

# Accountability

Implats, its board of directors, management and employees are committed to implementing best practice in terms of corporate governance. This commitment includes behaving with integrity in all that we do and being accountable for all our actions.





A board-level committee is tasked with the transformation of the company to more fairly represent the demographics of the country at all levels of the company

## Board of directors



1. Fred Roux



5. Thandi Orleyn



12. Cathie Markus



8. Thabo Mokgatla



13. Les Paton



6. John Roberts

## Independent non-executive directors

### 1. Fred Roux (58) (Chairman)

BSc, MSc, PhD, MBA. Non-executive director of Xstrata plc. Joined the board in 2004 and appointed Chairman in 2004.

### 2. Michael McMahon\* (59)

Pr.Eng. BSc (Mech Eng). Director of Gold Fields Limited, Murray & Roberts Holdings Limited. Joined the group in 1990 as managing director, appointed Chairman in 1993 and a non-executive director in 2002.

### 3. Vivienne Mennell (63)

BA, MBA, FCMA, THD. Joined the board in 1990 as financial director. Re-joined the board in 1998 as a non-executive director.

\* British

### 4. Khotso Mokhele (50)

BSc (Agriculture), MSc (Food Science), PhD (Microbiology). Director Mittal Steel South Africa Limited, President and Chief Executive Officer of the National Research Foundation. Joined the board in 2004.

### 5. Thandi Orleyn (50)

B Juris, B Proc, LLB. Joined the board in 2004.

### 6. John Roberts (64)

FCIS, FCMA, MBA. Joined the board in 1998.

### 7. Lex van Vught (63)

BSc (Hons) (Chemistry), B Comm. Chairman Tiger Brands Limited, Director AECI Limited. Joined the board in 2004.



9. Keith Rumble



11. David Brown



4. Khotso Mokhele



2. Michael McMahon



3. Vivienne Mennell



7. Lex van Vught



10. Shadwick Bessit

## Non-executive director

### 8. Thabo Mokgatla (31)

CA (SA). Financial Director of Royal Bafokeng Resources Management Services (Pty) Limited. Joined the board in 2003 as nominee of the Royal Bafokeng Nation.

## Executive directors

### 9. Keith Rumble (52) (Chief Executive Officer)

BSc (Hons), MSc (Geology). Joined the group in 2001 as Chief Executive Officer.

### 10. Shadwick Bessit (44)

NHD (Metalliferous Mining). Joined the group in 2002 as a general manager at Impala Platinum and appointed to the board in 2005.

### 11. David Brown (44) (Chief Financial Officer)

CA (SA). Joined the group in 1999 as Chief Financial Officer. Director of Simmer and Jack Mines Limited.

### 12. Cathie Markus (49)

BA, LLB. Joined the group as legal adviser in 1991 and appointed to the board in 1998.

### 13. Les Paton (54)

BSc (Hons) (Geology), B Comm, Pr. SciNat FGSSA. Joined the group as geologist in 1975 and appointed to the board in 2003.



## Executive Committee (EXCO)

Area of responsibility: Day-to-day management of group operations

**Keith Rumble** (Chairman)

Chief Executive Officer

**Shadwick Bessit**

Executive Director

**David Brown**

Chief Financial Officer

**Rob Dey**

Group Engineering Manager

**Derek Engelbrecht**

Marketing Executive

**Paul Finney**

Operations Executive – Refineries

**Bob Gilmour**

Group Investor Relations Manager

**Ramun Mahadevey**

Group Secretary and Senior Manager Legal Services

**Cathie Markus**

Executive Director

**Les Paton**

Executive Director

**Nonhlanhla Mgadza**

Group Internal Auditor

**Mike Rossouw**

Group Consulting Engineer – Assets and Risk

**Mike Teke**

Group Human Resources Executive

# Management



## EXCOM

Area of responsibility: Interfaces between board and management and in particular reviews board papers and submissions, and ensures implementation of board decisions

**Keith Rumble** (Chairman)  
Shadwick Bessit  
David Brown  
Cathie Markus  
Les Paton  
Ramun Mahadevey (Secretary)

## Hedging Committee

Area of responsibility: Hedging metal sales and conversion of foreign exchange proceeds to rands

**Keith Rumble** (Chairman)  
David Brown  
Derek Engelbrecht  
Johan van Deventer

## Risk Management Committee

Areas of responsibility: Minimising risk to assets and income-earning capacity

**Mike Rossouw** (Chairman)  
Shadwick Bessit  
David Brown  
Rob Dey  
Paul Finney  
Bob Gilmour  
Cathie Markus  
Chris McDowell  
Les Paton

# Corporate governance

Corporate governance in South Africa is regulated by the King Report on Corporate Governance. First issued in 1994, the King Report was revised and expanded in 2002 (King Report II) to cover boards and directors, accounting and auditing, internal audit and risk management, non-financial matters, compliance and enforcement. The King Report II incorporates best international practice. The JSE endorsed the King Report II by requiring disclosure of compliance and non-compliance (and the reasons therefore) in the JSE listings requirements. Implats' compliance with the King Report II is detailed and explained below.

