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**Sustainable development  
report 2014**

Supplement to the integrated annual report 30 June 2014

## OUR PERFORMANCE IN 2014: SUMMARY



Implats is one of the world's primary producers of PGMs and associated base metals

Production data***		2014	2013**	2012**	Variance %	△▽
Tonnes milled	(000t)	<b>13 916</b>	17 209	16 626	19	▽
Refined platinum	(000oz)	<b>1 178</b>	1 582	1 448	26	▽
PGMs	(000oz)	<b>2 370</b>	3 233	3 016	27	▽
Revenue	(Rm)	<b>29 028</b>	29 844	27 393	3	▽
Capital invested	(Rm)	<b>4 384</b>	6 258	7 894	30	▽
Taxes*	(Rm)	<b>144</b>	1 392	1 808	4	▽
Unit cost per oz Pt*	(Rand)	<b>19 430</b>	16 526	13 466	18	△
People		2014	2013	2012	Variance %	△▽
Employees in service						
Own	Number	<b>40 238</b>	40 237	39 621	-	▷
Contractors	Number	<b>15 602</b>	17 130	22 483	9	▽
Turnover	%	<b>5</b>	6	10	33	▽
HDSA in management	%	<b>50</b>	48	48	4	△
Safety rates						
FIFR	Pmmhw	<b>0.043</b>	0.065	0.087	34	▽
LTIFR	Pmmhw	<b>3.92</b>	4.21	4.96	7	▽
TIFR	Pmmhw	<b>11.90</b>	10.91	11.19	9	△
RIFR	Pmmhw	<b>2.68</b>	3.06	3.13	12	▽
Employees' health						
People on wellness programmes	Number	<b>6 286</b>	6 014	5 179	5	△
Total people on ART	Number	<b>4 276</b>	4 039	3 566	6	△
TB cases	Number	<b>268</b>	334	389	20	▽
Medical incapacitation	Number	<b>331</b>	588	699	44	▽
The environment		2014	2013	2012	Variance %	
Energy consumed	(000GJ)	<b>14 395</b>	17 574	17 542	18	▽
Energy intensity	(GJ/tonne milled)	<b>1.034</b>	0.955	0.986	8	△
Total CO <sub>2</sub> emissions	(000t)	<b>3 037</b>	3 788	3 707	18	▽
Total direct SO <sub>2</sub> emissions	(t)	<b>30 735</b>	18 536	18 463	66	△
Total water consumed	(Mℓ)	<b>34 775</b>	40 711	40 114	15	▽
Water withdrawn	(Mℓ)	<b>21 365</b>	25 440	25 274	16	▽
Water intensity	(Mℓ/tonne milled)	<b>0.0025</b>	0.0022	0.0023	14	△
Total water recycled	(Mℓ)	<b>13 409</b>	15 271	14 839	12	▽
Social capital		2014	2013	2012	Variance %	
SED expenditure (RSA)	(Rm)	<b>71</b>	102	90	30	▽
SED expenditure (Zimbabwe)	(Rm)	<b>67</b>	89	71	25	▽
<b>Total SED spend</b>	(Rm)	<b>138</b>	191	161	28	▽
Housing and living conditions expenditure (RSA)	(Rm)	<b>261</b>	445	430	41	▽
Housing and living conditions expenditure (Zimbabwe)	(US\$m)	<b>15</b>	24	66	38	▽

△▽ Improvement △▽ Deterioration \* Excluding share-based payments accounted \*\* Restated due to exclusion of Mimosa, which is now equity accounted \*\*\* Production data excludes Mimosa thus impacts intensity factors. Variance 2014 versus 2013

Our vision is to be the world's best platinum producing company, delivering superior returns to stakeholders relative to our peers

## Our strategic journey ... becoming the BEST



### ✘ Behaviour supported by:

- ➔ Safety strategy
- ➔ Cultural values
- ➔ Work environment
- ➔ Leadership and supervision

### Health strategy supported by:

- ➔ Employee wellness
- ➔ Prevention and education
- ➔ Treatment and support

### People strategy supported by:

- ➔ Effective employee management model
- ➔ Promoting diversity
- ➔ Attracting, retaining and developing talent
- ➔ Effective people

### ✘ Operational excellence supported by:

- ➔ Effective planning and mineral resource management
- ➔ Intensive cost and productivity focus
- ➔ Operational delivery and performance management
- ➔ Innovation and new technology

### ✘ Social licence to operate supported by:

- ➔ Meaningful and sustainable social investment in our communities
- ➔ Respecting human rights and the interests of all stakeholders
- ➔ Abiding by the laws of the countries in which we operate
- ➔ Effective and transparent governance and reporting

### ✘ Sustainability supported by:

- ➔ Compliance with all relevant legislation
- ➔ Continuous improvement in air resource stewardship
- ➔ Optimisation of energy efficiencies and reduction of carbon footprint
- ➔ Preservation of natural water resources and water quality
- ➔ Development of alternative energy sources linked to our metals

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**This report reviews our approach to addressing those social, economic and environmental issues that are seen as having a material impact on the long-term success of our business**

**Boundary and scope**

This report provides information relating to our sustainable development policies, practices, performance and prospects for the financial year 1 July 2013 to 30 June 2014, for operations over which we have direct management control and for which we set and implement policies and standards. These operations are Impala, Marula, Zimplats and Mimosa. No changes to the boundary and scope have been applied in the year under review. Restatements of financial information have been due to the exclusion of Mimosa from the consolidated figures informed by new International Financial Reporting Standards (IFRS).

**Materiality and target audience**

The report reviews our approach to addressing those social, economic and environmental issues that are seen as having a material impact on the long-term success of the business, the sustainability of the economy, the environment and the communities in which we operate, or that are important to key stakeholders. This year's report includes a review of our contribution in terms of:

- Global industry commitments on sustainability – as outlined in the World Business Council for Sustainable Development (WBCSD) Vision 2050
- National developmental priorities – as defined in the South African National Development Plan
- Local sector-specific commitments – as provided in the Framework Agreement for a Sustainable Mining Industry, entered into by organised labour, organised business and government (see pages 10 to 16).

While the report is of potential interest to all our existing and prospective stakeholders, it is focused primarily on addressing the interests of socially responsible investment (SRI) analysts and investors, as well as sustainability professionals. Our approach to identifying the issues we regard as being most material to Implats in 2014 is described on page 35.

**Reporting standards**

Our sustainability reporting criteria has been compiled in accordance with G4 Core Compliance and the Mining Sector Supplement of the Global Reporting Initiative (GRI), as well as Implats' internally developed reporting guidelines. In addition to this report, we have provided a response to some of the criteria of the GRI G4 Guidelines in a detailed online GRI response table, available at [www.implats.co.za/implats\\_reports/IR2014](http://www.implats.co.za/implats_reports/IR2014). As a signatory to the United Nations Global Compact (UNGC), we have also used the UNGC's Advanced Level reporting criteria in our communication on progress, and we declare that we meet the 24 advanced criteria.

**Independent assurance**

Selected performance information has been independently assured by a third-party assurance provider, IRAS. The scope of the assurance, the selected performance information and the independent statement of assurance are provided on page 108.

**Contacts**

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Additional information is provided in the following reports, all of which are available online at [www.implats.co.za](http://www.implats.co.za)



**INTEGRATED ANNUAL REPORT**

This was prepared in line with the recommendations of the South African Code of Corporate Practice and Conduct (King III), and draws on the guidance provided in the International <IR> Framework, issued by the International Integrated Reporting Council (IIRC).



**ANNUAL FINANCIAL STATEMENTS**

These were prepared according to International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides, Financial Reporting Pronouncements, the requirements of the South African Companies Act, the regulations of the JSE and recommendations of King III.



**MINERAL RESOURCE AND MINERAL RESERVE STATEMENT**

This conforms to the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC) and the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC), and has been signed off by the competent persons, as defined by these codes.

Chief executive officer, **Terence Goodlace** (55)

NHD: Metalliferous Mining, BCom, MBA

#### Experience

Terence was appointed to the Implats board in August 2010 and as Chief Executive Officer in July 2012. He has extensive mining experience and was previously the Chief Executive Officer and a director of Metorex Limited for three years. He has also served as Group Chief Operating Officer at Gold Fields where he worked for almost 27 years in various capacities. He is a council member of the Chamber of Mines (SA).



TERENCE GOODLACE

### Dear stakeholder

In my letter last year I suggested that Implats, and the platinum sector as a whole, had experienced the most difficult year in its history. Little did I anticipate that this, my second year as chief executive, would be even more challenging and eventful than 2013.

The year was dominated by the five-month strike across the platinum belt in Rustenburg, reflecting the difficult state of industrial relations across the sector, and compounding the existing challenges associated with a subdued global PGM market, a continuing rise in unit costs and a further reduction in margins and productivity. The events of the past year have further highlighted the business significance of society issues, and underlined the importance of maintaining a strong focus on sustainability.

In this letter, I reflect on our performance across our operations in our material sustainability focus areas, and provide an outlook on how we are addressing our challenges. While our immediate focus is to bring the Rustenburg mines back to full production,

which will take some months, we are deeply conscious of the need to invest further in anticipating and being responsive to society issues, if we are to realise our vision of being the world's best platinum-producing company that delivers superior returns to all stakeholders.

### Improving employee relations

Our commitment to advancing our employee relations (ER) strategy was severely tested this year by the ongoing rivalry between the Association of Mineworkers and Construction Union (AMCU) and the National Union of Mineworkers (NUM), the failure of the wage negotiations with AMCU late in 2013, and the subsequent five-month strike at our Rustenburg operations. The strike, the longest in the history of industrial relations in South Africa, has revealed significant shortcomings in the manner in which we, as a mining sector, have traditionally been conducting our business, and is having a profound impact on the nature of the industrial relations landscape in the country.

We made some initial progress early in the reporting period in delivering on the ER commitments that we made last year, with various initiatives aimed at improving communication with employees, building the people leadership skills of our supervisors and mine managers, and delivering the change management initiative aimed at developing a culture of shared corporate values. Unfortunately many of these initiatives were put on hold during the latter half of the 2014 financial year, which was dominated by efforts to resolve the strike.

The Rustenburg strike has come at a profound social, economic and financial cost to all parties concerned: the already difficult living conditions of many workers have worsened; the communities surrounding our operations have felt the impact of reduced economic activity; the Company has lost R7.2 billion in revenue while employees lost R1.9 billion in wages; and the country as a whole has seen a resulting drop in GDP growth and reduced global investor confidence.

In seeking to mitigate some of the key safety and health risks of the strike, we consulted with AMCU and concluded a health and safety agreement with them regarding the Rustenburg operations. The subsequent decision to encourage employees



## An increased focus on leading indicators and actions in 2013 is reflected in our performance data

to take leave and to suspend the operations has been widely applauded for the contribution it made towards maintaining employee safety. The signing of this recognition agreement has paved the way for more progress in advancing an ER strategy that will foster a collaborative environment.

The strike finally ended on 24 June 2014, with the signing of a three-year settlement agreement (the terms of which are briefly reviewed on page 45 of this report). Following the conclusion of the strike our immediate priority in the months ahead is to resume production at our operations in a safe and sustainable manner. Ensuring that our mines are financially viable in the context of low metal prices and increasing costs is a prerequisite for delivering on our wage agreement. In terms of delivering specifically on our ER strategy, we have identified a range of activities that we will be implementing over the short and medium term aimed at building better relationships across the organisation.

In our drive to build better relations, we will be implementing a new employee engagement model, presenting an attractive value proposition to employees, and developing new values through the Respect, Care and Delivery initiative that we commenced throughout the Group in August 2013. To achieve the necessary shift in culture throughout the organisation we will be seeking to implement a robust process of coaching and training to assist first line managers to deal with the difficult labour situations. Our aim is to develop managers who pride themselves in being leaders. We will also be working to further develop the direct two-way communication process through SMS text messages that we put to use for the first time during the industrial action. Recognising the need for a structural change in our approach to employee relations in South Africa, we shall continue to participate actively in relevant forums at the Chamber of Mines.

As a part of the change management initiative led by myself, we conducted a Barrett Survey among Implats employees to assess employees' perceptions of the current Implats culture, and to provide an opportunity for employees to give input into the culture they desire. This commenced in October 2013. The survey was completed by 3 178 employees across the Group, representing all levels, geographies and demographics of the

South African operations and representing approximately 10% of the workforce, which is seen to be statistically significant. The survey aimed to review three issues: the degree to which employees perceived their needs to be met across the Barrett Seven Levels of Consciousness Model, which is based on Maslow's hierarchy of needs; the level of 'cultural entropy' within the organisation, measured by the extent to which employees choose negative words to indicate the degree of organisational dysfunction; and the level of alignment between personal, current and desired values in the organisation, which provides an indication of an employee's level of commitment to the organisation.

The results of the survey have indicated that there are challenges requiring further cultural or structural transformation and leadership development. Most of these issues relate to health, the viability of the business, and the nature of the interpersonal connections experienced at work. Employees highlighted their desire for the following needs to be met: providing greater meaning and purpose in their work; the establishment of strong, reliable and consistent workplace relations; and ensuring further growth and transformation within the Company. In the coming year, focus groups will be introduced at all operations to better understand these issues and develop appropriate response programmes.

### Focusing on safety

Regrettably, I must report the loss of life of four of our employees as a result of injuries sustained while on duty. We extend our sincere condolences to the families of Osika Chidhakwa, Lebogang Abednego Moiteri, Khalepile Joseph Matama and Shaun Pelser. While I am encouraged by some improvements in our safety performance this year, including a decrease in fatalities from nine last year, any loss of life is unacceptable. I am determined to see a further step change in our safety performance and I take personal responsibility for ensuring that we develop the right safety culture through leadership. A revised health and safety agreement signed in November with all employee representative groups, inclusive of AMCU, presents opportunities to engage more effectively with employees in promoting the right safety culture.

As noted earlier, our commitment to safety informed aspects of our response to the strike, with the entire Rustenburg operation being suspended throughout the five-month period with the aim of protecting the safety and security of our employees who faced the risk of violence and intimidation. Prior to resuming the Rustenburg operations, mine overseers, ventilation officers and rock engineers conducted regular audits of all working places at the mine to assess the support conditions and ascertain if the ground conditions had deteriorated. The levels of risk identified were monitored, and have informed our start-up plan.

The strike period had both positive and negative impacts on our progress in advancing our safety and health initiatives. While many of our planned initiatives were necessarily put on hold until production stability resumed and people returned to work, the period was used effectively to focus on enhancing our safety standards and procedures.

Our strategy continues to be built on changing the culture of the organisation (in line with the industry cultural transformation framework), improving our supervision, and adopting and implementing various technical initiatives that aim to improve workplace safety. To this end, I would like to mention certain positive developments in particular:

- ➔ We introduced a five-day team mobilisation training programme for all our underground stoping teams, to enhance the team functionality and embed the right safety culture at all levels in the Company. The best practice three-day Zero Incident Process for Leaders (ZIP) training session was attended by all E-Level management and will be cascaded to supervisory level next year
- ➔ We used the non-production period at Rustenburg to update the Impala safety standards and procedures with a specific focus on the major hazard control standards. These represent current best practice in the control of the specific identified fatal hazards and have been derived from detailed risk assessments, investigations into fatal incidents and the experiences of other industry leaders
- ➔ In addition, we took steps during the strike period to assess and improve our emergency preparedness and response plan at Rustenburg and Marula, specifically relating to proto teams, control rooms, refuge bays and self-contained self-rescuers
- ➔ We have implemented a zero-harm incentive scheme that divides the incentive equally between safety and production. The safety component comprises the leading requirement that nets and bolts be installed on all panels and development ends, as well as the lagging measure of workforce lost-time injuries
- ➔ To address high safety risks in our mines that cannot currently be mitigated through supervision, we continued to invest significantly in roof-bolting and netting, proximity detection systems (PDS), winch-signalling devices, new centralised blasting systems as well as fail-safe devices to prevent rolling stock from accidentally falling down shafts. Notable achievements include the full implementation of nets and bolts on both the Rustenburg Merensky Reef and UG2 Reef horizon stopes, equipping the South African operations' trackless vehicle fleet with PDS, and the purchase and rollout of self-contained self-rescuers to all our underground employees.

Despite these and other developments in our safety practices, our performance tracked against a set of lagging and leading indicators has been variable and we acknowledge that there is still much work to be done. We are still some way from meeting our targets. The Group fatality rate improved by 34% to 0.043 per million man-hours worked, from 0.065 in 2013. The lost-time injury frequency rate improved by 7% to 3.92 per million man-hours, against a target of 3.37. The total injury frequency rate (TIFR) – a measure of all recorded injuries, including fatalities, lost-time injuries, restricted work cases and medical treatment cases – was 11.90, up from 10.91 in 2013.

An increased focus on leading indicators and actions in 2014 is reflected in our performance data. The number of breathalyser tests conducted across the Group increased by 22.3% to 810 138; road behaviour checks increased by 24.2% to 52 527, and the number of STOP® visible felt leadership observations increased by 2.6% to 73 444. The number of internal work stoppages decreased by 37.7% to 2 562.

In striving for zero fatalities and zero harm, we will continue to focus on ensuring that all operations have behaviour-based safety programmes in place. We need to ensure that senior





## The challenging social context we are operating in further highlights the need for sustainable community development

management engage with supervisors to contextualise the recent and ongoing challenges and provide support for effective supervision. We will also pursue interactions with senior union leadership to gain commitment for safety initiatives.

### Promoting health and well-being

This year we made good progress in managing health risks and delivering on our health strategy, reflected in an improved performance across most of our parameters. The prolonged absence from work during the strike challenged our ability to promote the health and well-being of a high contingent of our workforce, and in particular those on chronic illness medication. To mitigate the risks, we have increased capacity and staffing at our strike-affected operations, to monitor and manage patients. Following the strike, these additional resources have assisted in expediting the medical screening of all employees, a necessary intervention since no employee is allowed to work underground without a valid certificate of fitness.

The revised health and safety agreement signed with all employee representative groups, and the strong relationship we have established with AMCU HSE personnel, has played a significant role in facilitating our activities and improving our performance. Following the strike, a robust start-up process was implemented, informed by risk assessments and incorporating a revamped IT system, to ensure that risks were effectively identified and managed.

Proactive management of challenges faced during the strike period ensured that we made good progress this year in managing HIV/Aids and TB in the Group. In particular, the uptake of antiretroviral therapy (ART) increased by 6% on last year and there are now 4 276 people on the programme. We continue to introduce equipment with improved sound suppression, with all exposed individuals being trained in the use of custom-made hearing-protection devices. However, ensuring adherence to relevant requirements remains a challenge. All patients diagnosed with early signs of noise induced hearing loss on screening audiograms were investigated, counselled and monitored.

On the non-occupational healthcare front, membership of our own medical aid offering increased by 8% to 21 994 people on the scheme. Our Rustenburg and Marula operations continue to work closely with the South African Department of Health in support of the national health insurance plan. Through the Impala Bafokeng Trust (IBT) we have committed to renovate and expand the Primary Care clinic situated in Luka village in the Rustenburg lease area. We will continue to seek to ensure that our health strategy is aligned with the South African Government's national health strategy, including providing healthcare facilities around our lease areas. In Zimbabwe, Mimosa mine assisted with renovations to the Zvishivane district hospital.

### Promoting transformation

In South Africa, we have continued to engage with government and other stakeholders to further our contribution towards a better, more equitable and participative society. We also believe strongly that a transformed and more diverse organisation is more resilient and better positioned to be competitive in the country and region. As part of South Africa's process of transformation, we must meet the Mining Charter's targets set out for 2014. At year end, we remained well positioned with regard to performance against these targets and we seek to go beyond regulatory compliance. The next five-year Social and Labour Plans (SLPs) for Impala and Marula were completed and submitted to the Department of Mineral Resources (DMR) during calendar year 2013. The Marula SLP was approved at regional level in 2013 and implementation advanced in 2014. At Impala, a full assessment of the first generation SLP was conducted in July 2014 by the regional office of the DMR. Based on this assessment recommendations were made to be integrated into the new SLP, and a resubmission was due in August 2014.

Advancing our progress this year included:

- ➔ Investing R331 million in training and development representing 5% of payroll and achieving the Mining Charter's 2014 target of 5%

- ➔ Improving equitable representation in our workforce. At year end, despite a setback in our efforts during the prolonged strike, we had achieved and in most cases exceeded most of the charter's targets. HDSAs represent 50% of management (2013: 48%) and women 19% of management (2013: 19%) unchanged from the previous year
- ➔ Setting a leading example with our initiatives to improve the accommodation and living conditions of our employees. We have exceeded the Mining Charter's requirements and have ambitious housing development projects in progress
- ➔ Complementing our housing efforts with investments in community development projects amounting to R332 million, inclusive of SLP commitments
- ➔ Using our core business to support local and HDSA businesses through preferential procurement, supplier development and enterprise development. We have seen a decreasing trend in non-compliant operating expense suppliers and an increase in black-empowered suppliers, particularly in the >25% to 50% HDSA/BEE category. The total South African operations' discretionary procurement for 2014 was R7.9 billion of which 65%, or R5.1 billion, was from companies in which HDSA/BEE ownership was greater than 25% (2013: R5.5 billion or 55%). Overall there was an acceptable performance in the key charter elements of capital goods, consumables and services against the 2014 targets.

In the year under review, we participated in the DMR's compliance assessment process championed by Moloto Consulting. We look forward to the outcomes of this process and to providing input into the review of the Mining Charter in the year ahead, through the Chamber of Mines (COM).

In Zimbabwe, we continue to engage with the government on the subject of indigenisation and how to implement the Mimosa and the Zimplats indigenisation plans. The government has advised us to factor in our corporate social responsibility projects, so as to accrue credits towards achieving the 51% indigenisation target. We continue to engage with the Minister

of Youth Development, Indigenisation and Economic Empowerment in this regard.

### Investing in our communities

The sustainability of our mining activities depends on our ability to contribute to the well-being and prosperity of our host communities. The challenging social context we are operating in further highlights the need for sustainable community development as a commercial and social imperative. The most significant contribution we make to the well-being of our communities and employees is our investment in improving the accommodation and living conditions of employees, with a focus on enhancing home ownership opportunities. We are proud to have been commended by the DMR this year for our progressive stance and leading example in this endeavour. Our social investment strategy focuses primarily on infrastructure, health, education, community empowerment and poverty alleviation projects, and aims to complement our housing initiatives, through the provision of schools, clinics and other amenities.

To better understand some of the social challenges that impact the communities around Rustenburg operations, this year we conducted evidence-based research to further inform our social strategic interventions. The first phase entailed a review of socio-economic trends and developments in the Royal Bafokeng Nation (RBN) villages and those communities impacted by the Rustenburg operations, over a 10-year horizon from 2001.

This year, the South African operations invested R71 million in socio-economic development projects, inclusive of SLP commitments, and an additional R261 million towards improving accommodation and living conditions of our employees. The Zimbabwe operations expended US\$6 million on socio-economic development projects and a further US\$15 million on employee housing. Total expenditure for the Group on social projects and housing amounted to R559 million.

## CEO'S STATEMENT



## Implats has continued to work through the Chamber of Mines in finding common solutions to some of the challenges faced by the industry

Performance highlights this year include the following:

- ➔ The development of our second home-ownership flagship project in South Africa, the Platinum Village in Rustenburg, progressed well; phase 1 is to build 557 units built at a cost of R140 million. The R1-billion development project has a final target of 2 420 units, to be completed over the next three years. Our strategy of providing quality bonded houses to employees is key to normalising the living and working environment of our employees
- ➔ Consistent with government's vision of integrated human settlements, we develop schools near our housing developments. To serve the Boitekong Township including the Sunrise View housing development that we completed in 2013 (comprising 1 717 houses now owned by employees at a cost of R406 million), we developed the Sunrise View primary and secondary schools. In 2014, there were 1 372 learners (974 primary school, 398 secondary school), 39 educators (24 primary, 15 secondary) and 10 support staff (seven primary, three secondary) benefiting from the new schools. We are in the process of developing the Platinum Village schools project
- ➔ Once again, we contributed R10 million to the Impala Bafokeng Trust, which was established in 2007 by the Royal Bafokeng Nation and ourselves to augment the corporate social investment commitments of both organisations. IBT-funded projects provided much-needed support during the strike
- ➔ At Implats, social development projects included the refurbishment of a local clinic at a total cost of US\$60 000 and the extension of a local police station at a total cost of US\$293 000. Donations amounting to US\$273 000 were made to the community, invested in education, sport development, health and income generating projects.

The strike at Rustenburg regrettably impacted on project implementation, with many of our social projects halted. For example, our school support programme and our two principal enterprise development programmes (supplier development and business advisory) were halted for the five-month period. Developing small and medium-sized enterprises, encouraging entrepreneurship and enhancing procurement opportunities,

form an important part of our contribution towards creating sustainable communities, improving community relations, and advancing local economic development. This year the South African operations expended R2.0 billion on procurement from local tiered BEE suppliers, constituting 26% of the total procurement spend (2013: R2.4 billion or 24%). In Zimbabwe, local suppliers accounted for 66% of Implats' annual expenditure on goods and services (2013: 64%); Mimoso's indigenous procurement accounted for 92% of total discretionary expenditure, consistent with levels in 2013.

A focus in the next financial year will be to manage the challenges associated with the negative impact of the strike on social investment projects, including competing priorities and budget constraints.

### Conserving natural resources and minimising our impact

This year our direct environmental impacts were significantly reduced as a result of the closure of the Rustenburg operations during the five-month strike. The disruption also affected the monitoring of the Group environmental indicators at Rustenburg. The decline in production translated into a decrease in the levels of water and energy consumed: total water consumption at a Group level decreased by 15% (2013: 40 711 Mℓ) and total energy consumption declined by 18%. In the first half of the year performance improvements attributed to a 3% increase in the percentage of water recycled (2013: 38%).

In implementing our carbon management strategy, our focus remains on energy-efficiency projects. To date, over R100 million has been expended on energy conservation programmes, resulting in a 3.1% reduction in indirect energy usage. Security of energy supply and rising prices are significant material risks for our operations in South Africa and Zimbabwe. Electricity consumption accounted for around 70% of our total energy consumption in 2014, and almost 11% (2013: 11%) of our overall cash cost base. Our projected expansion into deeper operations that are more energy intensive, together with the proposed introduction of a carbon tax in South Africa in January 2016, emphasise the business imperative to focus on reducing

and optimising our energy use. Our focus is on improving operational and design efficiencies and incorporating best practice technology and processes. Our longer-term strategic investments include exploring a carbon neutral fuel source for our operations, and participating in collaborative efforts to develop fuel-cell technology.

### Industry initiatives

Implats has continued to work through the Chamber of Mines in finding common solutions to some of the challenges faced by the industry, and to seek strategic alignment to the relevant national imperatives outlined in the National Development Plan (NDP). We have also continued to advance initiatives under the Deputy President's Framework Agreement for Peace and Stability in the Mining Industry signed by stakeholders in February 2013, and we are committed to driving implementation of the principles of the UN Global Compact.

A review of our progress in contributing to the goals of the NDP and delivering on the Framework Agreement is provided on page 13. Our contribution is reflective of our commitment to ensuring the growth and stability of the industry and our country. These initiatives speak to legislative issues, taxation, social and labour challenges (such as employee indebtedness, health and safety, the migrant labour system, housing and living conditions), as well as economic imperatives (such as beneficiation, infrastructure constraints, energy and water supply).

During the year under review the International Platinum Association (IPA), to which Implats is affiliated, completed a life cycle assessment on the impacts and benefits of platinum group metals (PGMs). This study is important in highlighting the wide benefits of PGMs, both for the environment and the social contributions of mining, while taking into account the high impacts on land, water and energy consumption. We hope to communicate more broadly on these findings in the future.

### Conclusion

In my letter last year I argued that if Implats is to realise its vision of being the world's best platinum-producing company that delivers superior returns to all stakeholders, then we will need to anticipate and be responsive to society issues. We remain committed to the 10 principles of the United Nations Global Compact to which we are signatories. The events of this past year have reaffirmed my belief that the pursuit of sustainable development and zero harm are competitive imperatives, and that these should be recognised as fundamental elements of a mining company's fiduciary responsibility.

Implats' management and the board firmly believe in the future of PGMs and their important positive contribution for society at large. It is with this in mind that we have to withstand the current industry crisis by re-energising and rebuilding Impala post the five-month strike, continuing to increase volumes at Marula, and ensuring the success of our Zimbabwe operations.

I once again sincerely thank the board for their leadership and the Implats team for their understanding and support as we protect the Company in these turbulent times and position it for a more secure and sustainable future.

### Terence Goodlace

*Chief executive officer*



**Selected performance information has been independently assured by a third-party assurance provider, IRAS**

### Responding to the National Development Plan

Implats recognises the important role it plays in advancing the objectives and vision of the National Development Plan of South Africa (NDP), and has sought to align these objectives to the organisation's own long-term goals. This has been done in some instances through collaboration with industry players, government departments and local stakeholders in our areas of operation. We consider this an integral part of transforming the industry, society and the economy of our country.

The NDP was adopted by government in 2012 as an economic and social development plan to eliminate the triple challenge of poverty, inequality and unemployment, and to increase investments. The NDP seeks to create 11 million jobs, halve unemployment, and substantially reduce poverty and improve living standards by 2030. To achieve these objectives, the NDP recommends:

1. Creating an environment for sustainable employment and inclusive economic growth
2. Raising levels of exports and competitiveness
3. Strengthening government's capacity to provide leadership in promoting economic development
4. Mobilising all sectors of society around a national vision

The NDP provides a breakdown of how its objectives can be achieved, for various sectors of the economy. For the mining industry, the objectives can be realised through:

- ➔ Employment and growth
- ➔ Labour market proposals
- ➔ Beneficiation
- ➔ Infrastructure
- ➔ A low-carbon economy and the environment
- ➔ Education and training
- ➔ Healthcare
- ➔ Social protection

In this report we have outlined our contribution towards these imperatives, as well as our planned interventions.

### Responding to the Deputy President's Framework Agreement on a Sustainable Mining Industry (DPFA)

Following the global financial crisis of 2008 and the ensuing platinum mining strikes of 2012 which culminated in Marikana where 45 people lost their lives in 2012, it became imperative for business, labour and government to work together in stabilising the industry. This commitment was made through the DPFA signed in February 2013 by all stakeholders with the exception of the Association of Mineworkers and Construction Union (AMCU). In broad terms stakeholders have committed to:

- ➔ Ensuring the rule of law, peace and stability
- ➔ Strengthening labour relations
- ➔ Improving living conditions of mineworkers
- ➔ Transforming the mining industry
- ➔ Compliance to legislation
- ➔ Supporting long-term growth of the industry

As an organisation, we recognise the importance of these commitments in giving impetus to our own long-term sustainability objectives.

### Responding to the Mining Charter

The Mining Charter in South Africa was introduced in 2004 as a vehicle to transform the mining industry by redressing historical imbalances engendered by apartheid. In seeking to make the sector consistent with the overall transformation of South Africa's social, political and economic landscape, the Mining Charter focuses on the following eight pillars:

- ➔ Ownership
- ➔ Housing and living conditions
- ➔ Procurement and enterprise development
- ➔ Employment equity
- ➔ Human resources development
- ➔ Mine community development
- ➔ Sustainable development
- ➔ Beneficiation

Implats recognises its role in advancing transformation within the broader context of society and the significance of this in maintaining its licence to operate in South Africa. To this end our performance against these eight pillars is outlined on pages 18 to 21 of this report.

### Responding to the World Business Council for Sustainable Development Vision 2050

Implats, while not a member of the World Business Council of Sustainable Development (WBCSD), recognises the important role that business has to play in creating a sustainable world, underpinned by fundamental changes in governance, economic frameworks and human behaviour.

We thus support the nine key pillars of action that will lead to the 2050 vision in which the basic needs of nine billion people are met. The nine pillars speak to:

- ➔ People values – living well within the limits of the planet
- ➔ Human development – basic needs of all are met
- ➔ The economy – true value, true cost and profit are linked
- ➔ Agriculture – enough food, water and biofuels through a new green economy
- ➔ Forestry – recover and regenerate
- ➔ Energy and power – secure and sufficient supply of low carbon energy
- ➔ Buildings – close to zero-net energy building/infrastructure
- ➔ Mobility – universal access to safe and low impact mobility
- ➔ Materials – not a particle of waste

Our support for these elements is demonstrated through our community development initiatives, our environmental programmes, the beneficiation of our metals, and industry initiatives that drive economic transformation of the sector. These are referenced more broadly on pages 12 to 16.







