

## Engaging with our stakeholders

The stakeholder base of Implats and its diverse operations comprises several interest groups, namely our shareholders and the investor analyst community; our workforce (both direct employees and contractors) and their union representatives; our business partners, suppliers and customers; the communities where we operate; and the authorities under whose jurisdiction we fall. We endeavour to build trust-based relationships with each of these stakeholder groups through regular engagement on pertinent issues in a spirit of honesty and transparency, using appropriate communication channels for each.

# stakeholders

## SHAREHOLDERS, INVESTOR ANALYSTS AND THE MEDIA

Implats communicates regularly with its shareholders regarding the group's financial and operational performance. All communications with interested institutional and private investors are undertaken with due regard for the statutory and regulatory requirements on the communication of price-sensitive information by the company and its officers. Various media are used, including:

- abridged interim and annual financial statements, published in the major daily newspapers and on the Stock Exchange News System (SENS);
- interim financial results and annual financial reports; and
- *ad hoc* notices and/or circulars, published in the major daily newspapers and on SENS.

The shareholder communication functions of the group secretary and the share registrar are supported by an investor relations programme, which operates in South Africa, Europe, the United States, Canada and Australia. This programme, which aims to maintain contact with institutional shareholders, fund managers and analysts, comprises diverse initiatives such as formal disclosure of the financial results, road shows, press releases, *ad hoc* investor meetings, participation in investment conferences, the Implats website and scheduled teleconference calls. In addition to the requisite interim and annual financial statements, reports and notices circulated to shareholders, Implats also distributes copies of media statements and other notices to journalists specialising in the mining sector. Investor analysts and media representatives are also invited to attend the six-monthly results presentations.

These initiatives aim to keep investors, fund managers, analysts, the media and the market fully, timeously and honestly informed on all developments regarding Implats and its operations.

Implats adheres to a strict policy of declaring a 'closed' period twice a year – from the end of the interim and full-year reporting periods until the results for those periods are announced. During these timeframes, senior executives of the group may not trade in shares in the company and interaction with shareholders and analysts is discouraged.

The investor relations function was strengthened during the course of the year by the appointment of Bob Gilmour as head of Investor Relations. He brings extensive experience to the position, having previously played various roles within the group – including Manager: Market Research, Manager: New Business and spearheading (together with Les Paton)

the Fixco initiative of the late 1990s, which saw Implats identify and roll-out Best Practices across the organisation, implement a cost-effective capital plan and unlock the potential of the workforce.

## WORKFORCE

Internal communications initiatives are in place, all of which are designed to facilitate the dissemination of key information to employees at various levels throughout the group, whether employed directly by Implats' operations or by our contractors. Diverse media channels are utilised to accommodate the specific message and audience. Structures are also in place to encourage two-way communication and facilitate feedback on key issues.

In general, internal communication is viewed as a line function, which implies that communication follows the line of responsibility within the existing organisational structure. As such, internal communication is not a centralised function but rather an integral part of everyday activities. Accordingly, communication representatives have been appointed to create a semi-formal network throughout the organisation.

## IMPALA

Impala's Internal Communications Department strives to practise and promote a climate of open and honest debate through effective and efficient communication practices. This is achieved by adhering to several key communication principles, which include:



**An engineering learner acquires practical skills at our Rustenburg operations.**

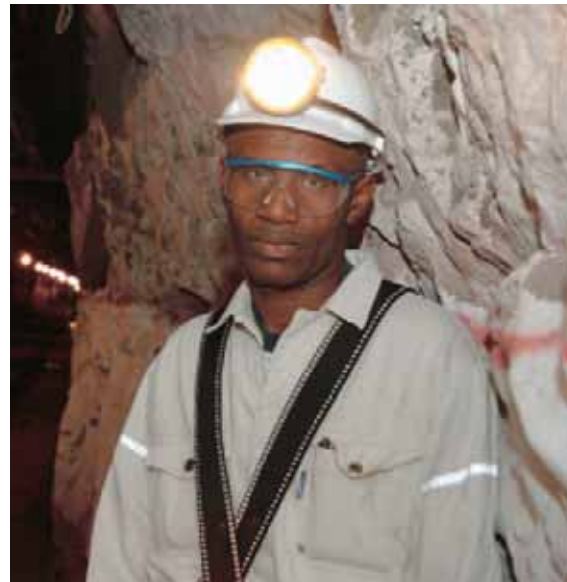


**Internal communications initiatives are in place to ensure our employees are informed of corporate developments.**

- disseminating information that is timely, accurate and complete;
- enabling two-way communication that allows for feedback from all levels of the organisation;
- facilitating joint communication with employee representative structures on issues relating to employee benefits and remuneration;
- creating and maintaining appropriate support structures to empower employees to take ownership of communication;
- promoting participation and involvement from all levels of the organisation through effective and timely communication;
- recognising employees' rights to information about the company – both the good and the bad news;
- practising and promoting transparency through open and honest communication; and
- being proactive in communication through proper planning.

