

## Corporate governance

The board of directors of Implats is committed to maintaining high standards of governance when discharging their fiduciary duties, and as such, sound corporate governance structures and processes are entrenched within the group. These structures and processes are regularly reviewed to comply with local and international best practice.

In the year under review, Implats complied with the King Code of Corporate Governance (King II) and utilised the Code's principles to establish and enhance its governance framework. The group's subsidiary companies were also guided by this framework and those subsidiaries operating outside the jurisdiction of South Africa ensured compliance with local law.

A revised Code of Corporate Governance (King III) is currently being circulated for comment and review by all interested parties and it is anticipated that compliance with the new code will be compulsory in the forthcoming year.

Implats maintains a primary listing of ordinary shares on the Johannesburg Stock Exchange (JSE) and a secondary listing on the London Stock Exchange (LSE). In addition to local compliance, the company is accordingly subject to the disclosure requirements of the LSE.

Implats gives priority to sound corporate governance principles, and as such, governance will continue to receive the board and its committees' attention as they strive to provide strategic oversight and leadership to the company.

### Board of directors

In compliance with the company's articles of association, the board comprised thirteen directors. There were seven independent non-executive directors, two non-executive directors and four executive directors on the board.

Dr FJP Roux, an independent non-executive director is chairman of the board. Mr DH Brown, an executive director, is the chief executive officer. The roles of the chairman and chief executive officer are distinctly separate.

Mr TV Mokgatla, and Mr DS Phiri are not considered to be independent given their relationship with the Royal Bafokeng Nation, a substantial shareholder of the company. During the year, Mr N Carroll was appointed as an alternate director to Mr TV Mokgatla. Mr Carroll, as the chief executive officer of Royal Bafokeng Holdings is also not independent. The board holds the view, however, that all directors bring independent judgment to bear on material decisions put to the board for consideration.

On 30 June 2009, Mr LC van Vught resigned as a non-executive director of the board and as a member of the Audit Committee and chairman of the Remuneration Committee. There have been no new appointments to the board replacing Mr van Vught.

Non-executive directors are chosen for their business and industry-specific skill and acumen and consideration is given to racial and gender diversity when appointments are recommended by the Nominations Committee to the board. As such, the board comprises 67% HDSAs and 33% female members. Details of all board members are contained on page 90 of the Annual Report.

In terms of the company's articles of association, one-third of directors must retire at every annual general meeting and may be eligible for re-election. Re-election of board members takes place on a staggered basis to ensure continuity. An executive director retires at the annual general meeting following his/her 63rd birthday, and a non-executive director following his/her 67th birthday. Thereafter, in the case of a non-executive director, his/her term of office continues on an annual basis, if a majority of their co-directors so request. The names of the retiring directors and their accompanying curriculum vitae are stated under the heading of Annual General Meeting on page 107.

The role of the board is regulated by a formal board charter which defines matters reserved for board approval. A formal approval framework is in place which defines the powers and authority of management. The board charter is available on the company's website ([www.implats.co.za](http://www.implats.co.za)).

In addition to the quarterly board meetings, a full-day strategy session is held and is attended by all board members and senior executives. This is in line with the board's mandate for setting group strategy, which is considered and approved annually.

An annual board meeting is also held to discuss the business plan of the group. The board meets on an ad hoc basis to consider specific issues, if the need arises. The progress and status of identified strategic issues are reported and monitored at quarterly board meetings.

Going forward, board members are obliged to attend a full day board-training session, in keeping with the company's obligation to provide ongoing training to all directors.

Finally, non-executive directors meet formally and informally with management on a regular basis.

The board functions are supported by the following committees of the board:

- Audit Committee
- Nominations Committee
- Remuneration Committee
- Safety, Health and Environmental Quality Audit Committee
- Transformation Committee

The composition of the board committees was altered during the year due to a re-shuffle of the chairmanship of the various committees. The composition of these committees is detailed in this report under their respective headings. Furthermore, the resignation of Mr LC van Vught necessitated the appointment of a new chairman of the Remuneration Committee. Mr van Vught was not replaced on the Audit Committee.