**THE GLOBAL PERSPECTIVE**

**World Business Council on Sustainable Development Vision 2050**

WBCSD vision 2050	Context and commitments
<p>⇒ <b>People's values</b> People living well, and within the limits of the planet</p> 	<ul style="list-style-type: none"> <li>- Understanding and encouraging change through cooperation, so that sustainable living becomes mainstream</li> <li>- Promoting healthy people, healthy societies, healthy business</li> </ul>
<p>⇒ <b>Human development</b> Basic needs of all are met</p>	<ul style="list-style-type: none"> <li>- Building trust, entrepreneurialism, inclusiveness</li> <li>- Business reaches out, trading and training</li> <li>- Delivering the infrastructure for human development</li> </ul>
<p>⇒ <b>Economy</b> True value, true cost, true profit</p>	<ul style="list-style-type: none"> <li>- Redefining progress: true value must drive inclusive markets.</li> <li>- Financing based on long-term value</li> <li>- Accounting for the real world</li> <li>- Driving inclusive markets through true value</li> <li>- Accelerating innovation through efficiencies</li> </ul>
<p>⇒ <b>Agriculture</b> Enough food, water and biofuels through a new Green Revolution</p>	<ul style="list-style-type: none"> <li>- Cultivating knowledge-intensive agriculture</li> <li>- Research delivers progress in food and biofuel</li> <li>- Promoting growth in global trade, crop yield and carbon management</li> </ul>
<p>⇒ <b>Energy and power</b> Secure and sufficient supply of low-carbon energy</p>	<ul style="list-style-type: none"> <li>- Greenhouse gas emissions peak and decline</li> <li>- Promote demand side efficiency</li> <li>- Contribute to 2050 goal of 50% reduction in global CO<sub>2</sub> emissions on 2005 levels</li> <li>- Reduced cost of renewables</li> </ul>
<p>⇒ <b>Buildings</b> Close to zero net energy buildings</p> 	<ul style="list-style-type: none"> <li>- Developing resource-efficient buildings: all new buildings to use zero net energy, and enforce strict energy efficiency regulations</li> </ul>
<p>⇒ <b>Mobility</b> Universal access to safe and low-impact mobility</p>	<ul style="list-style-type: none"> <li>- Promoting integrated transport solutions and smarter mobility, to enable near universal access to reliable, low-impact mobility</li> <li>- Developing alternative drivetrains and fuels</li> </ul>
<p>⇒ <b>Materials</b> Not a particle of waste</p>	<ul style="list-style-type: none"> <li>- Improving the eco-efficiency of resources and materials</li> <li>- Eliminating waste by closing the material loop and embracing life cycle thinking</li> <li>- New business models for manufacturing, design and recycling</li> </ul>
<p>⇒ <b>Forests</b> Recovery and regeneration</p> 	<ul style="list-style-type: none"> <li>- Increasing forest protection and efficient production</li> <li>- Ceasing deforestation</li> <li>- Committing to carbon cuts and driving progress through carbon incentives</li> </ul>

**THE NATIONAL PERSPECTIVE**

**The National Development Plan**

The NDP objectives	Context and commitments
<p>➔ <b>Transforming society and uniting the country</b></p>	<p>Social cohesion should be enhanced by:</p> <ul style="list-style-type: none"> <li>- Reducing poverty and inequality by broadening opportunity through economic inclusion, education and skills development</li> <li>- Promoting mutual respect</li> <li>- Deepening appreciation of our mutual responsibilities</li> </ul>
<p>➔ <b>An economy that creates more jobs, is more inclusive and that shares the fruits of growth more equitably</b></p>	<ul style="list-style-type: none"> <li>- In 2030, the economy should be close to full employment.</li> <li>- It should equip people with the necessary skills</li> <li>- It should ensure that ownership of production is more diverse</li> <li>- The functioning of the labour market should be improved through reforms on dispute resolution</li> <li>- Small business should be supported</li> </ul>
<p>➔ <b>Building safer communities</b></p> 	<ul style="list-style-type: none"> <li>- People living in South Africa should feel safe and have no fear of crime</li> <li>- People should have confidence in the criminal justice system and police service</li> <li>- There should be greater provision for community participation in community safety</li> </ul>
<p>➔ <b>Improving infrastructure</b></p>	<ul style="list-style-type: none"> <li>- To grow in a more inclusive manner the country needs higher levels of investment in economic infrastructure, as well as infrastructure that supports human settlements</li> </ul>
<p>➔ <b>Reversing the spatial effects of apartheid</b></p>	<ul style="list-style-type: none"> <li>- Settlements patterns should meet the needs and preferences of citizens taking into account broader social, environmental and economic interests</li> </ul>
<p>➔ <b>Improving education, training and innovation, and providing quality healthcare</b></p> 	<ul style="list-style-type: none"> <li>- Measures taken to address poor education and health that significantly reduce opportunities for a productive life and undermines the dynamism of the South African economy</li> </ul>
<p>➔ <b>Fighting corruption</b></p>	<ul style="list-style-type: none"> <li>- Measures taken to address high corruption levels frustrate the state's ability to deliver on its development mandate</li> </ul>
<p>➔ <b>An inclusive and integrated rural economy</b></p>	<ul style="list-style-type: none"> <li>- South Africa's rural communities should have greater opportunities to participate fully in the economic, social and political life of the country through access to good quality education, healthcare, transport and other basic services</li> </ul>
<p>➔ <b>Transitioning to a low-carbon resource-efficient economy</b></p>	<ul style="list-style-type: none"> <li>- The country needs a coherent plan to emit less carbon, use water more sustainably, and protect the oceans, soil and wildlife</li> </ul>





### Our contribution in 2014

- Our investments in employment opportunities, education, health, housing and infrastructure collectively provide a significant contribution to building social cohesion
- We are committed to promoting broad-based transformation, evidenced by the nature of our initiatives, for example relating to ownership, employment equity, skills development, procurement and housing

- We provided more than 45,000 direct jobs in South Africa and approximately 7,000 in Zimbabwe
- We stimulated significant employment opportunities throughout our value chain, including through our procurement practices targeted at encouraging local economic development and transformation
- We invested significant resources in enhancing employment opportunities through our skills development and training initiatives
- Our tax revenues facilitated public investment in developing human capital
- We engaged with government and labour representatives in finding an approach to collective bargaining that takes account of a multi-union environment, and in exploring opportunities for linking wages to productivity

Various Mine Crime Combating Forums (MCCF) have been established through the Deputy President's Framework Agreement. These include one in Phokeng (Rustenburg), one in Gauteng (West Rand) and one in Limpopo. Mining company's Security Heads are active participants. During the launch of the MCCF, Implats signed a pledge of commitment to the Framework Agreement for a Sustainable Mining Industry. We were initially represented by Mine Security, and have since boosted representation. The agenda points include:

- Stakeholder mine crime related incidents reports
- Public violence
- Planned marches
- Spontaneous gatherings
- Meetings held on mine premises where no permission was granted
- Profiling of individual causing violence/destabilisers
- Crime against the mine and mine employees
- Successes
- Profiles of suspects
- Any intelligence regarding crime
- Identification of hotspots

- We contribute to infrastructure development through our significant investments in mining projects, as well as through our social investment initiatives in our host communities
- Our capital investments have enhanced export opportunities
- Our investments in health, education, basic infrastructure and community empowerment and in housing, have contributed directly to the development of human settlements
- Our social investment strategy is aimed at establishing infrastructure that will address urgent needs in mine communities with a focus on longer-term impacts

- Our flagship investment in the well-being of our local communities is our commitment to the provision of accommodation and improved living conditions for our employees and their families
- We strive to create viable local communities in which employees are able to reside with their families in a stable, healthy and secure environment

- This year we invested more than R331 million in various skills development programmes at all levels
- We also invest in various education-related infrastructure
- In addition to our occupational health measures, we have been active in addressing non-occupational health risks, most notably HIV and TB
- We partner with the Department of Health in addressing community health issues, including our contribution to the establishment of healthcare facilities in and around the lease areas


- We promote high standards of ethical behaviour throughout our activities
- We have a zero-tolerance stance on fraud and corruption, with all employees, business partners, contractors and associates all of whom are required to conduct themselves in accordance with the Implats Code of Ethics and our fraud policy
- Adherence to this Code is facilitated by a "whistle-blowing" helpline that enables the confidential reporting of alleged incidences

- This year 14 out of 50 investment projects verified benefited 8 500 people in South Africa and almost 5000 in Zimbabwe through investments in infrastructure, education, health, housing, enterprise and sports development with R138 million total expenditure in Socio Economic Development for the Group and R428 million in housing initiatives for the Group
- The demographic of beneficiaries shows that over 99% of these beneficiaries were black, while more than 62% were youth (35 years of age and under)

- We have implemented various energy and water usage efficiency initiatives and are assessing the feasibility of using biomass as an energy source at our Rustenburg smelter
- We work with industry bodies and government in seeking an appropriate policy response to climate change that does not compromise the competitiveness of our sector, noting both our important developmental contribution as well as the role of platinum group metals in the transition to a lower carbon economy

## THE INDUSTRY SECTOR PERSPECTIVE

## The Deputy President's Framework Agreement

The Framework Agreement	Context and commitments – In signing the FA, Implats commits to:	
<p>➔ <b>Building a relationship among stakeholders based on trust and respect</b></p>	<ul style="list-style-type: none"> <li>– Acting in a fair and impartial manner in dealing with unions and acting swiftly where these principles are violated</li> <li>– Working with government and labour to identify and address factors behind workplace conflict</li> </ul>	<ul style="list-style-type: none"> <li>– Improve internal security measures and consistently implement them at the workplace</li> <li>– Negotiate in the workplace and industry in ways that support long-term development and constructive peaceful labour relations</li> </ul>
<p>➔ <b>Strengthening labour relations</b></p>	<ul style="list-style-type: none"> <li>– Respect the rule of law and the legal framework in labour relations matters</li> <li>– When taking decisions, to take account of both the broader context in South Africa (in particular the need to reduce poverty, inequality and unemployment), as well as the interests of investors</li> <li>– Respect agreements and legal obligations</li> </ul>	<ul style="list-style-type: none"> <li>– Contribute to creating cordial relations between unions in the sector</li> <li>– Follow proper labour relations procedures</li> <li>– Work with Labour to fast-track resolution of disputes</li> <li>– The development of a pre-negotiations framework</li> <li>– Recognise and respect cultural diversity in the workplace</li> </ul>
<p>➔ <b>Ensure the rule of law, peace and stability</b></p>	<ul style="list-style-type: none"> <li>– Properly adhere to laws, regulations and charters governing the sector and consistently apply their policies and respect agreements</li> <li>– Take measures to protect staff members from violence and intimidation and to ensure that security personnel act in accordance with the law at all times</li> <li>– Avoid acting in a manner that provokes or raises tensions in the work place</li> </ul>	<ul style="list-style-type: none"> <li>– Participate in the Mine Crime Combating Forum (MCCF)</li> <li>– Take all legal steps against unprotected labour actions</li> <li>– Work with government and labour in developing protocols for security and law enforcement</li> <li>– Where possible, inform police of all planned and unplanned strikes and protests</li> </ul>
<p>➔ <b>Improve living conditions</b></p> 	<ul style="list-style-type: none"> <li>– Accelerating the implementation of human settlement interventions</li> </ul>	<ul style="list-style-type: none"> <li>– Assisting with resources and technical support for upgrading human settlements around mining towns within the context of regulatory requirements and additional voluntary contributions</li> </ul>
<p>➔ <b>Assist workers with financial literacy and financial planning</b></p>	<ul style="list-style-type: none"> <li>– Assist workers with financial literacy and financial planning</li> </ul>	<ul style="list-style-type: none"> <li>– Inform individual employees upon receipt of emolument garnishee orders and consider steps to assist employees who are highly indebted</li> </ul>
<p>➔ <b>Reaching optimal levels of transformation</b></p>	<ul style="list-style-type: none"> <li>– Accelerate progress in transformation, including the areas of ownership, procurement, employment, beneficiation, human resource development, as well as health and safety in line with the targets set out in the Mining Charter</li> </ul>	<ul style="list-style-type: none"> <li>– Review its long-term strategy and support initiatives for restructuring, re-skilling to achieve competitiveness, sustainable growth and transformation</li> </ul>
<p>➔ <b>Transform the migrant labour system</b></p>	<ul style="list-style-type: none"> <li>– Improve socio-economic conditions in labour sending areas</li> <li>– Enforce and implement all elements and commitments of the Mining Charter</li> </ul>	<ul style="list-style-type: none"> <li>– Ensure integration and implementation of SLPs and IDPs in labour sending areas and mining areas</li> </ul>
<p>➔ <b>Resolve labour disputes as speedily as possible in the best interest of members and South Africa</b></p>	<ul style="list-style-type: none"> <li>– Negotiate in the workplace and industry in ways that support long-term development and constructive peaceful labour relations.</li> </ul>	
<p>➔ <b>Assist workers with financial literacy and financial planning</b></p>	<ul style="list-style-type: none"> <li>– Find sustainable solutions to employee indebtedness and empower employees to be able to adequately manage their financial affairs and guard against unscrupulous micro lenders.</li> </ul>	



## Our contribution in 2014

- A Code of Conduct was included in our newly signed recognition agreement with AMCU
  - The Company has interdicted against any unapproved mass meetings or picketing areas
  - Codes of conduct have helped ensure that all parties understand and respect this objective
  - The agreement does however still not fully address majoritarianism
  - A new Recognition Agreement may be signed at Marula during 2015. This is provided that AMCU becomes the verified new majority union
  - Mining companies work closely with security to prevent intimidation, and to ensure ethical behaviour. The Recognition Agreement signed at Impala lowered thresholds in a number of areas
  - A guideline for verification has been developed. This guideline relies on third party verification. Full co-operation by organised labour is needed for this to be done. Third party assessment of union deductions has been used on a number of occasions over the last two years
  - Union membership verification and processing of union membership stop orders against the Company's payroll will be conducted in accordance with the Labour Relations Act
  - We invested in improving the quality of the relationships that we have with employees, unions, government and local communities
  - Subsequent to our recent experiences the recently signed recognition agreement with the unions has simplified the verification process. We have identified and implemented initiatives aimed at ensuring more effective solutions for working in a multi-union environment, and to moving to a more open system where all employees are recognised and respected as equals, based on a culture of trust, respect and care
  - The Chamber of Mines has played a very active role in engaging with Security, Crime Prevention and Criminal Justice cluster through the National Joint Operations Command (NATJOC)
  - Companies have played an active role through Provincial Joint Operations Command (PROVJOCs) and NATJOC (including information sharing)
  - The Chamber has appointed a permanent liaison security Head to work with the Mining Companies and NATJOC
  - Visible policing in hotspots has improved
  - Implats Security visibility has been improved in traditional safety hotspots, and reaction units remain on high alert to quell any violence that may erupt. Security Management on the mine maintain good relations with the SAPS
  - During the strike period Impala Rustenburg has participated at the Joint Operations Command (JOC) in Phokeng by having permanent representation. Additional security measures have been put in place during the strike (100 additional security members, eight additional armoured cars, additional surveillance capabilities and helicopters on standby)
  - A total of R261 million was expended on employee housing (2013: R445 million)
  - The development of our second home-ownership flagship project, the Platinum Village in Rustenburg, has progressed well. Phase 1 entails investing R210 million in building 557 units; during the strike-affected year a total of 283 houses were completed and 181 handed over to employees in the Platinum Village. The R1-billion development project has a final target of 2 420 units, to be completed over the next three years. Consistent with government's vision of integrated human settlements, Implats is developing a Platinum Village schools project
  - While the strike period did not affect our construction activities, it had a negative impact on house sales, due to the lack of earnings required by banks. We are confident that once the Rustenburg operations normalise, sales will pick up
  - At the Refineries the Tswelopele home ownership development comprising 108 housing units has been completed, to the value of R36 million. A total of 104 units have been sold to employees
  - At our Marula operation, by year end we had built 58 of the target 122 units for employees. Project completion is on schedule for December 2014. The contract value is R58 million
  - Following the completion last year of the R406 million Sunrise View home ownership development (with 1 717 units built and sold to employees) and the launch of the Sunrise View Primary School, this year Implats completed the development of the Sunrise View High School, which was opened in February 2014
  - In 2014, 707 employees were enrolled for ABET, which provides for basic numeracy skills
  - Implats has continued to focus on transformation. Our performance against the Mining Charter is as outlined on pages 18 to 21 in this report.
  - In support of the Deputy President's Framework Agreement (DPFA), a Task team has been established to participate in the government driven policy review around migrant labour, spearheaded by the Department of Performance, Monitoring and Evaluation (DPME) a multi-stakeholder committee consisting of Labour, Industry and government
  - The Committee has since appointed the services of a consultancy to conduct research pertaining to the migrant labour system, taking into account, economic, social, health, safety, industrial relations and mining policy
  - This research is planned to run from August 2014 to October 2014. Implats has two representatives on the Chamber task team. The outcomes of this process will inform policy around migrant labour. Through the Chamber, input shall be given to this process to ensure that industry issues are taken into account
- Impala works closely with Unions to resolve all internal disputes through dispute resolution mechanisms and within the auspices of the Commission for Conciliation Mediation and Arbitration (CCMA). Process issues flowing from wage agreements will be handled by the plenary through the task teams established by the Company and the Union. The work of the task team may include consultation and/or advice from third party expertise. These task teams will deal with issues which include:
- micro-loans and garnishee orders
  - medical separation agreements
  - retirement benefits and funeral cover
  - subcontracting, labour hire and employment agencies
  - job grading reviews
  - shareholding review
  - medical aid
  - life skills centre
- The Chamber has established an internal task team on employee indebtedness to amongst others drive financial literacy training. Both Old Mutual and Edu-touch are starting to roll out programmes in mining areas and in mining communities
  - Some companies have started an analysis of the opportunity to manage emolument Attachment Orders and how to help restructure indebtedness of employees
  - A number of companies have reported good progress on this matter
  - Implats has hired a former Sheriff of the Court who now works in our finance department to assist in identifying and curbing fraudulent garnishee orders. We have seen an improvement as some garnishee orders have been deemed unprocedural. Through our Adults Basic Education programme we have included numeracy training

## OUR VISION, MISSION AND VALUES



[www.implats.co.za](http://www.implats.co.za)

### Our vision

To be the world's best platinum producing company, delivering superior returns to stakeholders relative to our peers.

### Our mission

To safely mine, process, refine, recycle and market our products at the best possible cost ensuring sustainable value creation for all our stakeholders.

### Our purpose

To safely and responsibly produce platinum group metals (PGMs) in order to make a meaningful contribution to the sustainability of our planet. PGMs are environmentally friendly 'green' metals, which ensure cleaner air through effective emission control and are also used in electronics and electro-chemical processes, in the medical and dental fields and increasingly in the development and use of fuel cells.

### Our values

#### WE RESPECT

- All our stakeholders, including:
  - Shareholders
  - Employees and their representative bodies
  - Communities within which we operate
  - Regulatory bodies
  - Suppliers and customers
  - Directors and management
  - All other interested and affected parties
- The principles of the UN Global Compact
- The laws of the countries within which we operate
- Company policies and procedures
- Our place and way of work
- Open and honest communication
- Diversity of all our stakeholders
- Risk management and continuous improvement philosophies

#### WE CARE

- For the health and safety of all our stakeholders
- For the preservation of natural resources
- For the environment in which we operate
- For the socio-economic well-being of the communities within which we operate

#### WE STRIVE TO DELIVER

- A safe, productive and conducive working environment
- A fair working environment through equitable and competitive human capital practices
- On the development of our employees
- Positive returns to our stakeholders through an operational excellence model
- On our commitments to all stakeholders
- On our capital projects
- Quality products that meet or exceed our customers' expectations



## RESPONDING TO THE MINING CHARTER

An assessment of our performance in **calendar year 2013** is outlined below.

### Impala Platinum scorecard for the broad-based socio-economic empowerment charter for the South African Mining Industry

Element	Description	Measure	Compliance target by 2014	Mining Charter target 2013	Weighting	Achieved 2013	How we fared
<b>Reporting</b>	Has the company reported the level of compliance with the charter for the calendar year	Documentary proof of receipt from the department	Annually	March 2013	Y/N	Yes	●
<b>Ownership</b>	Minimum target for effective HDSA ownership	Meaningful economic participation	26%	15%	Y/N	Yes	●
		Full shareholder rights	26%	15%		Yes	●
<b>Housing and living conditions</b>	Conversion and upgrading of hostels to attain the occupancy rate of one person per room	Percentage reduction of occupancy rate towards 2014 target	Occupancy rate of one person per room	Base-line	Y/N	Yes	●
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units	Family units established	Base-line		Yes	●
<b>Procurement and enterprise development</b>	Procurement spent from BEE entity	Capital goods	40%	30%	5%	5%	●
		Services	70%	60%	5%	5%	●
		Consumable goods	50%	40%	2%	2%	●
	Multinational suppliers contribution to the social fund	Annual spend on procurement from multinational suppliers	0.5% of procurement value	0.50%	3%	2.5%	●
<b>Employment equity</b>	Diversification of the workplace to reflect the country's demographics to attain competitiveness	Top management level*	40%	35%	3%	0% Achieved 21%	●
		Senior management	40%	35%	4%	4%	●
		Middle management	40%	40%	3%	3%	●
		Junior management	40%	40%	1%	1%	●
		Core skills	40%	35%	5%	5%	●

● On target ● Reasonable ● Not on target

\* Top management include E and F level, while for the Department of Labour (DoL) this is defined as F level only hence the difference in our performance achievement on page 66 of this report

## RESPONDING TO THE MINING CHARTER

**Impala Platinum scorecard for the broad-based socio-economic empowerment charter for the South African Mining Industry** continued

Element	Description	Measure	Compliance target by 2014	Mining Charter target 2013	Weighting	Achieved 2013	How we fared
<b>Human resource development</b>	Development of requisite skills, including support for South African-based research and development initiatives intended to develop solutions in exploration, mining, processing, technology efficiency (energy and water use in mining), beneficiation as well as environmental conservation and rehabilitation	HRD expenditure as percentage of total annual payroll (excl. mandatory skills development levy)	5%	4%	25%	25%	●
<b>Mine community development</b>	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Implement approved community projects	Up-to-date project implementation	Implementation of projects will serve to enhance relationships among stakeholders leading to communities owing patronage to projects	15%	15%	●
<b>Sustainable development and growth</b>	Improvement of the industry's environmental management	Implementation of approved EMPs	100%	Annual progress achieved against approved EMPs	12%	12%	●
	Improvement of the industry's mine health and safety performance	Implementation of the tripartite action plan on health and safety	100%	Annual progress achieved against commitments in the tripartite action plan on health and safety	12%	12%	●
	Utilisation of South African-based research facilities for analysis of samples across the mining value chain	Percentage of samples in South African facilities	100%		5%	5%	●
<b>Beneficiation</b>	Contribution of a mining company towards beneficiation (this measure is effective from 2012)	Additional production volume contributory to local value addition beyond the baseline	Section 26 of the MPRDA (percentage above baseline)	The beneficiation strategy and its modalities of implementation outline the beneficiation requirements per commodity extracted in South Africa	–	–	
<b>Total score</b>					<b>100%</b>	<b>96.50%</b>	

● On target   ● Reasonable   ● Not on target

RESPONDING TO THE MINING CHARTER

**Marula Mine scorecard for the broad-based socio-economic empowerment charter for the South African Mining Industry**

Element	Description	Measure	Compliance target by 2014	Mining Charter target 2013	Weighting	Achieved 2013	How we fared
<b>Reporting</b>	Has the company reported the level of compliance with the charter for the calendar year	Documentary proof of receipt from the department	Annually	March 2013	Y/N	Yes	●
<b>Ownership</b>	Minimum target for effective HDSA ownership	Meaningful economic participation	26%	15%	Y/N	Yes	●
		Full shareholder rights	26%	15%		Yes	●
<b>Housing and living conditions</b>	Conversion and upgrading of hostels to attain the occupancy rate of one person per room	Percentage reduction of occupancy rate towards 2014 target	Occupancy rate of one person per room	Baseline	Y/N	N/A	
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units	Family units established	Baseline		N/A	
<b>Procurement and enterprise development</b>	Procurement spent from BEE entity	Capital goods	40%	30%	5%	5%	●
		Services	70%	60%	5%	5%	●
		Consumable goods	50%	40%	2%	2%	●
	Multinational suppliers contribution to the social fund	Annual spend on procurement from multinational suppliers	0.5% of procurement value	0.50%	3%	0%	●
<b>Employment equity</b>	Diversification of the workplace to reflect the country's demographics to attain competitiveness	Top management level*	40%	35%	3%	3%	●
		Senior management	40%	35%	4%	4%	●
		Middle management	40%	40%	3%	3%	●
		Junior management	40%	40%	1%	1%	●
		Core skills	40%	35%	5%	5%	●

● On target ● Reasonable ● Not on target

\* Top management include E and F level, while for the Department of Labour (DoL) this is defined as F level only hence the difference in our performance achievement on page 66 of this report

**Marula Mine scorecard for the broad-based socio-economic empowerment charter for the South African Mining Industry** continued

Element	Description	Measure	Compliance target by 2014	Mining Charter target 2013	Weighting	Achieved 2013	How we fared
<b>Human resource development</b>	Development of requisite skills, including support for South African-based research and development initiatives intended to develop solutions in exploration, mining, processing, technology efficiency (energy and water use in mining), beneficiation as well as environmental conservation and rehabilitation	HRD expenditure as percentage of total annual payroll (excluding mandatory skills development levy)	5%	4.5%	25%	25%	●
<b>Mine community development</b>	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Implement approved community projects	Up-to-date project implementation	Implementation of projects will serve to enhance relationships among stakeholders leading to communities owing patronage to projects	15%	15%	●
<b>Sustainable development and growth</b>	Improvement of the industry's environmental management	Implementation of approved EMPs	100%	Annual progress achieved against approved EMPs	12%	12%	●
	Improvement of the industry's mine health and safety performance	Implementation of the tripartite action plan on health and safety	100%	Annual progress achieved against commitments in the tripartite action plan on health and safety	12%	12%	●
	Utilisation of South African-based research facilities for analysis of samples across the mining value chain	Percentage of samples in South African facilities	100%	75%	5%	5%	●
<b>Beneficiation</b>	Contribution of a mining company towards beneficiation (this measure is effective from 2012)	Additional production volume contributory to local value addition beyond the baseline	Section 26 of the MPRDA (percentage above baseline)	The beneficiation strategy and its modalities of implementation outline the beneficiation requirements per commodity extracted in South Africa	–	–	
<b>Total score</b>					<b>100%</b>	<b>97%</b>	

● On target   ● Reasonable   ● Not on target



## Implats is structured around six main operations with a total of 25 underground shafts

### SOUTH AFRICA



#### 1 Marula

##### Sustainability performance summary

- 2% improvement in LTIFR
- 13% decline in TIFR
- 37% improvement in ART uptake
- Maintained ISO 14000 certification
- 10% improvement in Pt oz produced in concentrate to 78 500oz

#### 2 Impala

##### Sustainability performance summary

- 3 fatalities
- 45% improvement on the FIFR
- 3% decline in LTIFR
- 26% decline in VCT interventions
- 5% increase in ART uptake
- 42% reduction in Pt oz produced to 411 000oz

#### 3 Impala Refining Services (IRS)

##### Sustainability performance summary

- 14% increase mine-to-market
- 12% decrease in gross refined Pt oz

#### 4 Two Rivers

##### Sustainability performance summary

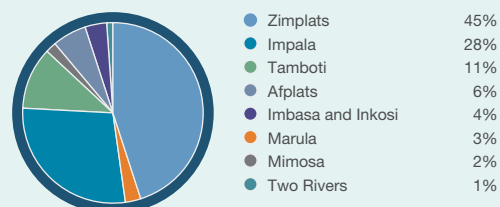
- 26% improvement in LTIFR to 1.40
- 3% increase in tonnes milled to 3.3 million
- 8% increase in production to 175 100Pt oz in concentrate



Implats Platinum Holdings (Implats), one of the world's foremost producers of platinum and associated platinum group metals (PGMs), has its primary listing on the JSE Limited (JSE) in South Africa, and a level 1 American Depositary Receipt programme in the United States of America.

Implats is structured around six main operations with a total of 25 underground shafts. Our operations are located on the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe, two of the most significant PGM-bearing ore bodies in the world. Our headquarters are in Johannesburg and we have six main operations: Impala, Zimplats, Marula, Mimosa, Two Rivers and Impala Refining Services. The structure of our operating framework allows for each of our operations to establish and maintain close relationships with their stakeholders while operating within a Group-wide approach to managing the economic, social and environmental aspects of sustainability.

Attributable mineral resources of 212Moz Pt as at 30 June 2014



Our major shareholders are the Royal Bafokeng Nation (RBN) and the Public Investment Corporation (PIC), who own 13.2% and 14.2% respectively, with a balance of the shares being held by various public entities. (Refer to page 121 of the integrated report.)

Our major shareholders are the Royal Bafokeng Holdings (RBH) and the Public Investment Corporation (PIC), who own 13.2% and 14.2% respectively

ZIMBABWE



1 Mimosa

Sustainability performance summary

- 49% improvement in LTIFR
- 37% improvement in TIFR
- US\$5 million spent on community development
- 3% improvement in tonnes milled to 2.5 million

2 Zimplats

Sustainability performance summary

- 1 fatality
- 41% improvement in LTIFR
- 116% increase in SO<sub>2</sub> due to a 33% increase in sulphur content in concentrate, increased production and better assays after the XRF calibration
- US\$1.1 million spent on community development
- 21% increase in Pt oz produced in matte

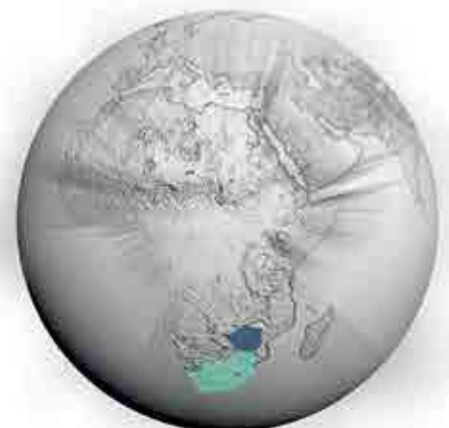


We produce around 25% of the world's supply of platinum with a workforce of approximately 56 000, including 16 000 contractors. In the financial year ended 30 June 2014, the Group produced 2.370 million ounces of PGMs (2013: 3.233 million ounces), which included 1.178 million ounces of platinum (2013: 1.582). Our markets are in Japan, China, the US and Europe. Production this year was significantly impacted by the five-month strike that took place across most of the South African platinum mines from 23 January to 24 June 2014.

SOUTH AFRICA

ZIMBABWE

PGMs are primarily platinum and its associated by-products palladium, rhodium, ruthenium and iridium, which usually occur in association with nickel and copper. While PGMs are a relatively rare commodity (only about 500 tonnes are produced annually, of which less than 200 tonnes are platinum), they are playing a progressively important role in everyday life, whether it is in goods we use daily, or in the processes required to produce these goods, as well as in auto-catalytic converters for emission control.



## THE CHALLENGING BUSINESS CONTEXT



**This has been yet another very difficult year for the South African platinum sector during which it has been confronted by ‘a perfect storm’ of challenges**

This has been yet another very difficult year for the South African platinum sector during which it has been confronted by ‘a perfect storm’ of challenges. The crippling five-month strike across the platinum belt in Rustenburg comes on top of a subdued global PGM market, a continuing rise in unit costs and reduction in margins and productivity, and ongoing challenges around access to skills as well as critical infrastructure such as electricity, water and transport. In a country with one of the highest levels of inequality globally, where unemployment and poverty remain high, and where service delivery by local government has been slow, mining companies are facing heightened expectations from neighbouring communities for jobs and the provision of services. At the same time, the sector is facing an increasingly stringent (and at times uncertain) regulatory regime, greater pressure for more rapid progress on black economic empowerment, and growing demands for greater efficiencies and a more commensurate return by an increasingly weary investment community.

The losses caused by the strike have severely impacted all stakeholders: the already low levels of trust between employers, workers and government have dropped further; the desperate living and social conditions of many workers in some areas have worsened; and potential productivity levels have declined, threatening the viability of some shafts. In some areas, the dignity of the workforce continues to be undermined by the ‘master and servant’ culture that has plagued the industry throughout the apartheid era.

The financial impact of the strike has been considerable: the industry lost R24 billion in reduced revenues, and across the industry employees lost R10 billion in wages (for some workers it could take up to five years to recoup lost wages), while many suppliers have seen their businesses threatened following the reduction in economic activity. The country as a whole has experienced a resulting drop in economic growth, reduced tax revenues and increased pressure on global investor confidence and South Africa’s credit rating.

Finding lasting solutions to these challenges will require a collaborative partnership between business, government and labour, informed by mutual trust and respect. For this partnership to work effectively, each of the stakeholders will need to be willing to question some of the fundamental assumptions that they may have long taken for granted.

### **The platinum strike – highlighting some structural challenges**

On 23 January 2014, AMCU formally embarked on a strike at Anglo Platinum, Impala Rustenburg and Lonmin. The strike was more than a conventional wage strike – in many respects it represented a clear campaign by AMCU to address some of the fundamental historic imbalances created by apartheid and the mining sector.

The emergence of AMCU as a majority union in the platinum belt, challenging the traditional dominance of the ANC-aligned NUM, has ushered in a new era in the history of industrial relations in South Africa. It has prompted the sector to reflect deeply, not only on the traditional conditions of employment in the mining industry, but also more broadly on the nature of the sector’s business model. Although the strike has ended with a three-year settlement agreement signed on 24 June (see page 45), many of the systemic challenges underpinning the strike still have to be addressed.

Additional questions remain regarding the manner in which the negotiations have been conducted, the nature of the union rivalry, politicisation and violence that accompanied the strike, and the persistence of the majoritarian labour system.

Many of these issues are deeply rooted in the country’s history and in the social problems that are a legacy of the migrant labour system. These challenges have been further exacerbated by the inequality between rich and poor, by the increasing costs of food, energy and water, and by the growing debt burden compounded by the exploitation of miners by unscrupulous credit providers. The combination of profound economic hardship and high levels of social and economic inequality, has given rise to communities and individuals who understandably feel increasingly helpless, frustrated and angry.

### Challenging global market conditions persist

As the strike was playing out in South Africa, at a global level there remained continuing uncertainty regarding the future direction of PGM prices. Remarkably, despite the significant supply disruptions caused by the strike, this had little immediate impact on prices, suggesting a market that is in oversupply. This is seen to be a result of stagnant growth in demand, due primarily to reduced economic activity and the uptake in some instances of substitute metals, coupled with the existence of above-ground inventories and the increase in PGM recycling. The market uncertainty facing the platinum industry is mirrored across the mining sector, with mining companies around the world feeling the impact of volatile commodity markets, uncertain economic growth and an increasingly skittish investment community.

On the upside there have been some encouraging signs of an increase in PGM demand, with evidence of a recovery in car sales in the US and EU, and further growth in China and other emerging economies, accompanied by tightening and more widespread vehicle emissions standards. The Japanese PGM jewellery market has also begun to pick up, with 2013 indications roughly 5% ahead of the prior year and early 2014 sales continuing this trend. China seems mixed at the moment with 24 carat gold still dominating the jewellery space.

Without a significant uplift in PGM demand, a return to normal production levels could lead to a sharp reduction in PGM prices (or the continuance of current low prices), further impeding the ability of the platinum sector to deliver compelling financial and social return. Offsetting this scenario is the potential that future supply may be constrained due to delays in returning to full production, the recent reduction in capital investment in capacity, and the possible closure of less viable shafts.



## THE CHALLENGING BUSINESS CONTEXT



**Addressing competing stakeholder demands, and ensuring business resilience in the challenging domestic and global context, is far from easy**

### Increasing stakeholder expectations

The challenging local and global context has been further exacerbated by the growing demands and expectations of stakeholders. In South Africa, communities and employees across all sectors have been flexing their muscles: communities have been protesting against what is seen to be poor service delivery by local municipalities, adding pressure to mining companies to address these shortcomings; employees have been expressing dissatisfaction with their employers' value proposition; and community-based non-governmental organisations have been increasingly active in holding companies to account. Collectively these events suggest a groundswell of community activism presenting real risks to business sustainability and the retention of their social licence to operate in host communities.

At the same time, business is facing a regulatory landscape that is becoming more difficult to navigate, with a plethora of policy decisions adding pressure on our abilities to do business both in South Africa and Zimbabwe. The lack of capacity within certain strategic government departments – at national, provincial and municipal level – is adding to the challenge of regulatory uncertainty, and constraining our ability to make long-term investment decisions. The recent elections in South Africa, and the subsequent changes at a ministerial level, have presented further challenges in terms of rebuilding relationships with government, while in Zimbabwe we face continuing uncertainty around calls for indigenisation and beneficiation.

Compounding the growing pressure on companies to demonstrate greater social return, are the calls from an increasingly nervous and outspoken investment community for the South African platinum industry to improve cost and operational efficiencies to boost their progressively eroding profitability. Delivering on these shareholder demands may require remedial action including retrenchments, an action that is politically highly sensitive in a region with such high unemployment.

### Addressing the underlying structural conditions

Addressing these competing stakeholder demands, and ensuring business resilience in the challenging domestic and global context, is far from easy. Doing so will raise its own set of challenges and potentially create a series of unintended socio-economic problems.

To achieve our aspirations on safety, productivity, and employee development – and to address the continuing concerns regarding labour volatility – ultimately we will need to move away from our historic dependence on the 'low-wage, high-employment' business model on which our mining industry was founded nearly 150 years ago. Achieving the radical switch to a 'high-wage, low-employment' model, in which our mining methods are mechanised and people are moved from the rock face, will provide some significant benefits – for our operations, the people we employ and the economies we serve. It will lead to fewer, safer and better paid jobs, offer improved development and career advancement prospects for our employees, allow more women to be employed, and ensure the sustainability of our business, with the significant economic benefits that this provides. While ultimately this is a more sustainable approach, it is likely to come at the cost of jobs, presenting its own set of associated socio-economic difficulties.

Similarly, we ultimately need to see the end of the migrant labour system – a system that, for all its well-known social ills, provides work and sustains the families of mine workers, as it has done for the past 150 years. The effect on our rural areas, particularly the Eastern Cape, as well as our neighbouring countries such as Lesotho, Mozambique, Zambia and Malawi, where most of our migrant workers come from, will be severe. Ending the system raises additional challenges; the reality is that the best mining skills in South Africa have traditionally come from Lesotho, Mozambique and the Eastern Cape. To overcome this challenge we need to invest in developing a bigger pool of skills from our local communities. This requires changing an ongoing perception among many local community members that underground mining jobs are dangerous, physically demanding and poorly remunerated.

### **Developing partnerships informed by trust and respect**

Given this challenging business context it is clear that business in general, and the mining sector in particular, needs to develop a deeper understanding and appreciation of its relationship with society, and of its roles and responsibilities in responding to society challenges. For the mining sector to survive and flourish, it is critical that the sector plays an active and informed role – in partnership with government, labour and civil society – in ensuring that mineral wealth is generated more responsibly, and that its benefits are shared more equitably between shareholders, workers and the country as a whole.

