

Markus Dufner

Speech at Lonmin AGM 2018

Ladies and Gentlemen, honorable members of the board and management of Lonmin!

My name is Markus Dufner. I work for the Association of Ethical Shareholders Germany. We cooperate with the international network Plough Back the Fruits and the London Mining Network. The South African groups Khulumani Support Group, Sikhale Sonke and the Bench Marks Foundations are also part of our campaign network.

We already came to London in 2017 to speak to investors of Lonmin and then at the Lonmin Annual General Meeting.

I am happy that I can speak to you today.

I will focus on the following topic:

BASF AND LONMIN – A CLOSE RELATIONSHIP

BASF is a German company which has become a global player. In fact BASF is the world's largest chemical company that has a long-standing business relationship with Lonmin.

Every year BASF purchases platinum, palladium and rhodium worth 600 million euros. This makes BASF Lonmin's most important customer.

The metals used at BASF mainly in the production of catalysts for the automotive industry. An important BASF customer is Volkswagen. BASF produces the catalysts at its plants in Germany.

SUPPLY CHAIN RESPONSIBILITY

It's important that we have a close look upon the supply chain. Being part of the supply chain means that a company has to take responsibility.

Where do the minerals or metals come from?

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Under what circumstances do miners work in the shafts?
Are they safe?
Does the company pay the workers a living wage?
Are the workers allowed to join a union?
Does the union fight for the workers interests?
Under what circumstances do the miners and their families live?

AUDITS

BASF says that the company:

“... has routinely engaged with Lonmin’s operational, commercial and executive teams and conducted periodic site visits to Lonmin’s operations to ensure an understanding of its processes and compliance with BASF’s commitment to environmental and social performance.”

Furthermore, BASF considers audits “a key tool in the effort to make our sites and plants even safer.”

“The key categories of audit assessment included: Environment, Health & Safety; Labor & Human Rights; Management; and Governance. While the audit noted room for improvement, primarily in the areas of environment and safety, there were no critical findings of Lonmin’s governance, human rights or labor practices nor any performance violations that prevented BASF’s continuation of its relationship with Lonmin.

In response to the audit findings, BASF is taking further steps in providing active knowledge sharing with Lonmin in areas which are comparable to the chemical industry. For example: providing support to help improve the mining company’s firefighting capabilities, while also sharing best practices on enhancing community grievance procedures.”

Plough Back the Fruits and Ethical Shareholders think that this is not enough. BASF showed us only a small part of the audits. We demand that BASF has to publish the entire text of the audits. But they say that they can’t because the audit would belong to Transparency for Sustainability. How funny: TfS was co-

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founded by BASF. If BASF would order TfS to publish the entire audit, TfS had to do that.

And how about you, Mr Beamish and Mr Magara? Do you have objections that we can get the entire text of the audit?

I was participating in a conference call on 27 February 2018 where BASF CEO Kurt Bock presented the company's full year results.

The answers to the questions I raised were not satisfactory.

As BASF generally does not comment on business decisions made by other companies – not even of their platinum supplier Lonmin – I have to ask you, Mr Beamish and Mr Magara.

First question:

1. Sibanye-Stillwater's CEO, Neil Froneman, has announced that his company can NOT be put under pressure in terms of fulfilling the legal obligations (Social Labor Plan) regarding the population (eg adequate housing, etc.). It looks as if Sibanye-Stillwater tries to continue its catastrophic policy against his workers!

a: How will you deal with this new situation?

BASF does not comment on speculative scenarios. BASF expects its suppliers to fully comply with applicable laws and to adhere to internationally recognized environmental, social and corporate governance standards.

b: Will BASF put pressure on Sibanye-Stillwater to publish and comply with its Social and Labour Plan?

BASF expects its suppliers to fully comply with applicable laws and to adhere to internationally recognized environmental, social and corporate governance standards. Furthermore, BASF demands from its suppliers to ensure the same and to replicate this with their subcontractors and suppliers along the whole value chain.

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c: Will BASF maintain compliance with human rights standards as a key clause when dealing with Sibanye Stillwater (unlike Lonmin, where it obviously did not matter)?

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d: Which (further) measures are planned by BASF to prevent this, or to ensure that the human rights-violating conditions under which the workers live have to change as quickly as possible?

If we identify potential for improvement, we support suppliers in developing measures to fulfill our standards. We conduct another review according to a defined timeframe based on the sustainability risk measured. If the weak points discovered were particularly severe and we are unable to confirm any improvement, we reserve the right to terminate the business relationship.

e: If measures are planned: How do they ensure that they - unlike previous audits - become transparent - for the workers themselves as well as local and international control bodies and NGOs?

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We respect the confidentiality of the audit reports. Nevertheless, we have been transparent about planned and implemented measures ([see our Website for more information](#)) with regard to Lonmin and Marikana. Additionally, our dialogue with various stakeholders, such as NGOs, trade unions in Marikana, mining companies, human rights experts and the South African Chamber of Mines contributes effectively to transparency about our commitment and collaboration with Lonmin.

3. Sibanye-Stillwater has announced the company will dismiss up to 12,000

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workers in the next few years. What is BASF's position on this statement and what do you know about it?

Please understand that BASF generally does not comment on speculative scenarios and business decisions made by other companies.

4. What was the business volume between Lonmin and BASF in the fiscal year 2017?

Please understand that we generally do not comment on business volumes due to competitive reasons.

5. What was the business volume between Anglo Platinum and BASF in the fiscal year 2017?

Please understand that we generally do not comment on business volumes due to competitive reasons.

Amandla! – Awethu. Power! – To the people