

LONMIN'S HUMAN SETTLEMENTS PROGRAMME

Addressing the critical shortage of affordable housing for our employees

LONMIN

As a company, Lonmin is aware of its obligation to contribute to providing affordable housing.



OUR CONTEXT

The platinum mining boom since the 1970s, and particularly over the last 20-25 years, has 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. As a company, Lonmin is aware of its obligation to contribute to alleviating the situation.

Addressing the critical shortage of affordable housing in Lonmin's regions of operation, particularly around Marikana, is a complex challenge for the company, who is committed to working closely with both regional and national government to meet these challenges. One of the critical questions is: Where does the role and responsibility of the company begin and end and where does the role and responsibility of government begin and end?

This is a humanitarian and business issue that impacts our employees and the community at large. The company's view is that the benefits of a better housed workforce include greater labour stability and improved productivity.

THE CHALLENGES WE FACE:

- shortage and lack of bulk infrastructure, water and electricity, which is exacerbated by the spread of unplanned, informal settlements and consequent increase in pressure on existing services, as some employees choose to sub-let their purchased or rented homes to tenants;
- employees' lack of interest in home ownership. Many employees still opt to stay in hostels or rentals as they are considered to be more affordable. Employees from distant labour-sending areas often do not want to invest in property at Marikana when they already have a home and community base elsewhere. Many employees face high levels of indebtedness, which is another obstacle to home ownership;
- lack of schooling and community facilities for employees' family members who choose to leave their homes to move into converted family units, which, despite having some facilities like crèches, are often isolated from mainstream township communities;
- the institution of a living-out allowance (LOA), which arose in a collective bargaining agreement in 1999 at the request of organised labour. As we have now become aware, this effort to offer employees LOAs has had adverse consequences for living conditions as the allowance is often used for consumption of goods and services other than good quality board and lodging, and has contributed to the proliferation of informal settlements; and
- progress in housing is dependent on the financial success of Lonmin, meaning that a weak platinum group metals (PGM) market negatively impacts on Lonmin's ability to meet housing targets.

LONMIN'S HUMAN SETTLEMENTS PROGRAMME continued

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These human settlement challenges are faced in much of the mining industry. We do not see this as reasons to hold back on our efforts and our integrated human settlement strategy comprises three pillars:

- 1 Transforming and eradicating our existing hostels by implementing conversions to single and family accommodation
- 2 Providing affordable housing
- 3 Planning for future housing requirements

What we've done

1999: 1,149 houses built by Lonmin at Marikana Extension 1 at a cost of R78 million as part of a strategy to encourage employee home ownership. To drive this strategy, Lonmin created the Marikana Housing Development Corporation, a section 21, non-profit company, to manage the rental and sale of the 1,149 houses to the community, including Lonmin employees. Despite a generous rent-to-buy scheme, only 321 houses have been sold and transferred to date. Marketing and sales drives are on-going and we continue to facilitate ownership for employees through education, government subsidies, and funding vehicles.

2000: 650 RDP houses built by Lonmin north of Marikana. These houses were donated to the Rustenburg Local Municipality.



2003: 369 stand-alone houses built at the Karee operations. These houses continue to form part of Lonmin's housing stock.

Between 2003 and 2006: 22 hostel blocks converted into family and single units at a cost of R21.8 million.

2014: In our Social and Labour Plans we committed to convert 128 traditional hostel blocks into a mixture of family and single units between 2008 and 2014. The conversion was completed in November 2014. These 128 converted hostel blocks yielded 776 family units and 1,908 single units. A total of R387 million has been spent in total on the hostel conversion programme.

Where we're going: future plans

2013: In October 2013, Lonmin contributed 50ha of serviced land for the development of 2,658 (rental and ownership) housing units at Marikana Extension 2. During 2014, the North West Premier announced that R462 million had been set aside by regional government for the funding of this project to be implemented in phases. The implementation of Phase 1 comprising 292 Breaking New Ground (BNG) – previously known as RDP homes – 252 community residential units is proceeding and construction is well under way.

2015: We plan to develop the open spaces between the existing renovated hostel buildings using existing bulk water and sewage infrastructure. Work on this project has commenced, with the first phase set to be completed in December 2015. The project includes security upgrades, landscaping, crèches, learning centres and recreation facilities. Overall, the development will see the emergence of enhanced employee housing villages. These villages will then have capacity of between 4,000 and 5,000 family units. An amount of R500 million has been approved for this project to be spent by Lonmin over five financial years. The project, however, may take longer to complete and will include other funding partners.

The future

We have conducted research and scoping on various other projects. Marikana Extension 5, comprising 134 hectares of un-serviced land, is currently in the concept phase and 25 hectares of land in Mooinooi is being considered for re-zoning for rental apartments.