The fundamental changes that are needed to address the failures within the current business model – be it progressive mechanisation, the effective introduction of performance incentive schemes, the shift away from the majoritarian union dispensation, or measures to address the migrant labour system – will not be possible until there is a genuine shift in the culture developed between business, government and labour, to one of partnership and cooperation, founded on trust and mutual respect. All these factors play a significant role in our risk assessment process which informs the organisation's strategic response.



## OUR RISK ASSESSMENT AND MANAGEMENT PROCESS



**Our structured risk management process allows for robust discussions regarding the materiality of the risk**

### OUR RISK ASSESSMENT AND MANAGEMENT PROCESS

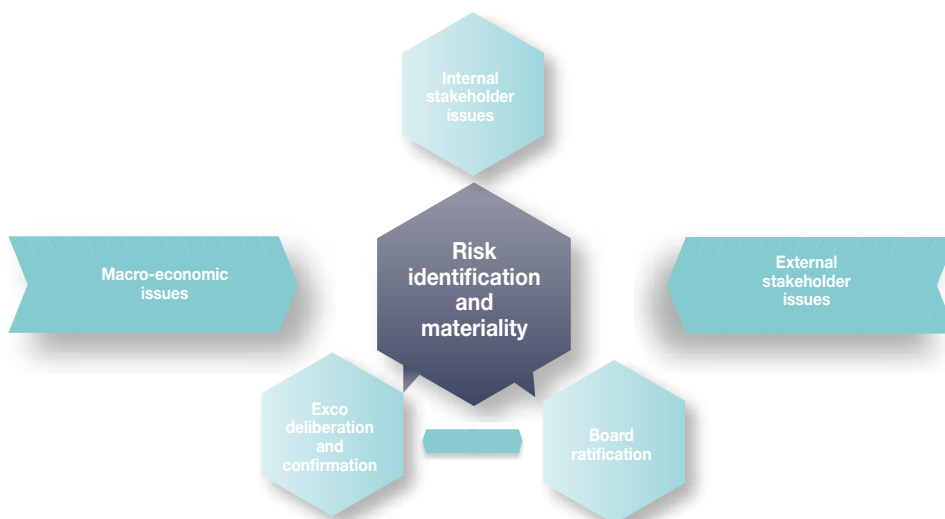
Implats' risk management process sets out to achieve an appropriate balance between minimising the risks associated with any business activity and maximising the potential reward. This process enables the board and senior managers to take decisions regarding the possible trade-off between risk and reward, and assists them to identify and pursue appropriate strategic growth opportunities informed by the Group's risk appetite and risk tolerance levels.

Our risk management process comprises the following steps:

- *Establishing the context:* We consider the nature of the external operating context (pages 30 and 31), and the views and interests of our stakeholders (pages 32 and 33)
- *Identifying the risk:* We establish both the source and cause of the risk, and evaluate all possible consequences
- *Analysing the risk:* We identify and assess what this means for the achievement of our objectives
- *Evaluating the risk:* We determine the risk rating (by severity, exposure and frequency), identify the controls (both existing or new), and prioritise the risks
- *Treating the risk:* We consider all options to establish the most appropriate response for each identified risk.

Arising from this process we identify a set of objective-based risk assessments (ORAs) that cover approximately 60 of the most important aspects of the Implats business. Each identified risk, as well as its associated controls, has a clearly defined line management owner. This process is repeated and reviewed regularly, ensuring that the information remains relevant. All information is captured into the Group risk repository system that informs the Group risk profile. The Group risk profile is presented on a monthly basis to the Exco and quarterly to the board risk committee, which has been separated from the audit committee. This approach allows for robust discussion regarding the materiality of the risk, its likely impact on the business in the short, medium and long term, and the necessary risk mitigation measures.

This process culminates in the identification of a prioritised set of Group strategic risks (see page 30). Collectively, these risks, along with the outcomes of our internal and external stakeholder engagement activities, and our assessment of market fundamentals, are used to identify our material sustainability-related issues. These issues are prioritised in terms of their impact both on the organisation and on our key stakeholders. They inform the nature of our Group strategic objectives (page 35), as well as the performance issues for monitoring and reporting.



## IDENTIFYING OUR MATERIAL SUSTAINABILITY FOCUS AREAS

### OUR MATERIAL SUSTAINABILITY FOCUS AREAS

Informed by the Group risk process, and the material interests and concerns of our key stakeholders, we have identified the following four material sustainability focus areas, and the associated issues, three of which are detailed in this report.



These material focus areas underpin our Group strategy, and are reflected in **our four strategic objectives discussed in our integrated report on pages 30 to 39:**





## IDENTIFYING OUR MATERIAL SUSTAINABILITY FOCUS AREAS

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This year the Group risk profile includes key risks, the 10 most critical of which are set out below.

Group strategic risk	Context	Our response measure	Strategic objective	Reference
<b>Non-delivery of production and productivity targets at Impala Rustenburg</b>	Short-term challenges include: safe resumption of the Impala Rustenburg operation post-strike; ramping up to full production as per the start-up plan, maintaining our ability to achieve completion of the mining cycle; speeding up the establishment of face length in new mining areas; ensuring increased productivity.	Ensuring the safe return to work for all employees by implementing the detailed start-up plan for the operations. Implement initiatives relating to: mining quality; training; visible felt leadership; mine planning protocols and work procedures.	Excellence: Deliver operational excellence	IR Page 76
<b>Wage negotiations and employee relations climate</b>	On 23 January 2014, around 80 000 members of the Association of Mineworkers and Construction Union (AMCU) commenced strike action at the Rustenburg mines of Impala, Lonmin and Anglo American Platinum (Amplats). The strike lasted until the end of June 2014, resulting in estimated production losses for Impala of 312 000ozs Pt.	Striving to provide an enabling work environment that fosters open, honest and effective relations between management, employees and elected union representatives. Engaging with various government departments directly, working with the Chamber of Mines and labour representatives to find sustainable solutions to industrial relations challenges in the country.	Behaviour: Safe and effective people  Together: Social capital investment	Page 42  Page 68
<b>Platinum group metal (PGM) price fluctuations</b>	Despite the protracted strike, the platinum price did not move significantly over this period, which is an indication of significant above-ground metal stocks.	Understanding the future demand for our products, and the corresponding industry supply-side profile. Scanning the environment for technological advances that may affect the demand for Implats' products (substitution), and instituting appropriate responses where possible.	Excellence: Deliver operational excellence	IR Page 22
<b>Volatility of the rand/US\$ exchange rate</b>	The volatility of the rand/US\$ exchange rate primarily impacts revenues for the basket of PGMs and base metals produced. Fluctuations in the exchange rate have a marked influence on cash flows.	Closely monitoring the rand/dollar exchange rate as a source of significant volatility for our business and where prudent try to mitigate its impact.	Excellence: Deliver operational excellence	IR Page 49
<b>Shear-induced ground instability at Zimplats (Mutambara Shear)</b>	The behaviour of the Mutambara Shear has been erratic and unpredictable. As a result, prediction of the operability and hence production levels in the short to medium term may not be accurate.	Close monitoring and review of the affected areas by industry experts and using the best available technology. Ensuring that the worst affected areas are quarantined. Establishment of a detailed action plan is in progress.	Excellence: Deliver operational excellence  Behaviour: safe and effective people	IR Page 44 and 80

## IDENTIFYING OUR MATERIAL SUSTAINABILITY FOCUS AREAS

Group strategic risk	Context	Our response measure	Strategic objective	Reference
<b>Pressure to provide metal at low prices for local beneficiation – South Africa</b>	The issue of further minerals beneficiation has been on the agenda of the South African Government since 1995, in the belief that beneficiation will help re-industrialise the economy and create hundreds of thousands more jobs in manufacturing. The DMR is pursuing the specific agenda of developmental pricing and forced local sales.	Maintaining regular high-level contact with the DMR as part of the platinum industry group. Engaging in national technological research for further opportunities.	Sustainability: Conserving natural resources	Page 85
<b>Uncertainty regarding indigenisation policy in Zimbabwe</b>	The Zimbabwean Government has advised that the Zimplats indigenisation plan signed in January 2013 needs to be revised.	Maintaining regular contact with government officials. Ensuring full legal and regulatory compliance in a continuously changing environment. Investing in community and social development initiatives.	Together: Social capital investment	IR Page 46 and 121
<b>Weak balance sheet and cash flows</b>	The financial impact of the protracted strike has been far reaching. Implats is currently operating in a cash constrained mode.	Proactive and rigorous review of the short and long-term business planning process and parameters, together with ensuring that appropriate funding is available or in place.	Sustainability	IR Page 49
<b>Excessive taxation at Zimplats</b>	There are multiple and sometimes conflicting interpretations of the unique special mining lease tax law that is applicable to Zimplats.	Maintaining regular contact with government officials. Conducting training and awareness campaigns to internal stakeholders, as well as tax compliance audits.	Together: licence to operate	Page 51
<b>The security of supply of electricity in South Africa</b>	In South Africa, the electricity supply industry is dominated by Eskom, which owns and operates the transmission grid. Eskom has a net installed generation capacity of 42 000 MW. Given planned and unplanned outages it is able to bring a maximum of 36 000 MW on line at present.	Maintaining regular contact with Eskom to ensure we are aware of any situation that may affect us. Ensuring we minimise our consumption of energy and water by promoting efficient processes, and adopting appropriate technologies.	Sustainability: Conserve natural resources	Page 85

## IDENTIFYING OUR MATERIAL SUSTAINABILITY FOCUS AREAS

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## RESPONDING TO OUR STAKEHOLDERS' MATERIAL CONCERNS

Implats has a range of stakeholders, with varying degrees of influence on the Company and on our ability to create value. While we recognise that all stakeholders are important, we have prioritised strategic relationships with employees and unions, government, shareholders, BEE partners, customers and communities, each of whom is critical to the longer-term sustainability of our business. As part of our strategic initiatives, a review process is currently under way to map stakeholder groupings and assess the effectiveness of engagement mechanisms and take corrective measures where necessary.

Stakeholders	Nature of engagement	Material issues raised	Our response	Reference
<b>Employees</b>	Internal communication Engagement with trade unions Workplace forums	Conditions of employment Safety and health initiatives Progress with transformation Production and performance	Collaborative engagements to find solutions to issues of concern Undertaking a culture survey Reviewing internal incentive systems	Page 42
<b>Trade unions</b>	Internal communication Collective bargaining units Branch committees Chamber of Mines	Living wage Conditions of employment Discrimination Union recognition Safety Transformation	Strong focus throughout the year on engaging with union representatives, and establishing a new labour relations environment that fosters open, honest and effective communication	Page 42
<b>Shareholders, analysts and investors</b>	Roadshows Results presentations Investor conferences One-on-one appointments	Industrial relations climate Wage negotiations The situation in Zimbabwe Future metal prices, and PGM supply and demand dynamics Cost control measures Capex programme Progress at Impala Platinum	Investor concerns and queries are addressed in our regular investor engagements	
<b>Government</b>	Meetings with officials from local, provincial and national government Compliance visits from government Chamber of Mines Parliament Portfolio Committee Mining Industry Growth, Development and Employment Task Team (MIGDETT)	Labour relations Safety (accidents and stoppages) Progress with transformation (SA) and indigenisation (Zimbabwe) Progress with social and labour plans (SA) Community investments and engagement Environmental compliance The establishment of a Base Metal Refinery (Zimbabwe)	Implats engages constructively with government at all levels, both as a company and through industry representative bodies (such as the Chamber of Mines) on these material issues In the current year, engagement in South Africa included a particular focus on finding solutions to the industrial dispute Local government was engaged in conducting a social impact assessment in partnership with them in our mine communities	Pages 44 to 46
<b>Traditional council, local land owners and local communities</b>	Community engagement meetings Community trust meetings Future forum meetings One-on-one meetings	Employment and procurement opportunities Enterprise development Infrastructure development Health and social facilities Environmental impacts and property damage Business opportunities Educational planning Unemployment	The responsible executive at each operation addresses issues of concern to the community. Information on our performance on material issues is provided at our community "future forums", particularly on employment, procurement, infrastructure development, environmental issues and health	Page 38 to 39

## IDENTIFYING OUR MATERIAL SUSTAINABILITY FOCUS AREAS

Stakeholders	Nature of engagement	Material issues raised	Our response	Reference
<b>Suppliers</b>	Supplier forums One-on-one meetings	Conditions of contracts Review of contractor operating standards in line with Implats policy and standard	Modified engagements with contractors, developed clear principles that will guide the selection and use of reputable contractors with the right skills and values systems to do specific tasks that the business is not able to do	Page 39
<b>Customers</b>	Industry forums One-on-one meetings Customer feedback Reputation surveys	Effective delivery against terms	Track and respond to customer feedback. Keeping customers informed of any possible supply disruptions due to industrial action	
<b>Chamber of Mines (CoM)</b>	Contribute to CoM meetings (at CEO and working group level)	Contribution to industry positioning and lobbying activities	Joined the Chamber in July 2012 and have contributed actively to various initiatives including, in particular, the drafting of the Framework Agreement for a Sustainable Mining Industry	Page 15 to 16
<b>BEE or indigenous partners</b>	Operational meetings Board meetings One-on-one meetings	Cost of production Capital delivery Safety Progress with transformation, and labour and social plans Labour relations Community issues	Questions and concerns relating to safety, health and skills development are discussed with partners. Regular updates on progress on employee relations are provided	
<b>Producer and industry forums</b>	Strategy meetings Industry interest group meetings	All of the above	Ongoing cost pressures within the PGM sector industry resulted in the formation of a platinum CEOs forum, handled through the CoM	
<b>Advocacy groups</b>	Stakeholder liaison meetings One-on-one meetings Surveys, hotlines and publications	Ensuring greater community benefit Improved labour relations Environmental impacts Greater transparency	Engage with and respond to various stakeholder groups as appropriate	
<b>Media</b>	Press releases One-on-one interviews (radio, TV and print media)	All of the above	Media releases are distributed throughout the year, updating the public on all material issues affecting the Company	

## OUR BUSINESS STRATEGY



### A critical focus for our business is people

Our vision is to be the world's best platinum producing company, delivering superior returns to stakeholders relative to our peers. To achieve this vision, the Group focuses on four strategic pillars: Behaviour, Excellence, Sustainability, Together. These have been determined in response to the material risks that impact our ability to create value. In this report we address our strategic objectives relating to Behaviour, Sustainability and Together, while Excellence is detailed in the integrated report. The following focus areas underpin our Group strategy, and are reflected in our strategic objectives.

#### The four pillars



**Strategic objective 1:****BEHAVIOUR – SAFE AND EFFECTIVE PEOPLE**

Our ability to secure an effective employer/employee relationship is vital in the present labour climate and going forward. We will focus on developing our employee value proposition so that employees' personal goals and aspirations are aligned to the objectives and deliverables of the organisation. We will ensure that our employee housing, skills development, health and reward programmes contribute to these goals.

We will strive to institutionalise a more open, democratic and transparent industrial relations climate through our cultural change management process introduced in 2013. We aspire to achieve a common vision and value system advanced and owned by our people together with the executive and the board.

Given the nature of our business, ensuring the safety and well-being of our workforce is critical to our ability to create value as it impacts productivity, and ultimately affects the long-term sustainability of the business. Our strategy focuses on promoting the right behaviour, ensuring the right practices, and providing the right working environment.

Key material issues will cover employee relations, health, safety, skills development and diversity.

**Strategic objective 2:****EXCELLENCE – DELIVERING OPERATIONAL EXCELLENCE AND CONTINUOUS IMPROVEMENT**

To sustain our business we need to ensure an effective mineral resources management system, coupled with a strong drive to manage costs and enhance productivity. Delivering consistent returns through optimised operations, focused on increased mine volumes and grade quality, is essential to reward our stakeholders and ensure their continued support. Ensuring profitability allows us to reinvest in our human resources, motivate our staff and continue to contribute towards developing sustainable communities in our areas of operation.

**Strategic objective 3:****SUSTAINABILITY – CONSERVING NATURAL RESOURCES AND MITIGATING IMPACTS OF OUR OPERATIONS**

The Group creates value primarily by extracting and refining PGMs. Without access to these natural minerals we have no business. To support our extraction and processing of these resources we rely on access to land, water and energy – all of which have a material impact on the environment and the communities in which we operate. We recognise that the supply of these resources is likely to be constrained going into the future, resulting in increased costs of doing business, and greater efforts required to address impacts on communities.

We continue to address security of supply through recycling, reuse and reduction of use initiatives, as well as actively seeking to minimise impacts, mitigate risks, minimise the cost of doing business and address community sustainability in our areas of operation.

Key indicators that will be covered are water, energy, emissions, waste and land management.

**Strategic objective 4:****TOGETHER – SOCIAL CAPITAL AND LICENCE TO OPERATE**

The viability of our business is dependent on us making a meaningful contribution to the societies in which we operate, by implementing projects that have a positive impact on our communities. Respect for human rights and the interests of our stakeholders and abiding by relevant laws and regulations, are critically important. Our strategic approach in investing in socio-economic development is premised on the belief that the long-term viability of our business is closely linked to the success and well-being of the communities in which we operate and the areas from which a significant portion of our employees emanate. Securing the trust and endorsement of these communities and their political representatives is essential to maintaining our licence to operate. Our commitment to improving the living conditions of our employees through access to housing, provides an opportunity for differentiation and competitive advantage. It represents a strong business/employee linkage and serves as the cornerstone of other pillars of our broader transformation strategy such as skills development and retention, local procurement and enterprise development. We are committed to meeting the transformational objectives of the countries of operation through the empowerment of historically disadvantaged South Africans and the indigenous people of Zimbabwe.

Key aspects covered are socio-economic development, housing, procurement, enterprise development and community development.

These four pillars of our strategy are addressed in this report and in our 2014 integrated report. This report covers those sites in which we have a majority stake, and excludes Two Rivers. The operational specific performance for each of the material indicators is outlined in the operational review of each site in the integrated report.

All material aspects identified above are material to all sites with the exception of the South African mining charter indicators.



## Our sustainable development management approach



**Our management approach and strategic response informs our response to those society issues that have an impact on our business, and over which we have some influence.**

Our Group strategy and sustainability policy are regularly reviewed and revised to provide for the changing social context, and to ensure that we are focusing on the most material issues.





## Our commitment to sound safety, health, social and environmental performance is reflected in our structures and support functions at an executive and operational level

### Our management approach

At board level, sustainability issues are addressed through the social, ethics and transformation (SET) committee (established in 2012), and the health, safety and environment (HSE) committee (in place since 1988).

- The SET committee, chaired by Thandi Orleyn, an independent non-executive director, is responsible for the Group's activities relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, and labour and employment issues.
- The HSE committee, chaired by Alastair Macfarlane, an independent non-executive director, guides strategy, assesses the adequacy and appropriateness of HSE policies, standards and procedures, and reviews Group-wide performance on a quarterly basis. The committee also investigates and reviews all major incidences and fatalities that have occurred.
- The audit committee, chaired by Hugh Cameron, an independent non-executive director, oversees the appointment of the assurance provider for non-financial performance each year. The results of these are presented to the committee with the necessary recommendations and action. In future this will fall under the SET committee.

A more detailed review of the composition and activities of these board committees is provided in our integrated annual report.

At an executive level, sustainable development falls under the responsibility of the executive committee, which is responsible for reviewing performance in terms of the Group's non-financial indicators. Towards the latter part of the year a decision was taken to re-establish the Group Sustainable Development Forum, which will focus on medium to long-term strategic sustainability issues. In its new form, the forum is constituted by a multi-disciplinary team and its principal objectives are to:

- Identify material sustainability issues and risks that have an impact on the business and devise appropriate strategic responses to these risks
- Align strategic interventions to the global, national and industry agenda concerning sustainable development such as the World Business Council's Vision 2050, the South African National Development Plan and the Framework Agreement for a Sustainable Mining Industry

- Ensure compliance to relevant regulatory statutes in countries of operation such as South Africa's Mining Charter and Broad-Based Black Economic Empowerment Act, and Zimbabwe's National Indigenisation and Economic Empowerment Plan
- Ensure that the organisation maintains its social licence to operate in host countries by advancing social transformation and upliftment in affected communities

This Forum will lend support to the Exco which in turn supports the board's HSE committee, the SET committee, and the audit and risk committees. Sustainability objectives form part of the key performance indicators against which the performance of Implats' management and executives is measured and remunerated. Details on these KPIs and their implications for the executive are provided in our integrated annual report.

### People management

The people management function is headed up by a dedicated Group executive reporting to the CEO. The scope of work includes remuneration, human resource development, talent management and employment equity.

Group policies and procedures on people management issues are established at corporate level and apply at our operations. Our policies and procedures are aimed at contributing to sound employee relations, attracting and retaining talent, and ensuring the continuous development of our employees, while at the same time offering opportunities for career progression with a particular emphasis within our South African operations on historically disadvantaged South Africans (HDSAs). Each operation has a transformation committee comprising representatives from management, unions and women, as well as various other stakeholder groups who contribute to overseeing and advancing transformation at each operation. The operational committees report to the Group SET committee. Our operations also have community Future Forums, at which issues of concern to local communities – such as employment opportunities, procurement, and health, safety and environmental performance – are discussed. Issues arising from these community forums are relayed to the operational committee and, ultimately, to the Exco. These are elevated to the SET committee on a quarterly basis and board, as required.

## Managing health, safety and environmental (HSE) issues

Group and site-specific HSE policies, procedures and standards are in place to ensure that we comply with legislative requirements and support our vision of zero harm. Responsibility for implementing HSE policies and procedures rests with line management. All operations submit quarterly performance reports to the board-appointed HSE committee. Group and operational level HSE specialists support line management in implementing the strategy and in monitoring and managing performance. The Group H&S executive and Risk and Sustainability executive are members of Exco.

The Group's environmental team has close links with operational and project management and is involved in due diligence exercises undertaken in connection with acquisitions and the development of strategic initiatives. Implementation of our policies is enhanced by our commitment to maintaining ISO 14001 certification for our environmental management systems. Regular compliance audits are conducted at our operations by the Group's internal auditors, as well as by the external auditor. All of the Group's operations are now ISO 14001 certified.

In addition to the ISO 14001 certification, the refineries are signatories to Responsible Care® and retained their certification. Responsible Care® is the chemical industry's global voluntary initiative under which companies, through national associations, such as the Chemical and Allied Industries Association (CAIA) in South Africa, work together to continuously improve and communicate on their HSE performance.

## Managing our investments in socio-economic development

The sustainable development department based at our Rustenburg operations manages our socio-economic development initiatives in our South African operations. A technical team is responsible for implementing the projects, working together with the stakeholder engagement department. The identification of community projects is an ongoing process based on a needs analysis, undertaken in consultation with stakeholder representatives from communities, local government and employees. The sustainable development project steering committee is responsible for reviewing the proposed projects after due diligence. Once approved by the project steering committee, the projects are recommended to the Group's executive committee, a multi-disciplinary executive-level management team that evaluates the merits of investing in each project.

In Zimbabwe, sustainable development initiatives are implemented and managed by the stakeholder engagement executive supported by technical personnel from the operations.

Each year an independent audit is conducted on selected social projects, based on the financial, legal and reputational risk as well as to determine impact, progress and potential remedial action where a project faces possible failure. A detailed summary of this can be found on pages 74 and 75 of this report.

## Managing contractors and suppliers

Implats suppliers span the entire value chain from exploration to final production of precious metals in the refining process. Our approach is to source all goods and services within the country of operation, and a greater emphasis is on local suppliers defined as tier 1, 2 and 3 based on their proximity to the operations in South Africa. Tier 1 suppliers are those from directly and indirectly impacted communities (Bafokeng Villages and Freedom Park in Rustenburg, and the Four-farms area in Burgersfort), tier 2 are within the local municipality around the operations and tier 3 are those within the bigger areas surrounding the local municipality. In Zimbabwe local suppliers are those that are within the country of operation. Local procurement is advanced through our enterprise development initiatives as described on page 80 of the report.

In response to concerns regarding contractor behaviour not reflecting our value systems, and to minimise any potential liability, last year we reviewed our contractor strategy. This strategy seeks to ensure that we have defined principles that will guide the engagement of reputable contractor companies with the right skills and value systems to undertake specific tasks that we are not able to do ourselves. All contractors and suppliers are appraised on our policies and business practices and are expected to, at a minimum, abide by these principles in their business conduct and practices at all our operations. The strategy has been structured into two phases. The first phase entails using our training and recruitment resources to ensure that all contracting employees are vetted and assessed according to our own internal standards. The second phase specifically interrogates each contracting company and the work they do for us. We have completed the detailed assessments with the assistance of an external specialist and will, over time, effect the required change. In the short term we are planning to insource all development mining, ventilation construction as well as sweeping and vamping services.

We will continue to focus our attention on suppliers' B-BBEE certificates and prompting suppliers well in advance of their expiry dates. Penalties on annual increases will continue to be levied on untransformed suppliers. During the year no services of suppliers were terminated.

PROMOTING ETHICS AND GOOD GOVERNANCE



We maintain a zero tolerance stance on fraud and corruption

We are committed to promoting the highest standard of corporate governance, and to ensuring that our practices are materially aligned with the expectations of the King Code of Governance for South Africa 2009 (King III). The Implats board assumes overall responsibility for the effectiveness of internal controls, risk management and governance, and for ensuring that our business objectives are met.

We maintain a zero tolerance stance on fraud and corruption. We expect all our employees, business partners, contractors and associates to conduct themselves in accordance with the Implats Code of Ethics and our fraud policy. The code and policy are both fully compliant with local laws and regulations.

The fraud policy outlines conflict of interest, the prevention of dissemination of Company information, the acceptance of donations and gifts, and the protection of the intellectual property and patent rights of the Company. The policy outlines the disciplinary action (including dismissal or prosecution) that will be taken in the event of any contravention. A “whistle-blowing” toll-free helpline is in place to facilitate the confidential reporting of alleged incidents that are reported to the chief audit executive and the board chairman. The executives and line management are responsible and accountable for the implementation of the fraud policy, Code of Ethics and the procedures associated with these policies.

In the current year 90 cases were reported across the Group, 50% of which were from the South African operation, 44% were from the Implats operation and the remaining 6% were from the Mimosa operation. This reflects a 35% reduction from last year’s figure. The founded cases also decreased from 47% of total cases last year to 38% of total cases this year.

All reported allegations are investigated in compliance with our fraud policy (see the table below). Of the 90 cases reported and investigated this year, four were classified as BEE fronting; 14 were conflict of interest and corruption; 45 were fraud and theft and 27 related to misconduct and other irregularities.

The status on the 90 cases referred to above is as follows:

- ➔ 24 are still pending;
- ➔ 32 were unfounded; and
- ➔ 34 were founded.

In keeping with our zero tolerance stance on fraud and corruption, 20 of the 34 founded cases resulted in a guilty outcome and appropriate disciplinary action was taken against the parties involved; while in four cases the employees were found not guilty, a further four cases did not warrant disciplinary action and the remaining six are still in process.

The table below provides the classification of the allegations and outcomes in each category:

Nature of cases reported Group-wide in the 2014 financial year

	Investigation pending	Allegations unfounded	Allegations founded	Total
<b>Nature of allegation</b>				
BEE fronting	1	1	2	4
Conflict of interest and corruption	7	5	2	14
Fraud and theft	9	15	21	45
Misconduct and other	7	11	34	27
Total	24	32	34	90





**Safe and effective  
people who respect  
and care**



**Being more responsive to the needs and interests of our people is critical to ensuring the long-term viability of our business, as well as the mining sector as a whole.**

We recognise that our business will only prosper if we are able to recapture the hearts and minds of our employees by adopting an employee value proposition that aligns employees' personal goals and aspirations with the objectives and deliverables of the organisation. To achieve this, we will be implementing a cultural change management process aimed at developing a common vision and value system developed and owned by our people and their representatives, together with the executive and board. We will strive to institutionalise a more open, more democratic and more transparent industrial relations climate, where employees are recognised and respected as equals, based on a culture of trust and respect.

Prioritising safe production, and ensuring the health of our employees, underpins all that we do and remains key to ensuring the sustainability of our business. We seek to achieve this by focusing on promoting the right behaviour, ensuring the right practices, and providing the right working environment.

## INVESTING IN EMPLOYEE RELATIONS

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**Informed by the developments of the past year, our employee relations (ER) vision is to pioneer a new, innovative, dynamic, and sustainable partnership with our employees**

The period in review has been dominated by the ongoing rivalry between mining trade unions AMCU and NUM, the failure of the wage negotiations late in calendar 2013, and the subsequent five-month strike at platinum mines across the Rustenburg area.

This strike, the longest in the history of industrial relations in South Africa, has revealed significant shortcomings in the manner in which we, as a mining sector, have traditionally been conducting our business, and is having a profound impact on how we understand and approach our relationship with employees. The strike resulted in approximately 125 working days lost. Following the end of the industrial action at the Rustenburg operations, the Marula operations in Limpopo went on a three-day unprotected strike, demanding that the wage deal signed in Rustenburg be extended to these operations and the derecognition of NUM. These demands were not acceded to as a formal agreement had already been signed, and employees were instructed to return to work. Management continues to engage with employees to find solutions to unresolved issues.

### **Our strategic approach to employee relations**

Informed by the developments of the past year, our employee relations (ER) vision is to pioneer a new, innovative, dynamic, and sustainable partnership with our employees and their representative bodies, with the aim of becoming the best employer in the platinum industry. Our ER mission is to ensure that our people are treated with respect and care, fairly rewarded for their contributions, empowered to raise their concerns, safely engaged in their daily duties, and able to deliver on their personal and organisational goals.

To achieve this mission and vision, we have set ourselves the following strategic goals:

- ➔ Ensuring high levels of employee engagement, based on the shared values of respect and care
- ➔ Establishing collaborative relationships with all unions in a multi-union environment
- ➔ Empowering frontline management to engage effectively with employees
- ➔ Restructuring the ER function to enable the achievement of the ER strategy.

Our labour relations policy deals with freedom of association, recognition of trade unions, discrimination and the rights of employees and contractors. The organisation has in place threshold agreements which clearly stipulate the different levels of rights a union may have depending on their representivity. Employees are free to join a union of their choice and are

required to submit a completed affiliation form to the payroll. This allows the Company to determine the threshold of the union based on the number of affiliations relative to the bargaining level. Union affiliation is monitored on a monthly basis. The operations also have branch committees where unions and management meet to discuss employee-related matters including conditions of work. We monitor labour relations in our operations, with monthly reports submitted from the operations to the Exco. An independent third-party conducts biannual surveys on the effectiveness of our labour relations. We respect the independent status of unions and the right of our employees to associate, or not to associate. We distance ourselves from, and condemn, any attempt to differentiate between people on the basis of colour, religion, gender or creed.

Currently 92% of our permanent employees are covered by collective bargaining agreements. These agreements address issues relating to salary and benefit reviews, the participation of unions in decision-making at different forums, and consultation and notice periods regarding any significant organisational changes. The minimum notice period for any organisational change or activity at Implats' operations is 30 days.

In response to instances of intimidation, we have taken a harder line on discipline, especially with respect to reported cases of assault and violence in line with the Framework Agreement facilitated by the Deputy President. This action needs to continue to send a consistent message that workers who misconduct themselves will face severe consequences, even if this action elevates the risk of illegal work stoppages.

### **Our 2014 performance on employee relations**

Our principal focus during the reporting period has been on addressing the issues associated with the intense rivalry between AMCU and the NUM, and dealing with the outcome of the wage negotiations with AMCU and the subsequent five months' strike in Rustenburg. While we made some initial progress early in the reporting period in delivering on our ER commitments made last year – relating in particular to improving employee communications and delivering on our shared corporate values initiative – these initiatives were significantly impacted by the strike.

## The unaffordable wage demand

Throughout the five-month Rustenburg strike (from 24 January to 24 June 2014) a key demand by AMCU was the much publicised call for a R12 500 per month basic wage for entry-level underground mine workers, most of whom were on a basic rate of R5 500 per month. Given the context of current and anticipated PGM prices, and the existing cost structure, this level of remuneration is unaffordable for the three affected platinum mining companies, each of whom can barely cover their sustaining capital expenditure costs. For Impala this is illustrated in the graph below.



The final settlement concluded on 25 June 2014 contains the following principles for a three-year duration:

- ➔ An annual wage increase of R1 000 per month for employees whose basic wage is less than R12 500 a month for the first two years of the agreements, with an increase in the third year of R950 a month
- ➔ Employees currently earning R12 500 a month or more, or whose basic rate reaches that amount during the course of the agreement, will receive an 8% increase for the first two years of the agreement and 7.5% thereafter
- ➔ The living-out allowance will follow inflation for the first year and then remain constant for the next two years
- ➔ Fringe benefits will generally, during the course of these agreements, increase by amounts linked to the inflation rate
- ➔ All employees received, within one week of their return to work, the back pay due to them from their 2013 increase date.

### Guaranteed pay (entry-level underground employees)

YEAR	CASH REMUNERATION				ANNUAL		BENEFITS			ANNUAL	
NOW	Basic pay	Holiday leave allowance/ 13th cheque	Living out allowance	Total cash remuneration	Estimated medical	ER provident/ retirement	Guaranteed package				
	R5 500	R458	R1 850	R7 808	R600	R888	R9 297			R111 564	
1 July 2013	Basic pay	Holiday leave allowance/ 13th cheque	Living out allowance	Total cash remuneration	Estimated medical	ER provident/ retirement	Guaranteed package				
	R6 500	R542	R2 000	R9 042	R654	R1 050	R10 745	▲R1 448		R128 940	
1 July 2014	Basic pay	Holiday leave allowance/ 13th cheque	Living out allowance	Total cash remuneration	Estimated medical	ER provident/ retirement	Guaranteed package				
	R7 500	R625	R2 000	R10 125	R706	R1 113	R11 944	▲R1 199		R143 328	
1 July 2015	Basic pay	Holiday leave allowance/ 13th cheque	Living out allowance	Total cash remuneration	Estimated medical	ER provident/ retirement	Guaranteed package				
	R8 450	R704	R2 000	R11 154	R759	R1 179	R13 093	▲R1 149		R157 116	



## INVESTING IN EMPLOYEE RELATIONS

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Across the Group we are communicating more directly with employees

Prior to the strike, we devoted considerable time and resources to ensuring a smooth transition from a work environment dominated by NUM, to one dominated by AMCU. The derecognition of NUM and the associated litigation processes lasted approximately five months at the end of which we began the lengthy process of negotiating a recognition agreement with AMCU. The signing of this agreement in July paved the way for the beginning of the wage negotiations with AMCU in respect of the Rustenburg operations. Unfortunately we were not able to deliver on our efforts at establishing a multi-union dispensation with a lower threshold and the avoidance of a 'winner takes all' majoritarian system. Through our engagements with government and other stakeholders we will be continuing to pursue the implementation of a democratic labour dispensation.

While the strike in Rustenburg had an obvious profound impact on the achievement of our strategic objectives relating to employee relations, some progress was made in certain areas.

- **Completion of wage negotiations and conclusion of an HSE agreement:** Except for Rustenburg all negotiations were completed within the mandate and without industrial action. In addition, AMCU was consulted and an HSE agreement was concluded with them in respect of the Rustenburg operations. During the strike the decision to encourage employees to take leave and to suspend the operations was widely applauded for the contribution it made towards maintaining the safety of employees. In terms of the recent agreement, we are obliged to run three separate processes of negotiations in respect of the Refineries, Marula and the Rustenburg operations.
- **Seeking union compliance with protocols and procedure:** Formal meetings were established to ensure the necessary structures of engagements. These meetings are monitored and reports are produced on a monthly basis. The content of these reports is discussed at the strategic ER meetings that take place on a regular basis. Despite our best efforts, during the strike and subsequent to it, there have been incidents of intimidation and a lack of discipline.
- **Promoting our Respect and Care initiative:** During the year we undertook a cultural values survey among approximately 10% of the South African workforce (see box). The findings of the survey have been discussed with the executive and feedback has been given to the SET committee of the board. We have commenced an engagement process to communicate the results more broadly to the workforce. In parallel with the survey, we undertook an interactive puzzle board initiative aimed at engaging employees to assess their views on the Company

and our values. Good participation was recorded in most, but not all, areas. Diagnostics have been conducted on the puzzle boards to determine the nature and type of messaging displayed thus far. The majority of the input has been positive, with mixed messaging in some areas. The survey also indicated discontent in some areas associated with blame, mistrust, control and racism. We will be analysing the results and agreeing on the nature of the change management interventions to be instituted.