## KING II recommendations

## Implats' compliance

### Board and directors

Unitary board structures comprising executive and non-executive directors.

Unitary board structure comprising five executive directors, seven independent non-executive directors and one non-executive director. Refer to pages 86 to 87.

The board to give strategic direction to the company.

A full-day session is held each year, attended by the board and senior executives of the company, to review strategy. Once issues are identified, they are reported on and monitored by the board at each quarterly board meeting.

The board should ensure that the company complies with all relevant laws, regulations and business practice.

At the instance of the board, an intensive audit was undertaken of all legal compliance issues. The findings are reported to the board on an ongoing basis. No major areas of concern were identified and steps are being taken to rectify minor issues identified.

The board should define clear levels of materiality and reserve specific power to itself, and delegate other matters by written authority to management.

The board has a formal board charter regulating the role of the board and outlining matters reserved for board approval. An approval framework defines the delegated authority of management.

The board should have access to independent professional advice.

In terms of a written policy (which also stipulates the procedure to be followed), board members, assisted by the company secretary, have access to independent professional advice.

The board should identify and monitor non-financial aspects of the company.

Safety, health and environmental issues are reported at quarterly board meetings. Corporate social investment is included in the company's business plan. The company also produces a Corporate Responsibility Report dealing with issues such as safety, health and the environment.

The board should consider whether the company will continue as a going concern in the financial year ahead.

In place, refer to the Directors' report on page 112.

Items of special business in the notice of the annual general meeting should be accompanied by an explanation of the effects of the special resolutions.

In place, refer to page 102.

Encourage shareholders to attend general meetings and the chairman of board committees should attend annual general meetings.

Timeous notice of annual general meetings is provided. The chairmen of all board committees generally attend annual general meetings.

A brief CV of each director standing for re-election to the board should accompany the notice of the meeting.

In place, refer to page 95.

Every board should have a board charter setting out its responsibility.

The board has adopted a board charter which is available on the company website: [www.implats.co.za](http://www.implats.co.za).

### Board composition

The company should be headed by an effective board comprising a balance of executive and non-executive directors preferably with a majority of non-executive directors who are independent of management. In a South African context the demographics should also be brought into consideration.

The board comprises seven independent non-executive directors, one non-executive director and five executive directors: 46% of the board are HDSAs and 23% female.

Procedures for appointments to the board should be formal and transparent assisted by a Nomination Committee.

A Nomination Committee comprising three independent non-executive directors recommends candidates to the board for appointment. The procedure in recommending appointment to the board is formal and transparent.

Rotation of directors should be staggered.

Board members are elected for three-year terms of office. Re-election of board members is on a staggered basis to ensure continuity. An executive director retires at the annual general meeting following his/her 63rd birthday, and a non-executive director following his/her 67th birthday, provided that, in the case of a non-executive director, his/her term of office continues on an annual basis, if a majority of his/her co-directors so request.

## KING II recommendations

## Implats' compliance

### Chairperson and Chief Executive Officer

Chairperson should be an independent non-executive director. The chairman of Implats is an independent non-executive director as defined in King II.

Separation of the roles of the chief executive officer (CEO) and chairman. The role of the CEO and chairman are separate.

Board should appraise the performance of the Chairman on an annual basis or other such basis as the board may determine. The performance of the directors retiring by rotation was appraised by the board prior to their nomination for re-election. This is standard procedure and is included in the terms of reference of the Nomination Committee. See page 97.

The performance of the CEO should be evaluated annually and the results of the evaluation considered by the Remuneration Committee. The Remuneration Committee appraises the performance of the CEO against pre-agreed criteria at the end of each financial year.

### Directors

Executive directors should be encouraged to hold other non-executive directorships to the extent that they do not interfere with their executive duties. In terms of written policy, executive directors and senior managers are encouraged to hold non-executive directorships. Executive directors do hold external directorships in companies in which the group has interests and limited directorships in companies in which the group has no interest.

Formal induction programme and training should be provided for directors. A formal induction and orientation programme has been established for directors, in line with the terms of reference of the Nominations Committee. See page 97.

### Remuneration

Remuneration Committee to be appointed comprising independent non-executive directors. Details of the Remuneration Committee membership can be found below.

Chairman of Remuneration Committee to be an independent non-executive director and attend the annual general meeting to answer questions from shareholders. The chairman of the Remuneration Committee, an independent non-executive director, attended the annual general meeting on 19 October 2005.

Full disclosure of directors remuneration on an individual basis including share options granted to directors. Full disclosure of the directors' remuneration, bonus and share scheme is given on pages 113 to 116.  
No share options have been granted to non-executive directors.

Executive directors' fixed-term contracts should not exceed three years without prior shareholder approval. No contracts of employment for a period exceeding three years exist.

