

Stakeholder Engagement

This report provides further information regarding Lonmin's stakeholder engagement initiatives and supplements the 2017 Sustainable Development Report, which is available at <http://sd-report.lonmin.com/2017/>.

Overview

Lonmin identifies and prioritises stakeholder groups using a risk-based approach. We perform desktop reviews, analyse media coverage, view online sources, and have internal conversations and consultation sessions to improve our understanding of stakeholder views. We aim to develop and protect Lonmin's relationships with all stakeholders who have a material ability to impact Lonmin's operations and investment case.

The table below defines how Lonmin engages with its key stakeholder groups, their main areas of concern, and where these issues are addressed in the 2017 Sustainable Development Report.



Shareholders, potential investors, analysts, current and future business partners

<i>Engaged through:</i>	<i>Concerned about:</i>	<i>Further information²:</i>
<ul style="list-style-type: none"> • Formal reporting, including quarterly results, Annual Reports, Sustainable Development Report, Company announcements, etc • Regular meetings¹, including the Annual General Meeting (AGM) • Ongoing dialogue as required, including investor presentations and road shows • Website 	<ul style="list-style-type: none"> • Company strategy in context of current global markets • Share price • Dividends • Employee and community unrest at Lonmin's operations and the impact on the economy • Platinum prices • South African political climate • Operational costs • Operational performance • Safety performance • Environmental governance • Living conditions 	<ul style="list-style-type: none"> • Across all material focus areas • Our strategy, page 16 • Annual Report and Accounts 2017

¹ Regular meetings include monthly, quarterly, bi-annual and annual meetings.

² All page references refer to Lonmin's 2017 Sustainable Development Report.

Stakeholder Engagement (continued)



Employees, unions and contractors

A Relationship Charter is in place that outlines the Company's relationship with the majority union, including aspirations, expectations, accountability and commitments from both parties. The implementation of the terms of the Relationship Charter enabled Lonmin to strengthen relations with trade unions through constructive and regular engagements.

Engaged through:	Concerned about:	Further information ² :
<ul style="list-style-type: none"> Regular meetings¹, forums and steering committees Line of sight and mission-directed work team discussions Weekly and monthly shaft <i>lekgotlas</i> (large meetings between shaft senior management and employees) Written communication, newsletters and posters. Critical information is translated into Xhosa and Setswana Ongoing dialogue, including direct communication, SMS line, events and road shows Surveys Collective bargaining wage negotiations as set out in agreement (every three years) Ongoing on-site dialogue with contractors Tripartite safety visits Daily and monthly contractor meetings Organised labour engagement forums Union and management task team meetings Bi-monthly forums on environmental issues 	<ul style="list-style-type: none"> Overall sustainability of Lonmin Remuneration Training and development Accommodation Job security Impact of industrial action Wage agreement Employee indebtedness 	<ul style="list-style-type: none"> Our strategy, page 16 Employee relationships, page 40
	<ul style="list-style-type: none"> Safety risks Health HIV/Aids and tuberculosis (TB) Noise-induced hearing loss (NIHL) Chronic illnesses Environment 	<ul style="list-style-type: none"> Safety and health, page 54
	<ul style="list-style-type: none"> Local economic development and opportunities 	<ul style="list-style-type: none"> Community relationships and investment, page 64



Industry bodies and associations

Includes the Chamber of Mines, International Council of Mining and Metals (ICMM) and Mine Health and Safety Council (MHSC).

