



sustainable



Sustainable development
report 2013

Our performance in 2013: Summary

		2013	2012	2011	Variance %	▲ ▼
Production data						
Tonnes milled	(000t)	18 399	17 788	20 974	3	▲
Refined platinum	(000oz)	1 581	1 448	1 836	9	▲
PGMs	(000oz)	3 232	3 016	3 772	7	▲
Revenue	(Rm)	30 032	27 593	33 132	9	▲
Operating cost	(Rm)	17 341	14 234	13 941	22	▲
Capital invested	(Rm)	6 372	8 142	5 540	22	▼
Taxes	(Rm)	1 476	1 951	2 751	24	▼
Unit cost* per oz Pt	(Rand)	16 570	13 450	10 867	23	▲
People						
EMPLOYEES IN SERVICE						
Own	Number	40 237	39 621	39 624	1.6	▲
Contractors	Number	17 130	22 483	17 504	25	▶
Turnover	%	6	10	8	43	▼
HDSA in management	%	48	48	48	–	
SAFETY RATES						
FIFR	Pmmhw	0.065	0.087	0.053	25	▼
LTIFR	Pmmhw	4.21	4.96	4.94	15	▼
TIFR	Pmmhw	10.91	11.19	13.47	3	▼
RIFR		3.06	3.13	3.23	2	▼
EMPLOYEES' HEALTH						
People on wellness programmes	Number	6 014	5 179	5 121	16	▲
People on ART	Number	4 039	3 566	2 773	13	▲
TB cases	Number	334	389	350	14	▼
Medical incapacitation	Number	588	699	388	16	▼
The environment						
Energy consumed	(000GJ)	17 574	17 542	18 222	–	▲
Energy intensity (GJ/tonne milled)		0.955	0.986	0.869	3	▼
Total CO ₂ emissions	(000t)	3 788	3 707	4 022	2	▲
Total direct SO ₂ emissions	(t)	18 536	18 463	18 881	–	▲
Total water consumed	(mℓ)	40 711	40 114	41 868	1	▲
Water withdrawn	(mℓ)	25 440	25 274	25 721	1	▲
Water intensity (Mℓ/tonne milled)		0.0022	0.0023	0.0020	2	▼
Total water recycled	(mℓ)	15 271	14 839	14 823	3	▲
Social capital						
SED expenditure (RSA)	(Rm)	102	90	130	13	▲
SED expenditure (Zimbabwe)	(US\$m)	8.9	9.1	4.1	2	▼
Housing and living condition expenditure	(Rm)	445	430	277	3	▲
Housing and living condition expenditure (Zimbabwe)	(US\$m)	24	66	17	64	▼

▲ ▼ Improvement.

▲ ▼ Deterioration.

* Excluding share based payments.

▶ Neutral

▶ Neutral

Welcome to our 2013 sustainability report...



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Our approach to reporting

Boundary and scope

This report provides information relating to our sustainable development policies, practices, performance and prospects for the period 1 July 2012 to 30 June 2013, for operations over which we have direct control and for which we set and implement policy and standards.

Materiality and target audience

The report reviews our approach to addressing those social, economic and environmental issues that have a material impact on the long-term success of the business, the sustainability of the economy, environment and the communities in which we operate, or that are important to key stakeholders. 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 2013 is described on page 18.

Reporting standards





Our sustainability reporting criteria has been informed by the G3.1 Sustainability Reporting Guidelines, Implats' internally developed reporting guidelines, and the Mining Sector Supplement, of the Global Reporting Initiative (GRI). In addition to this report, we have provided a response to some of the criteria of the GRI G4 Guidelines in an online GRI response table as we transition towards the new reporting guidelines. 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, KPMG. The scope of the assurance, the selected performance information and the independent statement of assurance are provided on page 87.

Contacts

Please address any queries or comments on this report to: Cindy Mogotsi, Group sustainable development manager. E-mail: Cindy.Mogotsi@implats.co.za.

	<p style="text-align: center;">sustainable</p> <p>Sustainable Development Report</p> <p>Our sustainable development report forms part of a suite of reports that comprise our annual integrated reporting process; all of these reports are available at www.implats.co.za. This has been developed in line with the G3 Sustainability reporting initiative guidelines and in accordance to the principles of the UN Global Compact.</p>		<p style="text-align: center;">integrated</p> <p>Integrated Annual Report</p> <p>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 Discussion Paper, <i>Towards Integrated Reporting</i>, issued by the International Integrated Reporting Council (IIRC).</p>
	<p style="text-align: center;">transparent</p> <p>Annual Financial Statements</p> <p>These were prepared according to International Financial Reporting Standards (IFRS), the requirements of the South African Companies Act, the regulations of the JSE and recommendations of King III</p>		<p style="text-align: center;">resources</p> <p>Mineral Resource and Mineral Reserve Statement</p> <p>This conforms to South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code) and the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been signed off by the competent persons, as defined by these codes</p>

Our vision, mission and values

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 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

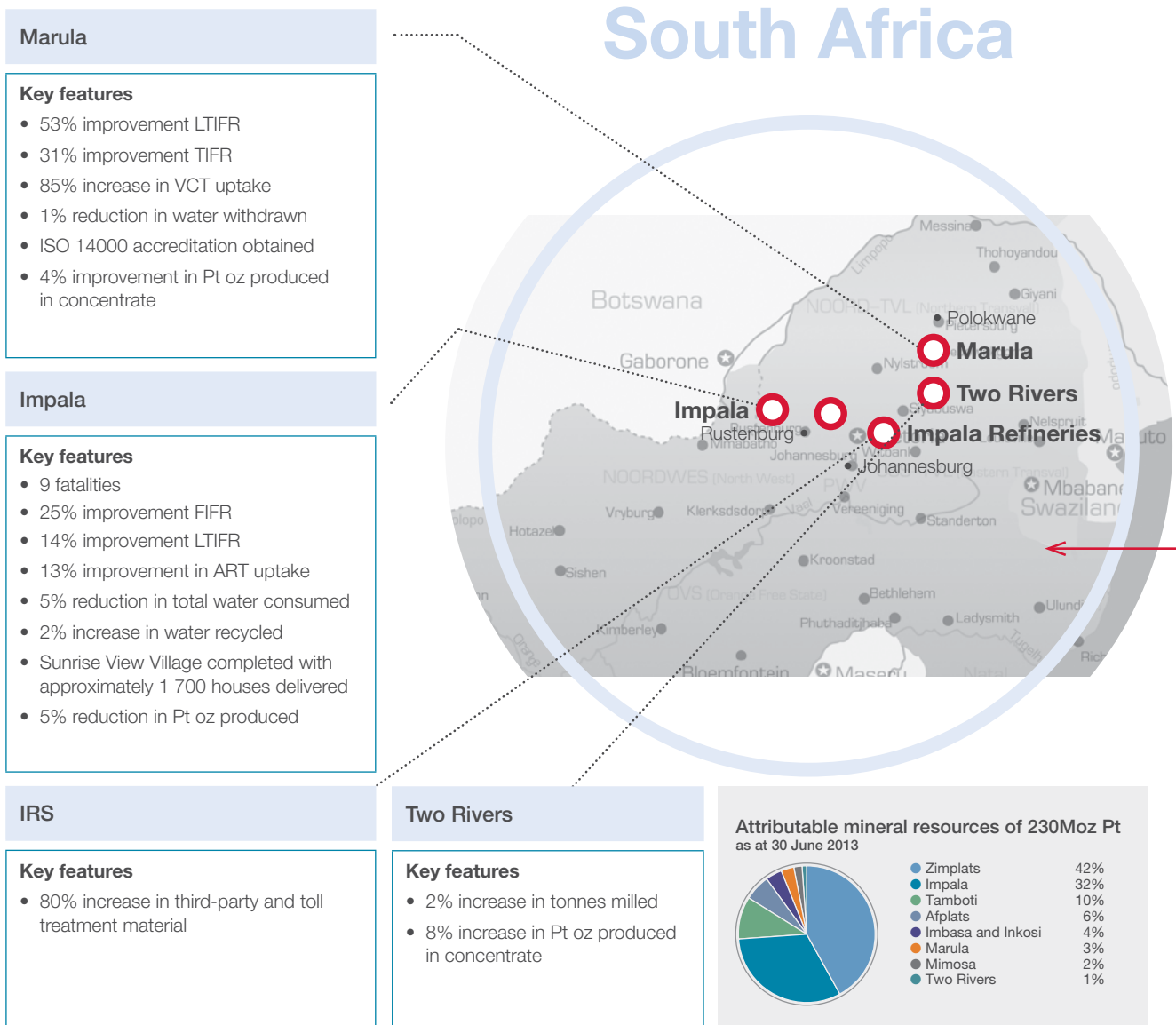
- ▷ A safe, productive and conducive working environment
- ▷ A fair working environment through equitable and competitive human capital practices
- ▷ On the development of our employees
- ▷ Positive returns to our stakeholders through an operational excellence model
- ▷ On our commitments to all stakeholders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

Who we are

Impala 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. These are the two 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.

Our major shareholders are the Royal Bafokeng Nation (RBN) and the Public Investment Corporation (PIC), who own 13.2% and 13.3% respectively with a balance of the shares being held by various public entities. (Refer to page 14 of the IR report.)



What we do

We produce around 22% of the world's primary platinum supply with a workforce of approximately 57 000, including 17 000 contractors.

In the financial year ending 30 June 2013, the Group produced 3.233 million ounces of PGMs, which included 1.581 million ounces of platinum. 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.

Zimbabwe



Mimosa

Key features

- 78% improvement in LTIFR
- 39% improvement in TIFR
- 2% increase in water consumed
- US\$4.7 million spend on community development
- 3% increase in tonnes milled and 5% decrease in Pt oz produced in concentrate

Zimplats

Key features

- 1% improvement in TIFR
- 5% improvement in ART uptake
- 30% increase in water recycled
- Continued investigation being done to install SO₂ abatement system
- US\$4.2 million spent on community development
- 7% improvement in tonnes milled to 4.6 million tonnes and 6% improvement in Pt oz produced in matte

Our business strategy

Our vision is to become the world’s best platinum-producing company, delivering superior returns to stakeholders relative to our peers.

To achieve this vision, the Group remains focused on the following four strategic objectives. These objectives are responsive to the material risks that impact on our capacity to create value. In this report we address our strategic objectives 1, 3 and 4, while objective 2 is detailed in the integrated report.



Classification of Group strategic risks – June 2013

The Group risk profile identified the following key risks:

Group strategic risk	Our response measure	Strategic objective	Reference
Platinum group metal (PGM) price fluctuations	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.	Consistently delivering superior returns	IR (pg 26)
Volatility of the rand/ US\$ exchange rate	Closely monitoring the rand/dollar exchange rate as a source of significant volatility for our business, and where prudent, will mitigate its impact.	Consistently delivering superior returns	IR (pg 26)
Non-delivery of production and productivity targets at Impala Rustenburg	Maintaining reliable and effective production processes and delivering product on time and to specification. Improving delivery on development and increasing face availability.	Consistently delivering superior returns	IR (pg 64)
Potential labour unrest – wage negotiations and employee relations climate	Striving to provide an enabling work environment that fosters open, honest and effective relations between management, employees and elected union representatives. Working with Chamber of Mines, government and labour representatives to find sustainable solutions to industrial relations challenges in the country.	Developing safe and effective people Social capital investment	(Pg 31) (Pg 50)
Poor safety performance and an increase in safety stoppages	Aiming to achieve continuous improvement in safety performance towards the vision of 'zero harm'. Adoption of the transformational cultural framework.	Developing safe and effective people Social capital investment	(Pg 31) (Pg 56)
Delayed capital project delivery	Maintaining effective project management processes and skills to ensure successful project implementation and delivery over the short, medium and long term.	Consistently delivering superior returns	IR (pg 64)
Staff turnover and demotivated employees	Developing an employee value proposition that prioritises safe production, and that offers attractive career advancement and development opportunities as well as competitive remuneration.	Developing safe and effective people Social capital investment	(Pg 31) (Pg 50)
Uncertainty regarding political and regulatory risk in South Africa and Zimbabwe	Maintaining regular contact with government officials. Ensuring full legal and regulatory compliance in a continuously changing environment. Investing in relevant community and social development initiatives.	Social capital investment	(Pg 50)
Maintaining a social licence to operate in South Africa and Zimbabwe	Addressing relevant issues regarding sustainability, corporate responsibility, and being recognised as a good corporate citizen. Maintaining sound and mutually beneficial relationships with communities and the general public. Striving to retain permission to operate, and ensuring full legal and regulatory compliance in a continuously changing environment.	Social capital investment	(Pg 50)
The supply and cost of electricity in South Africa	Ensuring we minimise our consumption of energy and water by promoting efficient processes, and adopting appropriate technologies.	Preserving natural resources	(Pg 69)

Chief executive officer's letter

Dear Stakeholder

This past year could be described as one of the most difficult in the history of Implats, and indeed for the platinum mining sector as a whole. It is a year in which we have seen falling platinum group metals prices, rising costs, reduced productivity, and continuing uncertainty in industrial relations in South Africa and the political climate in Zimbabwe.

In many respects the industry is rapidly approaching a tipping point. Unless we see some systemic shifts in the global platinum group metals market, in the nature of some of the sector's mining practices, and in the quality of our relationships with government, labour and local communities, then I believe the viability of the sector is at risk. The success or failure of the platinum business in South Africa and Zimbabwe has huge implications for the economy, both locally and internationally.

Without a viable platinum sector it will not be possible for the sector to deliver jobs and tax revenue, nor will we be able to deliver on our commitments regarding the provision of housing, to comply with the requirements of our social and labour plans, or to ensure that local communities are fairly included in the benefits that mining brings. Equally, without a successful local community or a healthy local economy, it will not be possible to sustain a viable platinum business and meet our commitments to deliver returns to our shareholders. Finding solutions to the challenges we face is in our collective interest.

Delivering a new model for platinum mining in southern Africa will not be easy. It will require business, government and labour to work together, building on our previous successes such as the Mining Industry Growth, Development and Employment Task Team (MIGDETT). It will require that each of us has the resolve to challenge some of our traditional assumptions, and that we are prepared to acknowledge the extent of change that is needed. Most importantly, it will require that we address one of the fundamental constraints that is impeding our ability to make progress: the breakdown in trust between key parties in business, government and labour. We continue to engage with the Zimbabwean government regarding the indigenisation plan. Further details are contained in our integrated report.

The events of the past year have made it clear that if Implats is to realise its vision of being the world's best platinum-producing company that delivers superior returns to stakeholders, then we will need to anticipate and be responsive to societal issues. The pursuit of sustainable development and zero harm are competitive imperatives, and should be recognised as fundamental elements of a mining company's fiduciary responsibility.

Reporting on our commitment to respect, care and deliver

In this 2013 Sustainable Development Report we review what Implats has been doing, and what we plan to do, in response to the societal challenges that we face. The report seeks to provide a balanced and accurate account of our performance over the past year and it describes our strategic commitments for the years ahead.

In the report we focus on those issues that we see as most relevant to our business and where we have the greatest potential impact. We have identified these issues on the basis of our assessment of the risks and opportunities presented by the changing business context, and informed by feedback from our stakeholders.

Underpinning all of our initiatives reviewed in this report is our commitment to respect, care and deliver, a new values system and leadership framework that we are in the process of developing following a review of our corporate culture. We are in the process of implementing this framework for the Company in terms of which each worker, manager and board member is committing to engage in a different way, treating all people with respect and care. I believe that this commitment is critical if we are to achieve our goal of ensuring sustained value creation for all stakeholders.

Investing in safety and health

It is deeply regrettable that eight employees and one contractor suffered fatal injuries while working on our mines this year. My sincere condolences go out to the families and friends of those who lost their lives. If we are to give real meaning to our commitment to respect and care, then we will clearly need to see significant further improvements in our safety and health. I know that we can operate mines without a fatality. Under my watch I am determined to see a further step change in our safety and health performance.

During the year we have seen a significantly renewed focus on safety. Following a detailed review of our current safety systems and culture, we have approved a new occupational health and safety policy, and have updated our safety strategy. Our safety strategy has three main pillars: changing our safety culture from dependence to independence, ensuring more effective supervision and training, and implementing strategic technical initiatives to minimise exposure to safety risks in our mines. To fully participate in and benefit from sector-wide safety initiatives, we have become a full member of the Chamber of Mines.

Terence Goodlace

“The events of the past year have made it clear that if Implats is to realise its vision of being the world’s best platinum-producing company that delivers superior returns to stakeholders, then we will need to anticipate and be responsive to societal issues.”



For more information on employee and contractor safety see page 32 of our **sustainable development report**

As part of our leadership initiatives I underwent a 360° Health and Safety assessment. During 2014 all Implats Exco and all “E” level production managers will also undergo the 360° health and safety leadership assessment utilising the Health and Safety Leadership Assessment tool developed from the Mining Charter. This assessment allows leadership to gain an understanding of how their individual safety behaviour is viewed by their peers and to advance behaviours that will ultimately influence positive outcomes to safety performance.

Our quest to install a culture of visibly felt leadership has also yielded positive outcomes with increased performance in leading indicators. A total of 71 545 STOP® observations conducted by front line managers have increased by 43% when compared to the previous year. In addition an internal safety stoppage system was fully developed and formalised in the year and a total of 3 528 proactive stoppages were made in the work place. This is an increase of 50%. Road behaviour checks were

increased by 59% to 39 820 and alcohol breathalyser tests by 192% to 662 152. We have achieved 91% compliance to road behaviour.

We are working to implement the Chamber’s five-pillar culture transformation framework, as well as the mining industry’s occupational safety and health (MOSH) leading practice adoption system. Recognising the critical importance of effective supervision and team motivation, we have placed significant effort in providing technical and leadership training to miners, shift supervisors and mine overseers. A total of 2 100 safety representatives have now been retrained as part of the Mining Charter requirements.

Unfortunately our ability to make further progress in changing the safety culture continues to be constrained by the tense industrial relations climate, which is not conducive to applying effective supervision. Given this context, we invested R300 million in numerous technical

Chief executive officer's letter continued

initiatives to address high safety risks in our mines that cannot currently be mitigated through supervision. This has included significant investment in roof-bolting and netting, proximity detection systems, winch-signalling devices, new centralised blasting systems as well as fail-safe devices to prevent rolling stock from going down shafts.

During 2013 large nets with temporary cam-lock jacks in addition to bolting were rolled out onto 90% of all the Merensky panels at Rustenburg. The UG2 stoping panels lagged behind due to a total change which introduced bolts as well as netting into the panels. During 2013, bolts with nets and cam-lock jacks were rolled out to 45% of all the UG2 panels at Rustenburg. We have also achieved a 100% roll out of bolts and nets onto all development ends across the Rustenburg and Marula operations. Changing the safety culture remains our overriding objective, I believe that these substantial investments are absolutely necessary in minimising safety risks.

Through our renewed focus on safety this year we have begun to see some improvements in performance. The Group fatality rate improved by 25% and was 0.065 per million man hours worked (0.087 in 2012), while our lost time injury frequency rate improved by 15% and was 4.21 per million man hours worked (4.96 in 2012).

There has been particular progress arising from our strong focus on preventing fall of ground incidents, with no such incidents reported this year. We have similarly seen some progress in our efforts on improving employee health, with a reduction in the number of noise-induced hearing loss cases (cases diagnosed at 50 in the current year, down from 63 last year). No new cases of noise induced hearing loss have been diagnosed in terms of the 2008 industry noise milestones. While these are important initial improvements in health and safety, our current performance is still not acceptable.

During the year a total of 104 Section 54 and Section 55 safety-related stoppage instructions were issued, resulting in approximately 360 000 tons of lost production at Rustenburg. While we support the principle of work stoppages where a condition or behaviour has been identified that poses a danger to safety, we are concerned that some of these stoppages have been extended beyond the scope of the risk and in certain instances have had a potentially negative impact on safety performance. We have continued to engage constructively with government on these instructions; this year we have taken under review the legality of two stoppages, which we felt were not justified by the circumstances.

Next year we will be investing further effort into training and team mobilisation to embed the right safety culture at all levels in the Company. I am committed to doing what it takes to achieve a positive change in safety performance, not only in our Company, but also across the sector.

The health of our employees is extremely important to me. All of our operations are located in southern Africa which has high HIV infection and associated tuberculosis rates and these are the two major health challenges facing our employees. The uptake and roll out of antiretroviral therapy provided through our Company medical facilities has improved by 13.5% over the past year and we now have over 6 000 employees enrolled on our Company HIV wellness programme which includes 4 039 employees taking antiretroviral therapy.

This has had a very positive impact on the lives of our employees living with HIV. I am however saddened that, in spite of the treatment programmes, 69 employees passed away from Aids related illnesses during the year. This was however a 38% improvement from the 112 deaths in the previous year.

Against the background of a tuberculosis epidemic, pulmonary tuberculosis infection among our employees and contractor employees has been controlled at an incident rate of 830/100 000 which is below the rate of TB of the general South African population. We are also providing funding and resources to the STOP TB campaign which aims at improving education, contact training and treatment within the communities.

Our employees and contractors are also screened annually for any occupation related ill health and during the year, over 90 000 occupational examinations were performed by our medical staff. Although good progress has been made with silencing of machines to below 110dB, noise-induced hearing loss (NIHL) remains a health risk for our employees and all at risk individuals are provided with hearing protection devices made to custom fit the individual. All employees who show signs of early NIHL are investigated, educated and counselled on the importance of wearing their custom hearing protection devices and any employee found to have noise-induced hearing loss is referred to third party insurers for assessment of disability compensation.

Rebuilding trust on industrial relations

A critical focus area throughout the year has been the energy we have invested in finding sustainable solutions to the industrial relations challenges facing our Company and the industry. This process has followed a two-pronged approach: a review of our employee engagement processes, followed by a cultural values assessment that is currently underway. Through these activities we are seeking to redefine behaviour and embed a culture of tolerance, transparency, respect and care, informed by a well-defined process of identifying barriers to the advancement of a healthy industrial relations climate.

In an effort to rebuild trust between all the affected parties in business, government and labour, we have been meeting regularly with key representatives from all parties, both as a Company as well as through the Chamber of Mines, which we joined early in the year. A key outcome of these engagements has been the conclusion of the Framework Agreement for a Sustainable Mining Industry, developed under the leadership of Deputy President Kgalema Motlanthe, himself a former mineworker and union leader. This agreement lays a vital foundation for the critical work that lies ahead. Despite the fact that AMCU did not sign the agreement, this highlights the importance of the rule of law and zero tolerance to violence and intimidation, it provides a clear roadmap of activities and commitments by all parties. These commitments aim to address the root causes and the more immediate manifestations of the labour-related challenges facing the South African mining sector.

