mine Community Economic Development initiatives contained in our Social and Labour Plans (SLPs).

Key chapter takeaways

- R102.8 million was spent in 2017 on community development
- The performance of learners attending supplementary programmes shows significant improvement compared to non-attendees
- Approximately R12 million per annum is contributed to Company-sponsored buses for the transport of around 2,500 learners to and from school
- Our preferential procurement contribution exceeds the Mining Charter targets
- Procurement value through Bapo contracts amounted to R325.3 million
- Mining Charter elements:
 - Ownership
 - Procurement and enterprise development
 - Mine community development

Accountability and Governance



The Lonmin Charter: We are successful when the communities in which we operate value our relationships. This is supported by our **values** of:

- **Integrity, honesty and trust** – We are committed, ethical people who do what we say we will do
- **Transparency** – Open, honest communication and free sharing of information

Strategic approach: *continuing to improve relationships with key stakeholders and continuing to focus on the requirements of the Mining Charter and SLPs*

Lonmin's Safety and Sustainable Development 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 our minerals
- Maintaining transparent and ongoing consultative relationships with all stakeholders and incorporating this engagement into the decision-making process



Learners from Grade R at
Thlapi Morue Primary

Other policies, standards and plans governing community relationships and investment:

- SLP
- Security Policy
- Security Code of Conduct

The Executive Vice-President of Stakeholder Engagement and Regulatory Affairs, who reports to the Chief Executive Officer, is responsible for, among others, delivery on the Company's community development commitments and engagement with the community. Progress against transformation, stakeholder relations and community development goals is monitored by the Social, Ethics and Transformation (SET) Committee of the Board.

Lonmin's community investment programme comprises community development projects specified in our SLPs and a number of additional community upliftment projects that are conducted over and above those in our SLPs. The Stakeholder Engagement and Regulatory Affairs Department works with the Procurement Department to identify local small, medium and micro-sized enterprise (SMME) opportunities through our economic development programme.

External policies, frameworks and regulations

Lonmin's regulatory community development projects are defined in our SLPs, which are compiled in terms of the Mineral and Petroleum Resources Development Act (MPRDA), and progress against these commitments is reported to the Department of Mineral Resources (DMR). The current SLP cycle concludes at the end of 2018.

Preferential procurement is an important part of transformation regulated by the Broad-Based Black Economic Empowerment Act, 53 of 2003. Our approach is framed by the Preferential Procurement Policy Framework Act, 5 of 2000. The Mining Charter has a focus on preferential procurement which was extended in the Reviewed Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (Reviewed Mining Charter), the requirements of which remain uncertain.

Material Focus Area | Community Relationships and Investment (continued)

Approach and Performance

We strengthen our community relationships and, in turn, our social licence to operate through the following broad focus areas:

- Community relations and engagement:** Regular formal and ad hoc engagements with stakeholders in local communities improve our understanding of their expectations of Lonmin and provide forums to communicate necessary information related to the Company. These include regular engagements with government and local traditional authority representatives. During 2017 the Board visited the Royal Council of the Bapo Ba Mogale Traditional Community (Bapo). We invested in the development of community representative structures, although progress continues to be slower than we aspire to due to political instability and inadequate resourcing. We are developing an electronic system to record, monitor and manage issues that affect our different stakeholders. Further information on our stakeholder engagement is available on page 19 and in the online supplementary report at <https://sd-report.lonmin.com/2017/download-manager/>.
- Community upliftment initiatives:** Lonmin invests in local communities with the aim of addressing some of the most pressing socio-economic challenges facing the surrounding communities and certain labour-sending areas. The community development strategy defines how Lonmin intends to create long-term social and economic value by alleviating poverty and unemployment and enabling communities to participate in decision-making to achieve greater long-term control over their lives and development. Investments include improving education and health, developing local suppliers and assistance in improving basic services and social infrastructure. We believe that education can fundamentally change lives; therefore, we invest in the education value chain – from early childhood development, school infrastructure and sport development to supporting students at tertiary level. Our strategy aims to ensure communities are resourcefully skilled and able to take full advantage of economic opportunities. Therefore, we provide training in local communities, which develops the pipeline of possible future skilled employees and increases opportunities for local procurement. These skills are transferable and can later be used for other community development projects, such as road construction.
- Enterprise development and preferential procurement:** To address the challenges evident in local communities a broader partnership approach is required. Our commitment to principles of transformation are embedded in our business processes. This includes collaboration between the Company and the communities in which we operate.

Community relations and engagement

Lonmin's Stakeholder Engagement and Regulatory Affairs Department implements the Stakeholder Engagement Framework and Community Development Strategy, which were informed by the community value proposition (CVP). The CVP process, which commenced in 2012 and involved extensive engagement with community leaders and interested and affected parties, supports social investment that is sustainable and has a lasting impact beyond the life of the mines through ensuring an in-depth understanding of communities' development needs.

Stakeholder groups are identified, prioritised and mapped on the basis of common issues of concern and on a geographic basis. Stakeholder engagement officers interact with representatives from local communities through formalised structures, including community project meetings, ward councillor meetings, and meetings with representatives of civic, religious, environmental, youth and women's groups. Community members and other stakeholders can raise complaints with the Company through these channels. Complaints are noted in the minutes of the meetings for follow-up.

During 2017, monthly sessions were held with collectives to ensure alignment between municipality and community representatives to shift community engagements into a more proactive space, rather than reacting to demands from various parts of the community as they arise. Agreements around infrastructure delivery are formalised in memoranda of agreement that stipulate reciprocal rights and obligations to ensure infrastructure is operated and maintained after handover.

Community focus areas

Lonmin's community focus areas are:

- Education
- Health
- Local economic development

Where possible, projects under these focus areas are incorporated into Lonmin's SLPs, which consider local municipality integrated development plans (IDPs)¹ and the projects identified through our community need assessment process. Progress against projects is monitored, where applicable, against SLP targets determined at the start of the projects, and reported to the SET Committee of the Board, as well as on an annual basis to the DMR. Lonmin's project management office supports community development projects with project planning, key performance indicators (KPIs) and monitoring to improve performance measurement and track delivery. Further detail on our SLPs is provided on page 103.

In 2017 we invested R80.56 million (2016: R52 million) in approved community projects that form part of Western Platinum Limited (WPL) and Eastern Platinum Limited (EPL) SLPs.

¹ IDPs map out short, medium and long-term plans for communities, including spatial planning, economic development and infrastructure development.

Summary of expenditure of key community focus areas

| Financial investment in communities ¹ | 2016 Rm | 2017 Rm |
|---|-------------|--------------|
| Community education programme (in schools) | 10.3 | 20.3 |
| Skills development (mining skills, portable skills training, technical skills, and learnerships for communities) | 18.8 | 10.1 |
| Sports, arts and culture | 1.7 | 1.0 |
| Community health programmes (including nutrition programme spend) | 16.4 | 17.7 |
| Basic community services | 6.5 | 35.0 |
| Supplier development | 5.1 | 5.5 |
| Other corporate social investment-related spend (career guidance, community transport and community study assistance) | 13 | 13.2 |
| Total² | 71.8 | 102.8 |

Community education

Lonmin invests in projects that support education and improve skills for employability, two of the most serious challenges facing South Africa and our local communities.

Education projects are reviewed and adjusted on a quarterly basis to remain aligned with evolving community needs and are benchmarked against the education component of the National Development Plan (NDP) and with the Mining Qualifications Authority (MQA). Baseline assessments are conducted before commencing projects, specifically in the case of school infrastructure projects and early childhood development (ECD) centres, so that the impact of these projects can be more accurately measured.



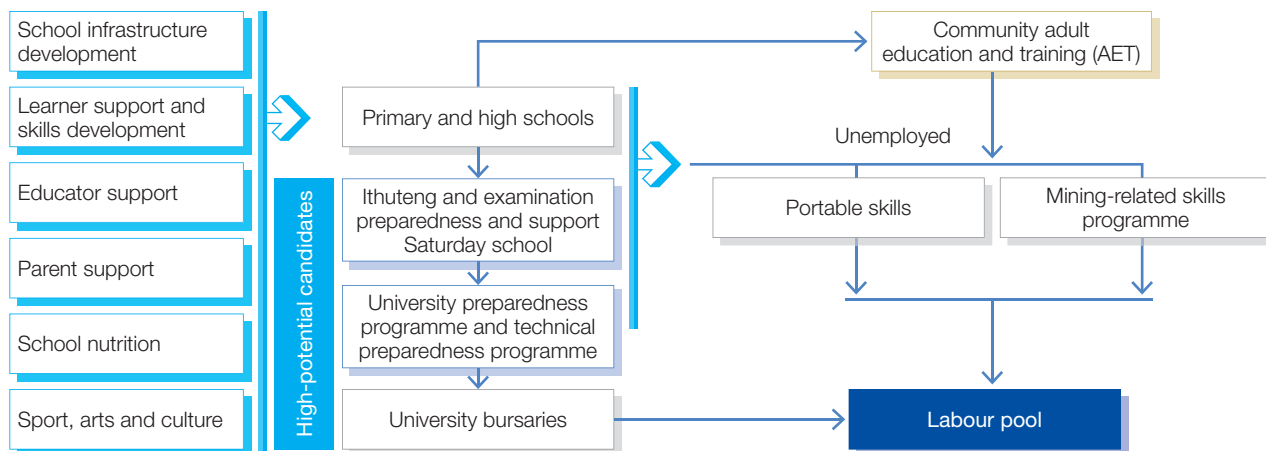
Learner at Majakaneng Creche

¹ This includes programmes over and above SLP projects for WPL and EPL, and excludes overheads and donations.

² Excluding administration costs and donations.

Material Focus Area | Community Relationships and Investment (continued)

Community education value chain



School infrastructure development

Since 2007, Lonmin has supported the infrastructure needs of 28 schools in surrounding communities, including additional classrooms, mobile classrooms, electricity upgrades, sporting facilities, or ablution facilities. Since 2010, Lonmin has provided a total of 82 classrooms (with supporting ablution facilities) in local schools.

The construction of a new primary school in Marikana, including sports facilities that will benefit 680 learners, is due for completion by November 2018. A community school in Limpopo is being upgraded and new classrooms are being built.

Other infrastructure projects include security upgrades at the Maruatona Primary School in Wonderkop, and upgrades to mobile classrooms in Majakaneng.

Community skills development

Unemployment, particularly among youth, is a critical concern in our host communities and the country as a whole. The unemployment rate in the North West province (27%¹) is above the South African average. In May 2017, Lonmin's E2 and E3 shafts were closed due to protest action by unemployed youth from the Bapong community, demonstrating for increased community recruitment opportunities. The protests kept the shafts closed for 10 days, resulting in the loss of approximately 5,830 platinum ounces in production.

Lonmin supports learners in surrounding communities to improve education and pass rates through a number of programmes. Our skills development programmes aim to provide school leavers with the skills required for employability in the mining industry or to generate an income through self-employment.

¹ Source: Statistics South Africa: Statistical release P0211 Q2 2017. The expanded unemployment rate in North West province is 42%.

Our active programmes as well as our 2017 performance are summarised below.

| <i>Programme</i> | <i>Details of programme</i> | <i>2017 update</i> |
|--|---|--|
| Supplementary curriculum (Ithuteng) | The Ithuteng Saturday school programme is aimed at high-potential students in grades 9 to 12. It provides additional support in terms of mathematics, English and science. These learners are ultimately the pipeline for the university preparedness programme (UPP) and technical preparedness programme (TPP). | 105 learners participated in the programme (2016: 100) |
| Examination preparedness and support programme | The examination preparedness and support (EPS) programme provides learners in grades 11 and 12 from the surrounding community with extra classes in all subjects in a bid to improve grade 12 pass rates. This is done in partnership with the Department of Basic Education. | 396 learners participated in the programme (2016: 449) |
| General preparedness programme | The general preparedness programme is a one-year residential programme that supports students who are applying to tertiary institutions or for engineering learnerships to make a successful transition to tertiary education. School leavers preparing for learnerships receive support to achieve technical skills accreditation within one year of training. | 50 students were identified from eight high schools in Marikana and six high schools in Limpopo were supported by the programme (2016: 47) |
| Mining-related skills programme | Young adults with a minimum of AET level 4 (and who pass the various screening and medical criteria) are trained in Competent B skills and are provided with four months of 'on-the-face' training with production crews. | 114 cadets completed the training (2016: 189) |
| Community portable skills | Community members are given the opportunity to obtain a portable skill (e.g. sewing, carpentry, bricklaying, welding, painting, hospitality, landscaping). In order to support the local economy, contracting companies are encouraged to access these skills developed in the community that are appropriate for specific projects. Examples of this are the community pool of bricklayers, welders and plumbers being used in construction of the infill apartment housing project, and the use of local construction companies in school infrastructure development projects. | 165 community members received portable skills training (2016: 137) Local sourcing and contracting is becoming more challenging as the demand to source from specific wards within a community is increasing. |
| Community AET | Community members are given the opportunity to increase their numeracy and literacy to AET level 4. | 76 community members received AET training in 2017 (2016: 295) |

In addition to the above skills development and learner support, Lonmin supports promising students from surrounding communities with bursaries. No new bursaries were allocated in 2016 or 2017 due to cost constraints, but additional funding was allocated to existing bursars for accommodation assistance. More information on our bursaries and graduates can be found on page 47. We have a community study programme in place which sponsors tertiary studies for 63 high-potential students studying non-mining or mining-related fields who are unable to access bursary opportunities. A number of these students obtain financial assistance once they are registered students.

While our goal is to increase employment from local communities, Lonmin has unfortunately not been able to offer employment to all of the beneficiaries of these programmes since 2016. This is due to the section 189 process in 2016,

cash constraints, and the orderly closure of shafts which resulted in fewer vacancies. Some graduates were absorbed by Lonmin and some by Lonmin contractors. We continue to develop relevant industry skills in the community in preparation for the industry recovery and upswing. We initiated a project to track and trace graduates from our training to measure the effectiveness of these programmes on increasing employability. Some graduates of our mine technical services programme have found employment at nearby mining companies, while others are continuing their studies.

Lonmin provides free transport for community members. Around 2,500 learners use Company-sponsored buses to commute to and from school, and there are a further over 500 ad hoc trips for church groups, choirs and sporting events annually. The Company contributes approximately R12 million per annum to community transport.

Material Focus Area | Community Relationships and Investment (continued)

A strong performance by community high schools

We conducted an impact assessment on the supplementary programmes provided by Lonmin, which benefit approximately 500 learners per year (page 69).

The performance of learners attending supplementary programmes shows significant improvement compared to non-attendees.

Learners who attended the Ithuteng programme achieved a 76% pass rate for mathematics, compared to 27% for learners from the same schools who did not attend the programme; and a 71% pass rate for physical science, compared to 38% for non-participants.

Examination preparedness and support programme attendees achieved a 94% pass rate for accounting, compared to 58% for learners not attending; and a 97% pass rate for geography compared to 80% for non-participants.

Educator support

Given the importance of educator skills to learner outcomes, Lonmin provides support for primary and high school educators in the form of in-class and off-site workshops. These workshops are primarily focused on mathematics, and include technology and physical science. During 2017, 40 (2016: 92) educators attended these workshops in surrounding communities and Lebowakgomo (Limpopo). Study assistance was provided to nine educators to assist them in improving their qualifications.

Improved educational outcomes and socio-economic development depend on access to good ECD facilities and teaching. Not all children in surrounding communities have access to formal education during early childhood, and are cared for in informal day-care facilities. Lonmin supports 62 (2016: 52) ECD centres by providing 177 (2016: 171) ECD educators with basic skills, enabling them to teach children the foundations required to begin their formal schooling. The programme benefits these educators and the 2,777 (2016: 2,674) children in the ECD centres. A new group of 15 educators (2016: 12) attended ECD level 4 accredited training.

Parent support

Parent open days are held to create an appreciation of the programme and ensure that learners are given the proper motivation and support by their families.

School nutrition programme

We recognise the vital role of nutrition in educational outcomes. Our school nutrition programme, which forms part of the community health programme, is described on page 71.

Sport, art and culture development

The Company supports various sports tournaments and provides ad hoc assistance to individuals and teams who qualify for district, provincial and national competitions. Lonmin sponsors an annual school sports tournament for 30 schools in the communities around Marikana. 183 under-13 to under-17 sports teams participate in netball, soccer, volleyball and chess. We sponsored Marikana Boxing Club to participate in the junior championships in Cape Town. Local soccer, netball and cricket teams were sponsored with sport equipment.

Further information on Lonmin's support of sport, art and culture development can be found in the supplementary report at <https://sd-report.lonmin.com/2017/download-manager/>.

Community health

Supporting the health and wellness of our local communities supports the family members of those working for us. We partner with the Department of Health and other stakeholders to provide quality healthcare services to the communities of Marikana, Lebowakgomo (Limpopo), at the precious metals refinery (PMR) and in the Eastern Cape.

Lonmin's community health projects are aligned to the community health needs identified by the Department of Health, with input from municipal IDPs, where relevant. These programmes are within our SLP commitments and support community health through awareness, promotion and prevention and, where possible, infrastructure development. Expenditure on community health initiatives amounted to R17.7 million during 2017 (2016: R6.4 million).

Health infrastructure projects

Lonmin invests in health infrastructure projects that improve access to basic healthcare in surrounding communities, in partnership with the Department of Health, local government and other stakeholders. 21 panel vans were secured and converted into 17 ambulances, and one patient transporter that will be donated to the Department of Health in terms of our SLP commitments. Four of these ambulances will be situated at the Bapong community health centre, where we are establishing an emergency medical services station to improve response times in the surrounding community. Lonmin will sponsor the operator salaries for one of the ambulances. Emergency medical services training was provided to 106 Department of Health employees, including basic and advanced life support.

We procured and delivered two mobile health units to the Department of Health to replace the current units that provide services to schools in the area.

Lonmin is committed to constructing a forensic mortuary in Bapong, rather than in Brits as previously planned, due to re-zoning issues.

Approval for the planned extension to the Majakaneng clinic is still outstanding pending the resolution of a dispute between the municipality and landowners. Planning commenced for the construction of a community health centre for the Marikana community.

Community wellness

Tuberculosis and HIV/Aids

HIV/Aids education continued within the Marikana, Limpopo, Brakpan and Eastern Cape communities where we operate. Where possible, education programmes are aligned with those of the many HIV/Aids non-governmental organisations (NGOs) active in the area, including joint campaigns, to ensure that the benefits reach as many people as possible. Seven formal joint health promotion campaigns were held, which focused on HIV/Aids, tuberculosis (TB) and sexually transmitted infections (STIs). In Marikana 4,811 community members were tested for HIV/Aids, of which 12.3% tested positive.

Our HIV/Aids programme in the Marikana community aligns with the recommendations of the Department of Health by focusing on home HIV/Aids counselling and testing (HCT) and TB contact tracing, which are crucial in curbing the high incidence of HIV/Aids and TB in mines and communities. TB contact tracing is done on behalf of the Andrew Saffy Memorial Hospital through 24 volunteers stationed around the community. The volunteers do tracing and HCT on behalf of the seven Department of Health clinics in the community. To date, 191 source patients have been referred by the mine hospital and 142 contacts were traced. Of these, five were found to have TB and started TB treatment. HCT and TB contact tracing volunteers also received referrals from the local Marikana community clinics, and since January 2017, they managed to screen 8,442 community members for TB, and collected 2,602 smears, resulting in 147 positive tests for TB.

Lonmin supports peer education in the communities around our Limpopo operations, and home-based carers and peer educators in Brakpan and in the Eastern Cape.

