

External environment and Group risks

EE External environment



Human capital



Intellectual capital



Social and relationship capital



Financial capital





































Manufactured capital



Natural capital

10 Shaft at Impala Rustenburg

	Strategic objectives	Risks and capitals	Implications for value	Mitigation
MACRO-ECONOMIC FACTORS AND PGM MARKETS  <p>Slowing global growth with economic recovery likely to be derailed by inflation, tepid growth and constrained supply chains. The near-term outlook for PGMs has been clouded by the prevailing macro uncertainty. Pricing, however, remains robust, supported by underlying demand and supply dynamics</p>	    	<ul style="list-style-type: none"> PGM demand Price risk  	<ul style="list-style-type: none"> Impact on demand for natural resources Market fundamentals have a direct impact on pricing and revenue generation The PGM outlook requires prudent long-term planning and positioning of Implats' portfolio. 	<ul style="list-style-type: none"> Anticipate and respond to evolving stakeholder needs Tailor market development activities to support demand drivers Support key institutional partners, including IPA, PGI and WPIC Focus on optimal capital allocation.
ACCESS TO ESSENTIAL SERVICES  <p>Security of electricity and water supply remain key risks for southern African operations</p>	    	<div>2 5 10</div>   	<ul style="list-style-type: none"> Power interruptions present safety and business continuity risks Rising tariffs and the pursuit of green energy alternatives have a financial impact Competing demands for scarce water resources affect our social licence to operate. 	<ul style="list-style-type: none"> Group decarbonisation strategy targets carbon neutrality by 2050 All southern African operations are assessing renewable energy projects Developing a strategy to secure brown water sources and reduce freshwater intake.
STAKEHOLDER EXPECTATIONS  <p>PGM miners face challenging stakeholder expectations from host communities, governments, organised labour and investors</p>	    	<div>1 5</div>   	<ul style="list-style-type: none"> Stakeholder expectations and Implats' response to them have a significant impact on our legal and social licence to operate, the ability to operate assets at optimal capacity, the generation of sustainable value and the delivery of meaningful returns. 	<ul style="list-style-type: none"> Implementation of rigorous and effective stakeholder engagement strategies Deepening our understanding of variable stakeholder expectations Maintaining an optimal capital allocation framework to provide sustainable and attractive value for stakeholders.
TECHNOLOGY DEVELOPMENT  <p>Advancing digitisation creates new opportunities for improving efficiencies, internal processes and organisational structures. Security risks are a concern</p>	    	<div>7</div>  	<ul style="list-style-type: none"> Technology improves efficiencies and enhances business effectiveness and, as a key support function, is foundational to ensuring the business delivers on strategy Adaptation in human capital and skills may be required Risk of cyberattacks, which could interrupt business activities and/or result in the disclosure of confidential information and intellectual property. 	<ul style="list-style-type: none"> Agile technology development improves responsiveness to changing needs across the business Advancing opportunities to further enhance business efficiencies Effective cyber-risk management and cyber-defence mechanisms in place Enhanced focus on risks related to data privacy.

Operating environment and Group risks (continued)

EE

External
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(continued)Human
capitalIntellectual
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capital

ASSET PORTFOLIO



Supply and demand trend impacts on Implats' mineral resource portfolio is geographically diverse and dominated by low-cost, mechanised ore bodies



SUSTAINABILITY CONSIDERATIONS



Implats' activities must be conducted in an environmentally responsible way and within a strong governance framework, while ensuring and improving the wellbeing of affected stakeholders



REGULATORY ENVIRONMENT



Delivering superior value to all stakeholders is premised on ensuring full or beyond compliance with the legislative and policy environments in which we operate



CURRENCY AND COMMODITY FACTORS

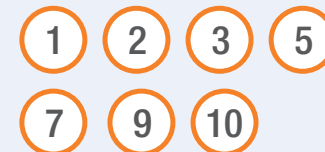
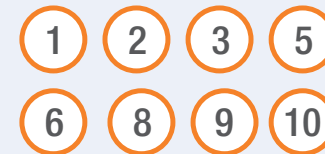


- Commodity pricing is vulnerable to changing market dynamics and investor sentiment. The South African rand is the dominant PGM producer currency. As monetary policy tightens in response to rising inflation, the rand is likely to be supported by relatively attractive interest rate differentials
- Currency or exchange rate risk due to the continued devaluation of the Zimbabwean dollar remains a concern.



Strategic objectives

Risks and capitals



Implications for value

- Value creation is influenced by our ability to safely extract, process and refine metals efficiently and effectively at the lowest cost
- A competitive asset portfolio – shallow, mechanisable, with a favourable ore mix – enables the Group to produce higher-quality volumes at a lower relative cost
- The diversity of our portfolio de-risks our asset base
- Implats' processing assets are a key competitive differentiator.

- Successfully executed ESG represents a significant opportunity for long-term value creation, building trust, sustainable growth and securing our social licence to operate.

- The cost associated with compliance, and penalties and operational disruption for non-compliance
- Policy uncertainty impacts on investment appetite.

- Implats' revenue is highly dependent on realised dollar pricing for its products and the performance of various exchange rates, which also influence the cost of production across its operations
- Revenue cyclicality and volatility over time have meaningful implications for profitability.
- Exchange rate exposure could translate into high inflation and possible cost escalation.

Mitigation

- Leveraging, strengthening and growing a diverse asset base, with operational exposure to shallow, mechanisable ore bodies to boost our competitive portfolio
- Ongoing development of processing facilities
- Focus on cost containment, achieving economies of scale and realising production efficiencies.

- Continuous improvement in our strategic approach to ESG, in line with global best practice
- A comprehensive ESG framework guides the development and integration of sustainability principles into functional strategies.

- Beyond-compliance with all relevant legislation in all its operating countries
- Anticipate change and emerging challenges to enable risk mitigation and appropriate reaction and consultation
- Ongoing proactive and constructive stakeholder engagement.

- Currency and commodity price forecasts consider market fundamentals and global risk factors to manage future risks associated with financial capital more effectively
- Interventions are implemented to counteract inherent cost inflation
- Banking facilities are denominated in both rand and dollars, allowing improved borrowing costs
- The impact, mitigation and long-term strategy related to the devaluation of the Zimbabwean dollar are heavily reliant on proactive engagement with authorities, which is discussed in more detail in our risks and opportunities section on page 140 and appendix A.