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RESPONSE TO THE MINING CHARTER

Implats and the Mining Charter

Impala Platinum Holdings Limited (Implats) is committed to the transformation of the South African economy through black economic empowerment (BEE) and has embraced the principles of the Broad-based Socio-economic Charter for the South African Mining Industry (the Mining Charter).

The Mining Charter is intended to bring about widespread socio-economic transformation in the country's mining industry. It was developed collaboratively by government and the industry and ratified in October 2002. Enactment of the Mineral and Petroleum Resources Development Act (MPRDA) followed in May 2004 to govern transformation in the mining and energy sectors.

Transformation, as envisaged by the Mining Charter, is an imperative for mining companies active in the South African mining sector. They are required to convert their mineral rights from so-called 'old order' to 'new order' if they wish to mine on the properties concerned. The Mining Charter stipulates that those seeking conversions will have to have sold, by 2009, for fair value, 15% of either equity in or attributable units of production of their South African assets to historically disadvantaged South Africans (HDSAs). The ownership target for 2014 is 26%.

In addition, accompanying the MPRDA and the Mining Charter, the Mining Scorecard was published in February 2003 to assist in the assessment of companies' applications for 'new order' rights. It sets out a number of transformation criteria as prerequisites for conversions.

The nine broad criteria are as follows:

- Human resources development
- Employment equity
- Migrant and foreign labour
- Mine community and rural development
- Housing and living conditions
- Procurement
- Ownership and joint ventures
- Beneficiation
- Reporting

This publication reports on the progress made by Implats in respect of these categories, at its South African operations which are Impala Platinum (Impala) comprising Impala Rustenburg (the mining and mineral processing operations), Impala Refineries in Springs (Impala Springs), and Marula Platinum (Marula).

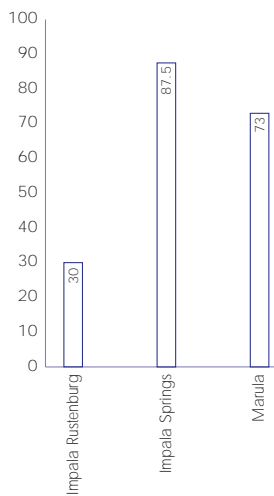


1. Human resources development

The Mining Charter requires companies to:

- offer every employee the opportunity to become **functionally literate and numerate** by 2009;
- implement **career paths and skills development plans** to provide opportunities to their HDSA employees to progress in their chosen careers; and
- develop systems through which empowerment groups can be **mentored** as a means of capacity building.

SA operations – literacy levels



Functional literacy

Currently, around 35.3% of Implats' South African employees are functionally literate. This means that they are able to express themselves in a variety of ways and that they are able to use and apply the basics of mathematics in their daily lives. It should be remembered that, as is the case with any business concern, the workforce is not static – employees leave and new people are engaged to take their place and to fill new positions. Since 2000, a total of 8,465 Implats employees have participated in ABET courses. Consequently, if the workforce of 2005 were still in place in 2007, then the current percentage of functionally literate employees would be higher.

Full-time Adult Basic Education and Training (ABET) classes are available at Impala Rustenburg and Springs and at Marula. During FY2007, 1,031 employees attended ABET classes across the group with 517 of that number in the process of completing their courses.

At Marula, ABET training was not offered in FY2005 and FY2006. Two ABET facilitators were employed from May 2006 and classes started in February 2007. The number of employees taking ABET courses at this operation is anticipated to increase from 28 in FY2007 to 90 in FY2008.

ABET training is not required at the Corporate Office where all employees are functionally literate and numerate.

In addition, part-time ABET classes were also offered at Impala's Rustenburg operations because it is here that literacy levels are at their lowest (30.4%).

The cost to Implats of providing ABET at its South African operations in FY2007 was R13 million.

Functional literacy

Achieved in FY2007	Targets for FY2008	Targets for FY2009
Implats group:		
Percentage of functionally literate and numerate employees: 35.3%	39.7%	40.8%
506 employees participated in ABET on a full-time basis	570 employees* 500 employees**	570 employees* 500 employees**
Number of facilitators available: 23 full time 18 part time	Expected to remain the same	Expected to remain the same
Cost of ABET: R13 million	R19 million	R21 million

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Functional literacy (*continued*)

Achieved in FY2007	Targets for FY2008	Targets for FY2009
Impala Rustenburg		
Percentage of employees who are functionally literate and numerate:		
30.4%	34%	35%
399 employees participated in ABET	360 employees* 500 employees**	360 employees* 500 employees**
Number of facilitators available:		
12 full time	Expected to remain the same	Expected to remain the same
16 part time		
Cost of ABET:		
R10.3 million	R11.7 million	R12.4 million
Impala Springs		
Percentage of employees who are functionally literate and numerate: 87.5%	89.5%	91.5%
93 employees participated in ABET	120	120
Number of facilitators available:		
9 full time	Expected to remain the same	Expected to remain the same
Cost of ABET:		
R2.3 million	R3.0 million	R4.0 million
Marula		
Percentage of employees who are functionally literate and numerate:		
73%	75%	78%
14 employees participated in ABET	90	90
Number of facilitators available:		
2 full time	Expected to remain the same	Expected to remain the same
2 part time		
Cost of ABET:		
R340,110	R4.3 million	R4.6 million
Corporate office		
Percentage of functionally literate employees – 100%		