Remuneration philosophy should be disclosed. The remuneration philosophy of the group is disclosed in the report from the Remuneration Committee on page 96.

Remuneration of non-executive directors should be approved by shareholders prior to payment. The remuneration for non-executive directors for FY2006 was approved at the last annual general meeting and only paid to directors once approved by shareholders.

### Board meeting

The board should meet at least once a quarter and more frequently if circumstances require. Attendance by the directors at board and committee meetings should be disclosed in the annual report. The board meets regularly – six times a year – to review the operational performance of the group, strategic issues, the business plan, acquisition, disposals and other major contracts and commitments. The board meets on an ad hoc basis to consider specific issues, if the need arises. Details of attendance at board and committee meetings is given on page 96.

The board should be briefed timeously and relevant information should be subject to internal controls to ensure a high standard of reporting at all times to enable the board to make informed decisions. Board papers are distributed to board members approximately seven days prior to board meetings. Board papers are reviewed by an executive committee, Excom, which comprises the CEO, the chief financial officer, executive directors and the company secretary, to ensure that pertinent and sufficient information is provided in board papers.

Non-executive directors should have access to management without the attendance of executive directors. Non-executive directors interact directly and informally with management regularly.

## KING II recommendations

## Implats' compliance

### Board committees

Board committees should:

- ▶ assist the board in fulfilling their duties;
- ▶ be established with clear terms of reference;
- ▶ ensure transparency and disclosure by the board; committee to the board;
- ▶ be free to take independent professional advice;
- ▶ provide a brief remit of their duties and details of attendance at their meetings; and
- ▶ be subject to regular evaluation.

The board has established four board committees:

- ▶ Audit Committee
- ▶ Safety, Health and Environmental (SHE) Audit Committee
- ▶ Remuneration Committee
- ▶ Nominations Committee

All committees have been established in terms of clear written terms of reference and are chaired by independent non-executive directors.

All committees report back regularly to the board at board meetings. A report from the chairman of and the minutes of the relevant committee meeting are tabled at the board meeting. Members of board committees are able to request outside independent advice when required. A brief description of each committee and its respective terms of reference are set out below under the relevant headings. The Nominations Committee oversees the evaluation of the effectiveness of all board committees and, where necessary, issues have been addressed.

### Board and directors' evaluation

Retiring directors are evaluated prior to their nomination for re-election. In accordance with the terms of reference of the Nomination Committee, assessments of the board are conducted every two years; of board committees every alternate year; and of directors retiring in terms of the articles, annually. During the year, assessments were conducted on all of the board committees and retiring directors.

### Dealings in securities

The group observes a closed period from the end of the relevant accounting period to the announcement of the interim or year-end results, as the case may be, during which neither directors nor officers may deal, either directly or indirectly, in the shares of the company or its listed subsidiaries.

### Company secretary

Board members have access to a group secretary to provide guidance on their responsibilities and the discharge thereof.

### Risk management

Express an opinion on the effectiveness of the risk management process by considering annually a special report developed for this purpose.

Completed for 2005/6. In future this assurance will be provided by Internal Audit as required.

Evaluate the extent to which management has implemented and is applying the risk management policy by considering annually a special EXCO report developed for this purpose.

In place and ongoing.

The board to satisfy itself that management has implemented and the organisation adopted an integrated and proactive risk management methodology that considers all internal and external risks to the business by endorsing the risk management manual.

In place; however, the integration of strategic and operational risks is not complete and requires that executives co-ordinate their strategic/business plans with related implementation/operational risks.

KING II recommendations

Implats' compliance

Risk management

Identify and manage the strategic risks of the group on an ongoing basis

In place. The board reviewed the following strategic risks in FY2006:

- ▶ Stakeholder support (investors, environmental interests, business partners, employees and communities)
- ▶ Human resource management
- ▶ Permission to operate (legal and regulatory)
- ▶ Costs
- ▶ Reliability of assets
- ▶ Production
- ▶ Market
- ▶ Political/country
- ▶ Project implementation
- ▶ Technology competitiveness (production, services and management)
- ▶ Strategy and planning
- ▶ Safety and health

Formally disclose the board's role in enterprise-wide risk management and management's compliance by including appropriate affirmations in the annual report.

Completed.

Endorse an enterprise-wide risk management policy and hold management accountable for implementing this policy as an integral part of the day-to-day activities of the business.

In place; however, there is ongoing activity to improve the performance of lower levels of management.

Ensure appropriate structures are in place to formally discharge its responsibility for risk management by endorsing the group strategy and executive role responsibility matrix.

Complete; refer to the roles and responsibilities as set out in the terms of reference of the Charter of the Executive Committee (Exco). At an operational level, a review will be conducted to assess the effectiveness of the roles and responsibilities of the members of Exco.

Ensure management regularly monitors and improves risk control/mitigation measures by including risk management as part of its performance system.

In place; however, not all business plans incorporate fully integrated risk assessments as an integral part of planning. All key performance indicators are defined from the level of CEO downwards.