The overall objectives of the internal communication strategy are four-fold, namely:

- **Inform** – Keeping employees informed on work-related matters, such as production targets and results; work planning and methods; roles and tasks; financial budgets and expenditure; and rewards and benefits.
- **Regulate** – Maintaining work controls and standards, via policies and procedures; rights and obligations; work standards; safety, health and the environment regulations; and security.



**Environmental Officer, Eugene Ngwenya, pictured underground during an internal environmental audit.**

- **Educate** – Enabling employees to attain change and improvement, through training and development; information on markets and customers; highlighting excellence and best practices; introducing new technology; and explaining organisational changes.
- **Integrate** – Building morale, trust and identity, by sharing the group's values, mission and vision; company image and identity; constructive industrial and community relations; celebrating progress and achievements; and spelling out the company's future plans.

### Rustenburg operations

Effective communications is an ongoing challenge at our Rustenburg operations, largely as a result of the diverse composition and enormous scale of the workforce. This is addressed by adopting the following main communication channels:

- A Briefing Group System, which uses written and verbal communication in English and Tswana to cascade information to the estimated 28,000 people employed on site. The efficacy of each brief is monitored through structured feedback.
- Employee Communication Forums, one each for the diverse functions on site, which meet monthly to learn/share best practices and to source verbal feedback (in the language of choice) on communication issues.
- A monthly Management Communication Forum, attended by heads of department, at which key communication issues, such as those raised by the

Employee Communication Forums, are discussed and feedback provided.

- "Team Spirit", a bi-monthly, 20-page, in-house staff magazine that targets the literate population throughout the Implats group. The content of each issue covers news from all group operations as well as top-down corporate information in an effort to inform and educate employees.
- A Quest Hotline, through which employees may ask questions about any aspect of the group or its operations, or register concerns, complaints and compliments on any issue. Official responses are sought from the relevant manager or executive and are published in subsequent issues of "Team Spirit". A monthly Quest Report is also compiled for the Management Communication Forum and may highlight the need for a targeted communication strategy on a specific issue.
- Billboards and posters, which are used to communicate strategic issues and behavioural values to employees and visitors to the site (i.e. suppliers, customers, contractors, community members).
- Communication Boards, which have been mounted in the main employee traffic areas throughout the operations for the regular dissemination of communication briefs, newsletters and other communiqués, both in English and in Tswana.

- Newsletters for individual departments and functions, with the frequency determined by need. For example, there is a bi-monthly Transformation Management e-news update, a Weekly News Update, and a Communication Quarterly. The group's interim and annual financial results are also communicated to employees via dedicated "Team Reports".
- Public Address (PA) systems at the various shafts, which are used to announce targeted messages to employees in the language of choice.
- Videos, which are produced to communicate operations-specific or campaign messages to the workforce employed at the shafts. These videos are used daily and are generally changed on a fortnightly basis.
- The Intranet content, which is updated daily as a means of addressing the estimated 3,000 personnel who have access to the site on specific issues, in English only.
- A new employee induction programme, offered weekly in English and Tswana, which includes an Orientation Manual that is compiled and updated by the Internal Communications Department.

Surveys and audits are conducted on all of these communication channels on a regular basis to ensure their efficacy. Likewise all briefs are tracked to ensure that their content has been cascaded effectively. Communication training is also provided to line management and Briefing Group System leaders so as to equip them for their communications responsibilities.



**The implementation of the Women in Mining project at our Rustenburg operations has required that separate change house facilities, equipped with lockers, be provided for female employees.**



**A training session in progress at the upgraded Mineral Processes training facilities.**

### *Employee recognition*

An employee recognition scheme – called MERIT – was introduced in FY2005. An anagram of Motivation, Excellence, Responsibility, Initiative and Teamwork, the MERIT Awards scheme is designed to recognise and reward employees who personify these values in the workplace. Anyone is entitled to nominate a fellow employee for a MERIT Award, with adjudication being undertaken at management level. Awards may be made at four levels – Platinum, Gold, Bronze and Blue – each of which attracts prizes with specific monetary values (not cash). The winners of the Platinum MERIT Awards will be adjudicated quarterly to determine the MERIT Employee of the Quarter, with the quarterly winners becoming the finalists for the MERIT Employee of the Year Award.