* Full time

** Part time

Career paths and skills development plans

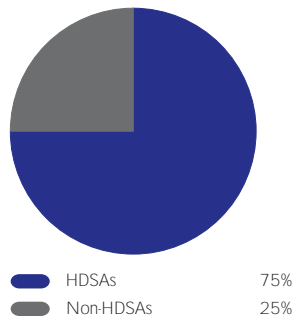
Impala Rustenburg, Impala Springs and Marula have each submitted an Integrated Workplace Skills Development Plan for its workforce to the Mining Qualifications Authority (MQA) by 30 June 2007. This was the first time that Marula had presented a separate plan. Previously, this operation's plan had formed part of Impala's submission.

Career paths have been established for all the major disciplines across the group and are available to assist employees to follow a specific career. Furthermore, succession plans and individual development plans are available for all HDSA employees identified through the talent pools at Impala*. While some preparatory work has been done at Marula, talent pools have still to be set up at this workplace.

* Note that where Impala is used without any qualifying comment it means both the mining and processing operations in Rustenburg and the Refineries in Springs.



Bursaries provided by Implats in FY2007



Apart from ABET classes, Impala employees received core training in the mining, engineering and metallurgical disciplines; training in technical areas; safety and health; and management and supervisory skills.

At Marula, specialised training was provided for mine overseers and shift supervisors while a range of ad hoc external courses was organised for employees to improve their skills in various fields. Following the submission of its own workplace skills development plan for FY2008, Marula is now concentrating on establishing workplace skills priorities.

Full-time bursaries for candidates studying for degrees in mining, electrical, mechanical and chemical engineering; chemistry; geology; and accounting were provided by Impala at a cost to the company of R4.8 million. At Marula, R380,612 was spent on bursaries for students in the mining and engineering fields.

At Impala in 2007, 100 scholarships were awarded to the children of HDSA employees in Grades 8 to 11 to assist with the payment of school fees. In addition, 80 learners in Grades 11 and 12 from selected schools received extra tuition in mathematics and science during enrichment weeks held in school holidays. Impala spent R180,000 on its scholarship programme in the year under review.

Marula provided scholarships to the children of HDSA employees in Grades 8 to 11. The emphasis at this operation is on giving assistance to learners taking mathematics, the natural sciences and accounting subjects. The cost to the company for this programme was R16,000 in FY2007.

Impala formed a partnership with the Department of Minerals and Energy (DME) and the Da Vinci Institute for Technology Management to accelerate the training of HDSA women in the mining industry. With input from Impala, the institute designed an 18-month programme which culminates in the awarding of a Master of Science degree in Technology and Innovation. The objective of the programme, which started in October 2004, is to develop HDSA women to take on technical and managerial leadership positions at Impala. Seven candidates (six from within the company and one from outside) completed the programme at a cost of R1.8 million to the company. Of these, five are currently in managerial positions at Impala.

Career paths and skills development plans

Achieved in FY2007	Targets for FY2008	Targets for FY2009
Impala		
27,472 employees trained – 97% of workforce		
Average of 87.9 hours on training per employee during the year		
Expenditure on skills development training – R161.3 million (5% of payroll)	5% of payroll	5% of payroll
Total of 50 bursaries provided for HDSA candidates	50 bursaries for HDSA candidates	

Bursaries provided by Implats

A total of 50 bursaries were provided by the South African operations for tertiary education during the year at a total cost of R4.9 million. Of the bursaries provided, 82% were to HDSAs.

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Career paths and skills development plans *(continued)*

Achieved in FY2007	Targets for FY2008	Targets for FY2009
100 scholarships awarded to the children of HDSA employees	75 children of HDSA employees	75 children of HDSA employees
80 HDSAs participated in enrichment programmes	80 learners	80 learners
Marula		
1,255 employees trained, 60% of workforce		
Expenditure on skills development training – R396,868		
4 bursaries provided to HDSA candidates	4 bursaries to be provided to HDSA candidates	4 bursaries to be provided to HDSA candidates
16 scholarships awarded to the children of HDSA employees	16 scholarships to be awarded to the children of HDSA employees	16 scholarships to be awarded to the children of HDSA employees



Mentorship of empowerment groups

Mentorship programmes have been developed and implemented at Impala Rustenburg to mentor empowerment groups. In addition, Impala Springs also mentored two companies participating in the company's local economic development (LED) projects in the Springs area.