- **Building the capacity of frontline managers to manage quality relations:** The HR function has identified and compiled a list of training and development programmes that are currently provided to frontline managers. We are assessing the suitability and adequacy of these programmes in terms of building the capacity of these managers to deal effectively and appropriately with the challenging labour context. The programme is still not complete due to the disruptions caused by the strike and remains work in progress.
- **Encouraging high level of employee engagement:** Across the Group we are communicating more directly with employees. In addition to the survey of employee opinions mentioned earlier, other initiatives include videos, briefings, CEO addresses, general manager feedback and daily, weekly and monthly meetings at shafts across all different forums within operations. These interactions are in addition to the numerous engagements between Implats and the unions. A direct two-way communication process between management and employees has been developed and put to use for the first time during the industrial action. This process is being developed further to enable optimum usage into the future.
- **Participating in Chamber forums:** Throughout the year we participated in various forums at the Chamber of Mines on a number of initiatives, including on the centralised bargaining forum established by the Minister of Labour. Regrettably our efforts on this particular forum did not succeed due to AMCU's reluctance to negotiate at an industry level.
- **Maintaining sound labour relations at Zimplats:** We have continued to enjoy generally a constructive relationship at the Zimbabwe operations, with no industrial action experienced throughout the year from either of the two main unions, the Associated Mine Workers Union of Zimbabwe (AMWUZ) and the National Mine Workers Union of Zimbabwe (NMWUZ). Collective bargaining for the Zimbabwean mining industry went smoothly and was concluded without incident in February 2014.

### Undertaking a cultural values survey among our employees

As a part of the change management initiative initiated by the CEO, we conducted a Barrett Survey among Implats employees to assess employees' perceptions of the current Implats culture, and to provide an opportunity for employees to give input into the culture they desire. The survey was undertaken in September and October 2013, and the analysis was completed in November 2013.

The survey was conducted online for those with email addresses, and manually for those without easy access to computers. The survey was completed by 3 178 employees across the Group, representing all levels, geographies and demographics of the South African operations. This represents approximately 10% of the workforce, which is regarded as a statistically representative sample.

The survey aimed to determine the following three issues:

- The degree to which employees perceived their needs to be met across Barrett's Model of the Seven Levels of Consciousness, which is based on Maslow's hierarchy of needs;
- The level of 'cultural entropy' within the organisation, measured by the extent to which employees choose negative words to indicate the degree of organisational dysfunction as well as wasted energy; and
- The level of alignment between personal, current and desired values in the organisation, which provides an indication of an employee's level of commitment to the organisation.

The survey resulted in the following principal findings:

- The study revealed general employee unhappiness reflected in average entropy levels of 33% across all South African operations. This suggests that there are issues requiring further cultural or structural transformation and leadership development. Most of these issues relate to health, the viability of the business, and the nature of the interpersonal connections experienced at work;
- Employees highlighted their desire for the following needs to be met: providing greater meaning and purpose in their work; the establishment of strong, reliable and consistent workplace relations; and ensuring the further growth and transformation within the Company;
- At lower levels within the organisation, culture challenges are experienced primarily at the level of personal relationships, while at higher levels the challenges are predominantly in terms of organisational effectiveness and coherence.

The study concluded that employees desire respectful, caring workplace relationships in which their value is acknowledged, and highlighted the importance of promoting results achieved through teamwork and accountability, driven by workplace meaning and purpose. It is evident that we need to focus on developing leadership capacity if we are to meet these expectations.

Following the survey we have commenced an engagement process with employees to provide feedback on the survey, to gain a better understanding of various aspects of the results, and to stimulate a conversation with them regarding the alignment of values with organisational goals. It is also planned that a process of transformation with leadership will be initiated at senior levels. The results of the cultural survey are being built into current processes, such as our Team Mobilisation and Zero Incident Process for Leaders initiatives. Due to the industrial action, the process has taken longer than anticipated to complete.

## INVESTING IN EMPLOYEE RELATIONS

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**Our immediate priority in the months ahead is to resume production at our operations, in a safe and sustainable manner**

### Our focus on employee relations for 2015 and beyond

Our immediate priority in the months ahead is to resume production at our operations, in a safe and sustainable manner, and ensuring that our mines are financially viable, in the context of low metal prices and increasing costs.

In terms of delivering on our ER strategy, we recognise the need to operate at both an informal and formal level. Implementing our strategy will encompass a range of activities over the short and medium term.

- **Continuing discussions on key issues:** As part of the agreement that ended the strike, we have committed with all other parties to continue talks on various outstanding issues including: the management of microloans and garnishee orders; the nature of the medical separation agreement; the retrenchment agreement/severance policy; retirement benefits and funeral cover; sub-contracting, labour hire and employment agencies; job grading review; employee shareholding; medical aid; and the establishment of a life skills centre. We have established internal teams to represent the Company with responsibility for driving these issues, both at a plenary negotiation level and within specific task teams. Through our representation on these teams we will be seeking to add to an attractive value proposition for our employees that management, employees and unions perceive as fair and that, collectively, we can be proud of.
- **Enhancing relationships:** We will continue to drive various initiatives aimed at building better relationships across the organisation. As part of our drive to win over the hearts and minds of employees, we will be implementing a new employee engagement model, presenting an attractive value proposition to employees, and developing new values through the Respect, Care and Delivery initiative that we commenced throughout the Group in August 2013, but that was disrupted at the Rustenburg operation during the strike. The aim of this initiative is to work with our employees towards establishing a shared value system. In addition we will be working to entrench a spirit of partnership with our recognised unions, by seeking to extend the common values shared with our employees to the institution of the union. By working together we will be seeking to develop a shared agenda with the union, especially in terms of employee wellness and the upliftment of employee living and social conditions. We recognise that this will require effective communication and active engagements with union representatives.
- **Building capacity:** To achieve the necessary shift in culture throughout the organisation we will be working to enhance the knowledge, skills and attributes of managers, employees and their representatives. A crucial initial focus will be the development and empowerment of our first line managers. We will seek to implement a robust process of training, particularly in the areas of people management, coaching, developing subordinates and handling employee grievances. Our aim is to develop a new breed of managers who pride themselves in being 'leaders of men' rather than 'masters that have to be served'. At the same time we will be working with our employee representatives and leaders to provide them with further training and awareness-raising on relevant legislation and Group policies and procedures.

- ➔ **Changing the boundaries and shifting the paradigms:** Recognising the need for a structural change in our approach to employee relations in South Africa, we shall continue to participate actively in relevant forums at the Chamber of Mines, including those relating to: the migratory labour system; the nature of majoritarian system; labour hire and employment agencies; the secondment of shop stewards to the regional and national institutions of the union; the establishment of life skills centres; and mining housing initiatives.
- ➔ **Maintaining solid industrial relations in our Zimbabwe operations:** In Zimbabwe our focus will continue to be on striving to resolve IR issues swiftly in-house, strengthening internal communication structures to enhance the effectiveness of the Company's works councils, and building trust at all levels of the organisation.

Looking to the future, an important lesson that we have taken from the strike is that the current industrial relations landscape and mining model cannot continue. Addressing the challenges raised by the strike will require more than changes to our employee relations strategy alone. It will require us to revisit our approach to the migratory labour system, to work on transforming the low skill, low paying, labour-dependent mines, and to continue with our significant social investments in housing and education. We recognise that we cannot deliver these issues on our own, and that we need to work actively with our industry partners, government, union leaders and other stakeholders.



## SAFETY



**The period of down time during the strike was used effectively to focus on enhancing our safety standards and procedures**

Ensuring the safety and health of our employees, contractors and suppliers is essential if we are to respect their most fundamental human rights; without a meaningful commitment to respecting the rights of those with whom we interact, we will have no social or political licence to operate.

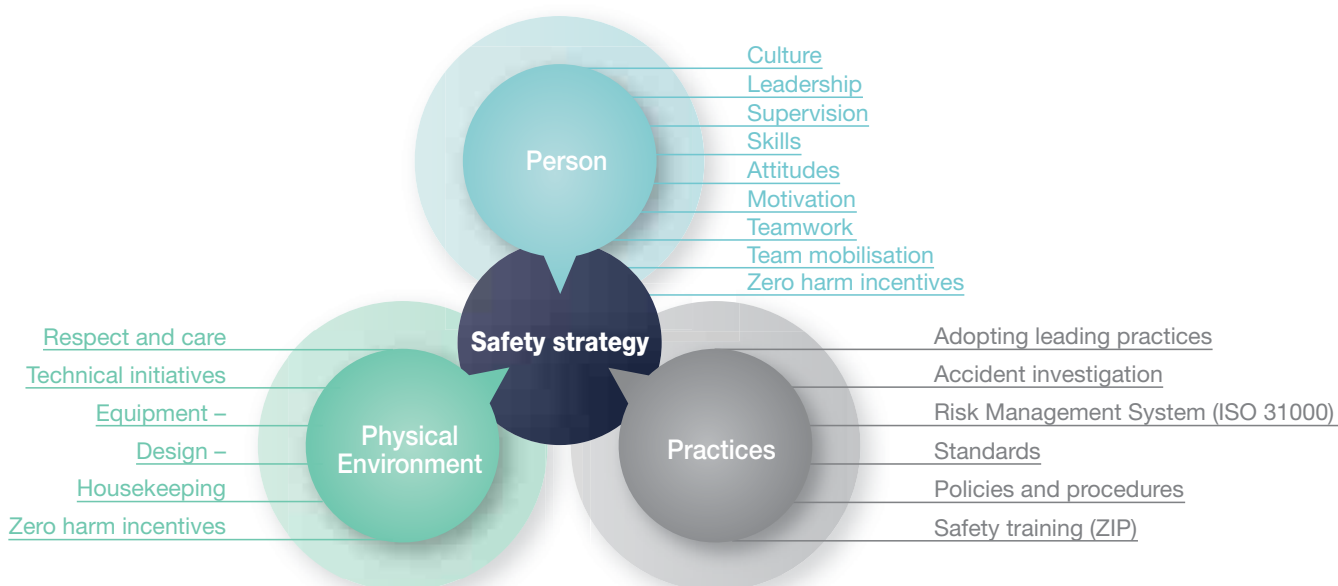
As with all our activities this year, our safety performance was affected by the five-month strike at our Rustenburg operations. This period had both positive and negative impacts on our progress in advancing our safety and health initiatives. While many of our planned initiatives were necessarily put on hold until production stability resumed and people returned to work, the period was used effectively to focus on enhancing our safety standards and procedures. Our commitment to safety also informed aspects of our response to the strike, with the entire Rustenburg operation being suspended throughout the five-month period in order to protect the safety and security of our employees who faced the risk of violence and intimidation.

### Our strategic approach to safety

Our safety strategy seeks to develop a culture of safety within the organisation such that we can achieve our vision of zero harm. The strategy was developed following external (DuPont) and internal reviews of our safety systems and culture, and an analysis of the root causes of fatal, reportable and lost-time incidents.

The strategy seeks to change the safety culture throughout the Group from the traditional measured culture of dependence to independence, and ultimately to interdependence. In our dependent culture, although there is an acceptance of the need for safe practices, these are generally only followed when effective supervision is present and demands it. In an independent culture, every employee is committed to safe working practices, taking clear responsibility for their own actions. In the interdependent culture that we are striving for, there is the added focus of helping others to adopt good safety practice.

As outlined in the diagram below, our safety strategy has three main pillars, each of which is underpinned by an accompanying set of action plans.



## A new zero-harm incentive scheme was implemented that divides the incentive equally between safety and production

### DEVELOPMENTS DURING THE YEAR

Following is an overview of the progress made during the year on some of the key strategic initiatives under each pillar of our safety strategy.

#### Person

##### Culture:

- We continued to implement the industry's Mine Health and Safety Council's (MHSC) cultural transformation framework and embed the Mining Charter's health and safety commitments.

##### Leadership:

- Our overarching objective to develop the right safety culture through leadership is being driven by the CEO, who led the executive team's visible personal commitment to addressing safety.
- 104 E-level management and 10 board members attended a three-day Zero Incident Process for Leaders (ZIP) training session. The ZIP planned for all D-level production employees has been deferred and will be reviewed in the current year.
- All Implats Exco and E-level production managers underwent the 360° health and safety leadership assessment using the Mining Charter's health and safety leadership assessment tool. Participants gained an insight into how their individual safety behaviour is viewed by their peers.

##### Motivation:

- A new zero-harm incentive scheme was implemented that divides the incentive equally between safety and production. The safety component comprises the leading requirement that nets and bolts be installed on all panels and development ends, as well as the lagging measure of the teams' lost-time injuries. Management is measured on lost time and restricted work injuries. Safety officers and rock engineers have observed good levels of compliance since the introduction of the incentive.

##### Team mobilisation:

- We have introduced a five-day team-mobilisation training programme for all our underground stoping teams, to enhance the team functionality. This programme was suspended during the strike.

#### Practices

##### Risk management system:

- An online hazard identification and rectification system is being implemented across the Group. During the reporting period, baseline risks were populated into our ISOMETRIX system. Further development work will be undertaken in 2015 to ensure that the risks reflect the right hierarchical structure.
- We have reached the final development stages of our Triggered Action Response Plan (TARP) – a set of

documented and known hazards that need to be checked for in the workplace. This enhancement programme forms part of our workplace entry examination and safe declaration procedure. Training material for TARP was completed and will be used during the test phase, following the strike. An internal team has been appointed to customise TARP to manage fall of ground (FOG) hazards in the workplace.

- A formal risk assessment addressing physical risks to women and female-specific occupational disorders was initiated and will continue following the strike.
- Steps were taken during the strike period to assess and improve an emergency preparedness and response plan at Rustenburg and Marula, specifically relating to proto teams, control rooms, refuge bays and self-contained self-rescuers that were areas of concern following the major fire and disaster at Harmony's Doornkop Mine in February 2014.
- Prior to resuming the Rustenburg operations, mine overseers, ventilation officers and rock engineers conducted regular audits of all working places at the mine to assess the support conditions and ascertain if the ground conditions had deteriorated. The levels of risks identified were monitored, and informed the start-up plan.

##### Standards and procedures:

- An important focus during the strike was to use the non-production time to update the Impala safety standards and procedures with a specific focus on the major hazard control standards. These represent current best practice in the control of the specific identified fatal hazards and have been derived from detailed risk assessments, investigations into fatal incidents and the experiences of other industry leaders. During the year:
  - All mining and processing major hazard control documents were completed in allocating the metadata;
  - 75% of all engineering standards and procedures have allocated metadata; and
  - A document review and update process is under way of the control documents for the top five major safety hazards: fire, rock fall, irrespirable atmosphere, mobile machinery and unguarded machinery.

##### Safety training:

- A six-day training programme for miners, shift supervisors and mine overseers is now fully functional and entrenched. (1 219 employees attended during the year). The Group CEO regularly makes an attendance to show his support and commitment.
- Progress was made in training safety representatives to the MQA qualification as required by the Mining Charter. We are on track to achieve the charter's targets before the end of calendar year 2014.
- Safe production rules were developed and rolled out through training.

## SAFETY

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**A revised health and safety agreement with all employee representative groups, inclusive of AMCU, the representative union since 2013, was signed on 7 November 2013**

**Environment****Respect and care:**

- A revised health and safety agreement with all employee representative groups, inclusive of AMCU, the representative union since 2013, was signed on 7 November 2013. The new agreement presents opportunities to engage more effectively with employees in promoting the right safety culture.

**Technical initiatives:**

We continued to focus on making substantial investments in technical initiatives aimed at minimising the human element of risk within our operations:

- **Roof bolts and nets:** all stope panels and all 'on-reef' and 'off-reef' development ends requiring bolting and netting have been fitted.
- **Fire retardant conveyor belts:** all worn or damaged conveyor belts will be replaced with fire retardant belts.
- **Self-contained self-rescuers (SCSR):** Rustenburg has received all 34 550 SCSR that are required. SCSR equipment is being rolled out to the workforce at all shafts where SCSR equipment was not previously in use.
- **Electronic winch signalling devices:** the Rustenburg operation has standardised an electronic winch signalling device which gives a 15-second audible and visual warning before it powers the motor. The system also includes a facility to trip the winch from any remote area along the length of the gully. Currently 543 (87%) of all centre gullies with pull lengths of more than 200m are equipped with these signalling devices.

- **Personnel Detective Systems (PDS) on trackless machinery:** Implats is implementing a PDS system in a phased approach, broadly following the MOSH adoption process and making provision for additional legislative requirements, including locomotive management information systems. As part of phase one, all underground trackless mobile machinery at Marula and Rustenburg were equipped with a vehicle-to-vehicle and vehicle-to-person PDS system.
- **Methane management:** As part of a continued drive to improve our management of flammable gas, various initiatives were implemented this year. These include: reviewing and updating an initial risk assessment; undertaking gas sampling at Rustenburg and Marula to determine the flammable gas emissions at each shaft; and holding a very successful methane awareness campaign in August 2013.
- **Blasting system replacement:** The replacement of centralised blasting systems in shafts with Sasol's SafeBlast® system is progressing well and the project is due to be completed by the end of the 2015 financial year.
- **Underground fire detection system enhancements:** The R9.7 million fire-detection system expansion project is under way.

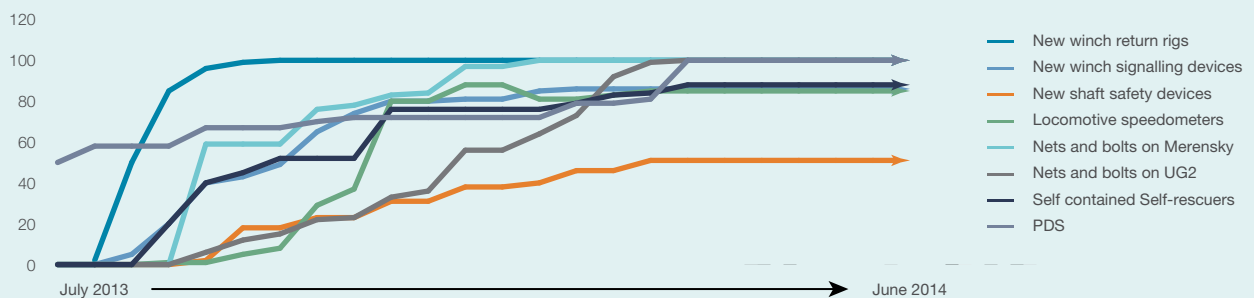
Over the year we invested R148 million (2013: R210 million) in various technical solutions aimed at protecting all those who work in our mines. These investments are reflected in the graph and table below.

**Safety technical initiatives**

Initiative	Expenditure to date R'000	Total estimated expenditure R'000	Estimated completion date
Roof bolt and netting	25 508	25 508	Completed
Fire retardant conveyor belting	15 000	15 900	Ongoing
Self-contained self-rescuers	66 267	70 000	Completed
Sasol safe blast system	11 000	84 000	FY 2019
Fire detection system	4 241	5 000	Aug 2014
WPD signalling devices for scraper winches	8 063	9 000	Jan 2014
Personnel detection systems on trackless machinery	33 682	289 682	Completed
Methane management	6 309	15 966	Dec 2015
Underground fire detection system enhancements	283	9 675	Jun 2015

- ➔ **The Group fatality rate improved to 0.043 per million man-hours worked, from 0.065 in 2013**
- ➔ **The lost-time injury frequency rate per million man-hours (LTIFR) decreased to 3.92 from 4.21 in 2013, against a target of 3.37**

Technical safety interventions (%)



Notwithstanding the progress achieved this year in implementing our safety strategy, it is evident from our Group performance (reviewed below) that we are still some way from meeting our targets. Regrettably, although we recorded our lowest ever fatality rate, this still fell short of the 2013 milestone of 0.03 per million man-hours, an industry-wide concern. An important contributing factor is that we have not been able to achieve the level of operational discipline and compliance required to meet the targets in all of the operational areas.

**We extend our sincere condolences to the families, friends and colleagues of the four permanent employees who died at Impala during the course of work during 2014.**

- ➔ Mr Osika Chidhakwa died following a fall of ground accident on 25 August 2013 at Zimplats' Ngwarati Mine
- ➔ Mr Lebogang Abednego Moiteri died in a fall of ground accident on 8 October 2013 at Impala Rustenburg's 10 Shaft
- ➔ Mr Khalepile Joseph Matama died in an incident involving mobile equipment on 4 December 2013 at Impala Rustenburg's 14 Shaft
- ➔ Mr Shaun Pelsler was electrocuted on 8 January 2014 at Impala Rustenburg's Processing division

### Our 2014 safety performance

It is with regret that we report that four of our employees died at our operations during 2014. Two fatalities were caused by falls of ground, one fatality involved a locomotive and another involved a fatal electrocution. We have undertaken investigations into the root causes of these fatal incidents and have implemented remedial actions.

This decrease in fatalities from nine last year (and 12 in 2012), coupled with the continuing reductions in our fatality rate, reflects some of the steady improvements in performance that we have achieved as a result of our strong focus on safety. Despite this progress, our performance tracked against a set of lagging and leading indicators, has been variable and we acknowledge that there is still much work to be done.

### KEY LAGGING INDICATORS

- ➔ The Group fatality rate improved to 0.043 per million man-hours worked, from 0.065 in 2013.
- ➔ The lost-time injury frequency rate per million man-hours (LTIFR) decreased to 3.92 from 4.21 in 2013, against a target of 3.37. It must be noted that Implats' LTIFR may not be comparable to industry peers based on the exclusion of Restricted Work Cases (RWCs) from the lost-time injury frequency rate. For comparability additional safety data can be found on page 101 of this report.
- ➔ The total injury frequency rate (TIFR) – a measure of all recorded injuries, including fatalities, lost-time injuries, restricted work cases and medical treatment cases – was 11.90, up from 10.91 in 2013. This rate may be overstated due to the inclusion of first aid cases in the statistics. For comparability with industry peers refer to safety data on page 101 of this report.
- ➔ The serious injury frequency rate improved to 2.69 per million man-hours from 3.06 in 2013.



## SAFETY



In seeking to mitigate safety risks in the workplace, an ongoing focus is to increase supervision and leadership skills and implement best practice

## KEY LEADING INDICATORS

- A total of 52 stoppage instructions (excluding Section 55s) were issued by the DMR in 2014 (2013: 65), resulting in the relevant shaft being closed for a period. All shafts collectively lost approximately 205 shaft days of production at our Rustenburg operations, and 29 days at Marula (compared with 261 and 21 days respectively in 2013). We continue to engage actively with the authorities on these stoppage instructions, including challenging them legally where we feel this to be justified. While we support all safety work stoppages where its condition or behaviour has been identified that poses a direct danger to safety, extending these stoppages beyond the scope of the risk is problematic and in certain instances may have a negative impact on safety performance.
- Our internal safety stoppage system, formalised in 2013, recorded a total of 2 562 proactive stoppages made in workings during 2014, compared to 3 528 in 2013.
- We achieved 95.2% compliance in our road behaviour testing, as compared with 91% last year; despite this improvement, we fell short of our target of 100%.
- We conducted 810 138 breathalyser tests throughout our operations in line with Company policy of zero alcohol in the workplace. As a result, 498 tested positive, representing a 42% decrease on the number of individuals testing positive in 2013; disciplinary action has been taken against all employees testing positive.

During the year, seven potentially serious safety incidents occurred, during which no injuries were sustained. In each case, an investigation into the root cause was conducted and remedial actions undertaken. Tragically, two critical incidents occurred on the lease area during the year, both of which involved the death of a child of our employees. At Rustenburg's 6 Shaft Hostel, a one-year-old toddler was fatally run over. At our new Platinum village development, an eight-year-old boy drowned in a flooded excavation trench. The investigations revealed a number of control deficiencies, which have been addressed through a joint AMCU management forum.

## Fatal injury frequency rate (FIFR)

Per million hours worked

	2014	2013	2012	2011	2010
Impala Rustenburg	<b>0.052</b>	0.091	0.115	0.061	0.166
Impala Springs	<b>0.000</b>	0.000	0.000	0.000	0.000
Marula	<b>0.000</b>	0.000	0.13	0.000	0.000
Mimosa	<b>0.000</b>	0.000	0.000	0.100	0.000
Zimplats	<b>0.068</b>	0.000	0.000	0.000	0.000
<b>Group</b>	<b>0.043</b>	0.065	0.087	0.053	0.122

## Our safety focus for 2015 and beyond

We have prioritised the following strategic objectives and focus areas for safety in the year ahead:

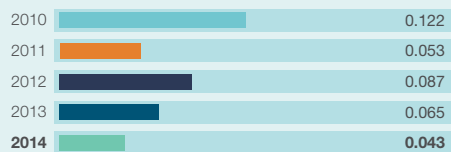
- **Culture shift:** Shifting the safety culture through leadership, using the Mine Health and Safety Council's Five Pillar Cultural Transformation Framework (CTF), remains an ongoing priority. This will include using opportunities presented through the revised health and safety agreement with all employee representative groups, to engage more effectively with employees in promoting the right safety culture.
- **Normalise the industrial relations environment:** From a safety perspective, we will ensure that senior management engage with supervisors to contextualise the recent and ongoing challenges and provide support for effective supervision. We will continue to pursue interactions with senior union leadership to gain commitment for safety initiatives.
- **Supervision and technology:** In seeking to mitigate safety risks in the workplace, an ongoing focus is to increase supervision and leadership skills and implement best practice technical initiatives.
- **Safety performance measures:** We will further develop leading indicators and increase the safety weighting in short-term incentive schemes.
- **Targets:** In striving for zero fatalities and zero harm, we will continue to focus on ensuring that all operations have behaviour-based safety programmes in place. Each operation is expected to achieve at least a 20% improvement in their LTIFR performance. In addition, we will strive to achieve: 100% compliance with road behaviour; 100% compliance with platinum rule or 100% disciplinary action for non-compliance, to these rules.

- ➔ A total of 52 stoppage instructions were issued in 2014 (2013: 65)
- ➔ We achieved 95.2% compliance in our road behaviour testing, as compared with 91% last year

### Notable safety achievements

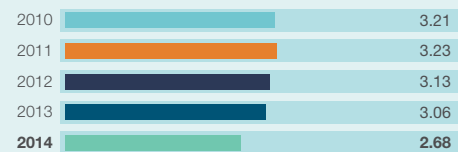
Operation	Achievement
Impala 4 Shaft	1 million fatality-free shifts
Impala 11 Shaft	1 million fatality-free shifts
Impala 14 Shaft	2 million fatality-free shifts
Marula	2 million fatality-free shifts
Zimplats	A 41.4% improvement in their LTIFR to 0.41 per million man-hours worked
Afplats shaft sinking operation	A 89.8% improvement in their LTIFR to 1.79 per million man-hours worked
Springs Refinery	A 38.1% improvement in their LTIFR to 0.26 per million man-hours worked

#### FIFR (per million hours worked)



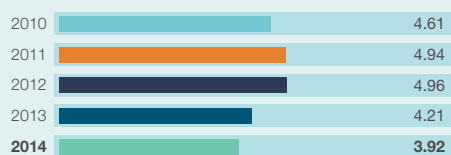
**FY14: 0.043**  
A 34% improvement

#### RIFR (per million hours worked)



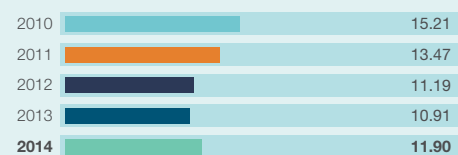
**FY14: 2.68**  
A 1% improvement

#### LTIFR (per million hours worked)



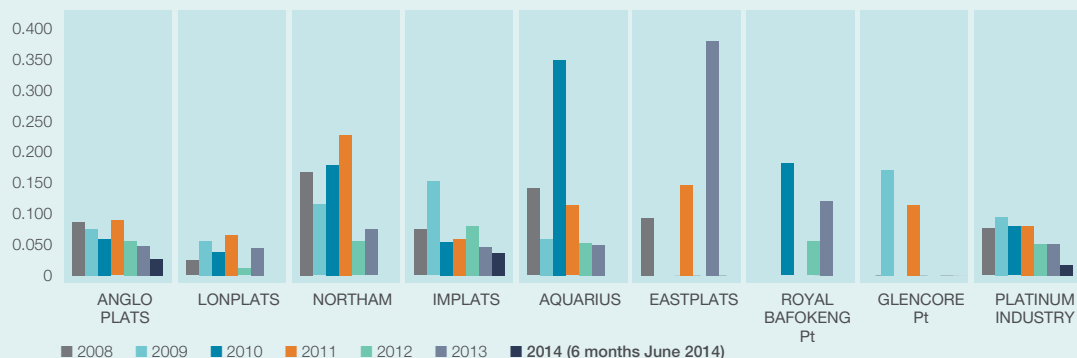
**FY14: 3.92**  
A 7% improvement

#### TIFR (per million hours worked)



**FY14: 11.90**  
A 9% deterioration

#### Comparison of fatality rates (calendar years) across the South African platinum industry (per million man-hours worked)



## EMPLOYEE HEALTH AND WELL-BEING



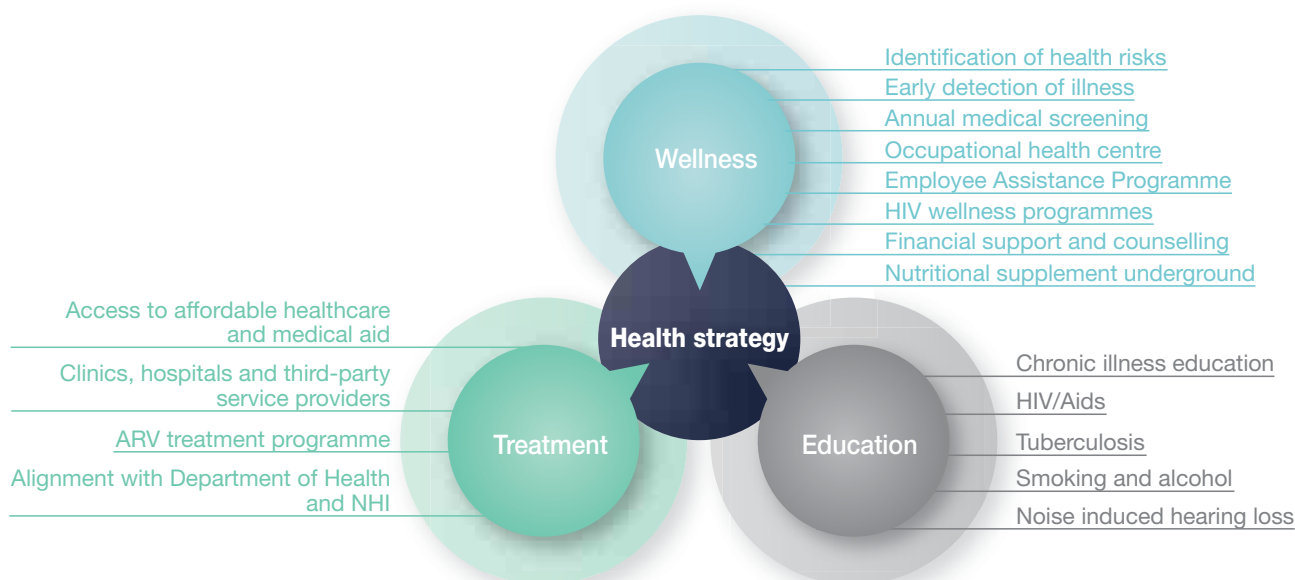
**Our health strategy addresses both occupational and non-occupational health and is focused on preventing harm to our employees**

Effective management of occupational health risks, and promoting health and well-being in the workplace, protects our employees, enhances productivity, and helps maintain our licence to operate. Investing in healthcare in communities around our operations provides a significant society benefit and is also important for achieving our longer-term business goals.

This year we made good progress in managing health risks and delivering on our health strategy, reflected in an improved performance across most of our parameters. The *force majeure* leave strategy during the strike presented a significant occupational health risk, with the prolonged absence from work challenging our ability to promote the health and well-being of a high contingent of our workforce. A particular challenge was to ensure that patients with chronic illnesses adhered to their medication. Plans were implemented to mitigate this risk, including classifying employees into groups for medical purposes and increasing capacity and staffing to monitor and manage patients. Following the strike, the additional resources assisted in expediting the necessary medical screening of employees, to assess whether they were fit to perform their specific duties. The revised health and safety agreement with all employee representative groups and the strong relationship established with AMCU HSE personnel played a significant role in facilitating our activities and improved performance. Following the strike, a robust start-up process was implemented, informed by risk assessments and incorporating a revamped IT system, to ensure that risks were effectively identified and managed.

### Our strategic approach to health

Our health strategy addresses both occupational and non-occupational health and is focused on preventing harm to our employees. It is structured around three main pillars, as outlined in the diagram below. On occupational health, our strategy is to ensure that all occupational health risks are identified, mitigation controls are in place and that any ill health is detected and treated early and efficiently. Any resulting disability is referred to independent third parties for assessment and possible compensation. Our strategy on non-occupational health focuses on ensuring that all employees have access to affordable healthcare so that all health stressors can be identified, managed and treated. The delivery and funding arrangements depend on local facilities and conditions, and differ between our operations in South Africa and Zimbabwe.



- ➔ **All patients diagnosed with early signs of NIHL (5% to 9.9%) on screening audiograms were investigated, counselled and monitored**
- ➔ **Over the year a total of 6 286 employees participated in company funded and managed HIV wellness programmes (2013: 6 014)**

The Impala Medical Plan (IMP) is a registered medical scheme that was formed to provide private care to employees and their dependants through Company-owned and operated facilities at Rustenburg, Marula and Refineries. The facility is competitive and the membership continues to grow. In addition, we provide access to external medical schemes to those employees who prefer alternative private arrangements.

The South African Government's commitment to developing National Health Insurance (NHI) will impact our non-occupational health strategy. We continue to support the NHI through partnerships, working closely with the Department of Health (DoH) directly and through the Bojanala Health Forum.

Nutrition forms an important element of our health strategy. To ensure nutritional quality, we use the advice of dieticians in the choice of all food provided in Company accommodation. A trial to establish effective methods of distribution, control and formal mid-shift feeding was conducted last year.

### Our 2014 health performance

The primary health risk facing our employees is pulmonary tuberculosis (TB) associated with human immunodeficiency virus (HIV) co-infection, both of which are of epidemic proportions in southern Africa. The major occupational health risk associated with our mining activities is noise induced hearing loss (NIHL). Key health trends and performance during 2014 are summarised below; a more detailed breakdown of our health performance at an operational level is provided in the table on page 102.