Ensure the organisation's confidential reporting (whistle blowing) process covering fraud and other risks operates effectively and is regularly reviewed.

In place.

Set the group's tolerance/appetite for risk in pursuance of its objectives by endorsing relevant risk tolerance affirmations

In progress.

Disclose and explain the risks inherent to the business by endorsing a report on Implats' external risks.

Completed.

Ensure a documented and tested process exists that enables the critical aspects of the business to continue to operate following a disastrous event by expanding and integrating existing business plans.

In progress as part of the annual business planning cycle.

Internal audit

An independent, objective, assurance function, which holds regular meetings with management and the Audit Committee; has direct access to the chairman of the board; and independently monitors the internal control systems. The Audit Committee gives input on the scope of coverage and approves the internal audit plan.

## KING II recommendations

## Implats' compliance

### Sustainability reporting

The group publishes a Corporate Responsibility Report in conjunction with the Annual Report. Details of this report are available on the company's website: [www.implats.co.za](http://www.implats.co.za).

### Code of ethics

Implats has a bona fide code of business practice to which all employees and suppliers are expected to adhere. The policy outlines conflicts of interest, the prevention of dissemination of company information, the acceptance of donations and gifts, and protection of the intellectual property and patent rights of the company. The policy outlines the disciplinary action (including dismissal or prosecution) which will be taken in the event of any contravention.

## Accounting and auditing

### Auditing and non-auditing services

Audit Committee should recommend the appointment of auditors and approve the use of the external auditor for non-audit work.

The appointment of external auditors is recommended by the Audit Committee for consideration by the board. The use of the external auditors for non-audit services is regulated by the Audit Committee and the nature and extent of their use for non-audit tasks is disclosed in the Annual Financial Statements. A policy document has been prepared and enforced regarding the appointment of auditors for non-audit services.

Meetings are held on a regular basis between the external auditors and internal auditors to discuss the scope of audit plans and matters of mutual interest.

## Reporting of a financial and non-financial nature

### Information

The board reviews the going-concern statement at year-end and reconsiders such a statement at the interim stage.

### Audit Committee

Details of membership and attendance at Audit Committee meetings are set out on page 98.

### Relations with shareholders

Investors, fund managers, analysts, the media and the market are kept fully, timeously and openly informed on all developments. Implats communicates regularly with shareholders and other stakeholders regarding its financial and operational performance. Communication with interested institutional and private investors pays due regard to the statutory and regulatory requirements on the communication of price sensitive information by the company and its officers.

It is company policy to pay dividends twice a year, at the end of the interim financial period (when approximately one-third of the dividend is paid) and at the end of the financial year (when usually the remaining two-thirds are paid). While the payment of dividends is not guaranteed, they have been paid consistently. Currently, the dividend cover is 1.9. The company paid a special dividend of R55.00 per share during the year from cash available in excess of the company's requirements.

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 and Canada. This programme is aimed at maintaining contact with institutional shareholders, fund managers and analysts in these countries, as well as the media, and to undertake formal financial disclosure through the interim and annual results announcements, the annual report, roadshows, press releases, ad hoc investor meetings, participation in investment conferences and the website. In particular, roadshows and teleconference calls also provide investors with the opportunity to communicate with management and to make recommendations to the board. Management is also open to meetings requested by shareholders and contact details are available on the website.

The results announcements, both interim and annual, take the form of live presentations which are webcast simultaneously. International conference calls are also held. All presentations, webcasts and conference call transcripts are available on the website. In addition, copies of all presentations made by executive management are posted on the website.

### Communication

A statement on the directors and auditors responsibility in reporting in this financial statement is set out in Approval of the Financial Statements and Auditors report on pages 106 and 107.

## Board of directors

### Members

There are seven independent directors, one non-executive and five executive directors on the board.

Mr TV Mokgatla is not considered to be independent given his relationship with the Royal Bafokeng Nation, a substantial shareholder of the company.

During the year, Mr S Bessit was appointed as an additional executive director on the board. There were no other appointments.

The responsibilities of the board of directors are set out on page 90.

The curriculum vitae of all directors to be re-elected at the AGM are set out below:

**Khotso Mokhele** (50) BSc (Food Science), PhD (Microbiology) Director of Mittal Steel South Africa Limited, President and Chief Executive Officer of the National Research Foundation. Joined the board in 2004

**Keith Rumble** (52) (Chief Executive Officer) BSc (Hons), MSc (Geology)

Joined Richards Bay Minerals in 1980 as a smelter metallurgist where he worked his way to being appointed as General Manager in 1987. He was seconded to Rio Tinto Iron and Titanium Inc as a Director, International Sales and Marketing in June 1993, and was appointed Managing Director and Chief Executive Officer, Richards Bay Minerals in April 1996. From August 2000 to June 2001, prior to joining Implats in July 2001, as Chief Executive Officer he was President and Chief Executive of Rio Tinto Iron and Titanium Inc, based in Canada.