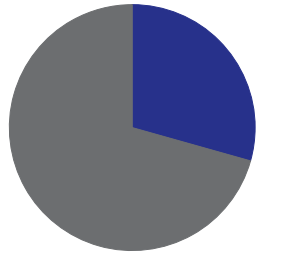
A formal mentoring system started at Marula in April 2007 while informal mentoring is ongoing. Once-off coaching sessions are also held from time to time to assist local small, medium and micro enterprises in the community.

Mentorship of empowerment groups

Achieved in FY2007	Targets for FY2008	Targets for FY2009
Impala Rustenburg		
45 mentors	82 mentors	82 mentors
259 protégés	122 protégés	122 protégés
Impala – Springs		
27 mentors	30 mentors	30 mentors
68 protégés	74 protégés	67 protégés
Marula		
Marula mentored 4 groups.	To be set	To be set
A formal mentoring process will be implemented in F2008		



SA operations – HDSAs in management*



■ HDSAs 29.1%
■ Non-HDSAs 70.9%

*Excludes white women

The Mining Charter requires companies to:

- publish an **Employment Equity Plan** and report on annual progress;
- achieve **40% HDSA participation in management** by 2009;
- identify a **pool of talent** and fast-track it; and
- achieve **participation by women** of 10% by 2009.

Employment equity plan

Implats has a four-year Employment Equity Plan (FY2006 to FY2009) in place which is updated every year and submitted to the Department of Labour.

There are transformation committees at all the operations which were involved in the formulation of the Employment Equity Plan and they monitor progress on a monthly basis. These committees are broad-based comprising employees, representatives from organised labour, black economic empowerment partners and management. A transformation committee that reports to the board (and includes some board members) has also been established

The Employment Equity Plan is displayed on notice boards in all working places so that it can be viewed by all employees. Articles on employment equity are published frequently in the group's internal newsletter and management briefs are distributed regularly to all employees to keep them informed of progress in respect of the plan.

Breakdown of employment at Implats' South African operations by occupational level

Occupational level	Designated							Non-designated		Total	
	Male			Female				White male	Foreign nationals		
	Africans	Coloureds	Indians	Africans	Coloureds	Indians	Whites		Male	Female	
Top management	0	1	0	0	0	0	2	3	0	0	6
Senior management	9	2	2	2	0	0	5	60	5	0	85
Professionally qualified and experienced specialists and mid-management	114	9	15	21	1	9	63	296	14	2	544
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2,032	13	8	125	4	4	135	1,125	389	1	3,836
Semi-skilled and discretionary decision-making	3,555	9	4	338	4	2	74	168	622	0	4,776
Unskilled and defined decision-making	16,324	11	2	974	2	0	1	30	4,182	1	21,527
Total permanent employees	22,034	45	31	1,460	11	15	280	1,682	5,212	4	30,774
Non-permanent employees	16	0	0	14	0	0	2	3	1	0	36
Grand total#	22,050	45	31	1,474	11	15	282	1,685	5,213	4	30,810

Total number of employees in service as at 30 June 2007 (head office, Impala and Marula).

In terms of the table above, employment is reported in line with the Employment Equity Act in terms of which a 'designated employee' is one who was historically disadvantaged but excludes white women. Implats is however also committed to reporting in line with the MPRDA and the Mining Charter Scorecard, and, in terms of this, the Implats board comprises 57% HDSAs (where HDSAs include designated employees as well as white women) against a target of 40% by FY2009. In particular, women make up 29% of the board.

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HDSAs in management

There are a number of initiatives in place to enable Implats to meet the 40% HDSA management target by FY2009 as follows:

- the group's recruitment policy gives preference to the appointment of HDSA candidates;
- a skills transfer process has been implemented in which non-HDSA employees mentor HDSA colleagues to a level where they are able to take over the positions of non-HDSAs;
- tied to the above is a 'space creation' programme where a non-HDSA leaves a position to make a place for a HDSA candidate;
- when it comes to promotions, HDSA candidates are given preference;
- HDSAs are selected for accelerated training; examples of this are the accelerated training programme for mine overseers and the Da Vinci programme (discussed above); and
- the bursary scheme (outlined above) is directed chiefly at HDSAs who will become employees of the company on completion of their studies.

At the end of FY2007, 29.1% of senior and middle management were HDSAs. If white women are included this figure is 40%.

Talent management

Implats has had a talent management process (based on international best practice) in place since 2005 which identifies internal and external individuals with potential, and develops and advances those people. It includes succession planning. Various committees have been set up to assist with talent management: career management committees, shaft level committees, talent pool committees and unit level committees at the operational level.

These committees have different tasks. For example, the purpose of the unit level committee is to make sure that the best possible talent is selected in the most objective way possible at each operation while the career management committee takes the macro view, looking at talent in all disciplines across the group. The CEO forum then conducts an overall assessment of the talent depth in Implats across discipline after the career management committees have given their input.

The accelerated training available includes programmes for management development; for learner shift supervisors, trainee engineers and mine overseers; and for obtaining blasting certificates; as well as training to fast-track women in the mining industry. The cost of these programmes in FY2007 was R20 million.

