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Directors' report – Remuneration report

Implats strives for competitive and fair remuneration practices that recognise and reward individual and team achievement and which contribute to organisational growth and prosperity. Implats also takes into account the broader aspects of human capital such as talent management, succession and transformation.

Remuneration in particular comprises a balanced mix of guaranteed and performance-enhancing incentives aimed at attracting, retaining, developing, motivating and rewarding the best talent, thus ensuring that Implats employs the necessary talent and skills to enable it to meet its business objectives. Incentives relate to the performance of the individual, the organisation and the share price.

Remuneration policies and practices are guided by the Remuneration Committee of the board.

Remuneration policy and strategy

Implats policy is to implement competitive and fair remuneration practices that support its aim of ensuring organisational growth and prosperity while acknowledging individual and team achievements.

The main functions of the Remuneration Committee are to:

- determine remuneration (fixed and variable pay) for executive directors and senior executives;
- 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 employment across the group;
- ensure the effective implementation of a comprehensive talent management process, encompassing employee development and succession planning;
- monitor the implementation of all transformation initiatives, which include those relating to employment equity (see table on page 163) and the Mining Charter;
- benchmark remuneration practices against both local and international best practice;
- monitor all retirement benefits; and
- recommend fees for non-executive directors.

During FY2007, the committee reviewed the group's talent management process, which is aimed at identifying critical talent for the business, and the implementation of the Employee Share Ownership Programme. It also reviewed both the Implats Share Appreciation Bonus Scheme and the Preferred Compensation Scheme.

Directors' remuneration

The Remuneration Committee provides guidance regarding remuneration for executive directors and senior executives.

In terms of the articles of association, the fees for services as a director are determined by the company in a general meeting. The fees to 30 June 2007 were approved at the annual general meeting on 12 October 2006. Fees for the services of a director are R166,000 per annum and R1.1 million for the chairman. This assumes attendance at all board committee meetings. Directors' fees for serving on board committees are set out below.

Directors' remuneration in aggregate for the year under review was as follows:

Non-executive directors' remuneration – for the year ended 30 June 2007 (R000)								
	Directors' fees	Audit Committee	Remuneration Committee	SHE Audit Committee	Nomination Committee	Transformation Committee	Total	Total 2006
FJP Roux (Chairman)	1,100						1,100	735
JM McMahon	166		66	149			381	363
MV Mennell	166	83			66		315	379
TV Mokgatlha	166	83				75	324	237
NDB Orleyn	166		128			33	327	221
LC van Vught	166	198					364	347
K Mokhele	166			66	149	33	414	314
DS Phiri	17						17	–
JV Roberts	166	83	87				336	379
Total	2,279	447	281	215	215	141	3,578	2,975



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In order to ensure that directors' fees keep pace with inflation and in line with increases granted elsewhere in the organisation, it is proposed that directors' fees are increased as follows:

With effect from	Member	Chairman	Member	Chairman
	1 July 2007		1 July 2006	
Board	200,000	1,200,000	166,000	1,100,000*
Audit Committee	100,000	220,000	83,000	198,000
Safety, Health and Environment Audit Committee	75,000	165,000	66,000	149,000
Nomination Committee	75,000	165,000	66,000	149,000
Remuneration Committee	75,000	165,000	66,000	149,000
Transformation Committee	75,000	165,000	66,000	149,000

* includes attendance at all committee meetings.

These fees have been waived by the executive directors.

Executive directors' remuneration – for the year ended 30 June 2007 (R000)					
Fixed remuneration	Package	Retirement funds	Other benefits	Total	Total 2006
Executive directors					
DH Brown	3,931	378	51	4,360	2,584
S Bessit	1,619	257	49	1,925	1,802
D Earp*	833	88	12	933	–
LJ Paton	1,994	288	59	2,341	2,095
CE Markus*	2,035	378	42	2,455	2,273
KC Rumble*	2,155	205	192	2,552	4,577
Senior executives	10,220	1,298	433	11,951	10,347
Secretary					
R Mahadevey	1,124	118	52	1,294	1,229
Total	23,911	3,010	890	27,811	24,907