**Lex van Vught** (63) BSc (Hons) Chemistry, BComm

Became Chief Executive Officer of Chemical Services Limited in 1993. He was involved in several material acquisitions which resulted in the expansion of that company. In 1998, appointed Chief Executive Officer of AECL Limited, a position he held until his retirement in 2003. Currently Chairman of the boards of Tiger Brands Limited and the unlisted Savcio Holdings (Pty) Limited. Also, a non-executive director on the board of AECL. Joined the board in 2004.

**Thandi Orleyn** (50) BJuris, BProc, LLB

Admitted attorney. Practised as an attorney for the Legal Resources Centre, Head of the Independent Mediation Service of South Africa (IMSSA) and the Commission for Conciliation Mediation and Arbitration (CCMA). Has served on the boards of the South African Reserve Bank, the Office of the Banking Ombudsman, Johannesburg Roads Agency (Pty) Limited, Toyota South Africa (Pty) Limited and Landelahni Recruitment Services (Pty) Limited. Joined the board in 2003.

**Shadwick Bessit** (44) NHD (Metalliferous Mining)

Held numerous production management positions in the gold mining industry. Joined the group in 2002 as a General Manager at Impala Platinum. Appointed Operations Executive: Rustenburg in June 2005 and an Executive Director on the Implats board in November 2005.



Attendance at board meetings during the year is detailed below:

Attendee	Date of meeting				
	16 August 2005	24 November 2005	14 February 2006	12 May 2006	14 June 2006
FJP Roux (Chairman)	√	√	√	√	√
KC Rumble (CEO)	√	√	√	√	√
DH Brown (CFO)	√	√	√	√	√
CE Markus	√	√	√	√	√
JM McMahon	√	√	x	√	√
MV Mennell	√	√	√	√	√
K Mokhele	x	√	√	√	x
TV Mokgatlha	√	√	√	√	√
NDB Orleyn	x	√	√	x	√
IJ Paton	√	√	√	√	√
JV Roberts	√	√	√	√	√
LC van Vught	√	x	√	√	√
S Bessit			√	√	√

## Remuneration Committee

### Members

John Roberts – Chairman

Thandi Orleyn

Michael McMahon

The Remuneration Committee comprises three non-executive directors and is chaired by an independent non-executive director. The chairman of the board, chief executive officer and the human resources executive are invited to attend all Remuneration Committee meetings except when their own remuneration is under consideration.

It is proposed that Ms Thandi Orleyn become the chairman of the Remuneration Committee from 1 October 2006 as part of a board responsibility rotation process and subject to her re-election as a director as outlined elsewhere in this report.

### Remuneration policy and strategy

Implats strives for competitive and fair remuneration practices that recognise individual and team achievement while ensuring organisational growth and prosperity.

Remuneration comprises a balanced mix of guaranteed and performance-enhancing incentives aimed at attracting and retaining the best talent at Implats. Incentives relate to the performance of the individual, the organisation and the share price.

The main functions of the Remuneration Committee are to:

- ▶ determine remuneration (basic pay, share schemes and other related incentives) for executive directors and senior executives;
- ▶ benchmark remuneration practices against both local and international best practice;

Attendance at Remuneration Committee meetings during the year was as follows:

Attendee	Date of meeting			
	15 August 2005	23 November 2005	13 February 2006	11 May 2006
JV Roberts (Chairman)	√	√	√	√
NDB Orleyn	x	√	√	√
JM McMahon	√	√	√	√

- ▶ ensure the implementation of innovative policies and practices to attract and retain the best talent at executive level;
- ▶ ensure the provision of fair, equitable and competitive conditions of service across the group;
- ▶ ensure the full implementation of a comprehensive talent management process, encompassing employee development and succession planning;
- ▶ monitor the full implementation of all transformation initiatives, which include those relating to employment equity (see table on page 101) and the Mining Charter; and
- ▶ monitor all retirement benefits; and
- ▶ recommend the fees for non-executive directors.

#### Bonus Scheme

Employees from Patterson E to F levels participate in a bonus scheme, which is based on individual achievement of balanced scorecard criteria, as set by the executive team and reviewed by the Remuneration Committee. The bonus is not guaranteed and the apportionment is based on the achievement by group companies of set goals against set criteria and includes value-added elements (volumes and costs), safety improvements and transformation.

#### Implats Share Appreciation Bonus Plan

The Implats Share Appreciation Bonus Plan was introduced in May 2005 to replace the Implats Share Incentive Scheme (which closed in October 2004 to future issues). The plan pays out in the form of a cash bonus, linked to the increase in the Implats share price on the JSE. All employees from Patterson D to F levels participate in this scheme.

#### Preferred Compensation Scheme

A Preferred Compensation Scheme was introduced in 2004 as part of the company's retention strategy and all employees from Patterson D to F Levels participated at the inception of the scheme. The company pays an amount equivalent to the annual bonus as a preferred compensation payment. This payment is taxed then invested into an endowment policy. The company contributes for up to five years and entitlement only vests provided the employee is still in the service of a group company. The scheme is used selectively for new entrants, particularly regarding the recruitment of critical skills, based on a motivation by senior management to the CEO.