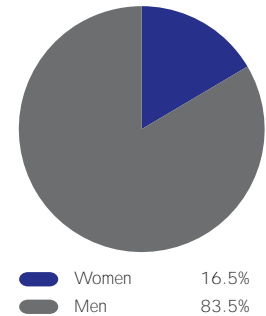
Women in mining

Implats has introduced a number of initiatives to achieve the target of 10% of the mining workforce being women by 2009. These include career development plans, development programmes for individuals, accelerated training programmes, mentoring and coaching, and identifying all opportunities for promotion.

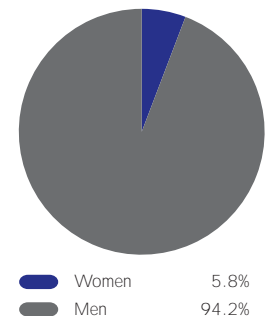
Currently, 14 women are being trained for their blasting certificates; eight women are on the learner miner officials programme; 30 women are on engineering learnerships; and 24 women are studying at the tertiary level on the group's bursary scheme.

Systems have been adapted and new infrastructure provided to accommodate women in the workplace. Pregnancy and sexual harassment policies have been drawn up, separate change houses built and ablution facilities provided underground. The cost of the new

SA operations – women in management



SA operations – women in mining



2. Employment equity



infrastructure was R17 million spread over a three-year period (from FY2005 to FY2007).

Having women working underground does present challenges: women have a high failure rate when screened for heat tolerance; many women start working in the mining industry having met only the minimum requirements in terms of education and training which means that career progress is slow; and, generally speaking, women are unwilling to stay working underground for any length of time and this restricts their opportunities for advancement.

Notwithstanding these problems, Implats is confident of achieving (and possibly exceeding) the Mining Charter's 10% target by 2009.

As at the end of FY2007, 5.8% of all permanent employees were women, as were 16.5% of senior and middle management.

Mentorship of empowerment groups

Achieved in FY2007	Targets for FY2008	Targets for FY2009
Total HDSA progress Implats (including white women) 40.6% (FY2006: 37% FY2005: 31% FY2004: 28%)	If white women are excluded, an additional 20 HDSAs must be appointed at the senior management level and another 49 at middle management by or during FY2009 to reach the 40% HDSA target.	40% (excluding white women)
Impala Rustenburg (including white women) 39.1% (FY2006: 35.2%)	If white women are excluded, there are 125 HDSAs in management (28.3% in FY2007). This means that another 51 HDSAs must be appointed by 2009 to reach the 40% HDSA target.	40% (excluding white women)
Impala Springs (including white women) 45.5% (FY2006: 47.2%)	If white women are excluded, there are 37 HDSAs in management (33.6% in FY2007). This means that another 7 HDSAs must be appointed by 2009 to reach the 40% HDSA target.	40% (excluding white women)
Marula (including white women) 36% 33.3% (FY2006: 22.6%)	If white women are excluded, there are 10 HDSAs in management (25.6% in FY2007). This means that another 6 HDSAs must be appointed by 2009 to reach the 40%	40% (excluding white women)

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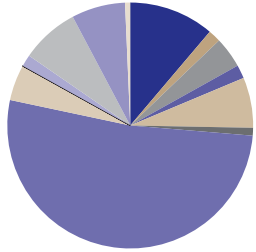
HDSA target

Mentorship of empowerment groups <i>(continued)</i>		
Achieved in FY2007	Targets for FY2008	Targets for FY2009
Corporate office (including white women) 48.9% (FY2006: 42.3%)	If white women are excluded, there are 13 HDSAs in management (28.9% in FY2007). This means that another 5 HDSAs must be appointed by 2009 to reach the 40% HDSA target.	40% (excluding white women)
Fast-tracking talent HDSA employees on accelerated training programmes: 101 Cost of training programmes: R16 million	216 R22.5 million	200 R22.4 million
Women in mining Implats 5.7% (FY2006: 4.8%)	9%	10%
Women in mining – by division Impala Rustenburg 5% (FY2006: 4.2%)	8.5%	10%
Impala Springs 18.9% (FY2006: 18%)	18.9% (or higher)	18.9% (or higher)
Marula 9% (FY2006: 6.9%)	10.9% (or higher)	10.9% (or higher)
Corporate office 41%	42% (or higher)	42% (or higher)
Women in middle and senior management 17%		
Women in middle and senior management by division Impala Rustenburg 14%		
Impala Springs 23%		
Marula 8%		
Corporate office 33%		



3. Migrant and foreign labour

Labour-sending areas



Eastern Cape	11.20%
Free State	1.65%
Gauteng	4.06%
KwaZulu-Natal	1.77%
Limpopo	6.62%
Mpumalanga	1.02%
North West Province	52.00%
Northern Cape	4.71%
Western Cape	0.02%
Botswana	1.55%
Lesotho	7.64%
Mozambique	7.07%
Swaziland	0.67%
Zambia	0.01%

The Mining Charter requires companies to:

- ensure **non-discrimination** against foreign migrant labour.