Implats is committed to working with its partners in ensuring the effective delivery of these commitments. I believe that this commitment is reflected in the work that we are doing on transformation, employee and union engagement, workplace safety, community security, and on housing and skills development, all of which is reviewed in more detail in this report.

A significant development this year was the conclusion of a recognition agreement with AMCU, following the earlier withdrawal of our recognition agreement with NUM. In terms of our relationship with unions, it is our firm belief that the majoritarian approach of the past cannot be the model of the future. We are working with our employees to develop a new employee engagement model, driven by line management, that fosters open, honest and effective relations between management, employees and elected union representatives.

It is imperative that we engage with our employees at a more personal level in order to understand and address their concerns at the lowest possible level as quickly as possible. We have initiated informal meetings with employees at all shafts. The next phase of the roll out will see a ramp up in training for our employees, a critical part of engaging their hearts and minds. Team building, technical mining and safety will form the focus and these initiatives will increase productivity and improve safety. Shift supervisors, mine overseers and mine managers will receive additional training in life skills in order to relate more closely to employees.

Investing in our communities

In addition to working with our employees we have been active in engaging with the community. The events of Marikana, and the ensuing industrial unrest in the past year, brought into sharp focus the need to improve our understanding of community needs and prompted us to review our approach to identifying these needs. We have thus initiated a process to conduct a social impact assessment and baseline survey in our areas of operation in South Africa. This is the first step towards developing a coherent social strategy for the organisation that will guide our medium and long-term interventions in neighbouring mine communities. The process, which is being conducted together with our social partners and community representatives in our areas of operation, will culminate in a review of our current approach to social investment.

Our most significant contribution to the wellbeing of our communities is our investment in housing. These activities have included the conversion of single gender residences to one person-per-room and family units, facilitating individual home ownership, and upgrading existing Company housing. Our housing initiatives have had several spin-offs leading to the establishment of the new Sunrise View village, consisting of 1 700 family housing units a new Sunrise View school which registered some 800 learners in 2013 and a planned secondary school planned to open in 2014. Through these investments we are not only helping to create viable local communities, but we are also building a sustainable competitive advantage among current and prospective employees and other stakeholders. We are also supporting several community health initiatives and in South Africa we are supporting the South African National Health Insurance through health partnerships with government. During the year, we constructed and equipped a new neonatal intensive care and a high care unit at the Job Shimakane Tabane Hospital in Rustenburg and a primary care clinic at Freedom Park which were handed over to the Department of Health.

Chief executive officer's letter continued

I am also pleased to report that almost all of our housing project targets for 2013 have been achieved and that we are on track to deliver on our objectives for 2020 which is to have at least 50% of employees residing with their families. Since the implementation of our housing and accommodation strategy in 2007 we have developed and sold just under 2 000 housing units and converted four of our hostels into approximately 5 400 single units and 260 family units. While I believe that Implats has done well in the provision of housing, particularly when compared with our peers in the sector, I recognise that more still needs to be done.

Our investments in housing are supported by our expenditure on community development projects. During the year under review, through our social programmes we were able to create approximately 1 000 jobs. Further details of these can be found in this report in our social investment section. Overall Group expenditure on socio-economic development projects in South Africa this year amounted to R102 million, up from R90 million in the previous reporting period and in Zimbabwe US\$4.2 million down from US\$5.7 million in 2012. Through these investments in infrastructure, health, education, community empowerment and income-generating projects, we are helping to address urgent needs in mine communities, while also contributing to longer-term economic development. These investments have been supported by our enterprise development and procurement activities, which have focused on encouraging entrepreneurship in our mine communities, particularly among historically disadvantaged South Africans.

Our community initiatives extended to our Zimbabwean operations. In the year under review we have constructed a secondary school in Zimbabwe benefiting nearly 100 students at a cost of US\$250 000; and constructed classroom blocks, boarding hostels, a library and related facilities at various primary and secondary schools at an investment of more than US\$850 000. We have also

completed, in the year under review, the rehabilitation, extension and equipment of a community clinic with an investment of US\$670 000 and the launch of two community enterprise development projects in Chegutu and Ngezi based on market needs, with the aim of supplying Zimplats' catering suppliers with vegetables.

Managing our environmental impacts

Mining inherently has a high impact on the natural environment. To ensure effective management of these impacts, and with our goal to achieve world-class environmental performance, this year we renewed our environmental policy. In addition to managing our direct environmental impacts, all our operations are expected to develop and support a flagship environmental project within their neighbouring communities.

Arguably our most significant environmental issue relates to managing and maintaining access to water, a vital input for our mining, processing and refining operations. During the year we have implemented various projects to reduce our consumption of potable water, optimise industrial water use and increase water recycling. We have continued our engagements with the Department of Water Affairs to resolve ongoing concerns that we have regarding some of the requirements in these licences. We have also made progress during the year in our efforts to reduce carbon emissions through various energy efficiency initiatives; we have been continuing with our investigations into the feasibility of a coal-to-biomass fuel-switching project.

On air quality issues, the most significant risk for the Group relates to the sulphur dioxide emissions from our smelting and refining operations in Rustenburg, Springs and Zimplats. We have been investigating the implementation of SO₂ abatement technology at our Zimplats operations, the source of the majority of our SO₂ emissions. Pending board approval, this project is planned to commence in 2017, at an estimated cost of US\$60 million.

Looking to the future

Despite the profound challenges currently facing the platinum industry, I firmly believe in the fundamentals of the sector. I am confident that there will be a sustained future demand for platinum group metals, due to their inherent value as catalysts for chemical processes. Informed by this belief, we will continue to sink new shafts and invest in projects for the long term, albeit at a slower rate than previously planned.

To ensure our long-term viability it is critical that we take on the challenges that we are facing, and that we invest meaningfully in improving the quality of the relationships that we have with our employees, with unions, with government and with local communities. As this report shows, I believe that Implats has done some good work in building these relationships through our investments in safety, employee development, union engagement, community housing, enterprise development and environmental management.

If we look to the long-run, then I believe that ultimately we will need to transform our business away from our historic dependence on labour-intensive deep-level mining. If we consider the composition of our ore-bodies and the market dynamics in the sector, and if we are to deliver on our commitments to safety, productivity and employee development, then it is clear that the labour-intensive model we currently use will not be sustainable into the future. Managing this transformation successfully will be a complex process, involving active engagement with all affected stakeholders.

In conclusion

It has been a most challenging year for us all, and I know that more challenges lie in the year ahead. I thank all our employees, and our partners, shareholders, contractors and suppliers, for their substantial contributions in supporting our efforts to create sustained value. In reading this report, I urge you please to give us your feedback on our performance and on our disclosure. It is only by working collaboratively that we can address the challenges we face. I look forward to communicating further sustainability-related performance updates throughout the year.

Terence Goodlace
Chief executive officer

The challenging business context



The past year has been a watershed year for the South African mining industry in general, and for the platinum sector in particular. The tragic events at Marikana characterised a year that saw unprecedented levels of violent strike action in the industry and a seismic shift in the industrial relations landscape.

This came amidst a downturn in the global platinum market, with weaker metal prices and continued cost pressures. It was a year that threw into sharp relief the critical importance – and the apparent fragility – in maintaining trusted relationships between mining companies, government, trade unions and local communities.

The events of 2012 have highlighted the complex macro-economic and societal landscape in which the mining sector in southern Africa operates, and have underlined the need to rethink some of the fundamental assumptions that have been informing mining practice in the region. More than anything, these events have demonstrated the critical importance of having a considered strategic and operational response to sustainable development.

The changing context of mining: globally and in South Africa

The challenges facing the sector over the year have been both global and national. Globally, net profit for the top 40 mining companies was down almost 50% in 2012, as a result of decreasing commodity prices, an escalating cost base and declining productivity.¹ As a business, mining is generally becoming more challenging and more costly due to declining ore grades, the need for deeper mines, the riskier countries in which to do business, and the increasing cost of capital. It is an industry that has been described as facing a “crisis in confidence”, particularly among investors and governments.

Investors’ call for change has been responsible (at least partially) for five of the top 10 mining companies replacing their CEOs since April 2012. The skill set and experience of the new leadership shows a greater emphasis on operational knowledge and mining experience than on deal-making and growth through acquisition, highlighting the industry’s shift in focus to cost improvements and improved project delivery. The nature of investor demands reflects a challenge facing CEOs in other industries with long investment cycles: the need to take long-term decisions that are responsive to the changing societal content, while at the same time being held to account on quarterly or six-monthly returns, and responding to calls for increased dividends. At times these are very conflicting demands.

The difficulties facing the global mining sector have been magnified in the South African platinum industry, which has seen rising costs, declining margins, and significantly reduced levels of production due to industrial action. The industry also faces ongoing challenges around access to skills and infrastructure (such as electricity, water and transport), an increasingly stringent regulatory regime, continuing uncertainty on resource nationalism, and pressure for quicker progress on black economic empowerment. In a country with one of the highest levels of inequality globally, where unemployment and poverty remains 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.

Companies’ capacity to deliver on these often-competing expectations of communities, government, labour and investors are constrained by the tough market conditions

that are significantly reducing profitability. Framing all of these challenges has been the context of a breakdown in trust between business, government and labour.

Addressing the systemic societal challenges will require a collective effort, with business, government and labour working together, each party acknowledging the role that they play in the social dynamic.

Understanding the context

To respond effectively to these profound operational challenges we need to identify the underlying causes, and seek to address those issues that lie within our influence. At face value, an immediate cause of the labour unrest permeating the platinum mining sector last year was a failure in communication – between management and mine employees at mine level, between union members and their leaders, and between union, government and business leaders. This breakdown was itself a result of the exposed weaknesses in the majoritarian labour system, as well as the impact of rivalry between the established and emergent trade unions. These issues were further fuelled by the poor work and living conditions of many mining employees, their families and their communities.

But the causes run deeper than this. They are deeply rooted in the country’s history and in the social problems that are a legacy of the migrant labour system: the poor housing conditions in the mining areas, the poor education and illiteracy among mine workers and the high-level of indebtedness associated with supporting multiple households. All of these challenges are 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.

Transforming an unsustainable business model

Given the nature and extent of these societal challenges, it is clear that business cannot focus narrowly on meeting short-term shareholder interests alone. For the Company to survive and prosper, our corporate strategy should seek value creation for all our stakeholders.

¹ PWC Mine: A Confidence Crisis – Review of global trends in the mining industry (2013) www.pwc.com/mining.

The challenging business context continued

The future viability of the South African mining and platinum sectors depends on our collective ability to transform the way in which we have traditionally done business. Historically, success in the mining industry has tended to be defined as being the lowest cost producer, with the business objective being to use our assets to maximise returns. The clear message from Marikana – to business, labour and government – is that this business model is unsustainable and that it needs to change. The era of high margins through mining and exporting precious metals, within the lowest possible cost environment, is coming to an end.

In seeking to adjust to the changing context we need to recognise that while some things have changed, there is much that has not yet changed. The industry is still predominantly using labour-intensive manual mining methods. It remains reliant on a migrant labour workforce, mainly comprised of poorly educated men who perform manual tasks that offer limited opportunities for personal development and career progression. Across the industry, many of these workers still do not reside with their families in decent formal accommodation; and many of these workers remain reluctant to break their traditional links with the rural areas from which they originate. And when it comes to people, the reality is that not enough has changed in the industry: most mining companies still operate in a closed system, with not enough focus on people development.

The challenge of reducing reliance on migrant labour

Underpinning much of the current context is the issue of migrant labour. Addressing this issue will not be easy. Doing so raises its own challenges and potentially creates its own set of unintended socio-economic problems.

Despite the fact that most mines in the Rustenburg area have prioritised local recruitment, the dependency on migrant labour has not ended. The reality is that the best mining skills in South Africa have traditionally come from Lesotho, Mozambique and the Eastern Cape. Overcoming this issue will require investment in up-skilling members from the local community. An important challenge, however, is that local community members are often reluctant to take up this work, the perception being that underground mining jobs are dangerous, physically demanding and poorly remunerated. There is also the

added difficulty of ensuring that local recruits are in fact genuinely from the local community.

On top of this, there is the concern that abandoning the migrant labour system will have a severe impact on the local economies of the labour-sending areas, where unemployment levels are generally in excess of 80% and where there has been a reliance on the mining sector to provide much needed employment. This has resulted in an influx of job seekers into local mining communities. While this does inadvertently put additional pressure on service delivery, migrant workers can contribute positively to the local economy through the generation of income from mines. Historically, mines in the platinum industry have offered employees who become sick or who retire after long service the option to nominate a family member to replace them at the mine. This laudable practice to care for the extended family is another reason as to why the sector continues to be reliant on migrant workers. While the migrant labour system has its own challenges, what is of importance is to ensure that those who choose to migrate to mining communities have the option of bringing their families to live with them. This is possible by providing accommodation and housing options that promote co-habitation.

Building more sustainable mining operations

In ensuring the long-term viability of the platinum sector, we need to play an active role in implementing solutions that are responsive to the complex societal challenges within communities, countries and markets in which we operate. Given the realities of the global platinum market, our efforts should focus on those issues where we can make the most meaningful contribution to enhancing the resources and relationships upon which we depend.

A critical initial focus must be our employees. Our business will only prosper if we are able to recapture the hearts and minds of our employees, adopting an employee value proposition that prioritises safe production and that offers attractive career advancement and development opportunities, as well as competitive remuneration. We aim to institutionalise a new, more open, more democratic, industrial relations dispensation, with direct line management engagement where employees are recognised and respected as equals, based on a culture of trust, respect and care.



In addition to working with employees, we will need to continue our efforts in working with our communities. We will need to practise fair recruitment processes that prioritise local communities without discriminating unfairly against migrant workers, striving to select the best skills and attributes available, while seeking to develop skills through training initiatives in our neighbouring communities. We will need an ongoing emphasis on how we house our employees and improve their living conditions, partnering with government to ensure that our housing projects are constructed within a broader integrated spatial development framework contributing to fully functional communities.

To minimise the potential for another Marikana tragedy, we will need to prioritise the proper management of mine security and human rights practice, informed by international best practice such as that proposed in the Voluntary Principles on Security and Human Rights. We will need to evaluate how we use contractors, employing them for specific tasks and ensuring that they meet the same minimum employment and transformation standards that we set for ourselves. And we will need to explore the introduction of different work patterns that allow our employees to return home to labour-sending areas on a more frequent basis.

Towards business transformation

To achieve our aspirations on safety, productivity and employee development, ultimately we will need to completely transform our historic dependence on labour-

intensive deep-level mining. Moving people away from the rock face and automating our mining methods 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 significant economic benefits that this provides.

Making these changes, however, will not be easy. In many instances it will challenge much of what business, government, labour and investors may have taken for granted.

In looking for solutions, it is important to recognise the crucial role the mining sector plays within the broader economy. Efforts to constrain its ability to survive – for example by inhibiting any necessary job losses – will significantly undermine our broader contribution. But we must also recognise that protecting the mining sector cannot come at any cost. While it is true, for example, that without a viable platinum sector there will be no economic activity in Rustenburg, it is similarly the case that without a viable local community and a robust social fabric it will not be possible to mine platinum.

The importance for us as a Company to have an effective strategic response to societal issues, and to engage meaningfully with our key stakeholders, has never been clearer.

Identifying our material business risks and opportunities

We identify our strategic business objectives, and our material sustainability focus areas, through our structured internal risk management process, and with consideration to the views and interests of our key stakeholders.

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.

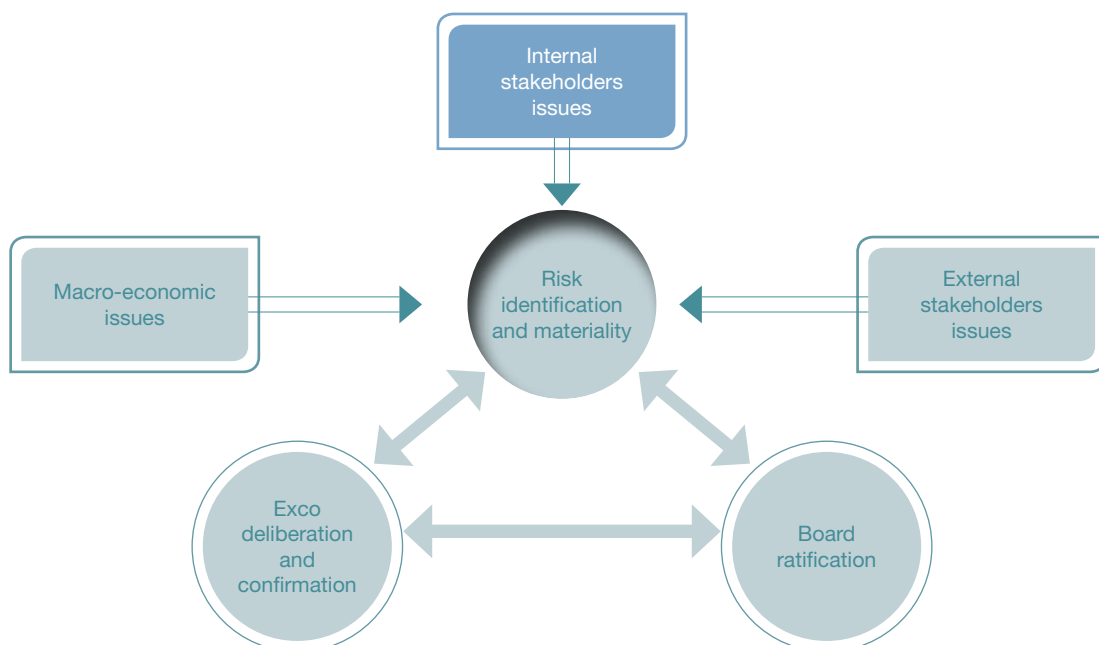
The structured risk management process comprises the following steps:

- ▷ *Establishing the context:* We consider the nature of the external operating context (pages 14 to 17), and the views and interests of our stakeholders (pages 20)
- ▷ *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 process culminates in the identification of a prioritised set of Group strategic risks (see page 7). 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 strategic sustainability objectives (page 6), as well as the performance issues for monitoring and reporting.



Implats Sustainability Policy Statement

Implats is a PGE-focused mining company involved in exploring, mining, processing and refining operations and is committed to sustainable development principles such that the Company's:

- ▷ Investments are commercially sound and financially profitable
- ▷ Practices are technically appropriate and socially responsible
- ▷ Processes and practices are inherently safe and environmentally sound.

To this end Implats is committed to:

- ▷ Developing policies in line with these principles, supported by sound systems and processes
- ▷ Complying with the governance of risk principles included in the King III Report
- ▷ Recognising that risk management is a systematic way of protecting business resources and income against losses such that strategic and operational objectives can be achieved
- ▷ Preventing all incidents and accidents at its operations in a reasonably practicable manner and strives to minimise hazards inherent in the working environment
- ▷ Safeguarding the health and safety of all stakeholders, and striving for zero harm
- ▷ Responsible stewardship of natural resources and the ecological environment
- ▷ Striving to minimise potential negative social impacts while promoting opportunities and benefits for host communities
- ▷ Upholding the human rights of employees and communities in line with legislation and the United Nations Global Compact
- ▷ Engaging with stakeholders in a transparent and timely manner through formal and informal engagement structures
- ▷ Continuous improvement of its business processes by accurately measuring, monitoring, evaluating and reporting in a transparent manner to stakeholders on performance
- ▷ Sustainable development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Identifying our material sustainability risks and opportunities continued

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. Recent events in the South African mining sector have led us to reconsider and update our stakeholder engagement processes that were initiated in 2011. It is imperative that we understand and respond to the needs and expectations of our key stakeholders. Whilst we recognise that all stakeholders are important, we have prioritised strategic relationships with employees, government, shareholders, BEE partners, customers, communities and unions, each of which is critical for the long-term sustainability of our business.

Our stakeholders	Nature of engagement	Material issues raised	Our response
Employees	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 health and safety matters Review of bonus system to motivate productivity
Trade unions	Internal communication Collective bargaining units Branch committees Chamber of Mines	Conditions of employment Discrimination Union recognition Safety Progress with transformation Union issues	Investigate any issues relating to conditions of employment. Recognition agreement signed Transformation progress report given
Shareholders, analysts and investors	Road-shows Results presentations Investor conferences One-on-one appointments	Market view Cost of production Capital delivery Nationalisation and indigenisation ESG performance (SRI investors)	Investor concerns and queries relating to the ongoing volatility in the PGM markets, and on more Company-specific issues (such as Zimplats) are addressed in our regular investor engagements
Government	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 Progress with social and labour plans Community investments and engagement Environmental compliance	Implats engages constructively with government at all levels, both as a Company and through industry representative bodies (such as the Chamber of Mines) to address issues relating to industrial relations, transformation, social development, skills and the environment. In the current year engagement in South Africa focused on the declining economic viability of the mining sector and finding solutions to ensure peace and stability with government and labour. Local government was engaged with the view of conducting a social impact assessment in partnership with them in our mine communities.

Our stakeholders	Nature of engagement	Material issues raised	Our response
Traditional council, land owners and communities	Community engagement meetings Community trust meetings Future forum meetings One-on-one meetings	Employment opportunities Procurement opportunities HIV and Aids in communities Enterprise development	The responsible executive at each operation addresses issues of concern to the community. Information on our performance on material issues is provided at community forums, particularly on employment, procurement, environmental issues and health. Held an Aids day at the operations to educate the communities
Suppliers	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
Customers	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
Chamber of Mines (CoM)	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
BEE or indigenous partners	Operational meetings Board meetings One-on-one meetings	Cost of production Capital delivery Safety Progress with transformation, and labour and social plans Labour relations	Questions and concerns relating to safety, health, production and skills development and labour relations are discussed with partners. Regular updates on progress on employee relations is provided
Producer and industry forums	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 CEO's forum. This is being handled through the CoM
Media	Press releases One-on-one interviews (radio, TV and print media)	All of the above	Media releases are released throughout the year, updating the public on all material issues affecting the Company
Advocacy groups	Stakeholder liaison meetings One-on-one meetings Surveys, hotlines and publications	All of the above	Engage with and respond to various stakeholder groups as appropriate. This year this included (for example) engaging with the Benchmarks Foundation regarding community issues in Rustenburg

Our sustainability strategy

Our sustainability strategy informs our response to those societal issues that have an impact on our business, and over which we have some influence. The strategy is regularly reviewed and revised to provide for the changing social context, and to ensure that there is a focus on the most material issues.

