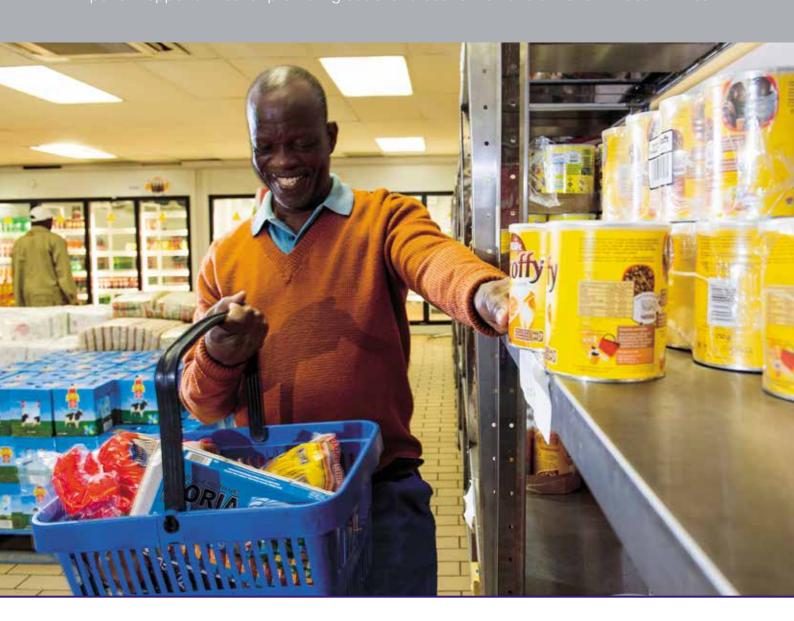


ENTERPRISE DEVELOPMENT FACT SHEET



"Preferential procurement and investments in enterprise and supplier development provide important opportunities for promoting social and economic transformation in South Africa."

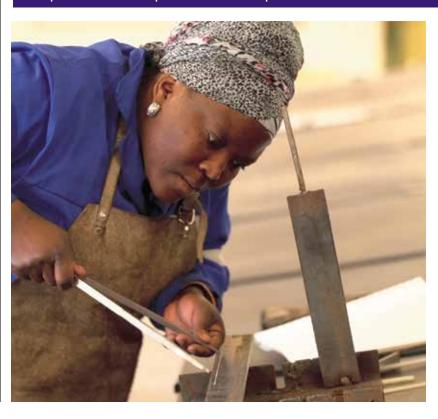




Implat's enterprise and supplier development activities focus primarily on supporting local and black-owned businesses and are designed to ensure compliance with regulatory expectations, contribute to socio-economic development in neighbouring communities and build a more robust and competitive supply chain for the Group.

Implats works closely with the Royal Bafokeng Enterprise Development Unit in Rustenburg and the Marula Community structures in Burgersfort.

Impala's enterprise development initiatives



Supplier Development Programme

- Launched in 2013, this initiative seeks to enhance the competitiveness of local small, medium and micro enterprises and black-owned businesses that were already part of the Implats supply chain.
- This university-accredited training and mentoring programme includes business-specific training and bi-weekly on-site meetings with the owner or manager.

Achievements

- Since its inception in January 2013, 70% of participating companies increased their turnover, with an average turnover growth rate of more than 400%
- A total of 33 jobs were created, equating to a 13% job-creation rate.

Business Advisory and Development Service

- The programme helps local black entrepreneurs to grow and sustain their businesses and become part of the Implats supply chain.
- The aim is to develop business skills that will lead to increased efficiencies, turnover and profit.

Achievements

- Of the companies selected in January 2013, 50% are still on this programme and continue to be assisted by an external service provider.
- Two of the candidates will complete the programme by December 2015 and the others in 2016.
- Collectively, up to the strike period, the original businesses experienced turnover growth of 20% and employment growth of 61%. Up to June 2015, the turnover of the remaining beneficiaries grew by 92% collectively. They have created 49 jobs since they started on the programme.



Promoting transformation through procurement
Supporting local and black-owned businesses through preferential procurement is an important part of Implat's contribution to promoting transformation.

Implats undertakes the following activities

- Seeking, identifying, supporting and promoting appropriate historically disadvantaged suppliers through sustainable procurement practices.
- Leveraging the existing supplier base to unlock local employment opportunities, mentorship and investment in the greater value chain.
- Nurturing an environment for partnerships and joint ventures between the existing supplier base and local entrepreneurs.
- Striving to improve 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 Department of Trade and Industry's Codes of Good Practice.

Achievements

- This year, total South African operations discretionary procurement was R7.6 billion (2014: R7.9 billion), of which 72%, or R5.4 billion, was from companies in which BEE ownership was greater than 25%.
- Included in the overall discretionary procurement spend of R7.6 billion was R1.6 billion for capital goods.
- Included in the cost of sales was total discretionary spend of R6.1 billion, of which 75% was spent with suppliers having BEE ownership of greater than 25%.
- The consumables category recorded 77% and the services category 73% (2014: 72% on consumables and 72% on services).
- Although overall discretionary procurement was slightly (4%) lower than the previous year, the BEE procurement spend was increased by 6% to R5.4 billion.
- Included in the R5.4 billion BEE procurement was R1 billion from 272 black-owned suppliers (>50% black ownership).
- Capital expenditure has reduced year on year in line with the reduction of capital projects. It remains a priority to increase the number of black-owned suppliers into Implats' supply chain. This year 80 suppliers contributing to R0.6 billion of the BEE procurement from companies with black-ownership levels of between 40% and 50%.
- Overall our performance was very good in the key Mining Charter elements of capital goods, consumables and services against the 2015 targets.

Promoting procurement through local development

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

Achievements

- Implat's efforts in stimulating sustainable local procurement have been enhanced by the positive working relationship enjoyed with Royal Bafokeng Enterprise Development, who have assisted in identifying local community suppliers that are ready to conduct business.
- In 2015, Impats spent R2.6 billion on procurement from local tiered suppliers (all >25% BEE), constituting 34% of the total discretionary procurement spend (2014: R2 billion or 26%).
- Implats has encouraged some of our existing large contractors to support small tier 1 contractors, for example by appointing them as sub-contractors.
- As part of Implat's drive to support local job creation, the company has been successful in encouraging a number of its suppliers to commit to moving part of their manufacturing process closer to the mine lease area.





Right: Mama Ntsimane, a member of Kgolagano Primary Agriculture Co-operative.



Preferential procurement, enterprise and supplier development (ESD) focus for 2016 and beyond

- Implats will align the ESD strategy with the existing preferential procurement policy to address the requirements of the revised codes of good practice, aiming for implementation across the South African operations.
- Increased focus on developing a localised supplier base to positively impact employment and economic activity at various South African operations while satisfying B-BBEE and Mining Charter requirements.
- Make an impact on black-owned and black-women-owned enterprise spend through broadening the supply base and spend shift strategy.



- The establishment of joint venture agreements with local entrepreneurs from the local community areas holding significant amounts of shares in the newly incorporated companies.
- Existing large contractors to support small tier 1 contractors, for example by appointing them as sub-contractors.
- Existing contractors committing to fill vacancies with youth members from the local communities.
- Suppliers committing to moving part of their manufacturing processes closer to the mine lease area.