Implats subscribes to government and industry agreements to ensure that migrant workers from other countries are not discriminated against. The group also subscribes to the conventions of the International Labour Organization (ILO) which accord foreign and migrant workers equality before the law.

The policy at Implats is to focus on local recruitment, employing people who live within a radius of 60km of the operations. This means that the number of migrant workers (both foreign and South African) will reduce over time. For example, at Impala's Rustenburg operation, migrant labour made up 23.6% of the workforce in FY2004. By FY2006, the percentage was 20.6% and in FY2007 it was 18.7%.

Foreign migrant labour		
Percentages in FY2007	Targets for FY2008	Targets for FY2009
Implats: 16.9%	The target for the group and the operations is to: Recruit locally wherever possible while not discriminating against foreign labour	The target for the group and the operations is to: Recruit locally wherever possible while not discriminating against foreign labour
Impala Rustenburg: 18.7%		
Impala Springs: 1.8%		
Marula: 1.3%		
Corporate office: 1.6%		



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RESPONSE TO THE MINING CHARTER

4. Mine community and rural development

The Mining Charter requires companies to:

- co-operate in the formulation of **Integrated Development Plans (IDPs)** for communities where mining takes place and for major labour-sending areas, with special emphasis on the development of infrastructure.

Implats' Corporate Social Affairs Policy was adopted during the year and is aimed specifically at the socio-economic development of communities in which the group operates and the areas from which its employees are drawn. Through its activities, the group seeks to make a positive contribution to the alleviation of poverty and to the development of skills and enterprise. While Implats aims to empower a broad range of stakeholders, it places a special emphasis on the black youth, women and people living with disabilities.

Implats' social development activities in South Africa are managed by the Impala Community Development Trust (ICDT). One of the specific goals of the trust this year was to align the group's social upliftment activities with the goals and objectives of local, provincial and national government development programmes.

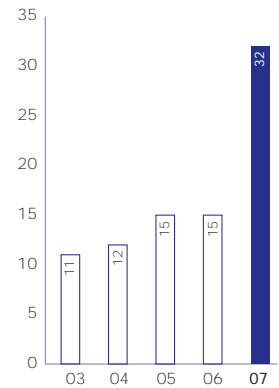
During FY2007, the group spent R31.8 million on SED projects in South Africa. (FY2006: R14.2 million). This figure includes an administration fee of R3.7 million to manage the funds. Moreover, this figure is believed to be under-reporting of the total investment made by Implats in its communities as it excludes all 'in kind' donations. 'In kind' donations refers to either manhours or materials from the operations.

During FY2007, direct and indirect beneficiaries of Implats' corporate social investment expenditure numbered 14,195 and 11,599 respectively. Of these beneficiaries 410 (148 direct; 162 indirect) were people living with disabilities.

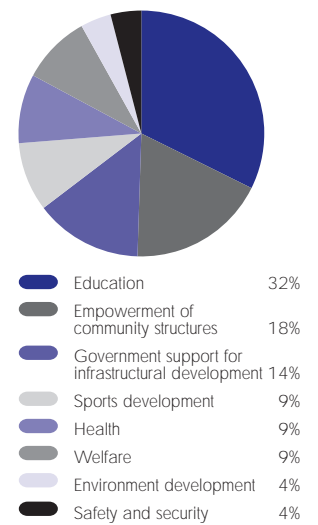
Education and training, government support and enterprise development are the fields which receive the most funding. This accords with the spirit of the Mining Charter as it is by improving education levels, that more and more young people will be empowered to participate in the economy and older people given opportunities to acquire skills. And it is through developing and upgrading infrastructure and encouraging enterprise development in impoverished areas, that people will be able to improve their standard of living and the prospects for themselves and their families.

Details on specific projects undertaken by the group are reported in the company's Corporate Responsibility Report which is available on the website.

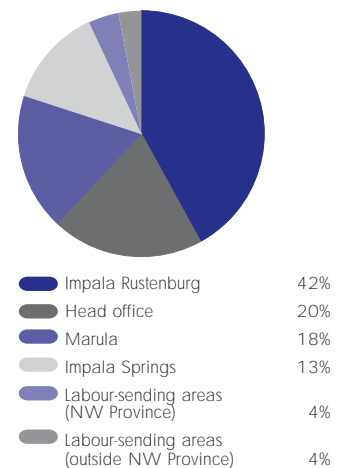
ICDT expenditure (South Africa) (Rm)



ICDT expenditure in FY2007 (excluding administration costs)



ICDT expenditure in FY2007 (excluding administration cost)



5. Housing and living conditions



The Mining Charter requires companies to:

- establish measures for improving the **standard of housing**, including the upgrading of hostels, conversion of hostels to family units and the promotion of home ownership options for mine employees; and
- establish measures for improving the **nutrition** of mine employees.

Housing and living conditions

The group's Housing Forum, in which employees are represented, submitted a housing strategy to management for comment. This strategy was approved and signed off by management in July 2006.