The sustainability strategy is premised upon three pillars and is developed in line with the Group's risk profile, which includes potential impacts and likely occurrence of the risk and the ultimate impact this may have on the bottom line.

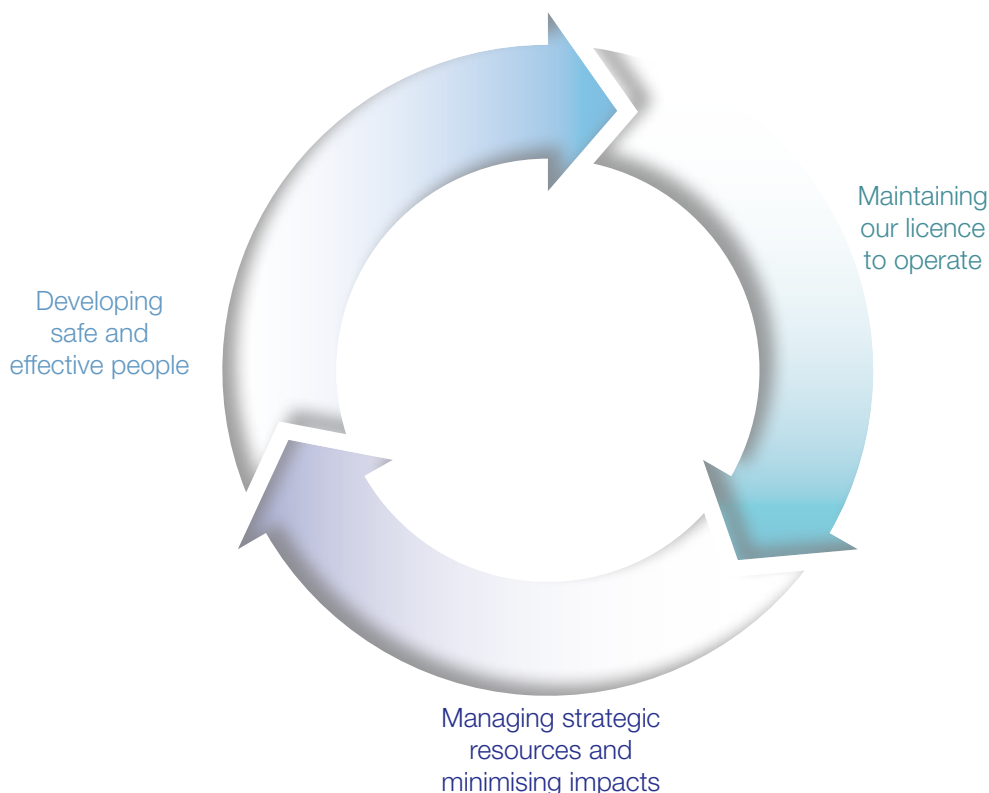
We recognise these three pillars as paramount to our ability to succeed as a business and to create value.

Developing safe and effective people

- ▷ **Safety** – Respecting the fundamental rights of all who work with us (employees and contractors) is critical to our licence to operate. Ensuring a safe and healthy workforce has obvious implications for productivity and efficiency, and contributes to the well-being of the broader neighbouring community. Achieving significant improvements in mine safety remains a top priority in all that we do. In addition to our continuing commitment to change the safety culture, we are making substantial investments in technical initiatives aimed at minimising the human element of risk within our operations. We are committed to implementing the South African mining industry's Cultural Transformation Framework.
- ▷ **Employee health and well-being** – Promoting the health and well-being of our employees, and

contributing to the broader health of their family members and communities, is critical to our ability to create value. Our health strategy addresses both occupational and non-occupational health accompanied by the necessary counselling. In the workplace 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. On non-occupational health, we seek to ensure that all employees have access to affordable healthcare so that health stressors can be identified, managed and treated.

- ▷ **Employee relations** – Last year's strike action, and the ongoing labour volatility in the platinum sector, has underscored the critical importance of maintaining a positive relationship with employees. Our ability to maintain productivity and retain scarce talent is dependent on the quality of the relations between management and employees. We are committed to finding 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.
- ▷ **Recruitment, retention and skills** – Attracting, retaining and developing skilled employees is critical to the long-term viability of our Company. As a mining company we are facing increasing competition for certain critical and scarce skills; this is compounded by a relatively high employee turnover rate due to an ageing and ailing workforce, inadequate education in our semi-skilled talent pool, and the increased difficulty



in attracting talent due to the poor image of the mining sector. Adopting an employee value proposition that offers attractive development opportunities and competitive remuneration, that prioritises safe production, and that invests in housing and community development are critical in maintaining our ability to attract talent.

- ▷ **Transformation and diversity** – Not only is this an important legislative imperative, but 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 employment equity strategy focuses on two main strategic areas: integrating transformation and employment equity considerations within our talent management and people processes; and accelerating the recruitment, development and promotion of designated groups into occupational levels where they are under-represented.

Maintaining our licence to operate

- ▷ **Maintaining effective stakeholder relations** – As a business we recognise the importance of building and maintaining trusted relationships with our stakeholders, particularly those who influence the success of our business. Structured engagement processes are in place both at a corporate and operational level, through various Company-level forums and industry bodies.
- ▷ **Regulatory compliance and influencing policy** – Underpinning all our activities is the need to ensure compliance with government legislation, as well as with some of the changing societal expectations reflected in various “soft law” and governance initiatives. In our policy interactions with government in South Africa and Zimbabwe, we seek to find the right balance between protecting business interests with those of the greater economy.
- ▷ **Investing in communities** – The business licence to operate is critically dependent on the level of support we enjoy from our local communities and their representatives, which in turn is informed by how we manage our social and environmental impacts, and how responsive we are to their concerns. The positive contribution to socio-economic development in South Africa and Zimbabwe that we provide by accessing and beneficiating minerals, is further enhanced by our strategic social investment activities. In our South African operations our investment strategy focuses primarily on infrastructure, health, education, community empowerment and poverty alleviation projects, while at Zimplats, our community engagement strategy is informed by the outcome of ongoing consultations with community leaders.

- ▷ **Accommodation and living conditions** – One of our most effective contributions to the well-being of our communities and employees is our investment in improving accommodation and living conditions. Through this investment we have facilitated the creation of viable local communities in which employees can reside with their families in a stable, healthy and secure environment within commuting distance of their place of work. In addition to the valuable social contribution, by offering a differentiated strategy on accommodation and living conditions we build a sustainable competitive advantage among current and prospective employees.
- ▷ **Enterprise development and procurement** – Our social investment commitments are supplemented by sustainable procurement practices and our support for small enterprises in the communities in which we operate.
- ▷ **Respecting human rights** – Respect for human rights is an integral part of our Code of Ethics and values. Following last year’s tragic events at Marikana, the response of mining companies to addressing security issues has been recognised as a significant risk factor. To mitigate this risk we have committed to and are implementing the Voluntary Principles on Security and Human Rights.

Preserving natural resources and mitigating impacts

By its nature, the exploration, extraction and processing of mineral resources inherently has an impact on the natural environment. Ensuring effective management of our environmental impacts, and promoting responsible and efficient use of key resources such as water and energy, have significant strategic benefits. Managing environmental resources effectively contributes to cost savings through enhanced efficiencies and reduced liabilities, and is critical in maintaining positive relationships with essential stakeholders.

Our 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.





Our approach

Our management approach and sustainability strategy informs our response to those societal issues that have an impact on our business, and over which we have some influence.

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

Our sustainability strategy is premised upon three pillars and is developed in line with the Group's risk profile, which includes potential impacts and likely occurrence of the risk and the ultimate impact this may have on the bottom line.

We recognise these three pillars as paramount to our ability to succeed and create value, these being:

- ▷ Developing safe and effective people
- ▷ Maintaining our licence to operate
- ▷ Preserving natural resources and mitigating impacts

Our sustainable development management approach

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

Our management approach

At the board level, sustainability issues are addressed through the social, ethics and transformation (SET) committee (established in 2012), and the health, safety and environmental (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 McFarlane, 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.

At an executive level, sustainable development falls under the responsibility of the executive committee and looks at the performance of the Group's non-financial indicators. The Exco lends support to 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 is 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, employment equity, stakeholder engagement and sustainable development.

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 ensuring the continuous development of our employees, while at the same time offering career progression

opportunities, with particular emphasis within our South African operations on historically disadvantaged South Africans (HDSAs). Each operation has a transformation committee comprising representatives from management, unions, women and people with disabilities, 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. Key issues arising from community forums are relayed to the operational committee and, ultimately, to the Excom 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. In the year under review our Health, Safety and Environmental policies were reviewed in line with changing business context and best practices. 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 HSE executive is a member of Excom.

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 certification to ISO 14001-certified 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; Marula Platinum received its first



certification this year, while all the other operations retained their certifications.

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 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, 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.

Managing contractors

As a result of concerns with contractor behaviour not reflecting our value systems, and to minimise any potential liability, this year we have reviewed our contractor strategy. A key objective of this strategy is to ensure that we develop clear principles that will guide the use of reputable contractor companies with the right skills and value systems to do specific tasks that we are not able to do ourselves. 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. The aim is to complete the detailed assessments with the assistance of an outside specialist and then, over time, effect the required change.

We will also be focusing our attention on suppliers' B-BBEE certificates and prompting suppliers well in advance of their expiry dates. No annual increases will be granted where certificates have expired or where transformation commitments have not been met. During the year we terminated the services of 21 suppliers who contravened our standards.

Promoting good governance

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 the internal controls, risk management and governance and to ensure that overall business objectives will be met.

Corruption and fraud

We have a zero tolerance stance on fraud and corruption. We expect 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 the Prevention and Combating of Corrupt Activities Act of 2004.

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 Group head of internal audit and the board chairman. Executives and line management are responsible and accountable for the implementation of the fraud policy, Code of Ethics and resultant procedures.

This year 139 allegations were reported across the Group. This represents a significant shift from previous years, with more allegations reported and a higher percentage of these founded.

Overall there was a 140% increase in the number of fraudulent cases in the year. This dramatic increase can be attributed to the following interventions:

- Increased fraud awareness initiatives directed at facilitating the reporting of suspected fraud and irregular activities in the Group, all this encouraged and supported by the leadership of the organisation;
- The launch of a new whistle-blower hotline which was communicated across the Group; and
- The training of all procurement personnel on identifying and reporting potential cases of corruption and fraud.

In terms of our fraud policy, the forensic section of Group internal audit investigates all reported allegations and maintains a register for tracking purposes. Of the 139 allegations reported and investigated this year, four were classified as BEE fronting; 23 were conflict of interest and corruption; 39 were relating to misconduct and irregularities and 73 were fraud and theft.

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


Fraudulent irregular activity and theft reported Group-wide by internal audit in 2013

	Investigation pending	Allegations unfounded	Allegations founded	Total
Nature of allegation				
BEE fronting	2	2	0	4
Conflict of interest and corruption	12	4	7	23
Fraud and theft	13	18	42	73
Misconduct and other	2	20	17	39
Total	29	44	66	139

At the SA operations 29 allegations were founded, 11 unfounded and 25 are pending investigation. Of the 29 founded cases, 14 were found guilty and the individuals received sanction ranging from employee counselling to dismissals, four were found not guilty and the remaining 11 are still pending.

At the Zimbabwe operations there were 74 reported allegations, 82% of which relate to the Zimplats operation and the remaining 18% were reported from the Mimosa operation. All allegations were investigated resulting in 37 cases founded, 33 unfounded and four are still pending. Of the 37 founded cases, 29 were found guilty and the individuals received sanction ranging from written warning to dismissals, six were not guilty and the remaining two are still pending.





Developing safe and effective people

In ensuring the long-term viability of the platinum sector, we need to play an active role in implementing solutions that are responsive to the complex societal challenges within the communities, countries and markets in which we operate.

Given the realities of the global platinum market, our efforts should focus on those issues where we can make the most meaningful contribution to enhancing the resources and relationships upon which we depend.

A critical initial focus must be our employees. Our business will only prosper if we are able to recapture the hearts and minds of our employees, adopting an employee value proposition that prioritises safe production and that offers attractive career advancement and development opportunities, as well as competitive remuneration. We aim to institutionalise a new, more open, more democratic, industrial relations dispensation, with direct line management engagement where employees are recognised and respected as equals, based on a culture of trust and respect.

Safety

Our management 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. During the year, safety has received greater executive focus under the new chief executive officer. In August 2012 the board approved a revised occupational health and safety policy covering all of our operations.

Our safety 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 through the Group from the current 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 an interdependent culture there is the added focus of helping others to adopt good safety practice.

The safety strategy has three main pillars, each of which is underpinned by an accompanying set of action plans:

- ▷ Changing the safety culture:
 - Implementing the industry’s Mine Health and Safety Council’s (MHSC) cultural transformation framework
 - Embedding the Mining Charter’s health and safety commitments
 - Actively participate and support the CEO’s elimination of fatalities task team initiative
- ▷ Ensuring effective supervision:
 - Training miners (1 504), shift supervisors (424) and mine overseers (73)
 - Normalising the industrial relations environment
 - Implementing the Implats safe production rules
 - The Triggered Action Response Plan (TARP), which formally elevates hazards up the supervisory chain has also been developed and rolled out by the MOSH learning hub and corresponds with our FOG Major hazard Management Plan. TARP consists of a set of documented and known hazards that must be checked for in the working place. The level of risk is also pre-identified and the responsible person, doing the inspection has to react according to this plan. Once the risk is “Triggered” the remedial process is escalated to the level of responsibility that is required to deal with that risk in terms of the defined process

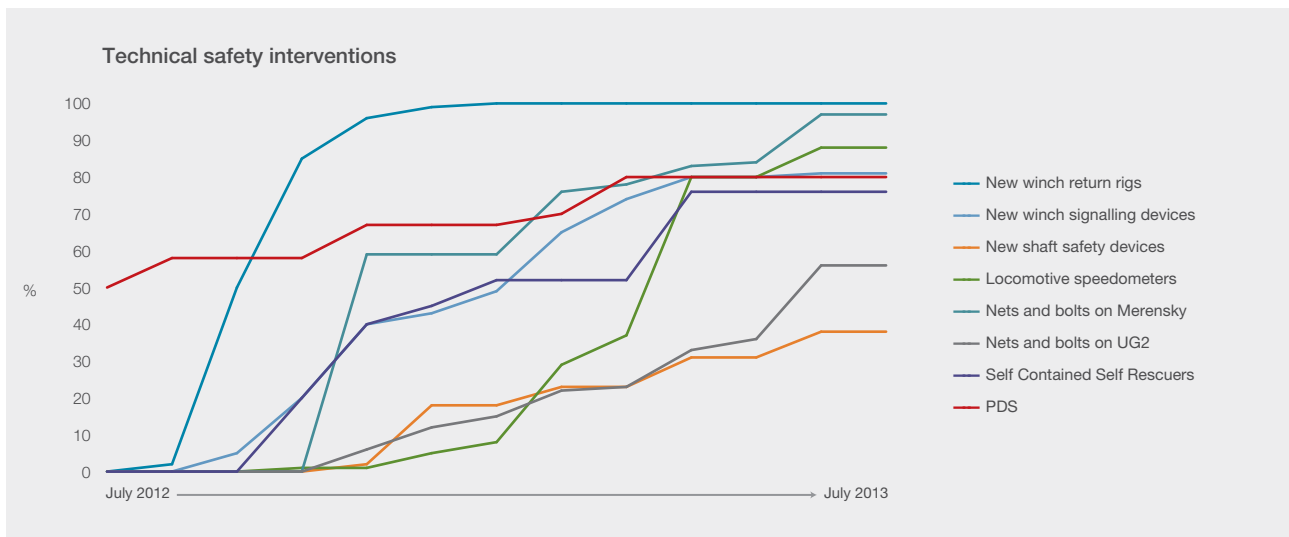


- ▷ Implementing technical initiatives including:
 - Roof bolts and nets, fire retardant conveyor belts, self-contained self-rescuers and electronic winch signalling devices
 - Proximity detection systems (PDS) for trackless and track bound equipment
 - Vertical shaft bank and station safety devices by 2014
 - Installing Locomotives speedometers
 - Installing new winch return rigs
 - As part of the Flammable gas management process a Methane gas strategy has been developed which involves:
 - Methane gas sampling at the Rustenburg and Marula underground shafts
 - The purchase of two Gas Chromatographs for determining long term flammable gas emissions at 11 Shaft in Rustenburg
 - The installation of a barometer to determine the influence of barometric pressure on gas release risks and a system to communicate “gas alerts” commissioned at 11 Shaft

- The development of a mockup facility at the 9 Shaft training facility which was commissioned during 2013
- Conducting a methane awareness campaign for Rustenburg and Marula which was completed in August 2013, as part of the strategy implemented in 2013.

Following the recent changes in the industrial relations landscape we are in the process of establishing a revised health and safety agreement with all employee representative groups, inclusive of AMCU, the new representative union. In the interim all health and safety structures have been put in place in accordance with the requirement of the Mine Health and Safety Act.

While we recognise the fundamental importance of developing the right culture, our ability to make further progress in this area has been constrained by the tense industrial relations climate in the platinum sector. Given this context, we have focused our efforts on making substantial investments in technical initiatives aimed at minimising the human element of risk within our operations.



Safety continued

Over the year we invested R210 million in various technical solutions aimed at protecting all those who work in our mines and these 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
Sasol safe blast system	R4 603	R25 000	Jun-14
Fire detection system	R4 031	R12 020	Dec-13
WPD signalling devices for scraper winches	R8 063	R8 869	Jan-14
Self contained self rescuers	R65 371	R85 000	Nov-13
Methane management	R4 750	R26 860	Dec-15
Fire retardant conveyor belting	R18 500	R24 000	Jun-14
Shaft station safety devices	R24 689	R60 000	Jun-14
Roof bolt and netting	R25 558	R32 140	Jun-14
Personnel detection systems on trackless machinery	R45 411	R61 880	Jun-13
Speed monitoring on rail bound equipment	R9 500	R16 000	Dec-13

Although we have made some progress 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 we also fell short of the 2013 Mining Charter target for FIFR 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.

Our 2013 safety performance

It is with regret that we report that eight of our employees and one contractor died at our operations during 2013. All nine fatalities occurred at Impala's Rustenburg operation. Three of these fatalities were explosion related, three were scraper related and there was one incident in each of the following: inundation, equipment handling and trucks/tramming. We have undertaken investigations into the root causes of these fatal incidents and have implemented remedial actions.

In memoriam

The following employees died at Impala during the course of work during 2013. We extend our sincere condolences to their families, friends and colleagues:

Our employees

- ▷ Mr Albert Kgauta Mlamleli on 29 October 2012
- ▷ Mr Gaoagiwe France Wesi on 11 November 2012
- ▷ Mr Sonwabile Sidinana and Mr Tembikile Trueman Nomvethé on 4 December 2012

- ▷ Mr Joel Gaoretelewe Selebogo on 10 December 2012
- ▷ Mr Daniel Makibiti Motenalapi on 25 March 2013
- ▷ Mr Gwebindlala Bhola on 3 April 2013
- ▷ Mr Gaopelo Stephen Moalusi on 12 April 2013.

Contractor employees

- ▷ Mr Joseph Daemane Matatiele on 2 August 2012

The decrease in the fatalities from 12 last year and the reduction in the fatality rate from 0.087 to 0.065, reflects our renewed focus on safety during the year. There has been particular progress arising from our strong focus on preventing fall-of-ground incidents, with no such fatal incidents reported this year. While we have shown some welcome improvement in our performance, we acknowledge that there is still much work to be done.

- ▷ The fatality rate improved to 0.065 per million man-hours worked from 0.087 in 2012.
- ▷ The lost-time injury frequency rate per million man hours (LTIFR) improved to 4.21 from 4.96 in 2012.
- ▷ 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 10.91 from 11.19 in 2012.
- ▷ The serious injury frequency rate improved by 2% to 3.06 per million man hours from 3.13 in 2012.

In addition to tracking these important lagging indicators, we are continuing to focus on refining and monitoring a set of leading indicators of performance. These include the number of internal safety stoppages, the results of alcohol testing and road behaviour checks, and the number of safety meetings, induction programmes and safety representative training initiatives. We saw improvements during the year in each of these indicators:

- ▷ A total of 65 stoppage² instructions (excluding section 55's) were issued in 2013, resulting in approximately 261 days of lost production at our Rustenburg operations, and 21 days at Marula (compared with 292 and zero days respectively in 2012); 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. In certain instances a stoppage may in fact have a negative impact on safety performance. Although the absolute number of instructions decreased this year, the duration of stoppages has increased. We have also been levied with two fines from the DMR relating to stoppage instructions. We have requested a formal review of these fines. In addition an internal safety stoppage system was fully developed and formalised in the year and a total of 3 528 proactive stoppages were made in workings.
- ▷ We achieved 91% compliance in our road behaviour testing, as compared with 35% three years ago

- ▷ We conducted 662 152 breathalyser tests throughout our operations in line with Company policy of zero alcohol in the work place. As a result 853 tested positive; disciplinary action has been taken against all employees testing positive.

During the year one non-work-related fatality occurred on surface at Rustenburg's number 7 Shaft. Our sincere condolences and deepest sympathies go out to the family affected by this incident.

Our safety focus for 2014 and beyond

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

- ▷ **Leadership:** We will continue to focus on ensuring that all operations have behaviour-based safety programmes in place, that the DuPont STOP process is fully implemented at Rustenburg and Marula, and that all E level employees attend safety leadership training.
- ▷ **Culture shift:** As part of our efforts to change the culture of safety within the mining industry, we will use the Chamber of Mines Five Pillar Cultural Transformation Framework (CTF). This includes a focus on the following elements: leadership; risk management and accident investigation; bonus incentives; adopting leading practice; and eliminating discrimination. To support these five pillars we will strive to implement the following initiatives:
 - Undertaking a gap analysis of how we have progressed against the CTF
 - Training 3 200 safety representatives by 2014
 - Implementing leading practice on the adoption of new technology
 - Investigating and accessing at least three of the Mine Health and Safety Council's research projects.
- ▷ **Supervision:** We will continue to focus on providing technical and managerial training for miners, shift supervisors and overseers, in the belief that inadequate supervision remains a major safety concern.
- ▷ **Normalising the industrial relations environment:** This issue underpins the successful delivery of all our strategic objectives. From a safety perspective we will ensure that senior management engages with supervisors to contextualise the current challenges and provide support for effective supervision, and we will be pursuing interactions with senior union leadership to gain commitment for safety initiatives.
- ▷ **Communication:** Building on the initiatives we have implemented this year, Implats-branded safety communication messages will be further extended into our immediate communities with the assistance of external communication agencies.