Engaged through:	Concerned about:	Further information ² :
<ul style="list-style-type: none"> Regular meetings¹ and conferences Written communication and surveys Ongoing dialogue CDP (formerly the Carbon Disclosure Report) and CDP water reports Participation in forums 	<ul style="list-style-type: none"> Sharing of health and safety findings Safety 	<ul style="list-style-type: none"> Safety and health, page 54
	<ul style="list-style-type: none"> Mining and environmental stewardship Environmental responsibility Energy and water supply Occupational exposure limits (OELs) Carbon tax legislation and other environmental legislation 	<ul style="list-style-type: none"> Managing environmental impacts and opportunities, page 76
	<ul style="list-style-type: none"> Employee relations Industry reputation 	<ul style="list-style-type: none"> Employee relationships, page 40
	<ul style="list-style-type: none"> Reporting standards South African Broad-based Socio-Economic Charter for the South African Mining Industry (the Mining Charter) Compliance with legislation 	<ul style="list-style-type: none"> Constructive Engagement: Government, Regulatory and Other Stakeholders, page 94

¹ Regular meetings include monthly, quarterly, bi-annual and annual meetings.

² All page references refer to Lonmin's 2017 Sustainable Development Report.

Stakeholder Engagement (continued)

Customers

<i>Engaged through:</i>	<i>Concerned about:</i>	<i>Further information²:</i>
<ul style="list-style-type: none"> • Supply contracts • Monthly and quarterly teleconference or face-to-face meetings • Annual surveys and focus groups • Customer audits where requested 	<ul style="list-style-type: none"> • Company strategy in current global economic climate • Platinum market dynamics • Compliance with global environmental, social and governance best practice 	<ul style="list-style-type: none"> • Across all material focus areas • Corporate profile, page 12 • Our strategy, page 16 • Annual Report and Accounts 2017

Communities, local municipalities, ward councillors, non-governmental organisations (NGOs) and local tribal authorities

<i>Engaged through:</i>	<i>Concerned about:</i>	<i>Further information²:</i>
<ul style="list-style-type: none"> • Regular meetings¹, community and stakeholder forums • Environmental open days • Written communication, including local publications • Ongoing dialogue, including site visits and awareness campaigns • Informal communication during community development projects • Stakeholder engagement officers providing feedback 	<ul style="list-style-type: none"> • Job creation • Local economic development • Infrastructure development • Community health facilities • Social problems specific to accommodation • Community education and skills development • Preferential procurement • Skills development • Environmental disclosure 	<ul style="list-style-type: none"> • Community relationships and investment, page 64
	<ul style="list-style-type: none"> • Environmental impacts, specifically air quality and water contamination • Water and sanitation • Waste management 	<ul style="list-style-type: none"> • Managing environmental impacts and opportunities, page 76
	<ul style="list-style-type: none"> • HIV/Aids and TB treatment 	<ul style="list-style-type: none"> • Safety and health, page 54
	<ul style="list-style-type: none"> • Local recruitment 	<ul style="list-style-type: none"> • Employee relationships, page 40

Community environmental complaints summary

<i>Date raised</i>	<i>Complainant</i>	<i>Description of complaint</i>	<i>Response</i>	<i>Status</i>
August 2017	Wonderkop community	Dust fallout from Western Platinum Tailings Storage Facility (TSF) 6 during high-velocity winds.	We engaged with representatives from the Wonderkop Community and dust fallout data for the specific dust fallout events were presented. An action plan to address the dust fallout was presented which was subsequently implemented. The success of the action plan is monitored.	Complete ✓
July 2017	Khalamtwana community	We received a request to install bridges over the watercourse to ensure thoroughfare of pedestrians and vehicles to the community.	Lonmin is applying for a general authorisation for the river crossings and will install culverts over the watercourse as soon as authorisation is obtained.	In progress ↔

¹ Regular meetings include monthly, quarterly, bi-annual and annual meetings.

² All page references refer to Lonmin's 2017 Sustainable Development Report.