* Proportioned for period of service

Executive directors' remuneration – for the year ended 30 June 2007 (R000)						
Variable remuneration	Lump sum and leave encashment	Bonus	Preferred compensation (accrued)	Gains on share options exercised	Total	Total 2006
Executive directors						
DH Brown	–	345	920	5,019	6,284	5,413
S Bessit	–	119	360	3,849	4,328	1,453
D Earp	–	–	208	–	208	–
LJ Paton	–	372	519	3,328	4,219	2,084
CE Markus	291	330	573	11,016	12,210	5,207
KC Rumble	7,232	649	877	27,845	36,603	6,671
Senior executives	–	1,413	2,341	10,893	14,647	11,746
Secretary						
R Mahadevey	–	132	259	4,102	4,493	2,309
Total	7,523	3,360	6,057	66,052	82,992	34,883

A group-owned residential property made available to Mr KC Rumble on a rentfree basis is in the process of being sold following Mr Rumble's resignation.

In the event of corporate action giving rise to a loss of office, demotion or the blighting of the career (in the opinion of the Remuneration Committee) of an executive director, that executive director is entitled to a severance package of 24 months' salary.

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Directors' share options

Details of Share Options and Share Appreciation Bonus rights outstanding and exercised by the executives and the executive directors are as follows:

Name	Additions			Disposals		Balance at 30 June 2007	Number of shares	Allocation price (R)	First release date
	Balance at 1 July 2006	Allocated during the year	Date of allocation	Number of shares sold	Forfeited				
Executive directors									
DH Brown	Share options								
	50,568			2,392			0	63.38	18 Feb 04
				5,696			0	69.50	6 Jun 04
				872			5,720	60.51	16 Aug 04
				18,920			3,128	74.28	21 Jan 05
				3,104			3,288	47.63	5 May 05
				3,272			1,768	64.48	27 Aug 05
				2,408					
							13,904		
	Share Appreciation Scheme								
	152,384	65,130	1 Sep 06	19,368			58,104	56.52	15 Sep 06
		42,819	24 May 07	11,344			34,032	56.87	13 May 07
							3,952	103.24	1 Dec 07
							25,584	149.42	11 May 08
							65,130	160.14	1 Sep 08
							42,819	233.74	24 May 09
							<u>229,621</u>		
	<u>202,952</u>	<u>107,949</u>		<u>67,376</u>			<u>243,525</u>		
D Earp	Share Appreciation Scheme								
	-	72,858	1 Mar 07				72,858	205.88	1 Mar 09
							<u>72,858</u>		
	<u>-</u>	<u>72,858</u>					<u>72,858</u>		
LJ Paton	Share options								
	56,160			1,912			0	63.38	18 Feb 04
				3,744			1,936	69.50	6 Jun 04
				10,280			3,792	60.51	16 Aug 04
				1,688			1,688	74.28	21 Jan 05
				280			2,408	47.63	5 May 05
				7,680			576	64.48	27 Aug 05
				2,408			15,360	67.43	18 Sep 05
				2,408					
							25,760		
	Share Appreciation Scheme								
	103,336	9,343	27 Nov 06	13,184			39,552	56.52	15 Sep 06
		8,222	24 May 07	5,960			17,896	56.87	13 May 07
							9,752	103.24	1 Dec 07
							16,992	149.42	11 May 08
							9,343	167.19	27 Nov 08
							8,222	233.74	24 May 09
							<u>101,757</u>		
	<u>159,496</u>	<u>17,565</u>		<u>49,544</u>			<u>127,517</u>		