Our 21 Eastern Cape volunteers are active in the eight villages of the Silindini area in the Eastern Cape, our main labour-sending area. Since October 2015, they have cared for 216 patients and 56 orphaned and vulnerable children, and had 30 patients on TB directly observed treatments (DOTs). In Limpopo, peer educators managed to conduct 4,538 peer education sessions, reaching 8,682 community members from Makushoaneng, Makoeng, Dithabaneng, Makurung and Hwelereng. 136,699 male and 4,691 female condoms were distributed. The Brakpan home-based carers were transferred to the Ekurhuleni Department of Health and serve communities as outreach healthcare workers. Here, peer educators held 238 peer education sessions and reached 1,927 people. They distributed 6,900 male and 370 female condoms from October 2016 to January 2017.

General health promotion

Lonmin runs various health promotion initiatives in the Marikana local community to raise awareness among learners and out-of-school youth about issues such as sexual health, HIV/Aids, TB and substance abuse. Programmes include support for school peer educators to raise awareness about these issues and encourage young people to access health facilities, should they need to. To support improved attendance, sanitary towels are distributed at all schools in the community surrounding our Marikana operation.

Health promotion initiatives at community primary schools focus on child protection, including issues such as child neglect/abuse, personal hygiene, human trafficking and bullying.

Parents and community members are engaged via meetings to raise awareness and explain the initiatives communicated with the youth.

Nutrition and food gardens

Lonmin supports orphaned and vulnerable children in surrounding communities in Marikana and Limpopo through food centres and supporting food gardens in recognition of the essential role good nutrition plays in physical and mental development.

Our programme supports the Department of Basic Education's national schools nutrition programme, which provides meals to learners in the surrounding community. Lonmin established six food centres in Marikana and two in Limpopo that provide meals to 676 orphaned and vulnerable children. We provide training to community members on how to cultivate food at their household gardens. An annual competition encourages schools to establish the best and most productive gardens. Students are taught how to grow their own food and can share this knowledge with their families.

Local economic development

Our local economic development projects focus on three main areas: job creation, social infrastructure and capacity building. These investments aim to create socio-economic infrastructure that provides a platform for economic development. We work closely with local and national government to support their agenda to improve basic service in surrounding communities. Local infrastructure needs are discussed in our sustainability context on page 8.

Material Focus Area | Community Relationships and Investment (continued)

Our primary focus during the year was on capacity building to support the operation and maintenance of infrastructure once handed over to beneficiaries. This proved challenging due to political uncertainty at municipal level and tribal authorities, some of which do not have a standing council at present.

Lonmin's capacity-building initiatives aim to strengthen the structures for beneficiary groups and local authorities. The focus remains on capacitating the Bapo, the Rustenburg local municipality and the Madibeng municipality.

Local economic development expenditure, including waste removal, amounted to R35.1 million in 2017, a 112% increase from 2016 (R16.5 million), with our key projects outlined below.

Bulk water infrastructure

Lonmin works closely with the local water authority, the Madibeng Local Municipality and the Department of Water and Sanitation (DWS) to identify sustainable water solutions for host communities, including exploring alternative methods to source and store bulk water. Acting as an intermediary for Rand Water, Lonmin distributes five megalitres of bulk water per day to various local communities, benefiting an estimated 6,500 households in the formal settlements and 5,500 households in informal areas of Wonderkop. Water is provided to various communities from the Lonmin bulk water supply. In 2017 3,170,671 m³ of potable water from Lonmin's Rand Water supply was provided to the surrounding communities through the Lonmin bulk water infrastructure.

The Madibeng local municipality is supported by the German Development Corporation (GIZ), to build capacity, develop a water master plan for the surrounding community, and potentially access funding through the regional bulk infrastructure grant from the DWS. Lonmin's water infrastructure development initiatives going forward will need to align to this bulk water master plan once complete.

Road infrastructure

Lonmin's road infrastructure project focuses on the upgrading of existing roads to improve access for employees living in surrounding communities. The construction of paved roads provides contract opportunities for local civil construction companies and short-term job opportunities for local labourers. The roads are surfaced with paving blocks manufactured from the Bapong youth brick-making project, which employs an average of 30 local youth.

Lonmin is upgrading three roads in the Bapo communities.

Waste removal

The Company supports an estimated 37,000 household units in surrounding communities through a tri-sector partnership (with government, communities and Lonmin) which delivers household waste and refuse management. The project, started in 2012 to serve local communities, promotes a cleaner environment, creates local jobs and supports enterprise development. The project will be handed over to the local municipality in 2018.

Public safety and security

11 lights were installed in Segwaelane in 2017 and an additional nine are planned for remaining communities. The revised construction method placed all lines, transformers and other electrical infrastructure overhead and proved successful in addressing the issue of illegal power connections.

Transformation through enterprise development and procurement

Lonmin's commitment to transformation is embedded in our business processes. The Mining Charter aims to promote transformation in the mining industry. The Reviewed Mining Charter will impose more onerous requirements on the industry.

BEE equity ownership

The three black economic empowerment (BEE) transactions Lonmin concluded with local communities in November 2014 support the improvement and development of local communities, and align the interests of communities, employees and shareholders. The transactions provided the Company an additional 8% equity empowerment and enabled Lonmin to achieve the target of 26% BEE ownership by 31 December 2014 as required by the Mining Charter.

A further issue of BEE shares was made to the Bapo in 2016 to enable BEE shareholders to maintain a proportional interest in Lonmin on a post-Rights Issue basis at 26%. The Bapo agreed to accept a 10-year lock-in period with regard to the Bapo BEE shares.

Bapo ba Mogale Procurement

Lonmin has complied with (and exceeded by R1.45 billion) its procurement undertakings of R200 million total amount given to the Bapo in terms of the 2014 BEE Transaction. Governance within the Bapo entities that manage the above contracts remains a work in progress.

Community trusts

2014 saw the establishment of two separate community trusts. Each trust holds 0.9% of the ordinary shares in Lonplats, and is entitled to dividend payments which have been mandated for upliftment projects in the respective communities. To the extent that no dividend is payable in a particular year, each community trust is entitled to a minimum annual payment of R5 million escalating in line with the Consumer Price Index (CPI) each year. All payments to the trusts are up to date and, in the case of the Bapo community, advance payments have been made. In addition, the monies paid to the Bapo Trust have been used for community upliftment purposes. In the case of the trust supporting our western communities, the monies paid have not yet been utilised as local ward councillors have not yet been able to agree on the community upliftment projects that the monies are to be used for. Trustees hope to resolve this issue in the near future.

Preferential procurement

Lonmin's preferential procurement strategy requires procurement adjudication to favourably weight suppliers with broad-based black economic empowerment (B-BBEE) credentials, female representation and, where possible, companies from the surrounding communities. Certain procurement areas are ring-fenced for local community and BEE suppliers only. Only local community companies are invited to tender for capital items.

We are implementing a vendor portal that will enable full access to more than 60,000 local vendors in our database, including the small enterprises being incubated through the Shanduka Black Umbrellas (SBU) initiative. Lonmin reviews its top-200 suppliers every month to assess BEE compliance and areas needing improvement. The supplier adjudication process was updated to include a supplier bidder sign-off list, showing BEE credentials that require sign-off by cross-functional teams.

The Mining Charter sets targets of procuring 70% of services, 50% of consumable goods and 40% of capital goods from HDSA-owned suppliers. Lonmin recognises the importance of actively involving citizens who were previously excluded from the mainstream economy and has far exceeded these procurement targets. The Revised Mining Charter provides reviewed and more stringent procurement targets. Our Supply Chain Department undertook an internal exercise to compare the definitions of the Mining Charter to the Revised Mining Charter to understand the changes and new requirements.

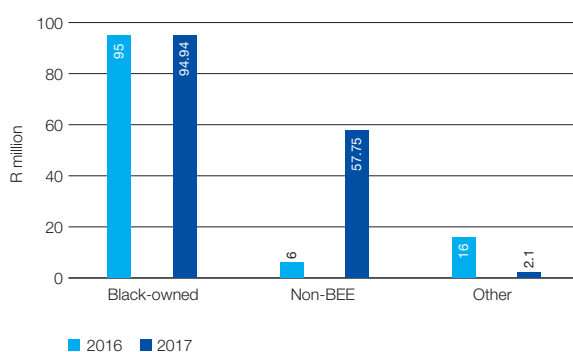
Identifying suitable black youth and women-owned suppliers/manufacturers are our preferential procurement challenges going forward. We are working to address this issue through various enterprise development initiatives and projects. The Procurement Department works closely with the Enterprise Development Department to develop local suppliers that show potential.

Procurement with locally based suppliers

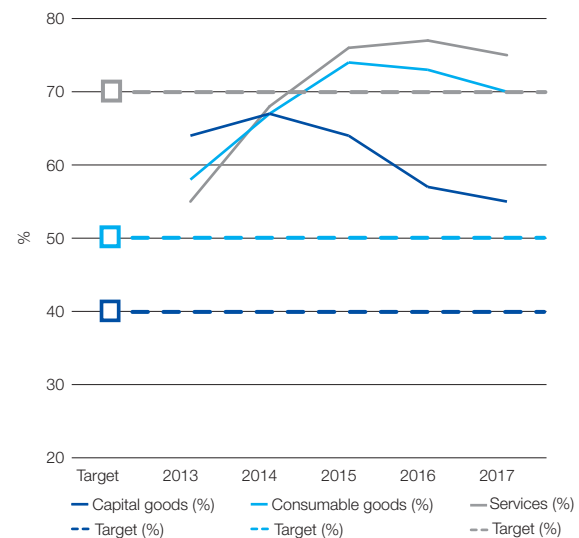
Locally based suppliers

| | 2016 | 2017 |
|--|--------------|----------------------|
| Total value spent on local procurement | R2.8 billion | R3.56 billion |
| Amount spent with suppliers based within surrounding communities | R761 million | R1.01 billion |
| Number of new suppliers registered as vendors from surrounding communities | 11 | 13 |

Total spend with new vendors created (R million)



Preferential procurement performance (%)



Material Focus Area | Community Relationships and Investment (continued)

Enterprise development

Enterprise development initiatives provide financial and non-financial support to small businesses to foster entrepreneurship, employment and economic growth in local communities. These projects promote the creation of a sustainable pool of local BEE suppliers to support further improvement in our preferential procurement performance.

Lonmin's enterprise development programmes are facilitated through a small business incubation centre in Mooinooi established in partnership with SBU. The centre creates opportunities for local community members who want to transact with the Company.

SBU promotes entrepreneurship as a desirable economic path and provides support to 100% black-owned businesses through their first three years of existence. The programme provides training, mentorship, business plan development and access to practical resources, including office space at the Lonmin community office and IT resources. Lonmin's Procurement Department communicates the Company's procurement needs and SBU develops a database of robust, accredited vendors.

The key statistics from the inception of the Mooinooi incubator include:

- Businesses in full incubation: 73 (of which 28 were incubated in 2017)
- Permanent jobs created: 806 (of which 239 were created in 2017)
- Temporary jobs created: 24 (of which 0 were created in 2017)

Key enterprise development projects during the year are discussed below.

Modi Mining

Modi Mining joined SBU in July 2014. Modi Mining is an established mining company based in Rustenburg, that employs 279 people. Modi Mining has contracts with Royal Bafokeng, Impala Platinum, South32 and Lonmin. In 2017, they received the 'best performing company' award in the National Enterprise Development Awards. SBU assisted Modi Mining with business plan development workshops, enabling it to develop business strategies for company growth.

IRESS

IRESS specialises in fire management. In 2017, it secured contracts with Delmas Coal to supply fire extinguishers, professional services for incident investigation and risk assessments.

Katli and Rati Cleaning Services

Katli and Rati Cleaning Services is a black-female-owned business that joined SBU in March 2014. The business employs 162 people with two projects at Lonmin.

SEDA Platinum Incubator – jewellery collaboration

Lonmin supports the SEDA Platinum Incubator (SPI), a dedicated PGM beneficiation incubator focused on the design and manufacture of jewellery and industrial applications. The SPI has a strong focus on facilitating skills transfer and uplifting HDSAs through its involvement in PGM beneficiation activities. During 2017 a new strategy was developed for the SPI, which includes an advocacy component to promote PGM beneficiation.

Employee volunteering and donations

Employees support various community programmes by volunteering their time. Information on employee volunteering and donations is available at <https://sd-report.lonmin.com/2017/download-manager/>.



Supplier open day held in Moolinooi



Celebrating Mandela Day

Material Focus Area | Managing Environmental Impacts and Opportunities

Managing our environmental footprint

Mining and metal processing have direct impacts on the environment and are resource-intensive activities. Our strategic commitment to *operational excellence* and ethical business practices drive our initiatives to minimise our environmental footprint and, where necessary, mitigate or remediate our impacts.

We report on our most material environmental risks and opportunities.

Accountability and Governance

Key chapter takeaways

- All operations maintained ISO 14 001 certification
- General and hazardous waste reduction targets were achieved and exceeded
- We did not achieve our five-year targets (set in 2012) to
 - Reduce our aggregate energy consumption per unit of production by 8%, thereby reducing greenhouse gases (GHG) emissions by 4%
 - Reduce our aggregate freshwater intake by 15% per unit of production
- The atmospheric emission licence (AEL) for the base metal refinery (BMR) was amended and approved in support of the nickel purification plant (beneficiation project between Lonmin and Thakadu Battery materials)
- Received water use licences for our Pandora and Limpopo operations
- Mining Charter element: sustainable development and growth



The Lonmin Charter: We respect the communities and nations that host our operations and conduct business in a sustainable, socially and environmentally responsible way. This is underpinned by Lonmin's **value** of Zero Harm – We are committed to Zero Harm to people and the environment.

Strategic approach: *Improving operational efficiencies and continuing to improve relationships with key stakeholders*

Lonmin's Safety and Sustainable Development Policy:

- 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

Other policies, standards and plans governing environmental management

- Environmental Strategy
- Environmental standards and guidelines
- Environmental authorisations
- Site-specific Safety, Health, Environment Community (SHEC) and Safety, Health, Environment, Risk and Quality (SHERQ) policies
- ISO 14001 Environmental Management System (EMS)



Lonmin takes a precautionary approach to environmental management with the goal of ensuring compliance with regulations as a minimum and supporting continual improvement in our environmental performance.

Ultimate responsibility for the Company's environmental performance lies with the Chief Executive Officer, supported by the Safety, Health and Environment (SHE) Committee of the Board, the Executive Committee (Exco) and senior management at corporate and operational levels. Lonmin has an Environmental Department within the SHE and Sustainability Department, comprising discipline-specific specialists and the operational function to ensure that the environmental strategy is aligned and implemented across all operations.

Environmental risks are incorporated into the Company's corporate and operational risk registers, with reviews undertaken by the corporate and operational teams. The results of these reviews are presented to the SHE and Audit and Risk Committees of the Board.

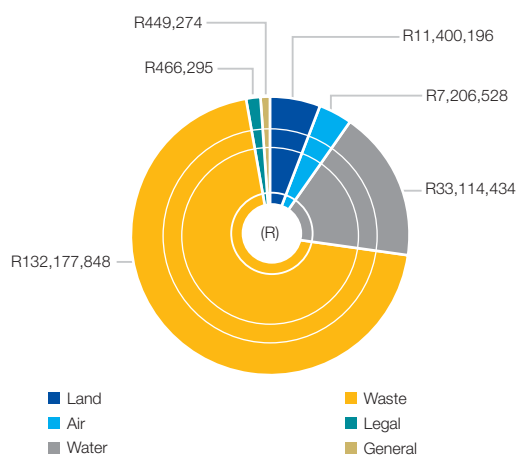
Relocation of protected flora species

Lonmin's environmental requirements are implemented across the operations through certified ISO 14001 EMS. All operations maintained ISO 14001 certification in 2017. The integrity of the EMS and our overall environmental performance is regularly monitored and verified through a range of internal and external audits.

Performance against a range of internal environmental indicators, objectives and targets are tracked monthly. These reports are communicated to the operations, the Executive Committee (Exco) and the Board. Our current five-year environmental performance targets concluded on 30 September 2017, and we have identified new targets.

Environmental budgets are maintained at operational and Group level to ensure implementation of projects, monitoring, services, auditing, environmental management and consulting at various businesses throughout the operations.

Distribution of environmental expenditure (R)



External policies, frameworks and regulations

While the primary environmental legislation that apply to our operations are outlined below, there are numerous others that apply to our activities. We are committed to adhering to these legal requirements and keep abreast with all new and amended legislation through our legal database.

- Mineral and Petroleum Resources Development Act, 28 of 2002 (MPRDA)
- Mine Health and Safety Act (MHSA), which provides requirements on aspects such as tailings storage facility safety
- National Environmental Management Act, 107 of 1998 (NEMA)
- National Water Act, 36 of 1998 (NWA)
- National Environmental Management: Waste Act, 59 of 2008 (NEMWA)
- National Environmental Management: Air Quality Act, 39 of 2004 (NEMAQA)
- National Environmental Management: Biodiversity Act, 10 of 2004 (NEMBA)
- Spatial Planning and Land Use Management Act, 16 of 2013

We are committed to the principles and position statements of the ICMM and integrate these requirements within our EMS. We are working towards the United Nations Sustainable Development Goals and are in the process of mapping and aligning our sustainable development agenda with these goals.

Material Focus Area | Managing Environmental Impacts and Opportunities (continued)

Approach and Performance

Engaging with stakeholders: An environmental context

Lonmin has a comprehensive active database of interested and affected parties in and around our operations. We engage with local communities on key focus areas and areas of concern, including consultations as required by legislation.

We hold structured engagements with our regulatory authorities, including the Department of Mineral Resources (DMR) and Department of Water and Sanitation (DWS). These include site visits, which serve to understand the regulators' main concerns and processes, and increase the regulators' knowledge of Lonmin's operations and specific challenges. This engagement provides an opportunity to update the regulator on our strategy, compliance status, various environmental activities and initiatives, and key performance indicators (KPIs).

A formal environmental grievance mechanism is in place for stakeholders to communicate environmental concerns. Environmental complaints are captured on the ISO 14001 EMS, investigated and responded to according to these procedural requirements. A dedicated environmental hotline (014 571 2088) is directed to the Lonmin emergency and disaster management call centre, where complaints and concerns are captured. At the precious metal refinery (PMR) in Brakpan, there is a dedicated communication hotline (011 365 6625/6588) to the security control room, as well as an intercom box, which allows community members to register complaints where the same process is followed. These hotlines are manned 24/7.

A summary of complaints received and responses to these is included in the supplementary report on stakeholder engagement at <https://sd-report.lonmin.com/2017/download-manager/>.

Environmental compliance

There were three level 3 environmental incidents during 2017, which were all related to water management, as described on page 79. Level 3 environmental incidents are those incidents that have a moderate impact on the environment, but are reversible within the lifetime of the operations. No level 4 or 5 incidents occurred, which are those incidents defined as reportable to regulatory authorities in terms of section 30 of NEMA and section 20 of the NWA.

Lonmin commissioned an external audit of the Company's environmental legal compliance to get an independent opinion on compliance. This is due to conclude in 2018. The consolidated and amended Marikana Western Platinum Limited (WPL) and Eastern Platinum Limited (EPL) 2012 environmental management programmes received approval from the DMR, inclusive of the approval for the bulk tailings treatment project.

No fines or directives were issued to Lonmin in terms of environmental management. Further details on discipline-specific authorisations are included in the environmental focus sections that follow.