² In South Africa the DMR issues section 54 or 55 stoppage orders; in Zimbabwe the state inspectorate issues a stoppage instruction.

Safety continued

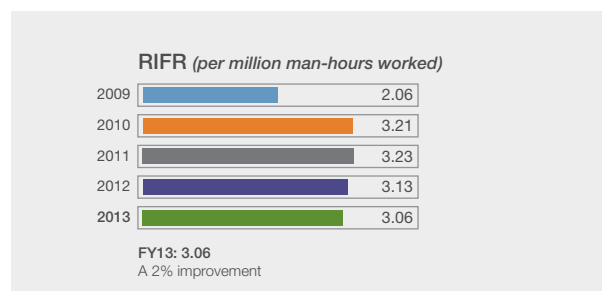
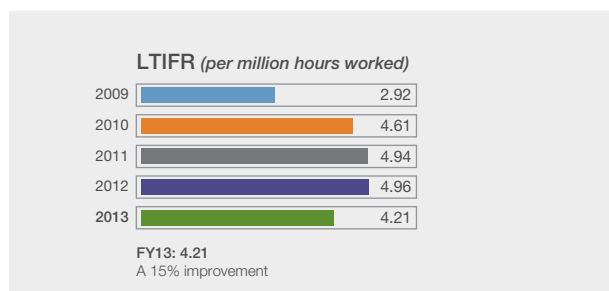
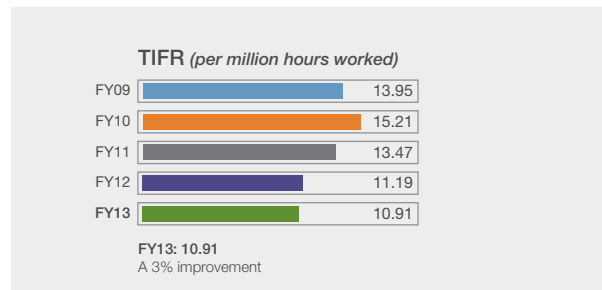
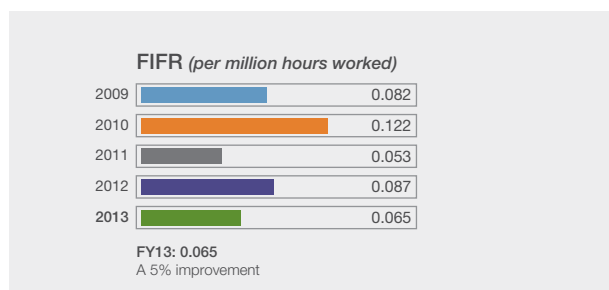
- ▷ **Safety reward systems:** We have reviewed our incentive schemes at all levels to include leading and lagging safety indicators.
- ▷ **Safe production rules:** A list of safety-specific rules have been developed and used to train employees.
- ▷ **Risk management review:** We intend to develop a fully integrated health, safety and risk management plan to increase risk awareness and mitigation at all levels in the organisation; the introduction of major hazard standards will be assessed and an online hazard

identification and rectification system will be implemented across the Group utilising the ISOMETRIX system.

- ▷ **Targets:** 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.

Fatal injury frequency rate (FIFR)

Per million hours worked	2013	2012	2011	2010	2009
Impala Rustenburg	0.091	0.115	0.061	0.166	0.107
Impala Springs	-	-	-	-	-
Marula	-	0.130	-	-	0.134
Mimosa	-	-	0.100	-	-
Zimplats	-	-	-	-	-
Group	0.065	0.087	0.053	0.122	0.082

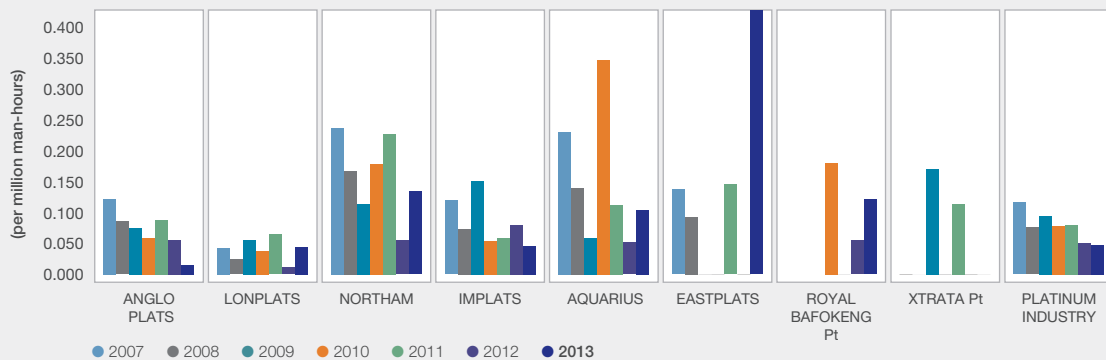


NOTABLE SAFETY ACHIEVEMENTS ▾



- ▷ Zimplats 10 million fatality free shifts on 26 March 2013
- ▷ Impala refineries 9 million fatality free shifts 9 November 2012
- ▷ Impala 1 Shaft 6 million fatality free shifts on 13 December 2012
- ▷ Impala 12 Shaft 4 million fatality free shifts on 9 May 2013
- ▷ Mimosa 3 million fatality free shifts on 22 April 2013
- ▷ Impala 16 Shaft 2 million fatality free shifts on 1 March 2013
- ▷ Impala 10, 14, 20, 6 Shafts and Marula each achieved 1 million fatality free shifts during the year
- ▷ Mimosa improved its lost time injury rate by 78% for the year
- ▷ Marula improved its lost time injury rate by 53% for the year

Comparison of fatality rates (6 month 2013) across the South African Platinum Industry



Employee health and well-being

Our management approach to health

Promoting the health and well-being of our employees, and contributing to the broader health of their family members and communities, is critical to Implats' ability to create value. Poor health has severe consequences across a range of interrelated issues including safety, staffing practices, absenteeism, efficiencies and skills retention. Our health strategy addresses both occupational and non-occupational health.

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.

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 Refinerries. In addition, we provide access to external medical schemes to those employees who prefer alternative private arrangements. The IMP currently has a membership of over 20 000 people. A significant current development that will impact our non-occupational health strategy is the South African Government's commitment to National Health Insurance (NHI). We are supporting the NHI through partnerships with the Department of Health. Two partnership projects – the Job Shimakane Tabane Neonatal Unit and the Freedom Park Clinic – were successfully completed this year.

Recognising the critical role of nutrition in maintaining our health strategy, we use the advice of dieticians in choosing all food provided in Company accommodation. The provision of mid-shift feeding is being investigated and a trial to establish the most effective methods of distribution, control and formal mid-shift feeding is being conducted at 1 Shaft and will be extended to 14 Shaft Impala Rustenburg operations.

Our 2013 health performance

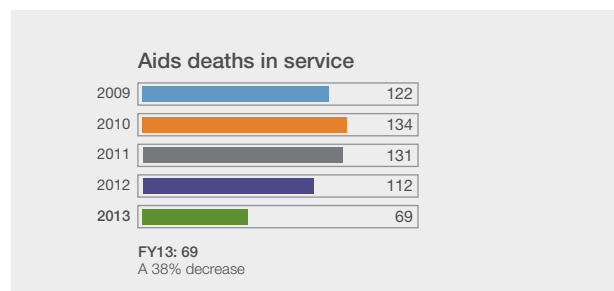
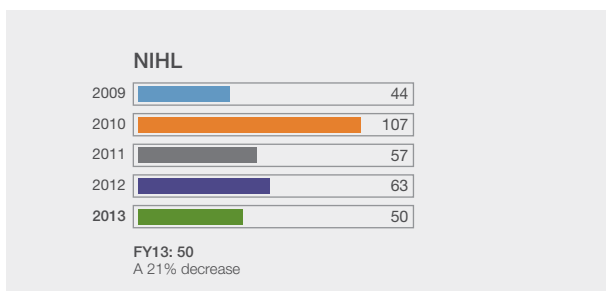
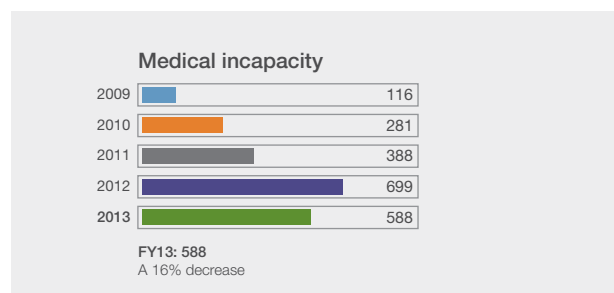
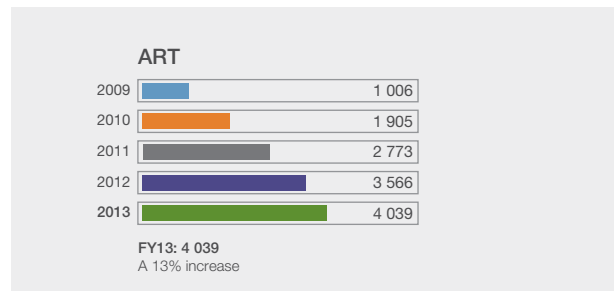
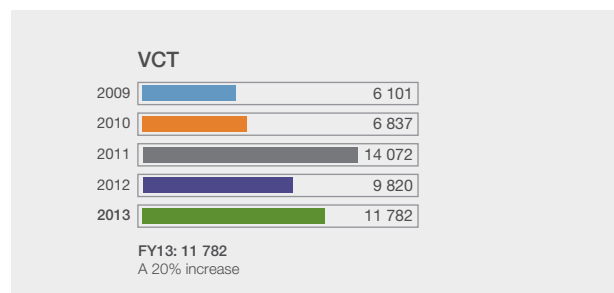
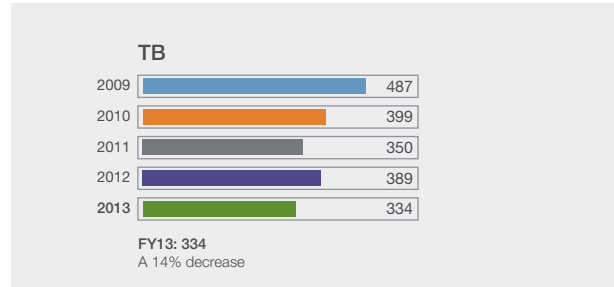
The principal occupational health risk associated with our mining activities is noise-induced hearing loss (NIHL). The main health risk facing all employees is the human immunodeficiency virus (HIV) and infection with pulmonary tuberculosis (TB). Both of these are of epidemic proportions in southern Africa.

The key health trends and our performance during 2013 are summarised below; a more detailed review of our health performance at an operational level is provided on page 81.

- ▷ **General health indicators:** During the course of the year we conducted over 90 000 medical screening examinations on employees to ensure that they are fit to perform their specific duties.
- ▷ **Noise-induced hearing loss (NIHL):** In 2013, 50 cases of NIHL were diagnosed and submitted for assessment for compensation, as compared with 63 in 2012. NIHL remains a major occupational health risk and the number of employees showing early loss of hearing remains a concern. To combat this we have made further progress on the silencing of individual machines to below 110dB and all new equipment is purchased in terms of the buy quiet policy to ensure that no machines emit noise levels above 110dB. In addition to these initiatives, exposed individuals are provided with custom made hearing-protection devices (HPD).
- ▷ **Pneumoconiosis:** The risk of contracting silicosis on our operations is extremely low due to the very low levels of Alpha Quartz in the rock that is being mined. Altogether 20 new cases of silicosis 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.
- ▷ **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. During the year, we undertook 11 782 HIV tests on employees (2012: 9 820). Over the year a total of 6 014 employees participated in the wellness programme (2012: 5 179), of whom 4 039 (2012: 3 566) received antiretroviral

therapy (ART). Altogether 1 075 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 69 employees passed away due to HIV-related illness during the year (compared with 112 in 2012), while an additional 588 patients applied for medical incapacity and left the Group. In our Zimplats operations we have engaged sex workers in the informal settlements around the mine area to involve them in our programmes on HIV/Aids and sexually transmitted diseases. This has resulted in a reduction in the incidence of sexually transmitted infections among mine employees and dependants.

- ▷ **Pulmonary tuberculosis (TB):** TB remains a significant health risk for our employees, due mainly to co-infection with HIV. A total of 87% of newly diagnosed TB patients in 2013 are HIV-positive. During the year, 334 new cases of pulmonary TB were detected (2012: 389), equating to a rate of 830 per 100 000 employees.
- ▷ **Diesel particulate matter:** All diesel has now been changed to low sulphur diesel; this has resulted in a reduction in particulate matter exposure of 15%.
- ▷ **Malaria:** In 2013, 56 cases of malaria were diagnosed at Impala Rustenburg and nine at Ngezi Zimplats. All of these patients had recently travelled to malaria endemic areas. All cases were successfully treated. We will be conducting further malaria vector surveys at the Ngezi operations in November 2013 to determine if there are adult female anopheles mosquitoes present during the rainy season.
- ▷ **National Health Insurance:** Two projects (Neonatal ICU and Freedom Park Clinic) were completed at a cost of R8.5 million and were handed over to the Department of Health during 2013.



Employee health and well-being continued

Our health focus for 2014 and beyond

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

- ▷ **Noise-induced hearing loss (NIHL):** Employees 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 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.
- ▷ **Diesel particulate matter (DPM):** The monitoring of personal exposures to DPM will continue into the future. The risk of exposure to DPM will be mitigated by adequate ventilation, low sulphur diesel replacement and exhaust filters in underground diesel combustion engines. We will continue with our programme of silencing machine across the Group and with our buy quiet policy of only purchasing machine and equipment that emits noise below 110dB.
- ▷ **Pulmonary tuberculosis (TB):** We will strive to ensure that there is no further increase in our current incident rate (which is currently 830 per 100 000 employees), and that we at least maintain our in-house cure rate of above 90%. We will also assess the TB risk in contractors and investigate contact tracing in communities and mitigate 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 4 039 patients on ART treatment.
- ▷ **Employee wellness:** Our wellness programme extends care and guidance to approximately 6 014 employees, with 4 039 employees receiving antiretroviral treatment; we anticipate that the ARV uptake will grow by 5% per year. We will be placing stronger emphasis on monitoring and promoting employee fitness throughout the Group, and we will undertake further work during the year to identify the most effective means for the distribution of subsidised nutritional feeding to underground employees.
- ▷ **Medical Aid and non-occupational medical care:** The Impala Medical Plan currently has a membership of over 20 000; our aim for next year is to increase membership by a further 5% while maintaining affordable contribution levels.
- ▷ **National Health Insurance:** Ensuring that our health strategy is fully aligned with the NHI remains a key focus for 2014. In accordance with our MoU with the Department of Health, we intend to enter into a further MoU regarding the establishment or refurbishment of primary care clinics in and around the lease areas.

Employee relations

Our management approach to employee relations

The events of the past year have underscored the critical importance of maintaining effective relationship with employees and stakeholders.

Implats is committed to providing an enabling work environment that fosters open, honest and effective relations between management, employees and elected union representatives. Our labour relations policy deals with freedom of association, recognition of trade unions, discrimination and the rights of employees and contractors. 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.

Currently on average 81.3% of our South African employees and 35% of our employees in Zimbabwe are covered by collective bargaining agreements with labour unions. Issues addressed within these agreements include 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.

Following the recent tumultuous events in the sector, we have recognised that we had previously over invested in the institution of the union to identify and resolve people-related problems, rather than empowering our line managers to get more directly involved in overseeing people-related issues. To address this concern our strategy on employee relations has focused firstly on the short-term need to normalise the operating environment as quickly as possible, and secondly on the longer-term goal of recapturing the hearts and minds of our employees. Our aim is to create a new employee engagement model driven by line management, and to establish an industrial relations dispensation in which all stakeholders commit to a common set of values that extend the current boundaries of what constitutes the 'common interest'.

Our employee relations strategy is based on the following key principles:

- ▷ Encouraging the involvement, as far as possible, of all stakeholders in crafting a future dispensation in a process where dialogue and problem solving become the primary means of dealing with issues
- ▷ Establishing a multi-union dispensation with a lower threshold and the avoidance of a "winner takes all" majoritarian system as far as possible
- ▷ Building sound and sustainable direct relationships with employees, without undermining our union relationships and/or their relationship with the workers
- ▷ Transforming the relationships between frontline managers and employees to a culture of collaboration and problem solving
- ▷ Inculcating the new Impala values of respect and care.

Our 2013 performance on employee relations

The industrial relations landscape within the South African platinum mining sector continues to evolve. During the year the Association of Mineworkers and Construction Union (AMCU) increased its representation across the mining sector and has begun to receive recognition at some of the platinum companies. During the reporting period we withdrew recognition with National Union of Mineworkers (NUM) at the Impala Rustenburg operations, and later in the year signed a recognition agreement with AMCU for this operation. Continued rivalry between AMCU and the NUM has remained a challenge.

A key development this year has been the tripartite process between government, industry and labour that has most recently been chaired by the South African Deputy President. This process has resulted in the Peace and Stability Accord, promoting non-violence, tolerance and stability. Implementation of this Accord is proving a challenge at the grassroots level, where our approach of face-to-face engagement with employees to take the pledge has been met with some initial resistance.

Employee relations

We are determined to progress this further and engage weekly with all labour stakeholders. Efforts to set up a central bargaining forum within the sector have not materialised this year. However this will continue to be advanced through the Chamber of Mines, in coming year once wage negotiations have been concluded.

During 2013 our South African operations did not suffer any significant work stoppages with only minor stoppages translating into 20 000 tonnes of lost production at individual shafts and at operational level.

At Implats we have generally enjoyed cordial industrial relations, with no industrial action experienced throughout the year. Collective bargaining for the Zimbabwean mining industry went smoothly and was concluded in February 2013. The major industrial relations issue was the utilities dispute that has since been resolved. Early in the year there was some trade union activity at Ngezi, where the two unions, Associated Mine Workers Union of Zimbabwe (AMWUZ) and National Mine Workers Union of Zimbabwe (NMWUZ) were jostling for membership, capitalising on the utilities dispute. This has since subsided.

Across the Group we are communicating more directly with employees. Employee opinions have been surveyed and feedback will be used to ensure we meet their expectations concerning the Respect, Care and Deliver initiative of the CEO. 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 over and above the conversations between Implats and the unions.

We have taken a harder line on discipline, especially with respect to reported cases of assault and violence in line with the Peace and Stability Accord. 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 focus on employee relations for 2014 and beyond

The current employee relations environment is characterised by high levels of employee disengagement. The intense union rivalry has exacerbated the situation. The lack of a direct relationship between management and the employee has been exposed. The challenge facing the organisation is to regain control, normalise and win back the hearts and minds of our employees. We have therefore developed a revised approach to industrial and employee relations that seek to resolve people issues at the source as quickly as possible. This revised approach will include a range of activities over the short and medium term.

- ▷ The plan is to implement an inclusive and credible externally facilitated process aimed at maximising the quality of the outcomes and the buy-in of all stakeholders. This new approach will be driven within a rights-based framework, with the focus on creating opportunities for participation that should exclude winner-takes-all options and that sets lower thresholds to gain recognition and negotiating rights as far as possible.
- ▷ We are currently ensuring that our supervisors and mine management are up-skilled. This will enable the fostering of stronger relationships between Implats and employees. The solution is threefold: firstly, a week of team building that addresses our key issues and fosters

problem-solving capabilities; secondly, supervisors and mine managers will start a six-day technical training on all aspects of their job; and thirdly, we will conduct people leadership skills training, equipping supervisors and mine managers with skills to combat the current climate.

- ▷ There is currently an investigation into means of ensuring the appropriate representation for all employees, including considering how non-unionised employees are appropriately catered for and represented. There is a plan to engage government and unions through the Chamber of Mines (CoM) and to focus on rebuilding relationships with all unions. There is also renewed efforts to rebuilding centralised bargaining at the CoM.
- ▷ For the Zimbabwean operation, our focus will be on striving to resolve IR issues swiftly in-house, strengthening internal communication structures to enhance the effectiveness of the Company's work councils and building trust at all levels of the organisation.

Recruitment, retention and skills

Our management approach to people

Our approach to people management continuously focuses on ensuring that our employees operate in a safe environment supported by organisational programmes that enhance productivity and efficiency. As such our people strategy focuses on ensuring that employees are motivated, have the ability and requisite skills to carry out their duties and operate in fair and ethical work environment. Primarily the organisation aims to ensure that it has the right people, at the right place doing the right things.



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

There are various factors that are contributing to this challenge, including:

- ▷ Employee turnover, as a result of an ageing/sick workforce
- ▷ High turnover of critical mining skills, as a result of intense competition for these skills
- ▷ A depleted national skills pool for core mining skills
- ▷ Poor education levels in our semi-skilled talent pool
- ▷ Ineffective primary and further education and training institutional capacity
- ▷ High unemployment among the youth and in mining communities
- ▷ The general poor image of the mining industry as a potential employer.

To address these challenges our strategy is focused upon attracting, retaining and rewarding the right people, and providing the right skills to the right people.

With this in mind, the following strategic initiatives are in place:

- ▷ **Recruitment:** The principal aim of our recruitment strategy is to ensure we get the right people: younger, healthier, better educated, locally based and more women.
- ▷ **Reward:** A critical part of our talent strategy is to offer fair remuneration, consisting of a market-related basic wage, appropriate employment benefits and effective incentives linked to our safety and production efficiencies. The amounts have decreased substantially over the past few years due to lower productivity and increased safety stoppages, which has placed additional pressure on our fixed pay elements and employees' disposable income. We offer maternity

leave of four months, and paternity leave of four days. At our Zimbabwean operations the philosophy is to pay rewards that fall into the upper quartile of the market rate. This has placed these operations in a position where they are able to attract good talent. The last three years has seen an increase in mining activities within the country, particularly within the diamond mining, consequently placing a greater demand for critical skills and talent. At the beginning of this year Implats carried out a survey on remuneration to benchmark with peer companies, as a result of which salary adjustments were provided for critical skills in grades C3 and C4. The latest survey indicates that the Company remains competitive.

- ▷ **Skills development:** Skills development activities focus on three main areas: technical skills, general education and people management skills. All three are critical enablers for us to increase intellectual capacity within the Group and facilitate succession planning and advancement activities, thus reducing our reliance on the external market for these skills.
- ▷ **Succession plans and talent identification:** Historically we focused efforts only on D and E level for succession planning. The scope has more recently been expanded to include identification of talent within semi-skilled and supervisory level positions. We focus on ensuring that talent pools are identified for all critical occupations. The talent pools are reviewed quarterly and assessed to ensure that identified talent is considered for promotional and developmental opportunities.
- ▷ **Leadership development:** Our leadership development initiative focuses not only on developing the technical ability of managers, but also on ensuring that they have the critical people leadership skills. This has become more important in the post-Marikana operating environment. The successful leadership of employees in the current labour environment clearly requires a particular set of skills and values. We have mobilised our senior mining leadership around these issues with the assistance of an independent expert to engage and empower our leadership with the necessary attributes to deal with people challenges.

