



Safeguarding the interests of our stakeholders

Implats supports and applies the Code of Corporate Practices and Conduct as advocated in King II. A full audit of the group's corporate governance procedures has been conducted and all areas of concern identified in the process are being addressed. Our primary focus in this regard is to safeguard the interests of our diverse stakeholders by striving for best practice in all areas of activity and delivering sustainable value for our shareholders in particular.

corporate governance

CORPORATE GOVERNANCE COMMITMENT AND STRUCTURES

Full details of compliance with the requirements and recommendations of King II are set out in the 2005 Implats Annual Report.

RISK MANAGEMENT

In keeping with the principles of good corporate governance, the Implats board of directors (the board) is accountable to all stakeholders for the total process of risk management, as well as for forming its own opinion on the effectiveness of that process. Management is accountable to the board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the company.

Risk management policy

Implats' Group Risk Management Policy, which is endorsed by the board, directs management action and behaviour and states, *inter alia*, the following:

"Risk is an integral part of improved performance, growth and sustainable value creation.

Effective risk management reduces uncertainty giving more confidence and making us more decisive in pursuit of our Vision, Mission and Goals.

The organisation shall adopt a common and integrated approach to the management of risk such that knowledge and experience is shared and risk management becomes embedded in all our activities and the way we work.

An appropriate balance will be maintained between risk and reward giving full and due consideration for the legitimate and fair expectations of all stakeholders, resource constraints and sustainable development.

The board is accountable for this policy and responsible for the management of strategic risks. The Chief Executive Officer and Executive Management Team are responsible for business unit and group function risks and for implementing this policy through a common and integrated risk management framework and programme.

The risk management framework and programme shall:

- *align strategy, work processes, people, technology and knowledge;*
- *protect the reputation and brand name of Implats;*

- *promote risk awareness among all managers and employees and improve risk transparency to stakeholders and shareholders;*
- *maximise (create, protect and enhance) shareholder value by pro-actively managing risks that may impact on the achievement of objectives and exploit opportunities that represent the greatest returns on investment;*
- *improve our ability to deliver high quality products and services and to compete globally;*
- *support the business growth strategy and continuously monitor and effectively manage the risks inherent in new investments and business;*
- *implement a risk financing strategy and monitor the total cost of risk; and*
- *ensure that management understand and accept responsibility for managing any risks that may impact on their key performance areas or achievement of objectives and that all employees take responsibility for managing the health, safety, environmental and quality risks inherent in their work.*

The realisation of this policy is achieved by the understanding, acceptance and implementation of a Group Risk Management Framework and Programme, which is reviewed on an ongoing basis to give assurance in respect of its efficacy and effectiveness.

This policy is applicable to the entire Implats Group, including subsidiary companies and investments where Implats assumes management responsibility.

The board will review this policy at least once every two years."

Risk management framework

To ensure the effective realisation of the policy and its aims, Implats has implemented an enterprise-wide risk management system. The system, which is both standardised and integrated across all the operations and functions in the group, addresses the following key issues:

- the development of a common Implats risk assessment methodology, which is defined by a framework, process and system that are based on contemporary best practice;
- the establishment of a Risk Management Policy and Code of Practice applicable to all Implats operations and activities, which has been communicated to all managers;

- the appointment and training of risk champions in all areas and functions; and
- The development of a risk framework and profile following a strategic review of all risks faced by Implats.

The risks identified by the system are reviewed and monitored by the board on an ongoing basis. Our goal is to continually improve our ability to identify and manage these risks, such that appropriate and timely action can be instituted to accommodate the inevitable changes in the external and internal business environment.

In addition, a Risk Management Committee was established in early 2003 to assist the board in executing its responsibilities in this area and to routinely report on matters of risk. The board has since approved a Group Risk Management Committee Charter that defines the committee's terms of reference, responsibilities and membership.

The risk management process entails a team-based approach implemented across the company and involves executive directors and members of senior management, who are best placed to evaluate the risk within the company and report to the board on these matters. The board Audit Committee monitors the effectiveness of this process.

SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT

Implats' Safety, Health and Environmental (SHE) objectives and programmes are driven by the group's commitment to its goal of "Zero injuries or harm". The result is a relentless pursuit of continuous improvement, i.e. last year's best performance becomes the minimum target for next year.