Environmental open days and engagements

Lonmin hosts environmental stakeholder open days and focus group engagements with our stakeholders. This allows Lonmin the opportunity to provide information on general environmental management and Lonmin-specific environmental performance and management measures. In turn, our stakeholders are able to interact with our environmental teams and raise concerns or queries pertaining to our operations. Our 2017 open day theme was 'Do your bit/vikela Imvelo', highlighting the importance of a collaborative approach to environmental management. This year's events were held at our Marikana and Limpopo operations and were well attended by stakeholders from various sectors of society, including regulatory authorities, municipalities, tribal councils, ward councillors, community members, service providers and our employees. Our Safety, Health, Community and Emergency and Disaster Management departments supported the day by providing information at various stands on display.

Focus group engagements took place, which included dialogue on the management and minimisation of dust at our tailings facilities.

Community members and school groups were hosted on a site visit to the facility where the chemical suppression project was being implemented.



Lonmin's Safety and Sustainable Development Policy

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

Water governance

- Water Conservation and Demand Management Strategy
- Water Policy
- Water use licences
- Integrated Water and Waste Management Plans
- Integrated water balance
- Environmental management systems

Key focus areas

- Secure water supply
 - Responsible water use
- New target: Achieving 2022 targets to reduce Rand Water consumption by 10% for the Marikana and PMR operations from the 2017 baseline
- Water Conservation and Demand Management Strategy progress
 - Implementation plan for the Marikana, Pandora and Baobab water use licences

Water management

Responsibly using and managing our water resources is critical as the impacts of climate change, ageing and poorly maintained infrastructure and illegal water connections become increasingly evident. The rapid growth in neighbouring towns and community settlements continues to put pressure on bulk water and resource supply. The demand for water is forecast to exceed current resources.

Our water supply comes from a variety of sources, ensuring variable supply in line with our Water Conservation and Water Demand Management Strategy. The Marikana operations are supplied with potable water from Rand Water, freshwater from the Buffelspoort Irrigation Scheme, and abstraction from the ground water resource (anthropogenic (man-made) aquifers and abstraction due to mining activities). The bulk of our freshwater intake is at our Marikana operations, making up 89.8% of our total freshwater consumption (6,828,474 m³).

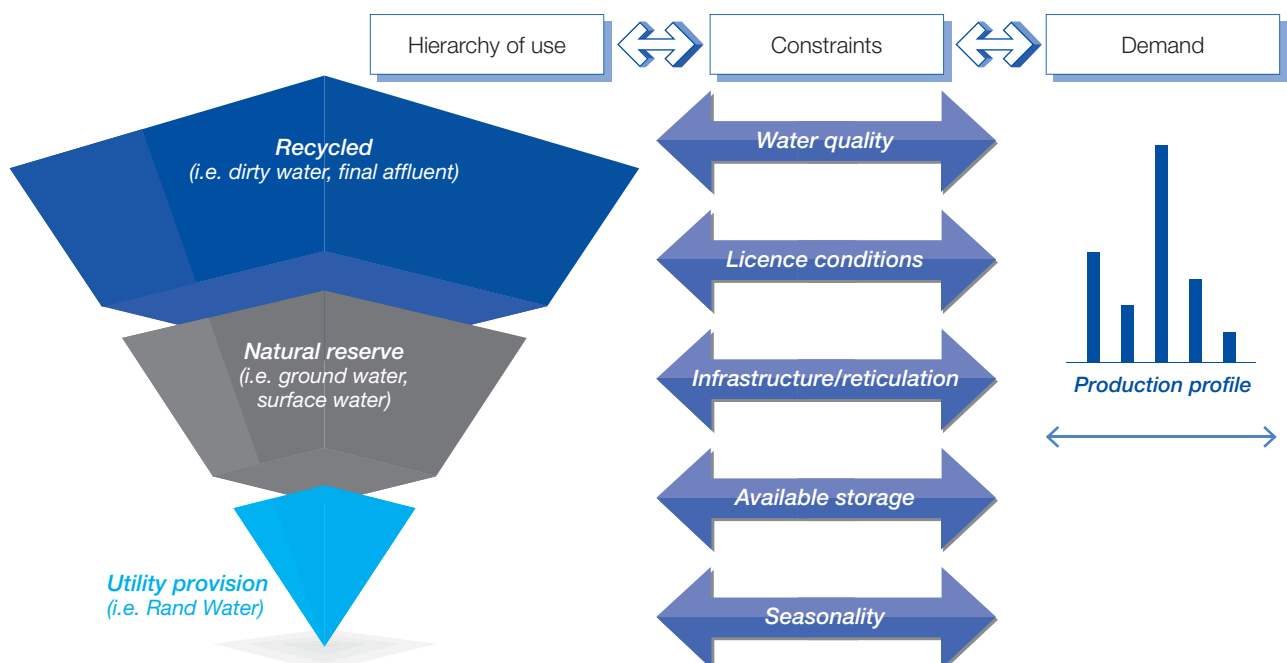
The PMR is supplied by Rand Water and our Limpopo operations draw water from well fields. As water demand increases within the domestic, industrial and agricultural sectors, the availability for the mining sector decreases.

Our Water Conservation and Demand Management Strategy aims to:

- Secure access to sufficient water to supply our operations and sustain our Life of Business Plan
- Optimise freshwater consumption
- Use process water more efficiently

The strategy considers community water needs through our infrastructure. Various projects were identified to meet the objectives of this strategy, with a total implementation budget of around R342 million across the project timeframes to be invested. One of the key water resource developments over the past five years was the development and use of anthropogenic aquifers in our backfilled opencast pit areas at the Marikana operations. These unique aquifers provide greater flexibility and access to water in respect of seasonal variations.

Water Conservation and Demand Management Strategy



Material Focus Area | Managing Environmental Impacts and Opportunities (continued)

Our site-wide simulation model provides critical insight to our current and future water demand requirements. The model simulates how water is used on-site and how it will be used in future. It collates flows ranging from evaporation, rainfall, seepage and metered flow. We considered our supply of potable water to the surrounding communities through Lonmin's on-site potable supply network from Rand Water.

Reducing freshwater intake

We use an integrated water balance to inform decisions about our water use and assist in managing the transfer of water from water-positive areas to water-deficit areas within the operations.

Efficiency targets are assigned to business units in terms of potable water use and are continuously monitored.

A water demand management standard operating procedure was developed in response to drought conditions experienced

at our operations. This procedure incorporates water conservation and water demand management. We have a closed-loop reticulation system in place at our operations to reduce our freshwater footprint and improve re-use and recycling. There are seven waste water sewage treatment plants at our Marikana operations from which the final effluent is re-used for operational processes. During 2017 a pipeline was constructed to direct water from the water-positive eastern side of the Marikana operations to the water-deficit western side at an approximate cost of R23 million. This transfer spans a total distance of 25 kilometres. Since commissioning in 2017, approximately 300,000 m³ has been transferred. In total, through our reticulation system, approximately 14.9 million m³ (2016: 15.4 million m³) of water was recycled and re-used. A reverse osmosis water treatment plant is being piloted at the PMR to treat storm water and return it for use in operations.

Performance

Our five-year target (to 30 September 2017) was to reduce our aggregate freshwater intake per unit of production by 15% from the 2012 baseline year. This translates to an efficiency target of 5.46m³/PGMoz. In 2017, we achieved an efficiency of 5.76 m³/PGMoz, missing our target of 5.46 m³/PGMoz by 5%. However, compared to 2012 baseline year we improved our water efficiency by 11%.

Water quality and discharge

Our water management programme includes ground water modelling, water level, surface and ground water monitoring, toxicity testing and biomonitoring. An extensive water monitoring programme is in place at our operations, with sampling done by an independent service provider and analysis undertaken by accredited laboratories. Water quality is evaluated against various standards relevant to each

monitoring point. The mining and processing of PGMs do not generate acid mine drainage.

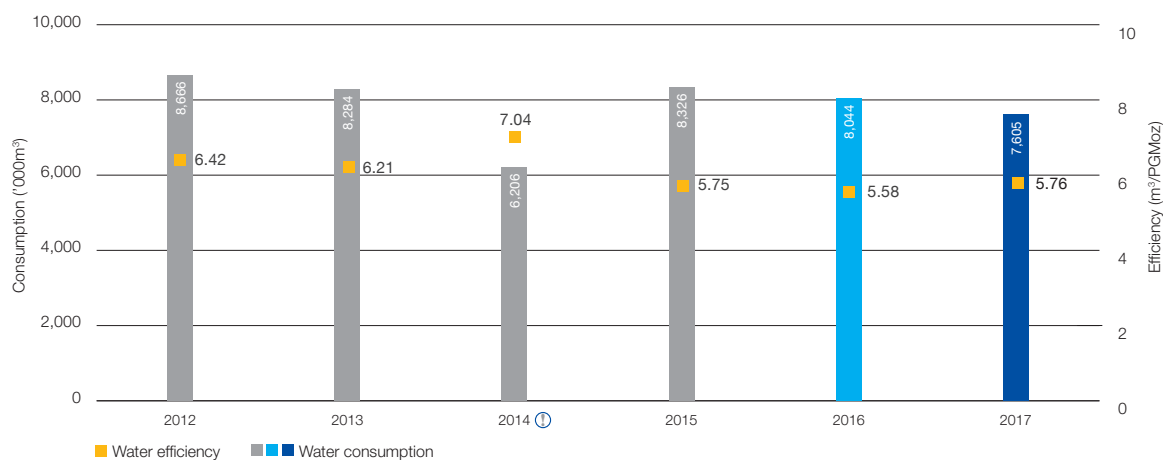
Should discharge incidents occur, they are reported to the relevant regulating authority. An incident is reported based on a combination of volume, quality, impact on the environment and legal requirements. Corrective and preventive actions are implemented based on a root cause analysis.

Performance

Three level 3 water discharge incidents occurred (2016: five). Incidents were reported to the regulating authorities.

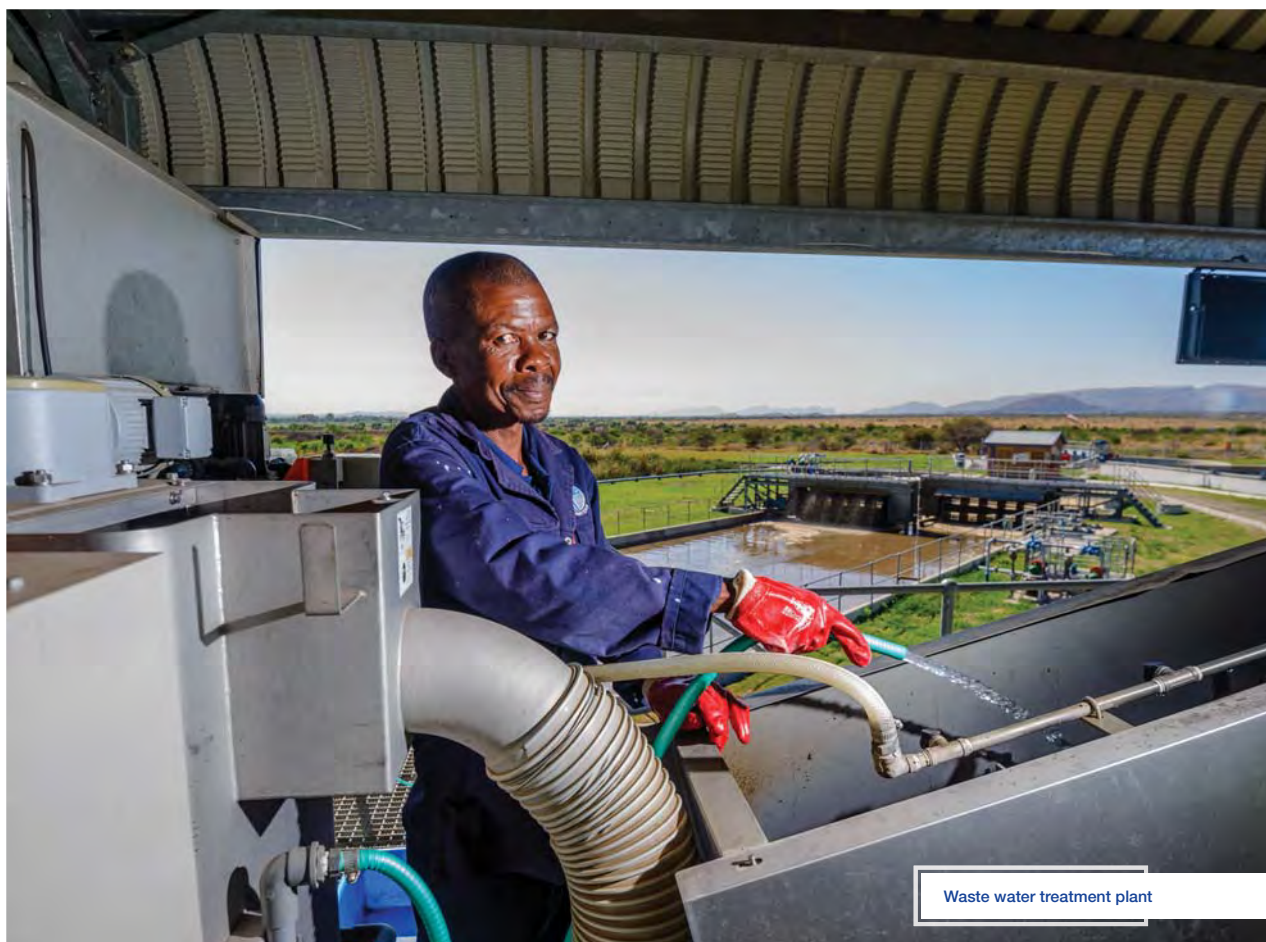
| Date | Area | Incident description |
|------------------------------|-------------------|---|
| 4 January 2017 | Marikana Smelter | Rowland Corner Dam discharged into the environment due to infrastructure and reticulation constraints |
| 30 May and 17 September 2017 | Marikana Services | Sewerage discharged to the environment as a result of vandalism to a sewer manhole |

Freshwater consumption ('000 m³) and water efficiency (m³/PGMoz)



Water recycling and re-use

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|------|------|------|------|-------------|
| Volume of water recycled and re-used (million m³) | 31 | 9.5 | 13.4 | 15.4 | 14.9 |



Waste water treatment plant

¹ Freshwater efficiency, indicating consumption of freshwater utilised for potable and industrial use from Rand Water, Ekurhuleni Municipality, Limpopo Wellfields and Buffelspoort Dam per PGMoz produced (m³ per PGMoz).

Material Focus Area | Managing Environmental Impacts and Opportunities (continued)

Lonmin's Safety and Sustainable Development Policy

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

Energy governance

- Energy Management Strategy (aligned with SANS 5001)
- Energy use monitoring
- Environmental management systems

Key focus areas

- Improving energy efficiency
New target: Achieving 2022 target to reduce absolute electricity consumption by 5% at our Marikana and PMR operations from the 2017 baseline
- Continual investigation to energy and associated GHG reductions

Energy management







Our energy profile comprises a range of sources, with electricity being the most significant contributor at 89% (5,567.6 TJ). Electricity is used for powering surface and underground ventilation fans, dewatering pumps, material handling equipment, processing plants and winder plants. This comprises approximately 6.5% of our South African operating costs, excluding depreciation and financing. Coal (347.1 TJ (6%)) is utilised at our smelter and BMR, and diesel (229.2 TJ (4%)) is utilised primarily in the transportation of ore and concentrate across the value chain.

Energy efficiency initiatives are important to reduce greenhouse gas (GHG) emissions and ensure the sustainability and execution of the Life of Business Plan. The impact of above-inflation future electricity price increases and carbon taxes are built into the Life of Business Plan as part of our strategy to improve cost efficiencies. Electricity consumption targets are set per business area and reported on a monthly basis.

Energy efficiency and management projects are centrally managed, tracked and reported on. A holistic web-based energy management system is used to identify new opportunities to improve energy efficiency, with an initial focus on compressed air and ventilation facilities, given that these facilities comprise a significant component of the total electrical footprint.

Previous investigations into a solar plant energy project concluded that this project was not viable in the current environment.

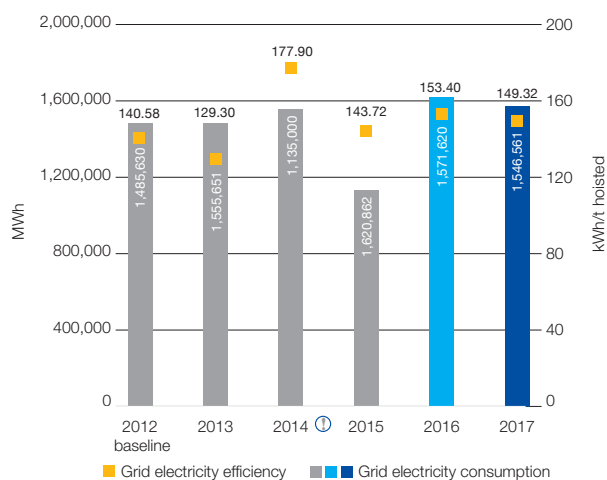
Savings from energy efficiency initiatives for 2017

| |  Compressed air |  Ventilation |  Other |
|---|---|--|--|
|  R million saved | R29.1 (2016: R14.24) | R4.3 (2016: R31.79) | R1.6 (2016: R1.6) |
|  MwH saved | 27,736 (2016: 17,806) | 3,650 (2016: 39,743) | 936 (2016: 2,000) |
|  CO ₂ e tonnes savings | 27,459 | 3,614 | 927 |

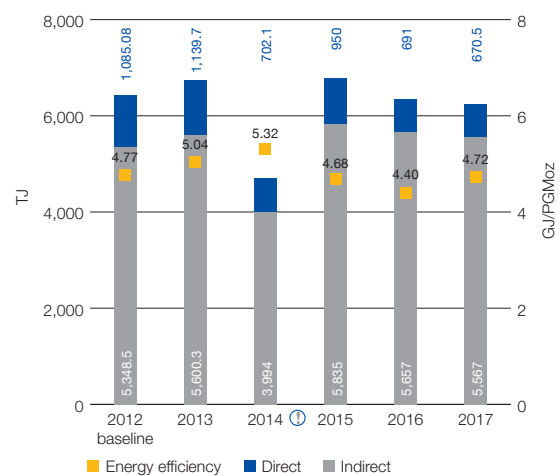
Performance

- Our target was to improve our aggregate energy consumption per unit of production by 8% from a 2012 baseline. This translates to an efficiency target of 4.38 GJ/PGMoz. Our 2017 efficiency was 4.72 GJ/PGMoz against the target of 4.38GJ/PGMoz. Although we did not achieve our target, our efficiency has improved over the past five years by 0.9%.
- Energy consumed decreased to 6,238.10 TJ; from 6,344 TJ in 2016.
- Electricity efficiency per kWh/tonnes hoisted was 149.32 (2016: 153.00)
- Indirect energy (electricity) consumption was 1,546,561 MWh, or 5,567.6 TJ (2016: 5,657.0 TJ)
- Direct energy profile: 670.5 TJ (2016: 691.0 TJ)

Grid electricity consumption¹ (MWh) and efficiencies (kWh/t hoisted)



Energy consumption (TJ) and energy efficiency (GJ/PGMoz)



Energy-efficiency initiatives are important to reduce GHG emissions and ensure the sustainability of the Life of Business Plan

¹ Conversion: one Terajoule = 1,000 Gigajoules; one Megawatt = 0.0036 Terajoules (2006 IPCC Guidelines for national Greenhouse Gas Inventories, Volume 2 Energy, Chapter 1 Introduction)

Material Focus Area | Managing Environmental Impacts and Opportunities (continued)

Lonmin's Safety and Sustainable Development Policy

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

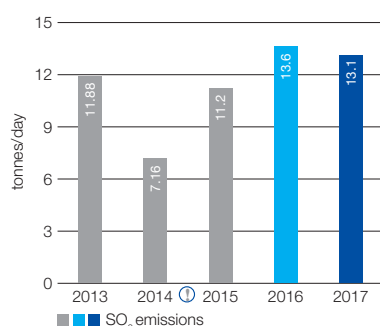
Air quality governance

- Emission reduction management plans
- Dust management plans
- Environmental management systems

Key focus areas

- Minimise atmospheric emissions and suspended particles
- Optimisation of the ambient monitoring network
- Attain design efficiencies on pollution control equipment

SO₂ emissions (tonnes/day) for the smelter facility



Air quality

Lonmin acknowledges its responsibility to continuously manage and minimise the emissions to the ambient environment.