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Name	Additions			Disposals		Balance at 30 June 2007	Number of shares	Allocation price (R)	First release date		
	Balance at 1 July 2006	Allocated during the year	Date of allocation	Number of shares sold	Forfeited					Date sold	
Executive directors (continued)											
S Bessit	Share options 32,960			11,880			11,888	72.38	25 Nov 04		
				3,056		5 Dec 06	6,136	73.38	16 Feb 06		
						28 Feb 07					
								18,024			
Share Appreciation Scheme	80,520	10,383	24 May 07	12,824		24 May 07	38,496	56.87	13 May 07		
							29,200	149.42	11 May 08		
							10,383	233.74	24 May 09		
	<u>113,480</u>	<u>10,383</u>		<u>27,760</u>			<u>78,079</u>		<u>96,103</u>		
KC Rumble	Share options 94,048			23,608		6 Sep 06					
				11,904		6 Sep 06					
				22,576		6 Sep 06					
				35,960		6 Sep 06					
		Share Appreciation Scheme	251,376			113,432		6 Sep 06			
						59,480		6 Sep 06			
						35,088		10 Apr 07			
						43,376		10 Apr 07			
			<u>345,424</u>	<u>-</u>		<u>345,424</u>					
		CE Markus	Share options 53,808			2,952		8 Sep 06			
				5,464		8 Sep 06					
				3,728		8 Sep 06					
				1,552		8 Sep 06					
				16,472		2 Apr 07					
				2,960		2 Apr 07					
				5,488		2 Apr 07					
				168		2 Apr 07					
				2,992		2 Apr 07					
				3,728		2 Apr 07					
				776		2 Apr 07					
								7,528			
Share Appreciation Scheme	113,232			7,379	27 Nov 06	11,840		27 Oct 06			
						11,840		30 Mar 07			
						10,448		30 Mar 07			
	<u>167,040</u>			<u>7,379</u>		<u>80,408</u>	<u>86,483</u>		<u>94,011</u>		

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Name	Additions			Disposals			Balance at 30 June 2007	Number of shares	Allocation price (R)	First release date
	Balance at 1 July 2006	Allocated during the year	Date of allocation	Number of shares sold	Forfeited	Date sold				
Secretary										
R Mahadevey	Share options 35,920			17,952		2 Apr 07	17,968	17,968	50.13	2 May 05
	Share Appreciation Scheme 32,992	465	27 Nov 06	1,232		27 Oct 06		3,720	56.52	15 Sep 06
		6,179	24 May 07	4,472		5 Jun 07		13,416	56.87	13 May 07
								10,152	149.42	11 May 08
								465	167.19	27 Nov 06
								6,179	233.74	24 May 09
							33,932			
	<u>68,912</u>	<u>6,644</u>		<u>23,656</u>			<u>51,900</u>			
Senior management										
	Share options 307,368			87,184	14,200	Various		2,256	43.00	11 Jan 03
								200	63.38	18 Feb 02
								21,920	63.38	18 Feb 04
								2,232	69.50	6 Jun 04
								15,672	60.51	16 Aug 04
								960	73.75	25 Nov 04
								9,104	74.28	21 Jan 05
								17,968	50.13	2 Apr 05
								8,184	47.63	5 May 05
								1,288	64.48	27 Aug 05
								5,592	73.38	16 Feb 06
								38,736	63.39	22 Apr 06
								23,160	68.03	22 Sep 06
								1,712	67.05	22 Sep 06
								57,000	63.16	22 Sep 06
							205,984			
	Share appreciation scheme 285,296	34,016	11 May 06	23,528		2 Apr 07		184,224	56.87	13 May 07
		3,120	1 Dec 06					34,520	63.75	13 May 07
		51,237	27 Nov 06					4,704	103.24	1 Dec 07
		40,442	24 May 07					75,456	149.42	11 May 08
								51,237	167.19	27 Nov 08
								40,442	233.74	24 May 09
							390,583			
	<u>592,664</u>	<u>128,815</u>		<u>110,712</u>	<u>14,200</u>		<u>596,567</u>			



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Gains on shares options and share appreciation rights exercised