## Corporate governance (continued)

Attendance at board meetings and committee meetings is set out in the table below:

### Attendance at board, committee meetings and annual general meeting

	Board	Special Board	Audit Committee	Nomina- tions Committee	Remune- ration Committee	SHEQ Committee	Transfor- mation Committee	Annual General Meeting
Number of meetings	6	1	4	4	4	4	4	1
FJP Roux •	5/6	1/1		4/4		4/4	4/4	✓
S Bessit	6/6	1/1					4/4	✓
DH Brown*	6/6	1/1				4/4	4/4	✓
D Earp†	6/6	1/1					4/4	✓
F Jakoet	6/6	1/1	4/4					
JM McMahon	6/6	1/1	1/1		4/4	4/4		✓
MV Mennell	6/6	0/1	4/4	4/4				✓
TV Mokgattha	5/6	1/1					4/4	✓
K Mokhele	6/6	1/1		4/4		4/4	4/4	
NDB Orleyn	6/6	1/1		1/1	4/4		4/4	✓
LJ Paton	6/6	1/1					3/4	✓
DS Phiri	5/6	1/1			4/4			
LC van Vught	5/6	1/1	4/4		1/1			✓
MF Fleming ø						3/4		

\* Chief executive officer

† Executive director: finance

ø External consultant

• Chairman

## Board committees

### Audit Committee

#### Members:

Michael McMahon (Chairman)

Fatima Jakoet

Vivienne Mennell

Lex van Vught

On 1 May 2009, Mr Michael McMahon was appointed as an additional member and chairman of the Audit Committee in place of Mr Lex van Vught. Mr van Vught retained membership of the committee until his resignation on 30 June 2009.

The Audit Committee comprised four independent non-executive directors until Mr van Vught's resignation. Its role is to provide assurance that relevant board duties are discharged by:

- monitoring the integrity of the financial statements and other relevant external financial reports of Implants and reviewing all significant inputs, judgments and outputs in order to present a balanced and understandable assessment of the position, performance and prospects of Implants, as appropriate;

- reviewing the company's internal financial control and financial risk management systems in order to safeguard Implats' assets;
- monitoring and reviewing the effectiveness of Implats' internal audit functions;
- recommending to the board the appointment of the external auditors, approving the remuneration and terms of engagement of the external auditors and monitoring their independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements; and
- regulating the use of the external auditors for non-audit duties in terms of a policy document prepared and enforced which governs the use of external auditors for non-audit services. The use of the external auditors for non-audit services is disclosed in the annual financial statements.

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

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

The Audit Committee oversees the Risk Management Committee.

## Nominations Committee

### Members:

Thandi Orleyn (Chairperson)

Khotso Mokhele

Fred Roux

Vivienne Mennell

The committee comprises four independent non-executive directors. Ms Thandi Orleyn was appointed as an additional member and chairperson of the committee on 1 May 2009 in place of Dr Khotso Mokhele.

This committee assists the board in ensuring that the structure, size, effectiveness and composition of the board and its committees:

- are reviewed regularly;
- comprise the requisite mix of skills, experience, diversity and other qualities;
- align with the strategic direction and requirements of Implats, and
- meet the requirements of sound corporate governance.

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

## Corporate governance (continued)

A self-assessment of the board, an evaluation of the board chairman, as well as an individual evaluation of board members standing for re-election was undertaken during the year by KPMG. Corrective action will be taken by the board and Nominations Committee to address key issues identified.

An assessment of the board committees and the chairmen of the board committees is planned for the ensuing year and will also be undertaken by KPMG to ensure a continuity of the evaluation process. The Nominations Committee oversees the evaluation process as part of its mandate.

### Remuneration Committee

#### Members:

Lex van Vught (Chairman resigned 30 June 2009)

Michael McMahon

Thandi Orleyn

Steve Phiri (Chairman from 1 July 2009)

The Remuneration Committee comprised three independent non-executive directors and one non-executive director. Mr Lex van Vught was appointed as an additional member and chairman of the committee on 1 May 2009 in place of Ms Thandi Orleyn as part of a planned rotation of responsibilities. Subsequent to Mr Lex van Vught's resignation, on 30 June 2009, Mr Steve Phiri was appointed chairman of the committee effective 1 July 2009. The chairman of the board, chief executive officer and the human resources executive are invited to attend all Remuneration Committee meetings except when their own remuneration is under consideration.