### *Kopano Suggestion Scheme*

The Kopano Suggestion Scheme was implemented to improve safety, health, environment, efficiencies and cost-effectiveness at Impala. Ideas from own or external best practices, and employees are evaluated by multi-disciplinary forums for approval by Senior Management. Employees are encouraged through various communication media to submit their ideas. Ideas found to be viable are implemented, and the responsible employee is rewarded proportionately to the resulting improvement.

416 ideas were submitted in FY2005, of which 75 were implemented and realised a cost-saving of R8.5 million. Most of the savings are realised by incorporating the concept into the business plan.

### *Third Wave*

An extension of Fixco, the Third Wave Project embodies Impala's quest to become the employer of choice. At our Rustenburg operations, the Top Employer initiative focused during FY2005 on remuneration and benefits, leadership and value implementation, fairness at work, care and concern for employees, C5 supervisor and shift supervisor

training, the reintegration of mine overseers and mine managers, and investigating the viability of a Rustenburg Clinic. Cross-functional teams were established for each of these foci and were given a mandate to identify strategic issues, then develop and implement remedial actions.

For example, in the 'fairness at work' area, the design and implementation of a fair performance appraisal system was one of the most pressing issues identified. Impala has responded by developing an integrated performance management system that was approved by the Remuneration Committee of the Board in September 2004 and implemented. The system is currently applicable to all D- and E-level managers within the organisation. It is used to determine the bonus payments and annual increases of all E-level managers; and the annual increases of D-level managers. It is envisaged that, in time, the system will be expanded to include all C5 supervisors at our Rustenburg operations. This will be done in consultation with the relevant Unions and Associations at the appropriate time and at present no time frame has been determined for the system expansion to be implemented.

In the 'care and concern for employees' area, the establishment of a mentorship programme was identified as the most desirable initiative. Mentorship experts Clutterbuck & Associates were contracted to help establish an Impala-specific Mentorship Programme. This intervention was completed in April 2005 when the final matching sessions of mentors and protégés were held. After six months, a formal review of the programme will be conducted to determine whether it is functioning as intended, and to implement actions that will rectify any shortcomings that may exist.

With regards to 'benefits and remuneration', the harmonisation of leave benefits was identified as a key issue. This has been addressed and all employees at our Rustenburg operations are now entitled to 35 days' annual leave. The move has simultaneously simplified leave administration and reduced Impala's exposure to leave liability.



An employee recognition scheme – called MERIT – was introduced in FY2005.

These Top Employer aspects of the Third Wave Project have been concluded successfully and henceforth the maintenance thereof will be an operational matter.

### Refineries

Employees at Refineries receive copies of the "Team Spirit". They also have access to the Quest Hotline service. In addition to these, Refineries also has an internal hotline that is used as a communication tool between employees and management.

Green Area Meetings, which are areas designated for communication, take place at least once a week in all workplaces. Employees receive feedback on issues relating to safety, health and environment, production matters, projects, HR issues, security issues and any other matter of importance. Specific workplace employee relations matters are highlighted, discussed and resolved.

### MARULA PLATINUM

Marula Platinum publishes a monthly newsletter, additional to 'Team Spirit'. The mine also communicates through a briefing system, regular memoranda, Union structures and regular department issues.

All new employees undergo an induction programme introducing them to Marula Platinum and work-related issues. In addition, all employees are trained in core business occupations; and also attend ex-leave induction programmes to ensure that key information and/or changes are communicated effectively.

### ZIMPLATS

An in-house magazine called "Platinum News" was launched at the start of FY2005. A formal team briefing system has been put in place with the mandate to improve internal communication.

Two-way communication between management and employees is enhanced through monthly Works Council meetings, which are attended by six worker representatives and six representatives of management.

### MIMOSA

A Works Council, comprising equal representation from management and workers, is a legal requirement and meets once a month to discuss all aspects of the business. Reporting to the Works Council is a Workers' Committee comprising workers only, which also meets with Management on a regular basis to discuss various issues affecting workers and the business.