Emissions management

Our processing activities are regulated through an atmospheric emission licence, which regulates the amount of sulphur dioxide in addition to other regulated emissions released from our operations. These emissions are regulated by minimum emission standards as set by our regulating authority.

Atmospheric emissions are minimised through the use of air pollution control equipment installed at our processing facilities. This is in line with the air quality objectives and requirements detailed in our EMPs, which include emissions and ambient air quality monitoring. The process of cleaning emissions results in hazardous waste streams including CaSO₃ (from the smelter), and liquid acid and alkaline waste (from the PMR). NEMAQA requires a reduction of emissions by 2020. This is applicable to the smelter, BMR and the PMR. Attaining these standards will require significant capital investment. We made good progress in the identification of requirements to enable our relevant processing activities to achieve the required reductions.

Total suspended particles (TSPs) are generated from tailings facilities, transportation on paved and unpaved roads, mining activities such as drilling and blasting, materials handling, and crushing and screening. These emissions are mitigated through a range of measures that include:

- Vegetation growth on the sidewalls of all tailings dams and surfaces of these facilities
- Chemical and water suppression on the surfaces of unpaved roads
- Sweeping of tarred/surfaced roads
- Suppression systems at materials handling and crushing facilities

We commenced with our application of chemical suppression on our active tailings dams. Historically, water suppression systems were used. Due to theft of irrigation infrastructure and water availability, this mitigation measure was deemed unsustainable and stopped. Chemical suppressants offer effective dust suppression with minimal use of water and can be applied without the security risk of theft to infrastructure and equipment.

Ambient dust levels are monitored in and around our operations, reported to our relevant authorities and communicated to our communities during environmental open days.

Other emissions, including those classified as O-zone-depleting substances (ODS), persistent organic pollutants, volatile organic compounds and hazardous emissions are present at our operations, although to a much lesser extent. Our procurement systems are set up to select equipment that does not use ODS, and a phase-out plan was initiated to remove equipment containing ODS.

Performance

- SO₂ emissions averaged 13.1 tonnes per day
- The atmospheric emission licence for the BMR was amended and approved in support of the nickel purification plant

Lonmin's Safety and Sustainable Development Policy

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

Climate change governance

- Energy Management Strategy (aligned with SANS 5001)
- Water Conservation and Water Demand Management Strategy

Key focus areas

- New target: Achieving 2022 target to reduce absolute GHG emissions (Scope 1 and 2) by 4% from the 2017 baseline
- Reduce carbon emissions
- Adaptation to changing climatic conditions
- Benefits of PGMs and their application to the environment
- GHG reporting in terms of national legislation

Climate change

Our business strategy addresses climate change through various mitigation and adaptation initiatives, including energy efficiency and energy security projects, seizing opportunities in PGM marketing, investment in fuel cell technology, and water conservation and demand management. Our initiatives are supported through resource management initiatives that reduce energy requirements and subsequent emissions, and water management through our Water Conservation and Demand Management Strategy.

Lonmin's most significant source of GHG emissions relates to the impact of our indirect emissions (scope 2) footprint arising from the use of electricity from South Africa's predominately coal-based power generation system. Our primary GHG reduction initiatives are linked to our energy efficiency projects. We aim to reduce our carbon footprint by, among others, minimising waste disposed to landfill and implementation of energy reduction projects

We participate in the climate change and water Carbon Disclosure Project (CDP) programmes, which invite companies to voluntarily disclose their performance in these areas. In 2017 we submitted our 11th consecutive CDP report, and our fourth CDP water disclosure report – the third water disclosure report for public disclosure. These reports can be accessed through CDP's website at www.cdp.net/en.

South African carbon policy status

The South African government is driving two important developments on emissions reduction, carbon budgeting and carbon taxation.

The Department of Environmental Affairs (DEA) has been developing proposals for carbon budgeting since mid-2013. There are several issues outstanding on the budgeting approach, including, significantly, the design of a mandatory phase commencing in 2021. The intention is to tax companies at the full tax rate only on emissions that exceed their budgets.

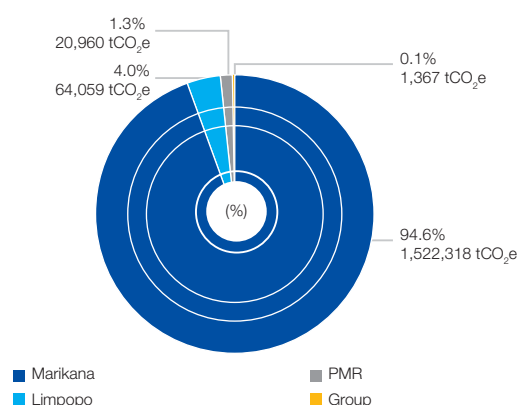
National Treasury issued a discussion paper on carbon taxation in 2010 and an updated draft carbon tax bill in 2015. National Treasury's intention is different from the DEA's in that the proposal is to tax all emissions, after granting various tax-free percentages, including basic, trade exposure and carbon offsets allowances. While it is not yet clear what the final form, impact and implementation date of the carbon tax regime will be, Lonmin is engaging with government through the Chamber of Mines regarding the performance allowance (Z-factor) that applies to the gold and platinum sectors in calculating carbon tax. Forecasts of the likely impact of a carbon tax are built into the Life of Business Plan as part of our strategy to improve cost efficiencies.

Material Focus Area | Managing Environmental Impacts and Opportunities (continued)

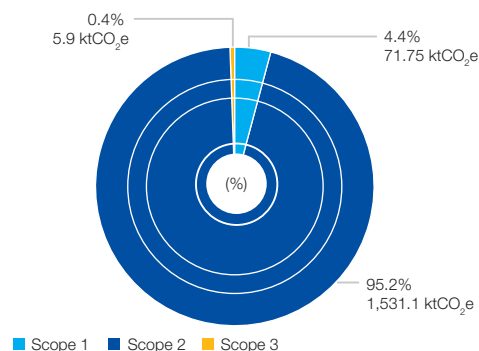
Performance

- Our target was to reduce scope 1 and 2 GHG emissions by 4% by 2017 from a 2012 baseline year. We did not achieve this target as our absolute GHG emissions increased by 24,341 tCO₂e (5.47% mainly an increase in electrical consumption) against the 2012 baseline for scope 1 and 2 emissions¹
- Our carbon footprint is 1,602,849 tCO₂e (scope 1 and 2) and our GHG efficiency is 1,214 tCO₂e/PGMoz (scope 1 and 2)
- Emissions arising from electricity consumption comprise 95.5% of the total carbon footprint
- In total, Lonmin emitted 1,608.7 ktCO₂e (2016: 1,665.2 ktCO₂e) (scope 1, 2 and 3 emissions)

GHG by location (%)



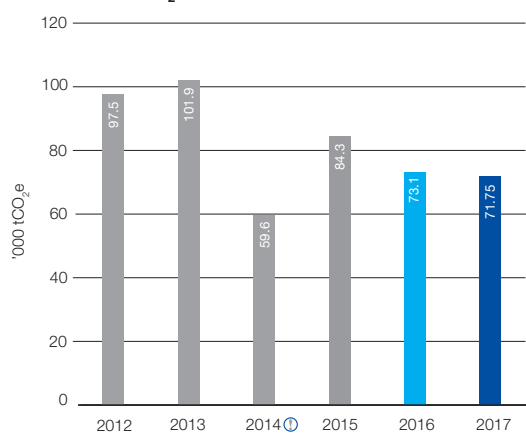
Carbon footprint scope 1, 2 and 3 contribution (%)



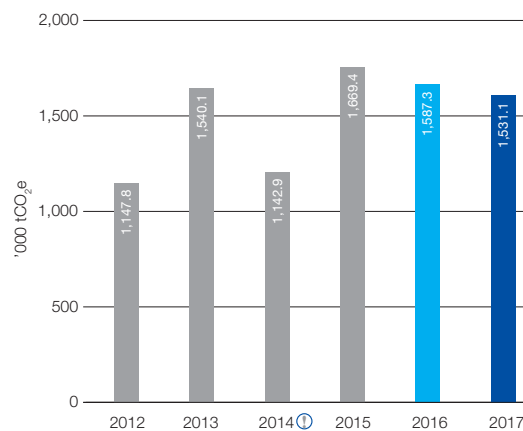
| Source | tCO ₂ e | Calculation and reporting methodology |
|---|--------------------|--|
| Scope 1: Direct emissions from operations that are owned or controlled by Lonmin | | GHG Protocol: Corporate Accounting and Reporting Standard |
| • Mobile combustion | 18,065 | |
| • Stationary combustion | 38,465 | |
| • Explosives | 4,704 | |
| • Non-combustion product use | 226.5 | |
| • Disposal of waste to landfill (Lonmin operated and owned) | 10,165 | |
| • Waste water treatment works (Lonmin operated and owned) | 116.4 | |
| • Process emissions | 9.9 | |
| Scope 2: Indirect emissions | | GHG Protocol: Corporate Accounting and Reporting Standard |
| • Electricity | 1,531,096 | |
| Scope 3: Indirect emissions | | GHG protocol: Corporate Value Chain Accounting and Reporting Standard for the reporting of scope 3 emissions |
| • Category 1: Purchased goods and services | 37.75 | |
| • Category 4: Upstream transportation and distribution | 1,507 | |
| • Category 6: Business travel | 1,367 | |
| • Category 7: Employee commuting | 2,943 | |
| Total carbon footprint | 1,608,706 | |

¹ The 2012 baseline year did not include in scope 1 the GHG emissions from our waste disposal activities or the waste water treatment plant. We did not include these sources in the target and therefore removed them from the performance statement against the target for comparison reasons.

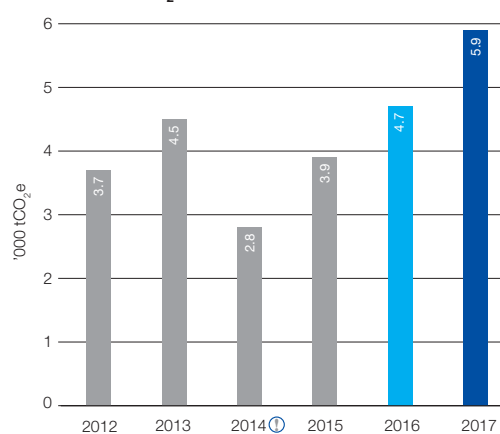
Total GHG emissions – Scope 1¹
(’000 tonnes CO₂e)



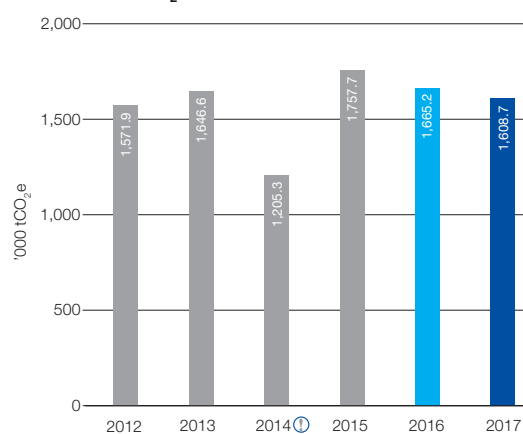
Total GHG emissions – Scope 2
(’000 tonnes CO₂e)



Total GHG emissions – Scope 3
(’000 tonnes CO₂e)



Total GHG emissions
(’000 tonnes CO₂e)



Performance on GHG intensity (tCO₂e/PGMoz)

| Year | Scope 1 | Scope 2 | Scope 3 | Total intensity |
|------|---------|---------|---------|-----------------|
| 2013 | 0.076 | 1.153 | 0.0034 | 1.232 |
| 2014 | 0.068 | 1.296 | 0.0032 | 1.366 |
| 2015 | 0.058 | 1.153 | 0.0027 | 1.214 |
| 2016 | 0.051 | 1.102 | 0.0033 | 1.156 |
| 2017 | 0.054 | 1.159 | 0.0044 | 1.218 |

¹ Disposal of waste to landfill and waste water treatment works GHG emissions have been added to scope 1 from 2016 onwards.

Material Focus Area | Managing Environmental Impacts and Opportunities (continued)

Lonmin's Safety and Sustainable Development Policy

- 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

Waste management governance

- Waste management standard
- Waste licences and permits
- Integrated Water and Waste Management Plans
- Environmental management systems
- Waste classification – safety data sheets/waste to landfill assessments

Key focus areas

- Responsible management of hazardous waste streams at the Marikana operations
- Construction of Mooi-nooi landfill site extension
- Investigate alternatives to landfill for CaSO_3 and PMR effluent
- Closure planning for landfilled sites to meet financial provision legislation
- Review codes of practice for mine residue deposits
- New target: Reduce general and hazardous waste to landfill by 5% by 30 September 2022 from the 2017 baseline

Waste management

Responsible waste management is fundamental to the mining, processing and refining of PGMs. During these activities, general and hazardous waste is generated. We strive to comply with the ever-changing legal landscape of waste management, encourage opportunities for diversion of waste to landfill, and regard waste as a resource.

General waste includes domestic waste, packaging, garden waste, rubber, plastic, scrap metal and food waste. Calcium sulphite (CaSO_3), liquid acid and alkaline waste streams are our most significant forms of hazardous waste, although there are smaller amounts of other hazardous waste streams generated by laboratories (primarily lead), clinics and operational sites. Waste rock and tailings are mining waste streams that are generated as part of our mining and processing activities, all of which are managed and disposed of on-site at our operations.

We aim to minimise our waste footprint in line with our focus on the waste hierarchy and duty-of-care principle. All of our operations segregate wastes for recycling and re-use at source, with secondary sorting undertaken at our salvage yards. Where waste generation is unavoidable, we prioritise reducing the generation of waste, consider alternatives for disposal to landfill, and reduce resource utilisation to reduce our environmental impact. Where waste disposal takes place, we ensure that we dispose of our waste streams in a responsible manner to licensed waste facilities.

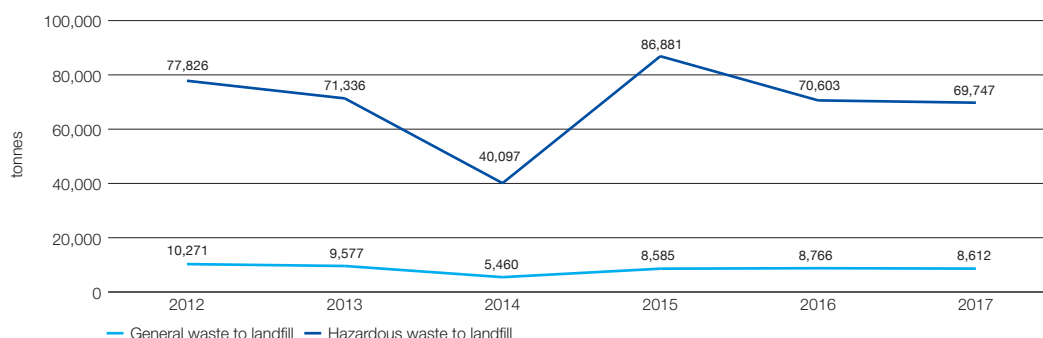
Waste classifications and landfill assessments as per the Waste Classification and Management Regulations in NEMWA were undertaken for all waste streams aligned with SANS 10234. Safety data sheets were developed and provide information regarding responsible handling and management of our waste streams to transporters and end users.

Expenditure on waste management services across our operations totalled approximately R132 million (2016: R157 million). This includes costs associated with general and hazardous waste management services, consulting costs, audit costs, landfill operational costs at Mooi-nooi landfill, and the management and engineering of our residue stockpiles, but excludes costs associated with community waste projects.

Summary of waste streams

| Material (tonnes) | 2016 | 2017 |
|---|--------|---------------|
| General waste to landfill | 8,766 | 8,612 |
| Hazardous waste to landfill | 70,603 | 69,747 |
| General and hazardous waste incinerated | 14.94 | 17.1 |
| Hazardous waste recycled, re-used and treated | 5,888 | 8,213 |
| Tailings (kt) | 10,222 | 9,889 |
| Waste rock (kt) | 865 | 535 |

Waste to landfill



General waste

General waste is separated at each operational entity into various waste streams, which include non-recyclable domestic waste, mixed recyclables, wood, steel and rubber, to maximise recycling and re-use opportunities. Registered specialist waste contractors are used for waste collection and internal and external waste transportation. General waste that cannot be re-used, refurbished or recycled is disposed of at permitted landfill sites.

Lonmin operates the only permitted general waste landfill in the Mooi-nooi/Marikana area, which provides disposal opportunities for communities, businesses and mining. The landfill is annually audited to ensure permit compliance. A new waste licence was secured for the facility during 2017 that provides for an extension to develop another 40 years of landfill capacity. Construction of the extension is budgeted for 2018. We report on all general waste being disposed of at the Mooi-nooi landfill as part of the National Waste Information System.

General waste materials recycled and re-used

| Recycled (tonnes) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-----------------|----------------------|----------------|--------------|----------------|----------------|
| Ferrous and non-ferrous scrap | 7,676.3 | 6,151.5 ¹ | 3,581 | 4,360 | 4,158 | 5,413 |
| Paper (and mixed domestic recyclables) | 17.3 | 53.7 | 30.8 | 30 | 23.7 | 17.1 |
| Rubber | 2,024.8 | 2,296.1 | 7.9 | 1,801 | 1,154 | 1,129 |
| Plastics | 209.5 | 229.8 | 94.3 | 89 | 188 | 142 |
| Tyres | 120.1 | 157.2 | 24.8 | 219 | 96.6 | 78.53 |
| Garden waste composting | 322.9 | 766.9 | 288.5 | 120 | 119 | 3.7 |
| Total | 10,370.9 | 9,655.2 | 3,425.7 | 2,695 | 5,739.3 | 6,783.3 |

| Re-used (tonnes) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------|----------------|----------------|----------------|--------------|----------------|----------------|
| Recovered steel | 86.2 | 112.5 | 77.2 | 138 | 160 | 151.91 |
| Food | 37.4 | 29.9 | 22.8 | 33 | 25 | 30 |
| Wood | 4,147 | 3,702 | 990 | 1,219 | 2,766 | 3,150 |
| Plastic | 13 | 0.1 | 94.3 | 1 | 5.3 | 0 |
| Total | 4,283.6 | 3,844.5 | 1,184.3 | 1,391 | 2,956.3 | 3,331.9 |

Performance

- Our target was to reduce general waste to landfill by 5% from the 2012 baseline year. In 2017, we reduced general waste to landfill by 16.2% from the baseline year
- General waste generated, 6.8% higher than 2016
- General waste to landfill, 1.8% lower than 2016
- 54% of general waste diverted from landfill (recycled, re-used and composted) during the year

Hazardous waste

We continuously drive both technical and non-technical research and development for best practical environmental options to divert hazardous waste from landfill. We aligned our operations to meet the prohibition of waste lamps to landfill, and implemented a waste lamp bulb storage and collection system across the operations. The waste light bulbs are sent off-site for recycling of all components, including waste, mercury, phosphorus and arsenic. Where disposal of hazardous waste is unavoidable, disposal takes place at permitted landfill sites.