- ➔ **General health indicators:** The number of occupational medical examinations conducted this year was 59 322, as compared to 90 440 last year. The significant drop is primarily due to the closure of the Rustenburg Occupational Health Centre during the five-month strike, during which time only exit examinations and examinations of essential services personnel and certain supervisors were conducted. No previously unknown occupational illnesses were detected in the Group this year.
- ➔ **Noise induced hearing loss (NIHL):** In 2014, 36 employees with potential NIHL were diagnosed and submitted for assessment for compensation, as compared to 50 in 2013. While the decrease is partly due to reduced levels of medical and audiometric screening examinations during the strike period, encouraging improvements across all parameters of our NIHL performance were achieved in the months before the strike. We continue to introduce equipment with improved sound suppression and exposed individuals are trained in the use of custom-made hearing-protection devices. However, ensuring adherence to relevant requirements remains a challenge. All patients diagnosed with early signs of NIHL (5% to 9.9%) on screening audiograms were investigated, counselled and monitored.
- ➔ **Pneumoconiosis:** The risk of contracting silicosis at our operations is extremely low due to the very low levels of Alpha Quartz in the rock that is being mined. Altogether, seven employees and 10 contractors were diagnosed at our Rustenburg operation; all of these cases have proven historic gold mine exposure. All cases have been submitted for assessment and compensation to the Department of Health's Medical Bureau of Occupational Diseases. All new employees are diligently screened for pneumoconiosis at pre-employment examination. Pre-employment individuals who have x-ray changes suggestive of silicosis are classified as unfit and referred back to their previous employer for assessment and submission to the Bureau of Occupational Diseases.
- ➔ **Chronic illnesses:** The treatment and monitoring of chronic illnesses continued during the five-month strike. Impala Medical Services (IMS) used the non-production time to review the records of those patients with chronic conditions who fall under IMS and IMP. Despite our best efforts to ensure that patients adhered to treatment during the strike, 618 patients (347 on ARVs) were classified as unfit for duty until full medical assessments were positively completed.
- ➔ **HIV/Aids:** We have an HIV/Aids policy that covers activities across all our operations. The policy ensures patient confidentiality, non-discrimination and highlights our commitment to ARV treatment programmes. Our HIV prevalence rate is estimated at 23% based on available data for the Impala Rustenburg operation. We proactively managed challenges faced during the strike period and have made good progress this year in managing HIV/Aids and TB in the Group. In particular, ARV uptake exceeded our business plan target of 5% growth. During the strike, a major focus at our Rustenburg operations was to strive to ensure that HIV patients on wellness and ARVs remained compliant to treatment. Impala clinics and the hospital continued to operate normally throughout the difficult period, albeit with reduced staff and patient numbers. IT systems were used to track when a patient had missed a script collection and the patient promptly contacted. Those patients on ARVs that were deemed to be non-compliant and classified as unfit will receive necessary treatment and care before being permitted to return to work. During the year, we undertook 10 086 HIV tests on employees (2013: 11 782). Over the year a total of 6 286 employees participated in company funded and managed HIV wellness programmes (2013: 6 014), of whom 4 276 (2013: 4 039) received antiretroviral therapy (ART). Altogether, 982 of those on ART joined the ART programme during the year. The number of employees receiving ART through external medical aids or government health facilities is not known and so these figures may be underestimated. Regrettably 68 employees passed away due to HIV-related illness during the year (compared with 69 in 2013), while an additional 331 patients applied for medical incapacity and left the Group (2013: 588).

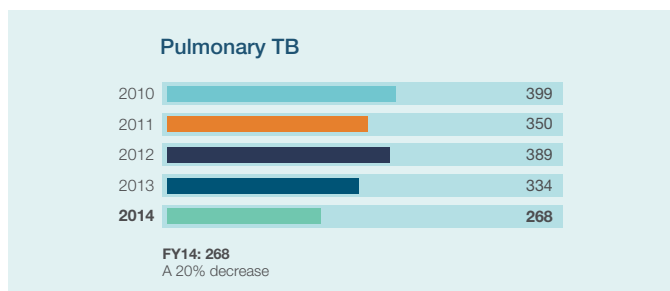
## EMPLOYEE HEALTH AND WELL-BEING



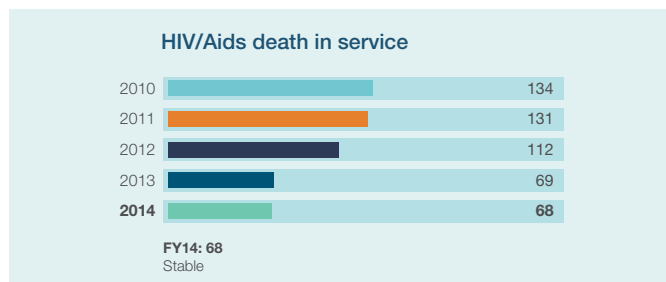
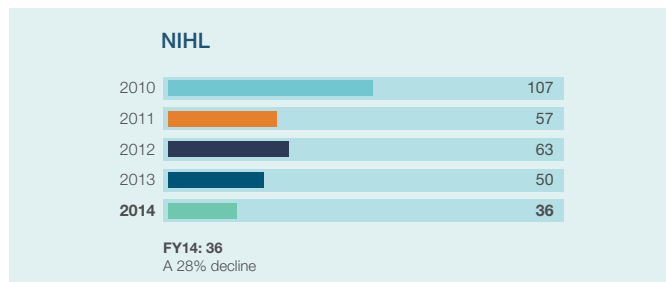
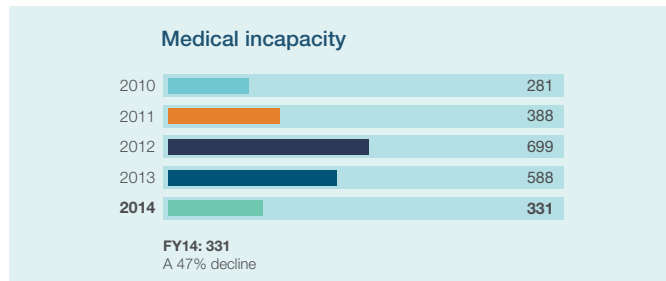
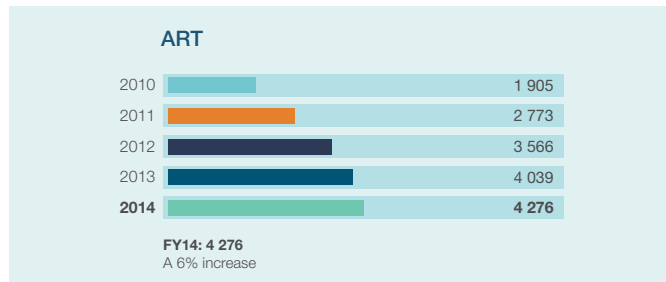
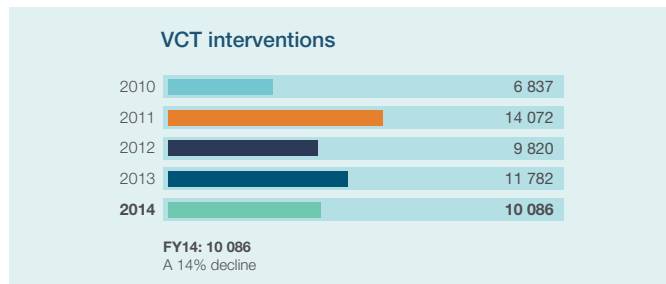
In managing TB in our workforce we adhere to the national guidelines and made good progress this year, achieving all our targets

- **Pulmonary tuberculosis (TB):** In managing TB in our workforce we adhere to the national guidelines and made good progress this year, achieving all our targets. A new diagnostic protocol for TB diagnosis using PCR testing is in place and is assisting in more rapid and accurate diagnosis and in primary treatment sensitivity. We have negotiated price reductions for the tests but these remain high compared to state tender price and we are in discussions with the DoH. During the year, 268 new cases of pulmonary TB were detected (2013: 334), of whom 70% are HIV-positive. Our incidence rate of 841 per 100 000 employees is below the South African population rate of 1 003/100 000. Multiple drug resistant TB remains a concern; this year we had 11 cases on treatment at Rustenburg (2013: 17).
- **Malaria:** In 2014, 33 cases of malaria were diagnosed at Impala Rustenburg and 11 at Zimplats. All of these patients had recently travelled to malaria endemic areas and were successfully treated. The malaria vector surveys we conducted at the Ngezi operations in November 2013 indicate that it is not a malaria endemic area.
- **National Health Insurance:** Impala and Marula continue to work closely with the SA Department of Health (DoH) in support of the NHI plan. This year an MoU was signed with the DoH, which allows appointed Impala medical personnel and forensic medical experts to attend post-mortem examinations. This will greatly assist in determining the medical causes of death where the cause is not obvious. Through the Impala Bafokeng Trust (IBT) we have committed to renovate and expand the Luka Clinic on the Impala lease area; an MoU has been developed and building will start in FY2015.
- **Medical aid and non-occupational medical care:** This year the Impala Medical Plan (IMP) received 1 037 new applications and membership increased by more than our targeted 5%. Currently, membership levels are 21 994. The cost of external medical schemes is becoming prohibitive for many employees and we strive to ensure that the IMP maintains affordable contribution levels.

### Number of employees



### Number of employees



## This year the Impala Medical Plan (IMP) received 1 037 new applications and membership increased by more than our targeted 5%

### Our health focus for 2015 and beyond

We have prioritised the following key focus areas for health in the year ahead:

#### ➔ **Delivering on our strategic priorities:**

- Striving for zero harm
- Ensuring further mitigation of risks relating to occupational chronic illnesses, HIV/Aids, as well as noise induced hearing loss (NIHL)
- Promoting access to effective, affordable healthcare
- Ensuring that our health strategy is aligned with the South African Government's national health strategy, including assisting with the provision of healthcare facilities around our lease areas

- ➔ **Noise induced hearing loss:** We will continue to have annual audiometric screening examinations to detect deterioration of hearing early and before permanent NIHL develops. Any employee who shows signs of early hearing loss of between 5% and 10% will undergo a formal evaluation and safety investigation. We will continue to track and investigate all cases of early NIHL. Employees showing an early hearing loss shift of between 2.5 and 5% will undergo formal counselling on the risks of noise, the importance of wearing Hearing Protection Devices (HPD) and the implications of NIHL. Action will be taken against employees who have been counselled and are found without HPD in the designated areas.

We will continue with our programme of silencing machines across the Group and with our buy quiet policy of only purchasing machine and equipment that emits noise below 110dB.

- ➔ **Diesel particulate matter (DPM):** The monitoring of personal exposures to DPM will continue. The risk of exposure to DPM is mitigated by adequate ventilation, low sulphur diesel replacement and exhaust filters in underground diesel combustion engines.
- ➔ **Pulmonary tuberculosis (TB):** TB in mining continues to receive a high level of political focus in southern Africa and we will support initiatives aimed at achieving an effective regional response. Our current focus areas for improvement in our own TB programmes are assessing the TB risks in contractors, contact tracing in communities, and mitigating the risk of exporting active TB to our labour sending areas.
- ➔ **HIV/Aids:** We will strive to ensure a further uptake of at least 10% of known HIV-infected employees onto our wellness and ART programmes, as well as carefully monitoring and driving compliance of the existing 4 276 patients on ART treatment.



## ATTRACTING, RETAINING AND DEVELOPING TALENT



### Our competitive advantage is driven through individual and team development

Attracting and retaining talent remains a significant challenge, not only for Implats, but for the mining industry as a whole, both locally and globally.

Factors contributing to this challenge include the growing competition for skilled resources, the reduced supply of skilled and semi-skilled mining talent, low education levels in our semi-skilled talent pool, and the general poor image of the mining industry as a potential employer.

While this year's strike at our Rustenburg operations did not have an immediate direct impact on our retention of skills, since our competitors were in the same position, it impacted negatively on the delivery of our training programmes, and brought into sharp focus the need for us to be effective in communicating and living the 'employee value proposition' associated with working for Implats.

#### Our strategic approach to people

Our people strategy focuses on ensuring that our employees are motivated, have the ability and requisite skills to carry out their duties, and that they operate in a safe, fair and ethical work

environment. The strategy seeks to support the overall corporate strategy by ensuring that we have the right people, at the right place doing the right things. Our competitive advantage is driven through individual and team development, working with shared values founded on respect and care. Our vision is to progressively mechanise our mining processes and continue to improve levels of workforce proficiency, satisfaction and diversity.

In the first half of this year we made good progress in implementing our people strategy and towards achieving our objectives and targets. This progress was hindered in the second half of the year as a result of the prolonged strike, during which many of our training and development programmes were suspended.

The organisation employs approximately 40 000 permanent employees and 16 000 contractors, none of whom are self-employed individuals. The organisation does not have seasonal employees. A detailed breakdown can be found on page 96 of the report.

#### Our people strategy



## Motivating our people

A key focus this year has been on ensuring more effective communication throughout the organisation of the benefits and opportunities associated with working at Implats. Our 'employee value proposition' encompasses our programmes relating to employee housing, skills development, health and financial reward. It will be communicated internally first and then externally through posters, electronic media, graphics displayed in the workplace and in public places such as shopping malls. The underlying message is: if you work for us, this is what you will enjoy.

In delivering on our employee value proposition, we have the following strategic focus areas:

- **Rewarding good performers:** Through our performance management programme we have committed to offering attractive remuneration and employment benefits, coupled with effective incentives linked to our safety and production efficiencies. Lower levels of mining productivity and increased safety stoppages have placed additional pressure on our fixed pay elements and employees' disposable income. We offer maternity leave of four months, and family responsibility leave of four days. In Zimbabwe, levels of mining activities continue to increase, placing greater demand on critical skills and talent. Our Zimbabwean operations pay rewards that fall into the upper quartile of the market rate, which is effective in attracting good talent. Benchmarks are conducted to ensure we remain competitive.
- **Developing skills:** Our skills development activities focus on three main areas: technical skills, general education and people management skills. These are all critical enablers for us to increase intellectual capacity within the Group and to facilitate succession planning and advancement activities, thus reducing our reliance on the external market for these skills. Talent development also supports the attainment of our employment equity targets in our South African operations. We continue to improve the measurement (both quantitative and qualitative) of the outcomes of the training and development programmes being implemented. A more detailed review of our approach to developing people with ability is provided overleaf.
- **Providing career advancement opportunities:** Succession planning is undertaken at semi-skilled and supervisory level positions, as well as at professional qualified (D level) and senior management (E level). Discipline-specific talent management forums and area-specific talent identification forums identify, develop and assess talent at various levels within the organisation as a line management function with the support and assistance of the talent department. The talent pools are reviewed quarterly and assessed to ensure that identified talent is considered for promotional and developmental opportunities.
- **Developing leadership capacity:** Ensuring effective leadership skills is critical in promoting sound employer-employee communication and relations. Developing attributes to deal with people challenges is a priority in the current labour environment. Our targeted leadership interventions focus not only on developing the technical ability of managers, but also on ensuring that they have the necessary people leadership skills.





## ATTRACTING, RETAINING AND DEVELOPING TALENT

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**Our training and skills development programmes aim to instil excellence in efficiency, productivity and safety**

### Developing people with ability

Our training and skills development activities go beyond compliance to promote a people-focused culture, with relevant programmes aligned to Implats' strategic imperatives and values aimed at instilling excellence in efficiency, productivity and safety.

We have a three-pronged approach to improving the skill base of our employees and supporting the Group's vision:

Optimising team output and productivity	Developing our talent pipeline	Maintaining an inflow of future requisite skills
<p><b>Objective</b> To ensure the development and retention of talent with the requisite skills, knowledge and experience, in an environment conducive to maintaining continuity and improving safety and productivity.</p> <p><b>Key initiatives</b></p> <ul style="list-style-type: none"> <li>➤ <b>Team mobilisation:</b> developing respect among team members and ensuring that mine overseers and supervisors are equipped to effectively lead and mobilise their teams</li> <li>➤ <b>Shaft optimisation:</b> focusing on direct coaching/training in mining best practices</li> <li>➤ <b>New technology:</b> mitigating the human element risk from our activities and promote a safety culture</li> <li>➤ <b>Technical mining training:</b> ensuring that line managers and supervisors are kept informed about evolving standards and regulations, and new technologies</li> </ul>	<p><b>Objective</b> To minimise avoidable turnover, secure the best available talent in the market, and recognise, develop and reward talent within the organisation.</p> <p><b>Key initiatives</b></p> <ul style="list-style-type: none"> <li>➤ <b>Mining academy:</b> developing an in-house mining academy to provide best practice training interventions</li> <li>➤ <b>Engineering training:</b> Implats training projects to develop artisan and engineering skills</li> <li>➤ <b>Graduate development training:</b> upon completion of degree the graduate is placed on a development programme to obtain a mine managers certificate of competence (MMC)</li> <li>➤ <b>ABET:</b> offers full and part-time classes to ensure career progression and functional literacy and numeracy</li> </ul>	<p><b>Objective</b> To improve education within our neighbouring communities, identifying and developing skills in local schools, as part of efforts to recruit from our local communities.</p> <p><b>Key initiatives</b></p> <ul style="list-style-type: none"> <li>➤ <b>School adoption programme:</b> developing management and infrastructure at targeted schools</li> <li>➤ <b>School support programme:</b> mentoring educators, developing school sporting facilities, offering Impala bursaries to top achievers</li> <li>➤ <b>Bursary programme:</b> offering fully paid high-school scholarships, and offering university bursaries to learners in mining, chemical, electrical or mechanical engineering</li> </ul>

- ➔ **Total workforce turnover for 2014 was 4.5%, as compared with 5.7% in 2013**
- ➔ **South African operations had 91 full-time bursary holders (84% are HDSA) studying at universities**

### Developing a fair, ethical and sustainable organisation

Underpinning our efforts to provide a work environment informed by mutual trust, respect and care, is our commitment to promoting high standards of corporate governance and ethical behaviour throughout our activities, as well as diversity and transformation in our South African operations. Our approach to delivering on these commitments is reviewed in other sections of this report.

### Our 2014 performance on people management

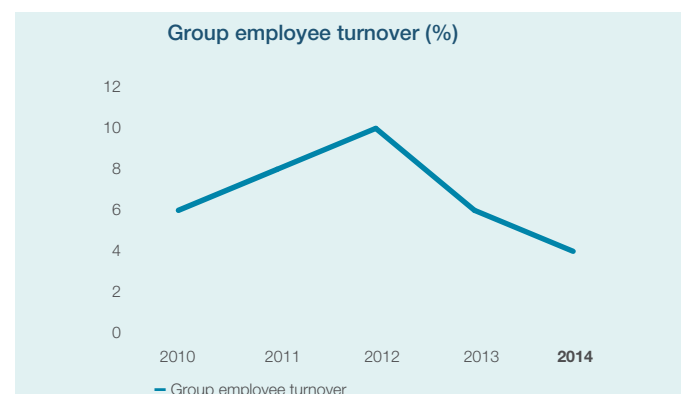
Our investment in employee development this year was curtailed during the strike, which has impacted several of our performance indicators. A summary of our performance on key issues over the year is presented below; additional detail at an operational level over the past four years is presented in the performance table on pages 96 and 97.

- ➔ **Skills turnover:** Total workforce turnover for 2014 was 4.5%, as compared with 5.7% in 2013. The five-month strike had a significant impact on the turnover of miners at our South African operations; this was 5.3% for the year, down by 3.4% from 8.8% last year. Turnover of rock drill operators was 3.9%, as compared with 4.4% last year. At the Zimplats operations turnover remained stable at 3.5% (3.9%: 2013).
- ➔ **Skills development interventions:** Several key initiatives were introduced during 2014:
  - **Team mobilisation:** This initiative aims to develop a respectful and caring attitude among all Implats team members with the aim of ensuring safe production. Specific focus areas include safety, the nature and economics of the platinum business, the role played by the individual and team, and the reward structure for delivery on targets. During 2014, we trained 21 teams and commenced the selection and recruitment of in-house trainers.
  - **Zero Incident Process for Leaders (ZIP):** This best practice Australian initiative is a three-day training session. All E level management attended ZIP in 2014. To embed the ZIP concepts throughout the Group, ZIP training will be cascaded downwards to supervisor level.
  - **Mining academy:** We are establishing an in-house mining academy for our South African operations to provide training interventions that will evolve in line with changing technology, legislative requirements and training needs.

R15 million has been budgeted and basic infrastructure requirements will be completed in 2015 with the goal of accommodating 1 000 trainees (young people with grade 12 qualifications) per year. The second phase, in 2016, will involve the building of training venues.

- **School adoption programme:** Implats works closely with the South African Department of Education to formally 'adopt' a selection of community schools that we have either built or that are in our mining lease area but that do not benefit from existing support programmes. We currently have seven schools in the scheme, which we aim to develop into schools of excellence.

- ➔ **Skills development expenditure:** This year our South African operations invested R331 million in skills development. This 22.7% decrease on 2013 expenditure (R428 million) was as a result of many initiatives being suspended during the strike. Expenditure was only 5.2% of payroll, against our targeted level of 5.5%. For the Zimplats operations, US\$2.5 million was expended on skills development, unchanged from the previous two years. Over the year we provided an average of 79 hours of training per employee for all our employees, while our contractors received an average of 28 hours each of training at our South African operations
- ➔ **Bursaries and learnership programmes:** During 2014, our South African operations had 91 full-time bursary holders (84% are HDSA) at university studying primarily in the engineering and mining-related disciplines, while we had 10 full-time bursaries from our Zimbabwe operations. In addition, a total of 554 individuals benefited from our apprenticeship and learnership programmes (80% are HDSA) across the South African operations.



## ATTRACTING, RETAINING AND DEVELOPING TALENT

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## This year we implemented our amended performance management system

- **Adult basic education and training (ABET) and Foundational Learning Competence (FLC):** The level of basic functional literacy (ABET3) at our mining operations continues to improve, reaching 82% in 2014. In 2014, 707 employees were enrolled for ABET, in both full-time and part-time classes, representing a 12% decrease on 2013 (805 students). ABET was suspended during the strike. On average 30% of those who wrote exams successfully completed their programmes, while 70% dropped out or were unsuccessful in their examinations. Implats will implement the anticipated national senior certificate for adults (NASCA) qualification, developed as an equivalent to the South African school-leaving qualification, for implementation by 2016.
- **Leadership development:** Altogether 104 members of our management team and 10 board members at the South African operations participated in the Zero Incident Process for leaders (ZIP). At our Zimbabwe operation, a total of 527 people underwent leadership development, comprising a total of 2 105 training days.
- **Performance management:** This year we implemented our amended performance management system through various communication methods involving all stakeholders. A revised incentive scheme was implemented during the year, with equal weighting given to safety and production. Under the agreement signed with AMCU, supervisors (C 5 level) have been removed from the bargaining unit and are now included in our formal performance management.
- **Promoting local employment:** Open days were held around shopping malls in neighbouring communities, to present the opportunities available at Implats operations. Despite efforts to hire more local people, migrant workers continue to play an important role in the industry, particularly for rock drill operators and winch operators, who come principally from the Eastern Cape, Northern Cape and Lesotho. These two job categories constitute more than 38% of our South African workforce. As outlined above, we continue to invest in various skills development initiatives in our local communities, as well as seek to promote local employment through our local procurement practices (see page 80).

### Our focus on people management for 2015 and beyond

In striving to implement an effective people strategy, our principal objectives for 2015 are to:

- Retain key talent (mine overseers, shift supervisors, miners, engineers, foremen and artisans); this is vital to maintain continuity and improve safety and productivity
- Increase supervision and leadership skills and introduce best practice technical initiatives
- Address potential skills shortages through in-house technical trainee programmes, capacity-building at supervisory and managerial level, and enhanced people-leadership initiatives
- Promote our employee value proposition and develop a pipeline of talent in schools, to support our efforts to recruit from communities around our operations
- Allocate an additional 1.5% salary adjustment to middle and senior management who possess critical skills.





## The recruitment and retention of highly sought-after skilled HDSAs, particularly women, is an ongoing challenge

We believe strongly that a transformed and more diverse organisation is more resilient and better positioned to be competitive in the country and region.

### Our strategic approach to diversity

In seeking to meet and go beyond the expectations of the Mining Charter and Employment Equity Act, our employment equity (EE) strategy has two priority focus areas:

- ➔ Integrating transformation and EE considerations within our talent-management activities
- ➔ Accelerating the recruitment, development and promotion of designated groups into occupational levels that are under-represented.

The Group transformation committee and Implats' operational EE structures follow a common framework aimed at driving the strategy throughout the Group. During this year, we appointed EE managers for all our operations and we established representative transformation committees to address our employment equity imperatives.

The recruitment and retention of highly sought-after skilled HDSAs, particularly women, is an ongoing challenge, as the widespread lack of skills in South Africa has resulted in extreme competition for suitable candidates. Given the current operating challenges, our efforts remain directed towards retention and promotion. To further develop our understanding of where our strengths and weaknesses lie in promoting diversity, we have commissioned external consultants to conduct a diversity audit in 2015. The findings of this exercise will be incorporated into our diversity management programme.

We encourage female representation at all levels of the organisation. Our approach classifies women into two specific groups: women at all levels, and women in mining (specifically those working in underground conditions). As we progressively mechanise our mining methods, there will be greater opportunity to advance women representation in the long term. In Zimbabwe, there is no legal target set for gender equity. Nonetheless, at Zimplats we are committed to promoting gender equity at all levels of the organisation, particularly at managerial level. The operation aims to achieve at least a ratio of 10% of new recruits as females, specifically targeting surface engagements.

### Our 2014 performance on diversity

As part of South Africa's process of transformation, we must meet the Mining Charter's requirement that by the end of 2014 HDSA employees make up 40% of each management level (junior, middle, senior and top management), as well as in the core and critical skills category.

We made good progress this year in promoting equitable representation, especially at Exco level which increased from 22% to 50% HDSA representation. At year end, despite a setback in our efforts during the prolonged strike, we had achieved, and in most cases exceeded, the charter's targets (see table overleaf).

## PROMOTING DIVERSITY AND TRANSFORMATION



**At Zimplats, this year 17% of all surface engagements were women, surpassing our target of 10%**

At our South African operations, at year end we had 146 women in management representing 19% of total management. Our overall women representation in our workforce remained at 10%. We also have a number of 'women in mining' initiatives, and women representation in mining development programmes continues to improve in all mining training streams. Although the mining charter does not stipulate a target for women, we continue to focus on women advancement. For 2014 we

increased our targeted intake of females at entry level/novices from 10% to 15%; we achieved 13%, just short of this increased target.

At Zimplats, this year 17% of all surface engagements were women, surpassing our target of 10%. The number of women in mining is improving year-on-year, with females currently constituting 6% of the total Zimplats workforce.

## HDSA in management (South Africa)

	2014				2013			
	Mining Charter target 2014 %	HDSA %	Total number of employees/members	HDSA employees/members	Mining Charter target 2013 %	HDSA %	Total number of employees/members	HDSA employees/members
Board	40	62	13	8	35	67	12	8
Exco	40	50	10	5	35	22	9	2
Senior management	40	39	105	41	35	37	108	40
Middle management	40	45	210	95	40	43	206	89
Junior management	40	54	434	236	40	54	444	240
<b>Total management</b>		<b>50</b>	<b>772</b>	<b>385</b>		49	779	379

HDSA excl. non-executives is 377 which represents 50% of management. Senior management representation is E levels (excluding Exco), middle management is D upper and junior management is D lower.

The table below summarises the HDSA representation at all levels across our South African operations.

## Employment equity South African operations

Level	Total in-service	Total HDSA employees	% HDSA
F – Top management	4	2	50
E – Senior management	111	44	40
D – Professionally qualified and experienced specialists and mid-management	644	331	51
C – Skilled technical and academically qualified workers, junior management	5 104	3 878	76
B – Semi-skilled and discretionary decision making	12 328	10 314	84
A – Unskilled and defined decision making	18 010	16 015	89
<b>Total permanent</b>	<b>36 201</b>	<b>30 584</b>	<b>84</b>
Non-permanent employees	69	63	91
<b>Total</b>	<b>36 270</b>	<b>30 647</b>	<b>84</b>

- ➔ **Our overall women representation remained at 10%**
- ➔ **Women in management maintained at 19%**

The tables below summarise the indigenous people representation at our Zimbabwean operations.

### Indigenous People Representation Zimbabwe Operation

#### Mimosa

Grade	% Indigenous People	Number In-service	Number of Indigenous Employees
F – Top management	100	2	2
E – Senior management	100	6	6
D – Professionally qualified and experienced specialists and mid-management	100	35	35
C – Skilled technical and academically qualified junior management	100	123	123
B – Semi-skilled and discretionary decision making	100	345	345
A – Unskilled and defined decision making	100	264	264
<b>Total</b>	<b>100</b>	<b>775</b>	<b>775</b>

#### Zimplats

Level	% Indigenous People	Number In-service	Number of Indigenous Employees
F – Top management	100	4	4
E – Senior management	95	19	18
D – Professionally qualified and experienced specialists and mid-management	99	239	237
C – Skilled technical and academically qualified junior management	100	805	805
B – Semi-skilled and discretionary decision making	100	1 552	1 552
A – Unskilled and defined decision making	100	649	649
<b>Total</b>	<b>99</b>	<b>3 268</b>	<b>3 265</b>

### Our focus on diversity for 2015 and beyond

To achieve our employment equity goals, our employment equity strategy focuses on the following issues:

- ➔ Retaining key talent as far as possible, aiming for turnover of less than 7.5% per annum
- ➔ Aiming to meet our legislative HDSA targets as per the mining charter
- ➔ Aiming for the following representations of women: 10% women in mining and advancing women in supervisory and management positions
- ➔ Maintain 50% HDSA representation on Exco
- ➔ Inculcating a corporate culture and value system to advance transformation, supporting the culture transformation strategy for the South African mining industry.





## Social capital and licence to operate



**Our strategic approach to investing in socio-economic development is premised on the belief that the long-term viability of our business is linked to the well-being of the communities in which we operate and the areas from which a significant portion of our employees emanate.**

Securing the trust and endorsement of these communities and their political representatives is essential to maintaining our social licence to operate.

In our South African operations our investment strategy focuses primarily on infrastructure, health, education, community empowerment and poverty alleviation projects. The strategy aims to complement our accommodation and living conditions initiatives, through the provision of schools, clinics and other amenities. Our commitment to improving the living conditions of our employees through access to housing provides an opportunity for differentiation and competitive advantage in attracting future skills. It represents a strong business/employee linkage and serves as the cornerstone of other pillars of our broader transformation strategy. It supports skills retention, procurement from local enterprises and enterprise development in host communities through the value chain, and forms part of our broader commitment to respecting the human rights and interests of our stakeholders.



## OUR ECONOMIC AND SOCIAL VALUE ADDED



## Implats' operations make a significant positive contribution to socio-economic development in both South Africa and Zimbabwe

Through our core activities, Implats' operations make a significant positive contribution to socio-economic development in both South Africa and Zimbabwe. Our social programmes and investments are identified in collaboration with community representatives and the local municipality in our areas of operation. These are further aligned with the regional Integrated Development Plan (IDP) for the South African operations, and are assessed quarterly through a third party to determine impacts and risks. Through the Human Resources Committee people investments are discussed on a monthly basis, taking into account skills development expenditure, the team mobilisation programme and other people-related initiatives. This is evaluated against team productivity, absenteeism, skills turnover and other indicators. The re-establishment of our sustainable development forum in the new year will give further

support to the management and monitoring of value creation through socio-economic investments. Discussions are held quarterly with community forums comprising community representatives, the local municipality, traditional representatives and company representatives for each discipline. Performance elements are monitored and reported quarterly to the social ethics and transformation committee of the board.

In the year under review we have continued to provide employment, skills and training, we have paid taxes and royalties to governments and dividends to our shareholders, we have purchased goods and services from local businesses, and invested in the development and improvement of infrastructure and other social services in the communities that are home to our employees.

A detailed breakdown of the economic value added throughout 2014 is provided in the following table:

### Value added statement

<i>for the year ended 30 June</i>	<b>2014 Rm</b>	2013 Rm	2012 Rm
Revenue	<b>29 028</b>	29 844	27 393
Net cost of products and services	<b>(17 091)</b>	(14 542)	(13 463)
Value added by operations	<b>11 937</b>	15 302	13 930
Other net (expenditure)/income	<b>153</b>	(185)	1 152
Depreciation	<b>(3 341)</b>	(3 332)	(1 629)
<b>Total value added</b>	<b>8 749</b>	11 784	13 453
<b>Applied as follows to:</b>			
Employee benefits	<b>7 609</b>	8 276	6 521
Labour and other	<b>7 378</b>	8 374	6 894
Share-based payments	<b>231</b>	(98)	(373)
The state as direct taxes	<b>706</b>	1 080	1 109
Deferred tax	<b>(562)</b>	312	698
Royalty recipients	<b>693</b>	674	598
Providers of capital	<b>666</b>	1 008	3 731
Financing costs	<b>432</b>	375	248
Non-controlling interest	<b>(137)</b>	53	119
Dividends	<b>371</b>	580	3 364
Total value distributed	<b>9 112</b>	11 350	12 657
Reinvested in the Group	<b>(363)</b>	435	796
	<b>8 749</b>	11 785	13 453

Implats supports the principles of the Extractive Industries Transparency Initiative on the disclosure of payments to governments. In the years under review R1 548 million was paid to the South African Government as taxes and US\$78 million was paid to the Zimbabwean Government.

### Taxes paid directly to government by category and country\*

	South Africa** (Rm)	Zimbabwe*** (US\$m)
Profit taxes	489	16
Employee PAYE	1 001	22
Royalties taxes	58	40
<b>Total</b>	<b>1 548</b>	<b>78</b>

\* Reporting in line with the Extractive Industries Transparency Initiative (EITI).

\*\* Excludes Two Rivers.

\*\*\* Excludes Mimosa.

Distribution of value in 2014



\* Employees lost an additional R1.9 billion in wages during the five-month strike. If included, the percentage employee wages would increase from 62% to 69% and management would decrease from 19% to 16%.

During 2014, we created significant value for our various stakeholders in the form of:

Employee wages and benefits  
**R7 609 million**

Taxation and royalties paid to government excluding PAYE  
**R1 140 million**

Dividends paid to shareholders  
**R371 million**

Payment to providers of capital  
**R666 million**

Skills and training spend in South Africa  
**R331 million**

De-investment in the Group to sustain value creation for stakeholders  
**R363 million**

Investments in socio-economic development initiatives in our communities – in South Africa  
**R71 million**  
and Zimbabwe  
**US\$6 million**

Payments to suppliers and contractors – in South Africa  
**R7 900 million**  
and Zimbabwe  
**US\$326 million**



## Our social investment aims to complement our accommodation and living conditions initiatives, through the provision of schools, clinics and other amenities

The sustainability of our mining activities depends on our ability to contribute to the well-being and prosperity of our host communities. In South Africa and Zimbabwe, the challenging social context highlights the need for sustainable community development as both a commercial and social imperative. Many of our operations are in rural areas characterised by low levels of formal economic activity, and inadequate provision of infrastructure and services.

### Our management approach to social investment

Our strategic approach to investing in socio-economic development initiatives focuses primarily on infrastructure, health, education, community empowerment and poverty alleviation projects. The strategy aims to complement our accommodation and living conditions initiatives, through the provision of schools, clinics and other amenities. Our goal is to establish infrastructure that will address urgent needs in mine communities with the focus on longer-term impacts. We encourage and support the participation of our employees in community projects.

While much work has been done in advancing socio-economic transformation in our areas of operation, we recognise that there is scope to strengthen our approach and contribution. This year we have conducted evidence-based research to better understand some of the social challenges that impact the communities around our Rustenburg operations, and to further inform our social strategic interventions (see box alongside). A similar study is planned for the Marula operations in 2015.

In Zimbabwe, we are implementing a community development plan aimed at addressing community concerns and requests identified through a perception study and ongoing consultations with community leaders. The plan focuses on education, health and income-generating projects and will assist in narrowing the gap in terms of expectations relating to development needs such as clinics, agricultural activity, employment, construction of secondary and primary schools, clean water and sanitation, and food availability. It also seeks to improve neighbourliness between Implats and the surrounding communities. In line with government recommendations, the operations factor corporate social responsibility projects into their indigenisation implementation plans, so as to accrue credits towards compliance with the 51% indigenisation target.

### Social impact assessment

Our social impact assessment (SIA), undertaken in collaboration with the Royal Bafokeng Administration (RBA), has been structured in two phases, to address two intentions. The first phase entailed a review of socio-economic trends and developments in the Royal Bafokeng Nation (RBN) villages and those communities impacted by the Rustenburg operations, over a 10-year horizon from 2001. The objective was to assess the level of impact that mining has had on these areas. The second phase is a field baseline survey, aimed at establishing a baseline of key socio-economic indicators that can be used to measure and monitor progress that is achieved through social interventions carried out by the operations in partnership with other stakeholders such as government, RBN, industry players and community stakeholders.