A more detailed remuneration report may be found in the Directors' Report on page 113.

#### Nomination Committee

##### Members

Khotso Mokhele – Chairman  
Fred Roux  
Vivienne Mennell

Mr Khotso Mokhele was appointed chairman of the Nomination Committee on 30 June 2006.

The Committee comprises three non-executive directors. It assists the board in ensuring that the structure, size, effectiveness and composition of the board and its committees:

- ▶ are reviewed regularly;
- ▶ comprise the requisite mix of skills, experience, diversity and other qualities;

Attendance at Nomination Committee meetings during the year was as follows:

Attendee	Date of meeting			
	12 August 2005	23 November 2005	13 February 2006	12 May 2006
K Mokhele (Chairman)	√	√	√	√
MV Mennell	√	√	√	√
FJP Roux	√	√	√	√

- ▶ align with the strategic direction and requirements of Implats, and
- ▶ meet the requirements of sound corporate governance.

The Nomination Committee is responsible for ensuring that the board, its directors and its committees are assessed regularly; proposing adjustments to the board and its committees, as appropriate; planning for the succession of directors; recommending appointments and re-elections of directors; establishing a formal induction process and ensuring that a training and development programme is in place for board members.

During the year, evaluation exercises were conducted on all board committees and corrective action will be taken by the committee to address issues identified. In addition, the directors retiring and available for re-election were evaluated by their fellow board members who endorsed their re-appointment.

## Audit Committee

### Members

Lex van Vught – Chairman  
 Vivienne Mennell  
 Thabo Mokgatlha  
 John Roberts

The Audit Committee comprises three independent non-executive directors and one non-executive director. Its role is to provide assurance that relevant board duties are discharged by:

- ▶ monitoring the integrity of the financial statements and other relevant external financial reports of Implats and reviewing all significant inputs, judgments and outputs in order to

present a balanced and understandable assessment of the position, performance and prospects of Implats, as appropriate;

- ▶ reviewing the company's internal financial control and financial risk management systems in order to safeguard Implats' assets;
- ▶ monitoring and reviewing the effectiveness of Implats' internal audit functions; and
- ▶ recommending to the board the appointment of the external auditors, approving the remuneration and terms of engagement of the external auditors and monitoring their independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements.

The committee, in carrying out its tasks, has a wide range of powers to consult both internally and externally. The overriding principle is that the committee shall be provided with sufficient resources to undertake its duties.

Its terms of reference allow the investigation into any activity of the company and permit the seeking of information or advice from any employee in the course of its duties. The chairman of the Audit Committee meets at least once a year on an individual basis with the external and internal auditors, the chief executive officer and the chief financial officer without any other executive member of the board in attendance.

The Audit Committee oversees the Risk Management Committee. A 'whistle blowing' toll-free helpline is in place to facilitate the confidential reporting of alleged incidents which are communicated to the Chairman of the board.

During the year attendance at the Audit Committee meetings was as follows:

Attendee	Date of meeting			
	12 August 2005	17 November 2005	7 February 2006	4 May 2006
LC van Vught (Chairman)	√	√	√	√
MV Mennell	√	√	√	√
TV Mokgatlha	√	√	√	x
JV Roberts	√	√	√	√

## Safety, Health and Environmental Audit Committee

### Members

Michael McMahon – Chairman

Fred Roux

Khotso Mokhele

Tony Scurr (external consultant)

Keith Rumble (executive)

A board appointed Safety, Health and Environmental (SHE) Audit Committee has been in place since 1988. Its role in terms of its mandate is to monitor and review health, safety and environmental performance and standards. The SHE Audit Committee supplements and gives support, advice and guidance on the effectiveness or otherwise of management's efforts in the areas of safety, health and the environment. The committee consists of three independent directors, one executive and a consultant. The Chairman is an independent non-executive director.

The committee meets at least once a quarter. Meetings are held alternately at operations, coinciding with visits to sites of SHE importance/relevance or at Implats' head office. At all meetings, Implats' overall performance in all areas of safety, health and the environment is critically appraised. Internal Audit regularly reviews reporting systems to ensure that accidents and injuries sustained by employees/contractors are reported timeously and effectively.

Attendance at SHE Audit Committee meetings during the year were as follows:

Attendee	Date of meeting			
	11 August 2005	23 November 2005	13 February 2006	5 May 2006
JM McMahon (Chairman)	√	√	√	√
FJP Roux	x	√	√	x
K Mokhele	√	√	√	√
T Scurr #	√	√	√	√
KC Rumble*	√	√	√	√

# independent consultant

\* executive

## Risk management

Implats' Risk Management Policy and the Group Risk Report are available on the Implats' website under Corporate responsibility, Corporate governance, Group policies and Key documents.