### *Suggestion schemes and rewards*

Mimosa continues to involve employees in the running of the business through two suggestion schemes:

- To improve SHE performance; and
- Concerning general continuous improvement where employees are encouraged to contribute to the continuous improvement philosophy. There are financial rewards for all suggestions that are implemented and which lead to operational improvements.



**Far left: Internal communication is viewed as a line function, which implies that communication follows the line of responsibility within the existing organisational structure.**

**Left: Community communication and liaison forums facilitate the flow of information between our operations and the surrounding communities. Pictured here are members of the Mafenya, Chaneng, Robega and Rasimone communities during a community liaison forum.**



**Open communication channels are vital for effective dissemination of information, while managing the perceptions of our various stakeholder audiences.**

## UNIONS (INCLUDING INDUSTRIAL RELATIONS)

Implats regulates the principle of freedom of association through compliance with the Labour Relations Act. The group has collective bargaining dealings on negotiations for wages and conditions of employment with unions, who must adhere to a Recognition and Procedural Agreement threshold minimum of 35% level of representation.

The group also participates in a Leadership Summit, which brings together the management of the group and leadership of the unions to discuss company-wide challenges.

### IMPALA

#### Rustenburg operations

Currently, just two unions qualify according to the parameter outlined above, namely the National Union of Mineworkers (NUM) and the United Association of SA (UASA). Representation is as follows: 62.9% belong to NUM and 8.4% to UASA. NUM's bargaining unit comprises non-supervisory employees (Category 3 to 8 and artisans) while UASA membership primarily comprises officials.

A total of 264,830 shifts were lost due to strike action during FY2005. Two events took place:

- A legal strike in October 2004 regarding a wage dispute, which involved all shafts and sections; and

- A two-day illegal strike on 25 and 26 October 2004, regarding a dispute concerning back-pay emanating from the wage agreement, which involved the north shafts only.

Formalised communications structures are in place at Impala and the shaft union, shaft committees and branch committees meet once a month to discuss issues such as transformation, employment equity, the Mining Charter and Employee Share Participation.

Forums have been established to promote harmonious employment relationships and improved productivity.

### Refineries

Industrial relations (IR) are regulated in accordance with Refineries' IR statement, which entrenches the principles of freedom of association in compliance with the Labour Relations Act.

A negotiated disciplinary code and procedure has been implemented. A grievance procedure is also in place. Employees have ready access to these and other HR procedures. Training is also provided.

A Recognition and Procedural Agreement regulates relations with the unions. Two bargaining structures have been established in accordance with this agreement.

Only two unions are recognised, namely the NUM and UASA. 57.7% of employees are members of NUM while UASA has 27.9% membership. Management representatives meet union representatives at least once a month to discuss and negotiate matters of common interest.

### MARULA PLATINUM

Marula Platinum embraces the principles of freedom of association and concluded a recognition agreement with NUM in April 2005 with membership threshold being at 50% plus one for recognition. Employee membership of NUM is currently 57%. Monthly meetings are held between NUM representatives and management, at which pertinent information is shared.

UASA has recently approached management on organisational rights and will be accommodated once the 50% plus one threshold has been established.

### ZIMPLATS

88% of the workforce at Zimplats is covered by National Employment Council (NEC) in terms of the Mining Industry's Collective Bargaining Agreement. 21% of employees are affiliated to the Associated Mine Workers' Zimbabwe Union

(AMWUZ), which is one of the unions registered to represent employees.

The business was affected by a three-day industry-wide illegal strike in October 2004, called by the union, in which 169 employees participated.

## MIMOSA

In general, the workforce at Mimosa is not highly unionised, with less than 20% of the employees being members of AMWUZ.

As a result, Mimosa generally enjoys a stable IR climate. However, an industrial action took place during 2004 and lasted three days. Since then, there has not been any industrial action.

Due to the good current IR climate prevailing at Mimosa, there are no cases under mediation or arbitration. However, there are 17 cases currently at the Labour Court, which arose from the unlawful industrial action of 2002. Day-to-day disciplinary cases continue to be dealt with harmoniously through the Management/Worker committees. Existing Codes of Conduct help in the administration of disciplinary issues.



**Two of the women employed at No. 1 Shaft at our Rustenburg operations. Feedback from the women working underground has been overwhelmingly positive.**

## BUSINESS ASSOCIATES, CUSTOMERS AND SUPPLIERS

The use of leading-edge technology, combined with the world-class operational processes, demands that emphasis be placed on the use of reliable and capable suppliers. Consequently, all Implats' suppliers are perceived as important assets where the business relationship is viewed as an ongoing and long-term development process.