The two studies aim to ensure that going forward:

- Our interventions have been informed by empirical evidence on key social indicators identified in communities
- Our approach to stakeholder engagement is robust and inclusive, and our activities conducted in collaboration with key stakeholders
- Our medium and long-term social interventions are aligned with Implats' long-term strategic outlook.

The first study spanned all 29 villages of the RBN, with a focus on 15 villages and informal settlements that are directly affected by current operations. By year end the study had covered approximately 36 000 households and was nearing completion. Using census data for 2001 to 2011, the main indicators analysed were basic demographics, access to basic services, educational levels, employment and income, and future shaft closures and the opening of new ones. Preliminary findings from the survey highlighted the depth of the social challenges brought about by in-migration and the increased competition for limited resources. In turn, the findings brought into sharp focus the need for an integrated and collaborative approach to addressing social challenges that exist in communities.

Over the coming year the details of these findings will inform developments in our strategic approach to socio-economic development. This includes seeking to turn potential risks identified in current and future areas of operation, into opportunities to promote community sustainability during and after the life of mine. The baseline survey is currently being conducted by a leading research institution and will be used to further our understanding of the social challenges being faced by mining-specific households, as well as the impact of SLPs, and the migrant labour system.

## Our 2014 performance and achievements for social investment

The total investment in socio-economic development projects for the South Africa operations this year amounted to R71 million, inclusive of social and labour plan (SLP) commitments. The 30% decrease on the R102 million we invested last year is mainly attributable to the strike and the declaration of *force majeure* at the Rustenburg operations. An additional R261 million was spent on improving accommodation and living conditions of our employees (see pages 76 and 77). The Zimbabwe operations' social investment decreased by 33% from US\$9 million in 2013 to US\$6 million in 2014. A detailed breakdown of our community investments is presented in the tables on pages 74 and 75.

The strike at Rustenburg this year regrettably impacted project implementation, with many of our social projects halted. This in turn limited the scope and effectiveness of the annual independent review and assessment of the socio-economic impacts of most of our investments. The external consultants visited only nine projects in South Africa (including five projects funded by the Impala Bafokeng Trust (IBT)) and five in Zimbabwe during 2014, representing only a small portion of our total social investment. This reduced our ability to comprehensively assess the number of beneficiaries from our social initiatives, and to identify project improvements and opportunities. The previous review covered 55 socio-economic development projects – broadly categorised as infrastructure, enterprise development or social development – and determined that our socio-economic development expenditure for 2013 benefited more than 100 000 people in South Africa and over 12 000 in Zimbabwe.

Following is a brief summary of the identified contribution associated with the 14 investments reviewed in 2014:

- The nine projects in South Africa benefited almost 8 500 people, while over 3 700 people benefited from the five projects in Zimbabwe. Of these, almost 5 000 were community members that benefited from new and improved infrastructure, including a hospital upgrade in Zimbabwe, and the new primary and secondary schools in Sunrise View
- The construction of the schools created 287 temporary jobs, of which 232 went to members of the local community. The completed schools are benefiting 1 372 children and have created 49 permanent jobs (teachers and support staff)
- Once again, we contributed R10 million to the IBT, which was established in 2007 by the Royal Bafokeng Nation and ourselves to augment the CSI commitments of both organisations. The five reviewed IBT projects benefited over 6 700 people and included health and education interventions. IBT-funded projects provided much needed support during the strike
- Our projects in Zimbabwe included: the refurbishment of a clinic benefiting nearly 3 500 community members; the construction of classroom blocks, boarding hostels, a library and related facilities at Marshall Hartley boarding school benefiting 97 learners and four educators; the construction of a chicken run and assisting the beneficiaries to access a market for poultry; and the launch of two community gardening projects in Ngarava and Ngezi, to supply Zimplats' catering suppliers with vegetables
- Over 99% of the beneficiaries of the 14 reviewed socio-economic development projects were black. Just over 60% of these were youth (35 years of age and under), making them the greatest pool of beneficiaries
- The research concluded that 46% of the stated project objectives were fully achieved, and 62% partially achieved. The highest scoring projects included use of funds, project design and implementation. Those projects with weaker scores included sustainability of projects and dependency risks. Overall, 87% of the 14 reviewed projects were rated good, 13% rated adequate and none were found to be poor or defective.

## INVESTING IN COMMUNITY DEVELOPMENT



## This year we completed the second generation five-year Social and Labour Plans for the Rustenburg and Marula operations

A review of our progress in developing home ownership houses and promoting enterprise development is provided later in this section.

This year we completed the second generation five-year Social and Labour Plans (SLPs) for the Rustenburg and Marula operations and submitted these to the DMR during calendar year 2013. An updated five-year SLP will be submitted in October 2014. The Marula SLP was approved at a regional level and is being implemented. The DMR regional office conducted a full assessment of the first generation SLP at Rustenburg, in July 2014, and made recommendations for the new SLP. The availability of funds for SLP commitments will be constrained due to low PGM prices and while the Rustenburg operations restore production levels in 2015.

The Zimplats Mhondoro Ngezi Chegutu Zvimba Community Share Ownership Trust, established in 2011 as part of the Company's indigenisation implementation plan, has to date implemented projects valued at more than US\$3 million from the donation of US\$10 million pledged to the trust by the Company. Projects implemented in the three districts include the purchase of a grader for road construction (road construction and maintenance is a priority need identified by the community), rehabilitation of schools, construction of classroom blocks at more than 30 schools, sinking of boreholes to address access to potable water and infrastructure for income-generating projects.

### South African operations socio-economic development expenditure Rm

Programme	2014	2013	2012	2011
Empowerment of community structures	20	13	17	31
Health, safety and environment	1	2	2	2
Education	21	18	15	17
Government and municipality support infrastructure	17	45	34	38
Sport development	7	10	10	11
Enterprise development	3	5	9	28
Community welfare, arts and culture	2	9	3	3
<b>Total socio-economic development</b>	<b>71</b>	102	90	130
Housing and living conditions	261	445	430	277
<b>Total sustainable development</b>	<b>332</b>	547	520	407

## ➔ We aim to undertake a social impact study in communities neighbouring our Marula operations and identify collaborative enterprise development initiatives

### Zimbabwean operations socio-economic development expenditure US\$000

Programme	2014	2013	2012
<b>Zimplats' socio-economic development expenditure</b>			
Education	208	3 062	3 283
Health	91	668	873
Infrastructure	–	–	
Government and municipality support infrastructure	–	–	
Enterprise development	88	80	47
Sport development	94	54	35
Other	578	340	1 071
<b>Total socio-economic development</b>	<b>1 059</b>	4 204	5 309
Housing and living conditions	15	20 548	49 000
<b>Total sustainable development</b>	<b>1 074</b>	24 752	54 309
<b>Mimosa's socio-economic development expenditure</b>			
Empowerment of community structures	92	–	698
Health, safety and environment	2 897	3 912	16
Education	310	422	1 120
Government and municipality support infrastructure	67	–	450
Sport development	1 869	–	1 125
Enterprise development	–	–	2
Community welfare arts and culture	–	336	10
<b>Total socio-economic development</b>	<b>5 236</b>	4 670	3 421
Housing and living conditions	146	3 031	16 560
<b>Total sustainable development</b>	<b>5 382</b>	7 801	19 981

### Our focus on social investment for 2014 and beyond

- ➔ Manage the challenges associated with the negative impact of the strike on social investment projects, including competing priorities and budget constraints
- ➔ Reflect on the findings of our SIA and formulate the necessary strategic responses. The field baseline survey under way will be used to complement these findings and will inform future decision-making on socio-economic development
- ➔ Undertake a social impact study in communities neighbouring our Marula operations
- ➔ Identify collaborative enterprise development initiatives that bolster economic activity in our areas of operation.

## ACCOMMODATION AND LIVING CONDITIONS



**We are recognised leaders in the mining industry for our contribution towards improving the accommodation and living conditions of employees**

We want all our employees to enjoy quality housing and living conditions. In South Africa, where there is a severe shortage of affordable housing and long waiting lists for units being built, this is a particular challenge. In partnership with local and provincial government, we help to alleviate this problem. Implats has invested over R2 billion since 2009 on improving the housing and living conditions of our employees.

### **Our strategic approach to accommodation and living conditions**

We are recognised leaders in the mining industry for our contribution towards improving the accommodation and living conditions of employees. This investment is the most significant of our contributions to the well-being of our communities and employees. Through our investment in housing we aim to create viable local communities in which employees are able to reside with their families in a stable, healthy and secure environment within commuting distance of their place of work.

The housing projects we initiate extend into other community projects, including roads, lighting, water, health, sewerage and schools as we seek to collaborate with local government to eradicate the informal settlements surrounding our operations.

Last year we completed the conversion of all hostels, with one person per room and family units, thereby fulfilling the requirements of the 2014 Mining Charter. Our focus is now on

developing family houses within communities and making it possible for employees to buy their own homes in these areas. The strategy of providing quality bonded houses to employees is key to normalising the living and working environment of our employees. Houses are sold at cost to employees with Implats providing interest-free loans of up to one-third of the value of a house, effectively providing the initial deposit while reducing the risk to banks and increasing their appetite to grant bonds. Employees who opt to purchase property are paid a housing allowance that contributes to their bond repayments. For those employees who cannot access funding for home ownership, or who do not wish to purchase a home, decent mine accommodation is provided.

Our vision is to have at least 50% of employees living with their families in decent accommodation by the year 2020. In the second generation SLP document compiled for the five-year period 2014 to 2018, R1 billion has been allocated to improving housing and living conditions.

### **Our 2014 performance and achievements on accommodation and living conditions**

We are proud to have been commended by the regional DMR in July 2014 for our progressive stance and leading example in implementing programmes aimed at improving the housing and living conditions of mineworkers. We achieved our project targets for 2014 and are on track to deliver on our objectives for 2020.

#### **South African operations**

	2007	2008	2009	2010	2011	2012	2013	2014	Total
Houses planned	–	60	771	728	81	109	373	478	<b>3 046</b>
Houses built	–	60	771	728	81	109	373	293	<b>2 415</b>
Houses sold	–	22	68	488	479	564	261	327	<b>2 209</b>
Hostel rooms conversion into decent single accommodation	759	1 173	1 194	1 194	538	517	–	–	<b>5 375</b>
Hostel conversion into family units	–	–	66	66	66	66	–	–	<b>308</b>

Currently 21% of our employees in South Africa make use of Company accommodation in various forms, and an additional 6% are on the Company's home ownership scheme. The balance of employees utilise private accommodation. As part of our social responsibility we have undertaken a baseline study within the communities that we operate. This will assist in identifying those employees who are not in decent accommodation and inform our housing strategy.

In our South African operations:

- A total of R261 million was expended on employee housing (2013: R445 million)
- The development of our second home ownership flagship project, the Platinum Village in Rustenburg, has progressed well. Phase 1 entails investing R210 million in building 557 units; during the strike-affected year a total of 283 houses were completed and 181 handed over to employees in the Platinum Village. The R1 billion development project has a final target of 2 420 units, to be completed over the next four years, depending on employees' appetite to purchase, and creditworthiness. Consistent with government's vision of integrated human settlements, Implats is in the process of developing a Platinum Village schools project
- While the strike period did not affect our construction activities, it had a negative impact on house sales. This was due to the lack of earnings required by banks and deterioration in employee credit rating. We are confident that once the Rustenburg operations normalise, sales will pick up
- At the Refineries the Tswelopele home ownership development comprising 108 housing units has been completed, to the value of R36 million. A total of 104 units have been sold to employees
- At our Marula operation, by year end we had built 58 of the target 122 units for employees and an additional contract to build 30 units has been awarded to a local community-based company. Project completion is on schedule for December 2014. The contract value is R72 million
- Following the completion last year of the R406 million Sunrise View home ownership development (with 1 717 units built and sold to employees) and the launch of the Sunrise View Primary School, this year Implats completed the development of the Sunrise View High School, which was opened in February 2014
- We secured additional land in Rustenburg suburb, Geelthout extension 8, for further housing development. Project plans will be developed following a performance review of existing initiatives.





## ACCOMMODATION AND LIVING CONDITIONS

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## We have focused on promoting home ownership by developing integrated residential suburbs and providing quality single-person and family accommodation

At our Zimbabwe operations:

- ➔ Zimplats expended US\$15 million on employee housing (2013: US\$8 million). By year end, the Company had completed the first phase of its employee home ownership scheme, with 680 core houses allocated to employees. The second phase will be undertaken in 2016. Out of the 261 company houses planned for 2014, 201 units were completed and handed over to employees and the remainder of the units will be completed in the first quarter of 2015. Construction of employee houses continues to be phased, due to financial constraints
- ➔ Ngezi commissioned the recreational facilities, including a community hall and a clubhouse, in an attempt to make the location more attractive to skilled personnel. The focus going forward is to construct company and core houses for employees.

### Our accommodation and living conditions focus for 2015 and beyond

In support of the Deputy President's Framework Agreement we continue to work towards our long-term goal to have at least 50% of our workforce at the mines residing with family by 2020, we will continue to focus on:

- ➔ Promoting home ownership by developing further integrated residential suburbs, in addition to providing quality single-person and family accommodation

- ➔ Enhancing home ownership opportunities, particularly for critical skilled employees
- ➔ Finding mechanisms to further optimise accommodation cost per employee.

We have set ourselves the following commitments for our South African operations in 2015:

- ➔ Undertake phase 2 of the construction at Platinum Village, with our goal of completing 2 420 units within this development at a total cost of R1 billion depending on employees' appetite to purchase, and creditworthiness
- ➔ Commence construction of the primary school at the Platinum Village
- ➔ Finalise construction of 94 units at our Marula operation
- ➔ Exploit opportunities of securing strategically located additional land and services for further housing projects, and further expand our accommodation options and improving value and affordability as far as possible.

We will continue to partner with government to ensure that our housing projects contribute to fully functional communities with all the required amenities, and that they are constructed within a broader integrated spatial development framework. We will also partner with government and the Bafokeng Nation to provide bulk infrastructure and services to mine communities in line with our own developmental needs.

### Sunrise View primary and secondary schools

In 2013 we completed our Sunrise View home ownership development project, with 1 717 houses built and sold to employees. As part of our aim to create integrated communities, we have complemented the construction of houses with the construction of the Sunrise View primary and secondary schools. The project was undertaken in partnership with the Impala Bafokeng Trust and the North West provincial government. Implats contributed 50% to the R86 million cost of constructing the two schools. The construction of the schools provided jobs for over 280 skilled and unskilled people. Of these, 232 were members of the local community.

The primary school opened in 2013 and the secondary school in 2014. Both schools opened with a limited intake with a three-year strategy to increase the enrolment to capacity. In 2014, there were 1 372 learners (974 primary school, 398 secondary school), 39 educators (24 primary, 15 secondary) and 10 support staff (7 primary, 3 secondary) who benefited from the new schools.

Implats remains committed to the Sunrise View community and to the schools that we have built. We believe that our contribution should go beyond infrastructure and include activities that provide a holistic intervention. Through the Implats-funded Impala Bafokeng Trust, new computers have been installed in Sunrise View Primary school and both the primary and high school receive mentorship and support through our School Support Programme that primarily focuses on mathematics and science.





## Our enterprise development department implements a business assistance programme, to support local and black-owned businesses

### Encouraging enterprise development

Our investment in developing small and medium-sized enterprises, and encouraging entrepreneurship, forms an important part of our contribution to the longer-term viability of our neighbouring communities. Our enterprise development (ED) programmes in South Africa are designed to build resilience within host communities and a more robust and competitive supply chain for the Group, with a particular focus on local and black-owned businesses. We work closely with the Royal Bafokeng Enterprise Development unit in Rustenburg, and the Marula Community structures in Burgersfort. All our initiatives are evaluated to ensure that they are fulfilling expectations.

As outlined below, in our South Africa operations this year we continued to provide some support to 20 small to medium local black businesses through two key initiatives. Regrettably, however, both of these initiatives were halted as a result of the five-month strike.

- ➔ **Supplier development programme:** This programme was launched in 2013 with the aim of assisting 10 local small, medium and micro enterprises (SMMEs) and black-owned businesses that were already part of the Implats supply chain, to become more competitive. The 24-month university-accredited training and mentoring programme includes business-specific training with bi-weekly on-site meetings with the owner/manager. Since its inception in January 2013, eight out of the 10 participating companies have increased their turnover, with an average turnover growth rate of more than 400%. A total of 33 jobs have been created equating to a 13% job creation rate. The programme was regrettably halted in January 2014, due to the platinum sector industrial action. R1.1 million was invested in the programme in 2014, of a total R1.8 million to date. The programme will continue in the new financial year.
- ➔ **Business advisory and development service:** This programme aims to help local black entrepreneurs to grow and sustain their businesses and become part of the Implats supply chain. The objective is to develop business skills that will lead to increased efficiencies, turnover and profit. Ten companies were selected in January 2013 and assisted by an external service provider over a 12-month period. The 10 businesses experienced turnover growth of 20% and employment growth of 61% (from 33 to 53). These start-ups ranged from garden service providers to construction companies. In 2014, Implats invested R1.2 million in the

initiative, or a total R2.2 million investment to date. The programme was halted during the five-month strike and will continue in the year ahead.

Our ED department implements a business assistance programme, to support local and black-owned businesses that are experiencing difficulties in meeting their contractual obligations. The department conducts a diagnostic analysis to determine intervention or development needs as required. We then assist these companies to implement corrective action, provide mentoring and practical training where required. External expertise or specialised services are sourced in when the need arises under the guidance of the ED team.

In addition our ED office within the supply chain department functions as a walk-in centre to give guidance in business registration, preparing business plans, funding and complying with regulatory and Impala procurement requirements for start-up entrepreneurs.

At our Zimbabwe operations, a local ED programme entails working with seven SMMEs within the local community in Mashonaland West province. The enterprises supply Zimplats with goods and services such as protective clothing, construction materials and ore transportation. To date, \$5 million has been expended with these enterprises and this is estimated to grow significantly over the period 2014 to 2024. The suppliers have submitted a five-year plan and Zimplats is providing guidance on how to achieve planned targets.

### Promoting transformation through procurement

Supporting local and black-owned businesses through preferential procurement is an important part of our contribution to promoting transformation. Our top 10 suppliers are as outlined in our stakeholder mapping table which can be found on our website [www.implats.co.za](http://www.implats.co.za). In line with the Mining Charter, by the end of 2014 companies are required to source a percentage of capital goods (40%), consumables (50%) and services (70%) from companies that have met the required levels of black representation in their ownership structures. Performance in this regard is managed through operational procurement committees that meet fortnightly and take into account:

- ➔ Compliance to procurement procedures and commercial terms and agreements
- ➔ Transformation targets and performance
- ➔ Supplier compliance and conduct to operational agreed terms and conditions.

Our preferential procurement strategy focuses on the following:

- ➔ Continuously seeking, identifying, supporting and promoting suitable historically disadvantaged suppliers through sustainable procurement practices
- ➔ Creating opportunities for economic growth through preferential procurement from local communities
- ➔ Leveraging our existing supplier base to unlock opportunities for local employment, mentorship and investment in the greater value chain of Implats
- ➔ Nurturing an environment through the ED department for partnerships and joint ventures between our existing supplier base and local entrepreneurs
- ➔ Sustainably improving year-on-year BEE spend performance relative to the requirements of the Mining Charter and reporting in parallel on B-BBEE performance as per the DTI Codes of Good Practice.

## Our performance

The strike action that ensued in Rustenburg this year had a major impact on our procurement expenditure. The economic impact on BEE expenditure was estimated at R1.7 billion lost revenue to suppliers. The immediate focus for procurement will be to support the operation to regain stability post the strike and to normalise daily operations.

Efforts to promote BEE procurement have been significant and we have seen a decreasing trend in non-compliant operating expense suppliers and an increase in black empowered suppliers, particularly in the >25% to 50% category.

Suppliers' B-BBEE certificates and systems are in place to remind suppliers 90 days in advance of their expiry dates. Annual increases are not granted when B-BBEE certificates have expired or transformation commitments have not been met. During the year we did not terminate the services of any suppliers (2013: 21). Although two companies were accused of fronting, upon investigation it was discovered that they had expired BEE certificates and were requested to obtain certification. We endeavour to prevent suppliers who are 'fronting' from being included in our supply chain.

Included in the cost of sales is total discretionary spend of R5.5 billion, of which 72% was spent with suppliers having BEE ownership of greater than 25% in the consumables category, and 72% on services (2013: R6.4 billion, 64% on consumables and 60% on services).

The total South African operations' discretionary procurement for 2014 was R7.9 billion of which 65%, or R5.1 billion, was from companies in which BEE ownership was greater than 25% (2013: R5.5 billion or 55%).

Overall there was acceptable performance in the key Mining Charter elements of capital goods, consumables and services against the 2014 targets (see table below).

## Percentage HDSA/BEE procurement (>25%) of category's discretionary procurement (SA operations)

Category	Mining Charter target 2014		2014		2013		2012		2011		2010	
	(%)	R billion	%	R billion	%	R billion	%	R billion	%	R billion	%	
Capital	40	1.1	48	1.5	42	1.6	41	2.2	57	1.6	46	
Consumables	50	1.8	72	2.0	64	1.5	55	1.3	48	1.1	45	
Services	70	2.2	72	2.0	60	1.7	61	1.4	59	1.1	59	
<b>Total operations</b>		<b>5.1</b>	<b>65</b>	5.5	55	4.8	51	4.9	55	3.8	50	

### Note:

Capital goods have been reported based on IFRS and Implats' accounting policies recognition criteria for capital expenditure. Suppliers with a valid broad-based black economic empowerment (B-BBEE) certificate at one point in the financial year under review, contributed to BEE spend. At Rustenburg operations the economic impact on BEE expenditure was estimated at R1.7 billion due to the five-month strike.

## ENTERPRISE DEVELOPMENT AND PROCUREMENT



**This year R2 billion was spent on procurement from local tiered HDSA/BEE suppliers**

### Promoting development through local procurement

Enhancing procurement opportunities in neighbouring communities is an important contribution towards creating sustainable communities, improving community relations, and advancing local economic development.

This year R2.0 billion was spent on procurement from local tiered HDSA/BEE suppliers, constituting 26% of the total group procurement spend (2013: R2.4 billion or 24%). Local suppliers are classified as tier 1, 2 or 3 based on their proximity to the operations.

#### Local tiered areas classified as tiers 1, 2 and 3

Category	Tier 1	Tier 2	Tier 3
<b>Impala Rustenburg</b>	Mine lease area (Bafokeng Village)	Rustenburg Municipality	Bojanala district
<b>Marula Platinum</b>	Mine lease area (four farms)	Greater Tubatse Municipality	Greater Sekhukhune district

#### Local (tiers 1, 2 and 3) HDSA/BEE procurement (>25%) as a percentage of total discretionary procurement

Category	2014		2013		2012		2011		2010	
	R million	%	R million	%	R million	%	R million	%	R million	%
Impala Rustenburg	<b>1 816</b>	<b>30</b>	2 197	27	1 911	25	1 557	22	1 067	17
Marula Platinum	<b>199</b>	<b>26</b>	156	22	130	21	103	13	103	13

Zimplats continued to implement its local supplier development strategy to further assist in the broader economic recovery of Zimbabwe. During the year local suppliers accounted for 66% of the Company's annual expenditure on goods and services (2013: 64%). Mechanisms are in place to encourage and continuously monitor the growth of local supplier partnerships. In accordance with the Company's transparency procedures, a cross-functional internal team reviews and approves the award of tenders. In addition, a tip-offs anonymous system, in partnership with an independent audit company, is in place so that suppliers, employees and other stakeholders can report on any incidents of corruption of any nature, including the award of tenders.

Mimosa's indigenous procurement as a percentage of total discretionary expenditure was 92%, consistent with levels in 2013.



## Respect for human rights is an integral part of the Company's Code of Ethics and values

### Our 2014 human rights achievements and performance

Respect for human rights is an integral part of the Company's Code of Ethics and values. Our human rights policy, which was approved in 2013, commits us to striving for full compliance with applicable legislation in the regions in which we operate, as well as to implementing the human rights principles in the United Nations Global Compact. Employees are trained on the Code of Ethics through our intranet and all new employees are trained as part of the induction process.

Following the tragic events at Marikana, we recognise the need across the mining sector to ensure better management of security-related issues. Enhancing the interface between the South African Police Service (SAPS) and our own security response is critical in avoiding any escalation of conflict. To mitigate this risk we have committed to and are implementing the Voluntary Principles on Security and Human Rights. The principles focus on three spheres of security management: risk assessment, interactions with the South African Police Service, and interactions with private security. We will be using this framework to guide and train our security contingent. To formulate appropriate security responses, early identification of the potential for violence is critical, which requires regularly updated and credible information on security threats.

All policies and procedures are supported and cover the following human rights-related aspects:

- ➔ Minimum employment age
- ➔ Disciplinary and grievance processes
- ➔ Rights to freedom of association and collective bargaining
- ➔ Prevention of forced or compulsory labour
- ➔ Equality and fair treatment of all individuals free from discrimination, irrespective of race, gender, creed or place of origin
- ➔ The need for security personnel to uphold these human rights.

We track implementation of human rights issues through monthly reports. Procedures are in place to ensure that channels are available to deal with unfair practices. No cases of discrimination were reported in the year under review.

While our agreements with contractors do not specifically contain human rights clauses, contractors are expected to abide by our Company policies, practices, standards and the constitution of the countries in which they are operating. We recognise the need to further improve our monitoring of contracted labour on human rights issues. Through stakeholder engagement processes, material community issues pertaining to human rights are addressed in community forums. No claims of human rights abuse were made against the Company in the year under review.





## Conserving natural resources and mitigating impacts



**As a company involved in the exploration, extraction and processing of mineral resources, our activities result in the unavoidable disturbance of land, the consumption of resources, and the generation of waste and atmospheric and water pollutants.**

Given these impacts, it is important that we demonstrate responsible stewardship of the resources we share with the societies in which we operate, particularly as our underground operations become deeper and consume greater amounts of energy and water. This involves taking measures not only to address security of resource supply (for example through efficiency, recycling and fuel-switching), but also to actively minimise our impacts on natural resources and on the communities around our operations. Taking such measures has direct benefits in terms of reduced costs and liabilities, enhanced resource security and improved security of our licence to operate.





## An amended Implats environmental policy was published in August 2013

This year our direct environmental impacts were significantly reduced as a result of the closure of the Rustenburg operations during the five-month strike. Monitoring of the Group environmental indicators at Rustenburg was also affected. The decline in production translated into a decrease in the levels of water and energy consumed across the Group. An increase in the percentage of water recycled at all operations contributed to our improved water management performance. There were no 'critical' environmental incidents reported.

### Management developments

An amended Implats environmental policy was signed and published in August 2013. The policy commits the Company to running our exploration, mining, processing and refining operations in an environmentally responsible manner, and to ensure the well-being of our stakeholders. The policy also commits to integrating environmental management into all aspects of the business with the aim of achieving world-class environmental performance in a sustainable manner.

The management of the environmental impacts of our operations and processes involves the following focus areas:

- ➔ Promoting responsible water stewardship by minimising water use and water pollution
- ➔ Minimising our negative impacts on air quality
- ➔ Responding to climate change risks and opportunities and promoting responsible energy management
- ➔ Managing our waste streams
- ➔ Promoting responsible land management and biodiversity practices.

All our operations are ISO 14001 certified. In line with our environmental management systems expectations, all operations are required to identify and report on environmental incidents. Systems are in place to investigate and determine the direct and root causes of high-severity incidents, and to address and close out these incidents. The implementation of an amended five-tier incident classification matrix for the Group will be rolled out in 2015.

To ensure continued assurance of legal compliance to all environmental authorisation requirements and conditions, we are implementing land management solutions for South African operations.

In addition to managing our direct environmental impacts, all operations are expected to develop or fund a flagship local community environmental project to visibly demonstrate that we have moved beyond just compliance on environmental issues.

## All operations are expected to develop or fund a flagship local community environmental project to visibly demonstrate that we have moved beyond just compliance

### Case study – Landfill site management

#### IMPALA RUSTENBURG SUPPORTS LOCAL WASTE PROGRAMME

Impala Rustenburg operation is proud to play a fundamental role in ensuring effective waste management in the Royal Bafokeng Nation. An estimated population of around 350 000, the majority of whom fall into the very low income range, generates nearly 60 000 tonnes of waste per annum. With no formal waste collection programme in place to serve the 29 villages scattered over a large geographic area, in 2010 the Royal Bafokeng Administration (RBA) introduced a two-bag collection service, as well as various recycling programmes, to serve all the villages. The initiative, however, proved unsustainable, due to the significant transportation and disposal costs to the nearest municipal landfill site.

Impala Rustenburg operation owns and operates a permitted general waste disposal facility within this general geographic area. This landfill site was developed to allow for full control over the operations' waste management efforts as well as correct and timeous disposal of general operational waste. In 2010, the RBA approached Impala for assistance with their waste collection service. It was agreed that the collected waste from the various villages could be disposed of at the Impala landfill site at no cost to the Bafokeng.

Impala Rustenburg's landfill site has to date accepted, and correctly disposed of, approximately 18 000 tonnes of domestic waste from the surrounding Bafokeng villages. This represents approximately 50% of the total waste volume managed at this site on a yearly basis. Not only has this resulted in a general improvement of the aesthetics of the area, but has directly contributed (both physically and financially) towards the social upliftment of the local community.



## WATER STEWARDSHIP

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**We are highly reliant on water for our mining, processing and refining operations**

### Our management approach to water stewardship

We are highly reliant on water for our mining, processing and refining operations. Water is an increasingly scarce resource and to maintain our licence to operate we continue to manage water quality. Our approach to water management is guided by our water conservation strategy, introduced in 2010. The strategy focuses on water consumption and quality management, proposes a framework for operation-specific water conservation strategies, and defines a water consumption baseline for the period to 2020. In fulfilment of this strategy we are implementing various projects to reduce potable water consumption, optimise industrial use and increase water recycling. Water risk assessments are reviewed on an annual basis. Surface ground water monitoring programmes are in place. We are currently reviewing and updating the strategy to further strengthen our commitment to water use efficiency and conservation. In fulfilment of our commitment to transparency on performance, we have once again participated in the Carbon disclosure project for Water Disclosure (CDP).

The South African operations continue to engage with the Department of Water Affairs (DWA) and are all in the process of amending the water-use licences (WULs). Obtaining these amendments is critical to ensuring that current operations are not affected and that the proposed expansion of operating activities are not stalled. The implementation of the DWA's newly formulated water discharge system, which entails effluent discharge penalties, is pending. At our Zimbabwe operations, the Environmental Management Agency was engaged to ensure that renewed licences for 2014 were issued. Water extracted from dams and rivers is all within the set allocation limits.

All our operations are in the process of determining their site-specific water balances. This will assist in developing action plans, with measurable targets, to ensure further progress. We work closely with different stakeholders to ensure security of supply for our operations and the surrounding communities.

The management of water continues to receive a high level of focus at the Rustenburg operations. Dry conditions experienced in the north west of South Africa, together with municipal potable water supply problems, presented challenges for the operations and highlighted the need for improvements in water management. Two major projects are in progress at the Rustenburg operations, namely:

- *The Ground water impact:* A study commissioned by Impala Rustenburg to map the possible impact of the mining operations on ground water was completed, and the findings have been shared with the Royal Bafokeng as the land owners. Executive management are reviewing strategic solutions to mitigate reputational risks identified through the study. The deep groundwater model update, including all underground workings at the operations, has been completed. A second phase will involve the incorporation of a dynamic and static water balance simulation model that will assist with water management.
- *Water quality improvement project:* A ground and surface water quality treatment project has been approved and will run during the course of 2015 and 2016. The aim of the project is to remediate the pollution plume around the tailings dam, primarily by installing boreholes around the tailings dam, reusing the water at processing as well as by means of biological accumulators such as planting trees around the tailings dam and installing floating wetlands in the Rockwall dam, to improve the quality of the water.

### Our 2014 performance on water

Water management has improved at all our operations this year. Total water consumption for the Group was 34 775 megalitres, including both water withdrawn and water recycled. This represents a decrease of 15% on water consumption in 2013 (40 711 megalitres) and is predominantly attributed to the closure of the Rustenburg operations throughout the five-month strike.

A 14% increase in our unit consumption rate of water (kilolitres per tonne ore milled) over the 2013 levels is due to the strike action in Rustenburg as well as the exclusion of Mimosa production numbers. This year we set a recycled water target of 40% and have seen a greater focus on recycling initiatives throughout the organisation. A total of 13 409 megalitres of water was recycled, which equates to 39% of all the water consumed for the year, which was 1% below our annual target of 40%. However, in the first half of financial year 2014 (before the strike) 41% of water was recycled. The amount of potable water consumed decreased by 15% on 2013 levels. The Refineries operation is a zero effluent site; some of the process water streams are treated to boiler quality and are reused, with no effluent released into natural water courses.

## Total water consumption for the Group was 34 775 megalitres, a 6.5% decrease in our unit consumption rate of water over the 2013 levels

Further details on the total water withdrawn, consumed and recycled at each of our operations are provided in the performance table on page 104.

Consumption (Mℓ)	2014	2013	2012	2011	2010
1) Water from water service providers or municipalities	7 515	8 851	10 722	12 636	11 970
2) Waste water from other organisations	2 313	2 598	2 767	3 769	3 668
3) Water from rivers	2 175	2 344	2 124	2 337	2 659
4) Water from dams	6 696	8 777	7 891	7 016	7 506
5) Water from ground water	2 667	2 870	1 770	1 287	1 276
<b>Water withdrawn (1 + 2 + 3 + 4 + 5)</b>	<b>21 365</b>	25 440	25 274	27 045	27 079
<b>Water internally recycled</b>	<b>13 409</b>	15 271	14 840	14 823	9 981
<b>Total water consumption</b>	<b>34 775</b>	40 711	40 114	41 868	37 060

### Notes:

Note 1: From 2011 the Zimplats and Mimosa water withdrawn from rivers and dams excludes water provided to communities (in line with the SA operations).

Note 2: At Marula and Zimplats, fissure water is included as groundwater from 2011. Our Zimplats operation uses a potentially significant amount of fissure water in one of its mining operations that has not as yet been quantified.

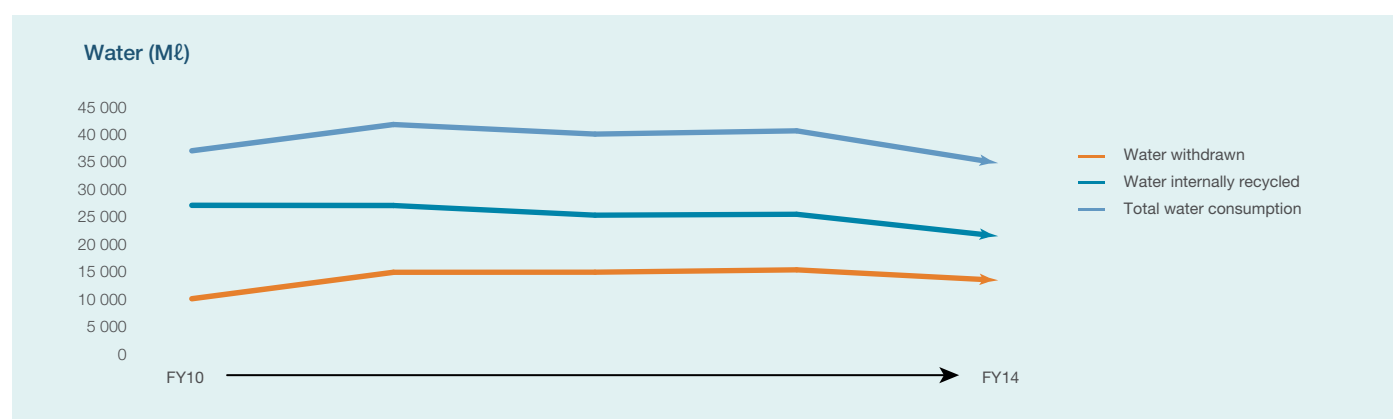
Note 3: From 2011 the Refineries water withdrawn includes domestic water (offices, stores, etc.). This is in line with Group reporting.