This approach is in line with world-class safety, health, environmental and quality (SHEQ) management and includes, *inter alia*, the following initiatives:

- an integrated approach to SHEQ management in all aspects of our business;
- compliance assurance with relevant SHE legislation;

- pro-actively preventing harm to the environment, the community and our employees;
- promoting SHEQ awareness among our employees and the community;
- adopting a continuous improvement approach to emissions, effluent, resource consumption, waste generation and health stressors;
- reducing the risk of HIV/AIDS and other contagious diseases among our employees and the local community by promoting awareness; and
- maintaining open relations with all stakeholders.

Corporate standards

Over the next two years, Implats will implement a set of corporate standards that will be applied across all operations, thereby forming the basis for the development and application of SHE management systems at all levels within the group.

The standards will cover all operational aspects and activities that have the potential to affect the health and safety of people, the environment, or the community; and will extend throughout the entire life cycle of operations – from exploration and planning through to operation, closure, decommissioning, remediation and rehabilitation.

The objectives of these standards will be to:

- provide a risk-based SHE management system framework that is consistent with the Implats Enterprise-Wide Risk Management Policy, and with ISO 14001, OHSAS 18001, SA 8000 and other internationally recognised standards, and that supports the implementation of the SHE Policy;
- set-out and formalise expectations for the progressive development and implementation of more specific and detailed SHE management systems at all levels of Implats;
- provide auditable criteria against which SHE management systems across Implats can be measured; and



Implats has adopted a proactive strategy designed to ensure that genuine transformation is achieved.

- provide a basis from which to drive continuous improvement towards leading industry practice.

BUSINESS IMPROVEMENT

The major contributors to Implats' status as one of the world's leading platinum producers are people and efficient work processes, in which effective systems play an important part. We recognise that effective information systems are an important factor in sustaining our current performance and an essential enabler for continuous improvement. Consequently, and in line with a changing environment, the board approved the implementation of a new group-wide information systems strategy in September 2004.

Specifically, the board approved two projects – a full infrastructure upgrade; and the implementation of SAP as the business system across the Implats group. Both projects will be implemented and be fully operational by the end of the calendar year 2005.

As a mining company primarily, Implats continuously seeks innovative ways to contain cost increases or reduce costs. The implementation of SAP is one of many innovations that will enable and encourage these ambitions. SAP is used by many of the world's largest and best companies and therefore offers opportunities for the introduction of best practice in supporting functions such as finance, procurement, maintenance, HR, SHE and project management.

The most critical success factor for this project is the adaptation of current work processes so as to embrace the tried-and-tested SAP best practices templates. With this in mind, the project has attracted a large change management and training team, which has been tasked with ensuring that everyone who will be impacted by the project is kept informed of the project progress through regular communications, forums and workshops; and of conducting a consultative process with the unions. Moreover, everyone who will use the system was trained properly before the go-live date.

TRANSFORMATION

Implats has used the MPRDA, Mining Charter, Mining Scorecard and Codes of Good Practice as guidelines to ensure that the group adopts a holistic approach to transformation. The result is a proactive strategy designed to ensure that genuine transformation is achieved at the various tiers of the organisation, notably in terms of ownership, management, skills development, employment equity, procurement, housing and rural development.

A Transformation Advisory Committee has been established to drive the process, comprising board members (executive and non-executive), operations management and an independent external advisor from Deutsche Bank. The committee, which meets quarterly, has a clearly defined and board approved mandate to:

- develop an ownership/shareholding structure that is reflective of South African society;
- ensure that appropriate structures have been established throughout the organisation for dealing with such issues as affirmative action, Black Economic Empowerment (BEE), affirmative procurement, and housing;
- ensure that the board is kept up to date on issues of transformation;
- brief the DME on all activities relating to transformation on a regular basis; and
- drive the process of transformation through the various structures established within the organisation to ensure the implementation of plans, guidelines and different interventions as vehicles for delivering transformational goals.

Transformation Steering Committees have also been established at the Rustenburg operations, Marula Platinum and Refineries. The aim of these committees is to:

- identify and address issues that create barriers to transformation;
- ensure the achievement of objectives, goals and targets;
- observe and monitor progress, frustrations and hindrances brought about by the various interventions; and



Far left and left: Female engineering learners complete hands-on training at our Rustenburg operations.



Impala Medical Services provides comprehensive healthcare to employees and their dependants.

- assist line management to achieve targets through appropriate action plans.

