

Lonmin response to IFC complaint by affected community members in relation to social and environmental impacts of Lonmin's operation in Marikana, 10 July 2015

Housing and accommodation is a complex transformational necessity in South Africa and the platinum belt, and one that requires a collaborative approach between government, municipalities, companies and communities. The platinum mining boom attracted hundreds of thousands of people to Rustenburg and its surrounds at a rate far higher than providers of social and other infrastructure have been able to accommodate.

The Mining Charter provides a framework for transformation of the mining industry. Companies developed Social and Labour Plans (SLPs) to achieve Charter adherence by December 2014. As at 31 December 2014, Lonmin had fully complied with all of the Charter's targets.

Lonmin is aware of its continued obligation to contribute to alleviating housing and accommodation issues, particularly around Marikana. The company is committed to working closely with both regional and national government to meet these challenges.

Lonmin has always engaged in regular consultations with the Department of Mineral Resources (DMR) in South Africa to explain its progress and challenges in meeting its SLP targets regarding housing and hostel conversions. On a bi-annual basis, the DMR has carried out inspections and audits at Lonmin to assess compliance on all facets of the SLP. The DMR prepares internal audit reports for this purpose.

The scale of SLP projects is directly affected by the company's performance and profitability. A weak platinum group metals (PGM) market negatively impacts on Lonmin's ability to meet housing targets. Lonmin's reported US\$323 million loss in 2009 had a stultifying effect on the housing goals set during the commodity boom that ended in 2008. Lonmin had to reconsider its plans to construct 5500 homes by 2011. This was communicated to the DMR at the time.

At the same time, for the same reasons, the company had to retrench 3000 employees and 4000 contractor employees, and Limpopo-based operations were placed on care and maintenance.

We accept that our social performance in the past has not always been what was hoped, but, our shortfalls were not as a result of non-compliance with the Mining Charter, where we have met all our obligations, but rather a result of what, in retrospect, were over-ambitious plans to go above and beyond them. The mining industry faces many challenges in providing housing and accommodation. Lonmin does not see these as reasons to hold back on efforts to transform existing structures, provide affordable housing and plan for future housing requirements.

The company has learnt from the tragic events of Marikana, recognises the structural changes in the mining industry and is committed to working with its stakeholders to bring about real change and transformation.