As outlined on page 109 to 113, Implats is committed to increasing the group's spend with HDSA suppliers of capital goods, services and consumables, as well as to forming partnerships with HDSA enterprises. A proactive procurement policy has been developed to identify and develop accredited HDSA suppliers; as has a preferential procurement programme.

## IMPALA

### Rustenburg operations

The procurement department at our Rustenburg operations has compiled an extensive preferred supplier base that includes almost every category of product and service outsourced by the mines, Mineral Processes and services functions. Preference is given to BEE suppliers where appropriate.

### Refineries

At present, Refineries' approved supplier base of approximately 900 suppliers ranges in diversity from basic service provision to companies capable of manufacturing and installing major capital equipment on site.

Wherever possible, a policy of procuring goods and services from approved BEE organisations is actively promoted, with ongoing support being given to companies situated within the Ekurhuleni Metropolitan Municipality (the Ekurhuleni Metro).

## MARULA PLATINUM

Since its inception, Marula Platinum has given preference to local contractors and suppliers of goods and services and orders worth R10.3 million were placed with BEE companies in FY2005.

## COMMUNITIES

Implats is active in the communities surrounding the group's operations. In South Africa, these include Luka, Freedom Park, Kanana, Phokeng and Tlhabane (greater Rustenburg area, North West Province); Kwa-Thema and Daveyton (greater Springs area in the Ekurhuleni Metro, Gauteng); and Tubatse, Mecklenburg and Fetakgomo (greater Burgersfort area, Sekhukhune district, Mpumalanga). Open communication channels are encouraged to ensure that community issues are raised and addressed as amicably as possible.

### IMPALA

#### Rustenburg operations

A Community Liaison Officer, has been appointed with the mandate to establish forums in the communities neighbouring the mining operations.

Particular success was demonstrated at No. 20 Shaft, where construction commenced in FY2005. Four communities in the vicinity of No. 20 Shaft – Mafenya, Robega, Chaneng and Rasimone – have formed a collective community forum. In addition to regular meetings, the collective community forum has compiled a database of the unemployed residents of the respective communities. Impala analyses this database to procure unskilled and semi-skilled labour for the diverse construction activities, such as brick-laying and plastering.



**Members of the local communities attended an open day at our Rustenburg operations.**

Members of the four communities were also invited to attend an open day at No. 20 Shaft on 8 January 2005, which gave them valuable insight into the nature of the project and the potential opportunities for interaction between Impala and themselves. The success of this initiative is such that it is currently being duplicated at No. 16 Shaft, where construction also commenced in 2005.

Impala engages on a continuous basis with the Royal Bafokeng Nation (RBN) regarding the implementation of the provisions of the mineral lease agreement between the two organisations. The engagement platforms include four sub-committees, respectively addressing environmental issues, corporate social investment, procurement and human resource matters, and a bi-annual forum that serves to co-ordinate these and other activities of mutual interest.

A Royal Bafokeng Economic Board (RBEB), on which a representative of Impala serves, was registered as a Section 21 company in 2002. The RBEB's overall vision is to become economically self-sustaining by 2020 by attracting local, national and international investments that will create employment opportunities and empowerment. The key strategic objectives of the RBEB include diversifying the Bafokeng's income streams; developing products and services that create a self-sustaining community; developing RBEB into an effective and efficient business; managing a communication and education process with all stakeholders; and facilitating development of economic infrastructure. The portfolios of the RBEB comprise mining and construction; manufacturing and services; agriculture; training; tourism; sport; investment development; communications; and finance and administration.

Additionally, the Internal Communications Department distributes articles considered newsworthy to the local community to Rustenburg's community newspaper.

#### Refineries

Communications channels and relationships with the communities are maintained primarily through engagement with Ekurhuleni Metro Municipal Wards' Councillors. Refineries communicates with the Wards' Councillors regarding community projects, and they, in turn, communicate the details of these projects to members of the communities during their community meetings. The media also plays a key facilitation role in our communications with the communities and relationships with the local media have therefore been established.

An environmental open day is held annually at Refineries, with the primary aim of communicating with local residents regarding Refineries' efforts to minimise the impact of our operations on the environment.

