

# 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 GRI<sup>1</sup> 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)<sup>2</sup> 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)

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

<sup>2</sup> 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](http://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>
<p>Provides an overview of Lonmin's operating landscape, statutory financial statements for the Group and Company, and the independent auditor's reports.</p> <p><a href="https://thevault.exchange/?get_group_doc=166/1518160987-lonmin-annual-reports-and-accounts-2017.pdf">https://thevault.exchange/?get_group_doc=166/1518160987-lonmin-annual-reports-and-accounts-2017.pdf</a></p>	<p>Provides detailed disclosure on Lonmin's sustainable development policies, practices and performance.</p> <p><a href="https://sd-report.lonmin.com/2017/">https://sd-report.lonmin.com/2017/</a></p>	<p>Provides additional sustainability information on topics such as supply chain, stakeholder engagement, and our comprehensive GRI index.</p> <p><a href="https://sd-report.lonmin.com/2017/download-manager/">https://sd-report.lonmin.com/2017/download-manager/</a></p>

## 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**