In addition, recognising that the biggest challenge to transformation lay at our Rustenburg operations (where some 26,373 of our employees are located) a dedicated Transformation Management Department was established there in June 2004 with the specific mandate to manage the issues relating to the Mining Charter and to ensure that our Rustenburg operations meet and adhere to the specifications as set out in the Charter. Johanna Tau has been appointed as the Transformation Manager and is responsible for overseeing and managing the following disciplines:

- Communications
- Corporate Social Investment
- Employment Equity
- Public Relations
- Recruitment and selection
- Women employment in mining

The Transformation Management Department is also directly responsible for:

- developing strategies for driving HR-related transformation issues, such as employment equity; 10% of women in mining; and 40% of historically disadvantaged South Africans (HDSAs) in management;
- establishing and managing effective and efficient central recruitment and selection procedures;
- aligning recruitment practices with succession, employment equity and women in mining targets for the Rustenburg operations;
- ensuring fair selection practices in compliance with Impala's policies and procedures, the Basic Conditions



A female artisan at work in the Rustenburg operations.

- of Employment Act, the Labour Relations Act, the Employment Equity Act, the Minerals and Petroleum Resources Development Act and the Immigration Act;
- CSI initiatives aimed specifically at rural development in mining communities; and
- managing effective and efficient internal communication to all employees and the local community.

Diverse communication initiatives have been implemented, including a bi-monthly Transformation Management e-news Update; a series of informative videos on Employment Equity, the Transformation Department, Women in Mining, and new or updated corporate policies; and road shows on these issues targeted at all levels from management down to the crew captains at the shafts.

Transformation strategy

Implats' transformation strategy aims to be all encompassing and is structured around the dictates of the Mining Charter. The key components of the strategy are as follows:

- **Employment equity** – The group currently has 29% HDSA representation at management level (non-white male and all females). This will be redressed to achieve the requisite 40% by 2009 via accelerated training programmes, mentorship schemes, proper succession planning and recruitment practices, with a special focus on women (currently 3% versus target of 10%). The appointment targets for fulfilling this objective are set out in Table 4. At the same time, the composition of the board of directors will increasingly become more demographically aligned. 42% HDSA representation (including white women) has already been achieved. The employment equity status at the group's operations is detailed on pages 91 to 95.

- Skills development** – Social and Labour Plans (SLPs) have been prepared and submitted to the DME for all Implats' operations in South Africa. The group will continue to allocate a minimum of 5% of the total payroll to training and development initiatives. These will include, *inter alia*, training 800 employees a year in functional literacy and numeracy, as part of Implats' commitment to offering every employee the opportunity to acquire these basic skills (currently 21.7% of our employees are literate and numerate); providing career path plans to facilitate individual development and succession planning as well as our employment equity ambitions through accelerated training of HDSAs; rolling-out our new mentorship strategy which aims to provide mentors for all succession plan successors, bursary students and accelerated candidates; implementing further portable skills training courses; providing internships, bursaries and entrepreneurial training opportunities to HDSA candidates and employees' children, including sustained involvement in the Da Vinci Women in Mining project (detailed on page 104); and expanding the Impala Schools Project, which aims primarily to enhance the teaching and understanding of mathematics, science and English among educators and learners (detailed on pages 116 and 117).
- Living conditions** – Various initiatives are being driven to improve the living conditions of our employees. These include a housing policy that aims to minimise single sex accommodation by increasing local labour levels (currently 75% at group level), downscaling hostel accommodation (from the present 9,600 residents to 7,953 residents in 2009) providing a choice of accommodation to all employees, promoting home ownership and assisting employees achieve this ideal and measures to prevent squatting; a policy of non-discrimination against migrant labour; and the development and implementation of enhanced nutrition programmes. (For more details, refer to pages 96 to 98).
- Community and rural development** – Driven largely through the corporate social investment programme, Implats aims to alleviate poverty in the communities where the operations are based as well as our labour-sending areas by ensuring 10% real growth in the total local spend associated with each site (i.e. the operations, through community projects and by employees, visitors, suppliers and local service providers). The group also supports projects in education (predominantly the development of mathematics, science and English skills), healthcare (focused particularly on HIV/AIDS awareness and home-based care facilities for HIV/AIDS patients), enterprise development (with the emphasis on entrepreneurial BEE businesses through which the group can increase its affirmative procurement spend), environmental awareness education (at school and community level), and infrastructure development (working collaboratively with local authorities and industry). Implats' socio-economic development initiatives are detailed on pages 109 to 126.
- Procurement** – An Affirmative Procurement Policy has been approved that gives HDSAs preferred supplier status. Plans are in place to grow the current 23% HDSA spend to 30% by 2009.
- Beneficiation** – Implats is committed to exploring all opportunities in beneficiation with a view to pursuing those that make commercial sense. Levels and targets have been identified for domestic value-add and autocatalyst recycling projects.