Note 4: Unit consumption is in kl/tonne ore milled except for Refineries which is kl/tonne matte milled.

## Our water focus for 2015 and beyond

We have prioritised various activities in the year ahead. These include:

- Increasing the percentage of water that we recycle to 40%, and reducing our water withdrawn including potable water
- Continuing to engage with authorities and communities on water-related issues to ensure we meet regulatory and society expectations
- Reviewing and updating our water conservation strategy and driving its implementation at operational level
- Investigating the feasibility of water treatment alternatives.





## In implementing our carbon management strategy, our focus remains on energy-efficiency projects

### Our management approach to climate change and energy

Climate change has potentially significant implications for our activities, resulting both from governmental policy requirements as well as the physical impacts of a changing climate. A detailed review and assessment of the climate change risks and opportunities for Implats can be found in our submission to the CDP's Climate Change Programme, available at [www.cdproject.net](http://www.cdproject.net).

In implementing our carbon management strategy, our focus remains on energy-efficiency projects. Security of energy supply and rising prices are significant material risks for our operations in South Africa and Zimbabwe. Electricity consumption accounted for around 70% of our total energy consumption in 2014, 11% of our overall cash cost base. Our projected expansion into deeper operations that are more energy intensive, coupled with the proposed introduction of a carbon tax in South Africa in January 2016, emphasise the business requirement to focus on reducing and optimising our energy use.

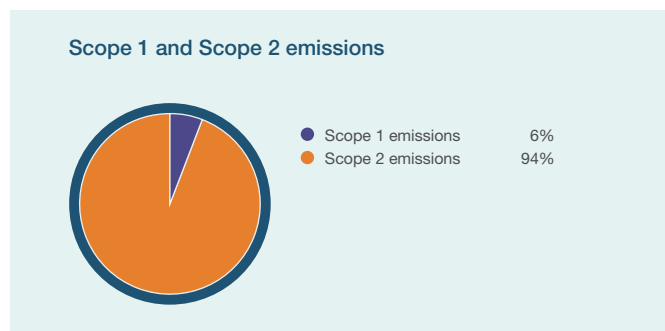
As the scope for further energy efficiency and reduction initiatives at our smelters and refineries is minimal, our focus is mainly on mining operations. The South African operations work closely with Eskom and participate in demand-side management (DSM) programmes. We seek to improve operational and design efficiencies, incorporating best practice technology and processes. Our longer-term strategic investments include exploring a carbon neutral fuel source for our operations, and participating in collaborative efforts to develop fuel-cell technology.

We have determined an absolute GHG emissions reduction target of 5% by 2020 from the base year 2008 (year of first carbon footprint assessment), in line with our projected growth profile.

### Our 2014 carbon and energy management performance

Total CO<sub>2</sub> emissions for 2014 amounted to 3 million tonnes, as compared with 3.8 million tonnes in 2013. The significant decrease is largely attributable to reduced production as a result of the strike action in 2014 at our Rustenburg operations, which accounted for 67% in comparison to the typical 75% of the Group total CO<sub>2</sub> emissions.

The bulk of our emissions (2.7 million tonnes) fall under Scope 2 emissions which are associated with Eskom electricity usage, with the balance (0.3 million tonnes) arising from burning fossil fuels such as coal, diesel, petrol and industrial burning oil (Scope 1 emissions). Emissions intensity (tonnes of CO<sub>2</sub> per tonne of ore milled) in 2014 was 0.218, as compared with 0.206 in 2013. This has been impacted by the exclusion of Mimosa from the production figures. Additional data on our direct and indirect greenhouse gas emissions and our energy usage, by operation for each of the past five years, are provided in the performance table on page 105.



Implats conducts an annual greenhouse gas emissions assessment to understand the Group's exposure and identify areas for GHG mitigation and increasing efficiencies. To date, over R100 million has been spent on the implementation of energy conservation programmes, resulting in a 3.1% reduction in indirect energy usage. Following is a brief review of the principal energy-efficiency initiatives being implemented:

- Promoting the optimal use of compressed air systems at the Rustenburg operations, by examining equipment performance and ensuring the flow of compressed air is maximised during off-peak times and minimised during peak times, is anticipated to achieve a reduction of 7.8GWh per annum
- The conversion of all underground lighting at Rustenburg operations to a more energy-efficient lighting source is anticipated to reduce annual consumption by 15GWh
- Power factor correction equipment has been installed at Rustenburg and Mimosa with initial performance monitoring indicating an average 4% reduction in energy consumption, exceeding the anticipated 2.5% reduction

## We achieved an 18% reduction in energy consumption levels, exceeding the anticipated 2.5% reduction

- ➔ Following the trial use of fibreglass reinforced plastic (FRP) fan blades at Mimosa, which proved to be more efficient and consume 35% less power compared to steel, a more robust high-efficiency underground auxiliary fan with proven energy savings similar to FRP blades was identified. Subject to approved funding, a replacement fleet of 75 auxiliary fans will be installed, with projected energy savings of \$84 000 achieved per annum
- ➔ Our coal to biomass fuel-switch project aims to use bamboo as an alternate fuel source to coal. Initial testing confirmed the feasibility of using the biomass as an alternative, but raised concerns about the calorific content of bamboo and challenges associated with its cultivation. The project has been submitted for registration as a Clean Development Mechanism (CDM) to enable future carbon credit issuances.
- ➔ We are exploring opportunities to investigate alternative carbon neutral fuel sources. These initiatives are evaluated periodically to ensure effectiveness and validity.

Climate change indicators	Units	2014	2013	2012	2011	2010
Direct CO <sub>2</sub> emissions (Scope 1 emissions)	(t000)	<b>323</b>	401	418	436	395
Indirect CO <sub>2</sub> emissions (Scope 2 emissions)*	(t000)	<b>2 714</b>	3 332	3 113	3 462	3 176
Electricity purchased	(MWh000)	<b>2 780</b>	3 395	3 322	3 469	3 267
Direct energy	(GJ000)	<b>4 386</b>	5 350	5 584	5 661	5 250
Indirect energy	(GJ000)	<b>10 008</b>	12 224	11 958	12 561	11 763
<b>Total energy</b>	<b>(GJ000)</b>	<b>14 395</b>	17 574	17 542	18 222	17 013

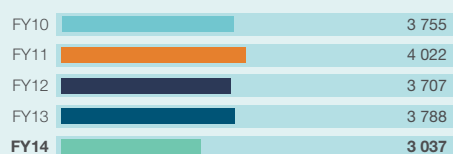
\* Indirect CO<sub>2</sub> emission restated in FY2014.

### Our carbon and energy management focus for 2015 and beyond

We have prioritised the following climate change and energy management activities for the year ahead:

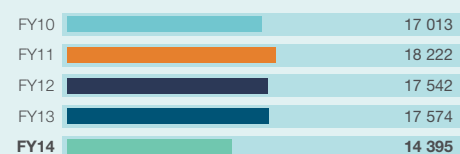
- ➔ Further understanding the impact of climate change on our operations and surrounding communities
- ➔ Improving our energy data management systems, to ensure that we report accurate and comprehensive information. This is vital for defining an effective strategy, complying with anticipated mandatory regulations, and setting and achieving realistic targets on energy consumption, efficiency and emissions reductions
- ➔ Updating the Group carbon footprint and setting realistic reduction targets for each operation in line with our carbon management strategy
- ➔ Aligning our South African operations with the government's Integrated Energy Plan
- ➔ Continuing to work with government and academic institutions on the development of fuel-cell technologies that will utilise PGMs as alternative energy sources. An amount of R2 million a year has been committed for this work with a total budget of R6 million allocated to the project.

#### Total CO<sub>2</sub> emission (t000)



**FY14: 3 037**  
19% decrease

#### Total energy consumption (GJ000)



**FY14: 14 395**  
18% decrease

## AIR QUALITY MANAGEMENT



Ambient air quality is monitored at our operations via a network of ambient monitoring stations

### Our management approach to air quality

The most significant air quality emission for the Group relates to the sulphur dioxide (SO<sub>2</sub>) emissions from our smelting and refining operations in Rustenburg, Springs and Zimplats. The South African operations are subject to the Air Quality Act and adhere to the requirements of legislative developments. In Zimbabwe, legislation for air quality was introduced in 2009, governing the issuing of emission licences. Our objective is to ensure that we comply with all licence requirements. A renewal application for an air emissions licence (AEL) for our Rustenburg operations was submitted and finalisation is pending; the operation also submitted a requested air impact assessment to support its renewal application. An AEL for Refineries operations has been approved. Both our Rustenburg and Refineries operations are located within the priority areas as promulgated by the National Environmental Management Air Quality Act.

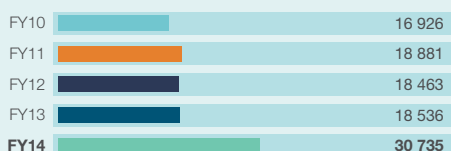
Ambient air quality is monitored at our operations via a network of ambient monitoring stations. These monitoring stations measure SO<sub>2</sub>, NO<sub>2</sub> and particulate matter and provide an indication of ambient air quality levels and associated trends.

### Our 2014 performance on air quality

At Impala Rustenburg, Refineries and Zimplats, average daily SO<sub>2</sub> emissions are calculated daily. Rustenburg's SO<sub>2</sub> emissions dramatically decreased throughout the second half of the year mainly due to the prolonged strike action.

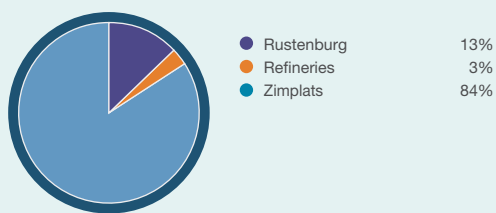
This year, total direct Group emissions of SO<sub>2</sub> were 30 735 tonnes, up from our emissions of 18 536 tonnes in 2013. Our Zimplats operations contributed 84.5% of total direct SO<sub>2</sub> emissions, while Rustenburg and Refineries operations contributed 12.1% and 3.3% respectively. The significant increase in SO<sub>2</sub> emissions was as a consequence of the Zimplats phase 2 expansions, a 33% increase in sulphur in concentrate with increased production levels as well as improved laboratory assays. Due to the recalibration of the XRF analysis machine in July 2013, a significant SO<sub>2</sub> increase was realised. As such year-on-year figures are not comparable. Indirect SO<sub>x</sub> amounted to 24 665 tonnes and indirect NO<sub>x</sub> amounted to 12 107 tonnes. Further details on the SO<sub>2</sub> emissions at each of our operations over the past five years are provided in the performance table on page 105. Daily ambient standards exceedances were all within the allowable exceedance frequency.

Total direct SO<sub>2</sub> emitted (t)



**FY14: 30 735**  
66% increase

% direct SO<sub>2</sub> emissions



We have prioritised addressing the Zimplats SO<sub>2</sub> output to align with Group standards. We aim to complete a feasibility study for the Zimplats SO<sub>2</sub> abatement plant in 2015 for construction to begin in 2016. The estimated cost of the SO<sub>2</sub> abatement scrubber is US\$80 million.



Our approach to waste management across the Group seeks, as a minimum, to ensure compliance with the emerging legislative requirements relating to waste. During the year many of the pending regulations in South Africa were finalised and published by the South African Department of Environmental Affairs; these included regulations on waste classification and management, landfill disposal, landfill assessment, and an updated list of all waste licensing activities. Norms and standards on the remediation of contaminated land and the storage of waste were also published. The most significant implications for Implats are associated with the National Environmental Management Waste Amendment Act and the National Environmental Laws Amendment Act. These stipulate that mine residue deposits and stockpiles in future will also be governed by the Waste Act and be subject to all licensing requirements, as well as the stated regulations and standards. This will place additional administrative demands on mining companies, and present potentially significant costs. Clarifying and understanding the discrepancies between the newly imposed requirements under the Waste Act, and the current regulations under the MPRDA, will remain a focus for Implats in the coming year.

During the reporting period both Marula and Refineries submitted applications for waste licences for their waste management activities and the outcomes are still pending.

The hazardous waste situation remains challenging in Zimbabwe, with no facilities in line with South African or international best practices being available. The Refineries team is investigating the export of jarosite to China as an option to divert waste from landfill. All legal requirements in terms of the Basel Convention are being assessed. All operations continue to investigate reuse and recycling opportunities.

The Group's recycling rate for 2014 was 69.1% versus 67.9% in 2013. A large portion of the waste from Rustenburg and Refineries is treated; although treatment is regarded as a better waste management solution than disposal, technically it is not considered a 'recycling' method. Implats continuously evaluates waste management by scrutinising current trends compared against best practice and legislative requirements. Adjustments are made where necessary. Our activities for the coming year centre on clarifying the expectations of emerging regulatory developments and ensuring we meet requirements.

## LAND MANAGEMENT AND BIODIVERSITY

Our approach to land stewardship focuses on rehabilitation, while ensuring the responsible management of water, biodiversity, mineral waste and hazardous substances. Rehabilitation is a key regulatory and financial risk for Implats and is linked to annual closure liabilities, which are reviewed and updated annually in line with regulations. An important input towards the annual liability update is our assessment of our ground water impacts and associated mitigation processes. Our rehabilitation activities adhere to a defined Implats mine closure methodology and our South African operations follow the prescribed norms and standards for the remediation of contaminated land in terms of the Waste Act.

### Developments in 2014

Rehabilitation activities this year focused on maintaining previously rehabilitated side slopes as well as grassing new risings. Both Marula and Refineries completed their contaminated land assessments and remediation plans. At our Rustenburg operations, the last of the opencast pits has been rehabilitated. A total of 46.6ha was rehabilitated over the reporting period. Following the identification of certain sites that were struggling to rehabilitate unassisted, appropriate intervention, for example erosion controls and chemical amelioration, is being undertaken where required, to ensure that these sites are sustainably rehabilitated. The current cost estimate for Rustenburg closure, amounted to R962.5 million; financial provisions for this amount are in place as per DMR requirements.

Following the cessation of all opencast mining at Zimplats in 2008, an opencast rehabilitation programme has been in progress since 2011. To date, 1 382 891m<sup>3</sup> of waste rock material has been backfilled and the project reached 55% completion by year end. We aim to backfill all the voids with waste rock and re-establish indigenous grass and tree species by 2016 at a cost of US\$7.9 million.

At Refineries, the Aurora mineshaft has been decommissioned and closed. Rehabilitation obligations and closure of the shaft are being investigated with the DMR. A formal rehabilitation plan for the tailings dam is awaiting confirmation.

### Biodiversity

Given the potential of mining activities to affect habitats through land disturbance, land-use change and pollution, basic biodiversity management is a requirement within all our operational ISO 14001 management systems. All operations have site-specific procedures and standards to manage the impacts associated with their activities. Formal biodiversity management plans, which incorporate the revised guidelines from the South African National Biodiversity Institute (SANBI) and Minister and Members of the Executive Council (MINMEC Biodiversity), are being implemented at both the Rustenburg and Marula operations.

A formal biodiversity monitoring programme was also implemented at the Rustenburg operations during the year. This is aimed at evaluating the current management approach and allow for adjustment where necessary.

Only Zimplats and Refineries operate within close proximity to areas of high biodiversity. The refining operation is near the Cowles dam that feeds into the Blesbokspruit, which is deemed an ecosystem under threat and appears on the Montreux record. Although Refineries is deemed to have no direct impact on this ecosystem, it is represented on the Blesbokspruit forum and is involved with environmental education and conservation at the Blesbokspruit Grootvlei Trust. In Zimbabwe, a total of 276ha of the Zimplats operation is located within the Ngezi National Park. This area, which was associated with historic opencast mining, has subsequently been rehabilitated and is thus deemed non-operational.





# Appendix



**Implats has followed the guidance provided by principles and criteria provided in the GRI's G4 guidelines.**

A brief review of our application of the GRI reporting principles is provided. A detailed response to each of the GRI reporting criteria (with hyperlinks to the corresponding sections of the report) is provided on our website, along with our Communication on Progress in terms of the UN Global Compact.

## OUR PERFORMANCE DATA

## PEOPLE

## South Africa

## Occupational levels

Rustenburg	Male				Female				Foreign nationals		Total		Total
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management	1	0	0	0	0	0	0	0	0	0	1	0	1
Senior management	15	0	3	45	5	0	0	2	2	0	65	7	72
Professionally qualified and experienced specialists and mid-management	138	8	12	236	32	0	4	46	11	0	405	82	487
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2 704	24	1	693	433	6	3	78	301	2	3 723	522	4 245
Semi-skilled and discretionary decision making	7 838	10	1	108	772	2	0	10	1 826	5	9 783	789	10 572
Unskilled and defined decision making	12 836	17	0	14	1 597	4	0	0	1 935	24	14 802	1 625	16 427
<b>Total permanent</b>	<b>23 532</b>	<b>59</b>	<b>17</b>	<b>1 096</b>	<b>2 839</b>	<b>12</b>	<b>7</b>	<b>136</b>	<b>4 075</b>	<b>31</b>	<b>28 779</b>	<b>3 025</b>	<b>31 804</b>
Non-permanent employees	29	3	0	5	9	2	0	1	0	0	37	12	49
<b>Grand total</b>	<b>23 561</b>	<b>62</b>	<b>17</b>	<b>1 101</b>	<b>2 848</b>	<b>14</b>	<b>7</b>	<b>137</b>	<b>4 075</b>	<b>31</b>	<b>28 816</b>	<b>3 037</b>	<b>31 853</b>

Marula	Male				Female				Foreign nationals		Total		Total
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior management	4	0	0	2	0	0	0	0	1	0	7	0	7
Professionally qualified and experienced specialists and mid-management	23	0	0	18	7	0	0	3	4	0	45	10	55
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	347	2	0	40	46	0	1	9	87	0	476	56	532
Semi-skilled and discretionary decision making	1 087	0	0	0	88	0	0	0	45	0	1 132	88	1 220
Unskilled and defined decision making	1 216	0	0	2	343	0	0	0	19	1	1 237	344	1 581
<b>Total permanent</b>	<b>2 677</b>	<b>2</b>	<b>0</b>	<b>62</b>	<b>484</b>	<b>0</b>	<b>1</b>	<b>12</b>	<b>156</b>	<b>1</b>	<b>2 897</b>	<b>498</b>	<b>3 395</b>
Non-permanent employees	10	0	0	0	5	0	0	0	0	0	10	5	15
<b>Grand total</b>	<b>2 687</b>	<b>2</b>	<b>0</b>	<b>62</b>	<b>489</b>	<b>0</b>	<b>1</b>	<b>12</b>	<b>156</b>	<b>1</b>	<b>2 907</b>	<b>503</b>	<b>3 410</b>

Refineries	Male				Female				Foreign nationals		Total		Total
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior management	1	0	1	3	1	0	0	1	3	0	8	2	10
Professionally qualified and experienced specialists and mid-management	14	0	5	30	11	1	4	9	7	1	56	26	82
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	156	2	4	100	36	1	1	18	3	0	265	56	321
Semi-skilled and discretionary decision making	393	1	3	23	88	0	0	15	6	0	426	103	529
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total permanent</b>	<b>564</b>	<b>3</b>	<b>13</b>	<b>156</b>	<b>136</b>	<b>2</b>	<b>5</b>	<b>43</b>	<b>19</b>	<b>1</b>	<b>755</b>	<b>187</b>	<b>942</b>
Non-permanent employees	0	0	0	1	2	0	0	1	0	0	1	3	4
<b>Grand total</b>	<b>564</b>	<b>3</b>	<b>13</b>	<b>157</b>	<b>138</b>	<b>2</b>	<b>5</b>	<b>44</b>	<b>19</b>	<b>1</b>	<b>756</b>	<b>190</b>	<b>946</b>

## OUR PERFORMANCE DATA

Head Office	Male				Female				Foreign nationals		Total		Total
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management	0	0	0	2	0	0	0	1	0	0	2	1	3
Senior management	5	0	0	10	1	0	2	3	1	0	16	6	22
Professionally qualified and experienced specialists and mid-management	2	0	0	6	4	0	1	7	0	0	8	12	20
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	3	0	0	3	0	0	0	6	6
Semi-skilled and discretionary decision making	0	0	0	1	2	0	0	4	0	0	1	6	7
Unskilled and defined decision making	0	0	0	0	2	0	0	0	0	0	0	2	2
<b>Total permanent</b>	7	0	0	19	12	0	3	18	1	0	27	33	60
Non-permanent employees	0	0	0	0	1	0	0	0	0	0	0	1	1
<b>Grand total</b>	7	0	0	19	13	0	3	18	1	0	27	34	61

Combined (South Africa)	Male				Female				Foreign nationals		Total		Total
	A	C	I	W	A	C	I	W	Male	Female	Male	Female	
Top management	1	0	0	2	0	0	0	1	0	0	3	1	4
Senior management	25	0	4	60	7	0	2	6	7	0	96	15	111
Professionally qualified and experienced specialists and mid-management	177	8	17	290	54	1	9	65	22	1	514	130	644
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3 207	28	5	833	518	7	5	108	391	2	4 464	640	5 104
Semi-skilled and discretionary decision making	9 318	11	4	132	950	2	0	29	1 877	5	11 342	986	12 328
Unskilled and defined decision making	14 052	17	0	16	1 942	4	0	0	1 954	25	16 039	1 971	18 010
<b>Total permanent</b>	26 780	64	30	1 333	3 471	14	16	209	4 251	33	32 458	3 743	36 201
Non-permanent employees	39	3	0	6	17	2	0	2	0	0	48	21	69
<b>Grand total</b>	26 819	67	30	1 339	3 488	16	16	211	4 251	33	32 506	3 764	36 270

## Zimbabwe

Mimosa	Females	Males	Total
F – Top management	0	2	2
E – Senior management	1	5	6
D – Professionally qualified and experienced specialist	6	29	35
C – Skilled technical and academically qualified	7	116	123
B – Semi-skilled and discretionary decision making	7	338	345
A – Unskilled and defined decision making	5	259	264
<b>Grand total</b>	26	749	775

Zimplats	Attributable to Implats		Total
	Females	Males	
F – Top management	0	4	4
E – Senior management	1	18	19
D – Professionally qualified and experienced specialist	31	208	239
C – Skilled technical and academically qualified	52	753	805
B – Semi-skilled and discretionary decision making	88	1 464	1 552
A – Unskilled and defined decision making	43	606	649
Non-permanent employees	2	55	57
<b>Grand total</b>	215	3 053	3 325

## OUR PERFORMANCE DATA

In-service	2014	2013	2012	2011	2010
Impala Rustenburg own employees	31 804	32 226	31 865	31 779	30 791
Contractor employees	11 201	12 624	14 436	13 462	13 457
Impala Springs own employees	942	991	1 021	1 053	1 004
Contractor employees	679	899	1 138	282	260
Marula own employees	3 395	3 165	2 965	3 272	3 241
Contractor employees	909	853	743	937	727
Zimplats own employees	3 325	2 929	2 791	2 757	2 418
Contractor employees	2 749	2 775	6 412	2 610	1 262
Mimosa own employees	711	776	786	784	788
Contractor employees	64	65	100	115	113
Corporate own employees	61	64	89	77	75
Contractor employees	0	0	0	0	0
<b>Total own</b>	<b>40 238</b>	40 151	39 517	39 722	38 317
<b>Total contractors</b>	<b>15 602</b>	17 216	22 829	17 406	15 819
<b>Group total</b>	<b>55 783</b>	57 367	62 346	57 127	54 136

## Labour sending areas

South Africa		Impala 2014	Marula 2014
Eastern Cape	Number	5 070	146
Free State	Number	805	29
Gauteng	Number	846	22
KwaZulu-Natal	Number	621	10
Mpumalanga	Number	231	203
North West	Number	18 374	44
Northern Cape	Number	1 256	3
Limpopo	Number	475	2 781
Western Cape	Number	19	–
<b>Total</b>	Number	<b>27 697</b>	<b>3 237</b>
Foreigners	Number	4 107	158
<b>Grand total</b>	Number	<b>31 804</b>	<b>3 395</b>

Zimbabwe		Zimplats 2014
Bulawayo province	Number	30
Foreigner	Number	6
Harare province	Number	83
Manicaland province	Number	334
Mashonaland Central province	Number	324
Mashonaland East province	Number	265
Mashonaland West province	Number	1 194
Masvingo province	Number	489
Matabeleland North province	Number	34
Matabeleland South province	Number	51
Midlands province	Number	458
Other areas	Number	57
<b>Grand total</b>	Number	<b>3 325</b>

## OUR PERFORMANCE DATA

## Attributable to Implats

Province		Mimosa 2014
Byo Prov	Number	53
Foreigner	Number	0
Harare	Number	45
Manicaland	Number	50
Mashonaland Central	Number	40
Mash East	Number	25
Mash West	Number	30
Masvingo	Number	100
Matabeland North	Number	42
Matabeleland South	Number	37
Midlands	Number	353
<b>Grand total</b>	<b>Number</b>	<b>775</b>

	Unit	2014	2013	2012	2011	2010
<b>Turnover</b>						
Impala Rustenburg	Percentage	4.4	6.0	10.1	8.4	6.1
Impala Springs	Percentage	4.5	7.5	5.3	5.4	6.7
Marula	Percentage	5.6	4.2	11.0	21.7	4.8
Zimplats	Percentage	3.6	3.9	4.2	4.4	5.3
Mimosa	Percentage	9.0	3.5	4.2	3.4	6.2
Corporate	Percentage	10	9.4	7.7	11.3	18.7
<b>Group</b>	<b>Percentage</b>	<b>4.5</b>	<b>5.7</b>	<b>10.0</b>	<b>8.3</b>	<b>6.0</b>
<b>Women turnover</b>						
Impala Rustenburg	Percentage	0.2	4	0.3	0.4	0.2
Impala Springs	Percentage	1.4	2	1.7	0.7	2.0
Marula	Percentage	0.3	5	0.7	0.9	0.3
Zimplats	Percentage	0.2	6	6	0	5.2
Mimosa	Percentage	5.0	4	0	0.4	0
Corporate	Percentage	1.6	50	2.2	5.2	12.0
<b>Group</b>	<b>Percentage</b>	<b>0.6</b>	<b>5</b>	<b>0.8</b>	<b>0.4</b>	<b>0.6</b>
<b>Unionised workforce</b>						
Impala Rustenburg	Percentage	78	73	58	73	73
Impala Springs	Percentage	71	70	70	62	84
Marula	Percentage	87	75	65	70	65
Zimplats	Percentage	40	46	52	37	27
Mimosa	Percentage	25	24	24	25	26

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## MALE TO FEMALE PAY RATIO

		Female	Male
Impala Rustenburg	Top management	–	1
	Senior management	0.81	1
	Professionally qualified and experienced specialists and mid-management	0.84	1
	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0.89	1
	Semi-skilled and discretionary decision making	1.07	1
	Unskilled and defined decision making	0.99	1
<b>Total</b>		<b>1.04</b>	<b>1</b>
Impala Springs	Top management	0.73	1
	Senior management	0.76	1
	Professionally qualified and experienced specialists and mid-management	0.79	1
	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0.87	1
	Semi-skilled and discretionary decision making	1.08	1
<b>Total</b>		<b>1.01</b>	<b>1</b>
Marula	Senior management	0.00	1
	Professionally qualified and experienced specialists and mid-management	0.77	1
	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0.86	1
	Semi-skilled and discretionary decision making	1.01	1
	Unskilled and defined decision making	0.98	1
<b>Total</b>		<b>0.84</b>	<b>1</b>
<b>Grand total</b>		<b>1.05</b>	<b>1</b>

## SAFETY

	Unit	2014	2013	2012	2011	2010
<b>Fatalities</b>						
Impala Rustenburg	Number	3	9	11	6	15
Impala Springs	Number	0	0	0	0	0
Marula	Number	0	0	1	0	0
Zimplats	Number	1	0	0	0	0
Mimosa	Number	0	0	0	1	0
<b>Group total</b>	<b>Number</b>	<b>4</b>	<b>9</b>	<b>12</b>	<b>7</b>	<b>15</b>
<b>Reportable injuries</b>						
Impala Rustenburg	Number	209	358	360	370	340
Impala Springs	Number	1	2	1	2	0
Marula	Number	33	36	60	50	45
Zimplats	Number	6	12	4	8	8
Mimosa	Number	1	0	2	0	0
Afplats and head office	Number	2	13	3	0	0
<b>Group total</b>	<b>Number</b>	<b>252</b>	<b>421</b>	<b>430</b>	<b>431</b>	<b>393</b>
<b>Medical treatment cases</b>						
Impala Rustenburg	Number	341	454	441	589	752
Impala Springs	Number	75	78	82	131	93
Marula	Number	86	90	131	178	148
Zimplats	Number	27	19	33	19	23
Mimosa	Number	10	17	26	47	25
Afplats and head office	Number	6	44	11	0	0
<b>Group total</b>	<b>Number</b>	<b>545</b>	<b>702</b>	<b>724</b>	<b>964</b>	<b>1041</b>
<b>Lost-time injuries</b>						
Impala Rustenburg	Number	311	503	573	555	484
Impala Springs	Number	1	2	1	3	0
Marula	Number	47	45	88	91	69
Zimplats	Number	6	12	4	8	8
Mimosa	Number	3	2	11	2	3
Afplats and head office	Number	1	15	4	0	0
<b>Group total</b>	<b>Number</b>	<b>369</b>	<b>579</b>	<b>681</b>	<b>659</b>	<b>564</b>

## OUR PERFORMANCE DATA

	Unit	2014	2013	2012	2011	2010
<b>Restricted work cases</b>						
Impala Rustenburg	Number	77	135	59	86	158
Impala Springs	Number	1	0	1	1	1
Marula	Number	121	71	58	69	86
Zimplats	Number	5	7	6	9	11
Mimosa	Number	1	3	6	8	4
Afplats and head office	Number	0	0	0	0	0
<b>Group total</b>	<b>Number</b>	<b>205</b>	216	130	173	260
<b>Employee hours worked</b>						
Impala Rustenburg	Hours	57 954 414	98 131 748	95 598 107	97 628 130	90 482 090
Impala Springs	Hours	3 913 170	4 746 833	4 453 614	5 015 400	4 564 200
Marula	Hours	8 885 363	8 303 702	7 678 134	9 897 064	7 345 896
Zimplats	Hours	14 646 272	17 257 526	19 361 847	10 627 319	11 629 661
Mimosa	Hours	7 803 469	7 762 842	9 250 991	9 996 092	8 560 183
Afplats and head office	Hours	854 084	1 395 686	831 411	141 443	89 776
<b>Group total</b>	<b>Hours</b>	<b>94 056 773</b>	137 598 336	137 174 104	133 305 270	122 685 903
<b>FIFR</b>						
Impala Rustenburg	Pmmhw	0.052	0.091	0.115	0.061	0.166
Impala Springs	Pmmhw	0.000	0.000	0.000	0.000	0.000
Marula	Pmmhw	0.000	0.000	0.130	0.000	0.000
Zimplats	Pmmhw	0.068	0.000	0.000	0.000	0.000
Mimosa	Pmmhw	0.000	0.000	0.000	0.100	0.000
<b>Group</b>	<b>Pmmhw</b>	<b>0.043</b>	0.065	0.087	0.053	0.122
<b>LTIFR</b>						
Impala Rustenburg	Pmmhw	5.37	5.13	5.99	5.68	5.35
Impala Springs	Pmmhw	0.26	0.42	0.22	0.60	0.00
Marula	Pmmhw	5.29	5.42	11.46	9.19	9.39
Zimplats	Pmmhw	0.41	0.70	0.21	0.75	0.69
Mimosa	Pmmhw	0.38	0.26	1.19	0.20	0.35
<b>Group</b>	<b>Pmmhw</b>	<b>3.92</b>	4.21	4.96	4.94	4.61
<b>TIFR</b>						
Impala Rustenburg	Pmmhw	12.58	11.13	11.22	12.60	15.41
Impala Springs	Pmmhw	19.68	16.85	18.86	26.92	20.60
Marula	Pmmhw	28.59	24.81	36.08	34.15	41.25
Zimplats	Pmmhw	2.59	2.20	2.22	3.39	3.61
Mimosa	Pmmhw	1.79	2.83	4.65	5.70	3.74
<b>Group</b>	<b>Pmmhw</b>	<b>11.9</b>	10.91	11.19	13.47	15.21
<b>MTCFR</b>						
Impala Rustenburg	Pmmhw	5.88	4.63	4.61	6.03	8.32
Impala Springs	Pmmhw	19.17	16.43	18.41	26.12	20.38
Marula	Pmmhw	9.68	10.84	17.06	17.99	20.15
Zimplats	Pmmhw	1.84	1.10	1.70	1.79	1.98
Mimosa	Pmmhw	1.28	2.19	2.59	4.15	2.92
<b>Group</b>	<b>Pmmhw</b>	<b>5.79</b>	5.11	5.28	7.10	8.49
<b>Total injuries</b>						
Impala Rustenburg	Number	729	1 092	1 073	1 230	1 394
Impala Springs	Number	77	80	84	135	94
Marula	Number	254	206	277	338	303
Zimplats	Number	38	38	43	36	42
Mimosa	Number	14	22	43	57	32
Afplats	Number	7	63	15	0	1
<b>Group total</b>	<b>Number</b>	<b>1 119</b>	1 501	1 535	1 796	1 866

\*Afplats figures include growth and exploration.



