

# 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.

<i>(a) Limited Assurance on the following selected key performance indicators:</i>		
<i>(i) Limited Assurance on the following KPIs prepared in accordance with the GRI G4 guidelines and Lonmin's internally developed reporting guidelines</i>	<i>Unit</i>	<i>Boundary</i>
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 <sup>3</sup>	Total Mine
Total direct and indirect energy	TJ	Total Mine
Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions as per defined boundary	tCO <sub>2</sub> e	Total Mine
<i>(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</i>	<i>Unit</i>	<i>Boundary</i>
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
<i>(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</i>	<i>Unit</i>	<i>Boundary</i>
Total Percentage HDSA (excl. white females)	% HDSA	WPL & EPL
<ul style="list-style-type: none"> <li>• EXCO / Senior Management</li> <li>• Middle Management</li> <li>• Junior Management</li> </ul>		
HRD expenditure as percentage of total annual payroll (excl. Mandatory Skills Development Levy)	% HRD Spend	Total Lonmin (% split applied)
<i>(b) Limited Assurance on the following statement prepared in accordance with the International Council on Mining and Metals' (ICMM) Sustainable Development Framework</i>	<i>Unit</i>	<i>Boundary</i>
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

07 /

Safety and Health

08 /

Community Relationships and Investment

09 /

Managing Environmental Impacts and Opportunities

10 /

Constructive Engagement: Government, Regulatory and Other Stakeholders

11 /

Governance

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Annexures

## 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

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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

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