Impala Rustenburg recognises that the facilitation of suitable employee accommodation is an integral part of its commitment to uplifting the communities within its areas of operation. The company subscribes to the ideal that employees should reside with their families in a stable, healthy and secure environment within commuting distance (a radius of 60km) of their place of work.

The housing policy promotes home ownership and assists employees to become homeowners. It seeks to improve the living standards of employees in single and family units. The policy also discourages informal settlements in the company's operational areas.

Regarding home ownership, Impala Rustenburg is facilitating employees' access to finance (in-house finance, government housing grants and commercial funding) through a social housing scheme. The programme comprises four new low-cost housing projects in which a total of 10,123 units will be built between 2008 and 2012. The expenditure involved is in excess of R1 billion.

In terms of company-provided or company-subsidised accommodation, 4.9% of the workforce lives in houses and 1.4% in flats. In the interests of attracting and retaining skilled personnel, Impala Rustenburg is building an additional 94 units; demolishing 57 asbestos and A-frame houses and replacing them with around 100 townhouses; purchasing 200 new units; and renovating 1,600 units.

Just over a quarter of the workforce, 25.12%, lives in hostels. There are three hostels for employees and a fourth for contractors. Currently, there are four people to a room. The plan is to upgrade rooms and lower the density to one to two people per room. In addition, one of the three hostels will be converted into 231 family units. Employees are represented on the Hostel Sub-committee of the Housing Forum which is involved in this project. Work will start in FY2008 and end in FY2012 and the project will cost a total of R243 million.

Housing and living conditions

Achieved in FY2007	Targets for FY2008	Targets for FY2009	Targets for FY2011	Targets for FY2012
Impala Rustenburg: expenditure on creation of family units and upgrading of hostels R68 million	R44 million	R47 million	R42 million	R42 million
Number of houses provided through social housing scheme			4,369	5,800

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There are no hostels at Marula. Forty-five houses have been built in Burgersfort for senior employees. The company is developing a home ownership scheme and a home ownership allowance to benefit all employees. The goal is for the workforce to live in decent housing, serviced with basic infrastructure.

Nutrition

The nutritional value of meals served to hostel residents at Impala Rustenburg was evaluated and a more nutritious, balanced menu was implemented from 1 December 2004. The kilojoule intake per day was increased from 14,500 to 17,500. This more nutritious meal costs the company an additional R4 million a year. A dietician appointed by Impala evaluates the nutritional value of the menu on a yearly basis. The dietician submits annual reports with recommendations for changes and improvements. In addition, the catering company has been instructed to make use of another dietician to monitor the nutritional value of the menu on a regular basis. A total of 7,401 employees receive company meals at a cost to the company of R39 million a year.

As there are no hostels on the mine, Marula can only have a direct involvement in the nutrition of employees who reside in the single quarters. As at Impala Rustenburg, a dietician advises on menus and regularly monitors the meals served.

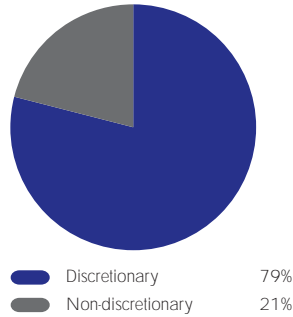
In FY2007 Marula incorporated a nutritional awareness segment into its induction programme for new employees while the HIV/AIDS programme emphasises the importance of healthy eating. The mine is proactive in encouraging local catering establishments to serve healthy foodstuffs.



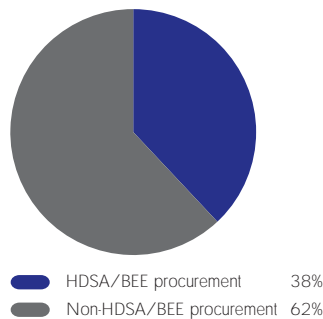


6. Procurement

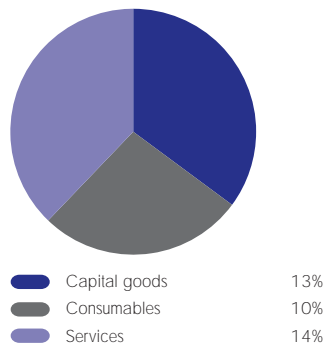
Discretionary procurement as a percentage of total procurement – FY2007



HDSA/BEE procurement (HDSA/BEE ownership >25%) as a percentage of total discretionary procurement – FY2007



HDSA/BEE procurement as a percentage of discretionary expenditure – FY2007



The Mining Charter requires companies to

- grant HDSAs preferred supplier status;
- identify current levels of procurement from HDSA companies; and
- commit to a progression of procurement from HDSA companies over a three- to five-year time frame.

Implats has developed a preferential procurement policy to assist in identifying accredited HDSA suppliers and to encourage their development. While not adversely affecting the interests of stakeholders, the policy states that the group seeks to promote historically disadvantaged enterprises and individuals through sustainable procurement programmes.