Our 2013 performance on people management

Our performance on employee-related issues was dominated by the aftermath of Marikana. 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 page 80.

- ▷ **Skills turnover:** Total workforce turnover for 2013 was 5.7%, down from 10% in 2012. The turnover of our miners at the South African operations was 8.8% for the year, decreasing from 20% last year due to current job market conditions and the marked salary increases granted in the year 2012 bringing some stability to employee skills migration. Turnover of rock drill operators was 4.4%, down from 12% last year; the decrease again attributable to the strike action in 2012. At the Implats operations turnover remained stable at 3.9% (4.2%: 2012)..
- ▷ **Performance and talent management:** Our performance management system has been reviewed and amendments made to the system and process. In this financial year we have successfully implemented discipline-specific talent management forums and area-specific talent identification forums. These 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. Succession planning, performance assessments, developmental priorities and ensuring potential candidates move within/toward the relevant career paths are outcomes of this process to ensure upward mobility and successful talent management of our internal talent.
- ▷ **Skills development:** During the year we implemented various initiatives aimed at promoting skills development:
 - In our South African operations we commenced implementation of our new training programme, developed in partnership with the mining recruitment company, TEBA, and the Royal Bafokeng Nation to train young people with grade 12 qualifications as winch operators and rock drill operators. We have registered this programme with the Government Jobs Fund, with the goal of training more than 1 000 people per year (or approximately 60% of our indicated requirement)

Recruitment, retention and skills continued

- Group skills development expenditure for our South African operations was R428 million, a 20.8% increase year on year (2012: R354 million). Of this, 3.1% (R13 million) went towards ABET training. We have maintained our skills development expenditure at the targeted level of 5.5% of payroll. For the Implats operations US\$2.7 million was spent on skills development, unchanged from the previous year
 - Over the year we provided an average of 105.91 hours of training per employee for all our employees, while our contractors received an average of 32.55 hours each of training at our South African operations
 - During 2013, our South African operations had 110 full-time bursary holders (88.2% are HDSA) at university studying primarily in the engineering and mining-related disciplines, while we had approximately 10 full-time bursaries from our Zimbabwe operations. In addition, a total of 675 individuals benefited from our apprenticeship and learnership programmes (54.7% are HDSA) across the South African operations.
- ▷ **Adult basic education and training (ABET):** The level of basic literacy (ABET3) at our mining operations has improved over the past five years, up from 30% in 2008 to 80% in 2013. In 2013, 805 employees were enrolled for ABET, in both full-time and part-time classes, representing a 24% decrease on 2012 (907 students). The major challenge confronting us; is that the majority of illiterate employees are over 55 and have little desire for further education. On average 59% of those who wrote exams successfully completed their programmes, while 23% dropped out or were unsuccessful in their examinations.
- ▷ **Leadership development:** Altogether 15 members of our management team at the South African operations participated in our senior management and executive development programmes, presented by GIBS; 6.6% of those who participated in the programme were women and 53.3% were HDSAs. At our Implats operation, a total of 379 people underwent leadership development courses, comprising a total of 2 661 training days. Courses include management development, industrial relations, supervisory development and report writing. These programmes have been put on hold due to low profitability.
- ▷ **Promoting local employment:** 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 are

investing in various skills development initiatives in our local communities, as well as seeking to promote local employment through our local procurement practices (see page 65).

Our focus on people management for 2014 and beyond

Retention of key talent (mine overseers, shift supervisors, miners, engineers, foremen and artisans) remains vital to maintain continuity and improve safety and productivity. To this end, we will review all aspects of our selection, retention and reward processes to ensure we improve our turnover rate to achieve our targeted rate of 7.5%.

The performance-related part of our employees' salaries has decreased over the last few years. Recognising this, it is clear from recent developments in the industry that a new remuneration system will evolve over time. The mechanics and implementation of a new system is not a simple matter. In the coming year we be implementing our recently amended performance management system through various communication methods involving all stakeholders. We aim to optimise our reward philosophy, specifically looking at market position, job evaluation, critical jobs and wage/benefit differentiation. We will review the bonus system specifically looking at incentives to restore productivity and zero harm.

In terms of succession planning and talent identification we will focus on ensuring that talent pools are identified for all critical occupations. The talent pools will be reviewed quarterly and assessed to ensure that identified talent is considered for promotional and developmental opportunities.

It is anticipated that our annual employee turnover rate coupled with our business initiatives will require approximately 3 000 new hires every year for the next five years.

Recruitment plans include employing the right people: younger, healthier, better-educated and locally based talent. This is pivotal to our success, as is increasing the proportion of women in identified positions. We will also aim to recruit directly from our local communities.

We have a three-pronged approach to improving the skill base of our employees, comprising technical skills training, education and people leadership skills. Our technical skills training include the skills development academy, the mining academy and the engineering academy, as well as our bursaries, learnerships, internships and study assistance programmes. In terms of education, we will continue to provide education within our neighbouring communities by working with local schools and other education stakeholders.

Promoting diversity

Our management approach to diversity

Informed by our goal of meeting and exceeding the expectations of the revised Mining Charter, our employment equity strategy focuses on two main strategic areas: integrating transformation and employment equity considerations within our talent management and people processes; and accelerating the recruitment, development and promotion of designated groups into occupational levels where they are underrepresented.

To assist in driving this strategy throughout the Group, during the year we put in place a common framework for the Group transformation committee and Implats' Operational Employment Equity structures. At Zimplats we are committed to promoting gender equity at all levels of the organisation, particularly at managerial level. While

there is no legislation in Zimplats to enforce gender equity, the operation aligns itself to the overall Group policy on diversity. It has set a target of at least 10% of all surface engagements being females.

Our 2013 performance on diversity

Given the challenges presented by the operating context over the last 18 months, we have directed our efforts towards retaining talent. Our efforts are directed towards the executive and senior management levels, a challenge shared across the industry. Our short- and longer-term transformational objectives have been reviewed in line with business requirements ensuring they are placed as a business imperative and also taking account of the current operating challenges.

	HDSA in management (South Africa)							
	2013				2012			
	Mining Charter target 2013 %	HDSA %	Total number of employees/members	HDSA employees/members	Mining Charter target 2012 %	HDSA %	Total number of employees/members	HDSA employees/members
Board	35	67	12	8	25	58	12	7
Exco	35	22	9	2	25	25	8	2
Senior management	35	36	108	39	25	39	108	42
Middle management	40	43	206	89	35	43	202	86
Junior management	40	54	444	240	40	53	433	231
Total management		48	779	378		48	763	368

Note: Excluding non-executive directors, HDSA in management is 370 which represents 48% of management. Following the restructuring process in September 2013, HDSAs in EXCO now represent 33%.

Notwithstanding the fact that the new Mining Charter does not address the role of women and their representation within mining, we continue to encourage female representation at all levels of the organisation. During the year our approach has changed and we have classified women into two specific groups: women at all levels and women in mining (specifically those working in underground conditions).

We are shifting away from focusing on greater female representation globally towards considering specific job categories that benefit from greater female representation. Given the current environment we would find it difficult to progress our women in mining figures, without changing our mining practice. Our strategy is to automate where possible, starting with mine development which advances women representation in the long term. At our South African operations we have 142 women represented in management translating into 19% of total management.

Level	Implats		Lonmin		Anglo Platinum	
	In service	HDSA %	In service	HDSA %	In service	HDSA %
F – Top management	4	25	15	20	2	50
E – Senior management	114	38	182	39	366	41
D – Professional qualified	635	50	423	54	2 261	57
C – Skilled technical	4 967	73	3 535	66	7 256	72
A/B – Semi-skilled and discretionary decision-making/unskilled	30 132	85	23 740	81	41 006	86
Total	35 852	83	27 895	78	50 891	82

Source: 2012 Employment Equity Reports

At Zimplats this year we surpassed our target of at least 10% of all surface engagements being females, when we reached 17% of all surface engagements. Females currently constitute 6% of the total Zimplats workforce.

Our focus on diversity for 2014 and beyond

Overall we aim to achieve 80% and 65% HDSA representation at D and E level respectively by the year 2020. To achieve these goals, our employment equity strategy focuses on the following issues:

▷ Retaining key talent as far as possible, aiming for turnover of 7.5% per annum

- ▷ Promoting talent from within, aiming for 80% HDSAs at D level and 70% at E level
- ▷ Recruiting scarce skills where necessary, aiming for 80% HDSAs at D level and 70% at E level
- ▷ Using graduate and skills development programmes to advance transformation in targeted occupations (90% HDSAs and 50% women)
- ▷ Aiming for the following representations of HDSA: 75% at C level; 55% at D level; and 40% at E level
- ▷ Aiming for the following representations of women: 25% women at all levels and 10% women in mining
- ▷ Aiming to have 44% HDSA representation on Exco by 2014
- ▷ Inculcating a corporate culture and value system to advance transformation.

CASE STUDY ▾

Promoting gender equality at Implats: Women inspiring others



Women at our Rustenburg operations.


The mining industry has historically been characterised by a gender imbalance in favour of men, but in recent years we have seen encouraging progress towards greater gender equality in the mining workforce. At Implats we have seen the rise of inspiring women within the organisation, both at the rock face as well as in management positions at our mine sites.

There are several leading examples of women at our operations who have embraced the challenge of working in the mining sector and who are inspiring other women to do the same.

- ▷ At Impala Rustenburg, Vuyisile Sithole from KwaZulu-Natal has progressed from graduate to shift supervisor. Vuyi graduated in 2007 from the University of the Witwatersrand with a Bachelor of Science degree in Mining Engineering, assisted with an Impala Platinum bursary. She joined the Company as a mining engineer in training and obtained her Blasting Certificate and Mine Manager's Certificate (MMC) for Metalliferous Mines in 2010. She has worked as a miner in both mechanised and conventional sections, acquiring diverse experience in mining projects. Currently a development shift supervisor and acting mine overseer, Vuyi aims to become a mine manager.
- ▷ Tobey Sithole, originally from Witbank, is the first woman head of department at Marula platinum mine, in the instrumentation department. Tobey joined Marula mine in May 2008 as an instrument technician after four years at Highveld Steel and Vanadium Corporation based at Emalahleni. In 2010 she was promoted to senior instrument technician. She holds a certificate in B-Tech Electrical Engineering, National Diploma Instrumentation, and a trade assessment certificate.
- ▷ At Zimplats, Milan Hamadziripi is the first female shift-boss at our Zimplats operations at Bimha mine. Raised in Lalapanzi Zimbabwe, she attended the Zimbabwe School of Mines in Zimbabwe and hopes to obtain her mining degree within the next five years. Milan has been mentored by Mr Segula, the chief operating officer at Zimplats mines.
- ▷ At our Mimosa operation, Inviolata Mashoko has risen above stereotypes to venture into the field as a rig operator. She entered the mining sector in 2005 and joined Mimosa in 2009. She was trained by Bindura Nickel Company where she obtained her mine blasting licence. Previously she was a borehole driller.

We believe that the success demonstrated by these women will inspire other women to pursue a career in the mining sector in general, and with Implats in particular.





Social capital investments

The challenging social context in which we operate has highlighted the strategic importance of investing in social development. It is clear the long-term success of our business is closely linked to the success and well-being of the communities in which we 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 investments during the reporting period reflected our specific focus on promoting local economic development by contributing to establishing basic infrastructure, education, community empowerment and healthcare. Our goal is to establish infrastructure that will address urgent needs in mine communities with the focus on longer-term impacts. We support the endeavours of our employees by encouraging them to participate in community projects.

Our economic and social value added

Implats makes a significant positive contribution to socio-economic development in both South Africa and Zimbabwe: we provide employment, skills and training, we pay taxes and royalties to governments and dividends to our shareholders, we purchase goods and services from local businesses, and we invest in the development and improvement of infrastructure and other social services in the communities that are home to our employees.

During 2013, significant value was created for our various stakeholders in the form of:

- ▷ Employee wages and benefits – R8 783 million
- ▷ Skills and training spend – R428 million

- ▷ Taxation and royalties paid to government – R1 909 million
- ▷ Dividends paid to shareholders – R580 million
- ▷ Payments to providers of capital – R1 015 million
- ▷ Investments in socio-economic development initiatives in our communities – South Africa R102 million and in Zimbabwe US\$9 million
- ▷ Payments to suppliers and contractors – South Africa R9 800 million and in Zimbabwe US\$388 million
- ▷ Reinvestment in the Group to sustain value creation for stakeholders – R3 193 million.

A detailed breakdown of the economic value added throughout 2013 is provided in the following table:

Direct economic value added from Group operations

For the year ended 30 June 2013

	2013 Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm
Revenue	30 032	27 593	33 132	25 446	26 121
Net cost of products and services	(15 762)	(12 689)	(14 031)	(10 681)	(11 745)
Value added by operations	14 270	14 904	18 174	14 765	14 376
Other net (expenditure)/income	630	907	581	416	1 004
Total value added	14 900	15 811	18 755	15 181	15 380
Applied as follows to:					
Employee benefits	8 783	6 940	6 732	6 158	4 426
Labour and other	8 881	7 313	6 783	5 773	5 143
Share-based payments	(98)	(373)	(51)	385	(717)
The state as direct taxes	1 145	1 207	1 897	1 584	1 733
Royalty recipients	764	664	901	536	442
Providers of capital	1 015	3 731	2 881	2 178	7 946
Financing costs	382	248	190	179	140
Non-controlling interest	53	119	172	79	(16)
Dividends	580	3 364	2 519	1 920	7 822
Total value distributed	11 707	12 542	12 411	10 456	14 547
Reinvested in the Group	3 193	3 268	6 344	4 725	833
Depreciation	2 424	1 708	1 372	1 083	979
Reserves retained	769	1 560	4 972	3 642	(146)
	14 900	15 811	18 755	15 181	15 380

Implats supports the principles of the Extractive Industries Transparency Initiative on the disclosure to stakeholders on taxes paid to governments in the countries in which we operate. In the years under review R2 122 million was paid to the South African government as taxes and US\$157 million was paid to the Zimbabwean government.

Taxes paid directly to government by category and country*

	South Africa (Rm)	Zimbabwe (US\$m)
Profits	557	68 140
Labour	1 188	44
Royalties and environmental liabilities**	371	44
Capital gains	5	
Total	2 122	157

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

** Includes royalties paid to other third parties.



Investing in our communities

Our management approach to social investment

The challenging social context in which we operate has highlighted the strategic importance of investing in social development. It is clear the long-term success of our business is closely linked to the success and well-being of the communities in which we 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 investments during the reporting period reflected our specific focus on promoting local economic development by contributing to establishing basic infrastructure, education, community empowerment and healthcare. Our goal is to establish infrastructure that will address urgent needs in mine communities with the focus on longer-term impacts. We support the endeavours of our employees by encouraging them to participate in community projects.

At Implats, our community engagement strategy has been informed by the outcome of the perception and baseline studies and ongoing consultations with community leaders. Key perceptions from the study highlight the need for greater engagement directly with the community on community development initiatives, as well as further requests to invest in more infrastructural projects not related to the Company's operations. The community also identified and ranked their key development needs, including the need for the promotion of livelihood income-generating activities to avert household poverty. A community development plan has been crafted with the aim of addressing community concerns, promoting poverty alleviation through local enterprise development, providing infrastructure relating to education and health, and improving neighbourliness between Implats and the surrounding communities. 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.

Our 2013 performance and achievements for social investment

Group expenditure on socio-economic development projects in South Africa this year amounted to R102 million, up from R90 million in the previous reporting period. An additional R445 million was spent on improving

accommodation and living conditions of our employees through the upgrading of employee housing, home ownership facilitation, completing conversion of single-gender residences to one man per room and family units (see pages 58 and 59). Implats' social investment decreased by 26% from US\$ 5.7 million in 2012 to US\$4.2 million in 2013. A detailed breakdown of our community investments is presented in the tables on pages 56 and 57.

An external consultant has undertaken an independent review and assessment of the socio-economic impacts of these investments. Based on the findings of this review, the following is a brief summary of the identified contribution associated with our investments:

- ▷ Our socio-economic development expenditure for 2013 benefited more than 100 000 people in South Africa and over 12 000 in Zimbabwe. More than 28 000 were community members that benefited from new and improved infrastructure, including hospital upgrades, water infrastructure and new primary and secondary schools
- ▷ We also completed the construction of the Sunrise View primary school, which was officially opened in January 2013 by the Minister of Mineral Resources, Minister of Basic Education, Chairman of Implats Board, Premier of North West Province, Impala Bafokeng Trust representative and the CEO of Implats. The secondary school will be completed in August 2013 and officially open in January 2014. This school building project is a result of a partnership between Implats, Impala Bafokeng Trust, North West Department of Education and the provincial government at a cost of R86 million.
- ▷ Our flagship accommodation project, the development of homeownership houses for our Rustenburg and Refineries (in Springs) employees, delivered 392 homeownership units
- ▷ Our infrastructure projects (excluding housing) created 400 jobs and a further 470 jobs were created through our accommodation and living conditions initiatives during the review period
- ▷ A further 103 jobs were created or sustained through our enterprise development initiatives. This year we funded the provision of training and mentoring for 20 small local businesses around our Rustenburg operations
- ▷ More than 90 000 people benefited from our social projects in the areas of education, health, sports development and general community welfare. Beneficiaries in this category include bursary recipients, home-based care patients, and learners involved in literacy and sports programme. In many of these

programmes Implats is not the sole funder and therefore the total benefit may not be attributable to Implats, even though all the beneficiaries are counted

- ▷ We contributed R10 million to the Impala Bafokeng Trust (IBT), which was established in 2007 by the Royal Bafokeng Nation and ourselves, to augment the CSI commitments of both organisations. To date R104 million has been invested through the trust, since its inception. Its projects benefited over 43 000 people and included health, education and sport interventions in the year under review
- ▷ Our Skills Development Centre in Rustenburg trained 128 learners in Mining Qualifications Authority (MQA) certified modules so that they can become artisans. The centre received accreditation with the MERSETA during the year under review
- ▷ We invested R8 million in upgrading the neonatal ICU at the Job Shimakane Tabane Hospital in Rustenburg. The four-bed unit supports almost 900 births per week and was upgraded to a 14-bed unit with alterations made to the building as well as new equipment purchased
- ▷ The demographic of beneficiaries shows that over 99% of the beneficiaries of our socio-economic development projects were black. Almost 62% of these were youth (35 years of age and under), making them the greatest pool of beneficiaries. Geographically, most of the beneficiaries (58%) were in and around our Rustenburg operations. In addition, over 15 000 people in Gauteng benefited from projects in the region, while a further 24 000 in Limpopo benefited from projects around Marula Platinum
- ▷ Our projects in Zimbabwe included: the construction of a secondary school in Zimbabwe benefiting nearly 100 students at a cost of US\$250 000; the construction of classroom blocks, boarding hostels, a library and related facilities at various primary and secondary schools at an investment of more than US\$850 000; the rehabilitation, extension and equipment of a community clinic with an investment of

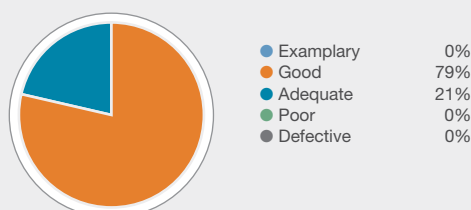
US\$670 000; and the launch of two community enterprise development projects in Chegutu and Ngezi based on market gardening, with the aim of supplying Zimplats' catering suppliers with vegetables. Zimplats also donated textbooks, food, agricultural inputs and equipment to the community, and sponsored two community sporting events involving more than 30 schools

- ▷ As part of the Company's indigenisation implementation plan, the Zimplats Mhondoro Ngezi Chegutu Zvimba Community Share Ownership Trust was formed in October 2011. The Trust is now operational and has implemented projects valued at more than US\$2 million from the donation of US\$10 million pledged to the Trust by the Company. Projects embarked upon in the three districts include: the rehabilitation of schools, the construction of classroom blocks at more than 20 schools, sinking boreholes, and the provision of infrastructure for income-generating projects.

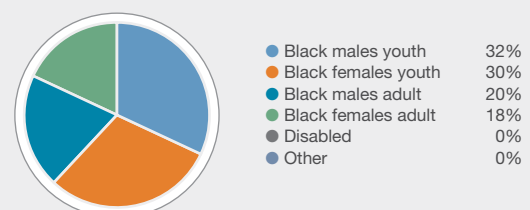
A total of 55 socio-economic development projects were externally reviewed during the year, covering most of the projects that were funded in South Africa during 2013, as well as five projects in Zimbabwe. Each of the projects was reviewed using one of three templates: infrastructure, enterprise development or social development. The templates cover 22 criteria against which the projects are reviewed in the following categories: use of Implats funds, project design, implementation, results, sustainability and risk.

Some 68% of the stated project objectives were fully achieved, with 30% partially achieved. The categories in which projects scored best included use of funds, project design and implementation. Those with weaker scores included sustainability of projects and dependency risks. Overall 79% of the reviewed projects were rated good, 20% rated adequate and 2% were found to be poor or defective. Recommendations for all the projects rated adequate will be taken into account so that the performance and rating can improve in the coming years.

Overall project ratings



Demographics of beneficiaries



Investing in our communities continued

Despite these achievements, there were some important challenges and disappointments:

- ▷ In 2013, we spent R12 million on a water supply and reticulation project to provide water infrastructure to almost 4 000 people in the Greater Tubatse Municipality. The infrastructure was completed in March 2013, however, the district municipality has not supplied any water since then and as a result the communities still have no water. This will be addressed in the coming year.
- ▷ Due to budget constraints and competing priorities we have had to discontinue funding the ABET programme that was running successfully for 16 years in the Springs region. This project supported adult education in three informal settlements and was well attended over the period of its existence
- ▷ As part of our Rustenburg community project strategy, we invested R4.2 million in the upgrade of the sports facilities.