The environmental authorisation and waste licensing process for the PMR waste incinerator is continuing. This aims to address our target for reducing disposal to landfill, as well as securing the potential for PGM recovery within this closed system.

We conduct third-party audits on external hazardous waste management facilities to ensure compliance, and adherence to the requirement of duty of care of our hazardous waste from cradle to cradle/grave.

We comply to the NEMA Polychlorinated Biphenyls (PCB) Regulations, with an updated PCB register and DEA-approved PCB phase-out plans in place.

Calcium sulphite

CaSO₃ is produced as a residue from the capture and treatment of sulphur dioxide (SO₂) emissions at the WPL smelter at our Marikana operations and is disposed of at a licensed waste disposal site. Successful alternative use or recycling alternatives for our CaSO₃ waste stream has proven challenging due to its hygroscopic properties, and high moisture and salt content. We continue to undertake various trials and pilot studies to find a sustainable solution for diversion from landfill.

During March 2017, stakeholders near the landfill site in Olifantsfontein raised complaints about odour. This is where our service provider disposed of CaSO₃. They sited CaSO₃ as a potential contributor to the odours experienced. CaSO₃ is not classified carcinogenic, is classified as odourless, and no data

¹ The quantities of recycled ferrous and non-ferrous scrap have been restated for 2013 to incorporate additional types of these scrap materials.

Material Focus Area | Managing Environmental Impacts and Opportunities (continued)

exists to indicate that this waste stream generates malodorous or noxious odours in the state that it was disposed at that landfill site. Despite this, the WPL smelter decided to divert this waste from the Olifantsfontein waste disposal site.

Liquid waste from the PMR

The processes at the PMR produce acid and alkaline liquid waste streams that are currently treated off-site and disposed to landfill. Our goal is to run a closed-loop system on these waste streams and we are researching ways to recycle the substantial amount of water in this waste back into the

process plants to reduce municipal water use. We implemented one of these technical solutions, in compliance with environmental legislation, with the successful construction and commissioning of a reverse osmosis plant in April 2017, to treat 7 m³/hour of our dirty storm water runoff and condensate, to an 80% useable process water. The PMR continues to optimise the reverse osmosis plant for the potential treatment of various waste streams on-site. As liquid waste to landfill will be prohibited by August 2019, we are investigating this and other technical solutions for treatment of these complex waste streams.

Performance

- 77,932 tonnes of hazardous waste generated, 1.88% more than in 2016
- Our target was to reduce hazardous waste to landfill by 5% from the 2012 baseline year. In 2017, we reduced hazardous waste to landfill by 10.4% from the baseline year
- A decrease in hazardous waste disposal quantities has been seen due to the improved operation of the desulphurisation plant, in conjunction with the decrease in production, the operation of the PMR reverse osmosis plant as well as unforeseen plant shutdowns

Tailings

Lonmin stores tailings from the concentrators at six operational above-ground tailings storage facilities (TSFs) and continuously monitor an additional five dormant TSFs. 9,889 kt of tailings were generated (2016: 10,222 kt) and deposited onto the six functional TSFs. Specific mandatory codes of practice guide how TSFs are managed and these are submitted to the DMR and DWS dam safety office.

Specialist tailings contractors manage our TSFs and are on-site to continuously monitor TSF integrity, stability and functionality. Specialist engineers conduct quarterly inspections to monitor compliance to relevant legislation. Lonmin has a Safety, Health, Environment and Quality (SHEQ) procedure available for emergency preparedness and response (EPR) for tailings dam and return water dam failure commensurate with potential failure consequences, aligned to that of the contractor EPR procedure. We undertook a gap assessment in terms of conformance to the International Council on Mining and Minerals (ICMM) Tailings Storage Facilities Governance Framework and are addressing inadequacies identified.

The theft of fencing at our TSFs continues to be a major challenge, leaving Lonmin exposed to illegal access by people and animals with associated safety concerns, side slope rehabilitation damage and stability impacts. We continue to engage with regulatory authorities on these challenges.

We have started working with the University of the Free State to assess the feasibility of using nitrate-eating bacteria to address the nitrate levels contained in tailings to reduce the potential for land and water contamination. Pilot work will commence in 2018.

The construction of the bulk tailings treatment project, where the hydraulic re-mining of the EPL TSF 1 to recover residual chromite and PGMs, is progressing according to plan and is expected to commence operation during 2018. We received the environmental authorisation and water use licence for the project.

Waste rock

Waste rock is non-ore-bearing rock disposed of onto surface waste rock stockpiles, also known as mine residue stockpiles. Opencast operations generate overburden waste stockpiles, which are returned to the opencast pit during rehabilitation processes. Lonmin's Marikana operations have nine waste rock stockpiles from underground mining and a number of overburden waste stockpiles associated with our opencast operations. We manage a single waste rock stockpile at our Limpopo operations. In total, Lonmin generated 535 kt of waste rock during 2017 (2016: 865 kt), less than 2016 due to a decrease in developmental progress and the placement under care and maintenance of 1B shaft at Karee.

Waste rock is used in road and general construction by surrounding municipalities, provincial road agencies, the community, and other private entities. In this way, waste rock is re-used, reducing our environmental liability and rehabilitation costs.

A waste rock re-use framework is being prepared to formalise the governance and responsible use of this waste stream, covering various aspects including environmental, safety, health, security, local economic development and related procurement processes.

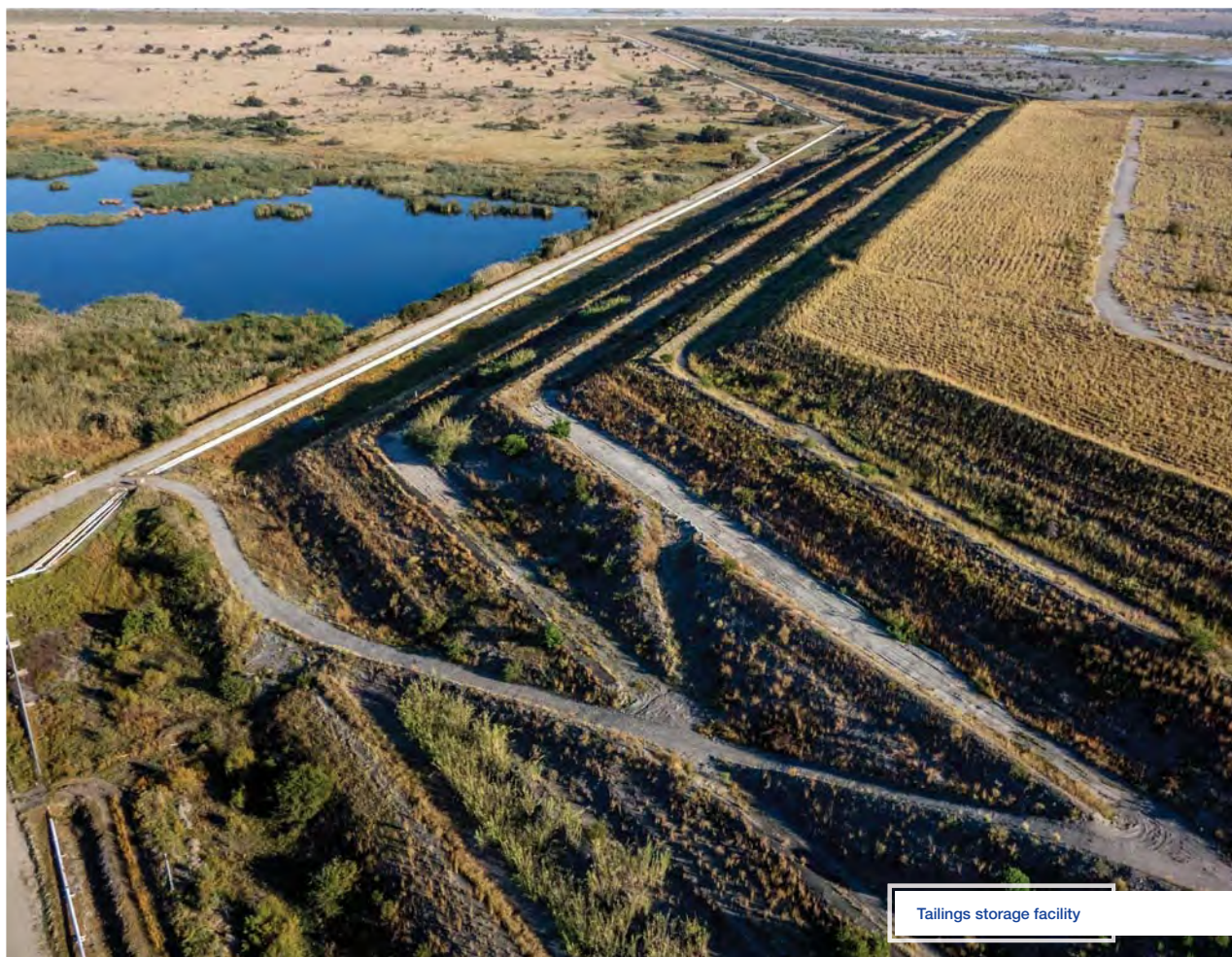
Land contamination

We continue to assess the potential for contamination to land in addition to the formal assessments conducted at our Marikana operations. None of the areas assessed could be defined in terms of Part 8 of the NEMWA, and thus do not require registration on the DEA's contaminated land inventory.

The PMR has started planning for the detailed design of the trench downstream of the old evaporation dams to intercept and collect contaminated groundwater, as per the remediation order for contaminated land. We continue to monitor the extensive groundwater network to analyse the trends and intensity of the pollution plume. Treating contaminated ground water is a focus within the effluent treatment technology investigations.

Hazardous waste materials disposed to landfill, recycled and treated

| Hazardous waste (tonnes) | 2016 | 2017 |
|---|--------|---------------|
| Disposed to landfill | | |
| Hazardous waste sent to landfill (CaSO ₃) | 42,447 | 43,783 |
| PMR effluent | 26,221 | 24,810 |
| Other | 1,941 | 1,155 |
| Recycled | | |
| Oil | 45.3 | 76.0 |
| Ewaste | 23.9 | 2.32 |
| PMR effluent (liquid waste) | 4,002 | 6,179 |
| Batteries and cartridges | 68.2 | 38.4 |
| Re-used | | |
| Ash | 1,748 | 1,888 |



Tailings storage facility

Material focus area | Managing Environmental Impacts and Opportunities (continued)

Lonmin's Safety and Sustainable Development Policy

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

Biodiversity and land management governance

- Biodiversity and land management standard
- Environmental drilling standard
- Biodiversity action plan (BAP)
- Biodiversity no nett loss protocol
- Closure and rehabilitation plan
- Environmental management system
- ICMM Position Statement on Mining and Protected Areas

Key focus areas

- Responsible land and biodiversity management
- Closure and rehabilitation planning
- Alignment to the new NEMA Financial Provision Regulations
- Removing alien and invasive species
- Complete the diversion and ecological re-instatement projects around the TSF 8 tailings dam

Biodiversity and land management

Biodiversity and ecosystem services management

Lonmin regards biodiversity and ecosystem services as a material aspect in line with its commitment to environmental land stewardship, allowing ecosystems to function effectively. We do not have operations in high biodiversity or sensitive areas. Our Marikana and Limpopo operations are located in areas that are listed by the National Environmental Management Biodiversity Act, 10 of 2004, as vulnerable ecosystems. A number of endangered, protected, vulnerable and threatened flora and fauna species are found at our operations. Plans and procedures are in place to identify and apply for relevant permits for the removal and relocation of these protected floral species. Further detail on our biodiversity composition can be found in our biodiversity management supplementary report at <https://sd-report.lonmin.com/2017/download-manager/>.

We developed a biodiversity no nett loss protocol linked to the BAP for Marikana, where project planners, managers and implementers are guided regarding the decision pathway methodology to identify, avoid and/or mitigate potential risks and impacts on biodiversity resulting from our activities. The BAP geographic information system toolkit allows for the rapid evaluation and identification of risks in this decision-making. We continuously implement the required actions recommended and identified through our BAP.

Alien invasive plant removal is progressively implemented at our operations. In 2017, herbicides were aerially applied to certain TSFs and dams. Training and skills development was provided to unemployed community members to assist with the removal and relocation of protected plants for various projects such as the construction of TSF 8 and the upgrade of a schools and sport fields in the area of Segwaelane and Marikana.

This year we started with detailed biodiversity studies, for the ecological transfer/relocation of the secondary tributary of the Mareltwana River, into the design of the water diversion for the construction of TSF 8. The DWS commended Lonmin on the ingenuity of the process undertaken thus far.

Heritage management

We constantly update our heritage site inventory, which lists at over 170 heritage sites including archaeological sites and graves. We manage these in terms of the requirements of the National Heritage Resources Act, 25 of 1999. Lonmin respects the cultural heritage of the communities in which we operate and allows families of ancestors buried in and around our operations to enter the sites and, where required, hold cleansing and remembrance ceremonies.

Closure and rehabilitation

We aim to leave a legacy of sustainable closure by undertaking adequate planning and concurrent rehabilitation during the operational phase of our activities. We are updating our closure and rehabilitation plans to align with the new NEMA Financial Provision Regulations, inclusive of the requirements of the Rehabilitation Strategy Implementation Plan as required by our water use licences. The DEA is publishing draft amendments to the Financial Provision Regulations, in an attempt to address uncertainty with these, and we are working with the Chamber of Mines in terms of engaging with DEA on these amendments. The Company is investigating incorporating social aspects into the environmental closure planning process to ensure sustainable closure where long-term community economic viability will be a reality. These initiatives will align with the next Social and Labour Plan cycle that commences from 2019 to identify sustainable projects that will go beyond the life of mine.

In 2017, progressive rehabilitation included the re-instatement and rehabilitation of the U12A opencast pit. We are finalising the drafting of closure applications, inclusive of risk assessments for the rehabilitated U1A, 1B and 1C pits. Monitoring of the rehabilitated opencast areas to determine the success of rehabilitation, and identify the need for further repair and maintenance at these areas. A challenge we face is the various opposing land uses in and around our operations. This led to the encroachment of communities and animals onto our opencast and tailings dams rehabilitated areas. This year we started with the compilation of an animal management plan to address this matter.

Lonmin's unscheduled and scheduled closure cost assessments, to determine liability for our mining and prospecting rights, are undertaken by independent specialists on an annual basis with reports submitted to the DMR for verification. Any shortfall required in financial provision is made primarily through the issuing of bank guarantees, or transfers to the Lonmin Platinum Pollution and Rehabilitation Trust Fund. The full costing of unscheduled closure, which includes the environmental liability associated with all our assets, remediation and rehabilitation required, is included in Lonmin's Annual Report and Accounts, available at www.lonmin.com/investors/reports-and-presentations.

Land under Lonmin management

Hectares

| | |
|--|---------------------|
| Total land managed (all operations) | 35,271 |
| Total area in use for Company activities in North West, Limpopo and Gauteng | 22,136 |
| Total area disturbed by opencast activities in North West (including overburden waste rock and topsoil stockpiles) | Merensky Reef – 341 |
| UG2 Reef | 690 |
| Area rehabilitated to date | 684 |
| Area disturbed not yet rehabilitated | 347 |
| Total area covered by waste rock (surface – overburden) | 108 |
| Total area covered by waste rock (from underground) | 66 |
| Total area covered by tailings | 1,075 |

Realising product opportunities and promoting product stewardship

PGMs play an important role in medical, industrial and emissions reduction applications due to their robust catalytic and electrical properties. These metals are considered green metals for their ability to clean polluted air, particularly in their role in catalytic converters used in the automotive industry. PGMs have long life cycles, are highly recyclable, and are cornerstone metals in a circular economy.

Used with internal combustion engines, autocatalysts reduce harmful hydrocarbons such as Nitrous Oxide and Mono-oxides by converting them into CO₂. While CO₂ is a GHG, in combination with improvements in engine management systems, autocatalysts are becoming increasingly efficient at reducing the amount of CO₂ produced in this process.

Platinum plays a crucial role in hydrogen fuel cells, which offer a clean, efficient and scalable alternative to conventional combustion engines and stationary power systems. The Chinese government recently announced their intent to move away from fossil fuels for stationary power production and vehicles, a development that could hold great potential for fuel cells.

PGMs play an important social role through their contribution to the wealth and wellbeing of South Africa, through taxes and royalties paid, as well as through their role as providers of jobs and significant investors in the socio-economic development of surrounding communities.

Supporting the development of PGM applications

Lonmin facilitates uptake of PGMs by supporting developments in jewellery, investment and automotive applications, while giving particular support to new industries such as fuel cell adoption and additive manufacturing of

PGM-based products. We increased our support of the SEDA Platinum Incubator (SPI) in South Africa, which expanded its focus beyond jewellery to include industrial applications. Lonmin participates in a number of industry associations that support the development of new jewellery markets and applications for PGMs, including the World Platinum Investment Counsel, the Platinum Jewellery Development Association and the Platinum Guild International. Lonmin is actively involved in the development of PGM powders for use in 3D-printing applications. As platinum is a difficult metal to work with, 3D printing creates opportunities to develop innovative applications for the metals.

During the 2017 financial year, Lonmin concluded an agreement with Thakadu Battery Materials for Thakadu to beneficiate Lonmin's crude nickel sulphate stream into high-purity battery-grade nickel sulphate. High-purity nickel sulphate is a key component in the manufacture of rechargeable lithium-ion batteries used in stationary energy storage, consumer electronics and electric vehicles.

Product stewardship

We acknowledge our responsibility to manage and mitigate any negative impacts on the environment or end users through the life cycle of our products. Lonmin Sustainable Development Standard 12 relates to product stewardship and promotes the responsible production, transport, storage, use, recycling and disposal of our resources, materials, products and wastes to minimise their life cycle impacts.

Lonmin participates in industry forums, such as the Chamber of Mines and the ICMM, which keep us informed on the latest insights regarding the properties of metals and their life cycle effects on human health and the environment.

Material Focus Area | Constructive Engagement: Government, Regulatory and Other Stakeholders

Improving relationships with key stakeholders

Building strong relationships with external stakeholders and between management and employees is important to create constructive engagements so that all stakeholders benefit. This is particularly true when establishing strong partnerships between business, government, organised labour and community leaders to ensure that necessary steps are taken to secure a sustainable future and realise shared value for all.

This chapter provides an overview of Lonmin's key stakeholders, with a focus on government relationships. Further information, including an overview of the method and frequency of stakeholder engagement, concerns raised and Lonmin's responses, is available in the supplementary report on stakeholder engagement at <https://sd-report.lonmin.com/2017/download-manager/>.

Key chapter takeaways

- Key engagement topics with our stakeholders unpacked
- Social responsibility activities align with government priorities
- Lonmin's positioning on primary regulations

Accountability and Governance



The Lonmin Charter includes a commitment to deliver the requirements of the South African Broad-based Socio-economic Charter and we welcome the opportunity to transform our business. This is supported by our **values** of:

- **Integrity, honesty and trust** – We are committed ethical people who do what we say we will do
- **Transparency** – Open, honest communication and free sharing of information

Strategic approach: *continuing to improve relationships with key stakeholders*

Lonmin's Safety and Sustainable Development Policy:

- Upholding ethical business practices, sound corporate governance and transparency, while meeting or exceeding applicable legislation, standards and other requirements
- Maintaining transparent and ongoing consultative relationships with all stakeholders and incorporating this engagement into the decision-making process

Other internal policies governing constructive engagement: government, regulatory and other stakeholders:

- Stakeholder Engagement Framework
- Reporting Framework



Stakeholder management is coordinated by the Executive Vice-President of Stakeholder Engagement and Regulatory Affairs who reports to the Chief Executive Officer.