Name	Number of shares			Allocation price (R)	Gains on share options exercised (R000)	Market price
	Purchased	Sold	Total			
Directors						
DH Brown						
Share options	18,920		18,920	63.38	–	
	2,392		2,392	69.50	–	
	5,696		5,696	60.51	–	
	120	2,984	3,104	74.28	401	208.50
	3,272		3,272	47.63	–	
	872		872	64.48	–	
	728	1,680	2,408	69.50	279	235.50
Share appreciation rights		19,368	19,368	56.52	2,411	181.00
		11,344	11,344	56.87	1,928	226.85
Total	32,000	35,376	67,376		5,019	
LJ Paton						
Share options	10,280		10,280	63.38	–	
	1,912		1,912	69.50	–	
	3,744		3,744	60.51	–	
	1,688		1,688	74.28	–	
	280		280	64.48	–	
		2,408	2,408	47.63	368	200.41
		2,408	2,408	47.63	435	228.08
	7,680		7,680	67.43	–	
Share appreciation rights		13,184	13,184	56.52	1,523	172.00
		5,960	5,960	56.87	1,002	225.00
Total	25,584	23,960	49,544		3,328	
S Bessit						
Share options		11,880	11,880	72.38	1,267	179.00
		3,056	3,056	72.38	402	204.00
Share appreciation rights		12,824	12,824	56.87	2,180	226.85
Total		27,760	27,760		3,849	
KC Rumble						
Share options	23,608	–	23,608	63.38	–	
	11,904	–	11,904	60.50	–	
	22,576	–	22,576	74.28	–	
	35,960	–	35,960	64.48	–	
Share appreciation rights		113,432	113,432	56.52	12,802	169.38
		59,480	59,480	56.87	6,692	169.38
		35,088	35,088	103.24	4,630	235.20
		43,376	43,376	149.42	3,721	235.20
Total	94,048	251,376	345,424		27,845	
CE Markus						
Share options	1,800	1,152	2,952	69.50	109	164.38
	3,560	1,904	5,464	60.51	198	164.38
	2,760	968	3,728	47.63	113	164.38
	592	960	1,552	64.48	96	164.38
		16,472	16,472	63.38	2,732	229.22
		2,960	2,960	69.50	473	229.22
		5,488	5,488	60.51	926	229.22
		168	168	73.75	26	229.22
		2,992	2,992	74.28	464	229.22
		3,728	3,728	47.63	677	229.22
		776	776	64.48	128	229.22
Share appreciation rights		11,840	11,840	56.52	1,255	162.50
		11,840	11,840	56.52	2,030	228.01
		10,448	10,448	56.87	1,788	228.01
Total	8,712	71,696	80,408		11,016	

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Gains on shares options exercised (continued)

Name	Number of shares			Allocation price (R)	Gains on share options exercised (R000)	Market price
	Purchased	Sold	Total			
Secretary						
R Mahadevey						
Share options		17,952	17,952	50.13	3,215	229.22
Share appreciation rights		1,232	1,232	56.52	131	162.50
		4,472	4,472	56.87	756	225.95
Total		23,656	23,656		4,102	
Senior management						
Share options		7,712	7,712	68.03	680	156.25
		19,000	19,000	63.16	1,889	162.56
	4,960	2,912	7,872	63.38	294	164.27
	8,112	280	8,392	63.38	28	164.27
	4,352	960	5,312	60.51	100	164.27
	3,184	984	4,168	74.28	89	164.27
	992	496	1,488	73.38	45	164.27
	2,160	1,200	3,360	63.39	121	164.27
		1,936	1,936	60.51	204	165.63
		424	424	64.48	43	165.63
		568	568	67.05	56	165.63
		952	952	75.75	132	214.02
		632	632	74.28	88	214.02
	5,392	12,560	17,952	50.13	2,249	229.22
		712	712	73.38	111	229.22
		4,296	4,296	63.38	738	235.27
	416		416	73.38	-	-
	1,992		1,992	69.50	-	-
Share appreciation rights		23,528	23,528	56.87	4,027	228.01
Total	31,560	79,152	110,712		10,894	

Directors' other remuneration

No share options were granted to non-executive directors. Other benefits accruing to executive directors are set out below.

There were no contracts of significance during or at the end of the financial year in which the directors of the company were materially interested. No material change in the foregoing interests has taken place between 30 June 2007 and the date of this report.

Remuneration of senior management and all employees

Implats' remuneration strategy aims to match the market in certain key areas and this necessitates regular revision of its market position. Quarterly benchmark audits ensure market competitiveness and internal equity.

Bonus scheme

All Implats employees have a non-guaranteed variable pay portion that comprises the remuneration mix. A new bonus scheme (Amaching-ching) focusing on productivity, safety and costs was implemented in May 2007 at Impala's mining operations to retain and motivate employees. This bonus scheme will be rolled out to the rest of the group in the new financial year.