### Risk assessments

The following strategic risk assessments were undertaken and completed in FY2006:

- ▶ A fatal risk peer review of Zimplats' operations
- ▶ Human resource baseline risk assessment
- ▶ Ambatovy baseline risk assessment
- ▶ Zimplats strategic baseline risk assessment
- ▶ Two Rivers Baseline Risk
- ▶ Ongoing project and business planning risk assessments

### Risk management process and systems

Following a board self-assessment of compliance in terms of recognised best governance principles in risk management in March/April 2005, the board adopted specific initiatives that, when completed, would give the board explicit assurance of its compliance.

Set out on page 92 is a summary of the initiatives approved by the board that are necessary to give assurance of the board's compliance with the King II Code of Corporate Practices and Conduct, as related to risk management.

## Insurable risks

In line with group policy, a review of the group's major insurable risks and associated potential losses was undertaken during the year. The company has taken steps to ameliorate potential losses through a variety of means. A comprehensive enterprise-wide risk management programme is in operation, which incorporates an appropriate level of group self-insurance. Conventional insurance policies are utilised to provide cover for the group over and above this level of self-insurance.

## Internal control system

The group maintains accounting and administrative control systems designed to provide reasonable assurance that the accounting records accurately reflect that all transactions are executed and recorded in accordance with sound business practices, the assets are safeguarded and that protection is provided against serious risk of error or loss in a cost-effective manner.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls has occurred during the year under review.



## Legislation

Impala Platinum and Marula Platinum have submitted applications for the conversion of their old order mining and prospecting rights to the Department of Minerals and Energy (DME) in compliance with the provisions of the Mineral and Petroleum Resources Development Act, Act 28 of 2002 (MPRDA). Officials of the DME have been consulted to ensure that all the requirements of the DME have been addressed, which will enable the conversions to be progressed.

The Precious Metals Act, Act 37 of 2005 was assented to on the 21 April 2006 and will come into effect on a date to be announced, presumably later in the course of 2006, when the regulations contemplated have been finalised. It is designed to promote the local beneficiation of precious metals and, together with the Diamond Amendment Act, Act 29 of 2005 (and the regulations thereto), provides for the establishment of a Precious Metals and Diamonds Regulator as well as a State Diamond Trader and Exchange, initiatives that government considers will add value to the South African mining and resources industry.

The National Treasury published a draft Royalty Bill for comment on 10 March 2003. Following extensive comments from the mining industry, the Royalty Bill was withdrawn and a new Bill is being prepared for comment. There is an industry-wide expectation that the Bill will be made available for comment later during 2006, in which event appropriate comments will be submitted to the National Treasury.

On 21 April 2006, the Department of Trade and Industry (DTI) published the Corporate Laws Amendment Bill for comment. The Bill contemplates changes to the Companies Act, Act 61 of 1973, as an interim measure pending the enactment of new legislation governing companies. The provisions of this Bill seek to give legal backing to accounting standards; provide for the appointment of auditors and audit committees as well as financial reporting standards; effect such amendments as will further the objectives of the Securities Regulation Panel; introduce a uniform standard of liability on officers performing duties in terms of the Act, and revise requirements regarding the disclosure of

information. The most significant change concerns the introduction of provisions relating to the ability of companies to offer financial assistance for the purchase of the company's shares, a material departure from the present limitations placed on companies in terms of the provisions of section 38 of the Companies Act. The expectation is that the proposed amendments will become law during 2006.

The DTI has been tasked with introducing an industry-wide code of best practice to regulate the empowerment environment in South Africa. A further draft of the code is expected to be made available for public comment during August 2006. Transformation in the mining sector is regulated by the provisions of the MPRDA and the Mining Charter. It is not anticipated that the Codes of Good Practice, when legislated, will have any material impact on empowerment requirements in the mining sector as this area appears to be well developed and applications for conversions of old order mining and prospecting rights are proceeding on the basis of existing empowerment requirements.

## Talent management

The organisation is committed to the process of maximising the potential of all our employees. All developmental programmes, succession planning, career path programmes and the bursary programme take cognisance of this commitment.

## Transformation

Implats' business plan includes interventions to support the transformation process within the company, to develop and empower its workforce, and to meet and exceed the requirements of the associated legislation, namely the Employment Equity Act, the MPRDA and the Mining Charter.

A Transformation Advisory Committee, which reports to the board, and operational transformation steering committees at each of the South African operations, have been established and specific numerical targets have been set over a five-year period to achieve a transformed workplace. The planned target levels and the levels of achievement are set out in the table on

	Total employees/members	Total HDSA*	% HDSA	Target (%) 2009
<b>HDSAs in management</b>				
Board	13	6	46	40
Senior management	84	21	25	40
Middle management	506	198	39	40
Total #	603	224	37	40

	Total employees/members	Total women	% women	Target (%) 2009
<b>Women</b>				
Board	13	3	23	10
Senior management	84	7	8	10
Middle management	503	88	17	10
Sub-total	603	98	16	10
Skilled	3,734	300	8	10
Non skilled	25,121	1,028	4	10
Total #	29,458	1,524	5	10

# Total employees/members in service at 30 June 2006 (including Impala Platinum and Marula Platinum). The targets as required by the Mining Charter are 40% HDSAs in management and 10% women in mining by 2009.