Stakeholder Engagement (continued)



Suppliers

Engaged through:	Concerned about:	Further information ² :
<ul style="list-style-type: none"> • Contract negotiations • Regular face-to-face meetings¹, email and telephonic interactions (frequency depends on the nature of the product and sourcing strategy) • Site inspections of contractors 	<ul style="list-style-type: none"> • Company sustainability • Longevity of partnerships and/or contracts • Contract pricing • Payment terms • Local sourcing 	<ul style="list-style-type: none"> • Community relationships and investment, page 64



Media

Engaged through:	Concerned about:	Further information ² :
<ul style="list-style-type: none"> • Ongoing engagement as required, including quarterly and annual results • Reputation and sentiment tracking, proactive corporate communication • Interviews 	<ul style="list-style-type: none"> • Labour and trade union relations • Living conditions • PGM market • Operating and financial performance • Environmental and social governance • Operating environment • Responsible disposal of waste 	<ul style="list-style-type: none"> • Across all material focus areas



Government

Includes the Department of Mineral Resources (DMR), Department of Health (DoH), Department of Basic Education (DBE), Department of Trade and Industry (dti), Department of Water and Sanitation (DWS), Department of Environmental Affairs (DEA) and Department of Labour (DoL) at national, provincial and municipal level.

How Lonmin interacts with the relevant government departments is described on pages 101 – 103.

Engaged through:	Concerned about:	Further information ² :
<ul style="list-style-type: none"> • Compliance reporting • Inspections and assessments (including environmental management plan performance, integrated water use licence audits, closure costing assessments, etc) • Regular meetings¹, forums and site visits • Ongoing dialogue, including comments on draft legislation and policy documents • Various licence applications amendments and performance monitoring • Written communication • Collaboration on project implementation 	<ul style="list-style-type: none"> • Occupational health and hygiene of employees, including health infrastructure, HIV/Aids and TB, dust, etc. • Safety performance 	<ul style="list-style-type: none"> • Safety and health, page 54
	<ul style="list-style-type: none"> • Black economic empowerment (BEE) ownership • Community and environmental projects • Job creation • Local economic development • Royalties and taxes 	<ul style="list-style-type: none"> • Community relationships and investment, page 64
	<ul style="list-style-type: none"> • Employee living conditions • Migrant labour • Transformation 	<ul style="list-style-type: none"> • Employee relationships, page 40
	<ul style="list-style-type: none"> • Environmental and legislative compliance (including air emission licences, water use licences, waste, environmental management plans, Social and Labour Plans (SLPs)) • Company strategy for energy efficiency, energy consumption, costs and renewable energy projects • Environmental incidents • Water efficiency, water-saving initiatives and water costs • Resource consumption 	<ul style="list-style-type: none"> • Managing environmental impacts and opportunities, page 76

¹ Regular meetings include monthly, quarterly, bi-annual and annual meetings.

² All page references refer to Lonmin's 2017 Sustainable Development Report.

Stakeholder Engagement (continued)

Key government departments

Lonmin interacts with the relevant government departments at local, provincial and national level to address regulatory compliance and monitoring requirements. The most relevant government departments are discussed in the table below.