The company's remuneration policy is determined by the Remuneration Committee and strives for competitive and fair reward in recognising and rewarding individual and team achievement that contributes to the attraction, retention and motivation of employees, and organisational growth and prosperity.

The main functions of the Remuneration Committee are to:

- determine fixed and variable remuneration for executive directors and senior executives;
- ensure the implementation of policies and practices to attract and retain the best talent at executive level;
- ensure the provision of fair, equitable and competitive conditions of employment across the group;
- ensure the effectiveness of a comprehensive talent management process, encompassing employee development and succession planning;
- benchmark remuneration practices against both local and international best practice;
- monitor retirement benefits; and
- recommend fees for non-executive directors for consideration by executive directors on the board for approval by shareholders at the annual general meeting.

### Safety, Health and Environmental Quality Audit Committee

#### Members:

Khotoso Mokhele (Chairman)

Michael McMahon

Fred Roux

David Brown (Chief Executive Officer)

Mike Fleming (external consultant)

A board-appointed Safety, Health and Environmental Quality Audit Committee (SHEQ) has been in place since 1988. Its role in terms of its mandate is to monitor and review safety, health and environmental performance and standards. The SHEQ Audit Committee supplements and gives support, advice and guidance on the effectiveness or otherwise of management's efforts in the areas of safety, health and the environment. The SHEQ Audit Committee comprises three non-executive directors and the chief executive officer. An external consultant is also a member of the committee in line with the committee's initiative to have a wide range of expertise available to it.

On 1 May 2009, an independent, non-executive, Dr Khotso Mokhele, replaced Mr Michael McMahon as chairman of the committee.

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

## Transformation Committee

### Members:

Khotso Mokhele (Chairman)	Dawn Earp
Thandi Orleyn	Les Paton
Fred Roux	Paul Finney
Thabo Mokgatla	Johan Theron
Shadwick Bessit	Avanthi Parboosing (Secretary)
David Brown	

The composition of the Transformation Committee was altered during the year. The committee now comprises three independent non-executive directors, a non-executive director, the four executive directors and two executives.

The committee is responsible for monitoring the progress of achieving a transformed workforce by:

- advising and guiding the board in any decision making process relating to transformation;
- guiding the organisation on issues of transformation;
- consulting all role players to ensure commitment and adoption of an inclusive approach in addressing transformation issues;
- providing quality assurance regarding the implementation of all transformation processes; and
- ensuring transparency in communication in respect of the transformation processes.

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

With the increased emphasis on sustainability and its inseparable interface with the strategy of the company, the committee also plays a material role in reviewing and providing guidance on sustainability issues facing the group. The committee also plays a substantial role in assisting the company on its sustainability reporting and the need for independent assurance thereof.

## Corporate governance (continued)

The Transformation Committee of the board as well as the transformation steering committees at all South African operations monitor targets and numerical goals.

### Employment equity statistics 2009

Below is a summary of the 2009 employment equity report as required by section 22(1) of the Employment Equity Act of 1998 based on occupational levels at Implats' South African operations, broken down by number of employees within each category. The table includes the following: white (VV), coloured (C), Indian (I), and African (A) population groups including persons with disabilities.

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	-	1	-	2	-	-	-	1	-	-	4
Senior management	11	3	2	64	3	-	1	6	6	-	96
Professionally qualified and experienced specialists and mid-management	156	7	18	316	36	2	10	70	12	2	629
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2 463	27	7	1 070	250	6	3	140	376	1	4 343
Semi-skilled and discretionary decision making	3 836	11	4	188	567	2	2	49	657	-	5 316
Unskilled and defined decision making	17 200	12	-	25	1 634	5	-	1	3 785	2	22 664
Total permanent employees	23 666	61	31	1 665	2 490	15	16	267	4 836	5	33 052
Temporary employees	80	10	-	64	20	1	-	1	1	-	177
<b>Grand total</b>	<b>23 746</b>	<b>71</b>	<b>31</b>	<b>1 729</b>	<b>2 510</b>	<b>16</b>	<b>16</b>	<b>268</b>	<b>4 837</b>	<b>5</b>	<b>33 229</b>

### Company secretary

Board members have access to a company secretary who is appointed in accordance with the JSE Listing Requirements and the Companies Act (as amended). The company secretary provides guidance to the directors on their fiduciary duties and ensures that the board remains cognisant of its responsibilities and the discharge thereof, within the prevailing regulatory and statutory environment. The board is also entitled to seek additional independent advice as it deems necessary.