Note: The term HDSA refers to those employees so designated in terms of the MPRDA and the Mining Charter. This category is also referred to as Designated Employees in terms of the Employment Equity Act as having been historically disadvantaged and includes white women.

page 101. Progress against targets is being made, particularly at supervisory and management levels but there is still some way to go to meet the set targets. The information presented in the table is required in terms of the Employment Equity Act, the MPRDA and the accompanying Mining Charter, the targets of which are reviewed periodically.

Further development of strategic initiatives pertaining to transformation and the effective implementation of those strategies will be driven by a newly constituted sub-committee of the board, the Transformation Committee. The Transformation Committee will comprise all the executive directors, three non-executive directors and the Human Resources Executive.

## ESOP

A major step towards the transformation of the company was the announcement and implementation of an Employee Share Ownership Programme (ESOP) for approximately 28,000 employees in the Patterson A to C levels at all Implats' South African operations, namely, Impala Platinum (including the mining and processing operations in Rustenburg and refining operations in Springs), Marula Platinum and the company's head office.

The programme will be managed through a Trust and Implats will make a capital contribution of an amount sufficient to finance the acquisition of Implats shares equivalent to 3% of Implats' share capital. Beneficiaries of the Trust will benefit from the appreciation in the value of the shares over a period of 10 years. This is a long-term investment opportunity for employees and the company as it enhances a sustainable partnership into the future.

## Employee participation

The group is committed to open and transparent communication with employees and employee participation is encouraged through various short-term and long-term initiatives and campaigns. Regular leadership summits facilitate communication between management and employee representatives across the organisation. In addition, representatives of all unions serve on key committees such as the Impala HIV/AIDS and Best Practice Committees.

## Code of values

The group has adopted a code of values governing the manner in which it does business with its stakeholders and, in particular, covering business integrity and development, and safety of employees. The process whereby employees have committed themselves to these values has resulted in the development of the principles of that code into a 'value statement' which interprets those values in a practical and easily understandable form. All employees and directors are required to adhere to the ethical standards contained in this code.

## Access to information

Implats has complied with the requirements of the Promotion of Access to Information Act of 2000. The corporate manuals are available on the website and from the group secretary.

## Sponsor

Deutsche Bank is the corporate sponsor, in compliance with the JSE's listing requirements.

## Effects and implications of the annual general meeting

The notice of the annual general meeting includes the following items:

1. To approve the annual financial statements for the year ended 30 June 2006.
2. Re-appointment as directors of the company Messrs K Mokhele, KC Rumble, LC van Vught and Ms NDB Orleyn who retire from office at the meeting. The articles of association require that at



least one-third of the board retire from office annually but may be re-elected by shareholders at the annual general meeting. Re-appointment of Mr S Bessit as a director of the company. The articles of association require that additional directors appointed by the directors retire at the next annual general meeting but are eligible for re-election. The curricula vitae of the retiring directors are set out on page 95.

3. To grant the directors general authority to issue shares in the capital of the company subject to a maximum of 10% of the issued capital and the provisions of the Companies Act. The directors are required to issue shares in the capital of the company in terms of the employee share scheme.
4. To increase the remuneration of the non-executive directors by 5% and of the chairman of the board by 50%, in line with other increases granted within the organisation and to keep pace with market-related fees.

### Special business

#### 5. Share buy-back

To extend for a further year the authority of the directors to buy-back a maximum of 10% of the company's issued share capital. The company bought back approximately 1.8% of the issued share capital in the 2005 financial year, utilising surplus cash to acquire shares at lower price levels.

The special resolution requires approval by a 75% majority of members present at the meeting.

#### 6. Subdivision of shares

To subdivide the authorised and issued capital in the company by a factor of 8 to result in the following authorised and issued share capital:

Prior to the subdivision:

<b>Authorised share capital</b>		<b>R</b>
100,000,000 Ordinary shares		
of 20 cents each	20,000,000.00	
5,501,000 "A" Ordinary shares		
of 20 cents each	1,100,200.00	
	<u>21,100,200.00</u>	
<b>Issued share capital</b>		
69 234 615 Ordinary shares		
of 20 cents each	13,846,923.00	

After the subdivision:

<b>Authorised share capital</b>		<b>R</b>
800,000,000 Ordinary shares		
of 2.5 cents each	20,000,000.00	
44,008,000 "A" Ordinary shares		
of 2.5 cents each	1,100,200.00	
	<u>21,100,200.00</u>	
<b>Issued share capital</b>		
553,876,920 Ordinary shares		
of 2.5 cents each	13,846,923.00	

The special resolution requires approval by a 75% majority of members present at the meeting.

