



For Implats, risk management is about maintaining an appropriate balance between rewards and risks.



Leveraging diversity is an operating imperative to drive the transformation process.

Corporate governance

Corporate governance commitment and structures

Detailed information regarding the group's corporate governance structures and policies may be found in the Implats Annual Report 2004.

Risk management

Implats' philosophy on risk management is founded on the conviction that the most successful mining operations in the long run are those that are able to understand, identify and effectively manage the inherent risks of mining. For Implats, risk management is about maintaining an appropriate balance between reaping rewards and the concomitant risks.

In 2002, the board directed management to establish a programme to integrate the current risk management activities in the various operations and core functions. The programme was initiated in early 2003 with the appointment of a Group Risk Manager and the establishment of a Group Risk Management Committee, which functions as an integral part of the board's governance structures. The Risk Management Committee Charter, approved by the board, defines the committee's terms of reference and responsibilities.

Several critical components of an enterprise-wide risk management programme have been completed, namely:

- A common Implats Risk Methodology, developed using contemporary best practice to define a framework, process and system that can be used in all Implats' operations and functions.
- A Risk Management Policy and Code of Practice applicable for all Implats' operations and activities that has been communicated to all managers. The Code of Practice has been used to develop the training material for risk champions.
- The appointment and training of risk champions in all areas and functions.
- A common risk management system and information repository, developed and implemented across the group.
- An Implats Assets and Business Interruption Insurance Underwriters Guide, which serves to integrate and align the activities of risk management and insurance. The guide also assists insurers to better understand how we manage Implats' risks.



Employee participation in the evolution and management of the group is encouraged at all levels.

- A review of Implats' strategic risks from which a group risk framework and profile was developed. The inherent group strategic risks identified in the process, which the board reviews and monitors on an ongoing basis, are:
 - Sustaining stakeholder support.
 - Retaining licences to operate and trade.
 - Defending and developing market share.
 - Retaining technology competitiveness.
 - Maintaining effective employee relations.
 - Identifying sustainable development growth opportunities and successful project implementation.
 - Ensuring the group is recognized as a model corporate citizen.
 - Effectively managing Implats' investment portfolio.
 - Reliability and security of physical assets.
 - Sustaining the cost of unit of production in the lowest quartile of the industry.
 - Maintaining an effective up-to-date group strategy and business plan.
 - Attracting, developing and retaining the requisite employee skills and talent and motivation of such employees.
 - Safety excellence in all activities and operations.
 - Reliable and effective production of products.
 - Appropriate management of uncertainties associated with volatile metal prices. The board policy is not to hedge against metal price volatility.
 - Appropriate management of uncertainties associated with volatile currency exchange rate. The board policy is not to hedge against exchange rate volatility.

The board reviews and monitors these activities to ensure sustainability and continuous improvement in the management of these risks and that appropriate and timely action is taken in response to the inevitable changes in the external and internal business environments.

Transformation

Implats recognizes the imperative of transformation, not only to meet Mining Charter requirements which will ensure the conversion of mining licences, but also in recognition that sustainable economic conditions can only be achieved through broader participation of South Africans in all spheres of economic activity.

Challenges are most acute in the area of HDSA requirements, which advocate 40% black management within five years and 10% participation by women within the same timeframe. Currently 33% of Implats management are HDSAs (22% at Rustenburg, 42% at Refineries and 33% at the corporate office) with women occupying just 3% of positions at this level. Only 2.6% of the overall workforce are women (2.9% at the mines, 15% at Springs Refineries, 13.4% at Mineral Processes, and 30.6% at the corporate office). In order to meet the five-year targets another 73 HDSA managers are required (133 if white female managers are excluded) and 2 084 females are required at the operations.

To accelerate transformation in these areas, Implats envisages establishing a training academy for mine overseers (mine captains) and the implementation of a financial incentive to encourage mentorship and succession. With regard to meeting women in mining targets, the aim is to identify and recruit women in suitable underground positions. A start has been made at Impala's Rustenburg operations where a pilot programme is in place at No. 1 Shaft.

The recently achieved transformation of the Implats board indicates that this concept is taken seriously and driven from the top.

In Zimbabwe, Zimplats has for some time committed to indiginization and has been in protracted discussions regarding a 15% BEE ownership stake. Efforts to implement this have stalled due to a lack of clarity around government's empowerment needs, which will have the further effect of delaying Implats' expansion plans for Zimplats while clarity is sought.

Transformation Advisory Committee

A Transformation Advisory Committee has been formed to give effect to Implats' vision and mission, which states that transformation should form part of the business strategy through which the CEO and his team manage the business.

Transformation, Implats believes, is about change management as much as it is about organizational re-engineering and encompasses the broad range of sustainability issues, such as procurement, industrial relations, human resources development, employment equity, housing and living conditions, beneficiation, black economic empowerment, health and safety, and corporate social investment that are the subject of this Corporate Responsibility report.

Since the ultimate responsibility for transformation lies with the Board of Directors, a Transformation Committee was formed on 18 February 2004 under the chairmanship of CEO, Keith Rumble, and comprises multi-disciplinary members from operations, Head Office, the board and external advisors.

Implats' leadership's role is to develop an ownership/shareholding structure that reflects South African society; to ensure appropriate structures are in place to effect transformation; to ensure the board receives up-to-date progress reports on transformation; to brief the Department of Minerals and Energy (DME) regularly; and to drive the process of transformation within the organization.

In turn, the Transformation Advisory Committee's role is to inform the CEO of barriers to transformation and of strategies to assist transformation; to monitor transformation progress; and to ensure appropriate action plans are implemented in areas of underachievement.

Ultimately, Implats' leadership needs to ensure that transformation is taking place at an operational level and, to this end, a Transformation Department has been established at Impala Platinum, headed by Johanna Tau, herself an HDSA and the first female to be appointed at the E-Level at the Rustenburg operations. Driven by a number of legislative acts including the Mining Charter, Employment Equity, the Basic Conditions of Employment and the Immigration Act, this department is adopting a focused approach to transformation to ensure, specifically, that HDSA targets regarding management and women in mining are met within the next five years. Accordingly, the department's main functions are to manage the recruitment and placement process; the conditions of employment; and the communication process to employees and the communities.

Table 2: Appointment target to achieve 40% HDSAs at management level, Implats total, FY2005 to FY 2007.

Level	FY 2005	FY 2006	FY 2007	Total Target
D1	15	14	18	47
D2	11	16	21	48
D3	6	5	13	24
D4	2	3	3	8
E1	6	1	4	11
E2	0	1	2	3
E3	2	1	1	4
E4	0	0	0	0
F	0	0	1	1
Total	42	41	63	146