## MARULA PLATINUM

The ever-increasing needs of poor communities in the vast rural areas of the Sekhukhune district, where Marula Platinum is located, are addressed by four key structures involving major stakeholders from the community, government departments and the private sector. They include:

- The Joint Development Forum (JDF), established in 2002 between the Sekhukhune District Municipality and its five local municipalities (Greater Marble Hall, Greater Groblersdal, Greater Tubatse, Makhudutamaga and Fetakgomo), together with various mining companies.
- The Steelpoort Valley Producers Forum (PF), which comprises Marula Platinum; ASA Metals; Lebowa Platinum; Modikwa Platinum; Samancor Chrome; Ataclay; Maandagshoek; Two Rivers; Dwarsrivier; and Xstrata.
- The Marula Community Trust, which was established in August 2004 for the benefit of the immediate communities, primarily through social and economic upliftment projects. Emphasis is placed on initiatives that promote education; enterprise development and job creation; health and welfare; and social infrastructure (see page 113).
- The Marula Working Committee, a representative committee set up by Marula Platinum to liaise between the local community and the mine.

These forums are based on a model that is considered by many as a tangible solution to the challenge of sustainable development in some of the poorest regions of South Africa. The model, which can be implemented in any situation where the public and private sectors are required to work together, supports the need to:

- provide democratic and accountable government for local communities;
- ensure the provision of sustainable services;
- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in matters of local government.

## ZIMPLATS

In keeping with Zimplats' overall stakeholder approach, the business engages in, develops and builds community relationships in the areas of community services, environment and heritage, education, training and business.



**The open day at No. 20 Shaft, at our Rustenburg operations, gave members of the community the opportunity to interact with Impala regarding the nature and scope of the project.**

## MIMOSA

One of Mimosa's ambitions is to foster a mutually beneficial relationship with our community. Achievement of this has started in earnest through the active pursuit of interactive and proactive investments that add considerable value to our communities.

A formal community liaison forum has been established which comprises representatives of Mimosa management, the local chief, local councillor, village heads and other community elders. Regular meetings are held, where mutually beneficial issues are discussed.

Since its establishment three years ago, this community and social investment committee has accomplished several community development projects, including the donations of funding and resources to local schools and other community structures. Through this social investment vehicle, Mimosa also helps the community by outsourcing to co-operatives some of its non-core activities such as office cleaning, maintenance of the slimes dams and roads.



**The Macharora Community Liaison Forum, comprising members of the Mafenya, Chaneng, Robega and Rasimone communities and Impala Platinum representatives.**

## AUTHORITIES

As a responsible corporate citizen, Implats endeavours to uphold the precepts of the local, provincial and national authorities that govern the districts in which the group's operations are located.

### IMPALA

#### Rustenburg operations

Our Rustenburg operations enjoy sound, long-standing relationships with the various authorities that govern the Bojanala District of North West Province. Amenable working relationships are also nurtured with provincial and national government departments, including the Department of Minerals and Energy (DME), Department of Water Affairs and Forestry (DWAF), Department of Environmental Affairs and Tourism (DEAT), Department of Health (DOH), Department of Labour (DOL), and Department of Agriculture, Conservation and Environment (DACET, specifically the Chief Air Pollution Control Officer (CAPCO)).

#### Refineries

Refineries has developed a strong working relationship with the Ekurhuleni Metro, and has aligned its community projects with the municipality's priorities. Sound relationships have also been established with the Gauteng Departments of Education, Social Welfare and Health. These diverse government departments work together with the Refineries on the community development projects that fall within their respective areas of focus.

Relationships with other companies and government are also nurtured at two forums:

- the Mining Forum, where companies and government departments share important information on mining issues affecting their areas of operation; and
- the HR Forum, at which the participating companies share pertinent information on HR practices.

In the process of maintaining and facilitating good industrial peace, the Refineries – as with all our South African operations – engages with the Department of Labour, through the CCMA, on dismissals and interest disputes; the Labour Court on rights disputes; and the Safety and Security Department to ensure that employees comply with Labour Court orders.

### ZIMPLATS

With regards to regulatory authorities, SMC continued to attend meetings of the Mupfure River Sub-catchment Council in FY2005. This body, which comprises various stakeholders from national government, local government, traditional chiefs and farmer organisations, provides a forum for discussing water management issues and no major issues were raised during the year.

In addition, Zimplats is a corporate member of the Business Council for Sustainable Development Zimbabwe (BCSDZ), whose main focus is to encompass sustainable development in business, involving the three interlinked pillars of economic growth, ecological balance and social progress.



The safety and well-being of our employees is an important aspect of our SHE systems.