Implats has developed specific affirmative procurement policies and have identified, developed and accredited HDSA suppliers. Spend with these suppliers has been actively facilitated, and steady increases are being recorded.

HDSA/BEE procurement (HDSA/BEE ownership >25%)

(Rm) Operations	FY2006		FY2007	
	HDSA/BEE	Ratio	HDSA/BEE	Ratio
Impala Rustenburg	R1,094	28.8%	R1,639	39.7%
Impala Springs	R144	20.3%	R188	25.1%
Marula	R99	19.8%	R220	39.0%
Total SA operations	R1,338	26.7%	R2,048	37.6%

HDSA/BEE procurement (HDSA/BEE ownership >25%) as a percentage of discretionary procurement SA operations

	FY2006	FY2007
Capital goods	8%	13%
Consumables	10%	10%
Services	9%	14%
Total SA operations	27%	38%

Number of HDSA/BEE vendors (HDSA/BEE ownership >25%)

	FY2006	FY2007
Number of vendors	525	649

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Total procurement (R million)

Operations	FY2006			FY2007		
	Total	Discretionary	Ratio	Total	Discretionary	Ratio
Impala Rustenburg	R4,269	R3,798	89%	R5,256	R4,125	78%
Impala Springs	R940	R711	76%	R971	R751	77%
Marula	R542	R501	92%	R692	R565	82%
Total SA operations	R5,751	R5,010	87%	R6,918	R5,441	79%

Discretionary procurement = total procurement less procurement with public sector vendors such as rates and taxes; utility service providers such as Eskom; academic institutions such as universities; pass-through payments such as those payments made to medical funds; and payments to sponsorship vendors.

Procurement with HDSA suppliers (HDSA/BEE ownership >5%) from FY2006 to FY2007

Operations	FY2006 Procurement (R million)	FY2006 Ratio of HDSA procurement to discretionary procurement	FY2007 Procurement (R million)	FY2007 Ratio of HDSA procurement to discretionary procurement
Impala Rustenburg	1,364	35.9%	2,051	49.7%
Impala Springs	187	26.3%	229	30.4
Marula	137	27.3%	287	50.9%
Total SA operations	1,688	33.7%	2,567	47.2%

In FY2007, discretionary procurement at the group's South African operations amounted to R5.44 billion, or 79% of total procurement.

HDSA/BEE procurement represented 38% (27% in FY2006) of discretionary procurement (vendors >25% HDSA/BEE ownership) and 47% (34% in FY2006) of discretionary procurement (vendors >5% HDSA/BEE ownership) in FY2007, or R2.05 billion (FY2006: R1.34 billion) where vendors have greater than 25% HDSA/BEE ownership. Where vendors have greater than 5% HDSA/BEE ownership the figure recorded was R2.57 billion (FY2006: R1.69 billion).

The breakdown of procurement in terms of capital, consumables and services has been determined. For the group as a whole the most significant increase in procurement was recorded in the area of capital where the percentage of HDSA/BEE discretionary procurement (vendors with greater than 25% HDSA/BEE ownership) rose from 8% in FY2006 to 13% in FY2007. For vendors with greater than 5% HDSA/BEE ownership this figure rose from 8% to 15% for the same period. The highest procurement overall was in the services area (16% for vendors with HDSA/BEE ownership of more than 5% and 14% for vendors with HDSA/BEE ownership of more than 25%).

7. Ownership and joint ventures

The Mining Charter requires companies to:

- achieve **15% HDSA** participation in terms of equity or attributable units of production by 2009 and **26% by 2014**.

Incwala

In the third quarter of 2004, Implats sold its entire 27.1% shareholding in each of Western Platinum Limited and Eastern Platinum Limited: 9% to HDSA investors Incwala Resources (Pty) Ltd and the balance to Lonmin Plc.

RBH

Implats first announced a proposed empowerment transaction with the Royal Bafokeng Nation (RBN) in December 2005. At the same time it was stated that the company would establish an Employee Share Ownership Programme (ESOP) at its South African operations. By the end of June 2007, the empowerment transaction had been refined, revised and completed and the ESOP had been implemented.

In 1998, the RBN became a significant shareholder (1.3%) in Implats and settlement was reached regarding mineral rights and royalty payments over the major portion of the area over which Impala has mining rights. In terms of the recent empowerment transaction, Implats pre-paid all royalties due and payable to the RBN for the 31-year period from 1 July 2007. The total involved was R12,483 million. RBN then employed that capital to subscribe for 75,115,204 shares in Implats. The transaction was finalised in April 2007 and the RBN, through Royal Bafokeng Holdings (Pty) Ltd, now holds an overall stake of 13.4% in Implats and indirectly at an operational level 22.1% in Impala.