South African operations socio-economic development expenditure Rm

Programme	2013	2012	2011	2010
Empowerment of community structures		17	31	21
Health, safety and environment	2	2	2	1
Education	18	15	17	16
Government and municipality support infrastructure	45	34	38	12
Sport development	10	10	11	15
Enterprise development	5	9	28	19
Community welfare, arts and culture	22	3	3	4
Total socio-economic development	102	90	130	88
Housing and living conditions	445	430	277	552
Total sustainable development	547	520	407	640

Zimbabwean operations socio-economic development expenditure US\$000

Programme	2013	2012	2011
Zimplats' socio-economic development expenditure			
Education	3 062	3 283	755
Health	668	873	223
Infrastructure		942	41
Government and municipality support infrastructure		469	0
Enterprise development	80	47	303
Sport development	54	35	27
Other	340	60	0
Total socio-economic development	4 204	5 709	1 349
Housing and living conditions	20 548	49 000	0
Total sustainable development	24 752	54 709	1 349

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

Programme	2013	2012	2011
Mimosa's socio-economic development expenditure			
Empowerment of community structures		698	213
Health, safety and environment	3 912	16	65
Education	422	1 120	2 049
Government and municipality support infrastructure		450	40
Sport development		1 125	32
Enterprise development		2	12
Community welfare, arts and culture	336	10	401
Total socio-economic development	4 670	3 421	2 812
Housing and living conditions	3 031	16 560	15 500
Total sustainable development	7 801	19 981	18 312

Our focus on social investment for 2014 and beyond

- ▷ Complete our social impact assessment
- ▷ Complete and submit our social and labour plans for Rustenburg operations
- ▷ Continue to deliver on our social investment projects
- ▷ Take corrective action to ensure water supply for Marula communities.

Accommodation and living conditions

Our management approach to accommodation and living conditions

Our most significant contribution to the well-being of our communities and employees is our investment in improving accommodation and living conditions. Through this investment we seek to create viable local communities in which employees can reside with their families in a stable, healthy and secure environment within commuting distance of their place of work. In addition to the significant social contribution, we believe that by offering a differentiated accommodation and living conditions strategy we build a sustainable competitive advantage among current and prospective employees and other stakeholders.

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. We are aiming to accelerate our accommodation and living conditions projects through continued partnership with government to ensure that the broader local community also benefit from our investments.

Our 2013 performance and achievements on accommodation and living conditions

We are pleased to report that our accommodation and living conditions project targets for 2013 have been achieved and that we are on track to deliver on our objectives for 2020.

In our South African operations:

- ▷ The Sunrise View home ownership development was completed with 1 717 houses being built and sold
- ▷ The Tswelopele home ownership project, which consists of 108 units for our Springs Refineries employees, will be completed in August 2013
- ▷ Impala's second flagship project on home ownership named Platinum Village has commenced and should deliver approximately 300 units by the end of December 2013. This development will be executed in phases, with a target of 2 420 units. Phase one is currently under way and should deliver 557 units
- ▷ We are currently building an additional 122 houses in Burgersfort (Limpopo province) for Marula Platinum employees

- ▷ Hostel conversion has been completed, with one person per room meaning that we now comply with the 2014 Mining Charter requirements
- ▷ We concluded a land swap agreement with Rustenburg Local Municipality, making land available for the municipality to relocate the Yizo Yizo informal settlement and formally provide 1 000 housing units.

A study conducted in conjunction with the North West University during 2013 found that Implats employees are generally satisfied with their living conditions. Perhaps more interestingly the study revealed that our employees' psychological, emotional and social well-being is above the South African average and most are satisfied with their lives. The study also highlighted areas where we can improve and we will consider these recommendations in our strategic response to housing going forward.

In our Zimbabwean operations, as at the end of the reporting period, Zimplats had 532 core houses and 1 117 Company houses at Turf Village in Ngezi; these numbers fell short by 148 core and 32 Company houses of our target for the financial year. Construction of the 2013 housing deficit and those planned for 2014 is in progress. In the meantime employees are residing in camps that have been acquired by the Company to ensure employees have somewhere decent to stay while coming to work and while houses are under construction. Construction of employee houses will be phased due to financial constraints. At Zimplats the Company has 151 Company houses in Chegutu and Norton. It requires an additional 255 core and 50 Company houses. The Company is in discussions with potential partners on an employee housing scheme for SMC-based employees in Chegutu.

During the year 40 families were relocated in Zimbabwe to make way for the construction of employee houses and a dam. Relocated families received compensation in the form of new houses with ablution facilities, granaries and boreholes, as well as cash to compensate for other structures such as fowl runs and gardens. The process of closing the Silverstar cemetery, which will be affected by the dam, is still ongoing. The Department of Health has given its approval and MNRDC has passed a full council resolution that the cemetery be closed.

Our accommodation and living conditions focus for 2014 and beyond

Our long-term goal is to have at least 50% of our workforce at the mines residing with family by 2020. In achieving this goal, we will look to promote home ownership by developing further integrated residential suburbs, in addition to providing quality single-person and family accommodation in line with the expectations of the Mining Charter. We will enhance home ownership opportunities, particularly for miners and artisans, and we will find mechanisms to further optimise accommodation cost per employee.

We have set ourselves the following commitments for our South African operations in 2014:

- ▷ Building 557 units in Platinum Village with the long-term goal of completing 2 420 units within this development at a total cost of R1 billion
- ▷ Ensure occupation of Tswelopele home ownership project at Refinerie in Springs at a cost of R36 million
- ▷ Complete 122 units at our Marula operation at a cost of R58 million
- ▷ Securing additional land and services for further housing projects, and further expanding our accommodation options and improving value and affordability as far as possible.

We will be seeking as far as possible 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.

CASE STUDY ▾

Sunrise View housing survey



The Sunrise View housing development, consisting of over 1 500 new homes, was completed in 2012. A small sample of home owners was surveyed in 2012 and 2013 on the quality, pricing and amenities of the housing development. Of those surveyed in 2013, 74% were first-time home owners, while the remaining 26% now own two properties. All of them were Implats employees.

The majority of owners (80%) expressed being satisfied with the building and design of their new homes. Almost all owners (96%) found the bond affordable, and 71% of them were pleased with the price of the property, which is in keeping with our aim of providing affordable housing. A comparison between last year and this year revealed that owners were more satisfied with the value of their purchase this year.

Although all the home owners mentioned that there were not enough leisure facilities in the area, 60% of them were pleased with the access to schools and public transport. The Sunrise View school was well received by the community with 82% of home owners recognising its positive impact.

Implementing the Mining Charter

Implats seeks to comply with or exceed all elements of the Mining Charter. Our transformation strategy is informed by the seven elements of the Mining Charter with housing and living conditions playing a pivotal role in five of these elements. We leverage each element of the Mining Charter in terms of our business performance and therefore increase our value creation potential. The following table provides a summary of our performance in terms of the Mining Charter requirements and reporting period:

Element	Description	Measure
Reporting	Has Implats reported a level of compliance for calendar year 2012?	Proof of receipt from Department of Mineral Resources (DMR)
Ownership	Minimum target for HDSA ownership	Meaningful economic participation Full shareholder rights
Housing and living conditions	Conversion and upgrading of hostels to attain the occupancy rate of one person per room	Percentage reduction of occupancy rate towards 2014 target
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units
	Facilitate home ownership options for A, B and C bands mine employees in consultation with organised labour	Providing housing is the cornerstone to our strategic response to the charter
Procurement and enterprise development	Procurement from BEE entities	Capital
		Consumables Services
	Multinational suppliers' contribution to social fund	Annual spend on procurement from multinational suppliers and recovery of 0.5% contribution to social fund
Employment equity	Diversification of the workforce to reflect the country's demographics to attain competitiveness	Top management (board)
		Senior management (Exco)
		Middle management
		Junior management
		Core and critical skills
Human resources development	Developing 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	HRD spend as percentage of payroll on HDSA
Mine community development	Mining communities form an integral part of mining development; there has to be meaningful contribution towards community development, both in terms of size and impact, in keeping with the principles of the social licence to operate	Consultation process Expenditure on mine community development projects as per the agreed SLP for 2012

*These figures are for calendar year 2012 and not financial year-end.

N/A = Not applicable.

2014 compliance target	2012 compliance target	Impala performance	Marula performance	Afplats performance	Commentary
Yes	Yes	Yes	Yes	Yes	Confirmation of receipt by DMR.
26%	15%	26%	27%	26%	
26%	15%	26%	27%	26%	
100%	50% improvement on 2012	79% improvement on 2012	N/A	N/A	Afplats and Marula have no hostels. Impala has 100% conversion and allocation is currently in progress.
N/A	N/A	100%	N/A	N/A	Currently the Mining Charter does not set specific targets for family accommodation. Our full response can be found on page 58.
N/A	N/A				Currently the Mining Charter does not set specific targets. Our strategic response can be found on page 58.
40%	20%	37%	62%		Implats has a revised enterprise development and procurement strategy. See page 65 for further information.
50%	25%	62%	59%		
70%	50%	63%	70%		Afplats does not purchase consumable goods.
0.50%	0.50%	0.1%	0%	0%	*Letters have been sent to all multinationals. Some multinational companies have contributed. These funds have yet to be utilised.
40%	30%	31%	100%	N/A	Afplats does not report on this element as the operation is managed under Impala Platinum and is still a shaft sinking project.
40%	30%	45%	50%	N/A	
40%	40%	42%	58%	N/A	
40%	40%	55%	58%	N/A	
40%	30%	74%	67%	N/A	
5%	4%	6%	3%	N/A	Afplats does not report on this element as the operation is managed under Impala Platinum.
100%	100%	100%	100%	100%	
As per the SLP	As per the SLP	>100%	>100%	>100%	The expenditure of all three operations was in excess of the agreed SLP for 2012.

Implementing the Mining Charter continued

Element	Description	Measure
<p>Sustainable development and growth</p>	<p>Mineral resources are non-renewable in nature, forthwith exploitation of such resources must emphasise the importance of balancing concomitant economic benefits with social and environmental needs without compromising future generations in line with Constitutional provisions for ecological, sustainable development and use of resources</p>	<p>Implementation of approved EMPs</p> <hr/> <p>Implementation of approved rehabilitation plan</p> <hr/> <p>Progress towards implementation of the closure plan</p> <hr/> <p>FIFR per million hours – target set against international best practice</p> <hr/> <p>Silicosis – zero new cases in previously unexposed individuals</p> <hr/> <p>NIHL – individual pieces of equipment must not have a sound pressure of greater than 110dB</p> <hr/> <p>Implementation of Culture Transformation Framework</p> <hr/> <p>Percentage of employees embarking on OHS representative training</p> <hr/> <p>Percentage of leading practices from MOSH Learning Hub investigated for implementation</p> <hr/> <p>Percentage of research findings from MHSC investigated for implementation</p> <hr/> <p>Health: Percentage of mandatory occupational health reports submitted</p> <hr/> <p>Health: Adherence to HIV/Aids and TB guidelines</p> <hr/> <p>Percentage of samples analysed in South African facilities</p>
<p>Beneficiation</p>	<p>Beneficiation seeks to translate competitive advantage in mineral resources endowment into competitive advantage as a fulcrum to enhance industrialisation in line with state developmental priorities. In this regard mining companies must facilitate local beneficiation of mineral commodities in line with section 26 of the MPRDA and the mineral beneficiation strategy</p>	<p>Added production volume contributory to local value addition beyond the baseline</p>

N/A = Not applicable.

2014 compliance target	2012 compliance target	Impala performance	Marula performance	Afplats performance	Commentary
100%	100%	90%	100%	100%	
100%	100%	100%	100%	100%	
100%	100%	100%	100%	0%	This has not been considered for Afplats; the project is still at a very early stage.
Continuous improvement in line with international best practice	0.030	0.104	0.000	0.000	The Impala performance improved; a number of initiatives are in place to improve safety. See page 32 for a full response.
100%	95% of all exposure results below 0.1mg/m ³ of respirable crystalline silica	No cases of silicosis 100%	No cases of silicosis 100%	No cases of silicosis 100%	No risk of exposure within the Merensky or UG2 Reef. There are very low levels in the mine rock.
100% silencing of equipment to below 110dB	97%	99% achieved	67% achieved	91% achieved	Good progress on silencing of equipment
100%	50%	50%	50%	25%	For further information on implementation of the CTF, see page 32.
8%	4%	1.6%	9.5%	100.0%	For further information on implementation of OHS training, see page 32.
100%	100%	100%	100%	100%	For further information on leading practices investigated by Implats, see page 32.
100%	100%	100%	100%	100%	For further information on MHSC implementation, see page 32.
100%	100%	100%	100%	100%	Annual medical reports, particulates exposure report, thermal stress report, personal noise exposure reports have all been submitted.
See commentary	See commentary	Yes	Yes	Yes	
100%	50%	100%	100%	N/A	Afplats has not reported on this measure due to the early stage of development of this operation.
Section 26 of the MPRDA (percentage above the baseline)	The beneficiation strategy and its modalities of implementation outline the beneficiation requirements per commodity extracted in South Africa				Current beneficiation of PGM's is at 22% for the Group.

Enterprise development and procurement

Encouraging enterprise development and responsible supply chains

Investing in the development of small and medium-sized enterprises, and encouraging entrepreneurship, forms an important part of our contribution to the longer-term viability of our neighbouring communities.

In 2012 we revised our enterprise development strategy, in which we identified various interventions aimed at enhancing the market competitiveness and participation of SMMEs in our supply chain, with a particular focus on local and black-owned businesses. This year we focused on driving implementation of this strategy. Our enterprise development and procurement departments are working together with external consultants to carry out intervention projects to assist SMMEs. We have been working closely with the Royal Bafokeng enterprise development unit in Rustenburg, and the Marula community development agency in Burgersfort.

In 2012, we revised our enterprise development strategy, in which we identified various interventions aimed at enhancing the market competitiveness and participation of SMMEs in our supply chain, with a particular focus on women-owned and black-owned or empowered businesses. This year we focused on driving implementation of this strategy. Through our new Enterprise Development (ED) strategy we supported 20 small to medium local black businesses with training and mentorship provided by specialists in the industry. SMMEs have limited access to these services as the cost of business incubation in South Africa is very high.

We have been working closely with the Royal Bafokeng Enterprise Development unit in Rustenburg, and the Marula Community Development Agency in Burgersfort. Our activities focus on three main initiatives:

▷ **The Supplier Development Programme:** In 2013, we established a programme to develop ten local small, medium and micro enterprises (SMMEs) and black-owned businesses that were already part of the Implats supply chain. The programme was launched in October 2012 with the main objective of elevating these SMMEs to become competitive suppliers. The

development programme started in January 2013 and will end in December 2014, and includes business-specific training with bi-weekly on-site meetings with the owner/manager. Our objective is to double the revenue of these ten service providers within a year.

▷ **The Business Assistance Programme:** Our enterprise development (ED) department is mandated to intervene between Implats and the SMMEs to ensure they meet their contracted obligations. The department is able to conduct 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.

▷ **Business advisory and development service:** We have partnered with an external service provider with the aim of integrating selected local entrepreneurs to become active in supplying the mining industry. We started a programme to develop, up-skill, train and assist aspiring businesses to establish themselves as start-up companies. In October 2012 we advertised the project and received 50 applications, from which ten were selected to participate. The programme commenced in January 2013 and will run for 12 months. These start-ups ranged from garden service providers to construction companies.

In addition to these initiatives, our enterprise development office at 6 Shaft started to function 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. Implats will continue with these initiatives once proven that they are yielding the required results.

Managing contractors

In addition to encouraging the development of enterprises, we have reviewed the nature of our contractor strategy. We are concerned with the number of instances when contractor behaviour is not reflecting our value systems, as well as with the potential risks of liability.

A key objective of this strategy is to ensure that we develop clear principles that will guide the use of reputable contractor companies with the right skills and value system to do specific tasks that we are not able to do ourselves. 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. The aim is to complete the detailed assessments with the assistance of an outside specialist and then, over time, effect the required change.

Promoting transformation through procurement

As part of our drive to promote transformation in South Africa, and to ensure compliance with the requirements of the South African Mining Charter, we have the following strategy:

- ▷ Continuously seeking, identifying, supporting and promoting suitable historically disadvantaged suppliers through sustainable procurement practices.
- ▷ Interviewing existing untransformed suppliers that are difficult to substitute through formal interviews in an attempt to transform.
- ▷ 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 enterprise development 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.

We have also focused our attention more on suppliers' B-BBEE certificates and systems have been put in place to remind suppliers 90 days in advance of their expiry dates. Annual increases are not being granted to suppliers with contracts where B-BBEE certificates have expired or where transformation commitments have not been met. During the year we terminated the services of 21 suppliers who contravened our standards.

Included in the cost of sales is total discretionary spend of R6.4 billion, of which 64% was spent with suppliers having HDSA ownership of greater than 25% in the consumables category, and 60% on services (2012: R5.3 billion, 55% on consumables and 61% on services).

The total South African operations' discretionary procurement for 2013 was R9.9 billion of which 55%, or R5.5 billion, was from companies in which HDSA ownership was greater than 25% (2012: R4.8 billion or 51%). Although economic conditions in the market to acquire loans for investments remain tough, while few HDSA company shareholders still sell off shareholdings resulting in HDSA companies becoming non-compliant in terms of Mining Charter requirements (>25%), spend has improved by R0.7 billion to 55%. (2012: 51%).

Though the 2014 Mining Charter targets for consumables and capital categories have already been achieved, plans remain in place to improve the services category to achieve the 2014 target which remains a huge challenge.

Enterprise development and procurement continued

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

Category	Mining Charter target 2013		2013		2012		2011		2010		2009	
	(%)	R billion	%	R billion	%	R billion	%	R billion	%	R billion	%	
Capital	30	1.5	42	1.6	41	2.2	57	1.6	46	2.0	42	
Consumables	40	2.0	64	1.5	55	1.3	48	1.1	45	0.9	41	
Services	60	2.0	60	1.7	61	1.4	59	1.1	59	1.2	54	
Total operations	44	5.5	55	4.8	51	4.9	55	3.8	50	4.1	45	

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 HDSA spend.

Promoting development through local procurement

Implats has recognised that there is scope to increase local procurement spend as a means of encouraging development in surrounding communities. This approach is viewed as a business imperative in order to create sustainable communities, improve community relations, and to advance local economic development.

This year R2.4 billion was spent on procurement from local tiered suppliers, constituting 24% of the total procurement spend (2012: R2.1 billion or 22%). The number of local HDSA suppliers from which Implats procured increased to 301 (2012: 288), while the number of national HDSA vendors decreased due to vendor rationalisation by 4% to 795.

Local tiered areas classified as tiers 1, 2 and 3

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

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

Category	2013		2012		2011		2010		2009	
	R billion	%	R billion	%	R billion	%	R billion	%	R billion	%
Impala Rustenburg	2 195	27	1 911	25	1 557	22	1 067	17	n/a	n/a
Marula Platinum	157	22	130	21	103	13	103	13	n/a	n/a

n/a – not available

At our Zimplats operations we have set a target of 60% of the Company's annual supplier spend to be on local suppliers. Zimplats has continued with its strategy of local supplier development to further assist in the broader economic recovery of the country. During the year local suppliers contributed 64% of the Company's annual spend on goods and services, up from 57% in 2012. Mechanisms have been put 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.



New Neonatal ICU at Job Shimakane Tabane Hospital in Rustenburg

Respecting human rights

Our 2013 human rights achievements and performance

Respect for human rights is an integral part of the Company's Code of Ethics and values. During 2013 we approved a new Human Rights policy. In addition to striving for full compliance with applicable legislation in the regions in which we operate, we have also committed to the ten principles of 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 last year's tragic events at Marikana, the response of mining companies to addressing security issues has been recognised as a significant risk factor. 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 at an operational level are supported by formal agreements with employee union

representatives. These agreements 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 submitted to the Exco. In addition, surveys are conducted twice a year by an independent third party. Procedures are in place to ensure that channels are available to deal with unfair practices.

While contractor agreements 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. During the year under review, our policies were amended to include the obligation by contractors to respect and abide by our human rights principles as stipulated in the UN Global Compact. We have undertaken to improve our monitoring of contracted labour on human rights issues and are continuing to focus on this area. 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.

FOCUS TOPIC ▾

Our contribution to the National Development Plan



Marula Road project

The South African National Development Plan, published by the National Planning Commission in November 2011, outlines a set of development priorities aimed at "charting a new path for the country". These development priorities provide a useful yardstick against which to assess the nature of Implats' contribution to the growth, development and well-being of South Africa and the region. Following is a brief self-assessment of how Implats is playing its role in addressing some of these developmental priorities.

An economy that will create more jobs: *In 2030, the economy should be close to full employment, equip people with the necessary skills, ensure that ownership of production is more diverse and be able to grow rapidly, providing the resources to pay for investment in human and physical capital.*

- ▷ As a labour-intensive industry we make an important contribution to this critical objective through the provision of more than 54 000 direct jobs in South Africa and more than 7 000 in Zimbabwe (page 5). We stimulate significant employment opportunities throughout our value chain, including through our procurement practices targeted at encouraging local economic development and transformation (page 65)
- ▷ We have invested significant resources in enhancing employment opportunities through our skills development and training initiatives (page 45). These investments have been complemented through our tax revenues (page 52) facilitating public investment in developing human capital
- ▷ In response to the labour unrest throughout the mining sector over the past year, we have been actively engaged in consultation with government and labour representatives in finding an approach to collective bargaining that takes account of a multi-union environment. We are also exploring opportunities for linking wages to productivity, an issue the NPC has identified as a priority.

Improving infrastructure: *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.*

- ▷ We have contributed to infrastructure development through our significant investments in mining projects, as well as through our social investment initiatives in the communities that are home to our employees. Our capital investments have enhanced export opportunities, while our investments in health, education, basic infrastructure and community empowerment (page 56) and in housing (page 58) have contributed directly to the development of human settlements
- ▷ Last year we refocused our social investment strategy to move away from income-generating projects towards establishing infrastructure that will address urgent needs in mine communities with the focus on longer-term impacts. Typical projects will include: multipurpose information centres; school upgrades and maintenance; educational support systems; the provision of roads, water, electricity and renewable energy projects; and upgrading of clinics and investments in healthcare support infrastructure and systems.

Transition to a low-carbon economy: *The country needs a coherent plan to use water more sustainably and to emit less carbon.*

- ▷ We share the government's objective of reducing energy and water usage, as these are both rising cost areas for us in a sector that has been facing significantly declining margins. In addition to being transparent in our energy and water usage, we have implemented various efficiency initiatives (page 74) and are assessing the feasibility of using biomass as an energy source at our Rustenburg smelter
- ▷ Addressing the carbon intensity of the South African economy, while meeting other development priorities, presents a profound challenge. We will 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.