### Other corporate governance issues

#### Risk management

A summary of Implats' strategic risks is presented in a separate section of this report on page 109.

## Internal control

The board has ultimate responsibility for establishing a framework for internal controls designed to effectively provide reasonable assurance against material loss, including appropriate risk management and good corporate governance frameworks and systems. Implats has established key controls that focus on critical risk areas identified by line management, facilitated by risk management and assessed and evaluated by the internal auditors. The controls are designed to provide a cost effective assurance that Implats assets are safeguarded and that liabilities and working capital are efficiently managed. The established organisational policies, procedures, standards, guidelines, structures and delegation frameworks clearly define and provide appropriate levels of direction, accountability and segregation of responsibility; which facilitate self checking and monitoring mechanisms.

## Internal audit

Group internal audit is an independent objective assurance that delivers substantial benefits to Implats by primarily focusing on the systems of internal control, resulting in better risk management and good governance as well as achievement of set business objectives. Internal audit is well supported by the board and well-positioned to deliver on its mandate. In keeping with best practice, the group internal auditor reports to the executive director, finance for administrative purposes and to the Audit Committee chairman for functional purposes. The group internal auditor also holds quarterly meetings with the chairman of the board and the chief executive officer to discuss internal audit issues. The internal audit charter provides a structured framework within which the internal audit function operates and continuous improvement in the quality and objectivity of the function remains a priority for the group internal auditor.

## Code of ethics

Implats has a code of business practice to which all employees and suppliers are expected and encouraged to adhere. The policy outlines conflicts of interest, the prevention of dissemination of company information, guidelines on the acceptance of donations and gifts, and protection of the intellectual property and patent rights of the company. The policy outlines the disciplinary action (including dismissal or prosecution) which will be taken in the event of any contravention. A "whistle-blowing" toll-free helpline is in place to facilitate the confidential reporting of alleged incidents which are reported to the chairman of the board. In essence, the code is designed to ensure that all stakeholders are empowered to operate within a defined ethical environment.

## Dealings in securities

The group observes a closed period from the end of the relevant accounting period to the announcement of the interim or year-end results, as the case may be, during which neither directors nor employees may deal, either directly or indirectly, in the shares of the company or its listed subsidiaries. The company secretary is responsible for providing guidance to the board and to management on dealing in securities during specific periods. A report on directors' dealings in company's shares is tabled at every quarterly Audit Committee meeting.

## Sustainability reporting

The company publishes a Sustainable Development Report (formerly titled the Corporate Responsibility Report) in conjunction with the Annual Report. The full contents of the report can be accessed on the company's website ([www.implats.co.za](http://www.implats.co.za)).

## Corporate governance (continued)

### JSE Socially Responsible Investment (SRI) Index

Implats has been a constituent of the JSE SRI index since the inception of the index.

The index assesses the constituent's performance in terms of triple bottom line reporting regarding the environment, society and the economy, as well as corporate governance.

### Relations with shareholders

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

The shareholder communication functions of the company secretary and the share registrar are supported by an investor relations programme which operates in South Africa, Europe, the United States and Canada. The programme is aimed at maintaining contact with institutional shareholders, fund managers and analysts in these countries as well as the media. It is also aimed at undertaking formal financial disclosure through interim and annual results announcements, the annual report, road shows, press releases, ad hoc investor meetings, participation in investment conferences and the website.

In particular, road shows and teleconference calls also provide investors with the opportunity to communicate with management and to make recommendations to the board. Management is also open to meetings requested by shareholders and contact details are available on the company website.

The result announcements, both interim and annual, take the form of live presentations which are webcast simultaneously. Quarterly production reports are also released, as required by the LSE. International conference calls are also held. All presentations, webcasts and conference call transcripts are available on the website ([www.implats.co.za](http://www.implats.co.za)). In addition, copies of all presentations made by executive management to the investment community are posted on the website.

