



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 as at 30 June 2007, comprising four executive directors, seven independent non-executive directors and two non-executive directors. Refer to pages 132 to 133.
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.	Intensive audits are undertaken of all legal compliance. 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 as well as progress in implementing transformation of the organisation 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 153.
Items of special business in the notice of the annual general meeting should be accompanied by an explanation of the special resolutions.	In place, refer to page 144.
Encourage shareholders to attend general meetings and the chairmen of board committees should attend annual general meetings.	Timeous notice of annual general meetings is provided. The chairmen of all board committees attended the annual and general meetings of the company.
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 140.
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 .
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.	As at 30 June 2007, the board comprised seven independent non-executive directors, two non-executive directors and four executive directors: 54% 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. In place, refer to page 141.
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.

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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 the King II, Report.
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.	An appraisal of the chairman was carried out during the year. In addition, 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 141.
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 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 141.

Remuneration

Remuneration Committee to be appointed comprising independent non-executive directors.	Details of the Remuneration Committee membership which comprises three non-executive directors can be found on page 143.
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 12 October 2006.
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 contained in the Remuneration Report given on pages 155 to 161. No share options have been granted to non-executive directors.
Executive directors' fixed-term contracts should not exceed three years without prior shareholder approval.	Contracts of employment for a period exceeding three years do not exist.
Remuneration philosophy should be disclosed.	The remuneration philosophy of the group is disclosed in the Remuneration Report on page 155.
Remuneration of non-executive directors should be approved by shareholders prior to payment.	The remuneration for non-executive directors for FY2007 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 <i>ad hoc</i> basis to consider specific issues, if the need arises. Details of attendance at board and committee meetings are given on pages 140 to 143.
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 CFO and the executive directors, 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 formally and informally with management on a regular basis.



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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 five board committees:

- Audit Committee
- Safety, Health and Environmental (SHE) Audit Committee
- Remuneration Committee
- Nominations Committee
- Transformation 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 the committee together with 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, an assessments was conducted of the board.

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

A comprehensive review of the group's risk management philosophy is described on pages 145 to 146.

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.

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.

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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.

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 142.

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. During the year the dividend cover was reduced from 1.9 to 1.7.

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 at undertaking formal financial disclosure through 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 148 and 149.



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Board of directors

Members

As at 30 June 2007, there were seven independent directors, two non-executive and four executive directors on the board. Mr TV Mokgattha and Mr DS Phiri are not considered to be independent given their relationship with the Royal Bafokeng Nation, a substantial shareholder of the company.

During the year, Mr DS Phiri was appointed as an additional non-executive director on the board. Ms D Earp was appointed chief financial officer in place of Mr DH Brown who replaced Mr KC Rumble as chief executive officer. Ms CE Markus retired as a director of the company. Ms F Jakoet was appointed as an additional independent non-executive director in August 2007. There were no other appointments. The responsibilities of the board of directors are set out on page 136. The curriculum vitae of all directors to be re-elected at the annual general meeting are set out below:

Fred Roux (59) BSc; MSc; PhD; MBA (Chairman)

Previously chairman of Alusaf, executive director of Gencor Limited, and a director of Rustenburg Platinum Mines Limited. Joined the board as a non-executive director in 2004 and appointed chairman in 2004.

Michael McMahon (60) Pr.Eng; BSc (Mech Eng) (Independent non-executive director)

Director of Gold Fields Limited and Murray & Roberts Limited. Graduated from Glasgow University, Scotland as an engineer in 1968. Held numerous engineering positions on various mining operations and projects. Managing director and executive chairman of Implats from 1990 to 1998. Executive chairman of Gencor Limited from 1998 to 2002. Non-executive director since 2002.

Dawn Earp (45) BComm; BAcc; CA(SA) (Chief financial officer)

Non-executive director of Rand Refineries Limited. Graduated from the University of Witwatersrand in 1986 and completed her articles with BDO Spencer Steward. She moved through the ranks to Audit Manager. Joined Anglo American in 1989 as Vice President of Financial Accounting and was transferred to AngloGold Ashanti in 2000 where, later, appointed Executive officer: finance. Joined the group in 2007 as Chief financial officer.

Fatima Jakoet (47) BSc, CTA, CA(SA) (Independent non-executive director)

Non-executive director of the South African Reserve Bank, Metropolitan Holdings Group and MTN group (West African Region).

Steve Phiri (51) BJuris, LLB, LLM, HDip Co Law. (Non-executive director)

Chief executive officer of Merafe Resources. Member of the Mineral and Mining Board. Non-executive director of Royal Bafokeng Holdings (Pty) Limited and SA Eagle Limited. Joined the board in June 2007.