An inclusive and integrated rural economy: *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.*

- ▷ In addition to the economic value added from our core activities (page 52), our independently evaluated social investment activities have consistently made an important contribution to improving the well-being of communities in the rural and peri-urban areas around our mines, and in those rural regions of the Eastern Cape that are home to some of our employees (page 55). This year alone our socio-economic development expenditure benefited more than 100 000 people in South Africa and over 12 000 in Zimbabwe through investments in infrastructure, education, health, housing, and enterprise and sports development (page 56). 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).

Reversing the spatial effects of apartheid: *Settlement patterns should meet the needs and preferences of citizens taking into account broader social, environmental and economic interests.*

- ▷ The spatial impact of apartheid is one of its most visible legacies. 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. Through this investment we strive to create viable local communities in which employees are able to reside with their families in a stable, healthy and secure environment.

Improving education, training and innovation, and providing quality healthcare: *Poor education and health significantly reduce opportunities for a productive life and undermines the dynamism of the South African economy.*

- ▷ We have invested more than 427 million in various skills development programmes at all levels in the past year. These skills development initiatives have been supplemented by our investments in various education-related infrastructure, including the construction and/or upgrading of schools and libraries in neighbouring communities
- ▷ In addition to our occupational health measures, we have been active in addressing non-occupational health risks, most notably HIV and TB (page 38). We have partnered with the Department of Health in addressing community health issues, including through our contribution to the establishment of healthcare facilities in and around the lease areas.

Fighting corruption: *High corruption levels frustrate the state's ability to deliver on its development mandate.*

- ▷ By promoting high standards of ethical behaviour throughout our activities this will contribute to combating corruption more broadly. We have a zero-tolerance stance on fraud and corruption, with all employees, business partners, contractors and associates 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 incidents (page 28).

Transforming society and uniting the country: *A more cohesive society is fundamental to eradicating poverty and inequality, and encouraging a more stable economy.*

- ▷ Our investments in employment opportunities, education, health, housing and infrastructure collectively provide a significant contribution to building social cohesion. These are supplemented by our commitment to promoting broad-based transformation (page 60) evidenced, for example, by the nature of our initiatives relating to ownership (where we are acknowledged as a leader), employment equity, skills development, procurement and housing.



Preserving natural resources and mitigating impacts

By its nature, the exploration, extraction and processing of mineral resources inherently has an impact on the natural environment. In addition to depleting a non-renewable resource, there are environmental impacts in terms of energy and water use, waste generation, land disturbance, and atmospheric and water pollution.

Despite the environmental impacts associated with our processes, we believe that as a result of our responsible environmental management practices, the nature of our investments in social and human capital, and the role that PGMs play in the move to a greener economy, we have a net positive environmental impact on society.

During the year a new environmental policy was proposed by the CEO and accepted by the board. 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 integrating environmental management into all aspects of the business in order to achieve world-class environmental performance in a sustainable manner.

Our 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.

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. Impala Rustenburg has continued with an environmental project in the Kgaswane Mountain Reserve at an estimated value of R1.5 million.

Water stewardship

Our management approach to water stewardship

We are highly reliant on water for our mining, processing and refining operations. Our approach to water management is guided by our water conservation strategy. The strategy focuses on water consumption and quality management, proposes a framework for operation-specific water 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.

All operations have been tasked to review and improve their current water balances. Overall objectives and targets have been set predominantly for the short term. We are formalising operational implementation plans to ensure further progress. We work closely with different stakeholders to ensure security of supply for our operations and the surrounding communities. This year we have been engaging in particular with the community surrounding our Marula operations, specifically concerning water quality concerns that have been raised by neighbouring farmers.

An ongoing risk for our South African operations remains the terms of our water use licences. Although all three South African operations have now received their water use licences, we are still engaging with the Department of Water Affairs (DWA) to resolve concerns we have

regarding some of the requirements in these licences. At the Zimbabwe operations, the required permit process for water use has been followed; water extracted from dams and rivers is all within the set allocation limits.

In fulfilment of our commitment to transparency on performance, we have once again participated in the CDP Water Disclosure Project.

Our 2013 performance on water

This year total water consumption for the Group was 40 711 megalitres. This includes both water withdrawn and water recycled. This represents an increase of 1% on water consumption in 2012. The increased water use could be attributed to a number of factors including increased production levels, improved data accuracy, unaccounted for losses and additional water required for new activities. The exact cause is under investigation and remains a priority.

Unit consumption rate of water (kilolitres per tonne ore milled) increased over the 2012 levels. Continued focus on recycling initiatives has, over the year, resulted in 15 271 megalitres of water being recycled, which equates to 38% of all the water consumed improving from 37% in 2012 and 35% in 2011.

Further details on the total water withdrawn, consumed and recycled at each of our operations are provided in the performance table on page 83.

Consumption	Units (mℓ)	2013	2012	2011	2010	2009
1) Water from water service providers or municipalities		8 851	10 722	12 636	11 970	13 151
2) Waste water from other organisations		2 598	2 767	3 769	3 668	3 829
3) Water from rivers		2 344	2 124	2 337	2 659	2 328
4) Water from dams		8 777	7 891	7 016	7 506	5 816
5) Water from groundwater		2 870	1 770	1 287	1 276	658
Water withdrawn (1 + 2 + 3 + 4 + 5)		25 440	25 274	27 045	27 079	25 783
Water internally recycled		15 271	14 840	14 823	9 981	11 652
Total water consumption		40 711	40 114	41 868	37 060	37 435

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.

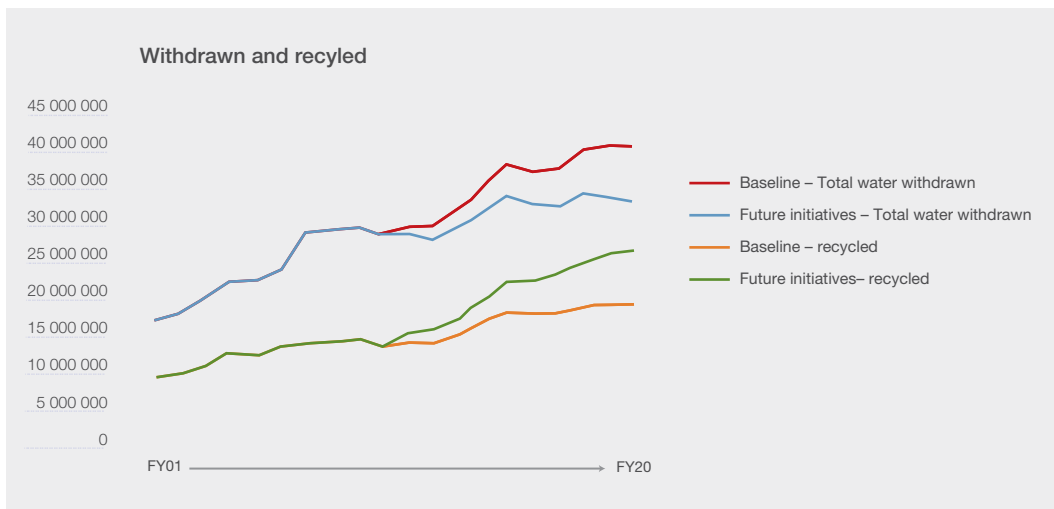
Note 3: From 2011 the Refineries water withdrawn includes domestic water (offices, stores etc.). This is in line with Group reporting.

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

Our water focus for 2014 and beyond

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

- ▷ Continuing our engagement with the South African Department of Water Affairs regarding changing water legislation and the issuing of water-use licences for our South African operations
- ▷ Increasing the percentage of water that we recycle, reducing our water withdrawn, which includes potable water
- ▷ Continuing to drive our water conservation strategy at operational level
- ▷ Investigating the feasibility of water treatment alternatives.



Climate change and energy management

Our management approach to climate change and energy

We recognise that climate change presents Implats with significant challenges, resulting from both the physical impacts of a changing climate as well as governmental policy changes. A detailed review and assessment of the climate change risks and opportunities can be found in our submission to the CDP's Climate Change Programme, available at www.cdproject.net.

We have a carbon management strategy in place, and have set short-term objectives and implementation targets. Security of energy supply and pricing are significant material risks. Our projected expansion into deeper operations that are more energy intensive, coupled with the proposed introduction of a carbon tax, has led to the Group placing renewed focus on energy-efficiency projects. Our scope for further energy efficiency at the smelters and refineries is minimal and we therefore focus our initiatives on the mining operations. The challenges are similar in Zimbabwe with power outages and price inflation providing incentives to reduce consumption.

In May 2013, the National Treasury published the Carbon Tax Discussion paper, which outlines a tax proposal for South Africa due for implementation in January 2015. Business Unity South Africa (BUSA) has submitted comments to government on the proposed tax on behalf of industry. Our exposure to the tax is primarily with our scope 1 emissions. In addition, electricity prices could rise further due to a level of pass-through of the tax from Eskom. The Chamber of Mines estimates an additional 8% cost to the current electricity pricing due to the carbon tax proposed.

Our 2013 carbon and energy management performance

Total CO₂ emissions for 2013 amounted to 3.8 million tonnes, as compared with 3.7 million tonnes in 2012. This increase is attributable largely to the increased production following resolution of the strike action in 2012. The bulk of our emissions (3.4 million tonnes) are associated with Eskom electricity usage, with the balance (0.4 million tonnes) arising from burning fossil fuels such as coal, diesel, petrol and industrial burning oil. Emissions intensity (tonnes of CO₂ per tonne of ore milled) in 2013 was 0.206, as compared with 0.208 in 2012. Additional details on our direct and indirect greenhouse gas emissions by operation for each of the past three years are provided in the performance table on page 84.

Efforts to reduce carbon emissions are being driven largely through energy-efficiency initiatives and a fuel-switching project.

- ▷ Several energy-efficiency projects were completed in the past year and others are nearing completion. We are installing power factor correction equipment at Rustenburg, which is expected to deliver 2.5% in annual savings. Fibreglass reinforced plastic fan blades are being trialled for performance testing to confirm the purported energy savings.
- ▷ Our coal-to-biomass fuel switch project aims to utilise bamboo as an alternate fuel source to coal and qualifies for carbon credits through the Clean Development Mechanism (CDM). Although we have shown that the biomass can be used as an alternative to coal the calorific content and durability of the bamboo briquettes was of concern during both the first and second phases of testing. The other challenge has been in cultivating the bamboo; bamboo requires more management and farming expertise than originally envisaged.

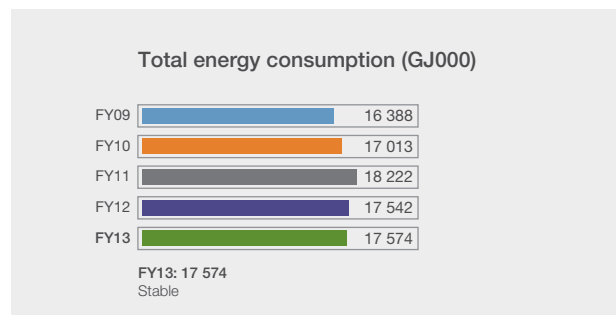
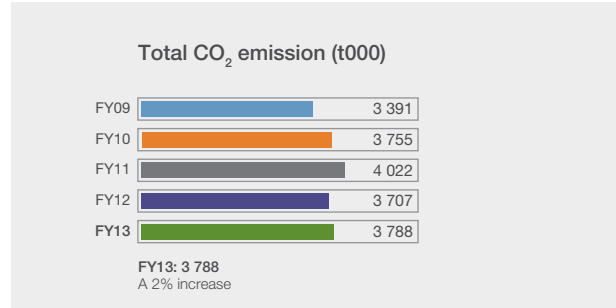
Climate change indicators	Units	2013	2012	2011	2010
Direct CO ₂ emissions	(t000)	401	418	436	395
Indirect CO ₂ emissions	(t000)	3 387	3 289	3 587	3 359
Electricity purchased	(MWh 000)	3 395	3 322	3 469	3 267
Direct energy	(GJ 000)	5 350	5 584	5 661	5 250
Indirect energy	(GJ 000)	12 224	11 958	12 561	11 763
Total energy	(GJ 000)	17 574	17 542	18 222	17 013

In 2013, around 70% of our total energy consumption was electrical energy, comprising almost 11% of our overall cash cost base; this compares with 10% in 2012 and 9% in 2011, reflecting the continued rise in electricity costs. Further details on the total energy consumed at each of our operations are provided in the performance table on page 83.

Our carbon and energy management focus for 2014 and beyond

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

- ▷ Updating the Group carbon footprint and setting realistic reduction targets for each operation in line with our carbon management strategy
- ▷ Continuing 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.
- ▷ Ensuring that we have the internal systems in place to meet the regulations in terms of the National Energy Act, 2008, requiring the mandatory reporting of energy data to the Department of Energy. While all of our operations currently report fossil fuel consumption figures and electricity usage, and we annually calculate and report our greenhouse gas emissions via the Carbon Disclosure Project, there is scope to improve our data on our energy-efficiency initiatives.



Air quality management

Our management approach to air quality

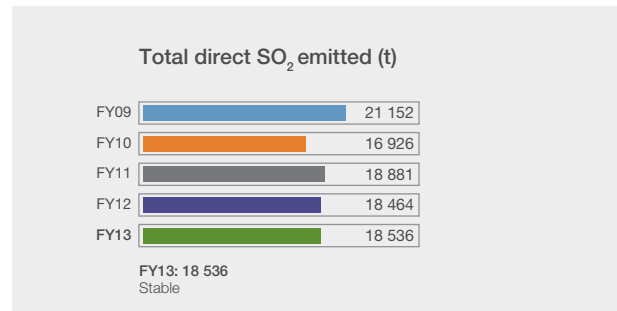
The most significant air quality emission for the Group relates to the sulphur dioxide (SO₂) emissions from our smelting and refining operations in Rustenburg, Springs and Zimplats. The South African operations are subject to the Air Quality Act, which has set a new ambient air quality standard as well as point source emissions limits that operations must adhere to in 2015 and 2020. 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 these licence requirements.

Ambient air quality is monitored at our operations via a network of ambient monitoring stations. These monitoring stations – measure SO₂, NO₂ and particulate matter provide an indication of ambient air quality levels and associated trends.

Our 2013 performance on air quality

At Impala Rustenburg and Zimplats, average daily SO₂ emissions are calculated through a mass balance, while at the Refineries operation isokinetic sampling reports enable monthly calculation. This year, total direct Group emissions of SO₂ were 18 536 tonnes, up from our emissions of 18 464 tonnes in 2012. Our Zimplats operations contributed 65% of total direct SO₂ emissions, while Rustenburg and Refineries operations contributed 31% and 4% respectively. Indirect SO_x amounted 21 363 tonnes and indirect NO_x amounted to 14 261 tonnes. Further details on the SO₂ emissions at each of our operations over the past five years are provided in the performance table on page 84.

A focus next year will be to continue with the preparatory work relating to the implementation of the SO₂ abatement technology at our Zimplats operations. The estimated cost of the scrubber is US\$60 million. Pending board approval, this project is planned to commence in 2017.



Managing our waste

The 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 there were some significant regulatory developments in South Africa on waste management. These included, a proposal to introduce a waste discharge system based on waste discharge load, a revised standard on contaminated land, soil quality & remediation, and the implementation of the National Waste Information Regulation. This requires waste generators and waste managers to register on the South African Waste Information System (SAWIS).

During the reporting period the Department of Environmental Affairs issued a waste licence for the Rustenburg operation. As a result, this site is now formally

authorised to conduct waste management activities from its newly constructed waste management facility. Both Marula and Refineries have also commenced their waste licence applications and these should be finalised during 2014.

The hazardous waste situation remains challenging in Zimbabwe, with no facilities in line with South African or international best practices being available. Implats will be investigating the export of hazardous waste under the Basel Convention to a neighbouring country. Reuse and recycling opportunities are constantly being investigated.

The recycling rate for 2013 was 67.9% versus 68.7% in 2012. Our activities for the coming year centre on regulatory proposals for the reclassification of waste.

Land management and biodiversity

During the year the South African Department of Environmental Affairs published new standards on the remediation of contaminated land in terms of the Waste Act. These standards inform the soil remediation, rehabilitation and closure plans for all mining operations.

There has been ongoing rehabilitation at our Rustenburg operations, with a total of 18.4ha rehabilitated over the reporting period. Revegetation of the tailings dam side slopes has been completed with a total of 5.1ha composted and regressed during the year. Future rehabilitation activities will focus mainly on maintaining previously rehabilitated side slopes as well as grassing new risings. We have also continued with the phytoremediation (vegetation) project on the enhanced evaporation spray system (EESS) at our Refineries. The remediation of the area surrounding the ponds at the Refinery are monitored by the University of Witwatersrand. Research into the phytoremediation and rehabilitation of mine sites is expanding, with benefits shown for integrated ecological solutions over rigid engineering design. The unscheduled closure costs for Marula and Rustenburg amount to R996.5 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 was developed and implementation commenced in January 2011. Ongoing open-pit rehabilitation is progressing, with 989 446m³ of waste rock material backfilled. This

represents 5% more than the project plan. 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.

The Zimplats and Refineries operations are within close proximity to areas of high biodiversity. The refining operation is in close proximity to the Cowles dam that feeds into the Blesbokspruit, which is deemed an ecosystem under threat and appears on the Montreux record. Although the Refinery 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.

Following extensive biodiversity studies that were conducted for both the Rustenburg and Marula operations, we have recently completed a revised biodiversity management plan, which incorporates the revised guidelines from the South African National Biodiversity Institute (SANBI) and Minister and Members of the Executive Council (MINMEC Biodiversity). The Marula's biodiversity plan was completed towards the end of 2010 with Rustenburg's completed in June 2013.





Appendix

Our performance data

PEOPLE		Units	2013	2012	2011	2010	2009
Total in service							
Impala Rustenburg	Own employees	Number	31 998	31 920	31 681	30 791	29 462
	Contractor employees	Number	16 304	14 381	13 541	13 443	11 862
Impala Springs	Own employees	Number	1 068	1 053	1 053	1 004	1 006
	Contractor employees	Number	303	1 106	282	260	904
Marula	Own employees	Number	3 165	2 982	3 272	3 241	2 512
	Contractor employees	Number	857	726	937	727	998
Zimplats	Own employees	Number	2 929	2 791	2 757	2 418	2 136
	Contractor employees	Number	2 775	6 412	2 610	1 262	3 323
Mimosa	Own employees	Number	776	786	784	788	812
	Contractor employees	Number	65	100	115	113	20
Corporate	Own employees	Number	64	89	77	75	72
	Contractor employees	Number	–	–	19	14	20
Group employees		Number	40 237	39 621	39 624	38 317	36 000
Group contractor employees		Number	17 130	22 725	17 504	15 819	17 127
Turnover							
Impala Rustenburg		Percentage	6.0	10.1	8.4	6.1	7.3
Impala Springs		Percentage	7.5	5.3	5.4	6.7	8.6
Marula		Percentage	4.2	11.0	21.7	4.8	10.0
Zimplats		Percentage	3.9	4.2	4.4	5.3	10.7
Mimosa		Percentage	3.5	4.2	3.4	6.2	6.2
Corporate		Percentage	9.4	7.7	11.3	18.7	11.1
Group		Percentage	5.7	10.0	8.3	6.0	7.8
Women turnover							
Impala Rustenburg		Percentage	4	0.3	0.4	0.2	0.3
Impala Springs		Percentage	2	1.7	0.7	2.0	1.4
Marula		Percentage	5	0.7	0.9	0.3	0.4
Zimplats		Percentage	6	6.0	–	5.2	–
Mimosa		Percentage	4	0	0.4	–	–
Corporate		Percentage	50	2.2	5.2	12.0	16.9
Group		Percentage	5	0.8	0.4	0.6	0.4
Unionised workforce							
Impala Rustenburg		Percentage	72.6	58.3	72.9	73.1	70.3
Impala Springs		Percentage	69.5	69.5	61.8	84.3	59.9
Marula		Percentage	74.8	65.0	70.0	65.0	70.0
Zimplats		Percentage	46	52.0	37.0	26.5	25.3
Mimosa		Percentage	24	24.0	24.8	25.5	25.4

SAFETY		Unit	2013	2012	2011	2010	2009
FIFR							
Impala Rustenburg	Pmmhw		0.091	0.115	0.061	0.166	0.107
Impala Springs	Pmmhw		0.000	0.000	0.000	0.000	0.000
Marula	Pmmhw		0.000	0.130	0.000	0.000	0.134
Zimplats	Pmmhw		0.000	0.000	0.000	0.000	0.000
Mimosa	Pmmhw		0.000	0.000	0.100	0.000	0.000
Group	Pmmhw		0.065	0.087	0.053	0.122	0.082
LTIFR							
Impala Rustenburg	Pmmhw		5.13	5.99	5.68	5.35	3.63
Impala Springs	Pmmhw		0.42	0.22	0.60	0.00	0.40
Marula	Pmmhw		5.42	11.46	9.19	9.39	5.35
Zimplats	Pmmhw		0.70	0.21	0.75	0.69	0.45
Mimosa	Pmmhw		0.26	1.19	0.20	0.35	0.52
Group	Pmmhw		4.21	4.96	4.94	4.61	2.92
TIFR							
Impala Rustenburg	Pmmhw		11.13	11.22	12.60	15.41	15.16
Impala Springs	Pmmhw		16.85	18.86	26.92	20.60	20.01
Marula	Pmmhw		24.81	36.08	34.15	41.25	28.88
Zimplats	Pmmhw		2.20	2.22	3.39	3.61	5.49
Mimosa	Pmmhw		2.83	4.65	5.70	3.74	5.45
Group	Pmmhw		10.91	11.19	13.47	15.21	13.95
MTCFR							
Impala Rustenburg	Pmmhw		4.63	4.61	6.03	8.32	9.92
Impala Springs	Pmmhw		16.43	18.41	26.12	20.38	19.00
Marula	Pmmhw		10.84	17.06	17.99	20.15	17.25
Zimplats	Pmmhw		1.10	1.70	1.79	1.98	4.20
Mimosa	Pmmhw		2.19	2.59	4.15	2.92	4.40
Group	Pmmhw		5.11	5.28	7.10	8.49	9.41
RIFR							
Impala Rustenburg	Pmmhw		3.65	3.77	3.79	3.76	2.68
Impala Springs	Pmmhw		0.42	0.22	0.40	–	0.40
Marula	Pmmhw		4.34	7.81	5.05	6.13	2.27
Zimplats	Pmmhw		0.70	0.21	0.75	0.69	0.45
Mimosa	Pmmhw		–	0.22	0.10	–	–
Group	Pmmhw		3.06	3.13	3.23	3.21	2.06
HEALTH		Unit	2013	2012	2011	2010	2009
VCT							
Impala Rustenburg	Number		10 316	7 792	12 647	6 236	5 595
Impala Springs	Number		9	14	19	24	34
Marula	Number		540	292	275	130	119
Zimplats	Number		714	1 424	889	204	401
Mimosa	Number		203	298	242	243	114
Group	Number		11 782	9 820	14 072	6 837	6 263
People on ART							
Impala Rustenburg	Number		3 639	3 222	2 488	1 709	872
Impala Springs	Number		28	26	19	14	10
Marula	Number		101	65	51	29	19
Zimplats	Number		120	114	92	63	51
Mimosa	Number		151	139	123	90	54
Group	Number		4 039	3 566	2 773	1 905	1 006