### Dividends

It is company policy to pay a dividend twice a year, firstly at the end of the interim financial period and secondly, at the end of the financial year. While the payment of dividends is not guaranteed, dividends have been paid consistently in the past. The interim dividend of 120 cents per share and the final dividend of 200 cents per share were not in line with the stated dividend policy but were based on a cash quantum basis in view of the prevailing uncertain economic circumstances.

### Access to information

Implats has complied with the requirements of the Promotion of Access to Information Act of 2000. The corporate manuals are available on the website [www.implats.co.za](http://www.implats.co.za).

## Sponsor

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

## Annual general meeting

Effects and implications of the annual general meeting

The notice of the annual general meeting on pages 235 to 238 includes the following items:

1. Approval of the annual financial statements for the year ended 30 June 2009.
2. Re-appointments of directors of the company who retire from office at this meeting and who offer themselves for re-election are Ms Dawn Earp, Ms Thandi Orleyn and Dr Khotso Mokhele. Mr Shadwick Bessit retires at this meeting and does not avail himself for re-election. The articles of association require that at least one-third of the board retire from office annually and stand for re-election by shareholders at the annual general meeting.

The curriculum vitae of all directors to be re-appointed at the annual general meeting are set out below:

### **Dawn Earp** (Executive director) (47)

BCom, BAcc, CA(SA). Joined the group in 2007 as Executive Director: Finance. Non-executive director of Rand Refinery Limited.

### **Khotso Mokhele** (Independent non-executive director) (53)

BSc (Agriculture), MSc (Food Science) PhD (Microbiology). Chairman ArcelorMittal South Africa Limited and Adcock Ingram Holdings Limited. Non-executive director of African Oxygen Limited and Tiger Brands Limited. Joined the board in 2004.

### **Thandi Orleyn** (Independent non-executive director) (53)

B Juris, B Proc, LLB. Non-executive director of ArcelorMittal South Africa Limited, Reunert Limited and the South African Reserve Bank. Joined the board in 2004.

3. Directors' remuneration

To increase the remuneration of the non-executive directors and of the chairman of the board by 5%.

These ordinary resolutions require a simple majority of members present in person or by proxy at the meeting.

## Corporate governance (continued)

### Special business

#### 4. Changes to the Morokotso Trust deed

To amend the trust deed of the employee share scheme for A, B and C Paterson level employees (Morokotso Trust).

The principal amendments to the trust deed constituting the Morokotso Trust may be summarised as follows :

- Clarifying that allocations of shares under the Employee Share Ownership Programme are only available to defined categories of employees of Impala Platinum Limited and Marula Platinum (Proprietary) Limited (subsidiaries of the company) who were employed in the two-year period ended on 3 July 2008.
- Defining the price at which the company has a pre-emptive right to purchase any shares to be sold by the Trust.
- Specifying that employees eligible for allocations of shares at the commencement of the Programme were entitled to 568 shares and that any employees who are subsequently eligible for allocations are to receive an equal number of shares until the allocated number of shares reaches 568. Any subsequent allocations are to be made equally to all eligible employees.
- Recording the specific powers and duties of the Trustees and issues related to the holding of their meetings.
- Providing that employees are entitled to sell 40 per cent of their allocated shares after five years from the commencement of the programme and that such sales and the sale of shares after the termination of the programme may not take place during closed periods.
- Establishing a target price of R170 per share and a prescribed period of six months to sell shares on behalf of employees terminating employment in approved circumstances, (such as retirement/retrenchment/ill health).

A copy of the amended trust deed is available for inspection at the registered office of the company and is available on the company's website [www.implats.co.za](http://www.implats.co.za)

This ordinary resolution requires approval by a 75% majority of members present in person or by proxy at the meeting.

#### 5. Share buy-back

To extend, for a further year, the authority for the directors to buy-back a maximum of 10% of the company's issued share capital. The company bought back approximately 2.6% of the issued share capital in the prior years, utilising surplus cash to acquire shares at lower price levels. The special resolution requires approval by a 75% majority of members present in person or by proxy at the meeting.

Chairmen of all the board committees are encouraged to attend the annual general meeting to answer any questions from shareholders.