Table 4: Appointment targets to achieve 40% HDSAs at management level, Implats total, FY2005 to FY2007

Level	FY2005	FY2006	FY2007	Total appointments
D1	22	21	21	64
D2	11	16	16	43
D3	7	7	7	21
D4	2	3	3	8
E1	7	9	6	22
E2	0	2	2	4
E3	2	1	1	4
E4	0	0	0	0
F	0	0	1	1
TOTAL	51	59	57	167

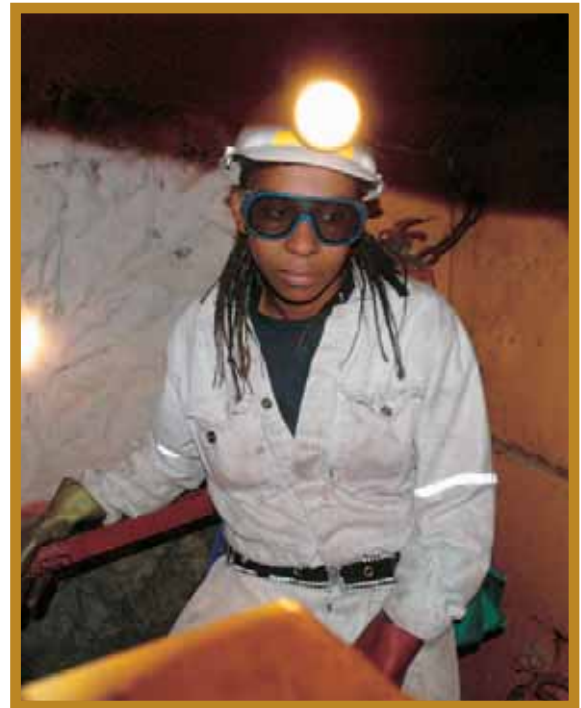
WOMEN IN MINING PROJECT

The Mining Charter's call for a minimum of 10% of the mining industry's workforce to be women by FY2009 imposes a legal obligation on Implats (and other mining houses) to employ additional women in mining. The requirement also forms part of an overall social and moral obligation to transform the organisation in terms of demographics and eliminate discrimination against employees (or potential employees) on the basis of race, gender, religion, physical disability or any other non skill-related criteria.

With this in mind, Impala has embarked on a Women in Mining (WIM) Project which has as its ultimate objective the employment of an additional 300 women at the Rustenburg operations during FY2005 and a further 500 women annually over the next four years. As a result of past discriminatory practices, a competent pool of female employees who can readily assume higher positions within

the organisation, does not yet exist and accordingly the initial focus is on employing women in selected "barrel" occupations namely Bell and Box Attendant, Pump Attendant, Cage Helper, and Chairlift Attendant. Opportunities in production are being further investigated, and will be introduced from 2006.

Importantly, the women employed as part of the WIM Project are determined to be treated as equals with their male counterparts: they neither want nor expect special treatment on the grounds of their gender. An advantage for the company is that they are mostly drawn from the local communities where they live at home with their families, so there are no special accommodation needs.



Employees appointed to the production environment as part of the Rustenburg operations' Women in Mining project, performing tasks that have traditionally been reserved for males. Clockwise from left: In the smelter; underground in the mines; and in the engineering workshop.

Table 5: Additional women employed within Impala's Rustenburg operations, target and actual, FY2005

Operational area	Target appointments FY2005	Actual appointments FY2005
Rustenburg shafts	232	193
Mineral Processes	19	25
Services	49	66
TOTAL	300	284

The WIM Project extends further than the appointment of women into traditionally male-dominated professions, it also embraces several inter-related logistics and other issues, such as:

- **Risk management** – All occupations in which Impala either has employed or intends employing women have been identified and the associated occupational and other risks determined.
- **Lockable, unisex latrines underground** – Investigations show that a total of 415 underground toilets are required to accommodate women mining employees. The overall spend on converting 207 current latrines to unisex toilets in FY2005 amounted to R0.9 million and a further R1.2 million has been budgeted for FY2006.
- **Change houses** – The majority of the shafts at Rustenburg operations need to build new or convert existing change houses to accommodate female employees. An estimated R110,000 was spent on converting change houses in FY2005, with a further R11.3 million and R8 million budgeted for building new facilities in FY2006 and FY2007 respectively.
- **Clothing** – Most women employees prefer two-piece suits, which have been sourced and are now included as a standard item. Likewise, a supplier has been found for safety boots with steel-caps and gumboots in the smaller sizes required by women employees.
- **Sexual harassment** – A detailed Sexual Harassment Policy has been developed and implemented, which outlines the procedures to deal with sexual harassment in all its forms in the workplace, if and when it arises. Awareness of the policy and its contents has been raised via “Team Spirit”, Transformation Management Update (electronic newsletter) and a video shown to employees at the shafts and other functional operations.
- **Pregnancy** – An updated Pregnancy Policy has been developed and implemented, the essence of which has been communicated using platforms similar to those used to communicate the new Sexual Harassment Policy.

The policy embodies Impala's commitment to the Code of Good Practice on the protection of employees during pregnancy and after the birth of a child, in accordance with the Basic Conditions of Employment Act of 1997. Among the specific issues addressed in this policy are the importance of pregnancy screening in terms of heat-tolerance and other occupational risks. High-risk occupations include all underground occupations, occupations with potential risk to physical or chemical hazards, and other physical stressors such as vibration, noise, smoke and dust.

- **Physical ability testing** – Currently no physical ability testing is performed on employees. The aim is, however, to investigate the feasibilities of such screening on all employees. A scientific screening process is being investigated, using body mass index rather than pure body mass. To this end, Refineries has requested the assistance of North West University.
- **Contractors** – Although Impala has no direct control over the affairs of its contractors, the company has begun monitoring the latter's progress towards the 10% women targets – especially as this could impact on the facilities available at the Rustenburg operations' site. Consideration is being given to including women in mining targets as contractual criteria, with appropriate penalties for non-compliance, should this become necessary.
- **Women's experience underground** – The first women were employed underground at No.1 Shaft. These women were interviewed after two months of employment and responded as follows:
 - they are proud of their jobs and do not want to be assisted by their male colleagues e.g. to help carry their tools;
 - there is an environment of mutual respect;
 - they were taught by their male colleagues how to secure sufficient space for themselves in a full cage so as not to get trapped;



Impala has embarked on a Women in Mining Project, which aimed to employ an additional 300 women at the Rustenburg operations during FY2005.

- a Sampling Helper, who is expected to report on surface at times, responded that she prefers working underground and not on surface, because there is more action underground;
- Cage Helpers admitted that the physical work was strenuous at first, but once they become comfortable with it, they managed the work with ease; and
- the overall feedback of the women was very positive, especially when enquiries were made regarding their first pay cheques. They expressed their appreciation at being given the opportunity to be employed and to support their families financially.

- and are investigated by line management, security management and internal audit. The outcome of all such investigations is communicated to the chairman and CEO of Implats, leading to the institution of appropriate action (e.g. criminal prosecution or pertinent disciplinary procedure).

Likewise, the group takes an unequivocal position prohibiting bribery and other corrupt practices. An Ethics Policy is in place, which aims to provide a framework for eliminating any unethical business practices among both employees and suppliers. The policy is supported by thorough internal auditing procedures, as well as by facilities enabling employees to disclose malpractice.