Our performance data continued

HEALTH continued	Unit	2013	2012	2011	2010	2009
TB cases						
Impala Rustenburg	Number	311	352	318	352	380
Impala Springs	Number	1	0	0	0	5
Marula	Number	15	21	19	25	12
Zimplats	Number	1	6	5	11	14
Mimosa	Number	6	10	8	11	15
Group	Number	334	389	350	399	426
NIHL						
Impala Rustenburg	Number	36	53	52	92	44
Impala Springs	Number	0	0	0	0	0
Marula	Number	12	10	4	14	1
Zimplats	Number	2	0	0	0	0
Mimosa	Number	0	0	1	1	0
Group	Number	50	63	57	107	45
SKILLS DEVELOPMENT	Unit	2013	2012	2011	2010	2009
Expenditure						
Impala Rustenburg	(R million)	387	313	312	233	229
Impala Springs	(R million)	16	21	21	20	39
Marula	(R million)	24	19	24	19	12
SA operations total (6% of wagebill)	(R million)	428	353	357	272	280
Employee literacy (ABET III and above)						
Impala Rustenburg	Percentage	80	74	57	55	51
Impala Springs	Percentage	94	93	92	90	90
Marula	Percentage	90	92	88	88	88
Zimplats	Percentage	99	99	99	99	99
Mimosa	Percentage	99	99	96	96	95
Average Group literacy	Percentage	92	86	86	85	85
ABET training employees						
Impala Rustenburg	Number	794	900	804	851	939
Impala Springs	Number	5	7	13	58	61
Marula	Number	6	0	25	32	42
SA operations total	Number	805	907	842	941	1 042
Total number of employees trained (including ABET)						
Impala Rustenburg	Number	29 299	23 477	24 178	24 751	22 042
Impala Springs	Number	1 053	1 091	1 127	1 039	1 063
Marula	Number	1 874	1 117	1 421	1 210	533
SA operations total	Number	32 226	25 685	26 726	27 000	23 638
Value of ABET training						
Impala Rustenburg	(R000)	12 769	10 220	11 157	10 002	11 315
Impala Springs	(R000)	486	578	1 600	4 161	5 862
Marula	(R000)	2	0	1 260	1 012	900
SA operations total	(R000)	13 257	10 798	14 017	15 175	18 077
Hours of ABET training						
Impala Rustenburg	Hours	148 728	134 842	190 525	165 840	194 184
Impala Springs	Hours	11 064	13 433	15 136	27 808	39 088
Marula	Hours	4 032	0	14 450	24 422	13 920
SA operations total	Hours	163 824	148 275	220 111	218 070	247 192

Environment

KEY PRODUCTION FIGURES	Units	2013	2012	2011	2010	2009
Ore milled	(tonnes)	18 399	17 788	20 974	20 309	20 083
Tailings disposed on tailing dam	(000 tonnes)	20 770	20 619	23 163	21 809	20 333
Dump slag treated	(000 tonnes)	172	175	250	179	235
Furnace and converter slag generated and treated	(000 tonnes)	783	772	880	844	842
Total slag treated	(000 tonnes)	955	947	1 130	1 023	1 026
Platinum produced	(000oz)	1 581	1 448	1 836	1 741	1 704
GROUP MATERIAL CONSUMPTION						
Diesel	(000 litres)	25 247	27 875	26 000	23 466	29 262
Petrol	(000 litres)	1 137	1 237	1 666	1 250	1 621
Coal	(tonnes)	158 732	161 563	170 000	159 240	164 378
Industrial burning oil	(000 litres)	1 730	2 660	2 453	2 034	1 728
ENERGY						
Impala Rustenburg	(GJ 000)	11 453	11 360	12 220	11 295	11 138
Impala Springs	(GJ 000)	2 727	2 688	2 695	2 530	2 554
Marula	(GJ 000)	729	713	694	674	637
Zimplats	(GJ 000)	1 940	2 100	1 865	1 826	1 413
Mimosa	(GJ 000)	725	701	747	688	646
Group	(GJ 000)	17 574	17 542	18 221	17 013	16 388
WATER						
Total water withdrawn						
Impala Rustenburg	(Mℓ)	14 514	15 961	18 115	17 482	18 843
Impala Springs	(Mℓ)	838	792	769	715	758
Marula	(Mℓ)	1 969	1 989	1 817	1 494	1 169
Zimplats	(Mℓ)	5 775	4 408	4 007	4 729	2 685
Mimosa	(Mℓ)	2 344	2 214	2 337	2 659	2 328
Group	(Mℓ)	25 440	25 274	27 045	27 079	25 783
Total water consumed*						
Impala Rustenburg	(Mℓ)	24 735	26 012	28 044	22 859	26 401
Impala Springs	(Mℓ)	1 244	1 251	1 244	1 125	1 195
Marula	(Mℓ)	3 544	3 585	3 355	2 841	2 160
Zimplats	(Mℓ)	7 852	6 003	5 528	6 172	3 793
Mimosa	(Mℓ)	3 336	3 263	3 697	4 063	3 885
Group	(Mℓ)	40 711	40 114	41 868	37 060	37 434
Total water recycled						
Impala Rustenburg	(Mℓ)	10 220	10 051	9 928	5 376	7 557
Impala Springs	(Mℓ)	406	459	474	411	438
Marula	(Mℓ)	1 574	1 596	1 541	1 347	991
Zimplats	(Mℓ)	2 078	1 595	1 521	1 443	1 109
Mimosa	(Mℓ)	993	1 139	1 359	1 404	1 557
Group	(Mℓ)	15 271	14 840	14 823	9 981	11 652

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

Our performance data continued

Environment continued

EMISSIONS	Units	2013	2012	2011	2010	2009
Total direct CO₂						
Impala Rustenburg	(tonnes)	182 406	193 317	208 463	186 199	203 541
Impala Springs	(tonnes)	158 553	154 077	166 267	149 707	150 992
Marula	(tonnes)	6 331	6 450	7 157	6 959	6 571
Zimplats	(tonnes)	43 864	53 697	41 190	42 371	48 272
Mimosa	(tonnes)	9 815	10 362	12 528	9 673	11 034
Group	(tonnes)	400 969	417 903	435 605	394 909	420 410
Total indirect CO₂						
Impala Rustenburg	(tonnes)	2 534 307	2 444 347	2 725 366	2 532 798	2 347 267
Impala Springs	(tonnes)	149 223	147 166	155 388	150 433	138 343
Marula	(tonnes)	175 914	170 958	168 970	163 747	149 570
Zimplats	(tonnes)	366 492	374 016	375 408	355 287	201 849
Mimosa	(tonnes)	160 876	152 087	161 491	156 493	133 757
Group	(tonnes)	3 386 812	3 288 574	3 586 623	3 358 758	2 970 786
Total direct SO₂						
Impala Rustenburg	(tonnes)	5 832	4 736	6 319	3 638	14 223
Impala Springs	(tonnes)	687	256	462	839	455
Marula	(tonnes)	–	–	–	–	–
Zimplats	(tonnes)	12 017	13 471	12 100	12 449	6 474
Mimosa	(tonnes)	–	–	–	–	–
Group	(tonnes)	18 536	18 463	18 881	16 926	21 152
LAND MANAGEMENT	Units	2013	2012	2011	2010	2009
Disturbed areas rehabilitated						
Impala Rustenburg	(ha)	18.4	23.4	40.2	56	51
Impala Springs	(ha)	–	0	0	0	0
Marula	(ha)	3.3	0	0	61	0
Zimplats	(ha)	2.5	0	0	0	305
Mimosa	(ha)	4	0	0	0	0
Group	(ha)	28.2	23.4	40.2	117	356
Rehabilitation liabilities/current costs*						
Impala Rustenburg	(R million)	761	712	708	768	520
Impala Springs	(R million)	63	60	–	–	–
Marula	(R million)	94	82	70	80	66
Zimplats	(R million)	247	216	164	166	122
Mimosa	(R million)	98	77	63	67	64
Group	(R million)	1 263	1 147	1 004	1 081	722
Rehabilitation provisions						
Impala Rustenburg	(R million)	523	520	455	432	289
Impala Springs	(R million)	37	38	–	–	–
Marula	(R million)	54	57	41	35	33
Zimplats	(R million)	154	117	99	111	99
Mimosa	(R million)	47	52	40	42	17
Group	(R million)	815	784	636	620	438

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

WASTE MANAGEMENT	Units	Total Group 2013	Total Group 2012			
Non-mineral/non-hazardous waste						
Reused	(Tonnes)	1 405	7 051			
Recycled	(Tonnes)	15 026	11 864			
Recovered	(Tonnes)	-	0			
Treatment	(Tonnes)	-	0			
Disposal	(Tonnes)	5 324	8 044			
On-site storage	(Tonnes)	-	0			
Non-mineral/hazardous waste						
Reused	(Tonnes)	3.5	0			
Recycled	(Tonnes)	27 991	40 756			
Recovered	(Tonnes)	-	0			
Treatment	(Tonnes)	6 433	7 703			
Disposal	(Tonnes)	9 194	11 413			
On-site storage	(Tonnes)	12	28			
Mineral waste	Units	2013	2012	2011	2010	2009
Accumulated tailings	(000 tonnes)	20 770	20 619	22 878	21 809	20 333
Accumulated waste rock (on surface)	(000 tonnes)	1 484	1 323	1 388	1 202	6 405

GRI and UN Global Compact

Implats has followed the guidance provided by principles and criteria provided in the GRI's G3.1 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. Part of our reporting criteria has incorporated some of the G4 guidelines, as we prepare to transition to this new reporting framework.

Principles relating to the quality of this report

- ▷ **Materiality:** As outlined on pages 18 to 22 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. Following the appointment of a stakeholder engagement manager in 2009, this process has been formalised.
- ▷ **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 68 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 was reported extensively in 2009; only material changes from that basis were covered in this 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 2011 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.
- ▷ **Timeliness:** This integrated 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 balances with the mass of outputs containing sulphur as products, waste, change in material stocks and emissions. The sulphur dioxide emissions are accounted for by using this technique.
- ▷ **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 (μm) in size is called $\text{PM}_{2.5}$ and particulate matter bigger than 2.5 microns (μm) and smaller than 10 microns (μm) in size is called PM_{10} .
- ▷ **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 report on selected sustainability information to the directors of Impala Platinum Holdings Limited

We have undertaken an assurance engagement on selected sustainability information as described below and presented in the 2013 sustainable development report of Impala Platinum Holdings Limited (Implats) for the year ended 30 June 2013 (the report). This engagement was conducted by a multi-disciplinary team of health, safety, social, environmental and assurance specialists with extensive experience in sustainability reporting.

Subject matter and related assurance

We are required to provide:

1. Reasonable assurance on the following key performance indicators:

Description	Assured value	Page	Boundary
Health and safety indicators			
Contractor and employee fatalities	9 fatalities	4	Implats Group*
Contractor and employee lost-time incident frequency rate (LTIFR)	4.21	81	Implats Group*
Total injury frequency rate	10.91	81	Implats Group*
New cases of noise induced hearing loss (NIHL)	50 cases	82	Implats Group*
New cases of pulmonary tuberculosis diagnosed and treated	334 cases	82	Implats Group*
Employees on antiretroviral treatment (ART) – net enrolment at year-end	4 039 employees on ART	81	Implats Group*
Employee voluntary counselling and testing programme uptake (VCT) – tested cases	11 782 VCT tested cases	81	Implats Group*
Environmental indicators			
Total energy consumed	17 574 (000 GJ)	83	Implats Group*
Total water withdrawn	25 440 (Mℓ)	83	Implats Group*
Total water consumed	40 711 (Mℓ)	83	Implats Group*
Total indirect carbon dioxide emissions (CO ₂)	3 386 812 tonnes	84	Implats Group*
Total indirect nitrogen oxide(s) emissions (NO _x)	14 261 tonnes	76	Implats Group*
Total indirect sulphur oxide(s) emissions (SO _x)	27 363 tonnes	76	Implats Group*

2. Limited assurance on the following key performance indicators:

Description	Assured value	Page	Boundary
Social and labour indicators			
Number of employees who are classified as historically disadvantaged South Africans (HDSA) and who are employed at management levels (excluding non-executive directors)	370 employees	47	South African operations only
Number of women employees in management	142 employees	48	South African operations only
Total socio-economic development (SED) expenditure	R102 million	56	South African operations only
HDSA procurement (>25%) as a percentage of total discretionary procurement	Total – 55%	66	South African operations only
HDSA procurement (>25%) as a percentage per category	Capital – 42%	66	South African operations only
	Consumable – 64%	66	
	Services – 60%	66	
Environmental indicators			
Total direct carbon dioxide emissions (CO ₂)	400 969 tonnes	84	Implats Group*
Total direct sulphur dioxide emissions (SO ₂) (only Zimplats, Springs and Rustenburg operations)	18 536 tonnes	84	Rustenburg, Springs and Zimplats only

* The Implats Group boundary for the purpose of the report and our engagement is defined on page 86 of the report.

Independent assurance report on selected sustainability information to the directors of Impala Platinum Holdings Limited continued

Directors responsibilities

The directors are responsible for the selection, preparation and presentation of the selected sustainability information in accordance with the GRI G3.1 guidelines. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance and for the design, implementation and maintenance of internal control relevant to the preparation of the report that is free from material misstatement, whether due to fraud or error.

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, KPMG Services (Pty) Limited maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express assurance conclusions on the selected sustainability information based on our work performed. We have conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000), Assurance Engagements other than the Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our engagement to obtain assurance about whether the selected sustainability information is free from material misstatement.

An assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about the quantification of the selected sustainability information and related disclosures. The nature, timing and extent of procedures selected depend on the practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments we considered internal control relevant to Implats' preparation of the selected key performance indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- ▷ Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- ▷ Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- ▷ Tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability information;
- ▷ Performed control walkthroughs
- ▷ Inspected supporting documentation and performing analytical procedures on a sample basis to evaluate the data generation and reporting processes against the reporting criteria
- ▷ Undertook site visits to a selection (risk based selection) of four operations sites, including Rustenburg (mining, concentration and smelting), Springs (refineries), Marula (mining and concentrating) and Zimplats (mining and concentration)
- ▷ Evaluated whether the selected sustainability information presented in the report is consistent with our overall knowledge and experience of sustainability management and performance at Implats.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance

engagement. Accordingly, we do not express a reasonable assurance opinion about whether the selected sustainability information set out in 2 has been prepared, in all material respects, in accordance with GRI G3.1 guidelines.

Conclusions

1. *On the selected key performance indicators on which we are required to express reasonable assurance*

In our opinion, the selected sustainability information set out in 1 above for the year ended 30 June 2013 is prepared, in all material respects, in accordance with GRI G3.1 guidelines.

2. *On the selected key performance indicators on which we are required to express limited assurance*

Based on our work performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability information set out in 2 above for the year ended 30 June 2013 is not prepared, in all material respects, in accordance with GRI G3.1 guidelines.

Other matters

The maintenance and integrity of the Implats' website is the responsibility of Implats' management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the report or our independent assurance report that may have occurred since the initial date of presentation on the Implats' website.

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the report.

Restriction of liability

Our work has been undertaken to enable us to express the conclusions on the selected sustainability information to the directors of Implats in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Implats, for our work, for this report, or for the conclusions we have reached.

KPMG Services (Pty) Limited



Per PD Naidoo

Director

Johannesburg

29 August 2013

Glossary of terms and acronyms

ABET	Adult Basic Education and Training
Aids	Acquired immune deficiency syndrome
AMCU	Association of Mineworkers and Construction Union
ART	Antiretroviral therapy, provided for the treatment of HIV and Aids (excluding state and private medical aid)
BEE	Black economic empowerment
BUSA	Business Unity South Africa
CO₂	Carbon dioxide
CDM	Clean Development Mechanism
CPDP	Carbon Disclosure Project
dB	Decibels. Unit of measurement for sound pressure
DMR	Department of Mineral Resources, South Africa
DSM	Demand-side management
ESOP	Employee Share Ownership Programme
Executive director	Director employed by the Company and is involved in the day-to-day running of the organisation
FIFR	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
GHG	Greenhouse gases
GJ	Gigajoules. Unit of measure for energy
GRI	Global Reporting Initiative
HDSA	Historically disadvantaged South African
HIV	Human immunodeficiency virus
HSE	Health Safety and Environment
IBT	Impala Bafokeng Trust, socio-economic development vehicle jointly funded by Implats and RBH
ILO	International Labour Organisation
Impala Platinum	Impala Platinum Limited, comprising the Rustenburg operations and the Refineries in Springs
Implats	Impala Platinum Holdings Limited
Independent directors	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
ISO	International Organisation for Standardisation
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
LED	Local Economic Development
Local community	Communities that are directly impacted by our mining operations and are on or near the mine property
Lost time injury	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

LTIFR	Number of lost-time injuries expressed as a rate per million hours worked and excludes restricted work cases
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 balances with the mass of outputs containing sulphur as products, waste, change in material stocks and emissions. The sulphur dioxide emissions are accounted for by using this technique
Marula	Marula Platinum (Pty) Limited
Materiality and material issues	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
Medical treatment cases (MTCs)	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
Mimosa	Mimosa Platinum (Private) Limited
Mining Charter	Broad-based Socio-Economic Empowerment Charter for the South African Mining Industry
MINMEC	Minister and Members of the Executive Council (Biodiversity)
MPRDA	Mineral and Petroleum Resources Development Act, No 28 of 2002, which came into effect in South Africa on 11 May 2004
MW	Megawatt, a measure of electric power
NGO	Non-governmental organisation
NIHL	Noise-induced hearing loss
Non-executive director	A director who is not involved in the day-to-day running of the organisation but is a nominee director of a material shareholder
NOx	Nitrogen oxides
NUM	National Union of Mineworkers, South Africa
ORAs	Objective-based risk assessments
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 (μm) in size is called $\text{PM}_{2.5}$ and particulate matter bigger than 2.5 microns (μm) and smaller than 10 microns (μm) in size is called PM_{10}
PBC	PGM beneficiation committee established
PGI	Platinum Guild International
PGMs	Platinum group metals, being the metals derived from PGE
Pmmhw	Per million man hours worked
PPM	Parts per million
RBH	Royal Bafokeng Holdings
RBN	Royal Bafokeng Nation

Glossary of terms and acronyms continued

RIFR	Reportable or serious injury frequency rate. A reportable injury is an injury which results in: <ol style="list-style-type: none"> The death of the employee An injury, to any employee, likely to be fatal 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 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.
Restricted work injuries (RWI)	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
RLM	Rustenburg Local Municipality
SANBI	South African National Biodiversity Institute
SHEQ	Safety, Health and Environment Quality
SLP	Social and Labour Plan
SMMEs	Small, medium and micro enterprises
SO₂	Sulphur dioxide
TB	Pulmonary tuberculosis, which in South Africa is considered an occupational illness when it is associated with the presence of dust in the workplace
Traditional council leadership	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
UNGC	United Nations Global Compact
VCT	Voluntary counselling and testing, in respect of HIV and Aids

Indicator	Basic calculation
Indirect energy	2013 DEFRA guidelines
Indirect CO₂	Eskom Integrated Report 2013 (generated factor)
Direct energy from diesel, petrol and IBO	2013 DEFRA Guidelines
Direct energy from Sasol Gas	From Sasol Gas supplier
Direct CO₂ from Sasol Gas	From Sasol Gas supplier
Direct energy from coal consumption	Supplier analysis
Direct CO₂ from coal consumption	Supplier analysis

Contact details and administration

Registered office

2 Fricker Road
Illovo, 2196
Private Bag X18
Northlands, 2116
Telephone: +27 (11) 731 9000
Telefax: +27 (11) 731 9254
Email: investor@implats.co.za
Registration number: 1957/001979/06
Share codes:
JSE: IMP
ADRs: IMPUY
ISIN: ZAE000083648
Website: <http://www.implats.co.za>

Impala Platinum Limited and Impala Refining Services

Head office

2 Fricker Road
Illovo, 2196
Private Bag X18
Northlands, 2116
Telephone: +27 (11) 731 9000
Telefax: +27 (11) 731 9254

Impala Platinum (Rustenburg)

PO Box 5683
Rustenburg, 0300
Telephone: +27 (14) 569 0000
Telefax: +27 (14) 569 6548

Impala Platinum Refineries

PO Box 222
Springs, 1560
Telephone: +27 (11) 360 3111
Telefax: +27 (11) 360 3680

Marula Platinum

2 Fricker Road
Illovo, 2196
Private Bag X18
Northlands, 2116
Telephone: +27 (11) 731 9000
Telefax: +27 (11) 731 9254

Zimplats

Block B
Emerald Park
30 The Chase (West)
Emerald Hill
Harare, Zimbabwe
PO Box 6380
Harare
Zimbabwe
Telephone: +26 (34) 332 590/3
Fax: +26 (34) 332 496/7
Email: info@zimplats.com

Impala Platinum Japan Limited

Uchisaiwaicho Daibiru, room number 702
3-3 Uchisaiwaicho
1-Chome, Chiyoda-ku
Tokyo
Japan
Telephone: +81 (3) 3504 0712
Telefax: +81 (3) 3508 9199

Company Secretary

Avanthi Parboosing
Email: avanthi.parboosing@implats.co.za

United Kingdom secretaries

St James's Corporate Services Limited
Suite 31, Second Floor
107 Cheapside
London
EC2V 6DN
United Kingdom
Telephone: +44 (020) 7796 8644
Telefax: +44 (020) 7796 8645
Email: phil.dexter@corpserv.co.uk

Public Officer

François Naudé
Email: francois.naude@implats.co.za

Transfer secretaries

South Africa

Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg, 2001
PO Box 61051
Marshalltown, 2107
Telephone: +27 (11) 370 5000
Telefax: +27 (11) 688 5200

United Kingdom

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Auditors

PricewaterhouseCoopers Inc
2 Eglin Road
Sunninghill
Johannesburg
2157

Corporate relations

Johan Theron
Investor queries may be directed to:
Email: investor@implats.co.za