DMR	<i>Department of Mineral Resources</i>
<p>South Africa's mineral and mining resources are regulated by the DMR with the objective of ensuring their optimal use and benefits to the economy. The DMR monitors and regulates mine safety, health and environment, social performance and transformation.</p>	<p><i>Lonmin and the DMR</i></p> <ul style="list-style-type: none"> • Lonmin's legal licence to operate is regulated by the DMR • SLPs are submitted to the DMR for approval on a five-year basis • Environmental management plans (EMPs) are a mandatory requirement to operate • Performance against EMPs is regularly submitted to the DMR • Environmental impact assessments (EIAs) and EMPs are submitted for the operation of listed activities and relevant activities, required under NEMA, but managed through the DMR • Occupational health and safety performance is regulated and monitored by the Mine Health and Safety Inspectorate • Transformation and empowerment performance is measured against the requirements of the Mining Charter
DoL	<i>Department of Labour</i>
<p>The DoL regulates labour relations in South Africa with the objective of reducing unemployment, poverty and inequality and protecting human rights.</p>	<p><i>Lonmin and the DoL</i></p> <ul style="list-style-type: none"> • All employee contracts comply with labour relations legislation for fair and equitable terms and conditions of employment • All employees have the right to collective bargaining and negotiations can be facilitated through the Commission for Conciliation, Mediation and Arbitration (CCMA) • Employee development in the mining industry is facilitated and promoted by the Mining Qualifications Authority (MQA). Lonmin works closely with the MQA to improve and promote training
dti	<i>Department of Trade and Industry</i>
<p>The dti enables structural economic transformation by facilitating investment in trade and enterprise development. The department administers broad-based black economic empowerment (B-BBEE).</p>	<p><i>Lonmin and the dti</i></p> <ul style="list-style-type: none"> • We promote and support small, medium and micro-sized enterprises (SMMEs) in surrounding communities • We promote transformation in the workforce • Procurement contracts based on B-BBEE status verification form part of the broader preferential procurement framework
DoH	<i>Department of Health</i>
<p>The DoH ensures that all South Africans can enjoy their basic right of access to effective healthcare.</p>	<p><i>Lonmin and the DoH</i></p> <ul style="list-style-type: none"> • Regular monitoring and reporting against compliance requirements in the provision of occupational and primary healthcare at Lonmin's clinics and hospital • Ongoing awareness, voluntary counselling and testing (VCT) campaigns, and contact tracing for HIV/Aids and tuberculosis (TB)

¹ All page references refer to Lonmin's 2017 Sustainable Development Report.

Stakeholder Engagement (continued)

DBE	Department of Basic Education
The DBE administrates, maintains and regulates a sustainable education system in which all South Africans have access to lifelong learning and training.	<p><i>Lonmin and the DBE</i></p> <ul style="list-style-type: none"> • Monitoring of school administration in surrounding communities • Support of school infrastructure projects • Provision of a daily meal to all schools in surrounding communities through the National School Nutrition Project
DEA	Department of Environmental Affairs
The DEA is responsible for protecting the environment and conserving natural resources, including sustainable development and the equitable distribution of the benefits derived from natural resources.	<p><i>Lonmin and the DEA</i></p> <ul style="list-style-type: none"> • EIAs are submitted for non-mining-related activities and relevant activities • Lonmin's legal licence to operate is framed by compliance with and implementation of various environmental acts underpinned by the National Environmental Management Act (NEMA) pertaining to waste, air, biodiversity and land
DWS	Department of Water and Sanitation
The DWS formulates and implements policies governing water in South Africa. It has an over-riding mandate for the provision of water services by local government.	<p><i>Lonmin and the DWS</i></p> <ul style="list-style-type: none"> • Matters pertaining to our water use licence • Water Conservation and Water Demand Management (WCWDM) bulk infrastructure projects as part of human settlements plan to address accommodation in surrounding communities
DoE	Department of Energy
The DoE is responsible for the transformation and sustainability of the energy sector through various regulations.	<p><i>Lonmin and the DoE</i></p> <ul style="list-style-type: none"> • Lonmin's energy management strategy is regulated and monitored against the DoE's policy requirements
DRDLR	Department of Rural Development and Land Reform
This department is responsible for the social and economic development of rural South Africa and land reform.	<p><i>Lonmin and the DRDLR</i></p> <ul style="list-style-type: none"> • The BEE transaction with local communities discussed on page 72 was authorised by the Minister of Rural Development and Land Reform because all mineral rights are owned by government • Lonmin's community development strategy has to align with the NDP • All development plans at local and provincial government level must find expression in the integrated development plans, which we aim to achieve through our SLPs.
DSD	Department of Social Development
The DSD aims to reduce poverty and promote social integration through providing social protection and social welfare services.	<p><i>Lonmin and the DSD</i></p> <ul style="list-style-type: none"> • Several of Lonmin's socio-economic development initiatives are delivered in cooperation with the DSD, specifically those that support orphans, vulnerable children and community health initiatives

¹ All page references refer to Lonmin's 2017 Sustainable Development Report.