Approach and performance

Stakeholder groups are identified and prioritised using a risk-based approach that is supplemented by desktop reviews, analysis of media coverage, online sources, internal conversations and consultation sessions to improve our understanding of stakeholder views.

The primary goal of our stakeholder initiatives is to improve communication and transparency to align the Company and our stakeholders with a shared vision of a sustainable and profitable Lonmin through all cycles.

Engagement between stakeholders and the Board promotes the enhancement of the Board's collective knowledge of

economic, environmental and social topics and enables consultation and feedback. The Board engages through the Annual General Meeting (AGM) and quarterly and interim roadshows to investors in the United Kingdom and South Africa that follow the AGM. The Board visits the operations twice a year for meetings, focusing on housing, education and working conditions. Board meetings cover deep-dive topics across the areas of safety, health, environment and other topical areas.

We have re-grouped our stakeholder engagement and Regulatory Affairs Department. We allocated more resources to the department to ensure consistent professional and structured engagement.

Management, union leadership and the inspectorate formed a coalition. The intention is to share the unified message that production needs to be improved.

Material Focus Area | Constructive Engagement: Government, Regulatory and Other Stakeholders (continued)

Key stakeholders

The content that follows defines how Lonmin engages with its main stakeholder groups and the key 2017 engagement themes. Further detail of our response to the concerns raised is included in the material focus chapters, and the Annual Report and Accounts.



Employees and contractors

The daily interactions between management, leaders and teams provide an opportunity to build trust and strengthen our relationships. Frontline supervisors and managers are supplied with information to enable them to keep employees informed and engaged. This includes communication materials on a wide range of topics, regular talking points and responses to frequently asked questions to support conversations around important matters.

Contractors are an important resource for creating and sustaining employment in and around our operations and include transient and small-scale partnerships, and long-term, large-scale relationships. Engagements with contractors happen in the daily course of business as stipulated in formal service agreements.

| | |
|---|--|
| <p>Why is this stakeholder important?</p> | <p>Lonmin relies on its human capital to execute on its strategy.</p> |
| <p>How do we engage?</p> | <p>We engaged through regular meetings, forums and steering committees, shaft <i>lekgotlas</i>, Company communications, and formal contractor meetings.</p> <p>Engagements in 2017 included:</p> <ul style="list-style-type: none"> • <i>Weekly Bulletin</i> newsletters sent out to employees • Wellness days, World Aids Day, Condom Week and other health campaigns (page 60) • Environmental open days • Industrial theatre highlighting sexual harassment and abuse (page 48) |
| <p>Key 2017 themes</p> | <ul style="list-style-type: none"> • Financial sustainability and job security • Wage agreement and remuneration • Employee accommodation and living conditions • Safety |
| <p>Feedback loop</p> | <ul style="list-style-type: none"> • Human resources grievance mechanisms, whistle-blower hotline |



Unions

Lonmin supports our workers' rights to choose their organised labour representatives and recognition agreements are in place to allow for freedom of association, within the confines of South African labour legislation. The Association of Mineworkers and Construction Union (AMCU) is the majority union at our operations.

| | | |
|--|------------------------------------|--|
| | Why is this stakeholder important? | Unions provide an important link between the Company and its employees. |
| | How do we engage? | <p>We engage through regular meetings with union structures and union representatives.</p> <p>Engagements in 2017 included:</p> <ul style="list-style-type: none"> • Four tripartite safety visits, comprising the Lonmin Chief Executive Officer, the AMCU president and a DMR representative • Future Forum meetings • Meetings of the Joint Housing Forum, which contributed to the successful conclusion of negotiations to determine rents for the infill apartments |
| | Key 2017 themes | <ul style="list-style-type: none"> • Financial sustainability and job security • Wage agreement and remuneration • Employee accommodation and living conditions • Safety |
| | Feedback loop | Engagements through shop stewards, Future Forums, task teams and engagement forums |



Communities

The Bapo Ba Mogale (Bapo) community lies to the east of Lonmin's Marikana operations. Other communities around the operations include localised and transient migrant workers from across southern Africa. More than 130,000 people live in formal and expanding informal settlements around our operations, where the socio-economic challenges arising from informal living conditions are exacerbated by lack of basic services.

At the Limpopo operation, local traditional authorities include the Mphahlele, Ledwaba and Kekana.

Formal engagement structures are in place with the Bapo traditional authority and surrounding communities to discuss the most pressing community needs, such as employment, economic development, community infrastructure programmes and the Social and Labour Plan (SLP) status. These structures take the form of bilateral forums that include specialist sub-committees.

| | | |
|--|------------------------------------|--|
| | Why is this stakeholder important? | Lonmin views social spending as an investment and part of our strategic approach. Weak relationships with local communities can lead to production disruptions through unrest. |
| | How do we engage? | <p>We held regular meetings with community representative structures</p> <p>Engagements in 2017 included:</p> <ul style="list-style-type: none"> • Environmental open days • Environmental community focus group meetings and site visits at our operations • Regular meetings with community representative structures • The Board visited the Bapo Royal Council • A special committee to address community unrest was formed, comprising the Premier of the North West province, the DMR, Madibeng local municipality and Bapo traditional authority |
| | Key 2017 themes | <ul style="list-style-type: none"> • Local economic development and infrastructure • Skills development • Employment opportunities • Environmental impacts |
| | Feedback loop | Formal communications through structures, whistle-blower hotline and environmental hotlines at the Marikana operations and the PMR |

Material focus area | Constructive Engagement: Government, Regulatory and Other Stakeholders (continued)



Suppliers





Lonmin has 1,541 discretionary suppliers registered in its data base, 91% of which are based in South Africa and 9% are from the surrounding community. Discretionary spend on suppliers during 2017 was R7.87 billion. Our preferential procurement strategy requires procurement adjudication to favourably weight suppliers with broad-based black economic empowerment (B-BBEE) credentials, female representation and, where possible, companies from the surrounding community.

| | |
|---|---|
|  Why is this stakeholder important? | <p>Lonmin depends on its suppliers for a dependable and cost-effective supply of the products and skills we need to do business.</p> |
|  How do we engage? | <p>We engage through the procurement function, regular meetings and site inspections.</p> <p>Engagements in 2017 included:</p> <ul style="list-style-type: none"> • Vendor administration process support and day-to-day general procurement/supplier open day issues • The tendering and negotiation of new contracts • Assistance with queries and updating contracts • Managing early payment requests to support supplier cash flows where required |
|  Key 2017 themes | <ul style="list-style-type: none"> • Financial sustainability • Preferential procurement including local sourcing |
|  Feedback loop | <p>Regular meetings and day-to-day interactions</p> |



Customers

Lonmin's principal customers for PGMs are all global corporations. We appreciate the importance of demonstrating good corporate citizenship as part of the global PGM supply chain and are open to customers' feedback that aims to improve the sustainability of the Company.

| | |
|---|---|
|  Why is this stakeholder important? | <p>Without customers, we have no business. Customers provide market intelligence and an understanding of market trends.</p> |
|  How do we engage? | <p>We engage through the marketing function and regular meetings.</p> <p>The Company interacts with customers daily, monthly and in the ordinary course of business.</p> <p>Engagements in 2017 included:</p> <ul style="list-style-type: none"> • BASF audit follow up and second review • Site visit by Johnson Matthey (a customer) and Volvo (an end-user of their product) |
|  Key 2017 themes | <ul style="list-style-type: none"> • Financial sustainability • Environmental, social and governance practices |
|  Feedback loop | <p>Regular meetings, annual surveys, customer audits as required</p> |



Shareholders

Our top-10 shareholders are PIC, Majedie Asset Management, Schroder Investment Management Limited, Exor SpA, Shah Capital Management Inc, BlackRock Inc, Standard Life Aberdeen, Legal & General Investment Management Limited, Bapo Ba Mogale traditional community and Pictet & Cie (Europe) SA.





Our objectives are to ensure that Lonmin is positioned to withstand low commodity prices in the short to medium term; to operate on a sustainable basis; and to be able to build financial value for our shareholders and all our stakeholders. We place high value on being a responsible corporate citizen.

| | |
|---|---|
|  Why is this stakeholder important? | Shareholders, potential investors, analysts, and current and future business partners provide the financial capital required to fund the business. |
|  How do we engage? | We engage through formal reporting structures and meetings, including annual and interim reports, announcements, results presentations, site visits and the AGM. |
|  Key 2017 themes | <ul style="list-style-type: none"> • Operational and financial performance, including a focus on costs, production efficiencies and operational review • Regulatory, operating and political environment in South Africa • Platinum prices • Environmental, social and governance performance • Employee engagement and housing conditions |
|  Feedback loop | Ongoing dialogue takes place on topics of interest or concern |



Media

The media plays a role in creating and shaping public opinion by generating awareness. Media acts as watchdog to protect public interest against malpractice.





| | |
|---|---|
|  Why is this stakeholder important? | The media assists with informing the public and our key audiences about the Company's operations and performance. |
|  How do we engage? | <p>Through our Communications Department, we engage with media through various platforms including:</p> <ul style="list-style-type: none"> • Sustainable Development Report media roundtable • Media and regulatory statements • Interviews and panel discussions • Results announcements and AGM media engagements • Media site visits, meet-and-greets |
|  Key 2017 themes | <ul style="list-style-type: none"> • Employee accommodation and living conditions • Mining Charter • Women in mining • Operational review • Five years post Marikana 2012 • Community protests |
|  Feedback loop | Media monitoring one-on-one media engagements |

Material Focus Area | Constructive Engagement: Government, Regulatory and Other Stakeholders (continued)



Industry associations

Lonmin participates in various industry organisations that focus on addressing key concerns for the mining and metals processing industries, including health, safety and environmental matters. Participation in these forums exposes the Company to shared learnings, best practice and peer performance benchmarks. These associations offer a focal point to represent particular industry positions in negotiations with government.

| | |
|---|---|
|  Why is this stakeholder important? | <p>Participation shares best practices and helps to shape industry policy.</p> |
|  How do we engage? | <p>We engage through attendance at regular meetings and representation on governance structures.</p> <p>Engagements in 2017 included:</p> <ul style="list-style-type: none"> • Ongoing engagements by the Chamber of Mines with government • Participation in the Chamber of Mines Mine Industry Occupational Safety and Health (MOSH) initiative to share best practice in noise-induced hearing loss (NIHL) (page 59) and safety • Participation in the Chamber of Mines Environmental Policy Committee • Participation in the multi-stakeholder team that is executing the Waterberg-Bojanala Air Quality Plan and in the Highveld Priority Area multi-reference stakeholder group |
|  Key 2017 themes | <ul style="list-style-type: none"> • Health and safety performance • Environmental responsibility • Employee relations • Reporting and assurance frameworks |
|  Feedback loop | <p>Formal communications and information disclosed in meetings</p> |



Government and regulators

Government is a key stakeholder for Lonmin, and ensuring a constructive relationship at local (municipal), provincial and national level is critical for the Company to operate effectively.

Our representatives engage with government at the levels relevant to the nature of the engagement. For example, engagements with the DMR's safety inspectors will involve operational safety representatives, but engagements regarding Mining Charter compliance are the responsibility of the Executive Vice-President for Human Resources and Executive Vice-President for Communications and Public Affairs.

During the course of business, Lonmin engages with all three tiers of government. The Company engages through various business and industry organisations, such as the South African Chamber of Mines and the National Business Institute (NBI), so that the Company's positions on matters of importance are represented at the correct level of responsibility.

Lonmin's Group Risk Manager and Head of Legal are in the process of setting up a compliance forum to meet quarterly to consolidate compliance across the Company.

| | |
|---|--|
| Why is this stakeholder important? | <p>Lonmin's licence to operate depends on ensuring regulatory compliance and positive engagements with government.</p> |
| How do we engage? | <p>We engage through regular meetings, inspections and assessments, and participation in forums.</p> <p>Engagements in 2017 included:</p> <ul style="list-style-type: none"> • Four coalition safety visits, comprising the Lonmin Chief Executive Officer, the AMCU president and a DMR representative • Signing a Memorandum of Understanding with the Housing Development Agency to partner in addressing local housing needs • Quarterly meetings held with the DMR and Department of Water and Sanitation (DWS) to drive proactive engagement on environmental and regulatory issues |
| Key 2017 themes | <ul style="list-style-type: none"> • SLP performance • BEE ownership • Safety performance • Environmental performance |
| Feedback loop | <p>Written communication, meetings and forums, inspections, audits and assessments</p> |



Rehabilitation of opencast operations

Material Focus Area | Constructive Engagement: Government, Regulatory and Other Stakeholders (continued)

Contributing to government priorities

Lonmin's socio-economic development projects are derived in collaboration with government and, wherever possible, are designed to support the country's broader developmental goals. These goals underpin various developmental frameworks, including those discussed below, which are most relevant to Lonmin.

The Framework Agreement for a Sustainable Mining Industry¹

Description and purpose

The Framework outlines the commitments of each party and aims to support improved working and living conditions for mine workers, and accelerate transformation to redress the historical imbalances, legacies and inequalities in the mining industry.

Local integrated development plans (IDPs)

Description and purpose

Local IDPs are five-year plans for a municipal area that provide a framework for future development to coordinate the work of local government, other spheres of government and key stakeholders. All municipalities have to produce an IDP, and are responsible for coordinating the plan and ensuring that all municipal planning and projects happen in terms of the IDP.

Lonmin's contribution

Lonmin's Marikana operations fall under the Madibeng and the Rustenburg local municipality which lies in the Bojanala Platinum district municipality.

In line with the requirements of the Mining Charter, Lonmin's infrastructure development in terms of our SLPs is informed by engagement with the relevant government representatives to ensure alignment with regional and municipal IDPs.

United Nations Sustainable Development Goals (SDGs)

Description and purpose

The SDGs are a set of 17 'Global Goals' with 169 targets among them. They promote global partnership, and provide guidelines and targets that tackle the root causes of poverty, inequality and environmental issues. They aim to make a positive change for people and the planet in a sustainable way, for future generations.

Lonmin's contribution

Lonmin is in the process of aligning its sustainable development agenda with the SDGs. Our activities aim to address the issues underlying these goals.

The National Development Plan (NDP)

Description and purpose

The NDP is a long-term developmental plan that sets goals for South Africa to eliminate poverty and reduce inequality by 2030, prioritising employment through faster economic growth and improving the quality of education, skills development and innovation. Project Phakisa for mining is a government initiative announced in 2015 to fast-track the implementation of solutions on the critical developmental issues highlighted by the NDP.

Lonmin's contribution

Lonmin is committed to playing its part to achieve the goals of the NDP and our socio-economic development initiatives aim to address the most pressing community needs, which generally align with the NDP.

Local beneficiation

Description and purpose

The Mineral and Petroleum Resources Development Act (MPRDA) Amendment Bill (the Bill) grants the Minister of Mineral Resources powers, including: the discretion to declare certain minerals as strategic; to determine what percentage of strategic minerals are to be made available locally; to set the developmental price at which strategic minerals are to be sold; and decide the conditions applicable to export permits.

Lonmin's contribution

Lonmin supports the underlying intention of local beneficiation, and it is important that the legislation, as finally enacted, achieves these intentions without undermining the competitiveness of the local mining industry.

Although the Bill has not yet been signed into law, Lonmin continues to investigate ways to maximise platinum beneficiation, for example through our sponsorship of the SPI in the North West.

¹ Also known as the Peace Accord, signed between government, labour and business in July 2013.

Primary regulations

Mining and beneficiation are highly regulated industries, and most aspects of the Company's activities require close interaction with regulators, including in the areas of safety, health and wellness, environment and transformation.

Mining and prospecting rights

Lonmin's primary legal licence to operate is its mining rights issued in terms of the MPRDA by the DMR, and retention of these rights is dependent on continued compliance with the requirements of the MPRDA. Lonmin's new order mining rights for core operations continue to 2037 and are renewable to 2067.

Reviewed Mining Charter – focus areas

- Mine ownership
- Employment equity
- Skills development
- Preferential procurement
- Enterprise development
- Housing and living conditions for mineworkers
- Community development
- Sustainable development (environmental management compliance, health and safety, and capacity and skills)
- Local beneficiation

SLP focus areas

- Human resources development
- Mine community development
- Housing and living conditions
- Employment equity
- Processes to save jobs and manage downscaling and/or closure

The Mining Charter

Transformation and socio-economic development in the mining industry is driven by the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry (the Mining Charter), which sets targets in nine areas. Programmes in these areas aim to promote meaningful economic partnership by HDSAs in the mining industry. Mining companies report their progress against the Mining Charter annually to the DMR.

The Reviewed Mining Charter was published on 15 June 2017 and is the subject of legal dispute. The Minister of Mineral Resources gave a written undertaking that the Reviewed Mining Charter will not be implemented until the legal issues around it have been resolved. The 2010 Revised Mining Charter set targets to 2014, and these apply until replaced by the Reviewed Mining Charter.

Social and Labour Plans

The MPRDA commits mining companies to SLPs as a prerequisite to acquire mining or prospecting rights to ensure the effective transformation of the mining industry. The plans aim to promote employment and advancement of the social and economic welfare of all South Africans, while ensuring economic growth and socio-economic development.

The projects contained in SLPs are identified and planned in close collaboration with community stakeholders and local, regional and national government. Mining companies submit their SLPs to the DMR, and delivery on projects is required to retain their legal and social licence to operate.

Lonmin confirms that we have received correspondence from the DMR that highlights areas that have been identified as non-compliant and/or are behind scheduled implementation in terms of our SLP. We continue to engage with the DMR in an attempt to reach a constructive solution.


The current five-year SLP commitments expire at the end of 2018.

Breakdown of rand value spent on community SLP projects:

| Communities (Rand) | Measurement | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-------------|------------|------------|------------|------------|-------------------|
| Project spend in South African Rand against approved budget (Health, Education and Social Infrastructure) WPL and EPL | | 38,661,225 | 47,672,897 | 62,551,677 | 52,062,623 | 80,558,123 |

Close cooperation with local government is critical to ensuring socio-economic development initiatives are viable, sustainable and align with the NDP, regional IDPs and other government-driven community initiatives such as Project Phakisa. Regular engagements are held with various government departments, including the departments of Basic Education, Health, Trade and Industry, Social Development, Human Settlements and Mineral Resources, as appropriate, and with provincial and local government. These engagements provide oversight on projects implemented by the Company.

More information is available in the Community Relationships and Investment chapter on page 64.

A full-page photograph of a worker in profile, facing right. The worker is wearing a white hard hat, safety glasses, and a respirator with two circular filters. They are wearing a white protective suit. The background is a dark, industrial setting with a large, rusted metal structure. The text is overlaid on a dark rectangular area in the lower-left portion of the image.

**THE BOARD IS GUIDED BY
ACCOUNTABILITY, LONMIN'S
VALUES AND A RESPONSIBLE
LEADERSHIP ETHOS**

11/

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Governance

Governance for Sustainable Development

Lonmin's corporate governance is built on its corporate values and the Lonmin Code of Ethics. The Board is guided by accountability, Lonmin's values and a responsible leadership ethos to oversee the Company's impact on the environment and society.

Lonmin Plc is a company incorporated in England and Wales. The Company's principal business activities are its operations based in South Africa. Lonmin Plc has a primary listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange Securities Exchange. The Company therefore adheres to the UK Corporate Governance Code and its supporting guidance (www.frc.org.uk). Lonmin's significant shareholders can be viewed on page 66 and 67 of the Annual Report and Accounts..