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<b>HEALTH</b>	Unit	<b>2014</b>	2013	2012	2011	2010
<b>VCT interventions</b>						
Impala Rustenburg	Number	<b>7 626</b>	10 316	7 792	12 647	6 236
Impala Springs	Number	<b>10</b>	9	14	19	24
Marula	Number	<b>566</b>	540	292	275	130
Zimplats	Number	<b>1 563</b>	714	1 424	889	204
Mimosa	Number	<b>321</b>	203	298	242	243
<b>Group</b>	<b>Number</b>	<b>10 086</b>	11 782	9 820	14 072	6 837
<b>Employees on ART</b>						
Impala Rustenburg	Number	<b>3 822</b>	3 639	3 222	2 488	1 709
Impala Springs	Number	<b>27</b>	28	26	19	14
Marula	Number	<b>138</b>	101	65	51	29
Zimplats	Number	<b>137</b>	120	114	92	63
Mimosa	Number	<b>152</b>	151	139	123	90
<b>Group</b>	<b>Number</b>	<b>4 276</b>	4 039	3 566	2 773	1 905
<b>Pulmonary TB cases</b>						
Impala Rustenburg	Number	<b>213</b>	311	352	318	352
Impala Springs	Number	<b>1</b>	1	0	0	0
Marula	Number	<b>41</b>	15	21	19	25
Zimplats	Number	<b>7</b>	1	6	5	11
Mimosa	Number	<b>6</b>	6	10	8	11
<b>Group</b>	<b>Number</b>	<b>268</b>	334	389	350	399
<b>NIHL</b>						
Impala Rustenburg	Number	<b>16</b>	36	53	52	92
Impala Springs	Number	<b>0</b>	0	0	0	0
Marula	Number	<b>14</b>	12	10	4	14
Zimplats	Number	<b>6</b>	2	0	0	0
Mimosa	Number	<b>0</b>	0	0	1	1
<b>Group</b>	<b>Number</b>	<b>36</b>	50	63	57	107

## OUR PERFORMANCE DATA

<b>SKILLS DEVELOPMENT</b>	Unit	<b>2014</b>	2013	2012	2011	2010
<b>Expenditure</b>						
Impala Rustenburg	(R million)	<b>280</b>	387	313	312	233
Impala Springs	(R million)	<b>14</b>	16	21	21	20
Marula	(R million)	<b>37</b>	24	19	24	19
<b>SA operations total (6% of wage bill)</b>	<b>(R million)</b>	<b>331</b>	428	353	357	272
<b>Employee literacy (ABET III and above)</b>						
Impala Rustenburg	Percentage	<b>82</b>	80	74	57	55
Impala Springs	Percentage	<b>94</b>	94	93	92	90
Marula	Percentage	<b>91</b>	90	92	88	88
Zimplats	Percentage	<b>99</b>	99	99	99	99
Mimosa	Percentage	<b>99</b>	99	99	96	96
<b>Average Group literacy</b>	<b>Percentage</b>	<b>93</b>	92	86	86	85
<b>ABET training employees</b>						
Impala Rustenburg	Number	<b>686</b>	794	900	804	851
Impala Springs	Number	<b>0</b>	5	7	13	58
Marula	Number	<b>21</b>	6	0	25	32
<b>SA operations total</b>	<b>Number</b>	<b>707</b>	805	907	842	941
<b>Total number of employees trained (including ABET)</b>						
Impala Rustenburg	Number	<b>20 338</b>	29 299	23 477	24 178	24 751
Impala Springs	Number	<b>963</b>	1 053	1 091	1 127	1 039
Marula	Number	<b>2 660</b>	1 874	1 117	1 421	1 210
<b>SA operations total</b>	<b>Number</b>	<b>23 961</b>	32 226	25 685	26 726	27 000
<b>Value of ABET training</b>						
Impala Rustenburg	(R000)	<b>8 577</b>	12 769	10 220	11 157	10 002
Impala Springs	(R000)	<b>0</b>	486	578	1 600	4 161
Marula	(R000)	<b>19</b>	2	0	1 260	1 012
<b>SA operations total</b>	<b>(R000)</b>	<b>8 596</b>	13 257	10 798	14 017	15 175
<b>Hours of ABET training</b>						
Impala Rustenburg	Hours	<b>69 672</b>	148 728	134 842	190 525	165 840
Impala Springs	Hours	<b>0</b>	11 064	13 433	15 136	27 808
Marula	Hours	<b>20 160</b>	4 032	0	14 450	24 422
<b>SA operations total</b>	<b>Hours</b>	<b>89 832</b>	163 824	148 257	220 111	218 070

## OUR PERFORMANCE DATA

## ENVIRONMENT

	Unit	2014	2013	2012	2011	2010
<b>Key production figures</b>						
Ore milled (excluding Mimosa)	(tonnes)	<b>13 916</b>	17 209	16 626	20 974	20 309
Tailings disposed on tailing dam	(000 tonnes)	<b>16 004</b>	20 770	20 619	23 163	21 809
Dump slag treated	(000 tonnes)	<b>90</b>	172	175	250	179
Furnace and converter slag generated and treated	(000 tonnes)	<b>382</b>	783	772	880	844
Total slag treated	(000 tonnes)	<b>472</b>	955	947	1 130	1 023
Platinum produced	(000 oz)		1 581	1 448	1 836	1 741
<b>Group material consumption</b>						
Diesel	(000 litres)	<b>21 776</b>	25 247	27 875	26 000	23 466
Petrol	(000 litres)	<b>830</b>	1 137	1 237	1 666	1 250
Coal	(tonnes)	<b>127 883</b>	158 732	161 563	170 000	159 240
Industrial burning oil	(000 litres)	<b>1 264</b>	1 730	2 660	2 453	2 034
<b>Key production figures – Energy</b>						
	Unit	2014	2013	2012	2011	2010
Impala Rustenburg	(GJ000)	<b>7 945</b>	11 453	11 360	12 220	11 295
Impala Springs	(GJ000)	<b>2 549</b>	2 727	2 688	2 695	2 530
Marula	(GJ000)	<b>792</b>	729	713	694	674
Zimplats	(GJ000)	<b>2 390</b>	1 940	2 100	1 865	1 826
Mimosa	(GJ000)	<b>719</b>	725	701	747	688
<b>Group total</b>	<b>(GJ000)</b>	<b>14 395</b>	17 574	17 542	18 222	17 013
<b>Key production figures – Water (Mℓ)</b>						
<b>Total water withdrawn</b>	(Mℓ)					
Impala Rustenburg	(Mℓ)	<b>10 353</b>	14 514	15 961	18 115	17 482
Impala Springs	(Mℓ)	<b>758</b>	838	792	769	715
Marula	(Mℓ)	<b>1 690</b>	1 969	1 989	1 817	1 494
Zimplats	(Mℓ)	<b>6 389</b>	5 775	4 408	4 007	4 729
Mimosa	(Mℓ)	<b>2 175</b>	2 344	2 214	2 337	2 659
<b>Group total</b>	<b>(Mℓ)</b>	<b>21 365</b>	25 440	25 274	27 045	27 079
<b>Total water consumed*</b>	(Mℓ)					
Impala Rustenburg	(Mℓ)	<b>16 247</b>	24 735	26 012	28 044	22 859
Impala Springs	(Mℓ)	<b>1 255</b>	1 244	1 251	1 244	1 125
Marula	(Mℓ)	<b>3 573</b>	3 544	3 585	3 355	2 841
Zimplats	(Mℓ)	<b>10 386</b>	7 852	6 003	5 528	6 172
Mimosa	(Mℓ)	<b>3 314</b>	3 336	3 263	3 697	4 063
<b>Group total</b>	<b>(Mℓ)</b>	<b>34 775</b>	40 711	40 114	41 868	37 060
<b>Total water recycled</b>	(Mℓ)					
Impala Rustenburg	(Mℓ)	<b>5 894</b>	10 220	10 051	9 928	5 376
Impala Springs	(Mℓ)	<b>497</b>	406	459	474	411
Marula	(Mℓ)	<b>1 883</b>	1 574	1 596	1 541	1 347
Zimplats	(Mℓ)	<b>3 997</b>	2 078	1 595	1 521	1 443
Mimosa	(Mℓ)	<b>1 138</b>	993	1 139	1 359	1 404
<b>Group total</b>	<b>(Mℓ)</b>	<b>13 409</b>	15 271	14 840	14 823	9 981

\* Total water consumed = total water withdrawn and total water recycled.

Key production figures – Emissions	Unit	2014	2013	2012	2011	2010
<b>Total direct CO<sub>2</sub></b>						
Impala Rustenburg	(tonnes)	<b>114 432</b>	182 406	193 317	208 463	186 199
Impala Springs	(tonnes)	<b>141 372</b>	158 553	154 077	166 267	149 707
Marula	(tonnes)	<b>7 102</b>	6 331	6 450	7 157	6 959
Zimplats	(tonnes)	<b>51 257</b>	43 864	53 697	41 190	42 371
Mimosa	(tonnes)	<b>9 834</b>	9 815	10 362	12 528	9 673
<b>Group total</b>	<b>(tonnes)</b>	<b>323 997</b>	400 969	417 902	435 605	394 909
<b>Total indirect CO<sub>2</sub></b>						
Impala Rustenburg	(tonnes)	<b>1 928 823</b>	2 534 307	2 444 347	2 725 366	2 532 798
Impala Springs	(tonnes)	<b>159 445</b>	149 223	147 166	155 388	150 433
Marula	(tonnes)	<b>206 412</b>	175 914	170 958	168 970	163 747
Zimplats*	(tonnes)	<b>312 357</b>	366 492	249 345	222 955	228 114
Mimosa*	(tonnes)	<b>107 120</b>	106 506	101 391	189 113	100 477
<b>Group total</b>	<b>(tonnes)</b>	<b>2 714 157</b>	3 332 442	3 113 207	3 461 792	3 175 569
<b>Total direct SO<sub>2</sub></b>						
Impala Rustenburg	(tonnes)	<b>3 729</b>	5 832	4 736	6 319	3 638
Impala Springs	(tonnes)	<b>1 006</b>	687	256	462	
Marula	(tonnes)	<b>0</b>	0	0	0	0
Zimplats	(tonnes)	<b>26 000</b>	12 017	13 470	12 100	12 449
Mimosa	(tonnes)	<b>0</b>	0	0	0	0
<b>Group total</b>	<b>(tonnes)</b>	<b>30 735</b>	18 536	18 462	18 881	16 926

\* Indirect CO<sub>2</sub> restated for FY2013, 2012, 2011, 2010 due to change in conversion factor in FY2014.

Key production figures – Land management		2014	2013	2012	2011	2010
<b>Disturbed areas rehabilitated</b>						
Impala Rustenburg	(ha)	<b>39.7</b>	18.4	23.4	40.2	56
Impala Springs	(ha)	<b>0</b>	0	0	0	0
Marula	(ha)	<b>3.0</b>	3.3	0	0	61
Zimplats	(ha)	<b>3.2</b>	2.5	0	0	0
Mimosa	(ha)	<b>0.7</b>	4	0	0	0
<b>Group total</b>	<b>(ha)</b>	<b>46.6</b>	28.2	23.4	40.2	117
<b>Rehabilitation liabilities/current costs*</b>						
Impala Rustenburg	(R000)	<b>729</b>	761	712	708	768
Impala Springs	(R000)	<b>67</b>	63	60	0	0
Marula	(R000)	<b>102</b>	94	82	70	80
Zimplats	(R000)	<b>285</b>	247	216	164	166
Mimosa	(R000)	<b>0</b>	98	77	63	67
Afplats	(R000)	<b>16</b>				
<b>Group total</b>	<b>(R000)</b>	<b>1 199</b>	1 263	1 147	1 004	1 081
<b>Rehabilitation provisions</b>						
Impala Rustenburg	(R000)	<b>436</b>	523	520	455	432
Impala Springs	(R000)	<b>34</b>	37	38	0	0
Marula	(R000)	<b>52</b>	54	57	41	35
Zimplats	(R000)	<b>145</b>	154	117	99	111
Mimosa	(R000)	<b>0</b>	47	52	40	42
Afplats	(R000)	<b>8</b>				
<b>Group total</b>	<b>(R000)</b>	<b>675</b>	815	784	636	620

\* In line with financial accounting principles and not DMR requirements.

## OUR PERFORMANCE DATA

## Key production figures – Land leased and managed

	Implats interest	Mining right (ha)	Prospecting right (ha)
<b>South Africa</b>			
Impala	100%	29 773	
Impala RBR JV	49%		3 789
Afplats	74%	4 602	1 065
Imbasa	60%		1 673
Inkosi	49%		2 584
Marula	73%	5 494	223
Two Rivers	45%	2 140	
Tamboti	100%		8 535

	Implats interest	Mining leases (ha)
<b>Zimbabwe</b>		
Zimplats	87%	48 535
Mimosa	50%	6 591

Area in ha.

Key production figures – Waste management		Unit	Total Group 2014	Total Group 2013	Total Group 2012	
<b>Non-mineral/non-hazardous waste</b>						
Reused	tonnes		<b>1 014</b>	1 405	7 051	
Recycled	tonnes		<b>7 582</b>	15 026	11 864	
Recovered	tonnes		<b>0</b>	0	0	
Treatment	tonnes		<b>0</b>	0	0	
Disposal	tonnes		<b>3 001</b>	5 324	8 044	
On-site storage	tonnes		<b>0</b>	0	0	
<b>Non-mineral/hazardous waste</b>						
Reused	tonnes		<b>3.0</b>	3.5	0	
Recycled	tonnes		<b>23 960</b>	27 991	40 756	
Recovered	tonnes		<b>0</b>	0	0	
Treatment	tonnes		<b>3 294</b>	6 433	7 703	
Disposal	tonnes		<b>8 251</b>	9 194	11 413	
On-site storage	tonnes		<b>9.5</b>	12	28	
<b>Mineral waste</b>						
	Unit	<b>2014</b>	2013	2012	2011	2010
Accumulated tailings	(000 tonnes)	<b>16 004</b>	20 770	20 619	22 878	21 809
Accumulated waste rock (on surface)	(000 tonnes)	<b>778</b>	1 484	1 323	1 388	1 202

Implats has followed the guidance provided by principles and criteria provided in the GRI's G4 guidelines. A brief review of our application of the GRI reporting principles is provided below. A detailed response to each of the GRI reporting criteria (with hyperlinks to the corresponding sections of the report) is provided on our website, along with our Communication on Progress in terms of the UN Global Compact.

### Principles relating to the quality of this report

- **Materiality:** As outlined on pages 29 to 35 the issues covered in this report have been guided by a combination of feedback from stakeholders, the identification of material issues by the sustainable development forum, and matters identified through the Group's risk management process.
- **Stakeholder inclusiveness:** The views and concerns of stakeholders have been considered in this report.
- **Sustainability context:** The content of the report is informed by the nature of our products and markets, and with consideration to the social, economic and environmental context in which we operate. See for example page 13 where we provide a detailed review of our contribution to addressing national developmental priorities of South Africa.
- **Completeness:** The Group's revised approach to sustainability management have been disclosed under management approach page 38 as well as key sections of the report.
- **Balance:** The Group has endeavoured to report in a balanced manner, reflecting both achievements and challenges during the year.
- **Comparability:** In almost all performance areas, comparisons with 2013 have been made. Where possible and where the information is available, data has been provided over a period of five years.
- **Accuracy:** Implats believes data has been provided in a format that is broadly acceptable and comparable against industry norms. Where necessary definitions have been provided and where there are differences with industry norms, indicated.
- **Timeliness:** This sustainable development report is published annually, combining financial and non-financial performance.
- **Clarity:** The Group has adopted a reporting style that is concise, but comprehensive enough to be understandable to the lay person.
- **Reliability:** In 2009, Implats implemented a sustainability toolkit to collate and verify data, and to ensure greater accuracy and reliability. Certain performance indicators have been verified by the external assurance provider.

### Principles relating to the boundaries of this report

- This report includes operations that are wholly owned or managed by the Group, as well as Mimosa mine, in which Implats has a 50% interest. The Two Rivers operation, in which the Group has a 45% interest and does not directly manage, is not directly covered.
- **Mass balance:** Mass balance accounting is used to calculate all sulphur emissions at our smelters. In this case, sulphur mass balance is a systematic manner in which the mass of inputs containing sulphur with the mass of outputs containing sulphur as products, waste, change in material stocks and emissions.
- **Particulate matter:** Particulate matter is tiny pieces of solid or liquid matter released to the atmosphere. At Implats, particulate matter refers to the mass of particulates measured at ambient monitoring stations. Particulate matter smaller than 2.5 microns ( $\mu\text{m}$ ) in size is called PM2.5 and particulate matter bigger than 2.5 microns ( $\mu\text{m}$ ) and smaller than 10 microns ( $\mu\text{m}$ ) in size is called PM10.
- **Isokinetic sampling:** Isokinetic sampling is a sampling method which is used for monitoring pollution from the stacks. The samples are taken in a duct or stack. The sampling collects particles at a rate where the velocity and the direction of the gas entering the sampling nozzle is the same as that of the gas in the duct or stack and elsewhere in the stream. The results are therefore more accurate and reliable.

## INDEPENDENT ASSURANCE STATEMENT

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### To the board and stakeholders of Impala Platinum Limited

Integrated Reporting & Assurance Services (IRAS) was commissioned by Impala Platinum Limited (hereafter, 'Implats') to provide independent third party assurance (ITPA) over the information contained within this Sustainable Development Report (hereafter, 'the SDR'), covering the 12-month period from 1 July 2013 to 30 June 2014. The assurance team comprised primarily of Michael H Rea, our Lead Certified Sustainability Assurance Practitioner (CSAP), with more than 15 years' experience in environmental and social performance measurement and assurance in over 75 assurance engagements in 17 countries, Jordan Pruner (Associate CSAP), our team of junior associates, and additional technical support from Petrus Gildenhuys (Gilden Assurance), Dr Markus Reichardt: both of whom have more than 10 years' experience in sustainability reporting and assurance.

### ACCOUNTABILITY AA1000AS (REVISED, 2008)

To the best of our ability, this assurance engagement has been managed in accordance with AccountAbility's AA1000AS (2008) assurance standard, where the format of the engagement was structured to meet the AA1000AS Type II (Moderate) requirements.

### INDEPENDENCE

IRAS was not responsible for the preparation of any part of this report and has not undertaken any other engagements for Implats that would compromise our ability to afford ITPA over this year's report. Responsibility for producing this report belonged to Implats and its sustainability reporting advisers (Incite). Thus IRAS is, and remains, an independent assurer over the content and processes pertaining to this report.

Although this statement is directed at key Implats stakeholders, as the users of the report, IRAS' ultimate responsibility in performing its assurance activities is to the management of Implats in accordance with the terms of reference agreed with them.

### ASSURANCE OBJECTIVES

The assurance process was designed to provide stakeholders of Implats with an independent 'moderate level assurance' opinion on whether the report meets the following objectives:

- Adherence to AccountAbility's AA1000AS (2008) principles of **Inclusivity, Materiality** and **Responsiveness**
- Alignment with the Global Reporting Initiative (GRI) G4 guidelines, with the objective of establishing whether or not the report has met the core level of reporting requirements
- Reasonable adherence to local and international expectations for effective reporting, including guidance provided through the King Code of Corporate Governance (King III) and the International Integrated Reporting Committee (IIRC) recommendations for integrated reporting
- Accuracy, consistency, completeness and reliability of reported data, relative to a sample set of selected sustainability indicators, as tested at selected sites
- Completeness and reasonability of selected sustainability indicators contained within the report, relative to the 122 data points reviewed for IRAS's Sustainability Data Transparency Index (SDTI).

In meeting the Type II assurance objectives, IRAS undertook a review of selected sustainability performance indicators at the following operational sites: Rustenburg Operations, Zimplats (Mine and Smelter), Springs Refinery and Mimosa. A desktop review of Mimosa's safety data was also conducted while at Zimplats' operations.

### Scope of work performed

#### AA1000AS (2008) COMPLIANCE

The process used in arriving at this assurance statement is based on AccountAbility's AA1000AS (2008) guidance, as well as other best practices in assurance. Our approach to assurance included the following:

- A review of sustainability measurement and reporting procedures at Implats' head offices and Rustenburg Operations to determine the context and content of sustainability management by the company
- A review of Implats' information collation and reporting procedures to define the content of the report by looking at the materiality of issues included in the report, stakeholder engagement responses to issues identified, determination of sustainability context and

## INDEPENDENT ASSURANCE STATEMENT

coverage of material issues, ultimately leading to adherence to the AA1000AS principles of **Inclusivity, Materiality** and **Responsiveness**

- A review of data collection, collation and reporting procedures at selected sites (as stated above), with specific reference to the following selected sustainability performance indicators:

Indicator		Quantity	Page(s)
1. PHW	<b>Person Hours Worked:</b> The number of hours worked – calculated or counted via clock-in systems – for all employees and contractors	94 056 773	101
2. LTIFR	<b>Lost Time Injury Frequency Rate:</b> The calculated number of employee and/or contractor injuries on duty resulting in an ability to return to work the next calendar day per 1 000 000 PHW	3.92	5, 55, 101
3. FataIs	<b>Fatal Injuries:</b> The number of employee and/or contractor injuries on duty resulting in death	4	4, 53, 100
4. TIFR	<b>Total Injury Frequency Rate:</b> The calculated number of employee and/or contractor injuries on duty resulting in either an ability to return to work the next calendar day, the need to obtain medical treatment beyond basic first aid, or fatalities, per 1 000 000 PHW	11.90	5, 55, 101
5. NIHL	<b>Noise Induced Hearing Loss:</b> The number of new cases of hearing loss greater than a loss of hearing (or 'PLH shift') greater than 10%, deemed to have been the result of employment activities and submitted for consideration for compensation	36	58, 102
6. TB	<b>Tuberculosis:</b> The number of new cases of Tuberculosis, regardless of whether or not the case is deemed "occupation-related"	268	58, 102
7. VCT	<b>Voluntary Counselling &amp; Testing:</b> The number of tests conducted of employees and contractors for HIV/Aids as a result of counselling provided by medical personnel or external specialists	10 086	58, 102
8. ART	<b>Antiretroviral Treatments:</b> The number of employees who are enrolled in ART programmes at year-end, net of any enrolments that were terminated – for all reasons – during the year	4 276	58, 102
9. Electricity	Total direct and indirect electricity consumption – from all sources – for primary purposes (i.e., mining and processing activities)	2 780 000 MWh	91
10. Petrol	Total direct and indirect petrol consumption, inclusive of vehicles, generators and other equipment (i.e., for all uses)	830 000 Litres	104
11. Diesel	Total direct and indirect diesel consumption, inclusive of vehicles, generators and other equipment (i.e., for all uses)	21 776 000 Litres	104
12. Coal	Total direct and indirect coal consumption, for all purposes	127 883 Tonnes	104
13. Total energy consumed	Total direct and indirect energy consumed from all sources	14 395 000 GJ	91, 104
14. Water	Total direct and indirect water consumption – from all sources – for primary purposes (i.e., mining and processing activities)	34 775 Ml	88, 89, 104
15. Indirect CO <sub>2</sub>	Total indirect <b>Carbon Dioxide</b> emissions	2 714 157 Tonnes	91, 105
16. Indirect NO <sub>x</sub>	Total indirect <b>Nitrogen Oxide(s)</b> emissions	12 107 Tonnes	92
17. Indirect SO <sub>x</sub>	Total indirect <b>Sulphur Oxide(s)</b> emissions	24 665 Tonnes	92



## INDEPENDENT ASSURANCE STATEMENT

Indicator		Quantity	Page(s)
18. Direct CO <sub>2</sub>	Total direct <b>Carbon Dioxide</b> emissions	323 997 Tonnes	91, 105
19. Direct SO <sub>x</sub>	Total direct <b>Sulphur Oxide(s)</b> emissions, at Rustenburg Operations, Zimplats and Springs Refinery	30 735 Tonnes	92, 105
20. Procurement	Presence and application of systems and controls for measuring and managing procurement from 'historically disadvantaged South Africans', as per the Employment Equity Act of South Africa, inclusive of rand value and percentage of total spend	R2 015 000	82
21. SED spend	Total rand value of expenditures on <b>socio-economic development (SED)</b> projects, inclusive of expenditures against Social & Labour Plan commitments	R71 million	74
22. HDSA in management	The number of persons deemed 'Historically Disadvantaged South Africans', as per the Employment Equity Act of South Africa, working in management positions, above the supervisor level – excluding non-executive directors	378	66
23. Females in management	The number of women working in management positions, above the supervisor level – excluding non-executive directors – in South Africa	146	66

- ⇒ Reviews of drafts of the report for significant errors, anomalies and/or insupportable assertions
- ⇒ A series of interviews with the individual responsible for collating and writing various parts of the report in order to ensure selected claims were reported and substantiated.

Due to the scope and nature of this AA1000AS (Type II, Moderate) assurance engagement, the site visits were undertaken to test the authenticity of data at the primary source of collection and collation, and the report – inclusive of the sustainability information contained within both the SDR and IAR – has been assessed at the point of data aggregation for accuracy of reporting.

## GRI COMPLIANCE

In determining the GRI G3 'application level' of the report, we performed the following exercises:

- ⇒ A review of the process used to define the content of the report by looking at materiality of issues included in the report, stakeholder engagement response to stakeholder issues identified, determination of sustainability context and coverage of material issues.
- ⇒ A review of the approach of management to addressing topics discussed in the report.
- ⇒ Reviews of the report to confirm that the requisite number of Implats has met the GRI's G4 'Core' application level requirements, inclusive of the need for reasonable discourses on materiality and disclosures on management approach to data measurement, monitoring and reporting.

## Findings

Overall, it was determined during the assurance process that, in general, the company's sustainability reporting processes are comprehensive, and it was noted that:

- ⇒ Implats has developed comprehensive systems for data collection, collation and reporting, at both the operation and Group level, and appear to be in a constant state of continuous improvement through the development and implementation of enhanced sustainability data policies, procedures, systems and controls. While the ongoing reliance on multiple Excel spreadsheets to collect, collate and report data continues to create opportunities for simple data transcription errors – affecting the accuracy and/or reliability of some data at some collection points at the sites – procedures appear to be improving to address these potential problems.
- ⇒ Aside from the following exceptions, the tested site-specific data was found to be reasonably accurate and/or reliable, although process improvements at some sites may still be required with respect to the implementation of internal control procedures for data accuracy and reliability. Exceptions:
  - The way in which Medical Treatment Cases (MTCs) are recorded differs among the sites, with one of the five tested sites recording MTCs inclusive of First Aid Cases (FACs), and the others excluding FACs from the total number of MTCs. This results in non-comparable data throughout the Group, and a tendency towards over-reporting the total number of MTCs, thus making TIFR data non-comparable to peer companies.

- Implats' applied definition for Lost Time Injuries (LTIs) is exclusive of Restricted Work Cases (RWCs), which is inconsistent with standard local and international practice within the Metals & Mining Sector, thereby resulting in data that is not comparable to peer injury frequency rates (i.e., LTIFR).
  - Voluntary Counselling and Testing (VCT) rates for HIV/Aids – based on current data collation systems and controls – must be deemed not comparable beyond the limits of historical comparisons of Implats' prior year data, due to instances of multiple counting of tests conducted, rather than the number of persons tested.
  - Due to changes in the way in which the sulphur content within concentrate is assessed at Zimplats, there has been a significant increase in total SO<sub>2</sub> emissions at that site. As such, current data should be deemed 'improved', yet not wholly comparable to prior year data.
- Implats adequately adheres to the AccountAbility AA1000APS principles of **Inclusivity, Materiality** and **Responsiveness**.
  - The report adequately meets the GRI's G4 requirements for Core level reporting.
  - As per IRAS's own Sustainability Data Transparency Index (SDTI), Implats scores extremely well compared to most JSE-listed companies, demonstrating an active commitment to data transparency relative to reasonably expected key data points.

### CONCLUSIONS AND RECOMMENDATIONS

Based on the information reviewed via our site visits, desk research and management interviews, IRAS is confident that the sustainability information reported within the SDR and IAR provides a comprehensive and balanced account of Implats' environmental, safety and social performance for the period under review. The data presented is based on a systematic process and we are satisfied that the reported performance data accurately represents Implats' ability to manage and/or report on its performance, while meeting the AA1000AS (2008) principles of **Inclusivity, Materiality** and **Responsiveness**. Moreover, and although the quality or quantity of data of some GRI G4 indicators can be improved, this report appears to meet the GRI's G4 Core level requirements.

However, the following recommendations have been identified:

- With respect to the issue of non-comparability of safety data to industry peers, Implats should continue to investigate the need for updating its currently applied definitions, and update those definitions where deemed necessary.
- Implats should continue to ensure that future assurance engagements include the site visit testing of data, vis-à-vis the expectations of AA1000AS (Type II), but because of the long history of assurance over sustainability data, should consider reducing the frequency of site visits to cover all sites in a two or three year cycle, relying on desk review in interim years. The excellent systems and controls currently in place – compared to most other companies – suggests that sites can demonstrate that they adequately meet the tests for accuracy, consistency, completeness and reliability, and therefore do not need annual assurance site visits.

For more information about the assurance process employed to assess the sustainability information contained within Implats' 2014 Sustainable Development Report, email [michael@iras.co.za](mailto:michael@iras.co.za).



**Integrated Reporting & Assurance Services**

Johannesburg

11 September 2014

## GLOSSARY

<b>ABET</b>	Adult Basic Education and Training
<b>AEL</b>	Air Emissions Licence
<b>Aids</b>	Acquired immune deficiency syndrome
<b>AMCU</b>	Association of Mineworkers and Construction Union
<b>AMWUZ</b>	Associated Mine Workers Union of Zimbabwe
<b>ART</b>	Antiretroviral therapy, provided for the treatment of HIV and Aids (excluding state and private medical aid)
<b>BEE</b>	Black economic empowerment
<b>CCMA</b>	Commission for Conciliation, Mediation and Arbitration
<b>CSI</b>	Corporate Social Investments
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>COM</b>	Chamber of Mines
<b>COSATU</b>	The Congress of South African Trade Unions
<b>dB</b>	Decibels. Unit of measurement for sound pressure
<b>DMR</b>	Department of Mineral Resources, South Africa
<b>DPFA</b>	Deputy President Framework Agreement
<b>DoH</b>	Department of Health
<b>DOL</b>	Department of Labour
<b>DSM</b>	Demand-side management
<b>DPM</b>	Diesel Particulate Matter
<b>DWA</b>	Department of Water Affairs
<b>ED</b>	Enterprise Development
<b>EMP</b>	Environmental Management Programme
<b>ESOP</b>	Employee Share Ownership Programme
<b>Executive director</b>	Director employed by the Company and is involved in the day-to-day running of the organisation
<b>FIFR</b>	A rate expressed per million man-hours worked of any Impala employee, contractor or contractor employee or visitor who is involved in an incident while performing his/her duties at work and who sustains terminal injuries shall constitute a fatal accident. Any road-related fatal incident where the Company is in full control of the vehicle, the driver and conditions related to the road injury of an employee shall constitute a fatal incident. A fatal injury may occur when an employee is incapacitated for a period of time prior to expiration, thus requiring a revision of injury status from LTI to a fatality
<b>FOG</b>	Fall of Ground
<b>Foreigner</b>	Non-South African citizen
<b>FY</b>	Financial year (to 30 June)
<b>GHG</b>	Greenhouse gases
<b>GJ</b>	Gigajoules. Unit of measure for energy
<b>GRI</b>	Global Reporting Initiative
<b>HDSA</b>	Historically disadvantaged South African
<b>HIV</b>	Human immunodeficiency virus
<b>HSE</b>	Health, Safety and Environment
<b>IBT</b>	Impala Bafokeng Trust, socio-economic development vehicle jointly funded by Implats and RBH
<b>ILO</b>	International Labour Organisation
<b>IMP</b>	Impala Medical Plan
<b>Impala Platinum</b>	Impala Platinum Limited, comprising the Rustenburg operations and the Refineries in Springs
<b>Implats</b>	Impala Platinum Holdings Limited
<b>Independent directors</b>	Directors who, apart from receiving directors' remuneration, do not have any other material pecuniary relationship or transactions with the Company, its management or its subsidiaries, which in the judgement of the board may affect their independence

<b>ISO</b>	International Organisation for Standardisation
<b>IDP</b>	Integrated Development Plan
<b>JSE</b>	Johannesburg Stock Exchange
<b>LED</b>	Local Economic Development
<b>Local community</b>	Communities that are directly impacted by our mining operations and are on or near the mine property
<b>Lost time injury</b>	A work-related injury resulting in the employee being unable to attend work at his/her place of work, performing his/her assigned duties, on the next calendar day (whether a scheduled workday or not) after the day of the injury. If the appointed medical professional advises that the injured person is unable to attend work on the next calendar day after the injury, regardless of the injured person's next roster shift, a lost-time injury is deemed to have occurred
<b>LTIFR</b>	Number of lost-time injuries expressed as a rate per million hours worked and excludes restricted work cases
<b>Marula</b>	Marula Platinum (Pty) Limited
<b>Materiality and material issues</b>	Issues of materiality are those aspects that may have a significant impact on the organisation's reputation and may carry a financial and/or legal cost. These aspects are identified internally through the risk process and externally through ad hoc or routine engagements with a range of stakeholders
<b>Medical treatment cases (MTCs)</b>	A medical treatment case is defined as a one-time treatment and subsequent observation of minor injuries by an appointed medical professional. Such minor injuries may include treatment by the application of bandages, antiseptic, ointment, irrigation of the eye to remove non-embedded foreign objects or the removal of foreign objects from the wound. MTCs never involve a loss of one or more calendar days after the injury, regardless of the injured person's next rostered shift or where the injured is unable to perform one or more of routine functions normally connected with his/her work due to a restriction applied by an appointed medical professional
<b>MIGDETT</b>	Mining Industry Growth, Development and Employment
<b>MHSC</b>	Mine Health and Safety Council
<b>Mimosa</b>	Mimosa Platinum (Private) Limited
<b>Mining Charter</b>	Broad-based Socio-Economic Empowerment Charter for the South African Mining Industry
<b>MPRDA</b>	Mineral and Petroleum Resources Development Act, No 28 of 2002, which came into effect in South Africa on 11 May 2004
<b>MW</b>	Megawatt, a measure of electric power
<b>NGO</b>	Non-governmental organisation
<b>NHI</b>	National Health Insurance
<b>NBI</b>	National Business Institute
<b>NDP</b>	National Development Plan
<b>NATJOC</b>	National Joint Operation Command
<b>NMWUZ</b>	National Mine Workers Union of Zimbabwe
<b>NIHL</b>	Noise-induced hearing loss
<b>Non-executive director</b>	A director who is not involved in the day-to-day running of the organisation but is a nominee director of a material shareholder
<b>NOx</b>	Nitrogen oxides
<b>NUM</b>	National Union of Mineworkers, South Africa
<b>ORAs</b>	Objective-based risk assessments
<b>PBC</b>	PGM beneficiation committee established
<b>PGI</b>	Platinum Guild International
<b>PGMs</b>	Platinum group metals, being the metals derived from PGE
<b>PIC</b>	Public Investment Corporation
<b>PPM</b>	Parts per million
<b>PROVJOC</b>	Provincial Joint Operation Command
<b>RBH</b>	Royal Bafokeng Holdings (Pty) Limited
<b>RBN</b>	Royal Bafokeng Nation

## GLOSSARY

<b>RIFR</b>	Reportable or serious injury frequency rate. A reportable injury is an injury which results in: a) The death of the employee b) An injury, to any employee, likely to be fatal c) Unconsciousness, incapacitation from heatstroke or heat exhaustion, oxygen deficiency, the inhalation of fumes or poisonous gas, or electric short or electric burning accidents of or by any employee and which is not reportable in terms of paragraph (d), or as required by the OHS Act where applicable d) An injury which either incapacitates the injured employee from performing that employee's normal occupation for a period totalling 14 days or more, or which causes the injured employee to suffer the loss of a joint, or a part of a joint, or sustain a permanent disability
<b>Restricted work injuries (RWI)</b>	A restricted work injury is a work-related injury which results in the employee being able to return to his/her permanently assigned workplace, to perform his/her permanently assigned work on the next calendar day, but where the injured is unable to perform one or more of their routine functions normally connected with his/her work due to a restriction applied by an appointed medical professional
<b>RLM</b>	Rustenburg Local Municipality
<b>SANBI</b>	South African National Biodiversity Institute
<b>SHEQ</b>	Safety, Health and Environment Quality
<b>SIA</b>	Social Impact Assessment
<b>SLP</b>	Social and Labour Plan
<b>SMMEs</b>	Small, medium and micro enterprises
<b>SO<sub>2</sub></b>	Sulphur dioxide
<b>TARP</b>	Triggered Action Response Plan
<b>TB</b>	Pulmonary tuberculosis, which in South Africa is considered an occupational illness when it is associated with the presence of dust in the workplace
<b>TIFR</b>	All injuries expressed as a rate per million man-hours worked
<b>Traditional council leadership</b>	Elected/appointed members of a community according to customs and practices. The tenure of these leaders differ among communities. The chief King/Kgoshi/Kgosi or inKhosi is the head of the traditional council leadership and the chairman of the council
<b>UNGC</b>	United Nations Global Compact
<b>VCT</b>	Voluntary counselling and testing, in respect of HIV and Aids
<b>WBCSD</b>	World Business Council on Sustainable Development
<b>WUL</b>	Water-use Licence
<b>ZIP</b>	Zero Incident Process for leaders

<b>INDICATOR</b>	<b>Basic calculation</b>
Indirect energy	2014 DEFRA Guidelines
Indirect CO <sub>2</sub> (SA)	Eskom Integrated Report 2014
Indirect CO <sub>2</sub> (Zimbabwe)	International Energy Agency (IEA) Report 2012
Direct energy from diesel, petrol, and IBO	2014 DEFRA Guidelines
Direct energy from Sasol Gas	Sasol Gas supplier
Direct CO <sub>2</sub> from Sasol Gas	Sasol Gas supplier
Direct energy from coal consumption	Supplier analysis
Direct CO <sub>2</sub> from coal consumption	Supplier analysis

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### Auditors

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### Corporate relations

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