Senior employees' bonus scheme

Employees from Paterson 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 performance of group companies against set criteria and includes value-added elements (volumes and costs), safety improvements and transformation.



Directors' report – Remuneration report

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 Paterson D to F levels participate in this scheme.

Preferred compensation scheme

The preferred compensation scheme is part of the company's strategy to attract and retain skilled employees. Since its introduction in 2004, the scheme has been effective and in November 2006 the Remuneration Committee agreed to the continuation of this scheme. Participation in the scheme is targeted at Paterson D to F levels in the organisation.

The company pays an amount equivalent to 20% of the employees' basic remuneration package as a preferred compensation payment. This payment is taxed and then invested in an endowment policy. The benefits from this policy accrue to the employee after 36 months and every 24 months thereafter, provided the employee is still in the service of a group company.

Share option scheme

The directors are authorised to issue, allot or grant options to acquire up to a maximum of 17,416,000 ordinary shares in the unissued share capital of the company in terms of employee share option schemes. Details of participation in the share option scheme are set out in note 15 of the financial statements. In line with recent remuneration developments, the group will no longer offer employees any further options under the former share incentive scheme, but will pay relevant employees a fully taxable bonus based on the increase in the share price. Employees' interests will still be aligned with those of shareholders but without any dilutionary effect.

The rules governing the quantum and timing of benefits to be delivered to employees under the new bonus scheme will be no different from those under the existing share incentive scheme. The trustees of the scheme are Ms NDB Orleyn and Messrs JM McMahon and JV Roberts.

Employee share ownership programme

An employee share ownership programme (ESOP) was approved in July 2006 that is applicable to all employees of the South African operations in Paterson bands A, B and C. These employees are the beneficiaries of the Morokotso Trust which holds 3% of Implats' issued share capital. The shares were acquired through a capital contribution made by Impala and Marula.

There are nine trustees, of which five are employee trustees, three are independent trustees and one a founding member trustee representing Impala.

Talent management process

The company is committed to a structured talent development process which encompasses succession planning, career paths and structured human resources development programmes. Further discussion on this may be found in the Corporate Responsibility Report.

Transformation

The challenge of achieving the company's strategic imperative of becoming a transformed workplace, hinges on it meeting and exceeding the targets and numerical goals set as per the Employment Equity Act, the Minerals and Petroleum Resources Development Act (MPRDA) and the related Mining Charter. These targets have been affected by the amendment to the Employment Equity Act, regarding the definition of designated groups.

The board Transformation Committee as well as the transformation steering committees at all South African operations monitor the achievement of these targets and numerical goals. The table and charts below reflect progress against these targets.

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

Occupational level	Designated							Non-designated		Total	
	Male			Female				White male	Foreign nationals		
	Africans	Coloureds	Indians	Africans	Coloureds	Indians	Whites		Male	Female	
Top management	0	1	0	0	0	0	1	2	0	0	4
Senior management	9	2	2	2	0	0	5	60	5	0	85
Professionally qualified and experienced specialists and mid-management	114	9	15	21	1	9	63	296	14	2	544
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2,032	13	8	125	4	4	135	1,125	389	1	3,836
Semi-skilled and discretionary decision making	3,555	9	4	338	4	2	74	168	622	0	4,776
Unskilled and defined decision making	16,324	11	2	974	2	0	1	30	4,182	1	21,527
Total permanent employees	22,034	45	31	1,460	11	15	280	1,682	5,212	4	30,772
Non-permanent employees	16	0	0	14	0	0	2	3	1	0	36
Grand total#	22,050	45	31	1,474	11	15	281	1,684	5,213	4	30,808

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

In terms of the table above, employment is reported in line with the Employment Equity Act in terms of which a 'designated employee' is one who was historically disadvantaged but excludes white women. Implats is however also committed to reporting in line with the MPRDA and the Mining Charter Scorecard. As at 30 June 2007, the Implats board comprised 54% HDSAs (where HDSAs include designated employees as well as white women) against a Mining Charter Scorecard target of 40% by FY2009. In particular, women make up 23% of the board.