Attendance at board meetings during the year is detailed below:

Attendee	Attended	Date of meeting					
		15 Aug 06	27 Sep 06	15 Nov 06	13 Feb 07	25 May 07	13 Jun 07
FJP Roux (Chairman)	6/6	√	√	√	√	√	√
DH Brown (CEO)	6/6	√	√	√	√	√	√
S Bessit	6/6	√	√	√	√	√	√
D Earp (CFO)	3/3				√	√	√
JM McMahon	6/6	√	√	√	√	√	√
MV Mennell	6/6	√	√	√	√	√	√
K Mokhele	6/6	√	√	√	√	√	√
TV Mokgattha	5/5	√	R	√	√	√	√
NDB Orley	6/6	√	√	√	√	√	√
LJ Paton	6/6	√	√	√	√	√	√
S Phiri	1/1						√
JV Roberts	6/6	√	√	√	√	√	√
LC Van Vught	6/6	√	√	√	√	√	√
KC Rumble (CEO)	1/1	√					
CE Markus	4/4	√	√	√	√		

R = recused due to conflict of interest

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Board committees

Remuneration Committee

Details of the Remuneration Committee, its terms of reference and attendance at committee meetings is contained in the Remuneration Report on page 143.

Nomination Committee

Members:

Khotso Mokhele – Chairman
Vivienne Mennell
Fred Roux

As at 30 June 2007, the committee comprised 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;
- 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; 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 the board and board members and corrective action will be taken by the board to address issues identified. In addition, all the directors including those retiring and available for re-election were evaluated by their fellow board members who endorsed their re-appointment unanimously.

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

Names	Date of meeting			
	14 Aug 06	9 Nov 06	8 Feb 07	24 May 07
K Mokhele (Chairman)	√	√	√	√
MV Mennell	√	√	√	√
FJP Roux	√	√	√	√

Audit Committee

Members:

Lex van Vught – Chairman
Vivienne Mennell
Thabo Mokgatlha
John Roberts

As at 30 June 2007, the Audit Committee comprised 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, judgements 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.



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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:

Names	Date of meeting			
	8 Aug 06	7 Nov 06	5 Feb 07	10 May 07
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

David Brown (Chief Executive Officer)

Mike Fleming (external consultant)

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. In terms of the revised terms of reference, adopted in the current year, the committee must comprise four Implats directors, of which three must be non-executive directors, and the chief executive officer. The committee also contains an external consultant. During the year, Mr Tony Scurr retired as an external consultant and Mr Mike Fleming (a retired independent director of Implats) was appointed in his stead.

The chairman of this committee 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 or -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 injuries sustained by employees/contractors are reported timeously and effectively.

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

Names	Date of meeting			
	14 Aug 06	14 Nov 06	12 Feb 07	11 May 07
JM McMahon (Chairman)	√	√	√	√
DH Brown*		√	√	√
K Mokhele	√	√	√	√
MF Fleming#		√	√	√
FJP Roux	√	√	√	√
KC Rumble*	√			
T Scurr#	√	√		

* Chief Executive Officer

Independent Consultant

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Remuneration Committee

The primary responsibility of the Remuneration Committee is to discharge the obligations of the board by ensuring objectivity regarding the remuneration of directors, to ensure that the company attracts, retains, trains and develops the right calibre of executive and senior management personnel, and that they are rewarded for individual performance and their contribution to the performance of the organisation.

The Remuneration Committee comprises three independent non-executive directors, one of whom chairs the committee. 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.

As part of the process to rotate board responsibility, Ms NDB Orleyn was appointed chairman of the Remuneration Committee from 1 October 2006. For FY2007, members of the Remuneration Committee were the following non-executive directors: NDB Orleyn (chairman), JM McMahon and JV Roberts.

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

Names	Date of meeting			
	14 Aug 06	14 Nov 06	12 Feb 07	24 May 07
NDB Orleyn (Chairman)	√	√	√	√
JM McMahon	X	√	√	√
JV Roberts	√	√	√	√

Transformation Committee

Members:

Thabo Mokgatla (Chairman)

Khotso Mokhele

Thandi Orleyn

On 15 August 2006, the Implats board took a decision to establish a Transformation Committee reporting directly to the board. This replaced the previous Transformation Committee which reported to the CEO. The new committee has developed and adopted a set of terms of reference to guide the committee.

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

Names	Date of meeting		
	13 Nov 06	23 Jan 07	24 May 07
T Mokgatla (Chairman)	√	√	√
K Mokhele	√	√	√
NBD Orleyn	√	√	√

Other corporate governance issues

Risk management

The group's philosophy on risk management is explained in a separate section of this report on pages 145 and 146.

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.



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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 www.implats.co.za and from the group secretary.

Sponsor

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

Annual general meeting

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 2007.
2. To re-appoint as directors of the company, Dr FJP Roux and Mr JM McMahon who retire from office at the meeting. To appoint Ms D Earp, Ms F Jakoet and Mr DS Phiri as directors of the company. The articles of association require that additional directors appointed by the directors during the course of the year retire at the next annual general meeting but are eligible for re-election. 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. The retiring directors are first those appointed by the directors during the year then those who have been longest in office since their last election or appointment.

The curricula vitae of the retiring directors are set out on page 140.

3. To increase the remuneration of the non-executive directors by 20% and of the chairman of the board by 9%, in line with other increases granted within the organisation and to keep pace with market-related fees.

Special business

4. 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 1.56% of the issued share capital in prior years, using surplus cash to acquire shares at lower price levels. The special resolution requires approval by a 75% majority of members present in person or by proxy at the meeting.
5. Adoption of new Articles of Association
This special resolution requires approval by a 75% majority of members present in person or by proxy at the meeting to adopt new articles of association which incorporate provisions for electronic communication between directors by means of teleconferencing and to allow shareholders to elect to receive annual financial statements in electronic form.