The Board is the custodian of the Company's strategic aims, vision and values. It provides entrepreneurial leadership to management within a framework of prudent controls which enables risk to be assessed and managed appropriately. It assesses whether the necessary financial and human resources are, and will continue to be, in place to enable the Company to meet its objectives and ensure that it takes full account of safety, environmental and social factors.

At 30 September 2017, the Board consists of eight members, including the Chairman, six Non-executive Directors (four of whom are independent) and two Executive Directors. Lonmin currently has two female members on the Board, and two of the Directors are Historically Disadvantaged South Africans (HDSAs). Board appointments are made on merit against objective criteria that include skills, experience and personal attributes, including independence of mind.

Detailed information regarding the Board is available on pages 58 to 113 of the Annual Report and Accounts 2017.

The Board believes that the effectiveness review process provides a valuable opportunity for improving effectiveness and

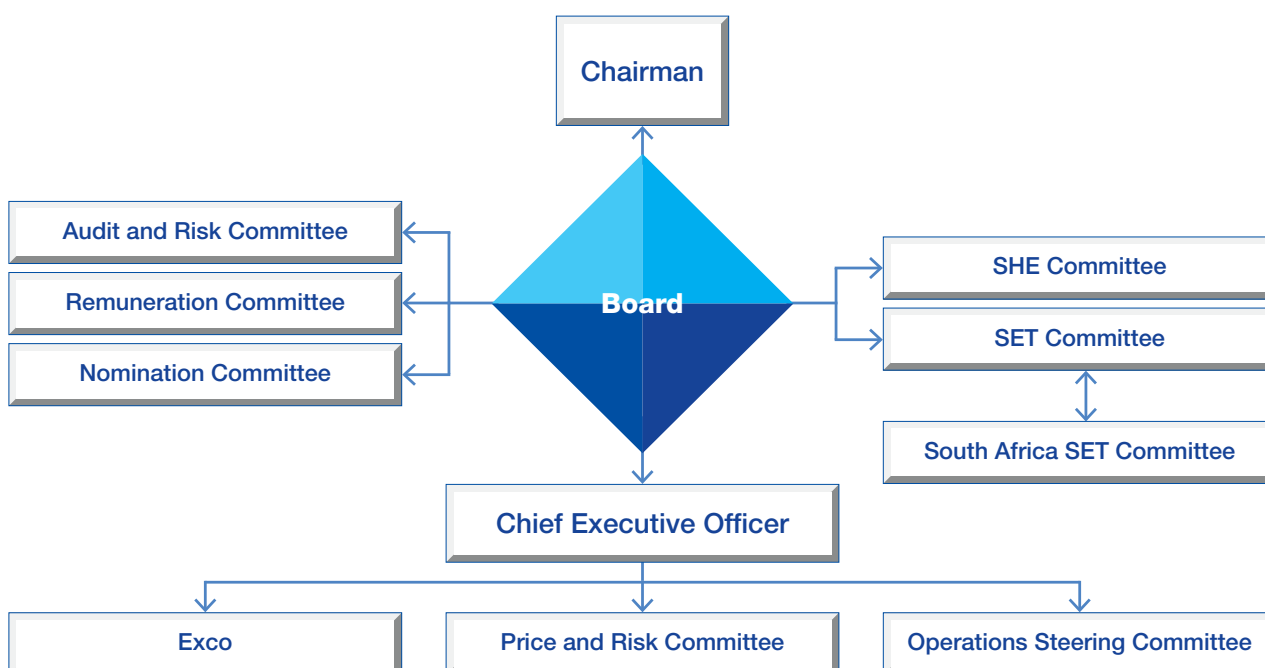
gives the Board a mechanism for constructive group and peer feedback to help Directors individually to improve their ability to contribute to the work of the Board.

Having conducted an externally facilitated effectiveness review of the Board in FY2016, the Board undertook an internal review in FY2017 which involved completion of a structured questionnaire that covered a range of key topics, including composition of the Board, skills, knowledge and experience of the Board, the respective roles and responsibilities of the Non-executive and Executive Directors, quality of strategic and risk debate, the effectiveness of decision making, interactions with management, quality of information and support provided to the Board and areas of development or improvement, both individually and collectively as a Board. This will be supplemented with one-to-one discussion between the Chairman and each Director. Preliminary feedback from the review, including recommendations, was provided privately to each Director and collectively to the Board.

Our Annual Report and Accounts 2017 provides details of:

- How Board members are selected (page 61)
- How we communicate with our shareholders and formally report (page 67)

The Board delegates some of its functions and authority to committees without delegating its ultimate responsibility for the governance of the Company. In addition to the committees recommended in the UK Corporate Governance Code, the Board has established two other committees to specifically oversee safety and social responsibility matters, the Safety, Health and Environment (SHE) Committee and the Social, Ethics and Transformation (SET) Committee. As with any business, power is also delegated from the Board to the Chief Executive Officer, and through him to the management team via a documented delegation of authority, setting out the responsibilities, decision-making and approval powers of managers at different levels of the enterprise.



More detailed information on these committees, including a full discussion of the Company's Remuneration Policy, can be found in the committee reports in the Annual Report and Accounts 2017.

The interaction between the Board, its committees and the management of the Company can be summarised as follows:

SET Committee

Lonmin's SET Committee oversees the Company's strategy and performance in addressing transformation, empowerment and other social and ethics issues prescribed in South African legislation. The Committee also oversees Lonmin's inclusive stakeholder engagement and the process of addressing all stakeholder issues.

Activities of the SET Committee during the year

The Committee has an annual work plan, developed from its terms of reference, with standing items that the Committee considers at each meeting in addition to matters of topical relevance or on which the Committee has otherwise chosen to focus.

The Committee met formally four times during the year, and also led a 'deep dive' into stakeholder relations issues, which was presented by the Executive Vice-President (EVP) of Stakeholder Engagement and Regulatory Affairs. All other Board Directors were given a standing invitation to attend any of these meetings, and many did so. As well as routine monitoring activities, the material items considered by the Committee in FY2017 were:

| | |
|---|--|
| Social and Transformation | <ul style="list-style-type: none"> Reviewed reports on progress against commitments made in the Social and Labour Plans and requirements of Mining Charter and provided feedback to management Reviewed strategic plans for Lonmin's transformation programme and remedial actions Received regular progress reports on implementation of accommodation strategy Deep dive on, and update of, accommodation strategy following a review of feedback from a large-scale survey undertaken by an external South African consultancy aimed at better understanding employees' accommodation preferences Received updates on relations with the Bapo Ba Mogale (Bapo) community, including progress made against Lonmin's procurement commitments (and the Bapo's performance in delivering under such contracts) Reviewed the funding and terms of the 1608 Education Trust Received reports on the outcome of a customer audit undertaken by BASF¹ Reviewed the community complaints register and, where relevant, actions taken to address any issues Reviewed status of commitments made by Lonmin in response to the Farlam Commission Report Reviewed plans for a permanent memorial to the victims of the events of 2012 |
| Ethics | <ul style="list-style-type: none"> Reviewed and recommended approval of the new Code of Ethics by the Board Reviewed and recommended the approval of Lonmin's first statement under the Modern Slavery Act 2015 by the Board, which was published on the Company website in March 2017 Reviewed findings of a human rights pilot study focused on the subject of women in mining |
| Governance, regulatory and reporting | <ul style="list-style-type: none"> Reviewed changes to local and international regulations and new legislation, including Mining Charter III and the status of legal actions in connection with the same (including in relation to the "once empowered always empowered" principle) Received feedback in relation to the Committee from the external Board effectiveness review conducted during FY2016 Reviewed the Committee's report within the 2016 Annual Report and recommended approval to the Board Considered feedback from external auditors following their assurance review of selected data in the FY2016 annual report and FY2016 Sustainable Development Report Considered and approved the appointment of KPMG as the assurance provider for the FY2017 Sustainable Development Report Reviewed the Committee's annual workplan, terms of reference and Committee objectives for FY2017 |

¹ A customer to Lonmin.

Governance for Sustainable Development (continued)

SHE Committee

In addition to overseeing the areas of safety, health and the environment, Lonmin's SHE Committee assists the Board in meeting the commitments of the Sustainable Development Policy. The Committee sets aspirational standards, implements an appropriate culture, ensures robust and independent assurance, and provides advice to the Board on SHE compliance with legal requirements. The Committee meets quarterly and met four times during the year. The following work was undertaken:

| | |
|---|--|
| Safety | <ul style="list-style-type: none"> Received reports from accountable managers on the five fatalities during FY2017 and all serious safety incidents, including a detailed analysis of factors contributing to the safety incident and the corrective and preventative measures taken to prevent recurrence Reviewed reports on key safety indicators and trends Participated in a safety deep dive, including a review of Lonmin's strategic plan to improve safety, current and pending safety initiatives, and performance trends and safety measures in place at key shafts and other areas of the operations Reviewed company and contractor security and firearm policies and procedures Reviewed progress and implementation of a strategic plan to improve safety and long-term safety initiatives Reviewed material regulatory compliance and Lonmin's performance against its peers |
| Health | <ul style="list-style-type: none"> Reviewed reports on health and community indicators and trends Received reports on the various medical schemes available to Lonmin employees and their families |
| Environment | <ul style="list-style-type: none"> Received reports from accountable managers on all serious environmental incidents, including a detailed analysis of factors contributing to the incident and the corrective and preventative measures taken to prevent recurrence Reviewed reports on key environmental indicators and trends Reviewed progress reports on various environmental initiatives Reviewed the Company's environmental targets against regulatory requirements Reviewed reports on complaints by regulators or third parties, including members of local communities |
| Governance, regulatory and reporting | <ul style="list-style-type: none"> Reviewed changes to local and international safety, health and environmental regulations Received feedback relating to the committee from the external Board effectiveness review conducted during FY2016 Reviewed the committee's report within the 2016 Annual Report and Accounts and recommended approval to the Board Considered feedback from external auditors following their assurance review of selected data in the FY2016 Annual Report and Accounts and FY2016 Sustainable Development Report Reviewed the committee's annual workplan, terms of reference and committee objectives for FY2017 |

Ethics and Human Rights

Lonmin's Code of Ethics commits the Company to the highest standards of social and business practices and requires that employees, contractors and stakeholders share this commitment, formalising Lonmin's ethical approach to conducting, managing and regulating all of its business dealings.

The SET Committee of the Board oversees the Group's activities in social and ethics matters, endorses associated policies, and oversees progress in relation to combating conflicts of interest, corruption and bribery. Lonmin aspires to an ethical culture in the Company through its corporate values and by leading in a way that demonstrates good ethics from the top of the organisation.

The Code of Ethics defines Lonmin's stance on conflicts of interest, anti-competitive behaviour, lobbying and relationships with government, bribery, insider trading, the receipt of gifts and donations, whistle-blowing and reporting of corruption or unethical behaviour. All employees and service providers are required to commit to the principles contained in the Code of Ethics. During 2017, the Code of Ethics was reviewed and updated. This policy and the Human Rights policies are available online at www.lonmin.com/about-us/business-conduct.

In addition to the review of the Code of Ethics, the Whistle-blowing Policy was updated and several additional policies were established, namely the Conflict of Interest, Bribery, Fraud Prevention and the Anti-Corruption Policy was published in mid-2017. These policies were approved by the Board and are due for publication. An electronic reporting platform is being commissioned to support the Conflict of Interest and Bribery and Anti-Corruption policies to enable employees to make declarations of gifts made and received and other potential conflicts of interest. Going forward, Lonmin Business Assurance Services will provide an oversight role in addition to the heads of department and general managers. The Procurement Department will identify high-risk vendors for potential fraud. Ethics training is included in induction training, which employees and contractors receive as a pre-requirement to employment. Those employees and contractors in core operations also receive refresher induction training when returning from leave.

Where allegations of misconduct are received, Lonmin Business Assurance Services and Group Security conduct investigations on the relevant business units. A 24-hour ethics hotline is available to all employees, contractors and community members to anonymously report ethical grievances through formal Company channels. The hotline is operated by an independent third party and the call logging process is designed to protect individual rights, defend whistle-blower anonymity, and encourage the true spirit of whistle-blowing. Each call is logged and addressed by the relevant investigations unit, which takes appropriate steps to either confirm or refute the allegations, while management will institute disciplinary action where required.

Consequences for those found guilty of contravening the Code of Ethics include dismissal, contract termination and/or legal action.

The main areas of concern investigated relate to vendor fraud and job selling by external syndicates. The Company has developed and implemented a policy on BEE fronting to address certain allegations in this regard. Furthermore, a cautionary is included in advertisements for job vacancies, which states that Lonmin does not endorse or tolerate unethical or fraudulent behaviour, bribery, insider trading, corruption or job selling, and that such behaviour will be reported to the relevant authorities.

2018 focus

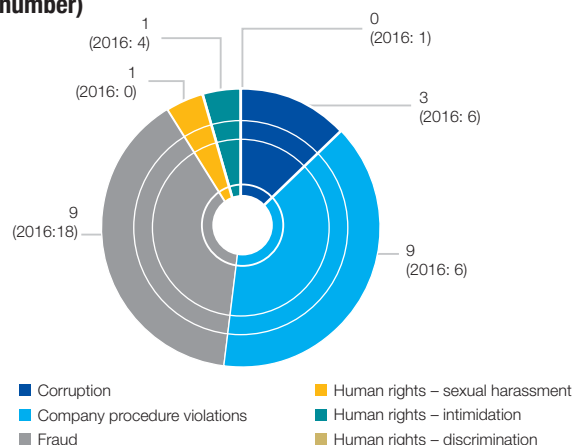
Lonmin Business Assurance Services will continue to raise awareness around fraud and the ethics hotline, focus on preventive controls, and deal with violations of the Code of Ethics appropriately.

93 cases of alleged unethical behaviour were investigated by the Lonmin Business Assurance Services and Group Security, comprising 27 cases carried forward from 2016, and 66 cases reported in 2017. All reported cases are investigated through a structured and formalised investigation process.

Of these cases, 16 are still under review, 54 were unfounded, and 23 were concluded having confirmed inappropriate behaviour. The following disciplinary action resulted from the 23 cases¹ investigated and concluded in the year:

- Five cases resulted in dismissals and/or final warnings
- Five vendor contracts were terminated
- Six employees were disciplined
- Two cases were settled with vendors
- Four cases were referred to a third party
- Two employees resigned prior to conclusion of disciplinary action

Unethical behaviour cases investigated and concluded (number)



¹ Note: A single case may have multiple disciplinary actions associated with it.

Ethics and Human Rights (continued)

| Numbers | 2016 | 2017 |
|--|------|----------------|
| Number of incidents of sexual harassment investigated | 1 | 2 ¹ |
| Number of whistle-blowing incidents logged through hotline | 28 | 25 |
| Number of cases of unethical behaviour reported | 60 | 41 |
| Percentage of business units analysed for corruption risks | 100% | 100% |

Respecting human rights

Lonmin is committed to respecting the human rights of its workforce and those who may be affected by its operations as entrenched in the Constitution of the Republic of South Africa. We continue to seek to implement the United Nations Guiding Principles on Human Rights (the Guiding Principles) throughout our operations.

These commitments are incorporated into the Lonmin Sustainable Development Standards, our Human Rights Policy and our Code of Ethics.

As part of the ongoing process, Lonmin is embarking on the development of an internal human rights due diligence checklist to assist the Company in achieving and maintaining full compliance with the relevant policies and systems. A pilot study, focusing on women in mining, was completed in February 2017. The results of the study identified short, medium and long-term actions, the aims of which are to further embed respect for human rights within the Company.

Human rights are communicated internally and externally to Lonmin's stakeholders. Human rights training is included in the induction programme for all employees and contractors, including security personnel, and is included in mandatory annual refresher training. Attendees are informed of their rights, expectations, standards and mechanisms to report grievances or incidents, which include a toll-free ethics hotline service. Additional training for managers and executives was delayed and will be included in training for the Code of Ethics in 2018.

Incidents of human rights violations are recorded and followed up wherever possible. One case of intimidation (2016: 4) and no cases of discrimination (2016: 1) were reported in 2017. There were no reported incidents of forced or child labour at the operations.

Modern Slavery Act

Lonmin's human rights commitment includes a prohibition on modern slavery in all its forms, including human trafficking and forced or compulsory labour.

Lonmin is alert to the modern slavery risks which can affect the mining industry, including the employment of migrant workers, health and safety issues and concerns around living conditions. All new Lonmin employees are subject to vetting procedures,

including age and identity verification, credit checks, criminal record checks and a medical fitness assessment. We have zero tolerance for child labour in the Company, and do not employ individuals or hire contractors aged less than 18 years old. The minimum legal working age in South Africa is 15.

Lonmin believes that one of its fundamental roles as an employer is to pay its employees a fair wage for their work. A recent survey undertaken by Lonmin indicated that the remuneration packages paid to Lonmin employees across a range of positions and levels of seniority compares favourably with two key competitors, and is higher than the median levels for both South Africa as a whole, and for certain major industries (including the mining industry).

We support the right of all of our employees and contractors to collective bargaining and freedom of association, and are committed to building constructive relationships with recognised unions. Wages for our unionised employees are negotiated by collective agreement. We comply with South African legislation regarding working hours, which stipulates that a worker may not be required to work more than 45 hours per week.

Further details on the steps Lonmin takes to reduce the risk of modern slavery among its workforce are set out in the 2017 Modern Slavery and Human Trafficking Statement, available on our website at <https://www.lonmin.com/about-us/governance/modern-slavery-act>.

Protecting human rights through the supply chain

Lonmin seeks to ensure that its counterparties conduct their own operations in line with Lonmin's standards on human rights and modern slavery.

During the year, Lonmin circulated a new questionnaire to all existing vendors, requiring them to answer a set of questions relating specifically to modern slavery risks in their businesses and supply chains. We are collating and considering the responses we received.

Lonmin's approval process for new vendors requires potential vendors to answer questions in relation to human rights, including whether the vendor has its own Human Rights Policy and whether it provides human rights training to its staff. During 2017, we expanded this process to include specific questions regarding the new vendor's policy in respect of modern slavery and the due diligence processes in place in respect of their supply chains.

In addition, the standard terms and conditions applicable to contracts with all vendors require Lonmin's counterparties to adhere to a range of legislation relevant to human rights, including the South African Labour Relations Act, (66 of 1995), the Basic Conditions of Employment Act, (75 of 1997), the Compensation for Occupational Injuries and Diseases Act (130 of 1993), as well as Lonmin's own Sustainable Development Standards and Code of Business Ethics. These

¹ Included in whistle-blowing incidents and unethical behaviour cases reported.

acts and standards contain wide-ranging human rights stipulations, including health and safety at work, working hours, freedom of association, the prohibition of child labour, non-discrimination and freedom from forced labour and corporal disciplinary practices. During 2017, these standard terms and conditions were expanded to expressly require each vendor to prohibit modern slavery from their operations and take steps to work with their own suppliers to reduce the risk of modern slavery in their supply chains.

This year, five vendor contracts were terminated due to unethical behaviour (2016: 8).

Human rights and security

Lonmin's security function takes an integrated proactive approach that has a broader focus than the traditional focus on asset protection. The Company focuses on understanding security threats to operations with a primary objective to mitigate interruption to operations. The Company subscribes to and implements the Framework for Peace and Stability in the Mining Industry (February 2013), and the Deputy-President's Framework Agreement for a Sustainable Mining Industry (July 2013). We continue to build on our relationships at all levels with stakeholders, community and the South African Police Services (SAPS).

The security risk management process aligns with the fundamentals of ISO 31000, the international risk management standard, and the voluntary principles on security and human rights, which are human rights guidelines designed specifically for extractive sector companies. The security-related recommendations arising from last year's human rights gap analysis were incorporated into the updated Security Policy and Security Code of Conduct.