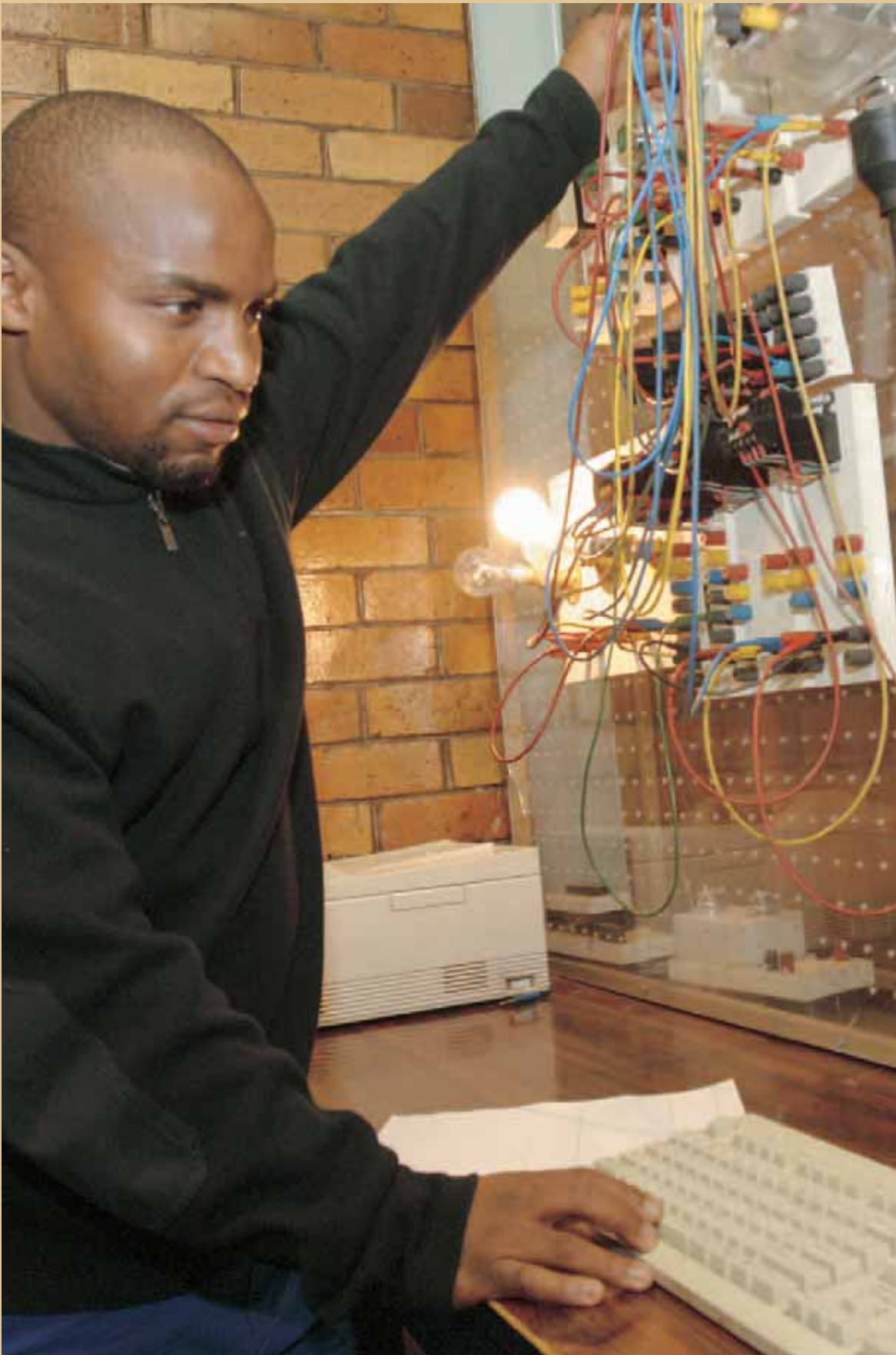
FRAUD, BRIBERY AND CORRUPTION

Implats subscribes to zero tolerance on fraud and corruption, underpinned by a detailed ethics policy, and complies fully with The Prevention and Combating of Corrupt Activities Act of 2004.

Aiming to facilitate the reporting of misconduct, criminal activities or suspected corruption, the group uses the services of Whistle Blowers, an independent 24-hour call centre to which employees, contractors, suppliers and/or customers can report activities involving fraud and corruption. Calls made to Whistle Blowers are fielded by multilingual operators trained to obtain relevant information from the informant, who may remain anonymous. All cases are categorised into three classes – high, medium or low priority

Tip Offs Anonymous (Mimosa)

The Tip Offs Anonymous programme, which Mimosa Mine embarked on in April 2004 and is managed independently by Deloitte, continues to afford employees the opportunity to report anonymously on fraud, theft, conflict of interest, corruption and any other forms of unethical behaviour. Postage-free envelopes are made available to employees for this purpose. Other facilities like telephone, fax and e-mail are also used to make anonymous reports. In addition, financial rewards are provided to individuals who suggest security systems improvements or whose tip-offs lead to the recovery of goods or conviction of the offender. Participation through Tip Offs Anonymous is open to all stakeholders, including suppliers and customers.



An artisan tests an electrical panel at our Rustenburg operations.