ESOP

In terms of the ESOP which was implemented in July 2006, Implats made a contribution of R1.8 billion to the Morokotso Trust to finance the acquisition of 16.4 million Implats shares (3% of the company's equity). As beneficiaries of this trust, all employees in the Paterson Band A to C levels will benefit from the appreciation in the value of these shares over a period of 10 years. Some 28,000 South African employees are eligible and of these, close to 27,000 are HDSAs. After five years (2011), employees will have the option of selling 40% of the shares and any net proceeds (after capital contribution repayments to Implats and tax) will be paid to the qualifying eligible employees. The remaining 60% of the shares will be sold on the same basis after 10 years (2016).



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Marula transactions

In FY2006, it was announced that Tubatse Platinum (Pty) Limited and the Marula Community Trust would each acquire a 7.5% equity stake in Marula Platinum with effect from 1 July 2006. Following this announcement, an agreement with Mmakau Mining was signed at the beginning of FY2007 for that company to acquire a 7.5% equity stake in the mine, also with effect from 1 July 2006. The black economic ownership in Marula is now 22.5%. Implats is confident that the target of 26% HDSA participation will be reached by 2014.

Leeuwkop

At the time that Implats acquired Afplats (in February 2007), the Bakwena Ba-Mogopa traditional community had a holding of 26% in the Leeuwkop project.

Effective BEE holdings

Apart from the empowerment transactions at Marula, the empowerment strategy adopted by the Implats group has been effected at the holding company level. When translated into an effective interest in Impala at an operational level, HDSA ownership already exceeds the 26% target set for 2014, as illustrated in the table below.

HDSA effective holdings in Impala

Transactions	Effective interest in FY2007
Incwala transaction (sale of interest in Lonplats)	7.1%
RBN	22.1%
ESOP	4.4%
Total empowerment shareholding	33.6%

BEE transaction (Incwala Lonmin)

HDSA effective holdings in Marula

Transactions	FY2007	Target for FY2014
Marula Community Trust	7.5%	
Mmakau Mining (Pty) Ltd	7.5%	
Tubatse Platinum (Pty) Ltd	7.5%	
Total empowerment shareholding	22.5%	26%



8. Beneficiation



The Mining Charter requires companies to:

- identify their **current levels of beneficiation**; and
- indicate to what **extent they can grow** the baseline level of beneficiation.

The South African government is engaging with the mining industry to establish suitable base levels and means of beneficiation for products mined in South Africa. It is expected that by the end of 2007, minimum levels will be set for beneficiation. Mining companies would have to meet that level before exporting the balance of their production.

Platinum is supplied in the form of bars to jewellery manufacturers and as a powder to automotive manufacturers.

A significant portion of the powder – 360,000oz in FY2007 (FY2006: 190,000oz) which is 20% of the group's annual platinum production – is supplied to one of the largest manufacturers of autocatalysts in the world, and which is based in South Africa.

Currently, the group supplies about 20,000 ounces of platinum to the local jewellery industry.

In 2004, Implats played a part in the establishment of the first platinum jewellery beneficiation project in South Africa, Silplat (Pty) Ltd. Implats holds an equity interest of 17.5% and provides a platinum loan.

The project phase, which ended in February 2005, illustrated that beneficiation in the jewellery industry cannot be successful within a short time frame. Lack of management experience in the manufacturing, distribution and sale of quality jewellery proved to be a substantial problem in the early stages. Another difficulty then and now is the prevailing high dollar platinum price and the consequent levelling off in jewellery demand. Nevertheless, since the appointment of new management in March 2005, the situation is improving at Silplat and Implats is positive about the viability of the venture in the long term.

Implats also supports a jewellery manufacturing company – Rochoet (Pty) Ltd – that produces semi-finished jewellery. The group supplies metal to Rochoet on extended terms and provides them with a platinum loan.

Implats has been working with other major platinum mining companies, the DME, the Department of Trade and Industry and Mintek, to determine the way forward with regard to platinum beneficiation.

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9. Reporting

The Mining Charter requires companies to:

- **report annually** on progress made in meeting their Mining Charter commitments

Since FY2003, Implats has reported on progress made in terms of the guidelines set out by the Mining Charter Scorecard. The information has appeared in the group's annual and corporate responsibility reports from FY2003 to FY2006 which are available as printed documents and may be viewed on the Implats website, www.implats.co.za. This year an abridged corporate responsibility report forms part of the annual report which is available as a printed document and on the Implats website. The full corporate responsibility report is available only on the website.

This is the first time that a separate report has been produced on the company's performance in terms of the Mining Charter. The intention of this report, which is available only on the website, is to encapsulate in one stand-alone document what Implats has achieved in respect of meeting the Mining Charter's requirements and indicating what has still to be done, by providing an easy-to-use overview.

Impala, Afplats and Marula have an internal quarterly reporting process through which they record progress and targets with respect to their social and labour plans (SLPs). Apart from the categories of BEE ownership and beneficiation, these plans set out the way forward in terms of these operations' meeting the requirements of the Mining Charter. Once conversion approvals have been obtained for Impala and Marula, the quarterly reports will be used to update the SLPs which will be submitted (as required by the Mining Charter) to the DME on an annual basis.





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