The Lonmin security function does not engage with public disorder incidents, as that is the role of public order policing. Our focus remains on supporting the safety of our people and the protection of our property through training, education and vulnerability assessment processes, and ensuring employees have appropriate equipment with applicable logistics necessary

for asset protection (including crime-prevention vehicles and thermal cameras).

Corporate operational procedures are in place, and there is a specialised corporate operational procedure on crowd management. Security personnel receive training on the legal and operational aspects of crowd management and by year-end 54% of our personnel were trained. Security employees and contractors all have Private Security Industry Regulatory Authority (PSIRA) training as a minimum. Modules on security philosophy, the Security Code of Conduct, teamwork, human rights and arrest rights are included in the Lonmin basic security training programme.

Human rights forms part of the basic security training programme. Human rights fundamentals are included in our Security Policy and Security Code of Conduct. Security employees receive retraining on these aspects as part of the ongoing training plan and, at year-end, 65% of security employees and 85% of contractors received retraining.

There were 876 recorded security incidents in 2017 (2016: 1,121) and 39.8% of those related to theft and attempted theft of Company property (2016: 45.4%). Theft and attempted theft of Company property comprised 61.4% incidents (2016: 45.4%), theft of private property 13.4% (2016: 9.5%) malicious damage to Company property made up 4.1% (2016: 5.5%), and other security-related incidents the remaining 21.1% (2016: 39.5%).

Material lost to crimes on Lonmin property totalled R5.3 million during the financial year, including consequential loss (damages) and recoveries totalled R1.4 million.

At year-end Lonmin had 147 full-time security employees and 553 contractors.

Customers and human rights

Lonmin understands the importance of demonstrating good corporate citizenship as part of the global PGM supply chain. We are open to and appreciative of customers' feedback that aims to improve our sustainability performance.

Assurance

Lonmin's Audit and Risk Committee is responsible for overseeing internal audit and external assurance procedures to support the integrity of our measurement and data management systems. These procedures set out the internal management and controls of key risks, and enhance the reliability of information used by investors and other stakeholders. Further detail can be found in the Audit and Risk Committee report in the Annual Report and Accounts 2017 on page 73.

Internal audit

The Internal Audit Department is responsible for providing objective assurance on risks and key internal controls in alignment with the risk management framework. The in-house auditors are supported by the South African arm of PricewaterhouseCoopers Inc, who provides specialist services to Lonmin. Management uses the findings and recommendations from the Internal Audit Department to identify and implement corrective action plans that are monitored and reported to the Audit and Risk Committee.

External assurance

Certain aspects and indicators in our sustainable development reporting have been externally assured to provide the reader with an objective and impartial opinion over the balance and legitimacy of the performance data. This annual external assurance of our safety, health and environmental and social indicators is obtained to align with the International Council on Mining and Minerals' 10 principles of sustainable development and best practice. The SHE and SET Committees consider and approve the indicators that receive external assurance.



Sample preparation

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Independent Assurance Provider's Limited Assurance Report on Selected Sustainable Development Performance Information

To the Directors of Lonmin Plc

We have undertaken a limited assurance engagement on selected sustainable development performance information (selected information), as described below, and presented in the Sustainable Development Report 2017 (the Report) in the Key Performance Statistics Table on pages 120 to 121 of the Report and marked with an "LA", to the stakeholders of Lonmin Plc (Lonmin) for the year ended 30 September 2017. This engagement was conducted by a multi-disciplinary team of health, safety, social, environmental and assurance specialists with extensive experience in sustainability reporting.

Subject Matter

We are required to provide limited assurance on the selected information set out in the table below. The selected information described below has been prepared in accordance with the criteria set out in (a)(i), (a)(ii), (a)(iii) and (b) of the table below, which is referred to as the 'applicable reporting criteria' within this report.

| (a) Limited Assurance on the following selected key performance indicators: | | |
|--|--------------------|--------------------------------|
| (i) Limited Assurance on the following KPIs prepared in accordance with the GRI G4 guidelines and Lonmin's internally developed reporting guidelines | Unit | Boundary |
| Number of new cases of noise induced hearing loss (NIHL) diagnosed | No. of cases | Total Mine |
| Number of new cases of TB diagnosed and treated | No. of cases | Total Mine |
| Total fresh water consumption | m ³ | Total Mine |
| Total direct and indirect energy | TJ | Total Mine |
| Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions as per defined boundary | tCO ₂ e | Total Mine |
| (ii) Limited Assurance on the following KPIs prepared in compliance with the Broad-Based Socio-Economic Empowerment Charter (BBSEEC) (2002) and related Scorecard (2004) and Lonmin's internally developed reporting guidelines | Unit | Boundary |
| Project Spend in South African Rands against approved project budget (Health, Education, Social Infrastructure) WPL and EPL | Rand Value | WPL & EPL |
| Percentage Females in Total Own Employee Workforce (WAM) | % women | WPL & EPL |
| (iii) Limited Assurance on the following KPIs prepared in compliance with the Amendment to the BBSEEC (2010) and related Scorecard (2010) and Lonmin's internally developed reporting guidelines | Unit | Boundary |
| Total Percentage HDSA (excl. white females) | % HDSA | WPL & EPL |
| <ul style="list-style-type: none"> • EXCO / Senior Management • Middle Management • Junior Management | | |
| HRD expenditure as percentage of total annual payroll (excl. Mandatory Skills Development Levy) | % HRD Spend | Total Lonmin (% split applied) |
| (b) Limited Assurance on the following statement prepared in accordance with the International Council on Mining and Metals' (ICMM) Sustainable Development Framework | Unit | Boundary |
| The Directors' statement on page 3 of the Report that Lonmin has complied with the ICMM Sustainable Development Framework, principles and reporting commitments. | Text | Total Lonmin |

| Boundary Key | |
|--------------------------------|--|
| WPL & EPL | WPL and EPL information only presented separately as WPL and EPL |
| Total Lonmin | The information cannot be split between WPL & EPL, therefore the number reported is for total Lonmin |
| Total Lonmin (% split applied) | The information is recorded as total Lonmin and a percentage (%) split is applied in order to report for the WPL portion. This is calculated by the number of employees WPL contributes to the total employees at Lonmin |
| Total Mine | Denotes consolidated data for Lonmin Plc, including WPL, EPL, Pandora JV, Head Office and Limpopo operations |

Independent Assurance Provider's Limited Assurance Report on Selected Sustainable Development Performance Information (continued)

Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected information in accordance with the applicable reporting criteria, including Lonmin's internally developed reporting guidelines, which are available on request from Lonmin for the selected information in the table above. This responsibility includes the identification of stakeholders and stakeholders' requirements, material issues, for commitments with respect to sustainable development performance and for the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the preparation and presentation of their statement that Lonmin has complied with the ICMM Sustainable Development Framework, principles and reporting commitments. This responsibility includes ensuring that Lonmin has processes and systems in place that are designed and implemented to operate and monitor compliance with the ICMM SD Framework, principles and reporting commitments relevant to the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

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

KPMG Services Proprietary Limited applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the selected information based on the work we have performed and the evidence we have obtained. We have conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than 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 limited assurance about whether the selected information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of Lonmin's use of its reporting criteria as the basis of preparation for the selected information, assessing the risks of material misstatement of the selected information

whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of our limited assurance engagement on the selected information set out in section (a)(i), (a)(ii), (a)(iii) and (b) of the Subject Matter paragraph above, in performing the procedures listed above, we:

On selected information (a)(i), (a)(ii) and (a)(iii)

- Understood the processes that Lonmin has in place for determining the selected information to be included in the report;
- Obtained an understanding of the systems used to generate, aggregate and report the selected information;
- Conducted interviews with management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability development performance reporting process;
- Inspected documentation to corroborate the statements of management in our interviews;
- Inspected supporting documentation and performed analytical procedures on a sample basis to evaluate the data generation and reporting processes against the applicable reporting criteria in respect of the selected sites;
- Undertook site visits to Lonmin's Marikana operations (which represents the most material contribution to the selected key performance statistics); and
- Evaluated whether the selected key performance statistics presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Lonmin.

On selected information (b)

- Inspected Lonmin's response regarding its compliance with the ICMM Sustainable Development Framework, principles and reporting commitments, and the documents referred to in the response and confirmed that the documents included elements referenced;
- Understood the processes that Lonmin has in place for determining and monitoring compliance with the ICMM Sustainable Development Framework principles and reporting commitments and how the documents referred to in the response are maintained and kept up to date;
- Conducted interviews with management at the sampled operations and executives at head office and inspected documentation to corroborate their statements;

- Understood the process undertaken to identify the sustainable development issues, risks and opportunities that Lonmin considers to be most material and inspected documents related to the outcomes of the materiality process and the discussions held by the Safety, Health and Environment Board Committee;
- Obtained an understanding of the application of the sustainable development management systems related to the identified material sustainable development issues, risks and opportunities;
- Inspected that performance indicators related to Lonmin's material sustainable development issues, risks and opportunities have been disclosed in the Report, and performed the procedures set out in the section above entitled "on selected information (a)(i), (a)(ii), and (a)(iii)" over the selected information set out in section (b) of the Subject Matter paragraph; and
- Inspected Lonmin's assessment of their reporting of performance in accordance with the core option of Global Reporting Initiative's (GRI) G4 guidelines.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the selected information set out in section (a)(i), (a)(ii), (a)(iii) and (b) of the Subject Matter paragraph above has been prepared, in all material respects, in accordance with the relevant reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that:

- the selected information set out in section (a)(i), (a)(ii) and (a)(iii) of the Subject Matter paragraph above for the year ended 30 September 2017 is not prepared, in all material respects, in accordance with the applicable reporting criteria.
- the Directors' statement on page 6 of the Report that Lonmin has complied with the ICMM Sustainable Development Framework, principles and reporting commitments, is not, in all material respects, fairly stated.

Other Matters

The maintenance and integrity of the Lonmin Website is the responsibility of Lonmin management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the Lonmin Website.

Restriction of Liability

Our work has been undertaken to enable us to express limited assurance conclusions on the selected information 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 Proprietary Limited
Per PD Naidoo

Director
5 March 2018

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Independent Assurance Provider's Reasonable Assurance Report on Selected Sustainable Development Performance Information

To the Directors of Lonmin Plc

We have undertaken a reasonable assurance engagement on selected sustainable development performance information (selected information), as described below, and presented in the Sustainable Development Report 2017 (the Report) in the Key Performance Statistics Table on page 120 of the Report and marked with an "RA", to the stakeholders of Lonmin Plc (Lonmin) for the year ended 30 September 2017. This engagement was conducted by a multi-disciplinary team of safety and assurance specialists with extensive experience in sustainability reporting.

Subject Matter

We are required to provide reasonable assurance on the selected information set out in the table below. The selected information described below has been prepared in accordance with the criteria set out in the table below, which is referred to as the 'applicable reporting criteria' within this report.

| <i>Reasonable Assurance on the following KPIs prepared in accordance with the Global Reporting Initiative (GRI) G4 guidelines and Lonmin's internally developed reporting guidelines</i> | <i>Unit</i> | <i>Boundary</i> |
|--|-------------|-----------------|
| Total Injury Frequency Rate (TIFR) | Ratio | Total Mine |
| Lost Time Injury Frequency Rate (LTIFR) | Ratio | Total Mine |

| <i>Boundary Key</i> | |
|---------------------|--|
| Total Mine | Denotes consolidated data for Lonmin Plc, including WPL, EPL, Pandora JV, Head Office and Limpopo operations |

Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected information in accordance with the applicable reporting criteria, including Lonmin's internally developed reporting guidelines, which are available on request from Lonmin for the selected information in the table above. This responsibility includes the identification of stakeholders and stakeholders' requirements, material issues, for commitments with respect to sustainable development performance and for the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA) that is consistent with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (Part A and B), which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Incorporated applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion on the selected information based on the evidence we have obtained. We have conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than 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 reasonable assurance about whether the selected information is free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the quantification of the selected information and related disclosures. The nature, timing and extent of procedures selected depend on the practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error.

In making those risk assessments we have considered internal control relevant to Lonmin's preparation of the selected information. A reasonable assurance engagement also includes:

- Evaluating the appropriateness of quantification methods, reporting policies and internal guidelines used and the reasonableness of estimates made by Lonmin
- Assessing the suitability in the circumstances of Lonmin's use of the applicable reporting criteria as a basis for preparing the selected information; and
- Evaluating the overall presentation of the selected sustainability performance information

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the selected information set out in the Subject Matter paragraph above for the year ended 30 September 2017 is prepared, in all material respects, in accordance with the applicable reporting criteria.

Other Matters

The maintenance and integrity of the Lonmin Website is the responsibility of Lonmin management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the Lonmin Website.

Restriction of Liability

Our work has been undertaken to enable us to express an opinion on the selected information 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 opinion we have reached.



KPMG Inc.

Per A van der Lith

Chartered Accountant (SA)

Registered Auditor

Director

5 March 2018

KPMG Crescent

85 Empire Road

Parktown

Johannesburg



Saffy Shaft

The background of the page is a photograph of a building and a sky at dusk. The sky is a deep blue, transitioning to a lighter blue near the horizon. The building is a multi-story structure with a flat roof and several windows. A palm tree is visible behind the building. The overall tone is calm and professional.

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Annexures

Key Performance Statistics

| Measurement | | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------------------|-------------|-------------|-------------|-------------|-----------------------------|
| Corporate profile: Production | | | | | | |
| PGMs produced | oz | 1,336,109 | 882,094 | 1,447,364 | 1,440,724 | 1,320,802 |
| Material Focus Area 1: Employee Relationships | | | | | | |
| Employees | Number | 28,379 | 28,276 | 26,968 | 25,296 | 24,713 |
| Contractors | Number | 10,042 | 10,016 | 8,701 | 7,497 | 7,831 |
| HDSAs, including white women, employed in management | % | 47.2 | 48.4 | 50 | 52.4 | 55.6 |
| Women employed in mining ¹ | % | 5.09 | 5.35 | 6 | 6.3 | 6.4 |
| Women employed at the mine ² | % | 8 | 8.18 | 8.8 | 9.1 | 9.1 ^{✓LA} |
| Employee turnover rate | % | 6.1 | 5.0 | 9.1 | 7.9 | 4.0 |
| Employees belonging to organised trade unions | % | 87.7 | 88.6 | 91 | 93 | 92.7 |
| People registered for AET | Number | 954 | 473 | 781 | 691 | 128 |
| People on graduate programme | Number | 35 | 34 | 39 | 41 | 35 |
| People on learnership programme | Number | 181 | 144 | 148 | 38 | 89 |
| People on bursary programme | Number | 86 | 89 | 98 | 66 | 44 |
| Employees with mentorship agreements | Number | 63 | 75 | 115 | 104 | 105 |
| HRD expenditure as % of annual payroll – WPL and EPL | % | 3.2 | 3.3 | 2.6 | 2.3 | 2.3 ^{✓LA} |
| Total HRD spend in financial year – WPL and EPL | Rand | 202 million | 172 million | 182 million | 156 million | 169.7 million |
| Material focus area: Safety and health | | | | | | |
| Fatalities | Number | 3 | 1 | 3 | 4 | 5 |
| Lost-time injury frequency rate | Rate ³ | 3.50 | 3.34 | 5.41 | 4.97 | 4.52 ^{✓RA} |
| Level 3 safety incidents | Number | 21 | 12 | 21 | 11 | 18 |
| Lost-time injuries | Number | 317 | 217 | 473 | 409 | 373 |
| Total injury frequency rate | Rate | 8.48 | 8.20 | 13.28 | 12.96 | 10.70 ^{✓RA} |
| Section 54 stoppages | Number | 18 | 20 | 36 | 50 | 42 |
| New NIHL cases diagnosed | Number | 48 | 66 | 199 | 72 | 37 ^{✓LA} |
| NIHL cases compensated | Number | 36 | 49 | 108 | 104 | 44 |
| Diagnosed and treated tuberculosis cases | Number | 446 | 436 | 462 | 411 | 330 ^{✓LA} |
| HIV/Aids related deaths | Number | 99 | 97 | 119 | 72 | 98 |
| Voluntary counselling and testing (VCT) conducted | Number | 17,682 | 17,964 | 16,301 | 18,372 | 23,820 |
| Patients on anti-retroviral treatment (ART) | Number | 3,288 | 3,666 | 4,167 | 4,483 | 4,843 |
| Patients on the wellness programme | Number | 690 | 637 | 477 | 284 | 94 |

¹ Women employed in mining represent those employed in core mining operations.

² Women employed at the mine represent all women employed at our operations.

³ Injuries per million hours worked.

| | Measurement | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|--------------------------|------------|------------------|------------|------------|---------------------------------|
| Material focus area: Community relationship and investment | | | | | | |
| Community members receiving portable skills training | Number | 154 | 158 | 138 | 137 | 165 |
| Project spend in South African Rand against approved budget (Health, Education and Social Infrastructure) WPL and EPL | Rand | 38,661,225 | 47,672,897 | 62,551,667 | 52,062,623 | 80,558,123^{✓LA} |
| Material focus area: Environment | | | | | | |
| Total fresh water consumption | m³ | 8,284,039 | 6,206,167 | 8,326,566 | 8,043,792 | 7,604,582^{✓LA} |
| Total fresh water consumption efficiency | m³/PGMoz | 6.20 | 7.04 | 5.8 | 5.58 | 5.76 |
| Electricity | MWh | 1,555,651 | 1,135,000 | 1,620,862 | 1,571,620 | 1,546,561 |
| Electricity efficiency | MWh/PGMoz | 1.16 | 1.28 | 1.12 | 1.09 | 1.17 |
| Total direct and indirect energy | Terajoules | 6,740 | 4,696.7 | 6,783.1 | 6,344.2 | 6,238.1^{✓LA} |
| Energy efficiency | GJ/PGMoz | 5.04 | 5.32 | 4.68 | 4.40 | 4.72 |
| Greenhouse gas (GHG) emissions (Scope 1, 2 and 3) | KtCO ₂ e | 1,646 | 1,205 | 1,757 | 1,665 | 1,608.7^{✓LA} |
| GHG efficiency (Scope 1 and 2) | tCO ₂ e/PGMoz | 1.23 | 1.36 | 1.21 | 1.16 | 1.21 |
| Tailings disposed to tailings facilities | Kilotonnes | 11,661 | 6,006 | 11,636 | 10,222 | 9,889 |
| Waste rock disposed to rock dumps | Kilotonnes | 996 | 491 ¹ | 870 | 865 | 535 |
| Hazardous waste disposed of to landfill | Tonnes | 71,336 | 40,097 | 86,881 | 70,603 | 69,747 |
| General waste to landfill | Tonnes | 9,577 | 5,460 | 8,585 | 8,766 | 8,612 |
| Average sulphur dioxide emissions | Tonnes/day | 11.9 | 7.16 | 11.2 | 13.6 | 13.1 |

Assurance provided by KPMG: Reasonable (✓RA), Limited (✓LA)

¹ Quantity of waste rock disposed to rock dumps has been restated.

Safety And Sustainable Development Policy

SAFETY AND SUSTAINABLE DEVELOPMENT POLICY



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, 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 sustainability development into the decision making process during all phases of our operations.

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

Implementing the principle of equal opportunity and equity while maintaining an appropriate 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 on 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 ICMM Sustainable Development Framework and utilising the guidance of the Global Reporting Initiative Sustainable Reporting Guidelines.


Ben Magara
Chief Executive Officer

August 2017

Lonmin Charter

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

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

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 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 and 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



Brian Beamish
Chairman



Ben Magara
Chief Executive Officer

Lonmin Plc

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